



# **Lehman Brothers Energy Power Conference**

**September 4, 2002**

# Investor Relations Calendar



- **Merrill Lynch Conference, NYC, Sept. 18**
- **National NAIC Conference, Sept. 20-21**
- **Banc of America, San Francisco, Sept. 26**
- **EEl Financial Conference, Palm Desert, CA, Oct. 20-23**
- **Third Quarter Earnings Release, Oct. 30**
- **Analyst Conference, Dallas, Late 2002 or Early 2003**

# Safe Harbor Statement



*This presentation and other reports made by TXU Corp. contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Although TXU Corp. believes that in making any such statement their expectations are based on reasonable assumptions, any such statement involves uncertainties and is qualified in its entirety by reference to factors contained in the Forward-Looking Statements section of Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operations in the TXU Corp. 2001 Form 10-K and 2002 10Q's, as well as general industry trends; implementation of the 1999 Texas electric industry restructuring legislation and other legislation; changes in business strategy or development plans; changes in, or failure or inability to comply with, governmental regulations, including, without limitation, environmental regulations; changes in tax laws; among others, that could cause the actual restructuring or other results of TXU Corp. to differ materially from those projected in such forward-looking statements.*

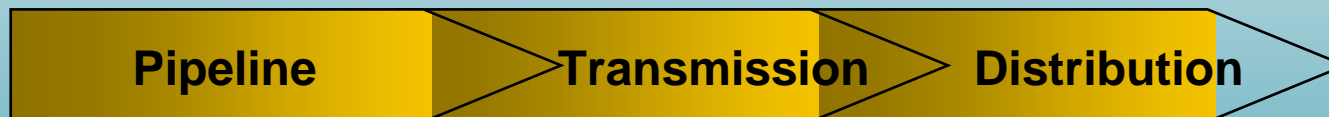
# Business Model & Strategy



## ENERGY

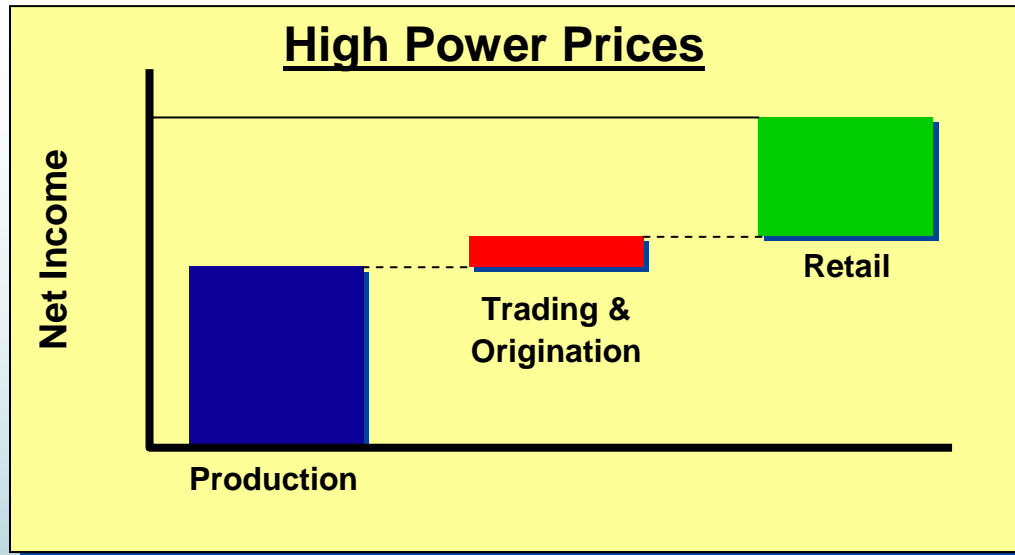


## ENERGY DELIVERY

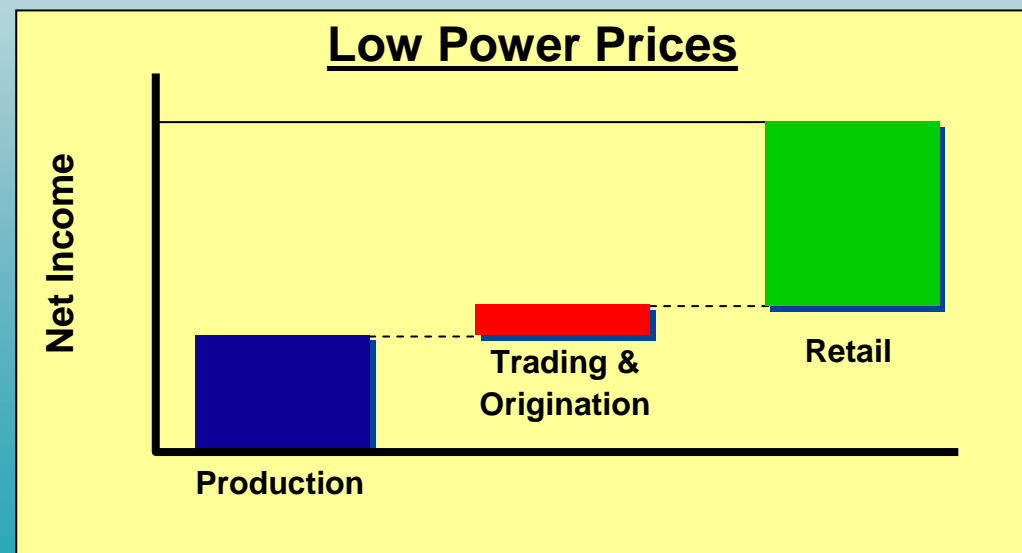


Strategy: TXU will achieve **excellent operations** of **significant scale** in **selected regions**, which **optimize a portfolio** of assets, capabilities and customer relationships across multiple products and services.

# Benefits of TXU's Business Model



TXU's business model captures value across a range of market conditions.

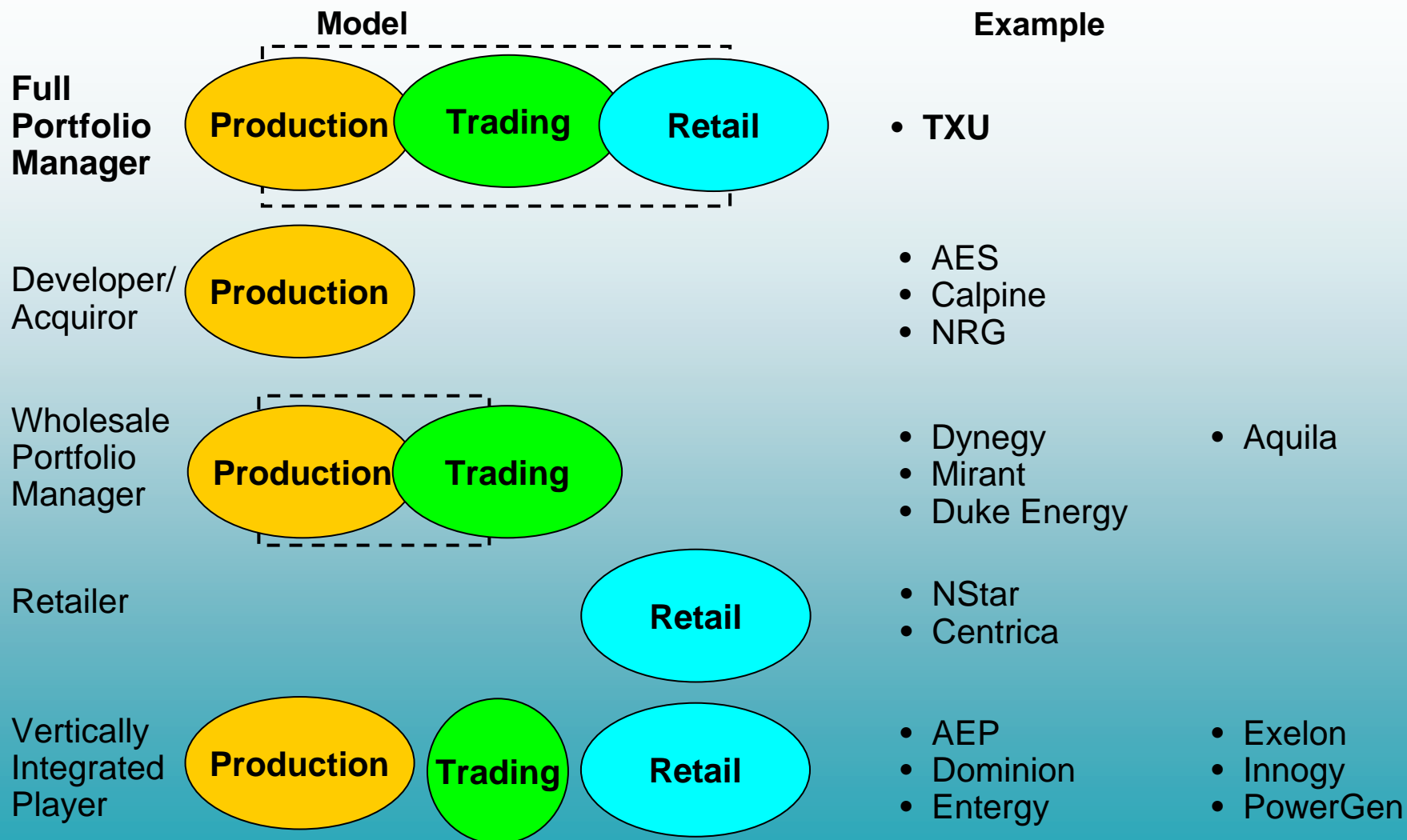


"Illustrative"

