

***Third Quarter 2005  
Earnings Discussion***



**November 1, 2005**

## Slide 1: Safe Harbor Statement & Regulation G

This presentation contains forward-looking statements, which are subject to various risks and uncertainties. Discussion of risks and uncertainties that could cause actual results to differ materially from management's current projections, forecasts, estimates and expectations is contained in the Company's earnings release and SEC filings.

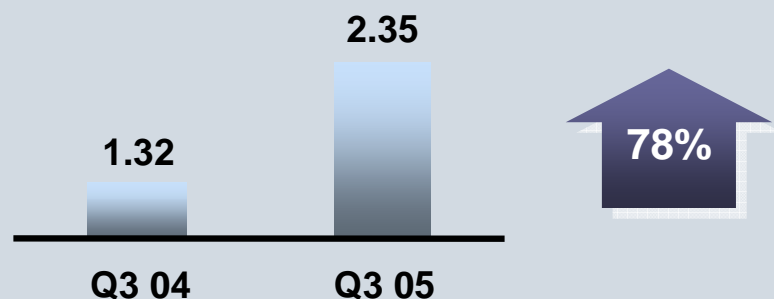
### Regulation G

This presentation includes certain non-GAAP financial measures. A reconciliation of these measures to the most directly comparable GAAP measure is included in the appendix of the printed version of the slides and the version included on the company's website at [www.txucorp.com](http://www.txucorp.com) under Investor Resources/Presentations.

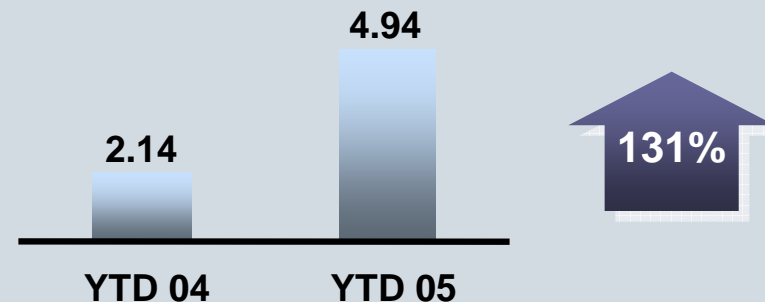
## Slide 2: Solid Performance By All Core Businesses ...

Operational Earnings Contribution by Segment  
Q3 04 vs. Q3 05; YTD 04 vs. YTD 05; \$ per diluted share

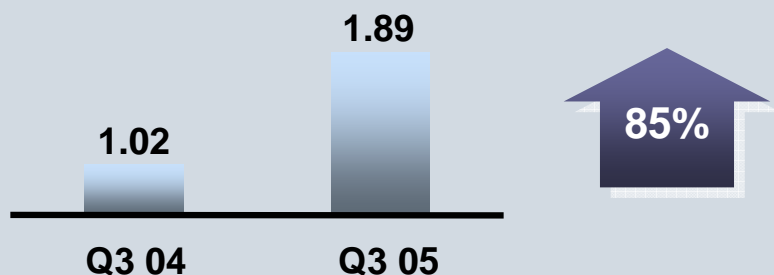
### TXU Corp. Consolidated



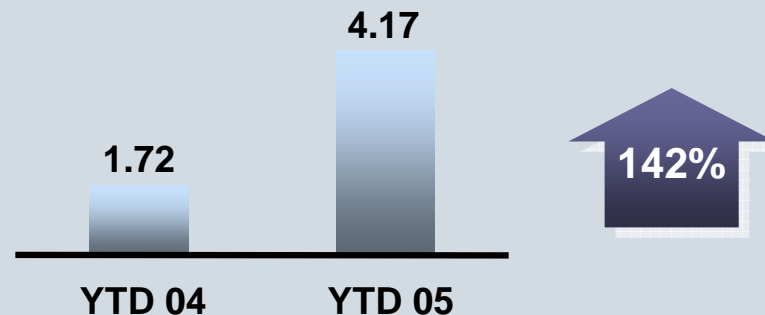
### TXU Corp. Consolidated



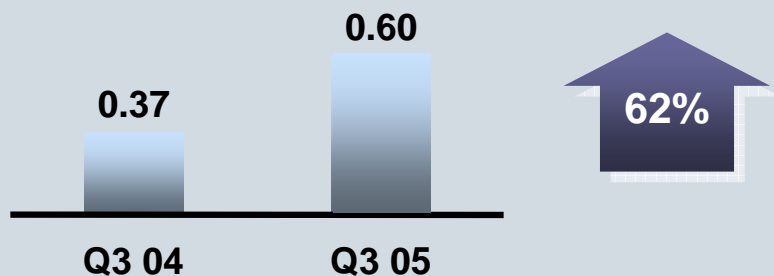
### TXU Energy Holdings



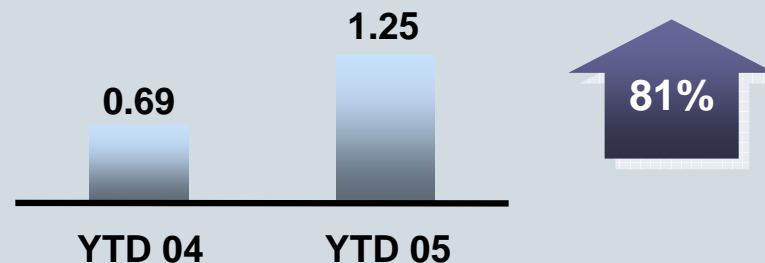
### TXU Energy Holdings



### TXU Electric Delivery



### TXU Electric Delivery



## Slide 3: ... Enabled By An Industrial Skill Set For TXU's Competitive Businesses



### *Operational Excellence*

- Top decile throughput
- World class industrial production costs
- Lean corporate SG&A

### *Market Leadership*

- Superior customer service/ brand management
- Customer segmentation and pricing
- Distinctive commodity sourcing

### *Risk/Return Mindset*

- Strict capital allocation discipline
- Risk/return restructuring
- Commodity risk management

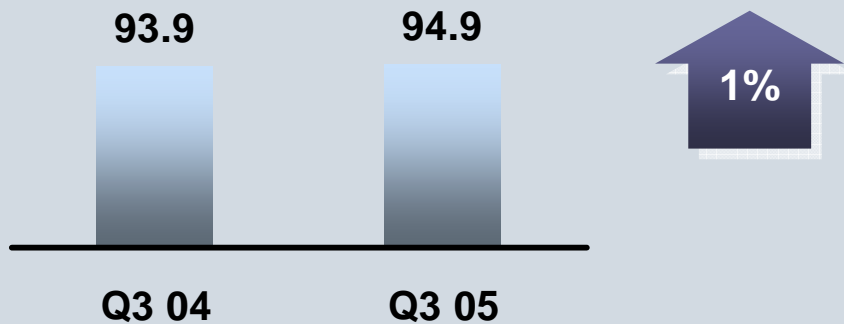
### *Performance Management*

- High performance culture
- Integrated performance measurement system
- Employee development
- Incentives linked to key value drivers

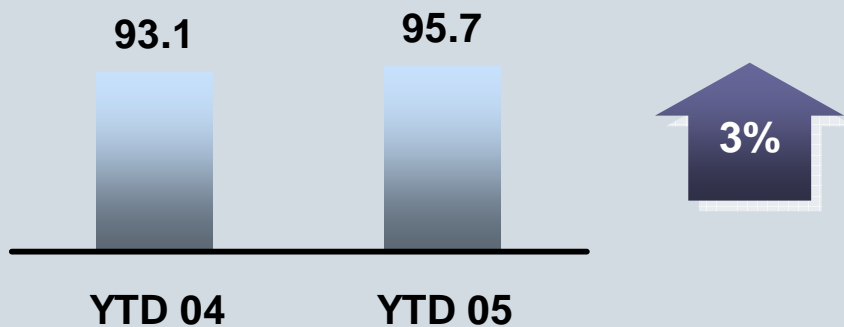
## Slide 4: Operational Excellence Is Reflected In Improved Production Levels In TXU's Generation Fleet ...

