

***Third Quarter 2006
Earnings Discussion***



TXU

November 9, 2006

Safe Harbor Statement

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 SEC filings. Specifically, the company makes reference to the section entitled "Risk Factors" in its annual and quarterly reports, particularly the risk factor relating to its new build program in Texas. In addition to the risks and uncertainties set forth in the company's SEC filings, the forward-looking statements in this presentation could be affected by actions of rating agencies, the ability of the company to attract and retain profitable customers, changes in demand for electricity, the impact of weather, changes in wholesale electricity prices or energy commodity prices, the company's ability to hedge against changes in commodity prices and market heat rates, the company's ability to fund certain investments described herein, delays in approval of, or failure to obtain, air and other environmental permits and the ability of the company to resolve the consent decree issue regarding the new Sandow 5 unit, changes in competitive market rules, changes in environmental laws or regulations, changes in electric generation and emissions control technologies, changes in projected demand for electricity, the ability of the company and its contractors to attract and retain skilled labor, at projected rates, for planning and building new generating units, changes in the cost and availability of materials necessary for the planned new generation units, the ability of the company to negotiate and finalize engineering, procurement and construction contracts for its reference plants in a timely manner and at projected costs, the ability of the company to manage the significant construction program to a timely conclusion with limited cost overruns, the ability of the company to implement the initiatives that are part of its performance improvement program and growth strategy and the terms under which the company executes those initiatives, and the decisions made and actions taken as a result of the company's financial and growth strategies, and with respect to the InfrastruX Energy joint venture, the amount of time the PUC takes to review the transaction and the results of such review.

Regulation G

This presentation includes certain non-GAAP financial measures. A reconciliation of these measures to the most directly comparable GAAP measures 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 under Investor Resources/Presentations.

Today's Agenda

**Operational
Highlights**

**C. John Wilder
Chairman & CEO**

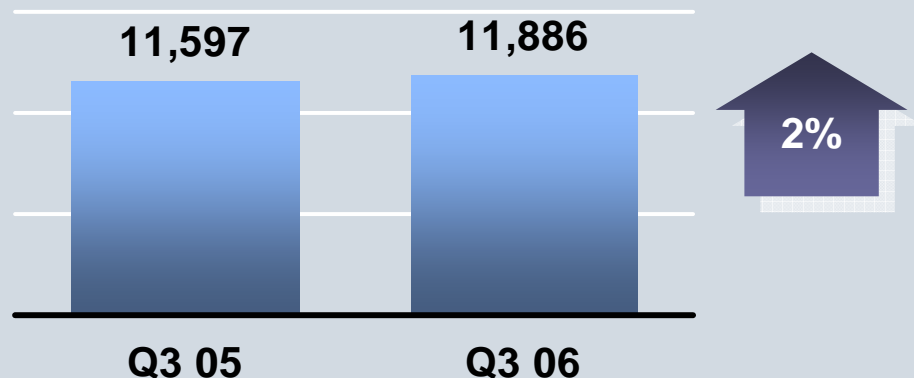
Financial Overview

**David Campbell
Executive Vice President &
Acting CFO**

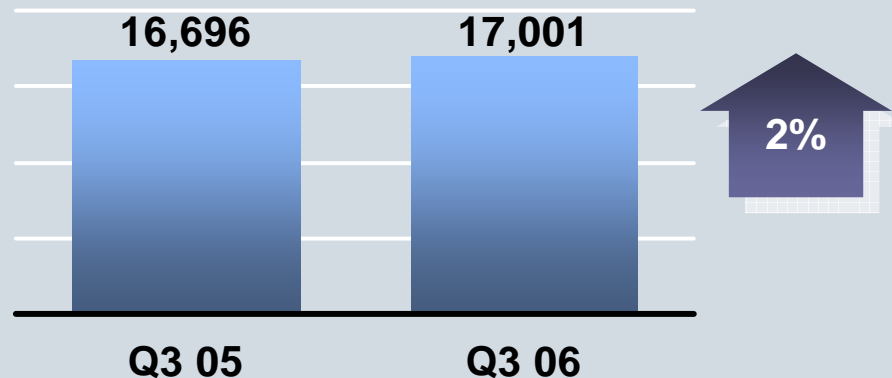
Q&A

During The Third Quarter, TXU's Generation Plants Maintained Their Strong Execution Track Record...

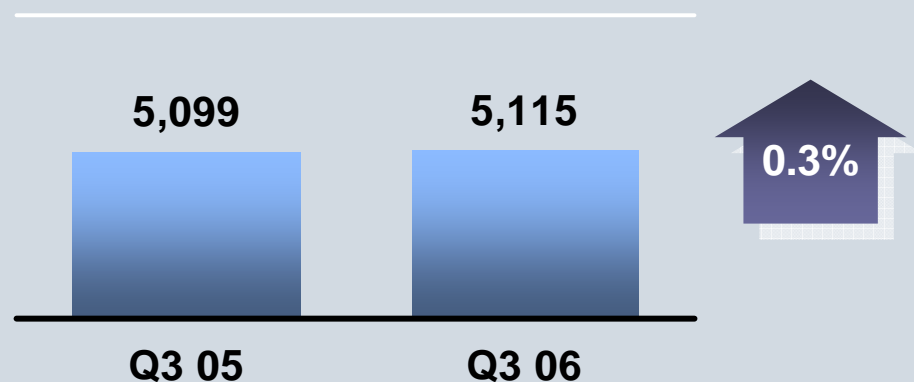
Lignite production
Q3 05 vs. Q3 06; GWh



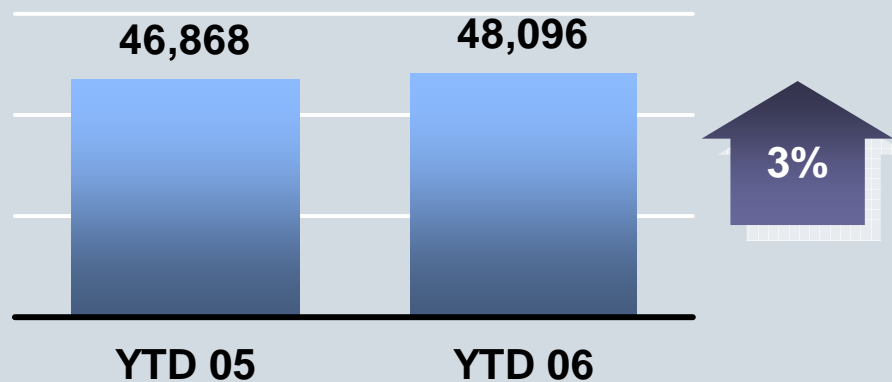
Baseload (combined nuclear/lignite)
Q3 05 vs. Q3 06; GWh



Nuclear production
Q3 05 vs. Q3 06; GWh



Baseload (combined nuclear/lignite)
YTD 05 vs. YTD 06; GWh

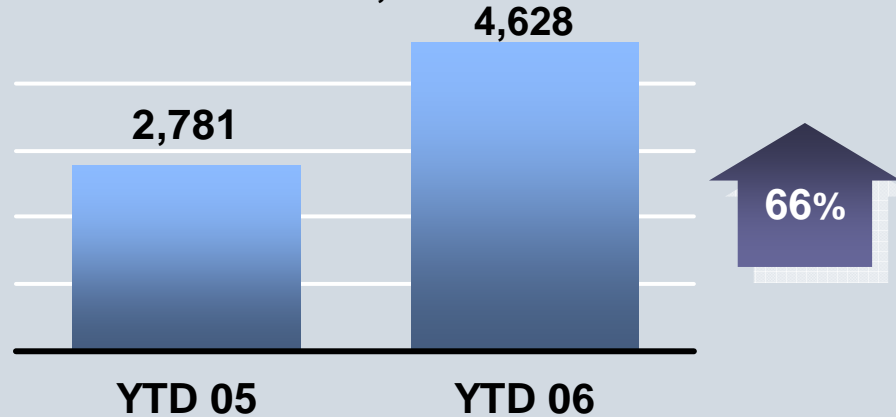


Nuclear and lignite production levels set quarterly and YTD production records

...While Electric Delivery Continued To Implement Its Customer-Focused Investment Program

