Consistent with industry practices, TXU Energy has decided to replace the four steam generators in one of the two generation units of the Comanche Peak nuclear plant in order to maintain the operating efficiency of the unit. An agreement for the manufacture and delivery of the equipment was completed in October 2003, and delivery is scheduled for late 2006. Estimated project capital requirements, including purchase and installation, are $175 million to $225 million. Cash outflows are expected to occur in 2004 through 2007, with the significant majority after 2004.

See Note 6 to Financial Statements for a discussion of contingencies.

REGULATION AND RATES

In October 2003, TXU Corp. received an informal request for information from the US Commodity Futures Trading Commission (CFTC) seeking voluntary production of information concerning disclosure of price and volume information furnished by TXU Portfolio Management Company LP to energy industry publications. The request seeks information for the period from January 1, 1999 to the present. TXU Corp. intends to cooperate with the CFTC, and the Company is preparing to respond to such information request. While TXU Corp. is just beginning to compile the data requested, TXU Corp. believes that TXU Portfolio Management Company LP has properly reported such information to industry publications.

1999 Restructuring Legislation and Settlement Plan —On December 31, 2001, US Holdings filed the Settlement Plan with the Commission. It resolved all major pending issues related to US Holdings' transition to electricity competition pursuant to the 1999 Restructuring Legislation. The Settlement provided for in the Settlement Plan does not remove regulatory oversight of Oncor's business nor does it eliminate TXU Energy's price-to-beat rates and related fuel adjustments. The Settlement was approved by the Commission in June 2002 and has become final.

Excess Mitigation Credit — Beginning in 2002, Oncor began implementing an excess stranded cost mitigation credit designed to result in a $350 million, plus interest, credit (reduction) applied to delivery fees billed to REPs (including TXU Energy) applied over a two-year period ending December 31, 2003. The $350 million credit has been funded by TXU Energy through payments on a note payable to Oncor. The actual amount of this credit is now expected to exceed $350 million as delivery volumes are anticipated to be higher than initially estimated. As a result, TXU Energy's earnings for the year 2003 are expected to be reduced by approximately $19 million ($12 million after-tax), reflected as an increase in TXU Energy's cost of energy sold and delivery fees. This effect is net of TXU Energy's portion of the additional credit.

Regulatory Asset Securitization — In accordance with the Settlement, Oncor received a financing order authorizing it to issue securitization bonds in the aggregate principal amount of $1.3 billion to recover regulatory assets and related transaction costs. The Settlement provides that there can be an initial issuance of securitization bonds in the amount of up to $500 million, which was completed in August of 2003, followed by a second issuance of the remainder expected in the first quarter of 2004. The Settlement resolves all issues related to regulatory assets and liabilities. On August 28, 2003, Oncor began billing REPs a transition charge associated with the issuance of $500 million in securitization bonds. The transition charge is designed to recover the securitization bond principal and interest, as well as related transaction costs. A total of $8 million of such transition charge revenues are reflected in Oncor's revenues for the three months ended September 30, 2003. Increased revenues on an annualized basis associated with this transition charge are estimated to be $54 million.

Retail Clawback Credit — This provision of the 1999 Restructuring Legislation and the Settlement Plan provides for a reduction in delivery fees charged to REPs if certain thresholds are not achieved in the competitive markets. Oncor will provide the credit to REPs, but TXU Energy will fund the credit. If TXU Energy retains more than 60% of its historical residential and small commercial power consumption after the first two years of competition, the amount of the retail clawback credit will be equal to the number of residential and small commercial customers retained by TXU Energy in its historical service territory on January 1, 2004, less the number of new customers TXU Energy has added outside of its historical service territory as of January 1, 2004, multiplied by $90. This determination is to be made separately for the residential and small commercial classes. The credit will be applied to delivery fees billed by Oncor to REPs, including TXU Energy, over a two-

year period beginning January 2004. Under the settlement agreement, TXU Energy will make a compliance filing with the Commission reflecting customer count as of January 1, 2004. In the fourth quarter of 2002, TXU Energy recorded a $185 million ($120 million after-tax) charge for the retail clawback, which represented the best estimate of the amount to be funded to Oncor over the two-year period.

For purposes of these reports, the Commission rules adjust the total historical load to remove load for those individual small commercial customers who now use more than 1,000 kilowatts, and for those customers in which the aggregate use of all their affiliates under common control is more than 1,000 kilowatts and have contracted with Oncor's affiliated REP, TXU Energy. The calculations do not take into account the small commercial load that TXU Energy has gained outside of the Oncor service territory. Also the report filed by Oncor does not address the residential category where a significantly smaller percentage of the load is served by REPs other than TXU Energy.

On September 30, 2003, Oncor reported to the Commission that more than 40% of the total historical small commercial customer load, as adjusted pursuant to Commission rules, in its service territory was being served by REPs other than TXU Energy. Although the Commission is required by law and its own rules to review and approve or reject Oncor's petition within 30 days after filing, on October 28, 2003, it referred this case to the State Office of Administrative Hearings. When the Commission determines that Oncor has met the 40% threshold target, TXU Energy will be able to offer additional pricing alternatives to this class of customer. During the third quarter of 2003, TXU Energy reduced its retail clawback accrual by $19 million, principally as a result of the expectation that the 40% threshold had been met.

TXU Energy –Price-to-Beat Rates - The 1999 Restructuring Legislation provides that an affiliated REP may request that the Commission adjust its price-to-beat fuel factor not more than twice a year if the affiliated REP demonstrates that the existing fuel factor does not adequately reflect significant changes in the market price of natural gas and purchased energy used to serve retail customers. The Commission's rules further provide that an affiliated REP may request that the Commission adjust the price-to-beat fuel factor upward or downward. Neither the law nor the Commission's rules give the Commission or any other entity the right to file a petition seeking to require an affiliated REP to increase or decrease its price-to-beat fuel factor.

Under amended Commission rules, effective in April 2003, affiliated REPs of utilities are allowed to petition the Commission for an increase in the fuel factor component of their price-to-beat rates if the average price of natural gas futures increases more than 5% (10% if the petition is filed after November 15 of any year) from the level used to set the existing price-to-beat fuel factor rate.

— In January 2003, TXU Energy filed a request with the Commission to increase the fuel factor component of its price-to-beat rates. This request was approved and became effective in early March 2003. As a result, average monthly residential bills rose approximately 12%. Appeals of the Commission's Order were filed by three parties and are currently pending in the Travis County, Texas District Court.

— On July 23, 2003, TXU Energy filed another request with the Commission to increase the fuel factor component of its price-to-beat rates. This request was approved and became effective in late August 2003. The change raised the average monthly residential electric bill of a customer using an average of 1,000 kilowatt-hours by 3.7 percent, or $3.61 per month. This rate change increases TXU Energy's revenues by approximately $180 million ($65 million for the remainder of 2003) on an annualized basis. Appeals of the Commission's order have been filed and are currently pending in the Travis County, Texas District Court.

Wholesale market design - On August 7, 2003, the Commission adopted a rule that, if fully implemented, would alter the wholesale market design in ERCOT. The rule requires ERCOT:

- to use a stakeholder process to develop a new wholesale market model;
- to operate a voluntary day-ahead energy market;
- to use a stakeholder process to develop a new wholesale market model;

- to directly assign all congestion rents to the resources that caused the congestion;
- to use nodal energy prices for resources;
- to provide information for energy trading hubs by aggregating nodes;
- to use zonal prices for loads; and
- to provide congestion revenue rights (but not physical rights).

Under the rule, the proposed market design and associated cost-benefit analysis is to be filed with the Commission by November 1, 2004 and is to be implemented by October 1, 2006. TXU Energy is unable to predict the cost or impact of implementing any proposed change to the current wholesale market design.

Transmission Rates —In May 2003, the Commission approved an increase in Oncor's wholesale transmission tariffs (rates) charged to distribution utilities that became effective immediately. In August 2003, the Commission approved an increase in the transmission cost recovery component of Oncor's distribution rates charged to REPs (including TXU Energy). This increase was effective for billings resulting from meter readings on or after September 1, 2003. The combined effect of the increases in both the transmission and distribution rates is an estimated $44 million of incremental revenues to Oncor on an annualized basis. With respect to the impact on US Holdings' consolidated results, the higher distribution rates result in reduced margin on TXU Energy's sales to those retail customers with pricing that does not provide for recovery of higher delivery fees, principally price-to-beat customers.

Summary — Although US Holdings cannot predict future regulatory or legislative actions or any changes in economic and securities market conditions, no changes are expected in trends or commitments, other than those discussed in the 2002 Form 10-K and this report, which might significantly alter its basic financial position, results of operations or cash flows.

CHANGES IN ACCOUNTING STANDARDS

See Note 1 to Financial Statements for discussion of changes in accounting standards.

RISK FACTORS THAT MAY AFFECT FUTURE RESULTS

The following risk factors are being presented in consideration of industry practice with respect to disclosure of such information in filings under the Securities Exchange Act of 1934, as amended.

Some important factors, in addition to others specifically addressed in this MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS, that could have a material impact on US Holdings' operations, financial results and financial condition, and could cause US Holdings' actual results or outcomes to differ materially from any projected outcome contained in any forward-looking statement in this report, include:

ERCOT is the independent system operator that is responsible for maintaining reliable operation of the bulk electric power supply system in the ERCOT region. Its responsibilities include the clearing and settlement of electricity volumes and related ancillary services among the various participants in the deregulated Texas market. Because of new processes and systems associated with the opening of the market to competition, which continue to be improved, there have been delays in finalizing these settlements. As a result, US Holdings is subject to settlement adjustments from ERCOT related to prior periods, which may result in charges or credits impacting future reported results of operations.

US Holdings' businesses operate in changing market environments influenced by various legislative and regulatory initiatives regarding deregulation, regulation or restructuring of the energy industry, including deregulation of the production and sale of electricity. US Holdings will need to adapt to these changes and may face increasing competitive pressure.

US Holdings' businesses are subject to changes in laws (including the Texas Public Utility Regulatory Act, as amended, Federal Power Act, as amended, Atomic Energy Act, as amended, Public Utility Regulatory Policies Act of 1978, as amended and Public Utility Holding Company Act of 1935, as amended) and changing governmental policy and regulatory actions (including those of the Commission, Federal Energy Regulatory Commission, and NRC) with respect to matters including, but not limited to, operation of nuclear power facilities, construction and operation of other power generation facilities, construction and operation of transmission facilities, acquisition, disposal, depreciation, and amortization of regulated assets and facilities, recovery of purchased gas costs, decommissioning costs, and return on invested capital for US Holdings' regulated businesses, and present or prospective wholesale and retail competition.

Existing laws and regulations governing the market structure in Texas, including the provisions of the 1999 Restructuring Legislation, could be reconsidered, revised or reinterpreted, or new laws or regulations could be adopted.

US Holdings is not guaranteed any rate of return on its capital investments in unregulated businesses. US Holdings markets and trades power, including power from its own production facilities, as part of its wholesale energy sales business and portfolio management operation. US Holdings' results of operations are likely to depend, in large part, upon prevailing retail rates, which are set, in part, by regulatory authorities, and market prices for electricity, gas and coal in its regional market and other competitive markets. Market prices may fluctuate substantially over relatively short periods of time. Demand for electricity can fluctuate dramatically, creating periods of substantial under- or over-supply. During periods of over-supply, prices might be depressed. Also, at times there may be political pressure, or pressure from regulatory authorities with jurisdiction over wholesale and retail energy commodity and transportation rates, to impose price limitations, bidding rules and other mechanisms to address volatility and other issues in these markets.

US Holdings' regulated businesses are subject to cost-of-service regulation and annual earnings oversight. This regulatory treatment does not provide any assurance as to achievement of earnings level. Oncor's rates are regulated by the Commission based on an analysis of Oncor's costs, as reviewed and approved in a regulatory proceeding. As part of the Settlement Plan, US Holdings has agreed not to seek to increase its distribution rates prior to 2004. Thus, the rates US Holdings is allowed to charge may or may not match its related costs and allowed return on invested capital at any given time. While rate regulation is premised on the full recovery of prudently incurred costs and a reasonable rate of return on invested capital, there can be no assurance that the Commission will judge all of US Holdings' costs to have been prudently incurred or that the regulatory process in which rates are determined will always result in rates that will produce full recovery of US Holdings' costs and the return on invested capital allowed by the Commission.

Some of the fuel for US Holdings' power production facilities is purchased under short-term contracts or on the spot market. Prices of fuel, including natural gas, may also be volatile, and the price US Holdings can obtain for power sales may not change at the same rate as changes in fuel costs. In addition, US Holdings markets and trades natural gas and other energy related commodities, and volatility in these markets may affect US Holdings' costs incurred in meeting its obligations.