### Lignite Units

Capacity Factor<sup>1</sup>  
Q3 04 vs. Q3 05; percent

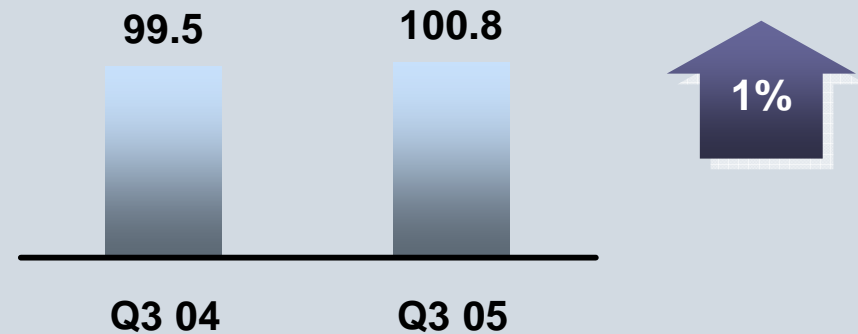


Capacity Factor<sup>1</sup>  
YTD 04 vs. YTD 05; percent

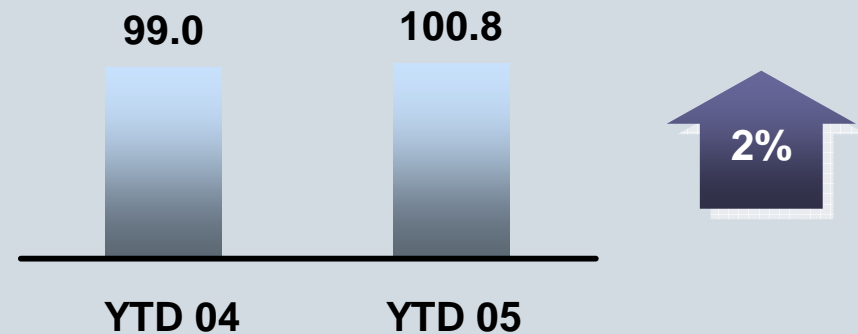


### Nuclear Units

Capacity Factor<sup>1</sup>  
Q3 04 vs. Q3 05; percent



Capacity Factor<sup>1</sup>  
YTD 04 vs. YTD 05; percent

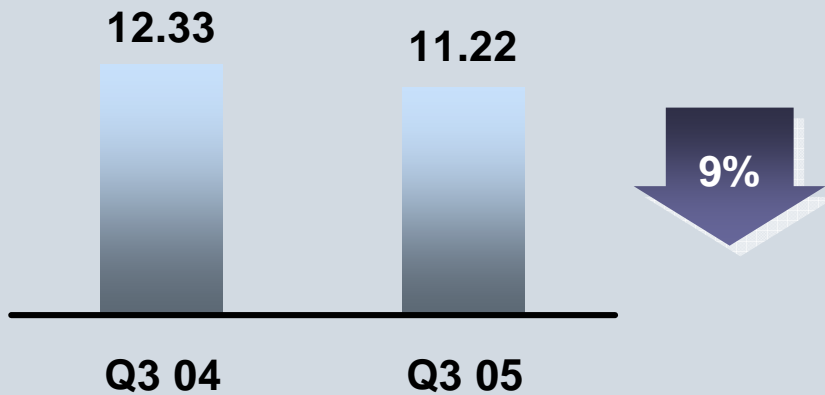


*Improved production added ~ \$13 million of contribution margin for the quarter*

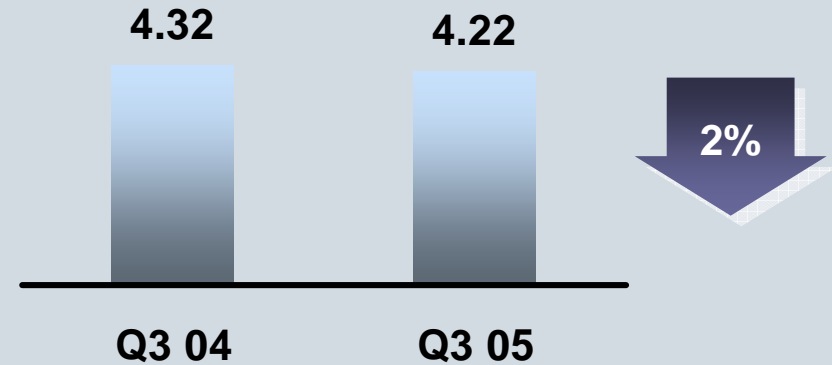
<sup>1</sup> Excludes planned outages and economic back-down.

## Slide 5: ... And Improved Productivity And Cost Management, But ...

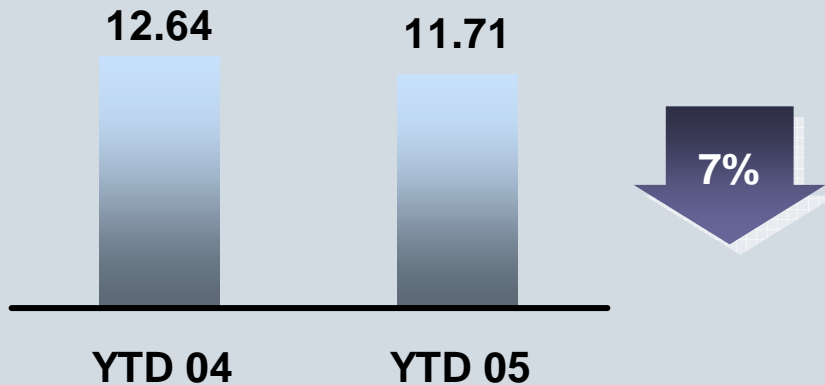
**Lignite Fuel Costs**  
Q3 04 vs. Q3 05; \$/MWh



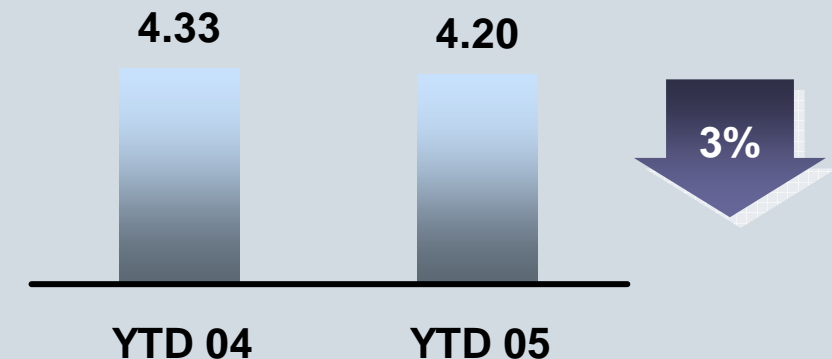
**Nuclear Fuel Costs**  
Q3 04 vs. Q3 05; \$/MWh



**Lignite Fuel Costs**  
YTD 04 vs. YTD 05; \$/MWh



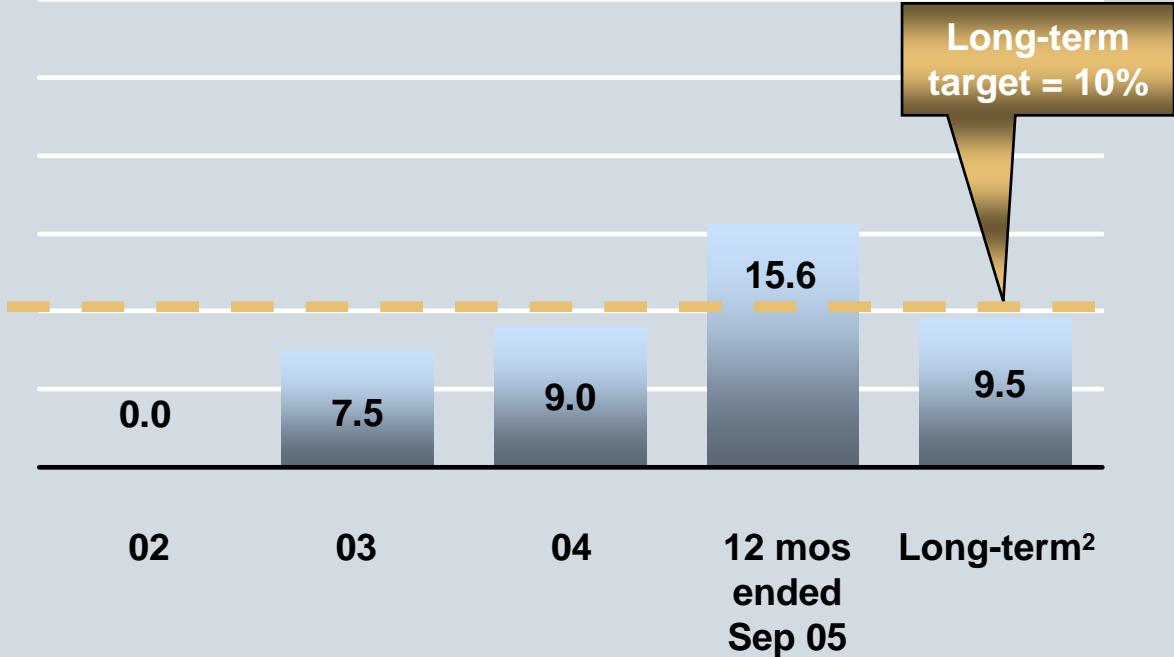
**Nuclear Fuel Costs**  
YTD 04 vs. YTD 05; \$/MWh