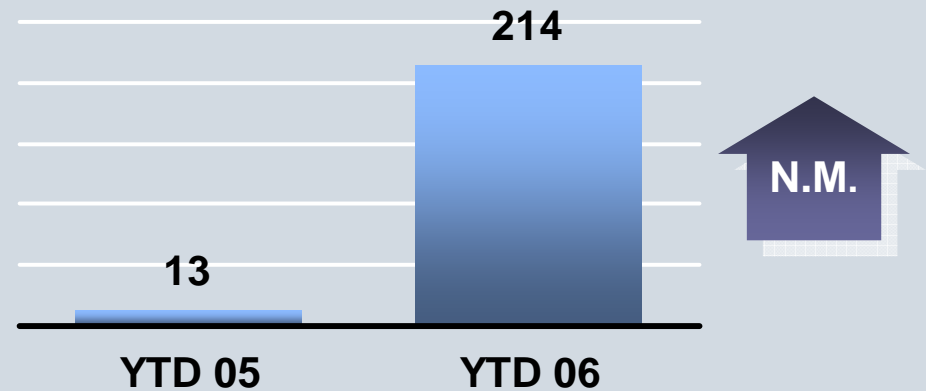
Vegetation management

YTD 05 vs. YTD 06; Miles trimmed



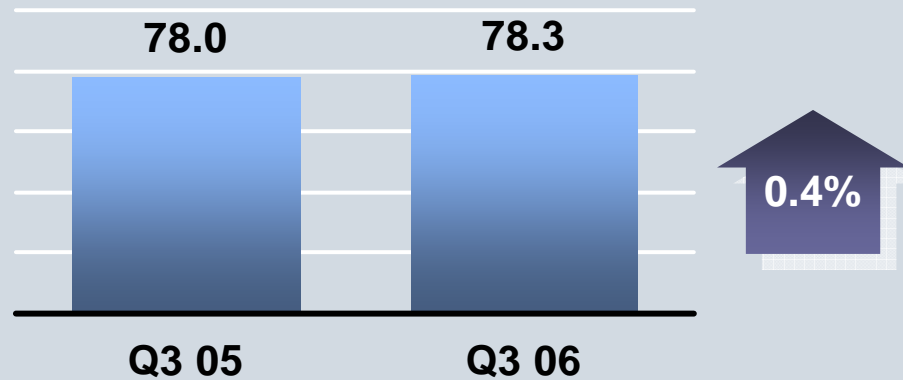
Cumulative automated meters

YTD 05 vs. YTD 06; Meters (000's)



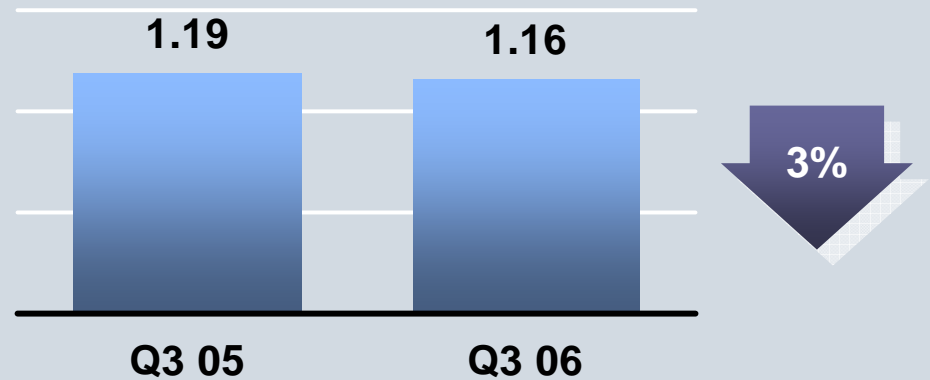
SAIDI (non-storm)

Q3 05 vs. Q3 06; Minutes



SAIFI (non-storm)

Q3 05 vs. Q3 06; Frequency



TXU Is Focused On Reinvesting In The State's Infrastructure...

Ratio of capital expenditures to earnings¹
01-10E; \$ billions, percent

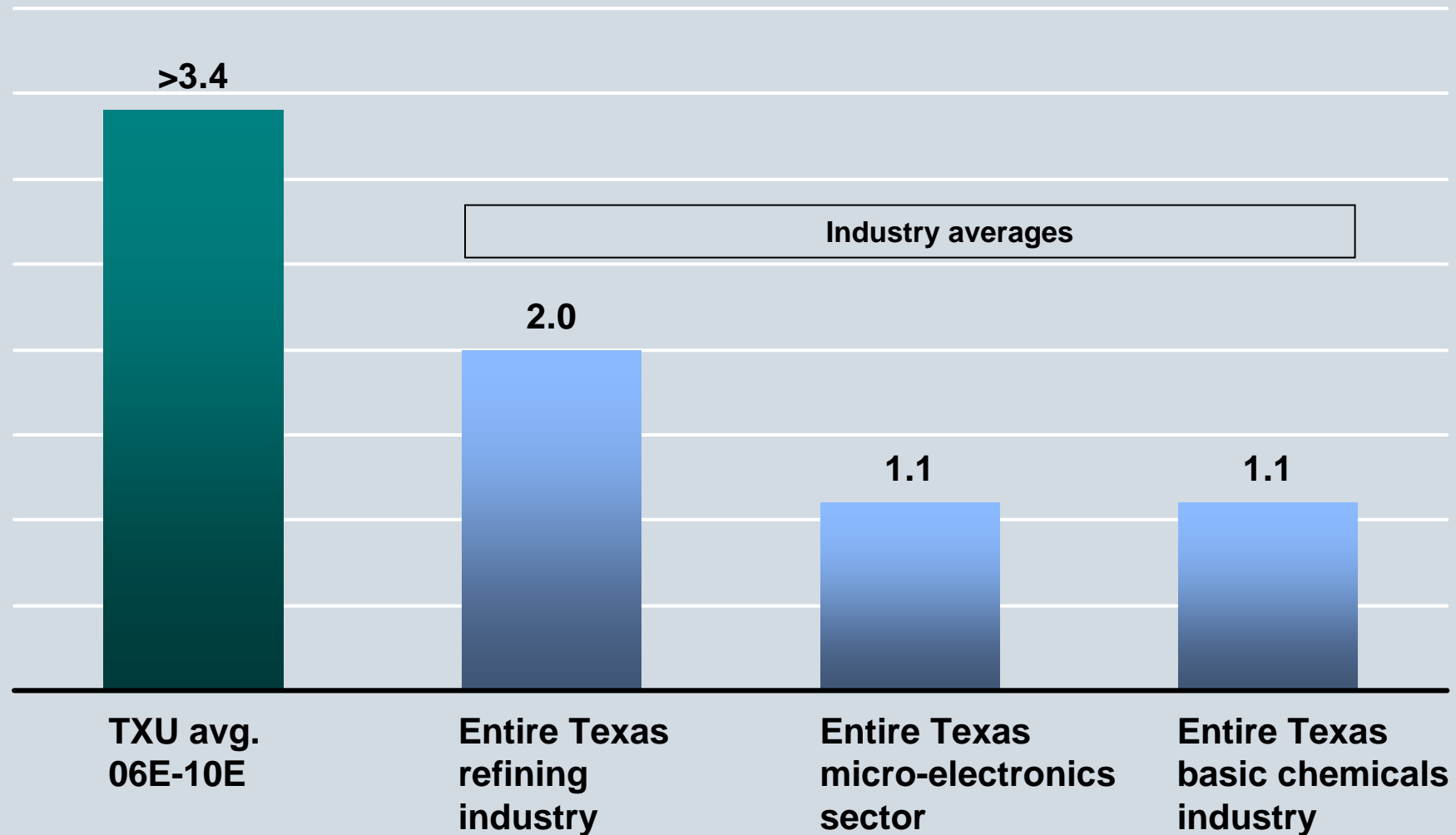
Period	CapEx	CapEx to Earnings %
01-05	4.5	112
06E	2.6	100
06E-10E	>17	>135

TXU plans to reinvest more than 135% of its earnings over the next five years to improve the Texas electric power infrastructure

¹ Includes estimated capital expenditures for 11 new power generation facilities expected to be constructed in Texas between 2006 and 2011.