Volatility in market prices for fuel and electricity may result from:

- severe or unexpected weather conditions,
- seasonality,
- changes in electricity usage,
- illiquidity in the wholesale power or other markets,
- transmission or transportation constraints, inoperability or inefficiencies,
- availability of competitively priced alternative energy sources,
- changes in supply and demand for energy commodities,
- changes in power production capacity,
- outages at US Holdings' power production facilities or those of its competitors,

- changes in production and storage levels of natural gas, lignite, coal and crude oil and refined products,
- natural disasters, wars, sabotage, terrorist acts, embargoes and other catastrophic events, and
- federal, state, local and foreign energy, environmental and other regulation and legislation.

All but one of US Holdings' facilities for power production in the US are located in the ERCOT region, a market with limited interconnections to other markets. Electricity prices in the ERCOT region are related to gas prices because gas fired plant is the marginal cost unit during the majority of the year in the ERCOT region. Accordingly, the contribution to earnings and the value of US Holdings' base-load plant is dependent in significant part upon the price of gas. US Holdings cannot fully hedge the risk associated with dependency on gas because of the expected useful life of US Holdings' power production assets and the size of its position relative to market liquidity.

To manage its financial exposure related to commodity price fluctuations, US Holdings routinely enters into contracts to hedge portions of its purchase and sale commitments, weather positions, fuel requirements and inventories of natural gas, lignite, coal, crude oil and refined products, and other commodities, within established risk management guidelines. As part of this strategy, US Holdings routinely utilizes fixed-price forward physical purchase and sales contracts, futures, financial swaps and option contracts traded in the over the counter markets or on exchanges. However, US Holdings cannot cover the entire exposure of its assets or its positions to market price volatility, and the coverage will vary over time. To the extent US Holdings has unhedged positions, fluctuating commodity prices can impact US Holdings' results of operations and financial position, either favorably or unfavorably. For additional information regarding the accounting treatment for US Holdings' hedging and portfolio management activities, see Notes 2 and 13 to Financial Statements in the 2002 Form 10-K.

Although US Holdings devotes a considerable amount of management time and effort to the establishment of risk management procedures as well as the ongoing review of the implementation of these procedures, the procedures it has in place may not always be followed or may not always work as planned and cannot eliminate all the risks associated with these activities. As a result of these and other factors, US Holdings cannot predict with precision the impact that its risk management decisions may have on its businesses, results of operations or financial position.

In connection with US Holdings' portfolio management activities, US Holdings has guaranteed or indemnified the performance of a portion of the obligations of its portfolio management subsidiaries. Some of these guarantees and indemnities are for fixed amounts, others have a fixed maximum amount and others do not specify a maximum amount. The obligations underlying certain of these guarantees and indemnities are recorded on US Holdings' consolidated balance sheet as both current and noncurrent commodity contract liabilities. These obligations make up a significant portion of these line items. US Holdings might not be able to satisfy all of these guarantees and indemnification obligations if they were to come due at the same time.

US Holdings' portfolio management activities are exposed to the risk that counterparties which owe US Holdings money, energy or other commodities as a result of market transactions will not perform their obligations. The likelihood that certain counterparties may fail to perform their obligations has increased due to financial difficulties, brought on by improper or illegal accounting and business practices, affecting some participants in the industry. Some of these financial difficulties have been so severe that certain industry participants have filed for bankruptcy protection or are facing the possibility of doing so. Should the counterparties to these arrangements fail to perform, US Holdings might be forced to acquire alternative hedging arrangements or honor the underlying commitment at then-current market prices. In such event, US Holdings might incur losses in addition to amounts, if any, already paid to the counterparties. ERCOT market participants are also exposed to risks that another ERCOT market participant may default in its obligations to pay ERCOT for power taken in the ancillary services market, in which case such costs, to the extent not offset by posted security and other protections available to ERCOT, may be allocated to various non-defaulting ERCOT market participants.

The current credit ratings for US Holdings' and its subsidiaries' long-term debt are investment grade. A rating reflects only the view of a rating agency, and it is not a recommendation to buy, sell or hold securities.

Any rating can be revised upward or downward at any time by a rating agency if such rating agency decides that circumstances warrant such a change. If S&P, Moody's or Fitch were to downgrade US Holdings' and/or its subsidiaries' long-term ratings, borrowing costs would increase and the potential pool of investors and funding sources would likely decrease. If the downgrade was below investment grade, liquidity demands would be triggered by the terms of a number of commodity contracts, leases and other agreements.

Most of US Holdings' large customers, suppliers and counterparties require sufficient creditworthiness in order to enter into transactions. If US Holdings' subsidiaries' ratings were to decline to below investment grade, costs to operate the power and gas businesses would increase because counterparties may require the posting of collateral in the form of cash-related instruments, or counterparties may decline to do business with US Holdings' subsidiaries.

In addition, as discussed elsewhere in this Quarterly Report on Form 10-Q and in the 2002 Form 10-K, the terms of certain financing and other arrangements contain provisions that are specifically affected by changes in credit ratings and could require the posting of collateral, the repayment of indebtedness or the payment of other amounts.

The operation of power production and energy transportation facilities involves many risks, including start up risks, breakdown or failure of facilities, lack of sufficient capital to maintain the facilities, the dependence on a specific fuel source or the impact of unusual or adverse weather conditions or other natural events, as well as the risk of performance below expected levels of output or efficiency, the occurrence of any of which could result in lost revenues and/or increased expenses. A significant portion of US Holdings' facilities was constructed many years ago. In particular, older generating equipment, even if maintained in accordance with good engineering practices, may require significant capital expenditures to keep it operating at peak efficiency. The risk of increased maintenance and capital expenditures arises from (a) increased starting and stopping of generation equipment due to the volatility of the competitive market, (b) any unexpected failure to produce power, including failure caused by breakdown or forced outage, and (c) repairing damage to facilities due to storms, natural disasters, wars, terrorist acts and other catastrophic events. Further, US Holdings' ability to successfully and timely complete capital improvements to existing facilities or other capital projects is contingent upon many variables and subject to substantial risks. Should any such efforts be unsuccessful, US Holdings could be subject to additional costs and/or the write-off of its investment in the project or improvement.

Insurance, warranties or performance guarantees may not cover all or any of the lost revenues or increased expenses, including the cost of replacement power. Likewise, US Holdings' ability to obtain insurance, and the cost of and coverage provided by such insurance, could be affected by events outside its control.

Current plans to meet cost reduction targets assume that US Holdings will be able to lower bad debt expense, the achievement of which could be affected by factors outside of US Holdings' control, including weather, changes in regulations, and economic and market conditions.

The ownership and operation of nuclear facilities, including US Holdings' ownership and operation of the Comanche Peak generation plant, involve certain risks. These risks include: mechanical or structural problems; inadequacy or lapses in maintenance protocols; the impairment of reactor operation and safety systems due to human error; the costs of storage, handling and disposal of nuclear materials; limitations on the amounts and types of insurance coverage commercially available; and uncertainties with respect to the technological and financial aspects of decommissioning nuclear facilities at the end of their useful lives. The following are among the more significant of these risks:

- *Operational Risk* - Operations at any nuclear power production plant could degrade to the point where the plant would have to be shut down. If this were to happen, the process of identifying and correcting the causes of the operational downgrade to return the plant to operation could require significant time and expense, resulting in both lost revenue and increased fuel and purchased power expense to meet supply commitments. Rather than incurring substantial costs to restart the plant, the

plant may be shut down. Furthermore, a shut-down or failure at any other nuclear plant could cause regulators to require a shut-down or reduced availability at Comanche Peak.

- *Regulatory Risk* - The NRC may modify, suspend or revoke licenses and impose civil penalties for failure to comply with the Atomic Energy Act, the regulations under it or the terms of the licenses of nuclear facilities. Unless extended, the NRC operating licenses for Comanche Peak Unit 1 and Unit 2 will expire in 2030 and 2033, respectively. Changes in regulations by the NRC could require a substantial increase in capital expenditures or result in increased operating or decommissioning costs.

- *Nuclear Accident Risk* - Although the safety record of Comanche Peak and nuclear reactors generally has been very good, accidents and other unforeseen problems have occurred both in the US and elsewhere. The consequences of an accident can be severe and include loss of life and property damage. Any resulting liability from a nuclear accident could exceed US Holdings' resources, including insurance coverage.

US Holdings will be required to apply a credit to its electricity delivery charges (retail clawback) to REPs in Oncor's service territory beginning in 2004 unless the Commission determines that, on or prior to January 1, 2004, 40% or more of the amount of electric power that was consumed in 2000 by residential or small commercial customers, as applicable, within its historical service territories is committed to be served by REPs other than US Holdings. Under the Settlement Plan, if the 40% test is not met and a credit is required, the amount of these credits would be $90 multiplied by the number of residential or small commercial customers, as the case may be, that US Holdings serves on January 1, 2004, in its historical service territories less the number of retail electric customers US Holdings serves in other areas of Texas. As of September 30, 2003, US Holdings had approximately 2.4 million residential and small commercial customers in its historical service territories in Texas. Based on assumptions and estimates regarding the number of customers expected in and out of territory, US Holdings recorded an accrual for retail clawback in 2002 of $185 million ($120 million after-tax). This accrual is subject to adjustment as the actual measurement date approaches.

On September 30, 2003, Oncor reported to the Commission that more than 40% of the total historical small commercial customer load, as adjusted pursuant to Commission rules, in its service territory was being served by REPs other than TXU Energy. Although the Commission is required by law and its own rules to review and approve or reject Oncor's petition within 30 days after filing, on October 28, 2003, it referred this case to the State Office of Administrative Hearings. During the third quarter of 2003, TXU Energy reduced its retail clawback accrual by $19 million, principally as a result of the expectation that the 40% threshold had been met.

US Holdings is subject to extensive environmental regulation by governmental authorities. In operating its facilities, US Holdings is required to comply with numerous environmental laws and regulations, and to obtain numerous governmental permits. US Holdings may incur significant additional costs to comply with these requirements. If US Holdings fails to comply with these requirements, it could be subject to civil or criminal liability and fines. Existing environmental regulations could be revised or reinterpreted, new laws and regulations could be adopted or become applicable to US Holdings or its facilities, and future changes in environmental laws and regulations could occur, including potential regulatory and enforcement developments related to air emissions.

US Holdings may not be able to obtain or maintain all required environmental regulatory approvals. If there is a delay in obtaining any required environmental regulatory approvals or if US Holdings fails to obtain, maintain or comply with any such approval, the operation of its facilities could be stopped or become subject to additional costs. Further, at some of US Holdings' older facilities it may be uneconomical for US Holdings to install the necessary equipment, which may cause US Holdings to shut down those facilities.

In addition, US Holdings may be responsible for any on-site liabilities associated with the environmental condition of facilities that it has acquired or developed, regardless of when the liabilities arose and whether they are known or unknown. In connection with certain acquisitions and sales of assets, US Holdings may obtain, or be required to provide, indemnification against certain environmental liabilities. Another party could fail to meet its indemnification obligations to US Holdings.

On January 1, 2002, most retail customers in Texas of investor-owned utilities, and those of any municipal utility and electric cooperative that opted to participate in the competitive marketplace, became able to choose their REP. On January 1, 2002, US Holdings began to provide retail electric services to all customers who did not take action to select another REP.

US Holdings will not be permitted to offer electricity to residential and small commercial customers in its historical service territory at a price other than the price-to-beat rate until January 1, 2005, unless before that date the Commission determines that 40% or more of the amount of electric power consumed by each respective class of customers in that area is committed to be served by REPs other than US Holdings. Because US Holdings will not be able to compete for residential and small commercial customers on the basis of price in its historical service territory, US Holdings could lose a significant number of these customers to other providers. In addition, at times, during this period, if the market price of power is lower than US Holdings' cost to produce power, US Holdings would have a limited ability to mitigate the loss of margin caused by its loss of customers by selling power from its power production facilities. On September 30, 2003, Oncor reported to the Commission that more than 40% of the total historical small commercial customer load, as adjusted pursuant to Commission rules, in its service territory was being served by REPs other than TXU Energy. When the Commission concurs, through approval, that Oncor has met the 40% threshold target, TXU Energy will be able to offer additional pricing alternatives to this class of customer.

Other REPs are allowed to offer electricity to US Holdings' residential and small commercial customers at any price. The margin or "headroom" available in the price-to-beat rate for any REP equals the difference between the price-to-beat rate and the sum of delivery charges and the price that REP pays for power. The higher the amount of headroom for competitive REPs, the more incentive those REPs should have to provide retail electric services in a given market.