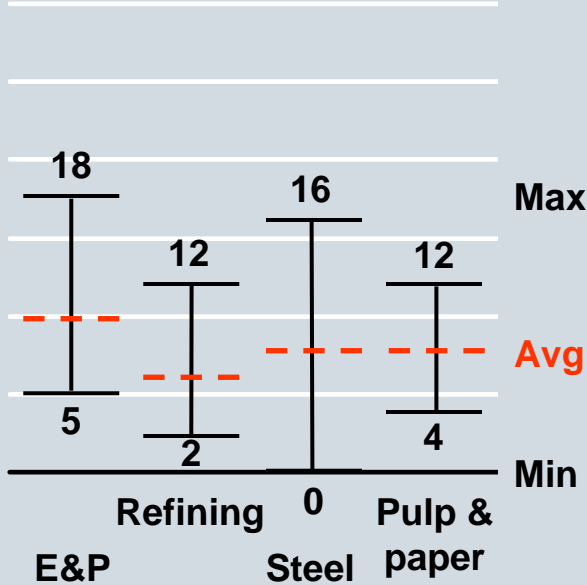
*Lower fuel costs improved pre-tax EBIT by ~ \$13 million in the quarter and \$32 million YTD*

# Slide 6: ... Long-Term ROIC's For TXU Power Must Still Be Improved

**TXU Baseload Plant ROIC<sup>1</sup>  
02-05E; percent**



**ROIC<sup>1</sup> Performance in Other  
Asset-Intensive Industries  
90-03; percent**

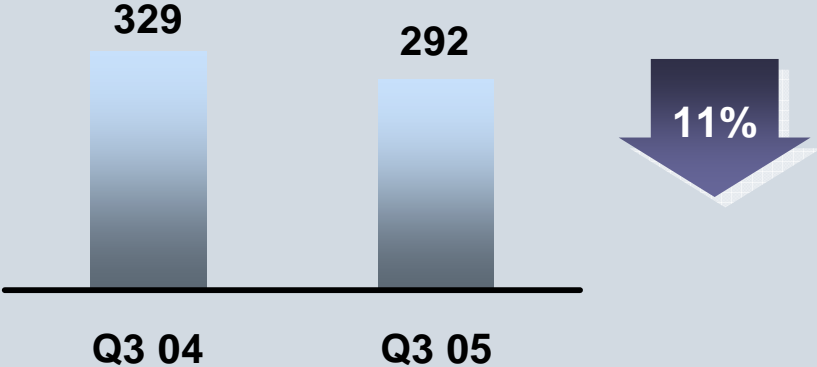


<sup>1</sup> Net income divided by PPE.

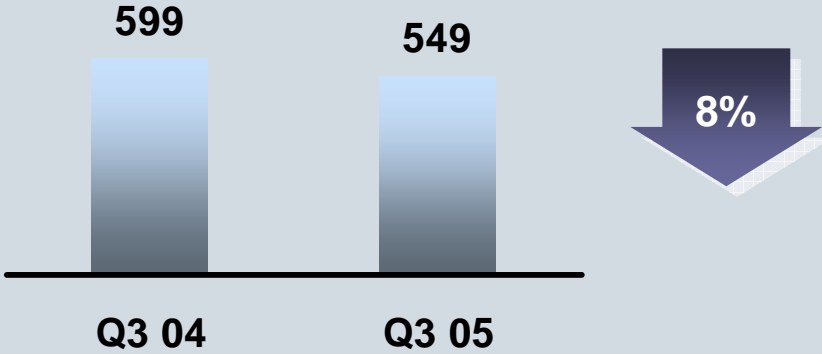
<sup>2</sup> Based on 05 operational assumptions with \$5.00/MMBtu gas price and 9.0 MMBtu/MWh heat rate.

# Slide 7: Progress Toward Operational Excellence Is Also Evident In Overall Cost Management

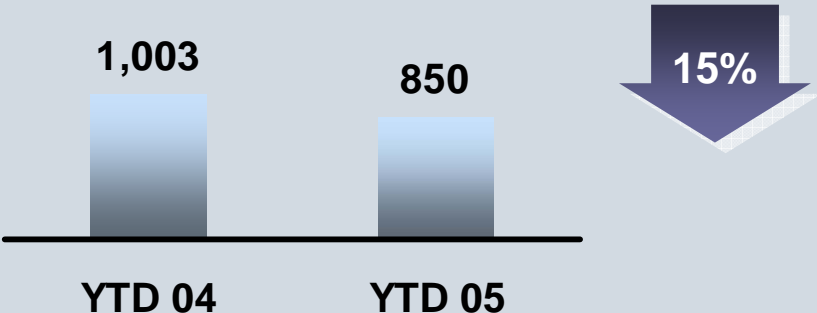
**TXU Energy Holdings  
Operating Costs and SG&A Expense  
Q3 04 vs. Q3 05; \$ millions**



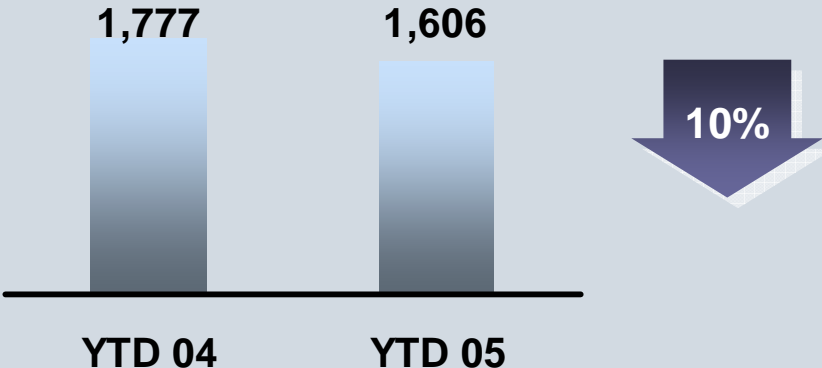
**Consolidated TXU Corp.  
Operating Costs and SG&A Expense<sup>1</sup>  
Q3 04 vs. Q3 05; \$ millions**