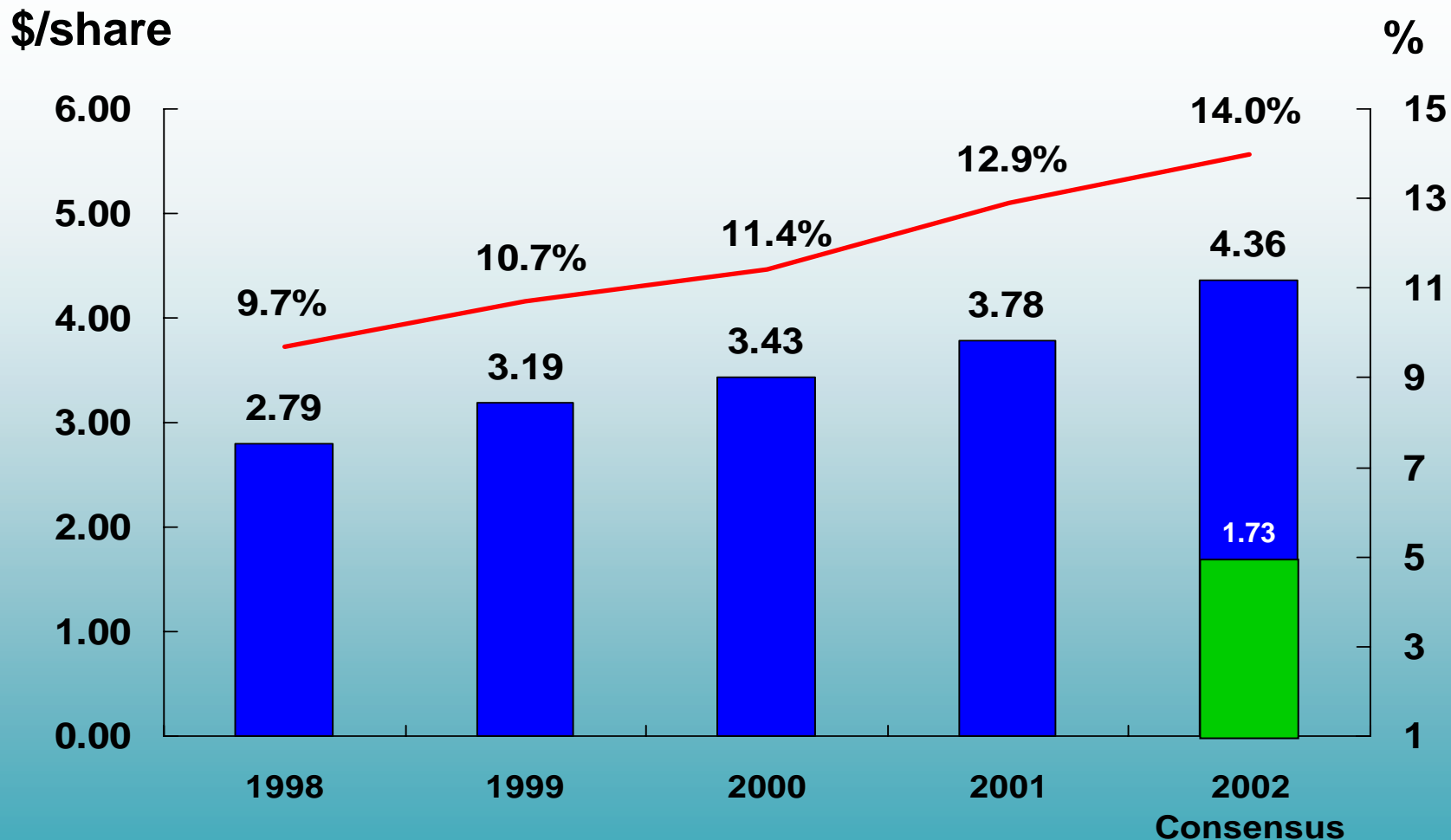
# Distinctive Energy Business Model



*TXU's Approach is Differentiated from Other Energy Companies Through its Integration of Production, Trading and Retail Activities*