US Holdings provides commodity and value-added energy management services to the large commercial and industrial customers who did not take action to select another REP beginning on January 1, 2002. US Holdings or any other REP can offer to provide services to these customers at any negotiated price. US Holdings believes that this market will be very competitive; consequently, a significant number of these customers may choose to be served by another REP, and any of these customers that select US Holdings to be its provider may subsequently decide to switch to another provider.

An affiliated REP is obligated to offer the price-to-beat rate to requesting residential and small commercial customers in the historical service territory of its incumbent utility through January 1, 2007. The initial price-to-beat rates for the affiliated REPs, including US Holdings', were established by the Commission on December 7, 2001. Pursuant to Commission regulations, the initial price-to-beat rate for each affiliated REP is 6% less than the average rates in effect for its incumbent utility on January 1, 1999, adjusted to take into account a new fuel factor as of December 31, 2001.

The results of US Holdings' retail electric operations in its historical service territory will be largely dependent upon the amount of headroom available to US Holdings and the competitive REPs in US Holdings' price-to-beat rate. Since headroom is dependent, in part, on power purchase costs, US Holdings does not know nor can it estimate the amount of headroom that it or other REPs will have in US Holdings' price-to-beat rate or in the price-to-beat rate for the affiliated REP in each of the other Texas retail electric markets. Headroom may be a positive or negative number. If the amount of headroom in its price-to-beat rate is a negative number, US Holdings will be selling power to its price-to-beat rate customers in its historical service territory at prices below its costs of purchasing and delivering power to those customers. If the amount of positive headroom for competitive REPs in its price-to-beat rate is large, US Holdings may lose customers to competitive REPs.

Under amended Commission rules, effective in April 2003, affiliated REPs of utilities are allowed to petition the Commission twice per year for an increase or decrease in the fuel factor component of their price-to-beat rates. REPs may request an increase if the average price of natural gas futures increases more than 5% (10% if the petition is filed after November 15 of any year) from the level used to set the previous price-to-beat fuel factor rate.

— In January 2003, TXU Energy filed a request with the Commission to increase the fuel factor component of its price-to-beat rates. This request was approved and became effective in early March 2003. As a result, average monthly residential bills rose approximately 12%. Appeals of the Commission's Order were filed by three parties and are currently pending in the Travis County, Texas District Court.

— On July 23, 2003, TXU Energy filed another request with the Commission to increase the fuel factor component of its price-to-beat rates. This request was approved and became effective in late August 2003. The change raised the average monthly residential electric bill of a customer using an average of 1,000 kilowatt-hours by 3.7 percent, or $3.61 per month. This rate change increases TXU Energy's revenues by approximately $180 million ($65 million for the remainder of 2003) on an annualized basis. Appeals of the Commission's order have been filed and are currently pending in the Travis County, Texas District Court.

There is no assurance that US Holdings' price-to-beat rate will not result in negative headroom in the future, or that future adjustments to its price-to-beat rate will be adequate to cover future increases in its costs to purchase power to serve its price-to-beat rate customers.

In most retail electric markets outside its historical service territory, US Holdings' principal competitor may be the local incumbent utility company or its retail affiliate. The incumbent utilities have the advantage of long-standing relationships with their customers. In addition to competition from the incumbent utilities and their affiliates, US Holdings may face competition from a number of other energy service providers, or other energy industry participants, who may develop businesses that will compete with US Holdings in both local and national markets, and nationally branded providers of consumer products and services. Some of these competitors or potential competitors may be larger and better capitalized than US Holdings. If there is inadequate margin in these retail electric markets, it may not be profitable for US Holdings to enter these markets.

US Holdings depends on T&D facilities owned and operated by other utilities, as well as its own such facilities, to deliver the electricity it produces and sells to consumers, as well as to other REPs. If transmission capacity is inadequate, US Holdings' ability to sell and deliver electricity may be hindered, it may have to forgo sales or it may have to buy more expensive wholesale electricity that is available in the capacity-constrained area. In particular, during some periods transmission access is constrained to some areas of the Dallas-Fort Worth metroplex. US Holdings expects to have a significant number of customers inside these constrained areas. The cost to provide service to these customers may exceed the cost to provide service to other customers, resulting in lower headroom. In addition, any infrastructure failure that interrupts or impairs delivery of electricity to US Holdings' customers could negatively impact the satisfaction of its customers with its service.

Additionally, in certain parts of Texas, US Holdings is dependent on unaffiliated T&D utilities for the reading of its customers' energy meters. US Holdings is required to rely on the utility or, in some cases, the independent transmission system operator, to provide it with its customers' information regarding energy usage, and it may be limited in its ability to confirm the accuracy of the information.

US Holdings offers its customers a bundle of services that include, at a minimum, the electric commodity itself plus transmission, distribution and related services. To the extent that the prices US Holdings charges for this bundle of services or for the various components of the bundle, either of which may be fixed by contract with the customer for a period of time, differ from US Holdings' underlying cost to obtain the commodities or services, its results of operations would be adversely affected. US Holdings will encounter similar risks in selling bundled services that include non-energy-related services, such as telecommunications, facilities management, and the like. In some cases, US Holdings has little, if any, prior experience in selling these non-energy-related services.

Under the Commission's rules, as an affiliated REP, US Holdings may have to temporarily provide electric service to some customers that are unable to pay their electric bills. If the numbers of such customers are

significant and US Holdings is delayed in terminating electric service to those customers, its results of operations may be adversely affected.

The information systems and processes necessary to support risk management, sales, customer service and energy procurement and supply in competitive retail markets in Texas and elsewhere are new, complex and extensive. US Holdings is refining these systems and processes, and they may prove more expensive to refine than planned and may not work as planned.

Research and development activities are ongoing to improve existing and alternative technologies to produce electricity, including gas turbines, fuel cells, microturbines and photovoltaic (solar) cells. It is possible that advances in these or other alternative technologies will reduce the costs of electricity production from these technologies to a level that will enable these technologies to compete effectively with electricity production from traditional power plants like US Holdings'. While demand for electric energy services is generally increasing throughout the US, the rate of construction and development of new, more efficient power production facilities may exceed increases in demand in some regional electric markets. The commencement of commercial operation of new facilities in the regional markets where US Holdings has facilities will likely increase the competitiveness of the wholesale power market in that region. In addition, the market value of US Holdings' power production and/or energy transportation facilities may be significantly reduced. Also, electricity demand could be reduced by increased conservation efforts and advances in technology, which could likewise significantly reduce the value of US Holdings' facilities. Changes in technology could also alter the channels through which retail electric customers buy electricity.

US Holdings is a holding company and conducts its operations primarily through wholly-owned subsidiaries. Substantially all of US Holdings' consolidated assets are held by these subsidiaries. Accordingly, US Holdings' cash flows and ability to meet its obligations and to pay dividends are largely dependent upon the earnings of its subsidiaries and the distribution or other payment of such earnings to US Holdings in the form of distributions, loans or advances, and repayment of loans or advances from US Holdings. The subsidiaries are separate and distinct legal entities and have no obligation to provide US Holdings with funds for its payment obligations, whether by dividends, distributions, loans or otherwise.

Because US Holdings is a holding company, its obligations to its creditors are structurally subordinated to all existing and future liabilities and existing and future preferred stock of its subsidiaries. Therefore, US Holdings' rights and the rights of its creditors to participate in the assets of any subsidiary in the event that such a subsidiary is liquidated or reorganized are subject to the prior claims of such subsidiary's creditors and holders of its preferred stock. To the extent that US Holdings may be a creditor with recognized claims against any such subsidiary, its claims would still be subject to the prior claims of such subsidiary's creditors to the extent that they are secured or senior to those held by US Holdings.

The inability to raise capital on favorable terms, particularly during times of uncertainty in the financial markets, could impact US Holdings' ability to sustain and grow its businesses, which are capital intensive, and would increase its capital costs. US Holdings relies on access to financial markets as a significant source of liquidity for capital requirements not satisfied by cash on hand or operating cash flows. US Holdings' access to the financial markets could be adversely impacted by various factors, such as:

- changes in credit markets that reduce available credit or the ability to renew existing liquidity facilities on acceptable terms;
- inability to access commercial paper markets;
- a deterioration of US Holdings' credit or a reduction in US Holdings' credit ratings or the credit ratings of its subsidiaries;
- extreme volatility in US Holdings' markets that increases margin or credit requirements;
- a material breakdown in US Holdings' risk management procedures;
- prolonged delays in billing and payment resulting from delays in switching customers from one REP to another; and
- the occurrence of material adverse changes in US Holdings' businesses that restrict US Holdings' ability to access its liquidity facilities.

A lack of necessary capital and cash reserves could adversely impact the evaluation of US Holdings' credit worthiness by counterparties and rating agencies. Further, concerns on the part of counterparties regarding US Holdings' liquidity and credit could limit its portfolio management activities.

As a result of the energy crisis in California during 2001, the recent volatility of natural gas prices in North America, the bankruptcy filing by Enron Corporation, accounting irregularities of public companies, and investigations by governmental authorities into energy trading activities, companies in the regulated and non-regulated utility businesses have been under a generally increased amount of public and regulatory scrutiny. Accounting irregularities at certain companies in the industry have caused regulators and legislators to review current accounting practices and financial disclosures. The capital markets and ratings agencies also have increased their level of scrutiny. Additionally, allegations against various energy trading companies of "round trip" or "wash" transactions, which involve the simultaneous buying and selling of the same amount of power at the same price and provide no true economic benefit, power market manipulation and inaccurate power and commodity price reporting have had a negative effect on the industry. US Holdings believes that it is complying with all applicable laws, but it is difficult or impossible to predict or control what effect these events may have on US Holdings' financial condition or access to the capital markets. Additionally, it is unclear what laws and regulations may develop, and US Holdings cannot predict the ultimate impact of any future changes in accounting regulations or practices in general with respect to public companies, the energy industry or its operations specifically.

In addition, TXU Corp. is unable to predict whether its decision to exit all of its operations in Europe might result in lawsuits by the creditors of or others associated with TXU Europe. If any such lawsuits were filed and resulted in a substantial monetary judgment against TXU Corp. or were settled on unfavorable terms, TXU Corp.'s financial results could be adversely affected. Since TXU Corp. is a holding company, any substantial costs relating to these matters would likely be funded in whole or in part using cash generated by its subsidiaries, including TXU Energy.

US Holdings is subject to costs and other effects of legal and administrative proceedings, settlements, investigations and claims.

The issues and associated risks and uncertainties described above are not the only ones US Holdings may face. Additional issues may arise or become material as the energy industry evolves.

FORWARD-LOOKING STATEMENTS

This report and other presentations made by US Holdings contain forward-looking statements within the meaning of Section 21E of the Securities Exchange Act of 1934, as amended. Although US Holdings believes that in making any such statement its expectations are based on reasonable assumptions, any such statement involves uncertainties and is qualified in its entirety by reference to the risks discussed above under RISK FACTORS THAT MAY AFFECT FUTURE RESULTS and 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 2002 Form 10-K, that could cause the actual results of US Holdings to differ materially from those projected in such forward-looking statements.

Any forward-looking statement speaks only as of the date on which such statement is made, and US Holdings undertakes no obligation to update any forward-looking statement to reflect events or circumstances after the date on which such statement is made or to reflect the occurrence of unanticipated events. New factors emerge from time to time and it is not possible for US Holdings to predict all of such factors, nor can it assess the impact of each such factor or the extent to which any factor, or combination of factors, may cause actual results to differ materially from those contained in any forward-looking statement.

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Except as discussed below, the information required hereunder is not significantly different from the information set forth in Item 7A. Quantitative and Qualitative Disclosures About Market Risk included in the 2002 Form 10-K and is therefore not presented herein.

COMMODITY PRICE RISK

***Value at Risk (VaR) for Energy Contracts Subject to Mark-to-Market (MtM)* Accounting** — This measurement estimates the potential loss in value, due to changes in market conditions, of all energy-related contracts subject to mark-to-market accounting, based on a specific confidence level and an assumed holding period. Assumptions in determining this VaR include using a 95% confidence level and a five-day holding period. A probabilistic simulation methodology is used to calculate VaR, and is considered by management to be the most effective way to estimate changes in a portfolio's value based on assumed market conditions for liquid markets.

	September 30, 2003	December 31, 2002
Period-end MtM VaR	$ 25	$23
Average Month-end MtM VaR (year-to-date)	$ 29	$38

Portfolio VaR –Represents the estimated potential loss in value, due to changes in market conditions, of the entire energy portfolio, including owned assets, estimates of retail load and all contractual positions (the portfolio assets). The Portfolio VaR for TXU Energy is modeled for a duration of ten years based on the nature of its particular market. Assumptions in determining this VaR include using a 95% confidence level and a five-day holding period and includes both mark-to-market and accrual positions.

