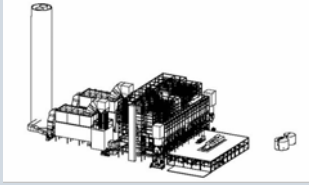


TXU New Build Opportunities



TXU Has Access To Two Texas New Build Opportunities...

Coal Plant Expansion



Key Statistic	
Installed Capacity (MW)	600
Technology	CFB
Configuration	2X1
Primary Fuel	Lignite
SO ₂ and NO _x Controls	LI/ SNCR ²

Key Milestones	
Air Permit	Complete
Begin Construction	April 06
Commercial Operation	Oct 08

Oak Grove Steam Electric Station Robertson County, Texas



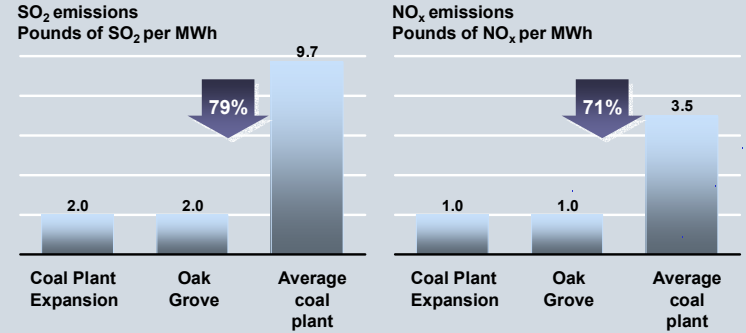
Key Statistic	
Installed Capacity (MW)	1,720
Technology	SCPC
Configuration	2X2
Primary Fuel	Lignite
SO ₂ and NO _x Controls	FGD/SCR ¹

Key Milestones	
Air Permit	In-Process
Begin Construction	2 mos. after permit
Commercial Operation	June 09/Dec 09

¹ FGD refers to Flue Gas Desulfurization; SCR refers to Selective Catalytic Reduction.
² LI refers to Limestone Injection; SNCR refers to Selective Non-Catalytic Reduction.

1

...That Will Both Employ Advanced Emissions Control Technology...



Using advanced emissions control technology will allow TXU to limit environmental impacts

Source: Plant permits and permit applications; EPA Clean Air Market Division

2

...And Deliver Strong Returns With An Expected Substantially Hedged Position...

Coal Plant Expansion – 600 MW 06E-11E; \$ millions

	06	07	08	09	10
EBITDA			45	165	160
Net income			15	70	70
Capex	230	265	165	5	5
Est. hedged output-%			75	75	75

- PV/I = 1.5
- IRR = 11%
- Cash payback = 9 years

Oak Grove – 1,720 MW 06E-11E; \$ millions

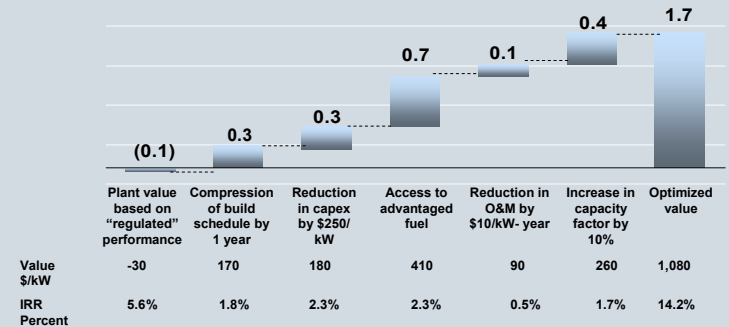
	06	07	08	09	10
EBITDA				165	575
Net income				30	285
Capex	260	740	650	250	15
Est. hedged output-%				75	75

- PV/I = 1.7
- IRR = 14.2%
- Cash payback = 8 years

3

...Based On The Ability To Drive High Performance Across All Aspects Of The Project

Respectable returns: Oak Grove project economics - NPV 05; \$ millions



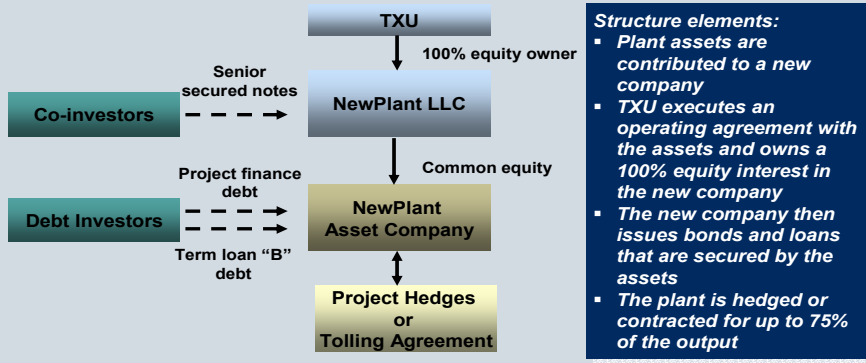
The difference between a regulated new build and an industrial new build is significant; without both the commercial and operational skill sets, new build economics will not work

4

TXU New Build Opportunities



TXU Will Consider Creatively Structuring These Projects...