...Making TXU One Of The State's Largest Investors...

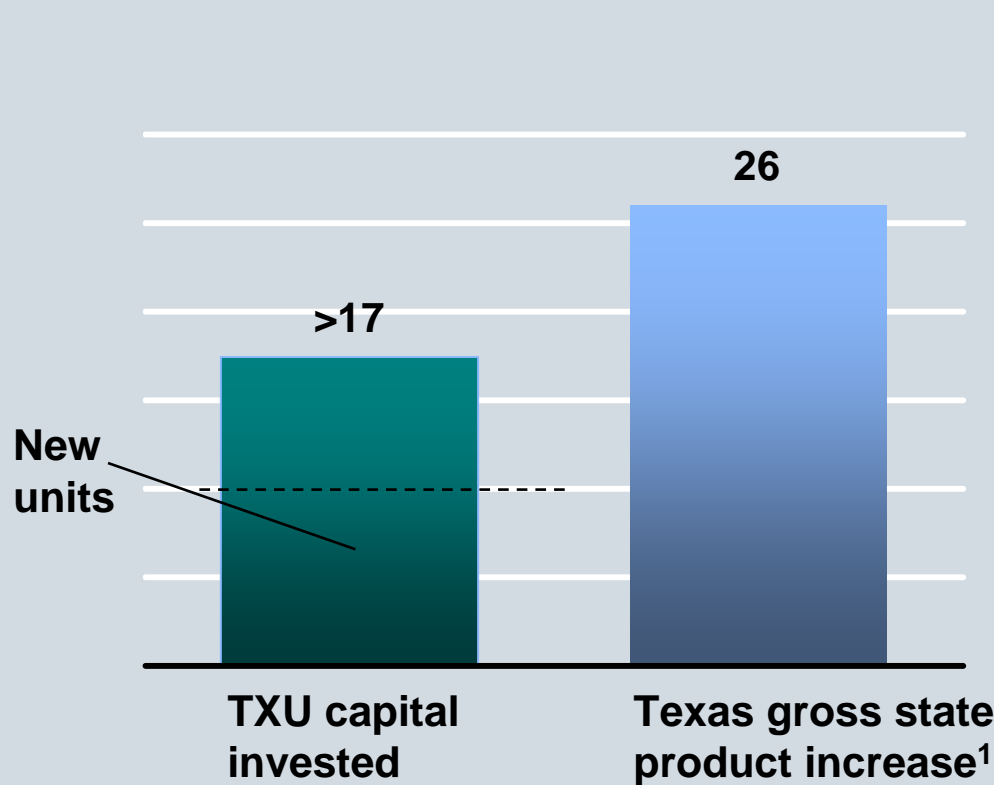
Capital investment in Texas
\$ billions per year



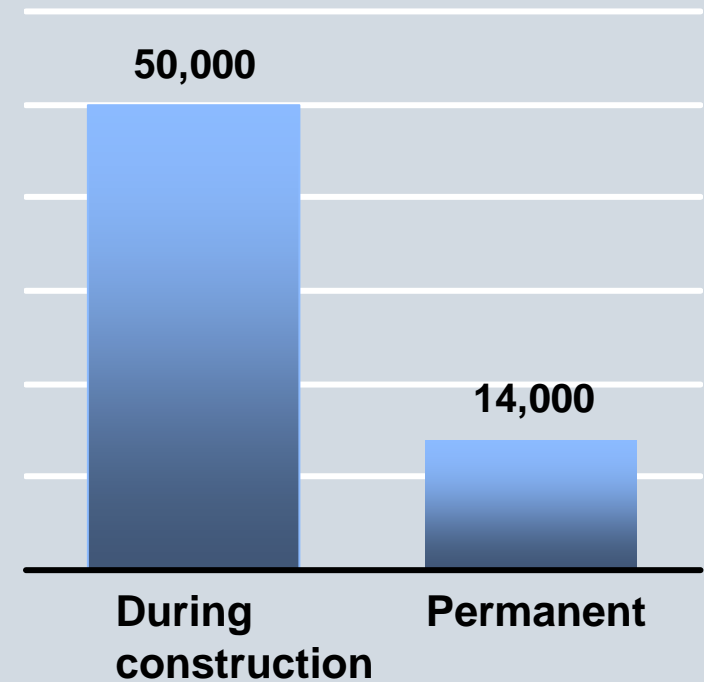
Source: US Department of Commerce (2003); Perryman Group ; Includes estimated capital expenditures for 11 new power generation facilities expected to be constructed in Texas between 2006 and 2011.

...And Generating Economic Growth And New Jobs Across The State

Economic impact from TXU capital investment¹
06E-10E; \$ billions



Estimated jobs created by investment¹
06E-10E; Number



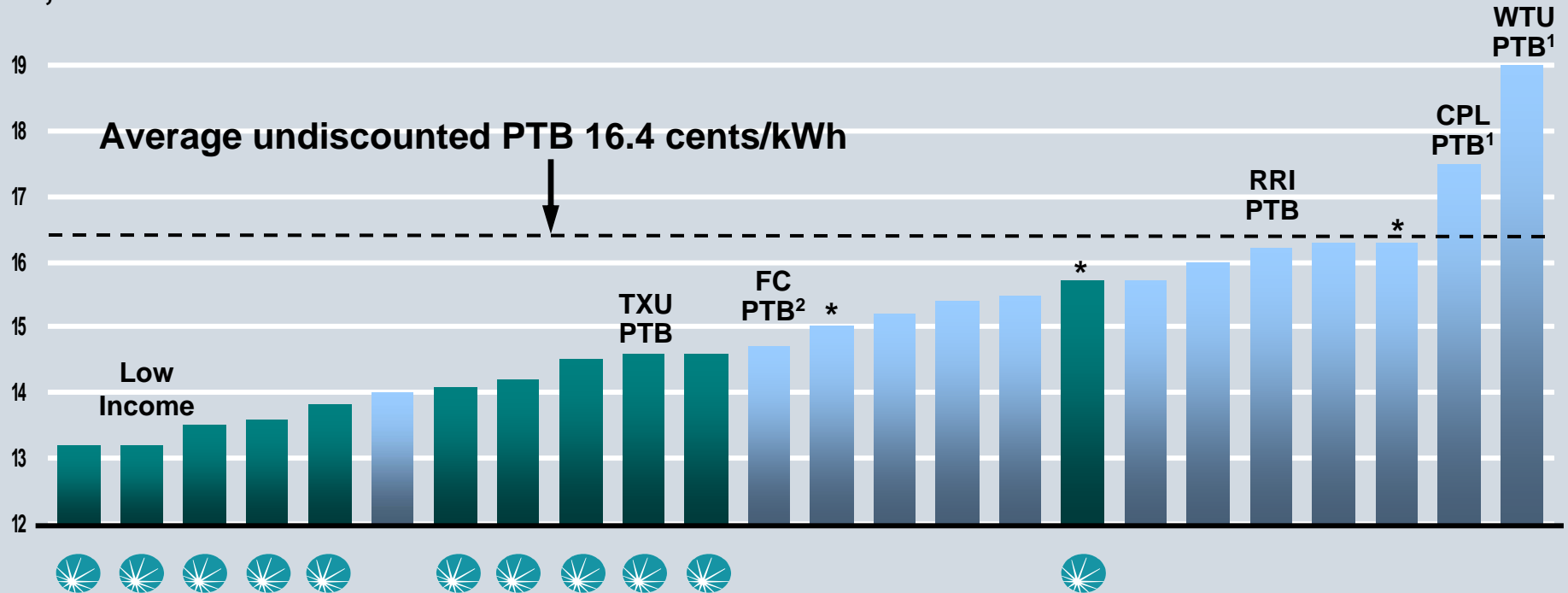
Employment creation figures are comparable to the annual job base of a city such as Abilene or Wichita Falls