**TXU Energy Holdings  
Operating Costs and SG&A Expense<sup>1</sup>  
YTD 04 vs. YTD 05; \$ millions**



**Consolidated TXU Corp.  
Operating Costs and SG&A Expense<sup>1</sup>  
YTD 04 vs. YTD 05; \$ millions**

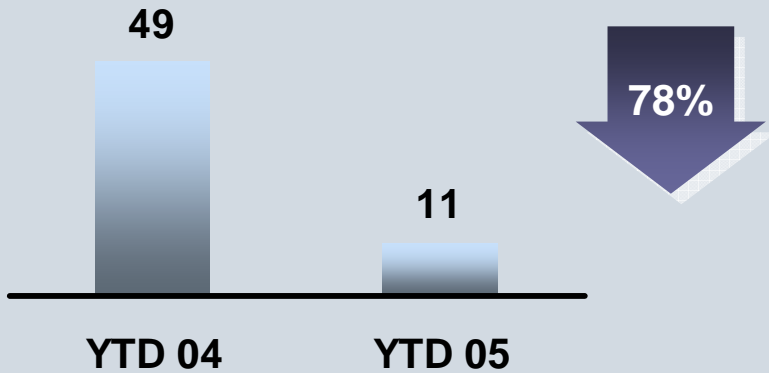


**Cost reductions added ~ \$37 million of EBIT for the quarter at TXU Energy Holdings**

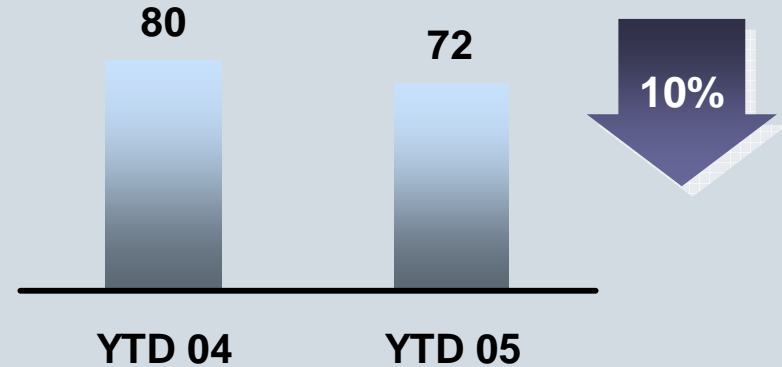
<sup>1</sup> Excludes special items - \$4M in YTD 04 for TXU Energy Holdings; \$14M in Q3 04, \$85M in YTD 04, and \$5M in YTD 05 for Consolidated TXU Corp.

# Slide 8: TXU Energy's Metrics Continue To Improve

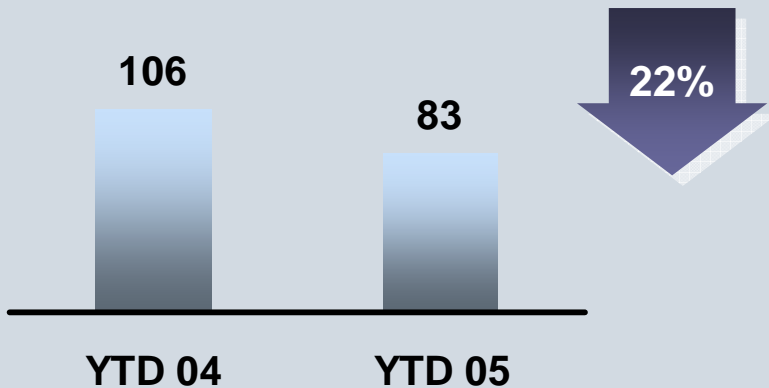
**Call Answer Times**  
YTD 04 vs. YTD 05; seconds



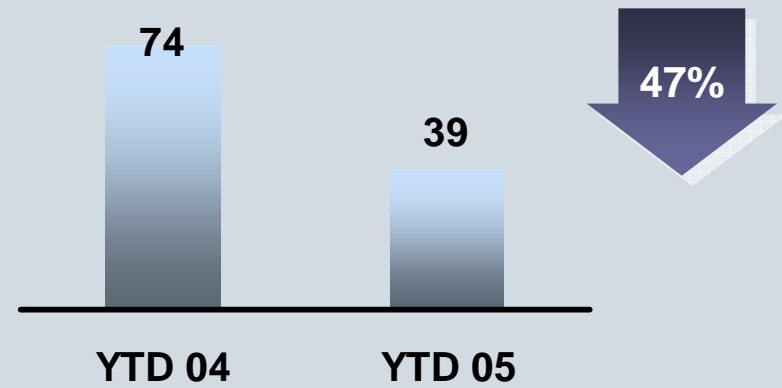
**PUC Complaints / 100k Customers**  
YTD 04 vs. YTD 05; number of



**Time In IVR**  
YTD 04 vs. YTD 05; seconds



**Retail Bad Debt**  
YTD 04 vs. YTD 05; \$ millions



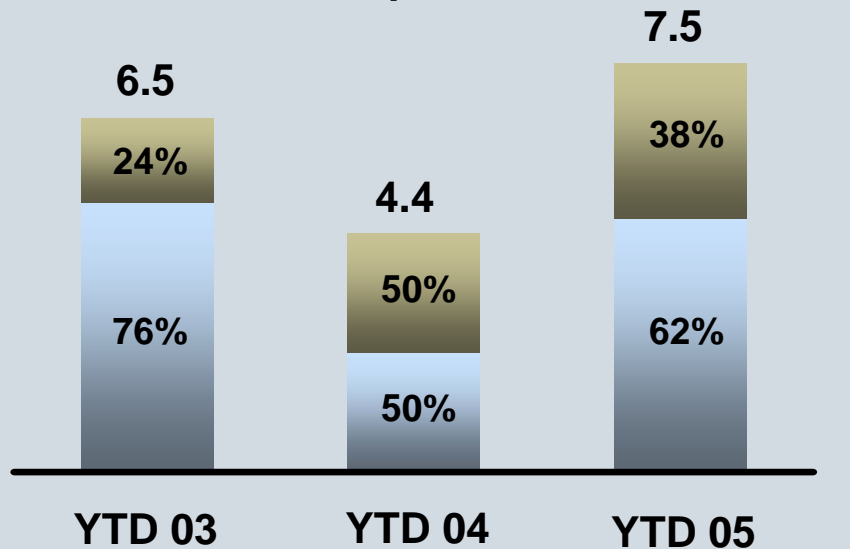
# Slide 9: Higher Customer Churn Is Offset By Effective Retail Bad Debt Management

*Higher customer loss rates driven by collections and competitor activity ...*

*... are more than offset by customer mix and bad debt improvements*

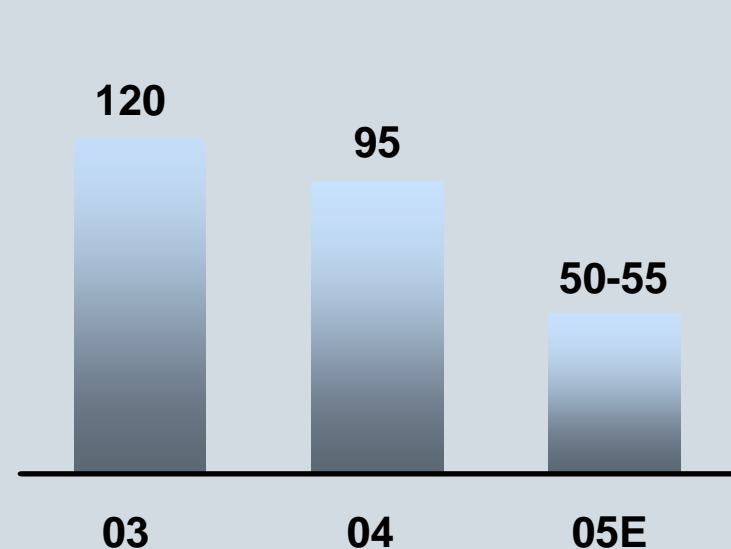
## Customer Churn<sup>1</sup>

YTD 03 - YTD 05<sup>2</sup>; percent



## Retail Bad Debt Expense

03-05E; \$ millions



- Premise losses due to collections related activities
- Premise losses due to competitive activities