# Track Record of Financial Success



\* Excludes unusual items

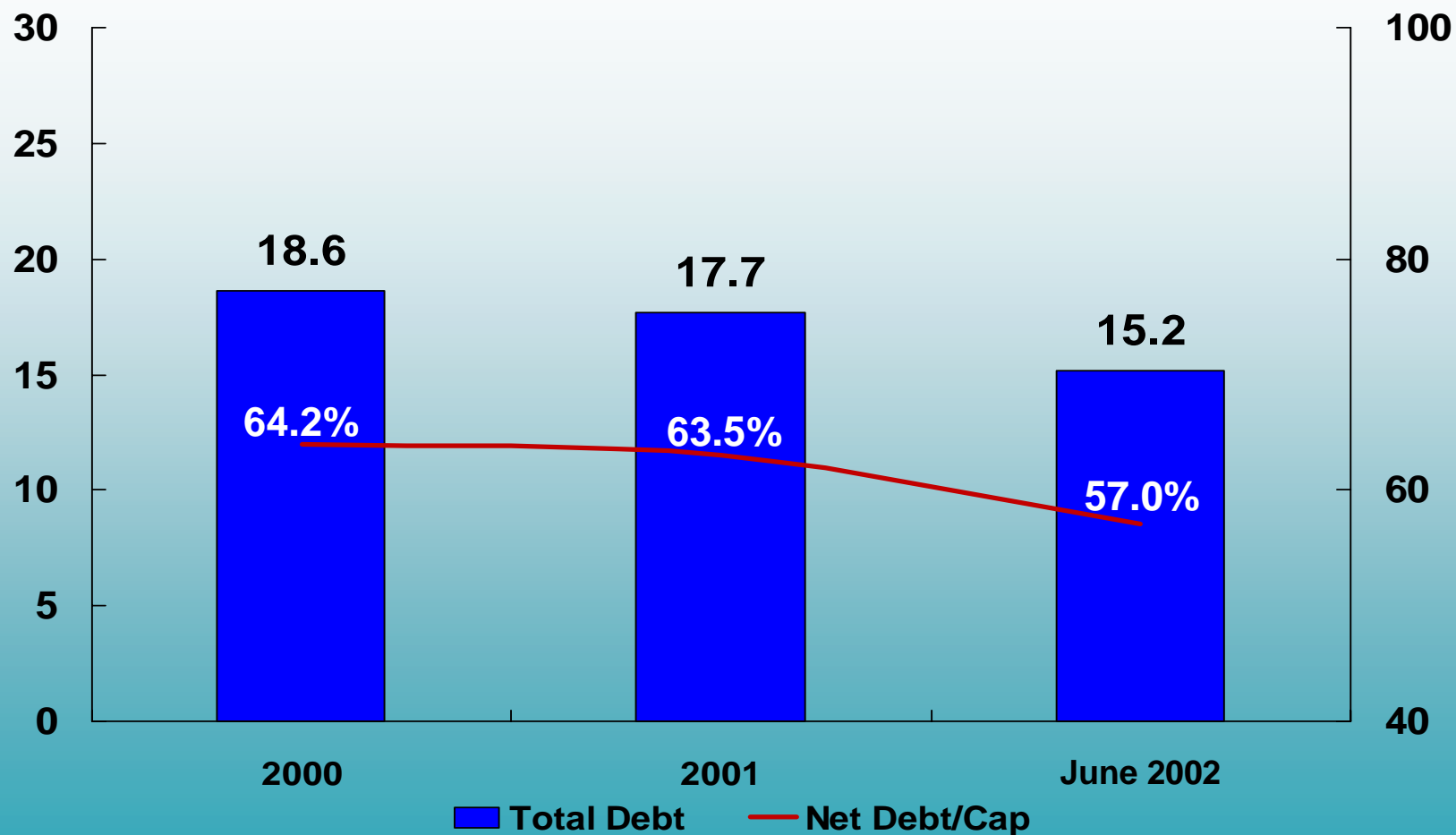
■ EPS\* — ROE\*  
■ EPS\* YTD 06/30/02

# Enhanced Credit Strength



\$ Billions  
of Debt

% Net Debt to  
Capital



\* Note: Excludes equity-linked securities

# Indicative Net Income (Millions)



	<u>2002</u>	<u>2003</u>
<b>Energy</b>		
<b>N. America</b>	<b>\$690</b>	<b>\$725</b>
<b>International</b>	<b><u>440</u></b>	<b><u>555</u></b>
<b>Total</b>	<b>\$1,130</b>	<b>\$1,280</b>
<b>N.A. Energy Delivery</b>	<b>300</b>	<b>315</b>
<b>Corp. &amp; Other</b>	<b><u>(240)</u></b>	<b><u>(230)</u></b>
<b>Total</b>	<b>\$1,190</b>	<b>\$1,365</b>

