(j) Solvency. As of the Effective Time, assuming (i) satisfaction of the conditions to Parent's and Merger Sub's obligation to consummate the Merger, or waiver of such conditions, (ii) the accuracy of the representations and warranties of the Company set forth in Section 5.1 hereof (for such purposes, such representations and warranties shall be true and correct in all material respects without giving effect to any "knowledge", materiality or "Material Adverse Effect" qualification or exception) including, without limitation, the representations and warranties set forth in Section 5.1(e)(iii), and (iii) estimates, projections or forecasts provided by the Company to Parent prior to the date hereof have been prepared in good faith on assumptions that were and continue to be reasonable, and after giving effect to the transactions contemplated by this Agreement, including the Financing, and the payment of the aggregate Per Share Merger Consideration, any other repayment or refinancing of existing indebtedness contemplated in this Agreement or the Financing Commitments, payment of all amounts required to be paid in connection with the consummation of the transactions contemplated hereby, and payment of all related fees and expenses, each of Parent and the Surviving Corporation will be Solvent as of the Effective Time and immediately after the consummation of the transactions contemplated hereby. For the purposes of this Agreement, the term "Solvent" when used with respect to Parent and the Surviving Corporation, means that, as of any date of determination (a) the amount of the "fair saleable value" of the assets of Parent and the Surviving Corporation will, as of such date, exceed (i) the value of all "liabilities of Parent and the Surviving Corporation, including contingent and other liabilities," as of such date, as such quoted terms are generally determined in accordance with applicable federal Laws governing determinations of the insolvency of debtors, and (ii) the amount that will be required to pay the probable liabilities of Parent and the Surviving Corporation on their existing debts (including contingent and other liabilities) as such debts become absolute and mature, (b) Parent and the Surviving Corporation will not have, as of such date, an unreasonably small amount of capital for the operation of the businesses in which they intend to engage or propose to be engaged following the Closing Date, and (c) Parent and the Surviving Corporation will be able to pay their liabilities, including contingent and other liabilities, as they mature. For purposes of this definition, "not have an unreasonably small amount of capital for the operation of the businesses in which it is engaged or proposed to be engaged" and "able to pay its liabilities, including contingent and other liabilities, as they mature" means that Parent and the Surviving Corporation will be able to generate enough cash from operations, asset dispositions or refinancing, or a combination thereof, to meet its obligations as they become due.

(k) Guarantee. Concurrently with the execution of this Agreement, Parent has caused the Guarantors to deliver to the Company the duly executed Guarantees.

(l) Absence of Certain Agreements. As of the date of this Agreement, neither Parent nor any of its Affiliates has entered into any agreement, arrangement or understanding (in each case, whether oral or written), or authorized, committed or agreed to enter into any such agreement, arrangement or understanding (in each case, whether oral or written), pursuant to which: (i) any shareholder of the Company would be entitled to receive consideration of a different amount or nature than the Per Share Merger Consideration or pursuant to which any shareholder of the Company agrees to vote to approve this Agreement or the Merger or agrees to vote against any Superior Proposal; (ii) other than investment funds or other entities under common management with any of the Guarantors, any third party has agreed to provide, directly or indirectly, equity capital (other than pursuant to the Equity Financing Commitments or as set

forth in Section 5.2(l) of the Parent Disclosure Letter) to Parent or the Company to finance in whole or in part the Merger; or (iii) any current employee of the Company has agreed to remain as an employee of the Company or any of its Subsidiaries following the Effective Time.