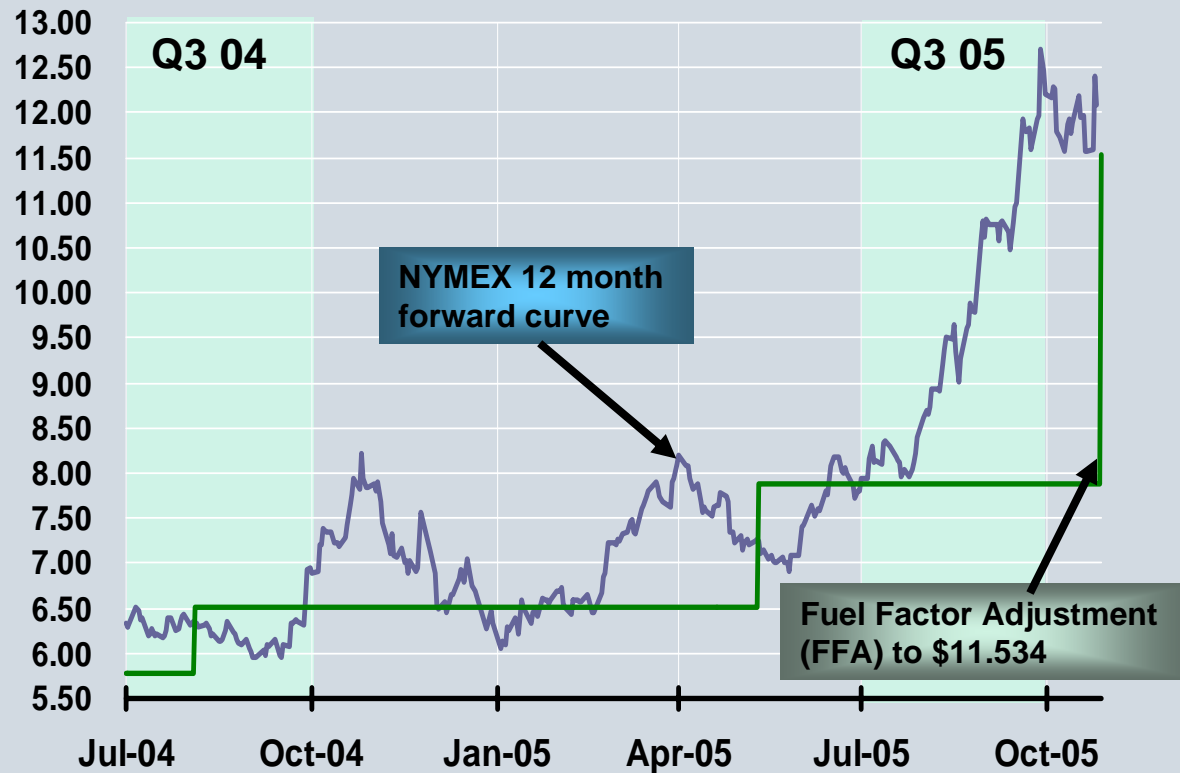
**Full-year retail bad debt is expected to be \$40-45 million less than 2004. At gross margin levels of 10% (06 headroom at current forward curves is 4%), this is economically equivalent to more than 10% customer churn**

<sup>1</sup> Native residential excluding drops to AREP.

<sup>2</sup> YTD as of Q3 for respective years.

# Slide 10: Commodity Market Prices Rose Sharply In The Quarter

**Gas Prices: NYMEX vs. Embedded PTB Fuel Factor  
Q3 04 vs. Q3 05; \$/MMBtu**



N. Texas Residential Economics Post-PTB Strike Approval	
Nov-Dec expected average gas price <sup>1</sup>	\$11.78/ MMBtu
Gas price embedded in PTB in Nov-Dec	\$9.74/ MMBtu
Nov-Dec estimated headroom <sup>2</sup>	-15%
06 estimated headroom <sup>3</sup>	4%

<sup>1</sup> NYMEX Nov-Dec 05 strip as of 10/28/05 closing.

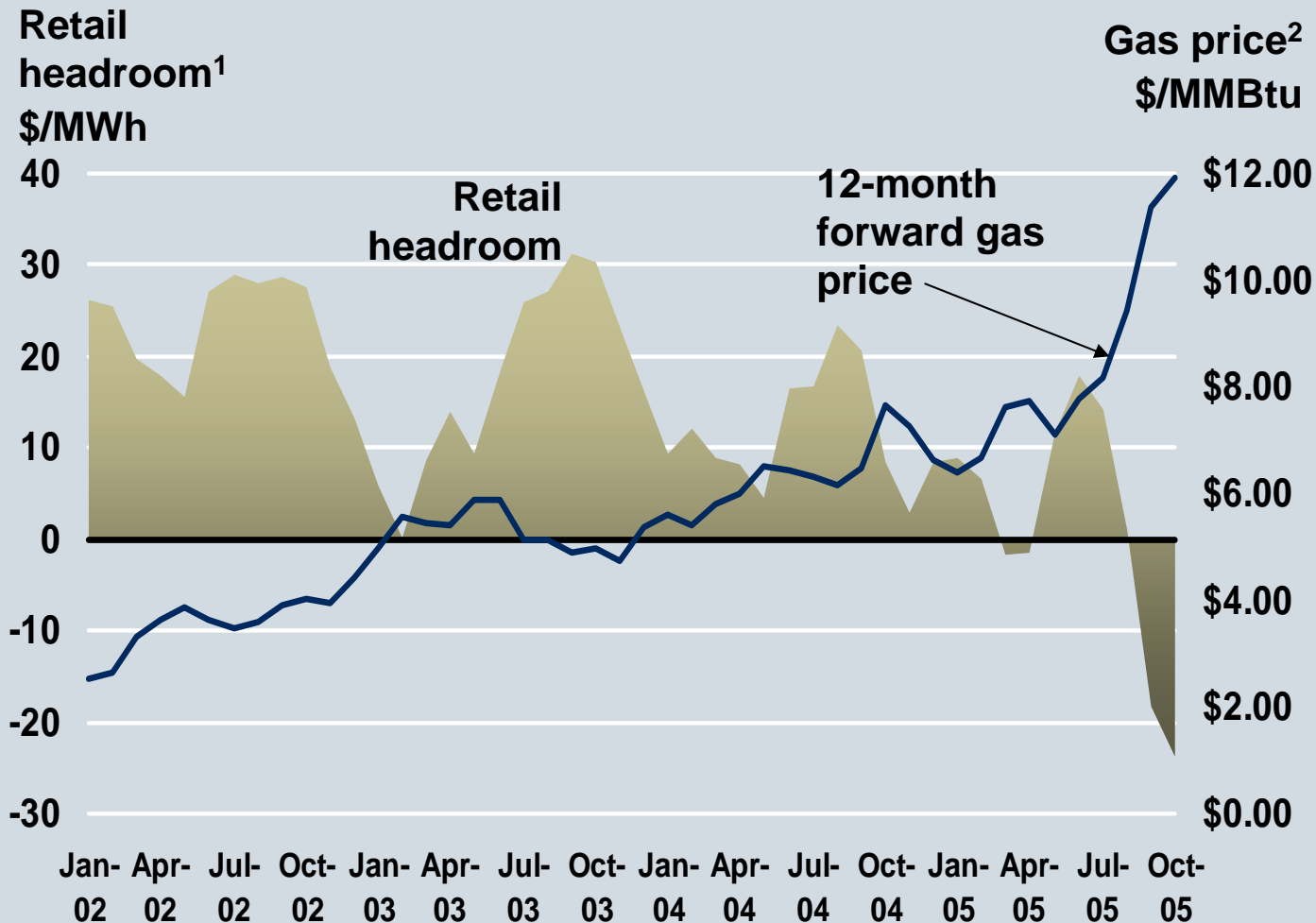
<sup>2</sup> Based on average customer usage of 16,000 kWh/yr. Headroom defined as PTB rate – cost of energy (avg. NYMEX 2 mo. strip x 8.0 heat rate x assumed 25% - 28% for load shaping, congestion, line losses and other ancillary costs) - avg. wires cost (based on published TXU Electric Delivery Rates, excluding clawback).

<sup>3</sup> Same as above except two month gas strip replaced with Cal 06 strip of \$11.34 as of 10/28/05 and approved fuel factor adjustment based on \$11.534.

Source: NYMEX, PUC, TXU Energy estimates

# Slide 11: Increased Natural Gas Prices Have Crushed Margins ...

North Texas residential headroom vs. gas price since market open 02-05; mixed measures



<b>Projected 06 headroom</b>	
<i>06 expected average gas price<sup>3</sup></i>	<b>\$11.34/ MMBtu</b>
<i>Gas price embedded in 1/1/06 PTB</i>	<b>\$11.53/ MMBtu</b>
<i>06 projected headroom</i>	<b>\$5.2/ MWh</b>

<sup>1</sup> Based on average customer usage of ~16,000 kWh/yr. Headroom defined as PTB rate – cost of energy (avg. NYMEX 12 mo. strip x 8.0 heat rate x assumed 27%-28% for load shaping, congestion, line losses and other ancillary costs) – avg. wires cost (based on published TXU Electric Delivery Rates, excluding clawback).

