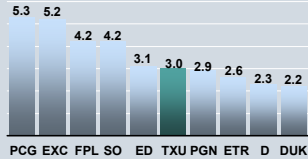


TXU Electric Delivery: Redefining Utility Performance



TXU Electric Delivery Has An Advantaged Structural Position

Large customer base
04; Millions of customers

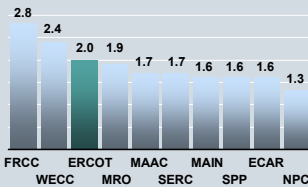


Source: FERC

A unique business model that looks more like a FERC pipeline than a traditional utility

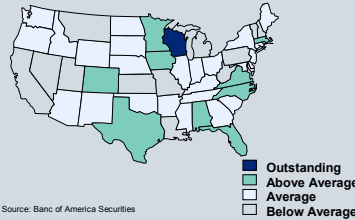
	Traditional T&D comparables	Gas LDC's	Pipeline MLP's	FERC TransCo	TXU Electric Delivery
Regulation	State	State	FERC	FERC	State
Capital tracker	No	No	No	Yes	Yes
Commodity risk	Yes	Yes	No	No	No
Retail customers	Yes	Yes	No	No	No

High growth
05E-14E; Percent annual growth



Source: NERC

Supportive regulatory environment



Source: Banc of America Securities

TXU Electric Delivery is a scale player in a high-growth region

1

Based On Core Beliefs About Value Creation, TXU Electric Delivery Has Designed A Bottom-Up Business Unit Strategy

TXU Electric Delivery

Continue To Redefine Excellence In Texas

Focus on distinctive asset management: optimize reliability and costs

Take advantage of high growth market and advantaged business model to invest in needed infrastructure

Integrate BPL and AMR into the grid to help redefine service quality

Consolidate Regional T&D To Extract Synergies

Scale TXU Electric Delivery's distinctive asset management capabilities over a larger grid

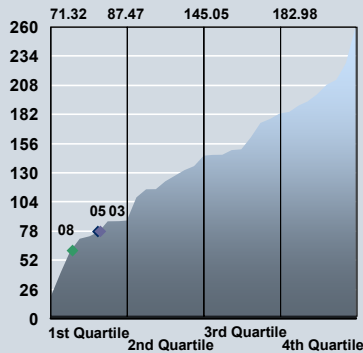
Take a national role in technology through leading technology consortium and third party infrastructure fund

TXU Electric Delivery will continue to drive distinctive performance in Texas while attempting to scale its operating edge regionally

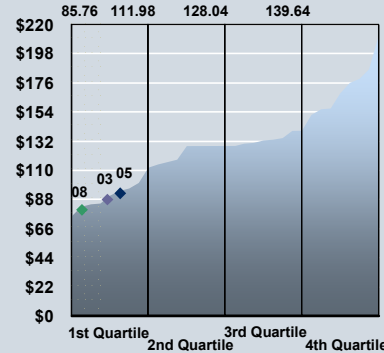
2

Electric Delivery Has Achieved Top Quartile Reliability While Simultaneously Maintaining Top Quartile Costs

Non-storm SAIDI¹ (n=33)
04; Minutes



O&M costs² per customer (n=33)
04; \$/customer



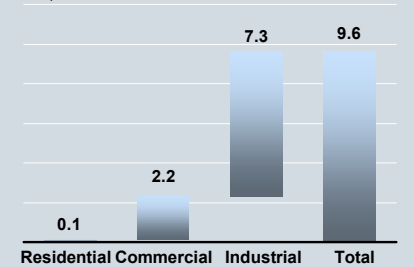
Significant capital investments are planned to ensure consistent top quartile reliability, while rigorous focus on cost efficiency will result in top decile cost performance by 08

¹ TXU Electric Delivery is evaluating adoption of the IEEE 1366 standard for reporting reliability performance. Projected 2008 non-storm SAIDI calculated under this method would be 74.59.
² Benchmark includes specific O&M accounts as well as maintenance capital.