ARTICLE VI

Covenants

6.1 Interim Operations.

(a) The Company covenants and agrees as to itself and its Subsidiaries that, after the date hereof and prior to the Effective Time (unless Parent shall otherwise approve in writing (such approval not to be unreasonably withheld, delayed or conditioned)), and except as otherwise expressly contemplated by this Agreement or required by applicable Laws, the business of it and its Subsidiaries shall be conducted, to the extent contemplated thereby, in a manner consistent with the business plan set forth in Part I to Section 6.1(a) of the Company Disclosure Letter (the "Business Plan") and, otherwise in the ordinary course of business (taking into account the effects of the Business Plan). To the extent consistent with the foregoing, the Company and its Subsidiaries shall use their respective reasonable best efforts to preserve their business organizations intact and maintain existing relations and goodwill with Governmental Entities, customers, suppliers, employees and business associates. Without limiting the generality of the preceding provisions of this Section 6.1(a), and in furtherance thereof, from the date of this Agreement until the Effective Time, except (A) as otherwise specifically contemplated or specifically permitted by provisions of this Agreement other than this Section 6.1(a), (B) as Parent may approve in writing (such approval, not to be unreasonably withheld, delayed or conditioned), (C) as is required by applicable Law or (D) as set forth in Section 6.1(a) of the Company Disclosure Letter, the Company will not and will not permit its Subsidiaries to:

(i) adopt any change in its certificate of formation or bylaws or other applicable governing instruments;

(ii) merge or consolidate the Company or any of its Subsidiaries with any other Person;

(iii) adopt a plan of complete or partial liquidation, dissolution, restructuring, recapitalization or other reorganization of the Company or any of its Subsidiaries;

(iv) make any acquisition of any assets or Person for a purchase price in excess of $10 million unless such acquisition would be permissible under clause (xi) below;

(v) issue, sell, pledge, dispose of, grant, transfer, encumber, or authorize the issuance, sale, pledge, disposition, grant, transfer, lease, license, guarantee or encumbrance of, any shares of capital stock of the Company or any of its Subsidiaries (other than (A) the issuance of Shares upon the settlement of performance units, restricted stock awards and other awards under the Stock Plans (and dividend equivalents thereon,

if applicable), (B) the issuance of Shares upon conversion of Convertible Senior Notes, or (C) the issuance of shares by a wholly-owned Subsidiary of the Company to the Company or another wholly-owned Subsidiary), or securities convertible or exchangeable into or exercisable for any shares of such capital stock, or any options, warrants or other rights of any kind to acquire any shares of such capital stock or such convertible or exchangeable securities;

(vi) make any loans, advances or capital contributions to or investments in any Person (other than the Company or any direct or indirect wholly owned Subsidiary of the Company) in excess of $20 million in the aggregate;

(vii) declare, set aside, make or pay any dividend or other distribution, payable in cash, stock, property or otherwise, with respect to any of its capital stock (except for (A) regular quarterly dividends paid to holders of Shares in an amount not to exceed $0.4325 per Share per quarter, with record dates of or no earlier than, March 2, 2007; June 1, 2007; September 1, 2007; December 1, 2007; March 1, 2008 and June 1, 2008, respectively, and provided that no quarterly dividend will be declared with respect to the quarter in which the Effective Time occurs unless the Effective Time is after the record date for such quarter, (B) dividends paid in the ordinary course of business consistent with past practice by any direct or indirect wholly-owned Subsidiary to the Company or to any other direct or indirect wholly-owned Subsidiary and (C) dividends to holders of shares of preferred stock of TXU US Holdings Company in accordance with the terms of such preferred stock) or enter into any agreement with respect to the voting of its capital stock;

(viii) reclassify, split, combine, subdivide or redeem, purchase or otherwise acquire, directly or indirectly, any of its capital stock or securities convertible or exchangeable into or exercisable for any shares of its capital stock (other than the acceptance of Convertible Senior Notes surrendered by their holders for conversion and the acquisition of any Shares tendered by current or former employees or directors in order to pay Taxes in connection with the settlement of performance units, restricted stock awards and other awards under the Stock Plans);

(ix) repurchase, redeem, defease, cancel, prepay, forgive, issue, sell, incur or otherwise acquire any indebtedness for borrowed money or any debt securities or rights to acquire debt securities of the Company or any of its Subsidiaries, or assume, guarantee or otherwise become responsible for such indebtedness of another Person (other than a wholly owned Subsidiary of the Company), except for indebtedness for borrowed money incurred or repaid in the ordinary course of business consistent with past practice (A) under the Company's existing revolving credit facilities or the extension or refinancing thereof, (B) under commercial paper borrowings, (C) to refinance indebtedness for borrowed money as such indebtedness matures and using commercially reasonable efforts to obtain comparable terms and conditions, (D) by drawing under outstanding letters of credit or (E) in connection with the remarketing of outstanding Pollution Control Revenue Bonds in each case of any excepted issuance, refinancing or incurrence of indebtedness, which does not include any prepayment penalties,

makewhole or similar terms and which does not interfere with, compete with or impede in any material respect the Debt Financing;