	September 30, 2003	December 31, 2002
Period-end Portfolio VaR	$176	$144
Average Month-end Portfolio VaR (year-to-date) (a)	$181	N/A

(a) Comparable information on an average VaR basis is not available for the full year 2002.

Other Risk Measures –The metrics appearing below provide information regarding the effect of energy changes in market conditions on earnings and cash flow of TXU Energy.

Earnings at Risk (EaR) –EaR measures the estimated potential loss in expected earnings due to changes in market conditions. EaR metrics include the owned assets, estimates of retail load and all contractual positions except for accrual positions expected to be settled beyond the fiscal year. Assumptions include using a 95% confidence level over a five-day holding period under normal market conditions.

Cash Flow at Risk (CFaR) — CFaR measures the estimated potential loss of expected cash flow over the next six months, due to changes in market conditions. CFaR metrics include all owned assets, estimates of retail load and all contractual positions that impact cash flow during the next six months. Assumptions include using a 99% confidence level over a 6-month holding period under normal market conditions. The following CFaR calculation is based on a contract settlement period of six months.

	September 30, 2003	December 31, 2002
EaR	$ 24	$ 28
CFaR	$ 88	$178

INTEREST RATE RISK

See Note 3 to Financial Statements for discussion of the issuances of new fixed rate debt and retirements of fixed rate debt since December 31, 2002 and new interest rate swaps.

CREDIT RISK

Gross Receivables - Credit Exposure —US Holdings' gross exposure to credit risk as of September 30, 2003 was $2.0 billion, representing trade accounts receivable, commodity contract assets and derivative assets (net of allowance of uncollectible accounts receivable of $74 million).

A large share of gross assets subject to credit risk represents accounts receivable from the retail sale of electricity and gas to residential and small commercial customers. The risk of material loss from non-performance from these customers is unlikely based upon historical experience. Reserves for uncollectible accounts receivable are established for the potential loss from non-payment by these customers based on historical experience and market or operational conditions.

Most of the remaining trade accounts receivable are with large commercial and industrial customers. US Holdings' wholesale commodity contract counterparties include major energy companies, financial institutions, gas and electric utilities, independent power producers, oil and gas producers and energy trading companies.

Concentration of Credit Risk —The following table presents the distribution of credit exposure as of September 30, 2003, for commodity contract assets, and derivative assets and trade accounts receivable from large commercial and industrial customers, by investment grade and noninvestment grade, credit quality and maturity.

				Exposure by Maturity			
	Exposure before Credit Collateral	Credit Collateral	Net Exposure	2 years or less	Between 2-5 years	Greater than 5 years	Total
Investment grade	$ 630	$ 24	$ 606	$ 480	$ 59	$ 67	$ 606
Noninvestment grade	323	95	228	184	21	23	228
Totals	$ 953	$ 119	$ 834	$ 664	$ 80	$ 90	$ 834
Investment grade	66%	20%	73%				
Noninvestment grade	34%	80%	27%				

The exposure to credit risk from these customers and counterparties, excluding credit collateral, as of September 30, 2003, is $953 million net of standardized master netting contracts and agreements which provide the right of offset of positive and negative credit exposures with individual customers and counterparties. When considering collateral currently held by US Holdings (cash, letters of credit and other security interests), the net credit exposure is $834 million. Of this amount, approximately 73% of the associated exposure is with investment grade customers and counterparties, as determined using publicly available information including major rating agencies' published ratings and US Holdings' internal credit evaluation process. Those customers and counterparties without an S&P rating of at least BBB- or similar rating from another major rating agency, are rated using internal credit methodologies and credit scoring models to estimate an S&P equivalent rating. US Holdings routinely monitors and manages its credit exposure to these customers and counterparties on this basis.

US Holdings had no exposure to any one customer or counterparty greater than 10% of the net exposure of $834 million at September 30, 2003. Additionally, approximately 80% of the credit exposure, net of

collateral held, has a maturity date of two years or less. US Holdings does not anticipate any material adverse effect on its financial position or results of operations as a result of non-performance by any customer or counterparty.

During the third quarter of 2003, and in conjunction with implementation of a new credit risk management system, US Holdings implemented a change in the method of calculating credit exposure for internal management analysis and monitoring purposes. The change in methodology now recognizes prompt (next) month credit exposure on a mark-to-market basis rather than the previous method using full notional value for credit exposure calculation. Had this methodology not been used in the third quarter of 2003, the "exposure before credit collateral" as measured in the table above, would have been approximately 12.8% greater. There was no impact on actual reported results of operations or financial position as a result of this change in methodology.

ITEM 4. CONTROLS AND PROCEDURES

An evaluation was performed under the supervision and with the participation of US Holdings' management, including the principal executive officer and principal financial officer, of the effectiveness of the design and operation of the disclosure controls and procedures in effect as of the end of the current period included in this quarterly report. Based on the evaluation performed, US Holdings' management, including the principal executive officer and principal financial officer, concluded that the disclosure controls and procedures were effective. During the most recent fiscal quarter covered by this quarterly report, there has been no change in US Holdings' internal control over financial reporting that has materially affected, or is reasonably likely to materially affect, US Holdings' internal control over financial reporting.

PART II. OTHER INFORMATION

ITEM 1. LEGAL PROCEEDINGS

Reference is made to the 2002 Form 10-K and the Form 10-Q for the quarterly period ended June 30, 2003 for discussion of legal proceedings.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K

(a) Exhibits provided as part of Part II are:

	Previously Filed*			
Exhibit	With File Number	As Exhibit		
3(i)			—	Amended and Restated Articles of Incorporation of TXU US Holdings Company.
4(a)	333-108876	4(a)	—	Indenture (For Unsecured Debt Securities), dated as of March 1, 2003, from TXU Energy to The Bank of New York, as trustee (TXU Energy Indenture).
4(b)	333-108876	4(b)	—	Officer's Certificate, dated March 11, 2003, to the TXU Energy Indenture.
4(c)	333-108876	4(c)	—	Form of TXU Energy 6.125% Exchange Senior Notes due 2008.

4(d)	333-108876	4(d)	—	Form of TXU Energy 7.000% Exchange Senior Notes due 2013.

ITEM 6. EXHIBITS AND REPORTS ON FORM 8-K (Cont.)

Exhibit	Previously Filed* With File Number	Previously Filed* As Exhibit		
4(e)	333-108876	4(e)	—	Registration Rights Agreement, dated March 11, 2002, between TXU Energy and Lehman Brothers Inc., as representative of the initial purchasers of the Old Notes.
4(f)	333-106894	4(d)	—	Form of Oncor 6.375% Exchange Senior Secured Notes due 2015.
4(g)	333-106894	4(e)	—	Form of Oncor 7.250% Exchange Senior Secured Notes due 2033.
4(h)	333-106894	4(g)	—	Form of Oncor First Mortgage Bond, 6.375% Series due 2015.
4(i)	333-106894	4(h)	—	Form of Oncor First Mortgage Bond, 7.250% Series due 2033.
4(j)	333-106894	4(i)	—	Registration Rights Agreement, dated December 20, between Oncor and the original purchasers of Oncor's Senior Secured Notes.
10(a)	1-2833 Form 10-Q (Quarter ended September 30, 2003)	4(d)	—	Amendment, dated as of July 10, 2003 to the $400,000,000 Three-Year Amended and Restated Revolving Credit Agreement, dated as of April 22, 2003, among US Holdings, TXU Corp., certain banks listed therein and Citibank, N.A., as Administrative Agent.
10(b)	1-2833 Form 10-Q (Quarter ended September 30, 2003)	4(e)	—	Amendment No. 1, dated August 29, 2003, to the $450,000,000 Revolving Credit Agreement, dated as of April 22, 2003, among TXU Energy, Oncor, certain banks listed therein and JP Morgan Chase Banks as Administrative Agent and Fronting Bank.
15			—	Letter from independent accountants as to unaudited interim financial information.
31(a)			—	Section 302 Certification of Chief Executive Officer.
31(b)			—	Section 302 Certification of Chief Financial Officer.
32(a)**			—	Section 906 Certification of Chief Executive Officer.
32(b)**			—	Section 906 Certification of Chief Financial Officer.
99			—	Condensed Statements of Consolidated Income – Twelve Months Ended September 30, 2003.

* Incorporated herein by reference.

** Pursuant to Item 601(b)(32)(ii) of Regulation S-K, this certificate is not being "filed" for purposes of Section 18 of the Securities Act of 1934.

(b) Reports on Form 8-K furnished or filed since June 30, 2003:

Date of Report	Item Reported
July 25, 2003	Item 5. Other Events and Regulation FD Disclosure. Item 7. Exhibits.
July 31, 2003	Item 5. Other Events and Regulation FD Disclosure.
August 27, 2003	Item 5. Other Events and Regulation FD Disclosure.

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

TXU US HOLDINGS COMPANY

By /s/ David H. Anderson

David H. Anderson
Vice President and Controller

Date: November 12, 2003

Exhibit (3)(i)

AMENDED AND RESTATED ARTICLES OF INCORPORATION OF TXU US HOLDINGS COMPANY

Pursuant to the provisions of Article 4.07 of the Texas Business Corporation Act, TXU US Holdings Company, a Texas corporation, adopts the following Amended and Restated Articles of Incorporation which accurately copy the Articles of Incorporation and all amendments thereto that are in effect to date and as further amended by such Amended and Restated Articles of Incorporation as hereinafter set forth and which contain no other change in any provision thereof.

ARTICLE I. The name of the Corporation is TXU US Holdings Company.

ARTICLE II. The Articles of Incorporation of the Corporation are amended by the Restated Articles of Incorporation as follows:

The amendment alters or changes Articles VI and VIII of the original or amended Restated Articles of Incorporation to provide, among other things, for a new class of common stock without amendment or alteration of any of the rights, privileges or powers of the corporation's existing preferred stock, by deleting the provisions of each such Article and substituting therefor the provisions set forth in Articles VI and VIII, respectively, set forth in Annex "I" attached hereto and incorporated herein. The full text of each provision so altered is set forth in Annex "I" attached hereto and incorporated herein.

ARTICLE III. The designation and number of outstanding shares of each class or series entitled to vote thereon as a class were as follows:

Class or Series	Number of Shares Outstanding and Entitled to Vote as a Class
Common	41,255,362

The Amended and Restated Articles of Incorporation as so amended were adopted by the sole shareholder of the Corporation by unanimous written consent pursuant to Article 9.10 as of August 6, 2003, and no written notice was required to be given pursuant to Article 9.10. The number of shares of each class or series entitled to vote as a class or series that were voted for or against such amendments were as follows:

Class or Series	Number of Shares Voted	
	For	Against
Common	41,255,362	0

ARTICLE IV. The 41,255,362 issued shares of Common Stock of the Corporation shall, as of the effective date and time of these Amended and Restated Articles of Incorporation be reclassified as follows:

2,062,768 shares shall be reclassified as Class A Common Stock, without par value.

39,192,594 shares shall be reclassified as Class B Common Stock, without par value.

ARTICLE V. The Articles of Incorporation and all amendments and supplements thereto are hereby superseded by the Amended and Restated Articles of Incorporation set forth in Annex "I" attached hereto and incorporated herein for all purposes, which accurately copy the entire text thereof and as amended as above set forth.

ARTICLE VI. These Amended and Restated Articles of Incorporation shall become effective at 11:45 p.m. on August 31, 2003.

TXU US HOLDINGS COMPANY

By: /s/ John Stephens
An Authorized Officer

ANNEX I

AMENDED AND RESTATED ARTICLES OF INCORPORATION

OF

TXU US HOLDINGS COMPANY

ARTICLE I

The name of the Corporation is TXU US Holdings Company.

ARTICLE II

The purposes for which the Corporation is organized are the production, generation, manufacture, purchase, transportation, transmission, distribution, supply and sale to the public of electric current and power, gas, steam, and any other form or source of light, heat, energy or power, and the transaction otherwise of any and all lawful business for which corporations may be incorporated in the State of Texas.

ARTICLE III

The post office address of the registered office of the Corporation is Energy Plaza, 1601 Bryan Street, 43rd Floor, Dallas, Texas, 75201-3411, and the name of its registered agent at such address is TXU Business Services (Office of the Corporate Secretary).

ARTICLE IV

The period of duration of the Corporation is perpetual.

ARTICLE V

The number of directors of the Corporation shall be fixed from time to time as provided for in the Bylaws and shall be one or more.