¹ Source: Perryman Group; Texas Multi-regional Impact Assessment System; US Department of Labor (2004). Includes estimated permanent jobs and jobs during construction related to the 11 new power generation facilities planned as part of TXU's power development program.

TXU Energy's "Pick Your Plan" Program Offers The Most Diverse Set Of Customer Choices...

* 100% Renewable

Active residential single family offers from incumbent providers³
06; Cents/kWh



TXU Energy has 10 of the 11 lowest offers by incumbents in home markets

¹ Denotes full, undiscounted Price to Beat. CPL and WTU provide existing Residential customers as of 6/30/06 a discounted PTB (Direct Electricity Plan™) which is priced at 16.0 and 16.3 cents/kWh respectively in the two service areas. Both price points are included on the chart.

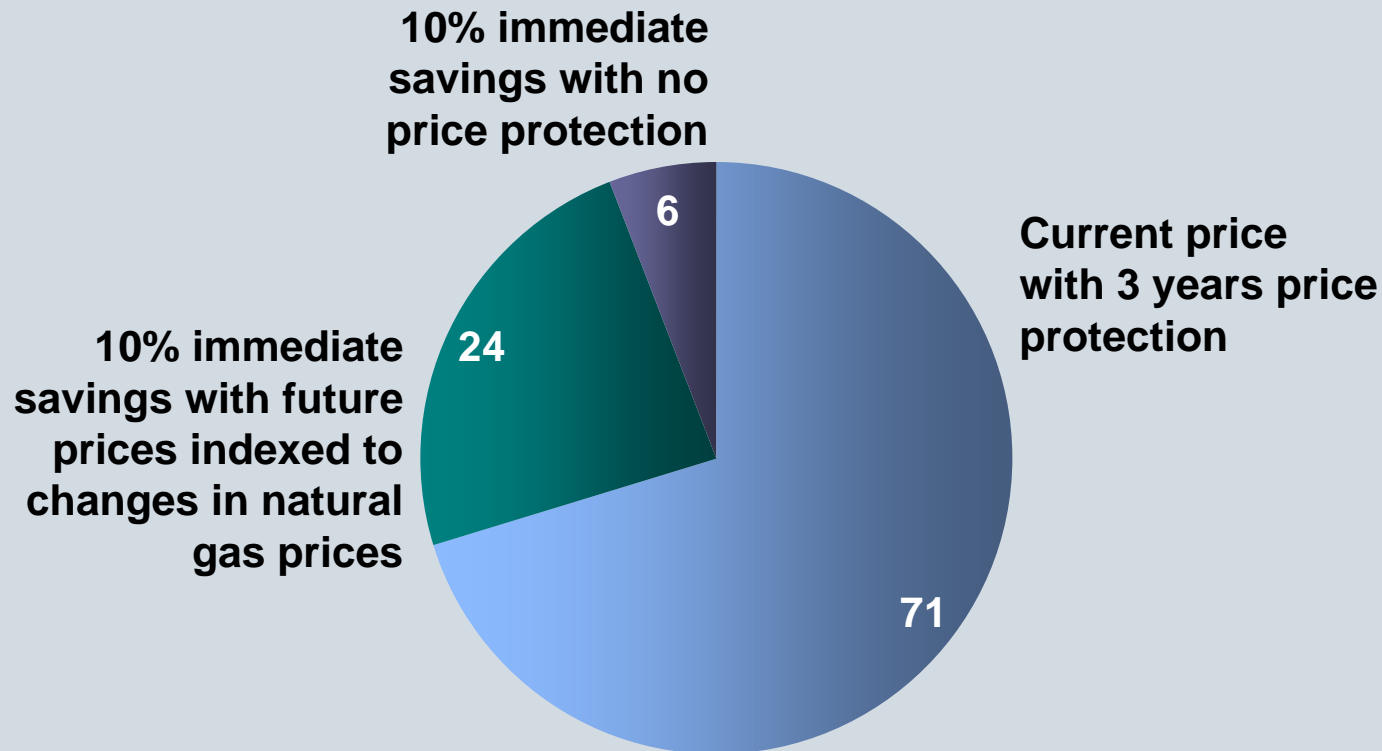
² First Choice Power has filed for a PTB fuel factor adjustment that will result in a lower PTB if approved by the PUCT.

³ For Residential customers with an average usage of 1,500 kWh per month (average for single family), excluding any applicable one-time incentives or clawback credits. Time periods for prices and offers shown varies. Shows all known offers currently available for customer enrollment by incumbent providers in their historical service areas including renewable products as of 11/02/06. TXU Energy low income discount funded by TXU Energy.

Source: TXU Energy, Power to Choose website (11/02/06), retailer websites

... Including Meeting Customer Preferences For Price Protection Over Immediate Savings...

Product attribute that customers say they value most
Oct. 06; Percent



Survey results show that customers favor a 3-year guaranteed price to an immediate 10% savings by more than a 2:1 margin; TXU offers three-year price protection to customers who choose to stay on roll-over monthly products

...Part Of An Integrated Approach That Establishes TXU Energy As The Most Innovative Energy Provider...

Appreciation bonus

- One-time appreciation bonus of \$100 to each TXU residential customer that lives in areas where TXU offers the price-to-beat rate as of October 31, 2006 (~\$165 million of savings)

“Pick Your Plan” options

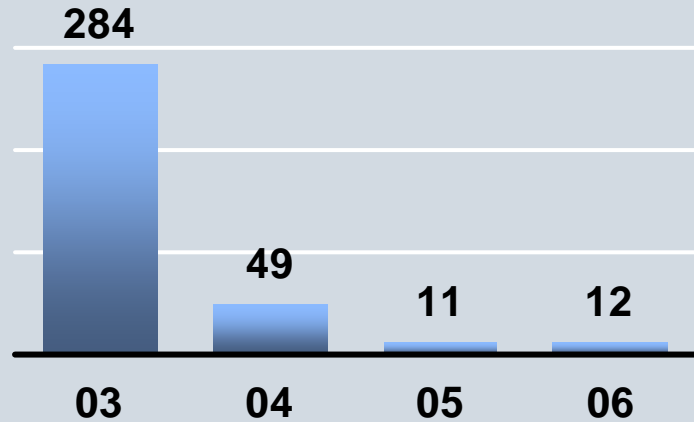
- 10 plans available in North Texas today, including 10 of the 11 lowest-priced products of any incumbent in their home service territory. Options include
 - 3 year price protection for customers who choose to stay on roll-over monthly products
 - Longer-term products offering term protection and discounts
 - Products indexed to natural gas, time of use, green products, and other features – providing the broadest set of choices of any retail provider in the ERCOT market