<sup>2</sup> NYMEX 12-month strip through 10/28/05

<sup>3</sup> NYMEX 12-month strip for calendar 06 as of 10/28/05

## Slide 12: ... Driving Up Wholesale Electric Prices, Creating A Profitability Drag In An Abnormally Hot September

Q3 temperatures relative to normal  
Q3 05; Cooling degree days; percent

Month	Normal	2005 actual	% Variance
July	616	579	(6)
August	606	594	(2)
September	382	524	37

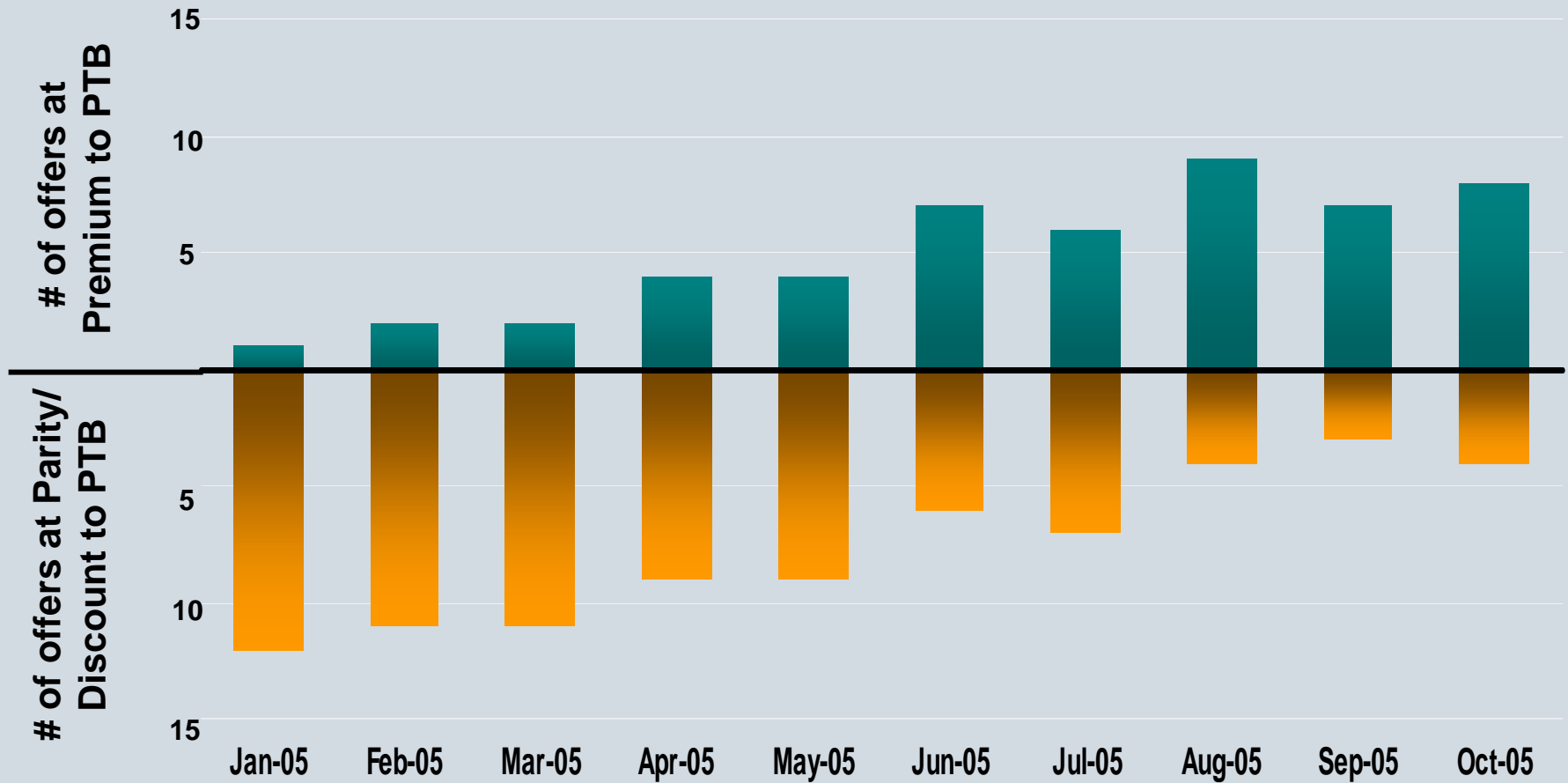
TXU Energy Holdings Segment – Estimated impact of hot September weather  
Q3 05; mixed measures

Factor	Units	
Excess demand due to abnormally hot weather	MWh	438,500
Average PTB revenue rate	\$/MWh	122
Average market price to serve excess demand <sup>1</sup>	\$/MWh	210
Weather-driven incremental revenue	\$ millions	53
Market costs to serve excess demand	\$ millions	(92)
Offset of sourcing through owned gas plants	\$ millions	9
Total estimated cost of abnormally hot weather	\$ millions	(30)
Estimated earnings per share impact	EPS	(.08)

<sup>1</sup> Includes retail adders and TDSP charges.

# Slide 13: Discounts To PTB Are Disappearing Rapidly

## # of Competitive Offers versus TXU PTB



<b>Average Premium</b>	9%	9%	9%	8%	8%	1%	2%	12%	16%	26%
<b>Average Discount</b>	(8%)	(9%)	(9%)	(8%)	(8%)	(14%)	(13%)	(7%)	(7%)	(5%)

Source: PUC Power to Choose Website

## Slide 14: TXU Corp. Financial Flexibility Measures And Cash From Operations Continue To Improve

### Consolidated – Financial Flexibility Measures

Twelve Months Ended 9/30/05 and 12/31/04; \$ millions and ratios

Financial Flexibility Measure	9/30/05	12/31/04	Change	% Change
EBITDA <sup>1</sup>	3,528	2,740	788	28.8
Cash interest expense	762	680	82	12.1
Debt <sup>2</sup>	11,913	11,631	282	2.4
EBITDA/interest	4.6	4.0	0.6	15.0
Debt/EBITDA	3.4	4.2	(0.8)	(19.0)

### Consolidated – Cash and Free Cash Flow

YTD 05 and YTD 04; \$ millions

Cash Flow Factor	YTD 05	YTD 04	Change	% Change
Cash provided by operating activities	2,055	1,295	760	58.7
Capital expenditures	(735)	(543)	(192)	(35.4)
Nuclear fuel	(57)	(46)	(11)	(23.9)
Free cash flow	1,263	706	557	78.9

<sup>1</sup> Adjusted for special items as shown on Table 8.

<sup>2</sup> Excludes transition bonds and debt-related restricted cash as shown on Tables 7 and 8.

## Slide 15: Applying An Industrial Skill Set To TXU's Regulated Business



### *Operational Excellence*

- Industry leading reliability
- Highly competitive costs structure
- Lean corporate SG&A

### *Market Leadership*

- Superior customer service
- Distinctive regulatory management

### *Risk/Return Mindset*

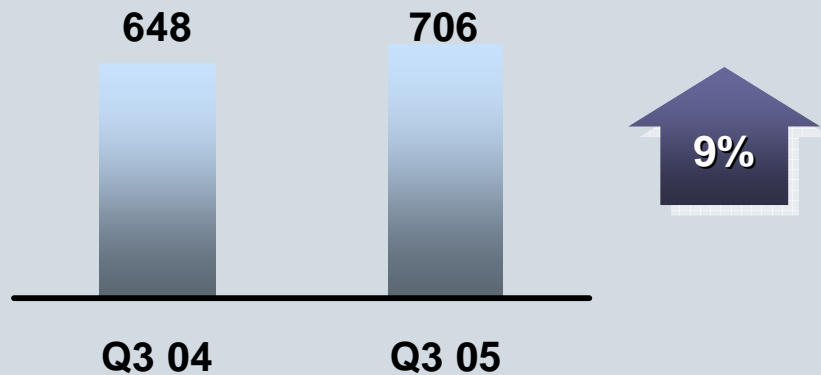
- Strict capital allocation discipline

### *Performance Management*

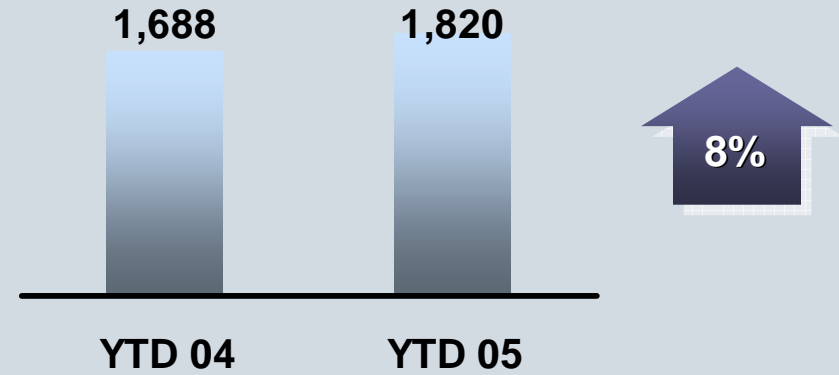
- High performance culture
- Integrated performance measurement system
- Employee development
- Incentives linked to key value drivers