The number of directors constituting the current Board of Directors of the Corporation is four (4), and the names and addresses of the persons serving as directors are as follows:

Name	Address
H. Dan Farell	Energy Plaza, 1601 Bryan Street Dallas, Texas 75201-3411

Name	Address
Michael J. McNally	Energy Plaza, 1601 Bryan Street Dallas, Texas 75201-3411
Erle A. Nye	Energy Plaza, 1601 Bryan Street Dallas, Texas 75201-3411
Eric H. Peterson	Energy Plaza, 1601 Bryan Street Dallas, Texas 75201-3411

ARTICLE VI

The aggregate number of shares of capital stock which the Corporation shall have authority to issue is 197,000,000 shares, of which 17,000,000 shares are classified as Preferred Stock, without par value, 9,000,000 shares are classified as Class A Common Stock, without par value (Class A Common Stock), and 171,000,000 shares are classified as Class B Common Stock, without par value (Class B Common Stock, and, together with the Class A Common Stock, the Common Stock).

The descriptions of the different classes of capital stock of the Corporation, and the preferences, designations, relative rights, privileges, powers, restrictions, limitations and qualifications of said classes of capital stock, are as follows:

Division A --Preferred Stock

1. Series and Limits of Variations between Series. Subject to the provisions of Division B of this Article VI which describe certain terms, characteristics and relative rights and preferences of various series of Preferred Stock which will be issuable at such time as the Board of Directors of the Corporation shall provide (which provisions, however, shall not continue effective as to any shares which are redeemed or purchased and thereby restored to the status of authorized but unissued shares of Preferred Stock without designation), the Preferred Stock may be divided into and issued in one or more series from time to time as herein provided, each series to be so designated as to distinguish the shares thereof from the shares of all other series and classes. The authorized number of shares of any such series, the designation of such series, and the terms, characteristics and relative rights and preferences thereof (in those respects in which the shares of one series may vary from the shares of other series as herein provided) shall be established at any time prior to the issuance thereof by resolution or resolutions of the Board of Directors of the Corporation. The Preferred Stock of all series shall be of the same class and of equal rank and shall be identical in all respects, except that there may be variations in the following particulars:

(a) The rate or rates at which dividends are to accrue on the shares of such series, hereinafter referred to as the "authorized dividend rate";

(b) The terms and conditions upon which the shares of such series may be redeemed, and the amount payable in respect to the shares of such series in case of the

redemption thereof at the option of the Corporation (the amount or amounts so established being hereinafter referred to as the "authorized redemption price"), and the amount payable in respect of the shares of such series in case of the redemption thereof for any sinking fund of such series, which amounts in respect of any series may, but need not, vary according to the time or circumstances of such action or otherwise;

(c) The amount payable in respect of the shares of such series in case of liquidation, dissolution or winding up of the Corporation (the amount or amounts so established being hereinafter referred to as the "authorized liquidation price"), and the amount payable, if any, in addition to the authorized liquidation price for each series, in case such liquidation, dissolution or winding up be voluntary (the amount or amounts so established being hereinafter referred to as the "authorized liquidation premium"), which amounts in respect of any series may, but need not, vary according to the time or circumstances of such action or otherwise;

(d) Any requirement as to any sinking fund or purchase fund for, or the redemption, purchase or other retirement by the Corporation of, the shares of such series;

(e) The right, if any, to exchange or convert the shares of such series into shares of any other series of the Preferred Stock or, to the extent permitted by law, into securities of the Corporation or any other corporation or other entity, and the rate or basis, time, manner and conditions of exchange or conversion or the method by which the same shall be determined; and

(f) The voting rights, if any, of shares of such series.

2. Dividends. Out of the assets of the Corporation legally available for dividends, the holders of the Preferred Stock of each series shall be entitled, in preference to the holders of the Common Stock, to receive, but only when and as declared payable by the Board of Directors, dividends at the authorized dividend rate for such series, and no more, payable quarterly on February 1, May 1, August 1, and November 1 in each year, or otherwise as the Board of Directors may determine or as set forth herein with respect to any particular series of Preferred Stock, to shareholders of record as of a date not exceeding fifty (50) days nor less than ten (10) days preceding such dividend payment dates, and such dividends on the Preferred Stock shall be cumulative, so that, if in any past dividend period or periods full dividends upon each series of the outstanding Preferred Stock at the authorized dividend rate or rates therefor shall not have been paid, the deficiency (without interest) shall be paid or declared and set apart for payment before any dividends shall be paid upon or set apart for the Common Stock (other than a dividend payable in Common Stock of the Corporation). Dividends on all shares of the Preferred Stock of each series shall commence to accrue and be cumulative from a date established by or upon authority of the Board of Directors. Any dividends paid on the Preferred Stock in an amount less than full cumulative dividends accrued or in arrears upon all Preferred Stock outstanding shall, if more than one series be outstanding, be divided between the different series in proportion to the aggregate amounts which would be distributable to the Preferred Stock of each series if full cumulative dividends were declared and paid thereon.

3. Preference on Liquidation. In the event of any liquidation, dissolution, or winding up of the Corporation, the holders of the Preferred Stock of each series shall have a preference over the holders of the Common Stock until the authorized liquidation price per share for such series, plus, in case such liquidation, dissolution or winding up shall have been voluntary, the authorized liquidation premium per share for such series, if any, together in all cases with unpaid accumulated dividends, if any, shall have been paid or distributed or declared and set apart for payment or distribution, but the holders of the Preferred Stock shall be entitled to no further participation in any such distribution. If upon any such liquidation, dissolution or winding up, the assets distributable among the holders of the Preferred Stock shall be insufficient to permit the payment of the full preferential amounts aforesaid, then said assets shall be distributed among the holders of each series of the Preferred Stock then outstanding, ratably in proportion to the full preferential amounts to which they are respectively entitled. Nothing in this Section 3 shall be deemed to prevent the purchase or redemption of Preferred Stock in any manner permitted by Section 4 of this Division A, nor shall anything in this Section 3 be deemed to prevent the purchase or redemption by the Corporation of shares of its Common Stock. No such purchase or redemption shall be deemed to be a liquidation, dissolution, or winding up of the Corporation or a distribution of assets to its Common Shareholders within the meaning of this Section 3 whether or not shares of Common Stock so redeemed or purchased shall be retired, nor shall a consolidation or merger of the Corporation or a sale or transfer of all or substantially all of its assets as an entirety be regarded as a liquidation, dissolution or winding up of the Corporation within the meaning of this Section 3.

4. Redemption and Repurchase. The Corporation may at any time or from time to time, by resolution of the Board of Directors, redeem all or any part of the Preferred Stock, or of any series thereof, by paying in cash the authorized redemption price applicable thereto plus the amount of unpaid accumulated dividends, if any, to the date of such redemption. If less than all the shares of one series of Preferred Stock is to be redeemed, the shares to be redeemed shall be selected ratably or by lot, in such manner as may be prescribed by resolution of the Board of Directors. Notice of such redemption shall be mailed to each holder of redeemable shares being called, not less than twenty (20) nor more than sixty (60) days before the date fixed for redemption, at his address as it appears on the stock transfer books of the Corporation, with postage thereon prepaid. Such notice of redemption of such shares shall set forth the series or part thereof to be redeemed, the date fixed for redemption, the redemption price, and the place at which the shareholders may obtain payment of the redemption price upon surrender of their respective share certificates. The Corporation may at any time revoke or rescind its decision to redeem preferred stock subsequent to giving notice to the preferred shareholders but prior to the redemption date so long as the Company shall not have deposited with the bank or trust company and/or irrevocably directed the bank or trust company to apply, from moneys held by it available to be used for the redemption of shares, an amount in cash sufficient to redeem all of the shares. From and after the date fixed in any such notice as the date of redemption, unless default shall be made by the Corporation in providing funds sufficient for such redemption at the time and place specified for the payment thereof pursuant to said notice or the Corporation revokes its decision to redeem the preferred stock prior to the redemption date, all dividends on the shares so redeemed shall cease to accrue, and all rights of the holders of such shares as shareholders of the Corporation except only the right to receive the redemption funds to which they are entitled, shall cease and determine.

The Corporation may, on or prior to the date fixed for any redemption, deposit with any bank or trust company, or any entity duly appointed and acting as a transfer agent of the Corporation, as a trust fund, a sum sufficient to redeem shares called for redemption, with irrevocable instructions and authority to such bank or trust company to give or complete the notice of redemption thereof and to pay, on or after the date fixed for such redemption, to the respective holders of shares, as evidenced by a list of holders of such shares certified by an officer of the Corporation, the redemption price upon the surrender of their respective share certificates, in the case of certificated shares. Thereafter, from and after the date fixed for redemption such shares shall be deemed to be redeemed and dividends thereon shall cease to accrue after such date fixed for redemption. Such deposit shall be deemed to constitute full payment of such shares to their holders. From and after the date such deposit is made and such instruction given, such shares shall no longer be deemed to be outstanding, and the holders thereof shall cease to be shareholders with respect to such shares, and shall have no rights with respect thereto except the right to receive from the bank or trust company payment of the redemption price of such shares, without interest, upon the surrender of their respective certificates therefor, and any right to convert such shares which may exist. In case the holders of such shares shall not, within six (6) years after such deposit, claim the amount deposited for redemption thereof, such bank or trust company shall upon demand pay over to the Corporation the balance of such amount so deposited to be held in trust and such bank or trust company shall thereupon be relieved of all responsibility to the holders thereof, and any interest accrued thereon shall be paid over to the Corporation and become its property.

Nothing in this Section 4 contained shall limit the right of the Corporation to purchase or otherwise acquire shares of the Preferred Stock to the extent permitted by law.

Shares of Preferred Stock of the Corporation redeemed or purchased by the Corporation shall be restored to the status of authorized but unissued shares of Preferred Stock without designation, and may from time to time be reissued as provided in Section 1 of this Division A. All such redemptions and purchases of Preferred Stock of the Corporation shall be effected in accordance with the laws of the State of Texas governing redemption or purchase of redeemable shares.

5. Voting Rights. Except for those purposes only for which the right to vote is expressly conferred in this Article VI upon holders of the Preferred Stock, no holders of the Preferred Stock shall be entitled to notice of or to vote at any meeting of shareholders of the Corporation or at any election of the Corporation or the shareholders thereof.

If and when dividends payable on any of the Preferred Stock shall be in default in an amount equal to six full quarterly payments or more per share, and thereafter until all dividends on any of the Preferred Stock in default shall have been paid, the holders of all of the Preferred Stock, voting as a class in contradistinction to the Common Stock as a class, shall be entitled to elect the smallest number of directors necessary to constitute a majority of the full Board of Directors, and the holders of the Common Stock, voting separately as a class, shall be entitled to elect the remaining directors of the Corporation. The terms of office as directors of all persons who may be directors of the Corporation at the time shall terminate upon the election of a majority of the Board of Directors by the holders of the Preferred Stock, except that if the holders of the Common Stock shall not have elected the remaining directors of the Corporation then, and only in that event, the directors of the Corporation in office just prior to the election of a majority of the Board of Directors by the holders

of the Preferred Stock shall elect the remaining directors to the Corporation. Thereafter, while such default continues and the majority of the Board is being elected by the holders of the Preferred Stock, the remaining directors, whether elected by directors, as aforesaid, or whether originally or later elected by holders of the Common Stock, shall continue in office until their successors are elected by holders of the Common Stock and shall qualify. The term of office of the directors so elected by the holders of the Preferred Stock, voting separately as a class, and of the directors elected by the holders of the Common Stock, voting separately as a class, or elected by directors, as aforesaid, shall be until the next annual meeting of shareholders or until the privilege of the holders of the Preferred Stock to elect directors shall terminate as hereinafter provided, whichever shall be the earlier date and until their successors shall have been elected and shall have qualified.

If and when all dividends then in default on all of the Preferred Stock shall be paid (such dividends to be declared and paid out of any funds legally available therefor as soon as reasonably practicable), the holders of the Preferred Stock shall be divested of any privilege with respect to the election of directors which is conferred upon the holders of such Preferred Stock under this Section 5, and the voting power of the holders of the Preferred Stock and the holders of the Common Stock shall revert to the status existing before the first dividend payment date on which dividends on any of the Preferred Stock were not paid in full, but always subject to the same provisions for vesting such privilege in the holders of the Preferred Stock in case of further like default or defaults in the payment of dividends thereon. Upon termination of any such voting privilege upon payment of all accumulated and defaulted dividends on the Preferred Stock, the terms of office of all persons who have been elected directors of the Corporation by vote of the holders of the Preferred Stock as a class, pursuant to such voting privilege, shall forthwith terminate, and the resulting vacancies shall be filled by the vote of a majority of the remaining directors.