- Structure elements:**
- Plant assets are contributed to a new company
 - TXU executes an operating agreement with the assets and owns a 100% equity interest in the new company
 - The new company then issues bonds and loans that are secured by the assets
 - The plant is hedged or contracted for up to 75% of the output

Structure benefits:

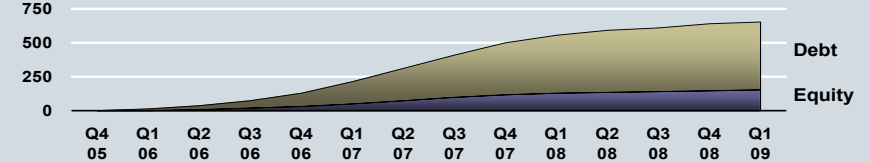
- Structural simplicity
- Common structure more easily marketed to financial sponsors
- Minimized cash contribution from TXU

5

...To Mitigate Potential Short Term Cash Out Flows

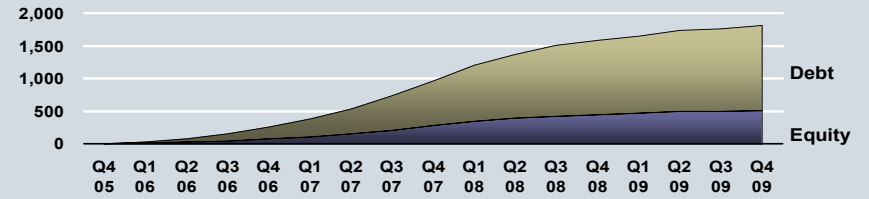
Coal Plant Expansion capital requirements

05E-09E; \$ millions



Oak Grove capital requirements

05E-09E; \$ millions



TXU's objective is to minimize and delay the timing of equity contributions to new development projects

6

The Texas Governor's Recent Executive Order Requiring Diversity Of Supply Will Enable A Shorter Development Timeline

Elements of Governor's Order

Energy Supply Diversity

Energy Conservation

Electric Customer Education

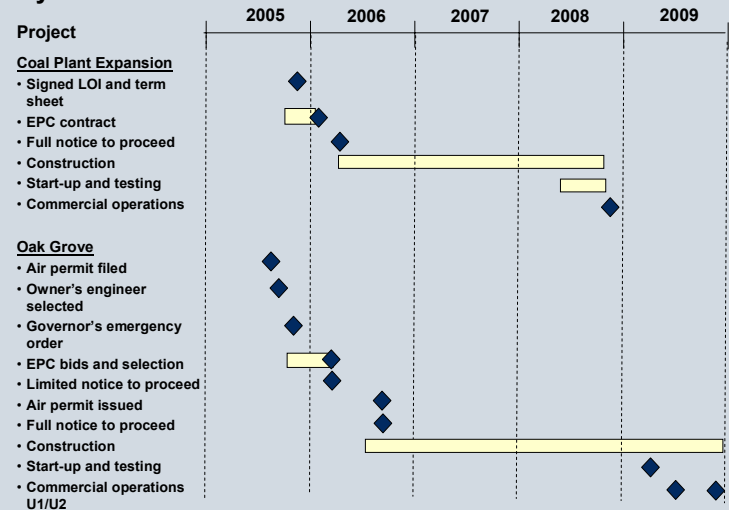
Benefits For Project Development

- Prioritized and expedited environmental applications proposing to use Texas natural resources to produce electricity
- Increased coordination between national, state and local agencies to avoid delays in permitting these facilities
- Fast-tracked administrative hearing results in decisions within 6 months following referral
- Priority given to proposals for decision in contested cases

Issued in response to rising natural gas prices, which are increasing electricity costs for consumers, the Governor's Order will fast-track the permitting process for TXU's new development projects

7

TXU Expects To Have Both New Projects Fully Operational By The End Of 2009



8