# Slide 16: TXU Electric Delivery Continued To Perform Well Financially While Demonstrating Operational Excellence in Storm Response

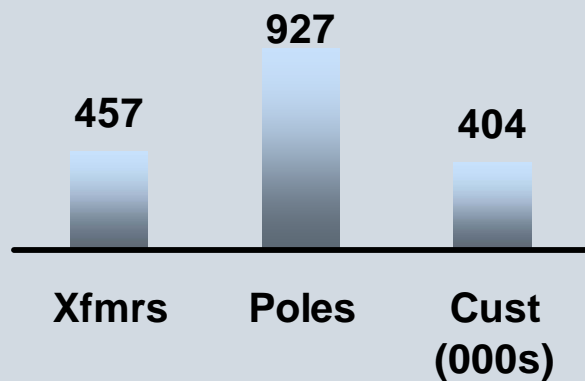
Operating Revenues  
Q3 04 vs. Q3 05; \$ millions



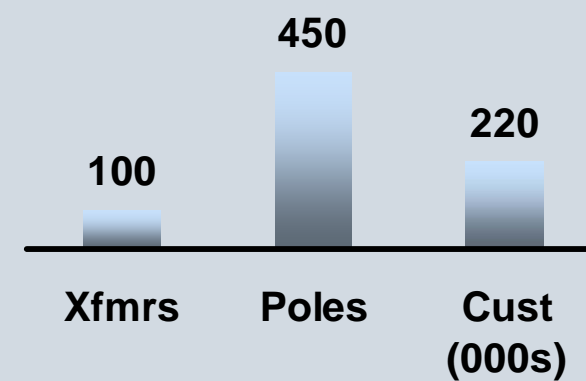
Operating Revenues  
YTD 04 vs. YTD 05; \$ millions



Hurricane Assistance  
Storm Statistics; various



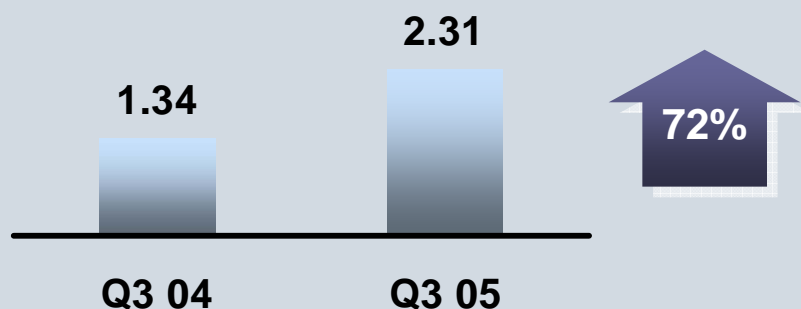
Rita – In Territory Recovery  
Storm Statistics; various



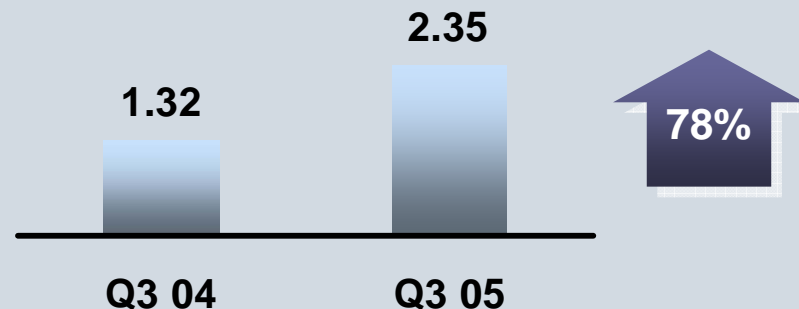
*Almost 800 employees assisted Florida Power & Light, CLECO and Entergy in hurricane recovery*

## Slide 17: TXU Corp. Earnings Improved Substantially

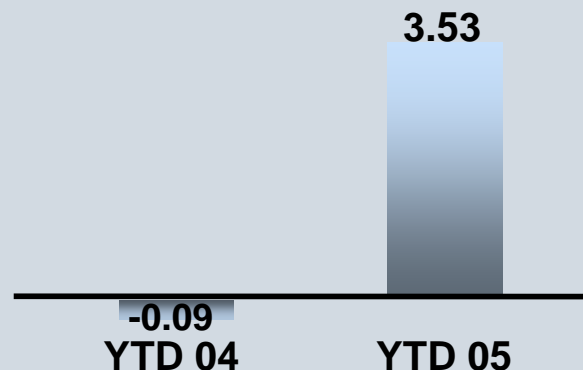
Reported Earnings Per Share  
Q3 04 vs. Q3 05; \$ per diluted share



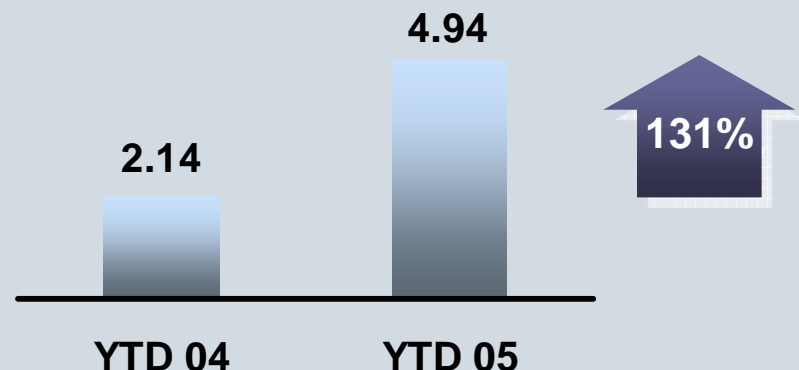
Operational Earnings Per Share  
Q3 04 vs. Q3 05; \$ per diluted share



Reported Earnings Per Share  
YTD 04 vs. YTD 05; \$ per diluted share



Operational Earnings Per Share  
YTD 04 vs. YTD 05; \$ per diluted share



## Slide 18: TXU Corp. Operational Earnings Improved In Each Segment...

Consolidated – Operational Earnings Reconciliation  
Q3 04 to Q3 05; \$ millions and \$ per share after tax

Earnings Factor	\$ Millions	\$ Per Share
Q3 04 operational earnings	388	1.32
TXU Energy Holdings segment	159	0.54
TXU Electric Delivery segment	38	0.13
Corporate expenses	(11)	(0.04)
Effect of reduced shares	-	0.40
Q3 05 operational earnings	574	2.35

## Slide 19: ... With Strong Results In TXU Energy Holdings ...

TXU Energy Holdings Segment - Operational Earnings Reconciliation  
Q3 04 to Q3 05; \$ millions and \$ per share

<b>Earnings Factor</b>	<b>\$ Millions</b>	<b>\$ Per Share</b>
<b>Q3 04 operational earnings</b>	<b>302</b>	<b>1.02</b>
<b>Contribution margin</b>	<b>199</b>	<b>0.67</b>
<b>Operating costs</b>	<b>(6)</b>	<b>(0.02)</b>
<b>Depreciation and amortization</b>	<b>5</b>	<b>0.02</b>
<b>SG&amp;A</b>	<b>43</b>	<b>0.15</b>
<b>Franchise and revenue based taxes</b>	<b>1</b>	<b>-</b>
<b>Other income and deductions</b>	<b>10</b>	<b>0.03</b>
<b>Net interest</b>	<b>(3)</b>	<b>(0.01)</b>
<b>Income taxes</b>	<b>(90)</b>	<b>(0.30)</b>
<b>Effect of reduced shares</b>	<b>-</b>	<b>0.33</b>
<b>Q3 05 operational earnings</b>	<b>461</b>	<b>1.89</b>