(x) amend or modify in any material respect the terms of, or refinance, any indebtedness for borrowed money, guarantee of indebtedness for borrowed money or debt securities of the Company or any of its Subsidiaries, except in connection with any refinancing of such indebtedness as it matures that does not include any new prepayment penalties, make-whole or similar term and does not unreasonably interfere with, compete with or impede in any material respect the Debt Financing;

(xi) except as set forth in the capital expenditures contained in the Business Plan and for expenditures related to operational emergencies, equipment failures or outages, make or authorize any capital expenditure in excess of $50 million in the aggregate during any 12 month period;

(xii) except as required by applicable Law, reactivate or enter into any "reliability must run" Contract with respect to any generating plant that, as of the date of this Agreement, is shutdown or "mothballed;"

(xiii) make any material changes with respect to accounting policies or procedures, except as required by Law or by changes in GAAP;

(xiv) waive, release or settle any pending or threatened litigation or other proceedings before a Governmental Entity (A) for an amount in excess of $10 million or (B) entailing the incurrence of (1) any obligation or liability of the Company in excess of such amount, including costs or revenue reductions, (2) obligations that would impose any material restrictions on the business or operations of the Company or its Subsidiaries, or (C) that is brought by any current, former or purported holder of any capital stock or debt securities of the Company or any Subsidiary relating to the transactions contemplated by this Agreement;

(xv) other than in the ordinary course of business consistent with past practice or except to the extent required by Law, make or change any material Tax election, settle or compromise any Tax liability of the Company or any of its Subsidiaries in excess of $10 million, change any method of Tax accounting, enter into any closing agreement with respect to any material Tax or surrender any right to claim a material Tax refund;

(xvi) take any action outside the ordinary course of business that could result in the inclusion in taxable income of any intercompany gain of the Company or any of its Subsidiaries;

(xvii) transfer, sell, lease, license, mortgage, pledge, surrender, encumber, divest, cancel, abandon or allow to lapse or expire or otherwise dispose of any assets, product lines or businesses of the Company or its Subsidiaries (including capital stock of any of its Subsidiaries) with a fair market value in excess of $400 million in the aggregate, other than sales of inventory, electricity or other commodities, Derivative Products, real property or obsolete goods or equipment or cancellation of, abandonment

of, or allowing to lapse or expire, Intellectual Property in the ordinary course of business consistent with past practice or pursuant to Contracts in effect prior to the date hereof that have been made available to Parent or Merger Sub;

(xviii) except as required pursuant to Contracts or Benefit Plans in effect prior to the date of this Agreement, or as otherwise required by applicable Law, (A) grant or provide any severance or termination payments or benefits to any director or employee of the Company or any of its Subsidiaries or to any Designated Officer, except, in the case of employees who are not Designated Officers, in the ordinary course of business and consistent with past practice, (B) increase the compensation or make any new equity awards to any director or employee of the Company or any of its Subsidiaries or to any Designated Officer, except, in the case of employees who are not Designated Officers of the Company, in the ordinary course of business and consistent with past practice or (C) establish, adopt, terminate or materially amend any Benefit Plan (other than routine changes to welfare plans);

(xix) (A) modify in any material respect the TXU Trading Policies or any similar policy, other than modifications that are more restrictive to the Company and its Subsidiaries or (B) enter into any Derivative Product or any similar transaction, other than as permitted by Section 6.1(a)(xix) of the Company Disclosure Letter;

(xx) enter into, terminate (other than at the end of a term), renew or materially extend or amend any Company Material Contract or Contract that, if in effect on the date hereof, would be a Company Material Contract; or waive any material default under, or release, settle or compromise any material claim against the Company or liability or obligation owing to the Company under any Company Material Contract;