In case of any vacancy in the office of a director occurring among the directors elected by the holders of the Preferred Stock, voting as a class, the remaining directors elected by the holders of the Preferred Stock, by affirmative vote of a majority thereof, or the remaining director so elected if there be but one, may elect a successor or successors to hold office for the unexpired term or terms of the director or directors whose place or places shall be vacant. In case of any vacancy in the office of a director occurring among the directors elected by the holders of the Common Stock, voting separately as a class, or elected by directors, as aforesaid, the remaining directors so elected, by affirmative vote of a majority thereof, or the remaining director so elected if there be but one, may elect a successor or successors to hold office for the unexpired term or terms of the director or directors whose place or places shall be vacant.

Whenever dividends on the Preferred Stock shall be in default, as provided in this Section 5, it shall be the duty of the officers of the Corporation, or in the event of their failure to do so within twenty (20) days of such default, the privilege is granted any holder of Preferred Stock who shall first demand the right so to do by written notice to the Corporation, forthwith to cause notice to be given to the holders of the Preferred Stock and to the holders of the Common Stock of a meeting to be held at such time as the Corporation's officers, or such holder of Preferred Stock, as the case may be, may fix, not less than ten (10) nor more than sixty (60) days after the accrual of such privilege, for the purpose of electing directors. Each holder of record of Preferred Stock, or his legal representative, shall be entitled at such meeting to one vote for each share of Preferred Stock standing in his name on the books of the Corporation. At each meeting of shareholders held for such purpose, the presence in person or by proxy of the holders of a majority of the Common Stock

shall be required to constitute a quorum of the Common Stock for the election of directors, and the presence in person or by proxy of the holders of a majority of the Preferred Stock shall be required to constitute a quorum of the Preferred Stock for the election of directors; provided, however, that the absence of a quorum of the holders of stock of either the Preferred Stock or the Common Stock shall not prevent the election at any such meeting or adjournment thereof of directors by such other class, if the necessary quorum of the holders of stock of such other class is present in person or by proxy at such meeting or any adjournment thereof and provided, that in the event a quorum of the holders of the Common Stock is present but a quorum of the holders of the Preferred Stock is not present, then the directors so elected by the holders of the Common Stock shall not assume their offices and duties but the directors in office immediately prior thereto shall remain in office until the holders of the Preferred Stock, with a quorum present, shall have elected the directors they shall be entitled to elect; and provided, further, that in the absence of a quorum of holders of stock of either class, a majority of the holders of the stock of the class which lacks a quorum who are present in person or by proxy, shall have power to adjourn the election of the directors to be elected by such class from time to time without notice other than announcement at the meeting, until the requisite quorum of holders of such class shall be present in person or by proxy, but such adjournment shall not be made to a date beyond the date for the mailing of the notice of the next annual meeting of shareholders of the Corporation or special meeting in lieu thereof.

6. Restrictions on Certain Corporate Action

(a) So long as any shares of the Preferred Stock are outstanding, the Corporation shall not, without the consent (given by vote at a meeting called for that purpose) of the holders of at least a majority of the total number of shares of the Preferred Stock then outstanding.

(1) Create or authorize any new stock ranking prior to the Preferred Stock as to dividends or in liquidation, dissolution, winding up or distribution, or create or authorize any security convertible into shares of any such stock, or

(2) Amend, alter, change or repeal any of the express terms of the Preferred Stock then outstanding in a manner substantially prejudicial to the holders thereof, provided however, that if such amendment, alteration, or change affects less than all series of Preferred Stock, only the consent of the holders of a majority of the aggregate of the series so affected shall be required.

(b) So long as any shares of the Preferred Stock are outstanding, the Corporation shall not, without the consent (given by vote at a meeting called for that purpose) of the holders of a majority of the total number of shares of the Preferred Stock, considered as one class, then outstanding:

(1) Create or assume any unsecured indebtedness maturing more than one year after the date of its creation or assumption unless and until the Corporation's net earnings available for the payment of interest (gross operating revenues plus other income, minus operating expenses, including depreciation expense and taxes, other than income, profits, and other taxes, measured by, or dependent on, income) as determined by generally accepted accounting practices and as stated on the books of account of the Corporation for a period of twelve consecutive calendar

months ending not more than three months prior to the beginning of the calendar month in which such indebtedness shall be created or assumed, shall have been at least twice the interest charges (using, for the purpose of this computation with respect to indebtedness with interest rates that are not fixed, the interest rate in effect at the end of such twelve month period) on all outstanding indebtedness created or assumed by the Corporation and payable more than one year from the date of such creation or assumption, including the interest charges on the indebtedness so to be created or assumed (using, for the purpose of this computation, the interest rate in effect at the time of incurrence or assumption of such indebtedness); provided that the requirements of this subparagraph (1) shall not apply to indebtedness created or assumed to refund any payment, replacement, retirement, acquisition, purchase, exchange, redemption, surrender or otherwise all outstanding shares of the Preferred Stock or any indebtedness outstanding at any time and maturing more than one year after the date of creation or assumption of such refunded indebtedness; or

(2) Issue, sell or dispose of any shares of the Preferred Stock in addition to the shares of Preferred Stock outstanding, or of any other class of stock ranking prior to, or on a parity with, the Preferred Stock as to dividends or distributions, unless the net income of the Corporation, determined after provisions for depreciation and all taxes, and in accordance with generally accepted accounting principles to be available for the payment of dividends for a period of twelve (12) consecutive calendar months within the fifteen (15) calendar months immediately preceding the issuance, sale or disposition of such stock is at least equal to twice the annual dividend requirements on all outstanding shares of the Preferred Stock and of all other classes of stock ranking prior to, or on a parity with, the Preferred Stock as to dividends or distributions, including the shares proposed to be issued; provided that there shall be excluded from the foregoing computation interest charges on all indebtedness and dividends on all stock which is to be retired in connection with the issue of such additional shares of Preferred Stock, and where such additional shares of Preferred Stock are to be issued in connection with the acquisition of new property, the net earnings of the property to be so acquired may be included on a pro forma basis in the foregoing computation, computed on the same basis as the net earnings of the Corporation; or

(3) Pay any dividend on any stock of the Corporation junior to the Preferred Stock if immediately after such payment the retained earnings of the Corporation would be less than one and one-half (1-1/2) times the full annual dividend requirement on the Preferred Stock issued and outstanding and on any other issued and outstanding stock of the Corporation ranking on a parity with or having a priority over the Preferred Stock in respect of dividends or of payments in liquidation.

The term "net earnings available for the payment of interest" shall mean the net earnings of the Corporation as shown by its books of account, as based on generally accepted principles of accounting, and shall include the following items and be calculated in the following manner

(1) Its gross operating revenues and other income, including revenues from rental of plants or systems and net income from miscellaneous non-operating sources, and excluding any extraordinary charges to income as defined by generally accepted accounting principles, any regulatory disallowances, the effect of any change in accounting principles promulgated by the Financial Accounting Standards Board, and any other non-cash, non-recurring book losses,

(2) Its operating expenses, including expenses for current repairs and maintenance, insurance and rental expenses for plants or systems and other rentals,

(3) Its provisions out of income for renewals, replacement, depreciation, depletion or retirement of property,

(4) Its taxes charged to income other than income, profits, and other taxes measured by, or dependent on, income, and

(5) The balance remaining after deducting the sum of the amounts of (2), (3) and (4) from the amount of item (1) above, shall be the "net earnings available for the payment of interest" for the purposes of this Section 6.

For purposes of this Section 6, the term "indebtedness" shall not include any obligation or liability which, by its terms or otherwise, is non-recourse to the Corporation whether or not such obligation or liability is reflected in the financial statements of the Corporation.

Division B --- Series of Preferred Stock

Each series of Preferred Stock will be issuable as provided for in Division A of this Article. Unless otherwise specifically provided for, none of such series will have any fixed liquidation premium or exchange or conversion rights.

1. The $4.50 Preferred Stock. 74,367 shares of the authorized stock classified as Preferred Stock as provided in Division A of this Article VI shall constitute the first series of Preferred Stock and are designated as $4.50 Preferred Stock, the fixed dividend rate on the shares of such series is four dollars and fifty cents ($4.50) per share per annum; the fixed redemption price on the shares of such series is $110 per share; the fixed liquidation price on the shares of such series is $100 per share

2. The $4.24 Preferred Stock. 100,000 shares of the authorized stock classified as Preferred Stock as provided in Division A of this Article VI shall constitute the second series of Preferred Stock and are designated as $4.24 Preferred Stock; the fixed dividend rate on the shares of such series is four dollars and twenty-four cents ($4.24) per share per annum; the fixed redemption price on the shares of such series is $103.50 per share; the fixed liquidation price on the shares of such series is $100 per share.

3. The $4 (Dallas Power Series) Preferred Stock. 70,000 shares of the authorized stock classified as Preferred Stock as provided in Division A of this Article VI shall constitute the third series of Preferred Stock and are designated as $4 (Dallas Power Series) Preferred Stock, the fixed dividend rate on the shares of such series is four dollars ($4) per share per annum; the fixed redemption price on the shares of such series is $103.56 per share; the fixed liquidation price on the shares of such series is $100 per share.

4. The $4.80 Preferred Stock. 100,000 shares of the authorized stock classified as Preferred Stock as provided in Division A of this Article VI shall constitute the fourth series of Preferred Stock and are designated as $4.80 Preferred Stock, the fixed dividend rate on the shares of such series is four dollars and eighty cents ($4.80) per share per annum; the fixed redemption price on the shares of such series is $102.79 per share; the fixed liquidation price on the shares of such series is $100 per share.

5. The $7.20 Preferred Stock. All shares redeemed.

6. The $6.84 Preferred Stock. All shares redeemed.

7. The $7.48 Preferred Stock. All shares redeemed.

8. The $4 (Texas Electric Series) Preferred Stock. 110,000 shares of the authorized stock classified as Preferred Stock as provided in Division A of this Article VI shall constitute the eighth series of Preferred Stock and are designated as $4 (Texas Electric Series) Preferred Stock, the fixed dividend rate on the shares of such series is Four Dollars and No Cents ($4.00) per share per annum; the fixed redemption price on the shares of such series is $102 per share, the fixed liquidation price on the shares of such series is $100 per share.

9. The $4.56 (Texas Electric Series) Preferred Stock. 64,947 shares of the authorized stock classified as Preferred Stock as provided in Division A of this Article VI shall constitute the ninth series of Preferred Stock and are designated as $4.56 (Texas Electric Series) Preferred Stock; the fixed dividend rate on the shares of such series is Four Dollars and Fifty-six Cents ($4.56) per share per annum, and such dividends shall be payable quarterly on January 1, April 1, July 1 and October 1 of each year; the fixed redemption price on the shares of such series is $112.00 per share; the fixed liquidation price on the shares of such series is $100 per share.

10. The $4.64 Preferred Stock. 100,000 shares of the authorized stock classified as Preferred Stock as provided in Division A of this Article VI shall constitute the tenth series of Preferred Stock and are designated as $4.64 Preferred Stock; the fixed dividend rate on the shares of such series is Four Dollars and Sixty-four Cents ($4.64) per share per annum, and such dividends shall be payable quarterly on January 1, April 1, July 1 and October 1 of each year; the fixed redemption price on the shares of such series is $103.25 per share; the fixed liquidation price on the shares of such series is $100 per share.

11. The $5.08 Preferred Stock. 80,000 shares of the authorized stock classified as Preferred Stock as provided in Division A of this Article VI shall constitute the eleventh series of Preferred Stock and are designated as $5.08 Preferred Stock, the fixed dividend rate on the shares of such series is Five Dollars and Eight Cents ($5.08) per share per annum, the fixed redemption price on the shares of such series is $103.60 per share; the fixed liquidation price on the shares of such series is $100 per share.

12. The $8.92 Preferred Stock. All shares redeemed.

13. The $7.44 Preferred Stock. All shares redeemed.

14. The $8.44 Preferred Stock. All shares redeemed.

15. The $9.36 Preferred Stock. All shares redeemed.

16. The $8.32 Preferred Stock. All shares redeemed.

17. The $10.12 Preferred Stock. All shares redeemed.

18. The $4 (Texas Power Series) Preferred Stock. 70,000 shares of the authorized stock classified as Preferred Stock as provided in Division A of this Article VI shall constitute the eighteenth series of Preferred Stock and are designated as $4 (Texas Power Series) Preferred Stock, the fixed dividend rate on the shares of such series is Four Dollars and No Cents ($4.00) per share per annum; the fixed redemption price on the shares of such series is $102 per share, the fixed liquidation price on the shares of such series is $100 per share.