Direct customer support

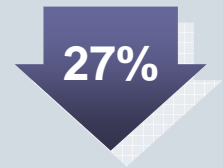
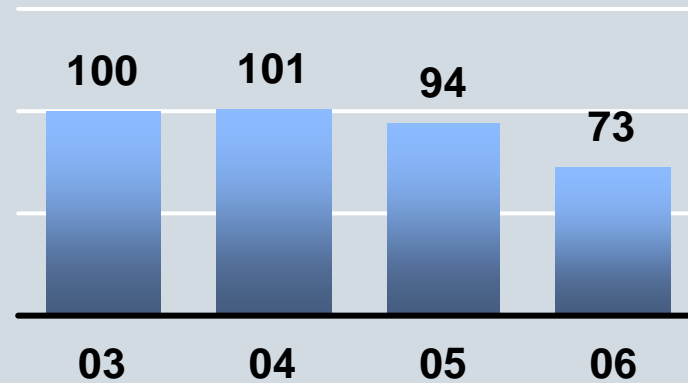
- Extending automatic 10% discount for low income customers through 9/1/07 (only retailer providing this support)
- Leading the market in Energy Aid donations (\$34 million to date)
- Additional assistance to Katrina evacuees who need to establish service

...While Continuing To Improve Customer Service And Retention

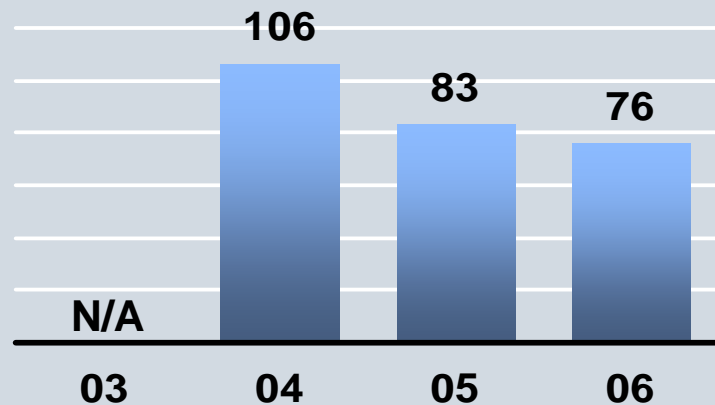
Call answer times
YTD 03–YTD 06; Seconds



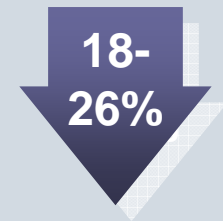
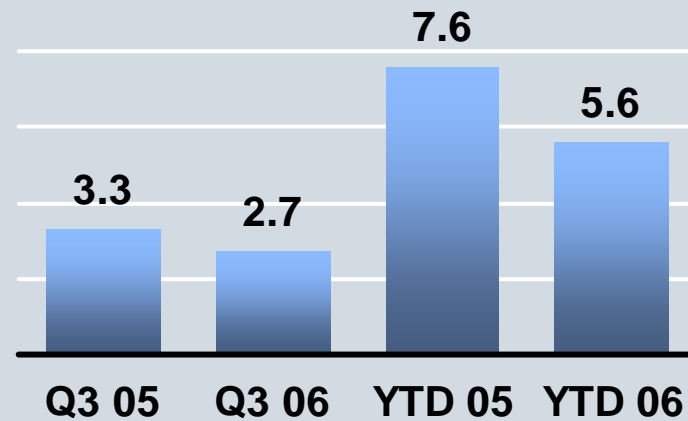
Customer issues management
YTD 03–YTD 06; Index, 2003=100



Time in IVR
YTD 03–YTD 06; Seconds



In-territory residential churn rate
Q3 05 vs. Q3 06, YTD 05 vs. YTD 06; Percent



Today's Agenda

**Operational
Highlights**

**C. John Wilder
Chairman & CEO**

Financial Overview

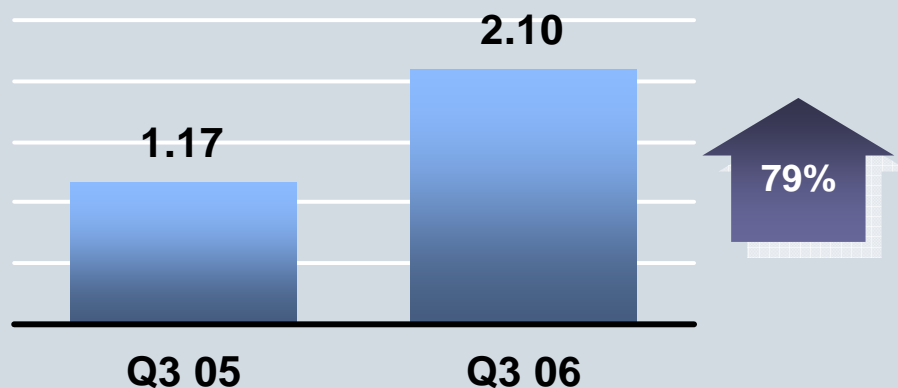
**David Campbell
Executive Vice President &
Acting CFO**

Q&A

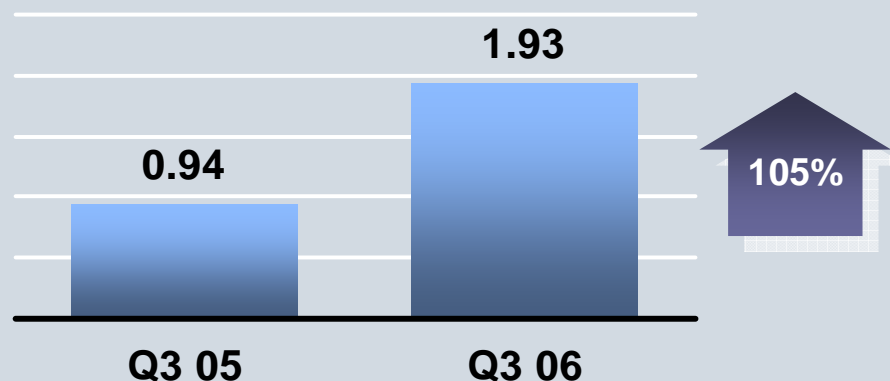
Q3 TXU Corp. And Business Segment Operational Earnings

Operational earnings contribution by segment
Q3 05 vs. Q3 06; \$ per diluted share

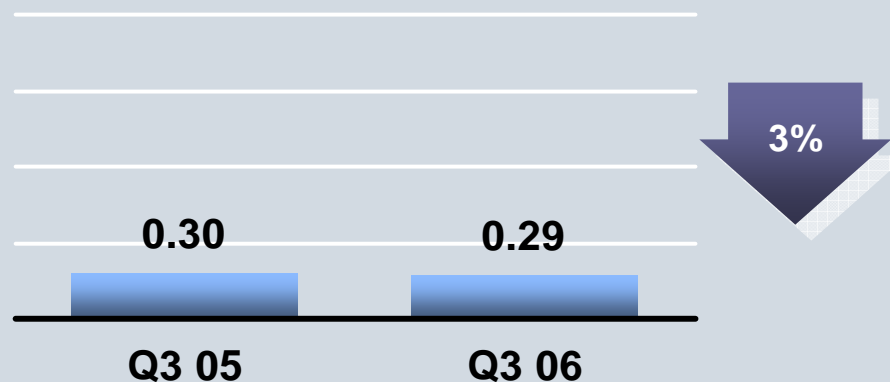
TXU Corp. Consolidated



TXU Energy Holdings



TXU Electric Delivery



Factors Impacting Q3 Operational Earnings Include Hedge Ineffectiveness Gains And Other Timing Impacts

Operational earnings elements
Q3 06; \$ millions and \$ per share (after tax)