(xxi) fail to maintain in full force and effect material insurance policies covering the Company and its Subsidiaries and their respective properties, assets and businesses in a form and amount consistent with past practice unless the Company determines in its reasonable commercial judgment that the form or amount of such insurance should be modified;

(xxii) (A) except for any filings or proceedings related to automatic transmission capital trackers or automated meter reading investments, voluntarily file or initiate any proceeding before any Governmental Entity regarding rates charged by any Subsidiary of the Company, (B) enter into any settlement or make any commitment or concession with any Person (including any Governmental Entity) regarding the regulated rates, regulated rate base or return on equity of any Subsidiary of the Company or (C) take those actions referenced on Section 6.1(a)(xxii) of the Company Disclosure Letter;

(xxiii) sell, transfer, swap, encumber or otherwise make unavailable to the Company and its Subsidiaries any air emissions allowances, credits or offsets presently available to, possessed or controlled by the Company or its Subsidiaries, or purchase any air emissions allowances, credits or offsets, provided that the foregoing shall not restrict the Company or any of its Subsidiaries from using any such allowances, credits or offsets consistent with past practice, to offset emissions at any of their facilities;

(xxiv) enter into any new commodity transactions which are referred to as Category I transactions in (xix) of Section 6.1(a) of the Company Disclosure Letter ("Category I Transactions"), that require the initial or ongoing posting of letters of credit and/or cash as collateral support, except for any of such Category I Transactions referred to in paragraph 2 of the description thereof that will have a scheduled duration of 36 months or less ("Exempt Category I Transactions");

(xxv) revoke, withdraw, terminate or abandon any currently outstanding or pending Environmental Permits or applications therefor relating to (A) the construction of generation facilities; or (B) the operation of the business of the Company or its Subsidiaries, except such actions that are taken in the ordinary course of business: or

(xxvi) agree, authorize or commit to do any of the foregoing.

(b) After the date hereof and on or prior to the Closing Date, to the extent that the Company or any of its Subsidiaries enters into any transactions defined as Category I Transactions (other than Exempt Category I Transactions, such non-exempt transactions being referred to as, "Post-Signing Commodity Hedging Arrangements") and is required to provide Liens, security interests or other collateral to support their respective obligations under such Post-Signing Commodity Hedging Arrangements, the Company shall cause the documentation relating to such Post-Signing Commodity Hedging Arrangements to provide for, on the Closing Date, automatic termination, amendment and/or other release of such Liens, security interests and other collateral and the replacement of such collateral support obligations with Liens on the Collateral (as defined in Exhibit B to the Debt Financing Commitment) that would be *pari passu* with the Liens granted to secure the Borrower Obligations, the Guarantees and other Hedging Arrangements (each as described and as defined in Exhibit B to the Debt Financing Commitment). In addition, the Company shall cause the Post-Signing Commodity Hedging Arrangements not to include any limitations on the Company or its Subsidiaries to incur indebtedness or grant Liens on its assets.

(c) Except for actions required under the terms of this Agreement, neither party hereto shall intentionally take or permit any of its Affiliates to take any action that is reasonably likely to prevent or delay in any material respect the consummation of the Merger.

(d) Nothing contained in this Agreement is intended to give Parent, directly or indirectly, the right to control or direct the Company's or its Subsidiaries' operations prior to the Effective Time, and nothing contained in this Agreement is intended to give the Company, directly or indirectly, the right to control or direct Parent's or its Subsidiaries' operations. Prior to the Effective Time, each of Parent and the Company shall exercise, consistent with the terms and conditions of this Agreement, complete control and supervision over its and its Subsidiaries' respective operations.

(e) The Company covenants and agrees that it will use its reasonable best efforts to enter into the commercial transactions referenced in Section 6.1(e) of the Company Disclosure Letter on the terms and conditions described therein.