19. The $4.56 (Texas Power Series) Preferred Stock. 133,628 shares of the authorized stock classified as Preferred Stock as provided in Division A of the Article VI shall constitute the nineteenth series of Preferred Stock and are designated as $4.56 (Texas Power Series) Preferred Stock; the fixed dividend rate on the shares of such series is Four Dollars and Fifty-six Cents ($4.56) per share per annum; the fixed redemption price on the shares of such series is $112 per share; the fixed liquidation price on the shares of such series is $100 per share.

20. The $4.84 Preferred Stock. 70,000 shares of the authorized stock classified as Preferred Stock as provided in Division A of this Article VI shall constitute the twentieth series of Preferred Stock and are designated as $4.84 Preferred Stock; the fixed dividend rate on the shares of such series is Four Dollars and Eighty-four Cents ($4.84) per share per annum, the fixed redemption price on the shares of such series is $101.79 per share, the fixed liquidation price on the shares of such series is $100 per share.

21. The $4.76 Preferred Stock. 100,000 shares of the authorized stock classified as Preferred Stock as provided in Division A of this Article VI shall constitute the twenty-first series of Preferred Stock and are designated as $4.76 Preferred Stock; the fixed dividend rate of the shares of such series is Four Dollars and Seventy-six Cents ($4.76) per share per annum; the fixed redemption price on the shares of such series is $102 per share; the fixed liquidation price on the shares of such series is $100 per share.

22. The $4.44 Preferred Stock. 150,000 shares of the authorized stock classified as Preferred Stock as provided in Division A of this Article VI shall constitute the twenty-second series of Preferred Stock and are designated as $4.44 Preferred Stock; the fixed dividend rate on the shares of such series is Four Dollars and Forty-four Cents ($4.44) per share per annum; the fixed redemption price on the shares of such series is $102.61 per share; the fixed liquidation price on the shares of such series is $100 per share.

23. The $7.80 Preferred Stock. All shares redeemed.

24. The $7.24 Preferred Stock. All shares redeemed.

25. The $8.20 Preferred Stock. All shares redeemed.

26. The $9.32 Preferred Stock. All shares redeemed.

27. The $8.68 Preferred Stock. All shares redeemed.

28. The $8.16 Preferred Stock. All shares redeemed.

29. The $8.84 Preferred Stock. All shares redeemed.

30. The $10.92 Preferred Stock. All shares redeemed.

31. The $10.08 Preferred Stock. All shares redeemed.

32. The $11.32 Preferred Stock. All shares redeemed.

33. The Adjustable Rate Cumulative Preferred Stock, Series A. All shares redeemed.

34. The Adjustable Rate Cumulative Preferred Stock, Series B. All shares redeemed.

35. The $9.48 Cumulative Preferred Stock. All shares redeemed.

36. The $8.92 Cumulative Preferred Stock. All shares redeemed.

37. The $10.00 Cumulative Preferred Stock. All shares redeemed.

38. The Stated Rate Auction Preferred Stock, Series A. All shares redeemed.

39. The $9.64 Cumulative Preferred Stock. All shares redeemed.

40. The Flexible Adjustable Rate Preferred Stock, Series A. All shares redeemed.

41. The Flexible Adjustable Rate Preferred Stock, Series B. All shares redeemed.

42. The $10.375 Cumulative Preferred Stock. All shares redeemed.

43. The $9.875 Cumulative Preferred Stock. All shares redeemed.

44. The $8.20 Cumulative Preferred Stock. All shares redeemed.

45. The $7.98 Cumulative Preferred Stock. All shares redeemed.

46. The $6.98 Cumulative Preferred Stock. All shares redeemed.

47. The $7.50 Cumulative Preferred Stock. All shares redeemed.

48. The $6.375 Cumulative Preferred Stock. 1,000,000 shares of the authorized stock classified as Preferred Stock as provided in Division A of this Article VI shall constitute the forty-eighth series of Preferred Stock and are designated as $6.375 Cumulative Preferred Stock, which series shall have, in addition to the general terms and characteristics of all the authorized shares of Preferred Stock of the Company, the following distinctive terms and characteristics.

(a) The forty-eighth series of Preferred Stock shall have a fixed dividend rate of Six Dollars and Thirty-seven and One-half Cents ($6.375) per share per annum. Dividends on shares of the forty-eighth series of Preferred Stock shall be cumulative from the date of issuance and shall be payable on the first days of January, April, July and October in each year commencing January 1, 1994.

(b) Said forty-eighth series shall not be redeemable prior to October 1, 2003; and on and after that date the fixed redemption price on the shares of such forty-eight series shall be $100 per share plus unpaid and accumulated dividends, if any, to the redemption date.

(c) The amount payable upon the shares of said forty-eighth series in the event of voluntary or involuntary dissolution, liquidation or winding up of the Company shall be $100 per share plus an amount equivalent to the unpaid and accumulated dividends thereon, if any, to the date of such voluntary or involuntary dissolution, liquidation or winding up.

(d) The $6.375 Cumulative Preferred Stock shall be subject to redemption as and for a sinking fund pursuant to which the Company will redeem 50,000 shares of the $6.375 Cumulative Preferred Stock, out of funds legally available therefor, annually, on October 1, in each year commencing with the year 2003 and ending in the year 2007 and all the remaining outstanding shares of $6.375 Cumulative Preferred Stock on October 1, 2008 (each such date being hereinafter referred to as a "$6.375 Cumulative Preferred Stock Sinking Fund Redemption Date"), at a price equal to $100 per share, plus an amount equal to the unpaid and accumulated dividends on such share, if any, to the date of redemption (the obligation of the Company so to redeem the shares of the $6.375 Cumulative Preferred Stock being hereinafter referred to as the "$6.375 Cumulative Preferred Stock Sinking Fund Obligation"); the $6.375 Cumulative Preferred Stock Sinking Fund Obligation during the specified period will be cumulative; if on any $6.375 Cumulative Preferred Stock Sinking Fund Redemption Date, the Company shall not have funds legally available therefor sufficient to redeem the full number of shares required to be redeemed on that date, the $6.375 Cumulative Preferred Stock Sinking Fund Obligation with respect to the shares not redeemed shall carry forward to each successive $6.375 Cumulative Preferred Stock Sinking Fund Redemption Date and each successive October 1 thereafter until such shares shall have been redeemed; whenever on any $6.375 Cumulative Preferred Stock Sinking Fund Redemption Date, the funds of the Company legally available for the satisfaction of the $6.375 Cumulative Preferred Stock Sinking Fund Obligation and all other sinking fund, mandatory redemption and similar obligations then existing with respect to any other class or series of it stock ranking on a parity as to dividends or assets with the $6.375 Cumulative Preferred Stock (such Obligation and obligations collectively being hereinafter referred to as the "Total Sinking Fund Obligation") are insufficient to permit the Company to satisfy fully its Total Sinking Fund Obligation on that date, the Company shall apply to the satisfaction of its $6.375 Cumulative Preferred Stock Sinking Fund Obligation on that date that proportion of such legally available finds which is equal to the ratio of such $6.375 Cumulative Preferred Stock Sinking Fund Obligation to such Total Sinking Fund Obligation; the Company may, however, credit against the $6.375 Cumulative Preferred Stock Sinking Fund Obligation for any year shares of the $6.375 Cumulative Preferred Stock (including shares of the $6.375 Cumulative Preferred Stock optionally redeemed as hereinbefore set forth) redeemed in any manner (other than shares of the $6.375 Cumulative Preferred Stock redeemed pursuant to the $6.375 Cumulative Preferred Stock Sinking Fund Obligation), purchased or otherwise acquired, and not previously credited against its $6.375 Cumulative Preferred Stock Sinking Fund Obligation; notwithstanding the above, the Company shall in no event apply any funds to the satisfaction of its $6.375 Cumulative Preferred Stock Sinking Fund Obligation, on any $6.375 Cumulative Preferred Stock Sinking Fund Redemption Date, unless and until all dividends accrued and payable on all then outstanding shares of the $6.375 Cumulative Preferred Stock and all other series of the Company's Preferred Stock shall have been paid or funds shall have been set apart for their payment for all past quarterly dividend

periods ending on or before said $6.375 Cumulative Preferred Stock Sinking Fund Redemption Date.

49. The $7.22 Cumulative Preferred Stock. All shares redeemed.

Division C -- Class A Common Stock

Subject to the rights expressly conferred upon the holders of Preferred Stock, under prescribed conditions, by this Article VI, and subordinate thereto, the holders of the Class A Common Stock shall

1. Receive all dividends on the Class A Common Stock declared by the Board of Directors; provided, however, so long as any shares of the Preferred Stock are outstanding, the Corporation shall not declare or pay any dividends on the Class A Common Stock except as follows:

If and so long as the Common Stock Equity at the end of the calendar month immediately preceding the date on which a dividend on Class A Common Stock is declared is, or as a result of such dividend would become, less than 20% of total capitalization, the Corporation shall not declare such dividends in an amount which, together with all other dividends on Class A Common Stock or Class B Common Stock (collectively, "Common Stock"), declared within the year ending with and including the date of such dividend declaration, exceeds 75% of the net income of the Corporation available for dividends on Common Stock for the twelve full calendar months immediately preceding the month in which such dividends are declared.

The term "Common Stock Equity" shall mean the sum of the stated value of the outstanding Common Stock and the retained earnings, including reservations thereof, and other paid-in capital of the Corporation, whether or not available for the payment of dividends on the Common Stock, (ii) the term "total capitalization" shall mean the sum of the stated capital applicable to the outstanding stock of all classes of the Corporation, the retained earnings, including reservations thereof, and other paid-in capital of the Corporation, whether or not available for the payment of dividends on the Common Stock of the Corporation, and the principal amount of all outstanding debt of the Corporation (other than any obligation or liability which, by its terms or otherwise, is non-recourse to the Corporation whether or not such obligation or liability is reflected in the financial statements of the Corporation) maturing more than twelve months after the date of the determination of the total capitalization; and (iii) the term "dividends on Common Stock" shall embrace dividends on Common Stock (other than dividends payable only in shares of Common Stock), distributions on, and purchases or other acquisitions for value of, any Common Stock of the Corporation or other stock, if any, subordinate to the Preferred Stock.

2. Together and pari passu with the holders of Class B Common Stock, receive all assets of the Corporation available for distribution to its shareholders in the event of any liquidation, dissolution, or winding up of the Corporation. The Board of Directors, by vote of a majority of the members thereof, may distribute in kind to the holders of the Common Stock such remaining assets of the Corporation, or may sell, transfer or otherwise dispose of all or any of the remaining property and assets of the Corporation to any other corporation or other purchaser and receive payment therefor wholly or partially in cash, property, stock or obligations of such purchaser, and may sell all or any part of the consideration received therefor and distribute the same or the proceeds thereof to the holders of the Common Stock.

3. Possess exclusively full voting power for the election of directors and for all other purposes except as otherwise provided herein.

Division D -- Class B Common Stock

Subject to the rights expressly conferred upon the holders of Preferred Stock, under prescribed conditions, by this Article VI, and subordinate thereto, the holders of the Class B Common Stock shall

1. Receive all dividends on the Class B Common Stock declared by the Board of Directors; provided, however, so long as any shares of the Preferred Stock are outstanding, the Corporation shall not declare or pay any dividends on the Class B Common Stock except as follows:

If and so long as the Common Stock Equity at the end of the calendar month immediately preceding the date on which a dividend on Common Stock is declared is, or as a result of such dividend would become, less than 20% of total capitalization, the Corporation shall not declare such dividends in an amount which, together with all other dividends on Common Stock declared within the year ending with and including the date of such dividend declaration, exceeds 75% of the net income of the Corporation available for dividends on Common Stock for the twelve full calendar months immediately preceding the month in which such dividends are declared.

2. Together and pari passu with the holders of Class A Common Stock, receive all assets of the Corporation available for distribution to its shareholders in the event of any liquidation, dissolution, or winding up of the Corporation. The Board of Directors, by vote of a majority of the members thereof, may distribute in kind to the holders of the Common Stock such remaining assets of the Corporation, or may sell, transfer or otherwise dispose of all or any of the remaining property and assets of the Corporation to any other corporation or other purchaser and receive payment therefor wholly or partially in cash, property, stock or obligations of such purchaser, and may sell all or any part of the consideration received therefor and distribute the same or the proceeds thereof to the holders of the Common Stock.

3. Not be entitled to notice of or to vote at any meeting of shareholders of the Corporation or at any election of the Corporation or the shareholders thereof.