## Slide 20: ... And Strong Results In TXU Electric Delivery

### TXU Electric Delivery Segment - Operational Earnings Reconciliation Q3 04 to Q3 05; \$ millions and \$ per share

<b>Earnings Factor</b>	<b>\$ Millions</b>	<b>\$ Per Share</b>
<b>Q3 04 operational earnings</b>	<b>108</b>	<b>0.37</b>
Contribution margin (revenues)	58	0.20
Operating costs	-	-
Depreciation and amortization	(6)	(0.02)
SG&A	2	0.01
Franchise and revenue based taxes	1	-
Other income and deductions	2	0.01
Net interest	2	0.01
Income taxes	(21)	(0.08)
Effect of reduced shares	-	0.10
<b>Q3 05 operational earnings</b>	<b>146</b>	<b>0.60</b>

**Q & A**  
**Discussion**

***Appendix –  
Regulation G Reconciliations***



**Table 1: TXU Corp. Operational Earnings Reconciliation**  
**Quarter Ended September 30, 2005 and 2004**  
**\$ millions and \$ per share after tax**

	<b>Q3 05</b>	<b>Q3 05</b>	<b>Q3 04</b>	<b>Q3 04</b>
<b>Net income available for common</b>	<b>565</b>	<b>2.31</b>	<b>665</b>	<b>1.34</b>
Discontinued operations	6	0.02	(287)	(0.97)
Preference stock dividends	-	-	5	0.02
<b>Income from continuing operations</b>	<b>571</b>	<b>2.33</b>	<b>383</b>	<b>0.39</b>
Effect of share dilution	-	0.01	-	0.92
Preference stock dividends	-	-	(5)	(0.02)
Special items	3	0.01	10	0.03
<b>Operational earnings</b>	<b>574</b>	<b>2.35</b>	<b>388</b>	<b>1.32</b>

**Table 2: TXU Corp. Operational Earnings Reconciliation**  
**Year-To-Date September 30, 2005 and 2004**  
**\$ millions and \$ per share after tax**

	<b>YTD 05</b>	<b>YTD 05</b>	<b>YTD 04</b>	<b>YTD 04</b>
<b>Net income (loss) available for common</b>	<b>1,356</b>	<b>3.53</b>	<b>239</b>	<b>(0.09)</b>
Discontinued operations	(6)	(0.02)	(666)	(2.13)
Extraordinary gain	-	-	(16)	(0.05)
Buyback premium on EPMI	-	-	849	2.72
Preference stock dividends	10	0.04	16	0.05
<b>Income from continuing operations</b>	<b>1,360</b>	<b>3.55</b>	<b>422</b>	<b>0.50</b>
Effect of ASR true-up	-	2.05	-	-
Effect of share dilution/rounding	-	-	-	0.81
Preference stock dividends	(10)	(0.04)	(16)	(0.05)
Special items	(150)	(0.62)	298	0.88
<b>Operational earnings</b>	<b>1,200</b>	<b>4.94</b>	<b>704</b>	<b>2.14</b>

**Table 3: TXU Energy Holdings Operational Earnings Reconciliation**  
**Quarter Ended September 30, 2005 and 2004**  
**\$ millions and \$ per share after tax**

	Q3 05	Q3 05	Q3 04	Q3 04
<b>Net income available for common</b>	<b>457</b>	<b>1.87</b>	<b>306</b>	<b>1.04</b>
Discontinued operations	2	0.01	3	0.01
Preference stock dividends			-	-
<b>Income from continuing operations</b>	<b>459</b>	<b>1.88</b>	<b>309</b>	<b>1.05</b>
Special items	2	0.01	(7)	(0.02)
Effect of share dilution/rounding	-	-	-	(0.01)
Preference stock dividends			-	-
<b>Operational earnings</b>	<b>461</b>	<b>1.89</b>	<b>302</b>	<b>1.02</b>

**Table 4: TXU Energy Holdings Operational Earnings Reconciliation**  
**Year-To-Date September 30, 2005 and 2004**  
**\$ millions and \$ per share after tax**

	<b>YTD 05</b>	<b>YTD 05</b>	<b>YTD 04</b>	<b>YTD 04</b>
<b>Net income available for common</b>	<b>1,001</b>	<b>4.12</b>	<b>373</b>	<b>1.20</b>
Discontinued operations	6	0.02	33	0.10
<b>Income from continuing operations</b>	<b>1,007</b>	<b>4.14</b>	<b>406</b>	<b>1.30</b>
Effect of ASR true-up/rounding	-	-	-	-
Effect of share dilution/rounding	-	0.01	-	(0.09)
Special items	6	0.02	174	0.51
<b>Operational earnings</b>	<b>1,013</b>	<b>4.17</b>	<b>580</b>	<b>1.72</b>

**Table 5: TXU Electric Delivery Operational Earnings Reconciliation**  
**Quarter Ended September 30, 2005 and 2004**  
**\$ millions and \$ per share after tax**

	<b>Q3 05</b>	<b>Q3 05</b>	<b>Q3 04</b>	<b>Q3 04</b>
<b>Net income available for common</b>	<b>145</b>	<b>0.59</b>	<b>108</b>	<b>0.37</b>
Extraordinary gain	-	-	-	-
<b>Income from continuing operations</b>	<b>145</b>	<b>0.59</b>	<b>108</b>	<b>0.37</b>
Effect of share dilution/rounding	-	0.01	(1)	-
Special items	1	-	1	-
<b>Operational earnings</b>	<b>146</b>	<b>0.60</b>	<b>108</b>	<b>0.37</b>

**Table 6: TXU Electric Delivery Operational Earnings Reconciliation**  
**Year-To-Date September 30, 2005 and 2004**  
**\$ millions and \$ per share after tax**

	<b>YTD 05</b>	<b>YTD 05</b>	<b>YTD 04</b>	<b>YTD 04</b>
<b>Net income available for common</b>	<b>302</b>	<b>1.24</b>	<b>237</b>	<b>0.76</b>
Extraordinary gain	-	-	(16)	(0.05)
<b>Income from continuing operations</b>	<b>302</b>	<b>1.24</b>	<b>221</b>	<b>0.71</b>
Effect of share dilution/rounding	-	-	(1)	(0.06)
Special items	1	1	14	0.04
<b>Operational earnings</b>	<b>303</b>	<b>1.25</b>	<b>234</b>	<b>0.69</b>

**Table 7: TXU Corp. Total Debt**  
**Years Ended September 30, 2005 and December 31, 2004**  
**\$ millions**

	<b>9/30/05</b>	<b>12/31/04</b>
<b>Debt</b>		
Notes payable	600	210
Long-term debt due currently	1,192	229
All other long-term debt, less due currently	11,318	12,412
Preferred securities of subs	-	38
<b>Total debt</b>	<b>13,110</b>	<b>12,889</b>

**Table 8: TXU Corp. Interest and Debt Coverage Ratios**  
**Twelve Months Ended September 30, 2005 and September 30, 2004**  
**\$ millions unless otherwise noted**

	9/30/05	12/31/04	Ref
Income from continuing operations before taxes and extraordinary items	1,410	123	
Interest expense and related charges	765	695	
Interest income	(43)	(28)	
Depreciation and amortization	761	760	
EBITDA	2,893	1,550	
Special Items	635	1,190	
<b>EBITDA (excluding special items)</b>	<b>3,528</b>	<b>2,740</b>	<b>A</b>
Interest expense and related charges	765	695	
Amortization of discount and reacquired debt expense	(20)	(27)	
Capitalized interest	17	12	
<b>Cash interest expense</b>	<b>762</b>	<b>680</b>	<b>B</b>
Total debt	<b>13,110</b>	<b>12,889</b>	<b>C</b>
Transition bonds	(1,197)	(1,258)	
Debt-related restricted cash	-	-	
<b>Total debt less transition bonds and debt-related restricted cash</b>	<b>11,913</b>	<b>11,631</b>	<b>D</b>
Cash provided by operating activities	<b>2,518</b>	<b>1,758</b>	<b>E</b>
Reconciling adjustments from cash flow statement	1,499	1,677	F
<b>Income from continuing operations</b>	<b>1,019</b>	<b>81</b>	
EBITDA/interest – ratio (A/B)	4.6	4.0	
Debt/EBITDA – ratio (D/A)	3.4	4.2	
Cash provided by operating activities +cash interest expense/cash interest expense–ratio (E+B/B)	4.3	3.6	
Total debt/cash flow from operating activities – ratio (C/E)	5.2	7.3	