Operational earnings	\$ mm	\$ per share
Q3 06 operational earnings	977	2.10

Hedge and consumption drivers	\$ mm	\$ per share
Hedge ineffectiveness and mark-to-market gains	120	0.26
Other wholesale impacts (losses that are offset in future periods)	(18)	(0.04)
Impact of lower average customer usage ¹	(5)	(0.01)

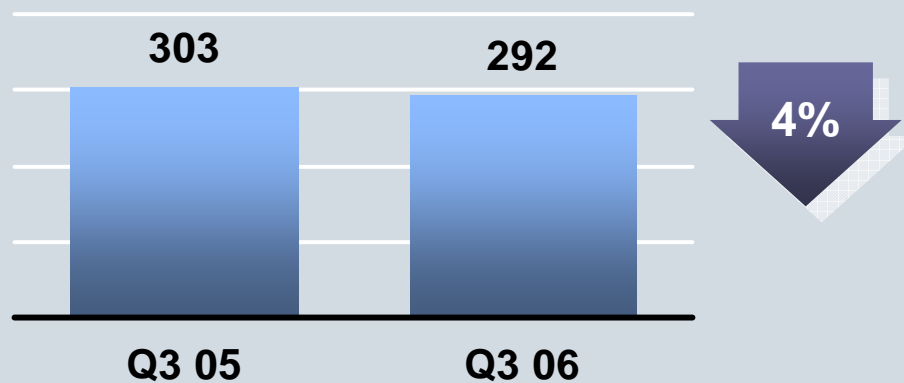
Operational earnings of \$2.10 per share in the quarter reflect \$0.26 per share of gains associated with the company's long-term natural gas hedging program, \$(0.04) per share of other hedge timing impacts, and \$(0.01) per share associated with lower average customer usage

¹ Estimated impact relative to normal customer usage; reflects customer efficiencies, which exceeded the effects of warmer than normal weather.

TXU's Businesses Continue To Drive Cost Leadership

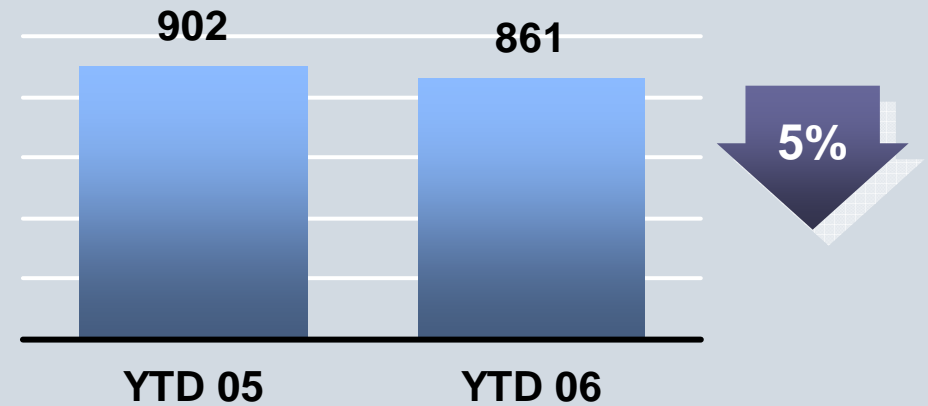
TXU Energy Holdings and TXU Corp.

Total operating costs and SG&A expense¹
Q3 05 vs. Q3 06; \$ millions



TXU Energy Holdings and TXU Corp.

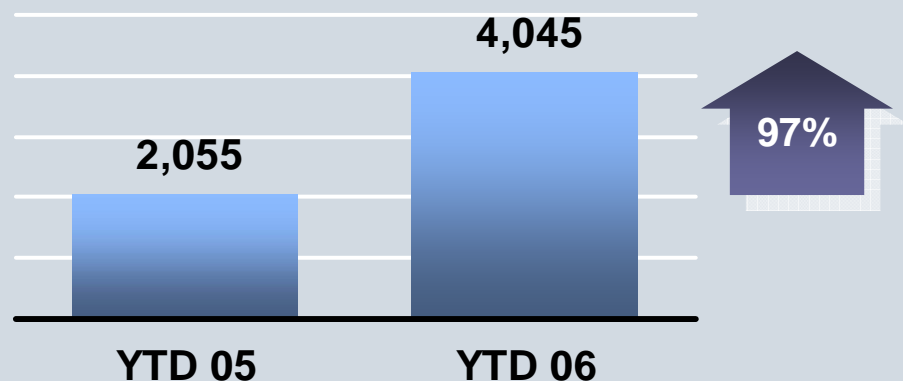
Total operating costs and SG&A expense¹
YTD 05 vs. YTD 06; \$ millions



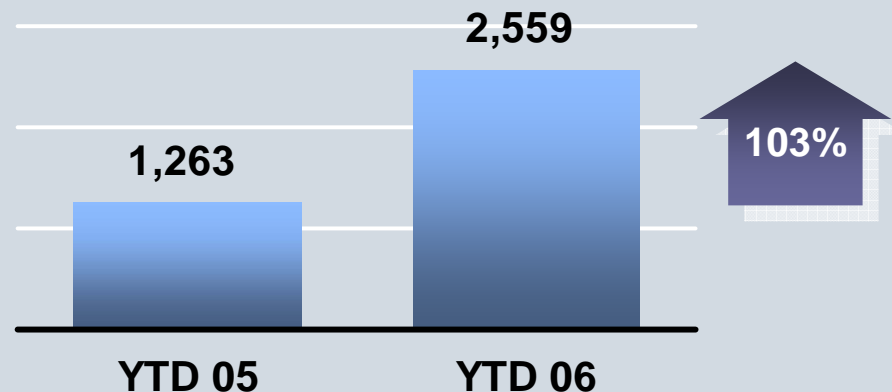
¹ Excludes TXU Electric Delivery and TXU Power Development Company

In Q3, TXU Substantially Improved Financial Flexibility Measures...

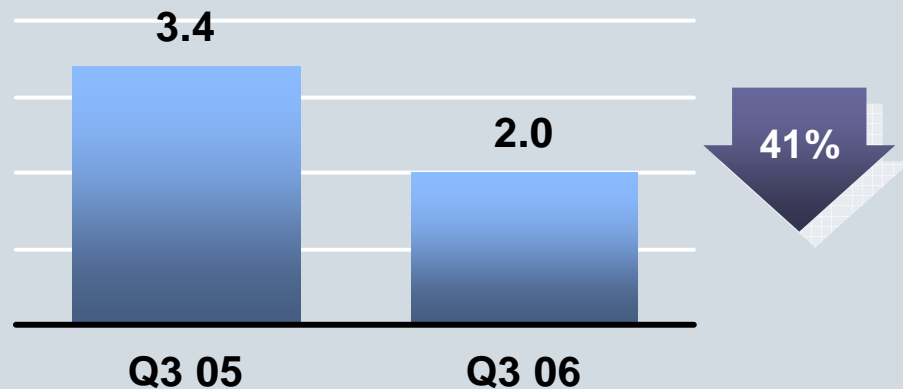
Operating cash flow¹
YTD 05 vs. YTD 06; \$ millions



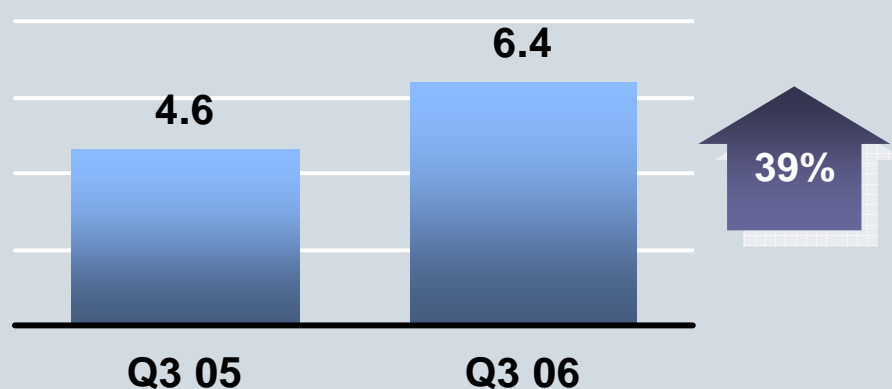
Free cash flow
YTD 05 vs. YTD 06; \$ millions