6.2 Acquisition Proposals.

(a) During the period beginning on the date of this Agreement and continuing until 12:01 a.m. (EST) on April 16, 2007 (the "No-Shop Period Start Date"), the Company and its Subsidiaries and their respective directors, officers, employees, investment bankers, attorneys, accountants and other advisors or representatives (collectively, "Representatives"), shall have the right to: (i) initiate, solicit and encourage Acquisition Proposals, including by way of providing access to non-public information to any Person pursuant to an Acceptable Confidentiality Agreement, provided that the Company shall promptly make available to Parent and Merger Sub any material non-public information concerning the Company or its Subsidiaries that is provided to any Person given such access which was not previously made available to Parent or Merger Sub; and (ii) enter into and maintain or continue discussions or negotiations with respect to Acquisition Proposals or otherwise cooperate with or assist or participate in, or facilitate any such inquiries, proposals, discussions or negotiations.

(b) Except as expressly permitted by this Section 6.2 and except as may relate to any Person, group of related Persons or group that includes any Person (so long as such Person and the other members of such group, if any, who were members of such group immediately prior to the No-Shop Period Start Date constitute at least 50% of the equity financing of such group at all times following the No-Shop Period Start Date and prior to the termination of this Agreement) or group of related Persons from whom the Company has received, after the date hereof and prior to the No-Shop Period Start Date, a written Acquisition Proposal that the board of directors of the Company or any committee thereof determines in good faith is bona fide and could reasonably be expected to result in a Superior Proposal (any such Person or group of related Persons, an "Excluded Party", provided that any Excluded Party shall cease to be an Excluded Party for all purposes under this Agreement at such time as the Acquisition Proposal (as such Acquisition Proposal may be revised during the course of ongoing negotiations, in which event it may temporarily cease to be a Superior Proposal or an Acquisition Proposal that could reasonably be expected to result in a Superior Proposal, so long as such negotiations are ongoing and it subsequently constitutes a Superior Proposal or could reasonably be expected to result in a Superior Proposal) made by such Person fails to constitute either a Superior Proposal or an Acquisition Proposal that could reasonably be expected to result in a Superior Proposal), the Company and its Subsidiaries and their respective officers and directors shall, and the Company shall use its reasonable best efforts to instruct and cause its and its Subsidiaries' other Representatives to, (i) on the No-Shop Period Start Date, immediately cease any discussions or negotiations with any Persons that may be ongoing with respect to an Acquisition Proposal; and (ii) from the No-Shop Period Start Date until the Effective Time or if earlier, the termination of this Agreement in accordance with Article VIII, not (A) initiate, solicit or knowingly encourage any inquiries or the making of any proposal or offer that constitutes, or may reasonably be expected to lead to, an Acquisition Proposal, (B) engage in, continue or otherwise participate in any discussions or negotiations regarding, or provide any non-public information or data to any Person relating to, any Acquisition Proposal, or (C) otherwise knowingly facilitate any effort or attempt by any Person to make an Acquisition Proposal. No later than the first business day following the No-Shop Period Start Date, the Company shall notify Parent in writing of the number of Excluded Parties, and promptly following the No-Shop Period Start Date shall identify in writing to Parent any Excluded Parties who are reasonably expected to make an Acquisition Proposal after the No-Shop Period Start Date.

(c) Notwithstanding anything to the contrary contained in Section 6.2(b) but subject to the last sentence of this paragraph, at any time following the No-Shop Period Start Date and prior to the time, but not after, the Requisite Company Vote is obtained, the Company may (A) provide information in response to a request therefor by a Person who has made an unsolicited bona fide written Acquisition Proposal after the date of this Agreement if the Company receives from the Person so requesting such information an executed Acceptable Confidentiality Agreement, provided that the Company shall promptly make available to Parent and Merger Sub any material non-public information concerning the Company or its Subsidiaries that is provided to any Person making such Acquisition Proposal that is given such access and that was not previously made available to Parent, Merger Sub or their Representatives; (B) engage or participate in any discussions or negotiations with any Person who has made such an unsolicited bona fide written Acquisition Proposal; or (C) after having complied with Section 6.2(e), adopt, approve or recommend or propose to adopt, approve or recommend (publicly or otherwise) such an Acquisition Proposal, if and only to the extent that, (x) prior to taking any action described in clause (A), (B) or (C) above, the board of directors of the Company determines in good faith after consultation with outside legal counsel that failure to take such action could be inconsistent with the directors' fiduciary duties under applicable Law, and (y) in each such case referred to in clause (A) or (B) above, the board of directors of the Company has determined in good faith based on the information then available and after consultation with its financial advisor that such Acquisition Proposal either constitutes a Superior Proposal or could reasonably be expected to result in a Superior Proposal; and (z) in the case referred to in clause (C) above, the board of directors of the Company determines in good faith (after consultation with its financial advisor and outside legal counsel) that such Acquisition Proposal is a Superior Proposal. Notwithstanding the foregoing, the parties agree that, notwithstanding the commencement of the No-Shop Period Start Date, the Company may continue to engage in the activities described in Section 6.2(a) with respect to any Excluded Parties, including with respect to any amended proposal submitted by such Excluded Parties following the No-Shop Period Start Date, and the restrictions in this Section 6.2(c) shall not apply with respect thereto, provided that to the extent applicable to an Excluded Party, the provisions of Section 6.2(e) shall apply.