# Indicative Cash Flow (Millions)



	<u>2002</u>	<u>2003</u>
Cash from operations	\$2,300	\$2,500
Asset sales	2,300	---
Equity issuance	1,080	40
Securitization	<u>---</u>	<u>500</u>
Total	\$5,680	\$3,040
Debt reduction	2,850	950
Dividend – common & pref.	<u>680</u>	<u>710</u>
Available cash flow	\$2,150	\$1,380

# Priorities



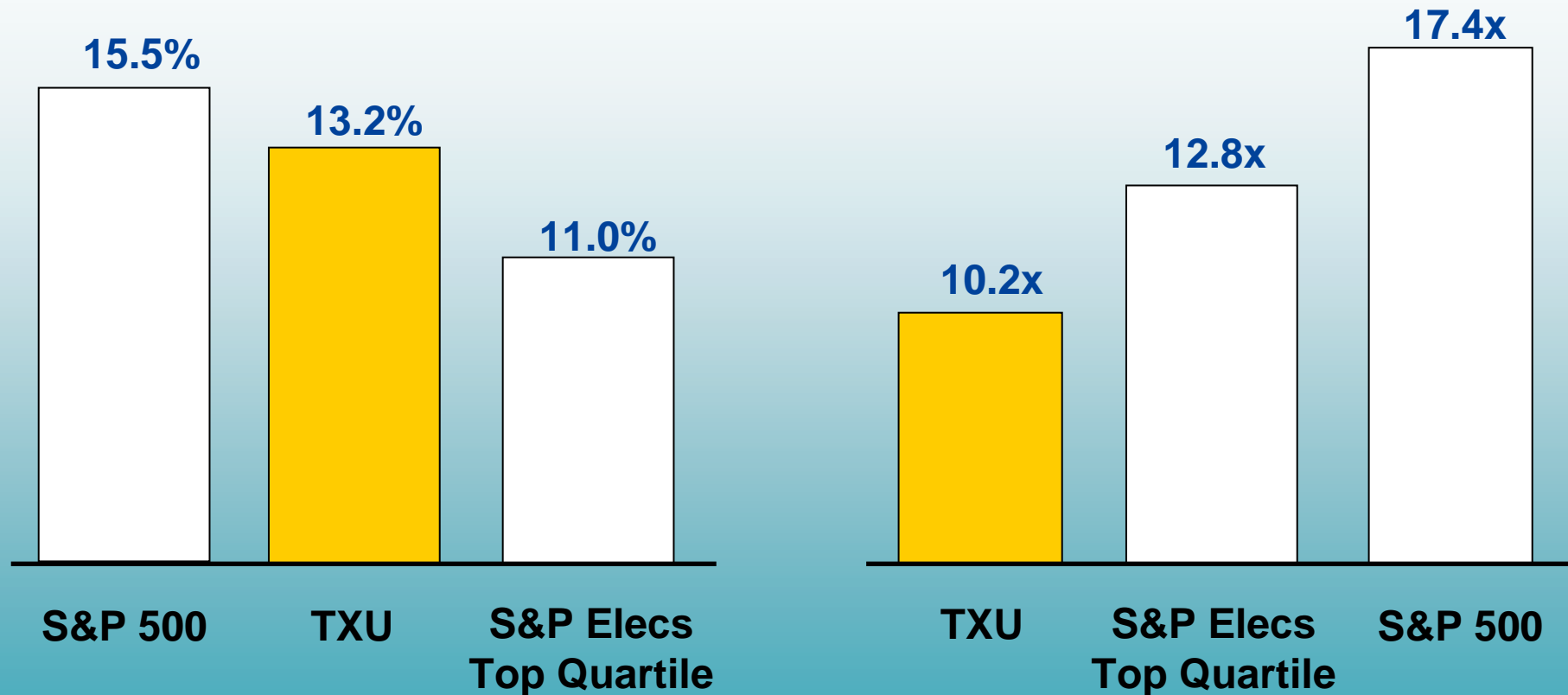
- **Maintain credit strength**
- **Deliver earnings and cash flow growth**
- **Deliver on UK initiatives - #1 Restructure upstream positions**
- **Pursue disciplined growth**
- **Achieve material and sustainable cost reduction**
- **Set the standard for risk management**

# Compelling Valuation Story



## 5 Year Total Return Estimates \*

## P/2003E \*



\* Source: Bloomberg and IBES as of 8/29/02