Debt/EBITDA
LTM Q3 05 vs. LTM Q3 06; Percent



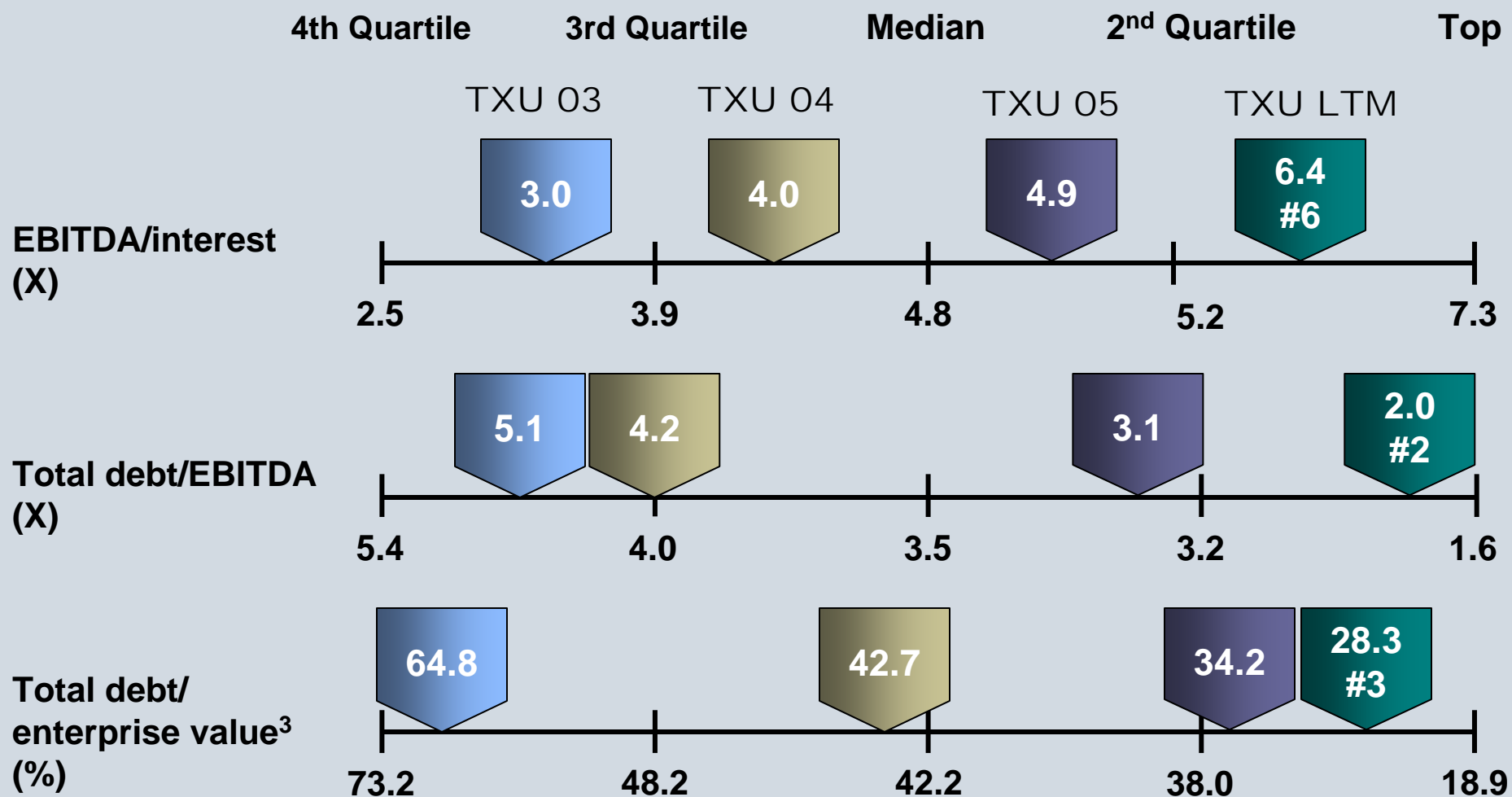
EBITDA/interest
LTM Q3 05 vs. LTM Q3 06; Ratio



¹ Includes the impact of commodity margin postings associated with the company's long-term natural gas hedging program.

...Helping To Further Improve TXU's Relative Position Within The Industry

Financial metrics for Peer group¹ (n=25)
03-06²; Various measures



¹ Combined S&P Electric Utilities and S&P Multi-Utilities indices

² Quartiles based on LTM as of June 06 performance; TXU performance based on LTM ended September 06

³ TXU enterprise value as of September 30, 2006

Source: Capital IQ

Today's Agenda

**Operational &
Power Generation Program
Highlights**

**C. John Wilder
Chairman & CEO**

Financial Overview

**David Campbell
Executive Vice President &
Acting CFO**

Q&A

***Appendix –
Regulation G Reconciliations***



TXU

Financial Definitions

Measure	Definition
Capex	Capital expenditures.
Cash Interest Expense (non-GAAP)	Interest expense and related charges less amortization of discount and reacquired debt expense plus capitalized interest. Cash interest expense is a measure used by TXU to assess credit quality.
Contribution Margin	Operating revenues (GAAP) less fuel and purchased power costs and delivery fees (GAAP).
Debt	Total debt less transition bonds and debt-related restricted cash.
Debt/EBITDA (non-GAAP)	Total debt less transition bonds and debt-related restricted cash divided by EBITDA. Transition, or securitization, bonds are serviced by a regulatory transition charge on wires rates and are therefore excluded from debt in credit reviews. Debt-related restricted cash is treated as net debt in credit reviews. Debt/EBITDA is a measure used by TXU to assess credit quality.
EBITDA (non-GAAP)	Income from continuing operations before interest income, interest expense and related charges, and income tax plus depreciation and amortization and special items. EBITDA is a measure used by TXU to assess performance.
EBITDA/Interest (non-GAAP)	EBITDA divided by cash interest expense is a measure used by TXU to assess credit quality.
Free Cash Flow (non-GAAP)	Cash from operating activities, less capital expenditures and nuclear fuel. Used by TXU predominantly as a forecasting tool to estimate cash available for dividends, debt reduction, and other investments.
Operating Cash Flow (GAAP)	Cash provided by operating activities.

Financial Definitions – cont.

Measure	Definition
Operational Earnings (non-GAAP)	Operational Earnings Per Share (a non-GAAP measure) is defined as per share (diluted) income from continuing operations, excluding special items. Beginning in the fourth quarter of 2006, TXU also plans to exclude all effects of unrealized cash flow hedging ineffectiveness and market-to-market gains or/and losses on positions in its long- term hedging program from operational earnings because management believes such presentation will more appropriately reflect the ongoing earnings of the business. The effect is that only realized gains and losses on positions in the long-term hedging program are reflected in operational earnings. TXU forecasts earnings on such operational earnings basis and is unable to reconcile forecasted operational earnings to a GAAP financial measure because forecasts of special items and material non-recurring items or ineffectiveness or market-to-market gains or losses on its long term hedging program are not practical. TXU relies on operational earnings for evaluation of performance and believes that analysis of the business by external users is enhanced by visibility to both reported GAAP earnings and operational earnings.
Operational Earnings per Share (non-GAAP)	Per share (diluted) income from continuing operations net of preference stock dividends, excluding special items. Operational earnings for first quarter 2005 excludes the effect of the adjustment in 2005 for the cost of the true-up payment on the 52.5 million-share accelerated common stock repurchase.
Reported Earnings per Share (GAAP)	Per share (diluted) net income available to common shareholders.
Return on Invested Capital (ROIC) - (non-GAAP)	Operational earnings (non-GAAP) plus preference stock dividends plus after-tax interest expense and related charges, net of interest income on restricted cash related to debt, divided by the average of the beginning and ending total capitalization less debt-related restricted cash. This measure is used to evaluate operational performance and management effectiveness.
Special Items (Non-GAAP)	Unusual charges related to the implementation of the performance improvement program and other charges, credits or gains, that are unusual or nonrecurring. Special items are included in reported GAAP earnings, but are excluded from operational earnings.
Total Capitalization (Non-GAAP)	Total debt plus common stock equity. This measure is used to evaluate operational performance and management effectiveness.
Total Debt (GAAP)	Long-term debt (including current portion), plus bank loans and commercial paper, plus long-term debt held by subsidiary trusts and preferred securities of subsidiaries.