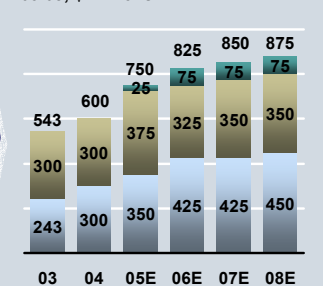
3

Based On A Rapidly Growing Market, And The Importance Of Keeping The Lights On, TXU Electric Delivery Is Investing In Needed Infrastructure Upgrades...

North Texas economic cost of one minute of downtime¹
05: \$ millions



TXU Electric Delivery capex budget
03-08; \$ millions



TXU Electric Delivery's capital and technology deployment strategy is designed to lower grid congestion and increase system reliability
About 50% of Delivery's capital is eligible for expedited recovery

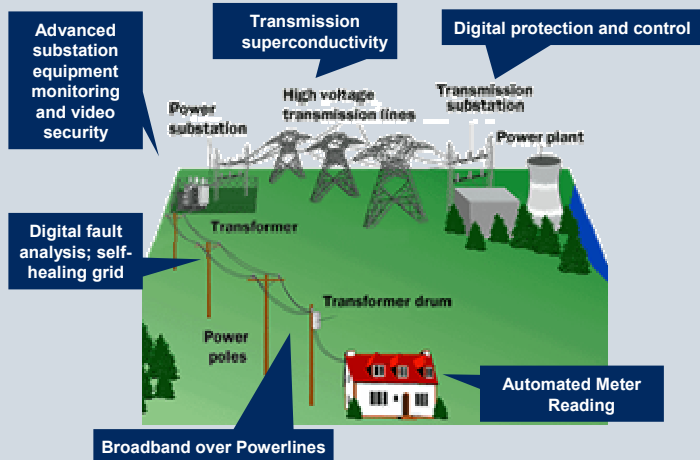
¹ Outage cost/ customer also influenced by time of the day, season, region and duration of outage.
 Source: Lawrence Berkeley National Laboratory study, 2004

4

TXU Electric Delivery: Redefining Utility Performance



...And Creating The 21st Century Grid

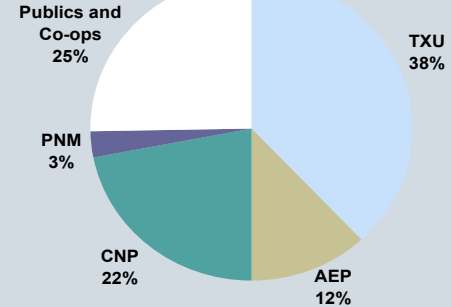


5

Today The ERCOT Grid Remains Fragmented . . .

Share of gross transmission & distribution PPE 04; Percent

100% = \$25 billion



Nearly 40 public power companies and co-ops comprise 25% of the ERCOT market

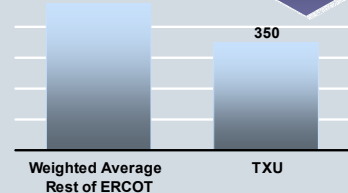
Source: Energy Velocity

6

...Offering An Opportunity Through Improvements In Efficiency And Reliability

Relative Cost Position

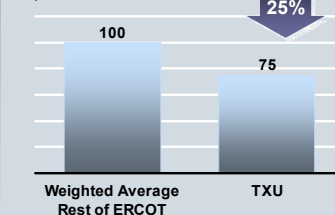
Total cash cost per customer 04; \$ per customer



Driving the market to TXU performance levels represents annual total savings of over \$550 million

Relative Reliability Position

SAIDI 04; Minutes



Reducing SAIDI by 25 minutes saves the Texas economy over \$425 million annually

Source: Texas Public Utilities Commission, FERC FORM 1

7

TXU Also Wants To Partner To Take Part In The National Infrastructure Build Out

Initiative	Description
Technology consortium	TXU would take a leadership role in a strategic partnership involving public and private players
	Consortium would identify, evaluate and deploy new technologies and take them to commercial viability
Infrastructure fund	Technology focus spans from productivity improvement to enhanced network design to "smart grid" development
	Jointly developing fund with experienced financial partner will drive capital formation and fund management
	Active participation enables access to broader investment opportunity set
	Additional investment opportunities enable scale application of operational best practices and regulatory capabilities

Access to leading-edge technology and a wide range of utility infrastructure investment opportunities will enhance TXU Electric Delivery's Market Leading position

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