Division E - Provisions Applicable to All Classes of Stock

1. Pre-emptive Rights. Upon any issue or sale for money or other consideration of any stock of this Corporation that may be authorized from time to time, no holder of stock irrespective of the kind of such stock shall have any pre-emptive or other right to subscribe for, purchase or receive any proportionate or other share of the stock so issued or sold (including treasury shares), but the Board of Directors may dispose of all or any portion of such stock as and when it may determine free of any such rights, whether by offering the same to shareholders or by sale or other disposition as said Board may deem advisable; provided, however, that if the Board of Directors shall determine to offer any new or additional shares of Common Stock, or any security convertible into Common Stock, for money, other than by a public offering of all of such shares or an offering of all of such shares to or through underwriters or investment bankers who shall have agreed promptly to make a public offering of such shares, the same shall first be offered pro rata to the holders of the then outstanding shares of Common Stock of the Corporation upon terms not less favorable to the

purchaser (without deduction of such reasonable compensation, allowance or discount for the sale, underwriting or purchase as may be fixed thereafter by the Board of Directors) than those on which the Board of Directors issues and disposes of such stock or securities to other than such holders of Common Stock; and provided further, that the time within which such pre-emptive rights shall be exercised may be limited by the Board of Directors to such time as the said Board may deem proper, not less, however, than twenty days after mailing of notice that such stock rights are available and may be exercised. The foregoing provisions of this paragraph shall not be changed unless the holders of record of not less than two-thirds (2/3) of the number of shares of Common Stock then outstanding shall consent thereto in writing or by voting therefor in person or by proxy at the meeting of stockholders at which any such change is considered.

2. Votes Per Share. Unless otherwise expressly provided in the resolution of the Board of Directors of the Corporation establishing a series of Preferred Stock, any shareholder of the Corporation having the right to vote at any meeting of the shareholders or of any class or series thereof, as herein provided, shall be entitled to one vote for each share of stock held by him. There shall be no cumulative voting by any class, series, or shares of stock of this Corporation.

3. Increase of Capital Stock. The capital stock of the Corporation may be increased at any time, and from time to time, upon the vote of the holders of record of not less than a majority of the aggregate number of shares of the capital stock of the Corporation then outstanding and having power to vote upon such increase.

ARTICLE VII

The Corporation from time to time, subject to the limitations or requirements hereinabove provided and to the extent it may lawfully do so, may purchase any of its stock outstanding at such price as may be authorized by its Board of Directors and accepted by the holders of the stock purchased, and may resell any stock so purchased or otherwise acquired by it at such price as may be authorized by its said Board of Directors.

ARTICLE VIII

Subject to the other provisions hereof, in order to acquire funds with which to make any redemption or purchase of stock herein authorized, the Corporation, subject to the limitations or requirements hereinabove provided and to the extent it may lawfully do so, may issue and sell Common Stock or Preferred Stock of any class then authorized but unissued, or bonds, notes, or other evidences of indebtedness convertible or not into Common Stock or stock of any other class then authorized but unissued.

ARTICLE IX

The Corporation shall reimburse or indemnify any former, present or future director, officer or employee of the Corporation, or any person who may have served at its request as a director, officer or employee of another corporation, or any former, present or future director, officer or employee of the Corporation who shall have served or shall be serving as an administrator, agent or fiduciary for the Corporation or for another corporation at the request of the Corporation (and his heirs, executors and administrators) from and against all expenses and liabilities incurred by him or them, or imposed on him or them, including, but not limited to, judgments, settlements, court costs

and attorneys' fees, in connection with, or arising out of, the defense of any action, suit or proceeding in which he may be involved by reason of his being or having been such director, officer or employee, except with respect to matters as to which he shall be adjudged in such action, suit or proceeding to be liable because he did not act in good faith, or because of dishonesty or conflict of interest in the performance of his duty.

No former, present or future director, officer or employee of the Corporation (or his heirs, executors and administrators) shall be liable for any act, omission, step or conduct taken or had in good faith, which is required, authorized or approved by any order or orders issued pursuant to the Public Utility Holding Company Act of 1935, the Federal Power Act or any other federal or state statute regulating the Corporation or its subsidiaries, or any amendments to any thereof. In any action, suit or proceeding based on any act, omission, step or conduct, as in this paragraph described, the provisions hereof shall be brought to the attention of the court. In the event that the foregoing provisions of this paragraph are found by the court not to constitute a valid defense, each such director, officer or employee (and his heirs, executors and administrators) shall be reimbursed for, or indemnified against, all expenses and liabilities incurred by him or them, or imposed on him or them, including, but not limited to, judgments, settlements, court costs and attorneys' fees, in connection with, or arising out of, any such action, suit or proceeding based on any act, omission, step or conduct taken or had in good faith as in this paragraph described.

The foregoing rights shall not be exclusive of other rights to which any such director, officer or employee (or his heirs, executors and administrators) may otherwise be entitled under any bylaw, agreement, vote of shareholders or otherwise, and shall be available whether or not the director, officer or employee continues to be a director, officer or employee at the time of incurring such expenses and liabilities. In furtherance, and not in limitation of the foregoing provisions of this Article IX, the Corporation may indemnify and insure any such persons to the fullest extent permitted by the Texas Business Corporation Act, as amended from time to time, or the laws of the State of Texas, as in effect from time to time.

ARTICLE X

A director of the Corporation shall not be liable to the Corporation or its shareholders for monetary damages for any act or omission in the director's capacity as a director, except that this provision does not eliminate or limit liability of a director for:

(a) a breach of a director's duty of loyalty to the Corporation or its shareholders;
(b) an act or omission not in good faith that constitutes a breach of duty of a director to the Corporation or an act or omission that involved intentional misconduct or a knowing violation of the law;
(c) a transaction from which a director received an improper benefit, whether or not the benefit resulted from an action taken within the scope of the director's office; or
(d) an act or omission for which the liability of a director is expressly provided for by statute.

If the laws of the State of Texas are amended to authorize action further eliminating or limiting the personal liability of directors, then the liability of a director of the Corporation shall be eliminated or limited to the fullest extent permitted by such laws as so amended. Any repeal or

modification of this Article X shall not adversely affect any right of protection of a director of the Corporation existing at the time of such repeal or modification.

ARTICLE XI

The power to alter, amend or repeal the Bylaws of the Corporation, or to adopt new Bylaws, is hereby delegated to the Board of Directors subject to repeal or change by action of the shareholders.

ARTICLE XII

The Corporation has heretofore complied with the requirements of law as to the initial minimum capital requirements without which it could not commence business under the Texas Business Corporation Act.

EXHIBIT 15

TXU US Holdings:

We have made a review, in accordance with standards established by the American Institute of Certified Public Accountants, of the unaudited condensed consolidated interim financial information of TXU US Holdings Company (US Holdings) and subsidiaries for the three-month and nine-month periods ended September 30, 2003 and 2002, as indicated in our report dated November 11, 2003 (which includes an explanatory paragraph relating to the adoption of Statement of Financial Accounting Standards Nos. 143 and 150 and the recission of Emerging Issues Task Force Issue 98-10 as discussed in Note 1 to the Notes to Financial Statements); because we did not perform an audit, we expressed no opinion on that information.

We are aware that our report referred to above, which is included in US Holding's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003, is incorporated by reference in Registration Statements Nos. 33-69554, 333-53296, 333-53296-01, 333-53296-02 and 333-53296-03 on Form S-3.

We also are aware that the aforementioned report, pursuant to Rule 436(c) under the Securities Act of 1933, is not considered a part of the Registration Statement prepared or certified by an accountant or a report prepared or certified by an accountant within the meaning of Sections 7 and 11 of that Act.

Deloitte & Touche LLP

Dallas, Texas
November 13 2003

Exhibit 32(b)

TXU US Holdings Company
Certificate Pursuant to Section 906
of Sarbanes – Oxley Act of 2002
CERTIFICATION OF PFO

The undersigned, H. Dan Farell, Principal Financial Officer of TXU US Holdings Company (the "Company"), DOES HEREBY CERTIFY that:

1. The Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003 (the "Report") fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

IN WITNESS WHEREOF, the undersigned has caused this instrument to be executed this 12th day of November, 2003.

/s/ H. Dan Farell
Name: H. Dan Farell
Title: Principal Financial Officer

A signed original of this written statement required by Section 906 has been provided to TXU US Holdings Company and will be retained by TXU US Holdings Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 31(b)

TXU US HOLDINGS COMPANY
Certificate Pursuant to Section 302 of Sarbanes – Oxley Act of 2002
CERTIFICATION OF PFO

I, H. Dan Farell, Principal Financial Officer of TXU US Holdings Company, certify that:

1. I have reviewed this quarterly report on Form 10-Q of TXU US Holdings Company ;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2003

/s/ H. Dan Farell
Signature: H. Dan Farell
Title: Principal Financial Officer

Exhibit 32(a)

TXU US Holdings Company
Certificate Pursuant to Section 906
of Sarbanes – Oxley Act of 2002
CERTIFICATION OF CEO

The undersigned, Erle Nye, Chairman of the Board and Chief Executive of TXU US Holdings Company (the "Company"), DOES HEREBY CERTIFY that:

1. The Company's Quarterly Report on Form 10-Q for the quarter ended September 30, 2003 (the "Report") fully complies with the requirements of section 13(a) or 15(d) of the Securities Exchange Act of 1934, as amended; and

2. Information contained in the Report fairly presents, in all material respects, the financial condition and results of operation of the Company.

IN WITNESS WHEREOF, the undersigned has caused this instrument to be executed this 12th day of November, 2003.

/s/ Erle Nye
Name: Erle Nye
Title: Chairman of the Board and Chief Executive

A signed original of this written statement required by Section 906 has been provided to TXU US Holdings Company and will be retained by TXU US Holdings Company and furnished to the Securities and Exchange Commission or its staff upon request.

Exhibit 31(a)

TXU US HOLDINGS COMPANY
Certificate Pursuant to Section 302 of Sarbanes – Oxley Act of 2002
CERTIFICATION OF CEO

I, Erle Nye, Chairman of the Board and Chief Executive of TXU US Holdings Company, certify that:

1. I have reviewed this quarterly report on Form 10-Q of TXU US Holdings Company ;

2. Based on my knowledge, this report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this report;

3. Based on my knowledge, the financial statements, and other financial information included in this report, fairly present in all material respects the financial condition, results of operations and cash flows of the registrant as of, and for, the periods presented in this report;

4. The registrant's other certifying officer(s) and I are responsible for establishing and maintaining disclosure controls and procedures (as defined in Exchange Act Rules 13a-15(e) and 15d-15(e)) for the registrant and have:

    a. Designed such disclosure controls and procedures, or caused such disclosure controls and procedures to be designed under our supervision, to ensure that material information relating to the registrant, including its consolidated subsidiaries, is made known to us by others within those entities, particularly during the period in which this report is being prepared;

    b. Evaluated the effectiveness of the registrant's disclosure controls and procedures and presented in this report our conclusions about the effectiveness of the disclosure controls and procedures, as of the end of the period covered by this report based on such evaluation; and

    c. Disclosed in this report any change in the registrant's internal control over financial reporting that occurred during the registrant's most recent fiscal quarter (the registrant's fourth fiscal quarter in the case of an annual report) that has materially affected, or is reasonably likely to materially affect, the registrant's internal control over financial reporting; and

5. The registrant's other certifying officer(s) and I have disclosed, based on our most recent evaluation of internal control over financial reporting, to the registrant's auditors and the audit committee of the registrant's board of directors (or persons performing the equivalent functions):

    a. All significant deficiencies and material weaknesses in the design or operation of internal control over financial reporting which are reasonably likely to adversely affect the registrant's ability to record, process, summarize and report financial information; and

    b. Any fraud, whether or not material, that involves management or other employees who have a significant role in the registrant's internal control over financial reporting.

Date: November 12, 2003

/s/ Erle Nye
Signature: Erle Nye
Title: Chairman of the Board and Chief Executive

EXHIBIT 99

TXU US HOLDINGS COMPANY AND SUBSIDIARIES
CONDENSED STATEMENTS OF CONSOLIDATED INCOME
(Unaudited)

	Twelve Months Ended September 30, 2003 (millions of dollars)
Operating revenues	$ 8,342
Operating expenses:	
Cost of energy sold and delivery fees	3,657
Operating costs	1,465
Depreciation and amortization	706
Selling, general and administrative expenses	882
Franchise and revenue-based taxes	390
Other income	(49)
Other deductions	255
Interest income	(16)
Interest expense and related charges	586
Total costs and expenses	7,876
Income before income taxes, extraordinary loss and cumulative effect of changes in accounting principles	466
Income tax expense	127
Income before extraordinary loss and cumulative effect of changes in accounting principles	339
Extraordinary loss, net of tax benefit	(134)
Cumulative effect of changes in accounting principles, net of tax benefit	(58)
Net income	147
Preferred stock dividends	7
Net income available for common stock	$ 140