**Table 1: TXU Corp. Operational Earnings Reconciliation
Quarter Ended September 30, 2006 and 2005**

\$ millions and \$ per share after tax

	Q3 06	Q3 06	Q3 05	Q3 05
Net income available for common	1,004	2.15	565	1.16
Discontinued operations	(20)	(0.04)	6	0.01
Preference stock dividends	-	-	-	-
Income from continuing operations	984	2.11	571	1.17
Preference stock dividends	-	-	-	-
Special items	(7)	(0.01)	3	-
Operational earnings	977	2.10	574	1.17

**Table 2: TXU Corp. Operational Earnings Reconciliation
Year-to-Date September 30, 2006 and 2005**

\$ millions and \$ per share after tax

	YTD 06	YTD 06	YTD 05	YTD 05
Net income available for common	2,077	4.43	1,356	1.76
Discontinued operations	(81)	(0.17)	(6)	(0.01)
Preference stock dividends	-	-	10	0.02
Income from continuing operations	1,996	4.26	1,360	1.77
Effect of share repurchase dilution	-	-	-	1.02
Preference stock dividends	-	-	(10)	(0.02)
Rounding	-	-	-	0.01
Special items	236	0.50	(150)	(0.31)
Operational earnings	2,232	4.76	1,200	2.47

**Table 3: TXU Energy Holdings Operational Earnings Reconciliation
Quarter Ended September 30, 2006 and 2005**

\$ millions and \$ per share after tax

	Q3 06	Q3 06	Q3 05	Q3 05
Net income available for common	900	1.93	457	0.94
Discontinued operations	-	-	2	-
Income from continuing operations	900	1.93	459	0.94
Special items	-	-	2	-
Operational earnings	900	1.93	461	0.94

**Table 4: TXU Energy Holdings Operational Earnings Reconciliation
Year-to-Date September 30, 2006 and 2005**

\$ millions and \$ per share after tax

	YTD 06	YTD 06	YTD 05	YTD 05
Net income available for common	1,879	4.01	1,001	2.06
Discontinued operations	-	-	6	0.01
Income from continuing operations	1,879	4.01	1,007	2.07
Rounding	-	0.01	-	-
Special items	244	0.51	6	0.01
Operational earnings	2,123	4.53	1,013	2.08

**Table 5: TXU Electric Delivery Operational Earnings Reconciliation
Quarter Ended September 30, 2006 and 2005**

\$ millions and \$ per share after tax

	Q3 06	Q3 06	Q3 05	Q3 05
Income from continuing operations	131	0.28	145	0.30
Rounding	(1)	-		
Special items	3	0.01	1	-
Operational earnings	133	0.29	146	0.30

**Table 6: TXU Electric Delivery Operational Earnings Reconciliation
Year-to-Date September 30, 2006 and 2005**

\$ millions and \$ per share after tax

	YTD 06	YTD 06	YTD 05	YTD 05
Income from continuing operations	282	0.60	302	0.62
Special items	3	0.01	1	-
Operational earnings	285	0.61	303	0.62

**Table 7: TXU Corp. Operating Cash Flow and Free Cash Flow
Year-to-Date September 30, 2006 and 2005**

\$ millions, unless otherwise noted

	YTD 06	YTD 05
Reported cash provided by operating activities	4,045	2,055
Capital expenditures	(1,409)	(735)
Nuclear fuel	(77)	(57)
Free cash flow	2,559	1,263

Table 8: TXU Corp. Total Debt
As of September 30, 2006 and 2005
\$ millions

	9/30/06	9/30/05
Debt		
Notes payable:		
Commercial paper	975	-
Banks	295	600
Long-term debt due currently	390	1,192
All other long-term debt, less due currently	10,721	11,318
Total debt	12,381	13,110

Table 9: TXU Corp. Interest and Debt Coverage Ratios
Twelve Months Ended September 30, 2006 and December 31, 2005, 2004 and 2003
\$ millions unless otherwise noted

	9/30/06	12/31/05	12/31/04	12/31/03	Ref
Cash provided by operating activities	4,783	2,793	1,758	2,413	A
Reconciling adjustments from cash flow statement	(2,372)	(1,018)	(1,677)	(1,847)	B
Income from continuing operations before extraordinary items and cumulative effect of changes in accounting principles	2,411	1,775	81	566	
Income tax expense	1,227	632	42	252	
Interest expense and related charges	851	802	695	784	
Interest income	(43)	(48)	(28)	(36)	
Depreciation and amortization	824	776	760	724	
EBITDA	5,270	3,937	1,550	2,290	
Special Items	299	(18)	1,190	-	
EBITDA (excluding special items)	5,569	3,919	2,740	2,290	C
Interest expense and related charges	851	802	695	784	
Amortization of discount and reacquired debt expense	(17)	(18)	(27)	(31)	
Capitalized interest	31	17	12	12	
Cash interest expense	865	801	680	765	D
Total debt	12,381	13,380	12,889	12,591	E
Transition bonds	(1,105)	(1,167)	(1,258)	(500)	
Debt-related restricted cash	(101)	-	-	(525)	
Total debt less transition bonds and debt-related restricted cash	11,175	12,213	11,631	11,566	F
EBITDA/interest – ratio (C/D)	6.4	4.9	4.0	3.0	
Debt/EBITDA – ratio (F/C)	2.0	3.1	4.2	5.1	
Cash provided by operating activities + cash interest expense/cash interest expense–ratio (A+D/D)	6.5	4.5	3.6	4.2	
Total debt/cash flow from operating activities – ratio (E/A)	2.6	4.8	7.3	5.2	

**Table 10: TXU Corp. Debt to Enterprise Value
Year-to-Date September 30, 2006 and Twelve Months Ended December 31, 2005,
2004 and 2003**

\$ millions, unless otherwise noted

	YTD 2006	2005	2004	2003
Debt				
Notes payable	1,270	798	210	-
Long-term debt due currently	390	1,250	229	678
Long-term debt held by subsidiary trusts	-	-	-	546
Other long-term debt less due current	10,721	11,332	12,412	10,608
Transition bonds	(1,105)	(1,167)	(1,258)	(500)
Preferred securities of subsidiaries	-	-	38	759
Total debt less transition bonds	11,276	12,213	11,631	12,091
Preference stock	-	-	300	300
Total debt and preference stock	11,276	12,213	11,931	12,391
Market capitalization				
Shares outstanding	459	471	480	648
Price per share	62.52	50.19	32.28	11.86
Total market capitalization	28,709	23,639	15,494	7,685
Cash and debt-related restricted cash	(125)	(107)	(202)	(1,423)
Enterprise value	39,860	35,745	27,223	18,653
Total debt/enterprise value (%)	28.3	34.2	42.7	64.8