(d) For purposes of this Agreement:

"Acceptable Confidentiality Agreement" means a confidentiality agreement that contains provisions that are no less favorable in the aggregate to the Company than those contained in the Confidentiality Agreement (it being understood that such confidentiality agreement need not prohibit the making or amendment of an Acquisition Proposal or the disclosure of such Acquisition Proposal, provided that such confidentiality agreement shall not prohibit compliance with the last two sentences of Section 6.2(e).

"Acquisition Proposal" means any inquiry, proposal or offer with respect to (i) a merger, joint venture, partnership, consolidation, dissolution, liquidation, tender offer, recapitalization, reorganization, share exchange, business combination or similar transaction or (ii) any other direct or indirect acquisition, in each case, under clauses (i) and (ii), involving 15% or more of the total voting power of any class of equity securities of the Company, or 15% or more of the consolidated total revenues or consolidated total assets (including equity securities of its Subsidiaries) of the Company, in each case other than the transactions contemplated by this

Agreement, provided that an "Acquisition Proposal" shall not include a recapitalization of the Company or its Subsidiaries or a split-off or spin-off of one or more of the business units or Subsidiaries of the Company that is not a component of and a material condition to a third party Acquisition Proposal in which the consideration to holders of equity securities of the Company that is not funded by borrowings of the Company or its Subsidiaries is predominantly funded from such third party.

"Superior Proposal" means a bona fide Acquisition Proposal involving (A) assets that generate more than 50% of the consolidated total revenues, or (B) assets that constitute more than 50% of the consolidated total assets of the Company and its Subsidiaries or (C) more than 50% of the total voting power of the equity securities of the Company that the board of directors of the Company has determined in its good faith judgment, would, if consummated, result in a transaction more favorable to the Company's shareholders from a financial point of view than the transaction contemplated by this Agreement (x) after taking into account the likelihood and timing of consummation (as compared to the transactions contemplated hereby) and (y) after taking into account all material legal, financial (including the financing terms of any such proposal), regulatory or other aspects of such proposal.

"Excluded Party Superior Proposal" means any Superior Proposal made by any Excluded Party on or prior to the No-Shop Period Start Date and any subsequent Superior Proposal made prior to the tenth business day following the No-Shop Period Start Date by such Excluded Party.

(e) Except as set forth in Section 6.2(e) or Section 6.2(f), the board of directors of the Company shall not:

(i) withhold, withdraw, qualify or modify (or publicly propose or resolve to withhold, withdraw, qualify or modify (except, in each case, in connection with taking any actions required by clauses (A) and (B) of this Section 6.2(e) or the proviso set forth in Section 8.3(a)), in a manner adverse to Parent, the Company Recommendation with respect to the Merger or adopt, approve or recommend or propose to adopt, approve or recommend (publicly or otherwise) an Acquisition Proposal (except, in the case only of any proposal to do so, in connection with taking any actions required by clauses (A) and (B) of this Section 6.2(e) or the proviso in Section 8.3(a)); or

(ii) except as expressly permitted by Section 8.3(a), cause or permit the Company to enter into any acquisition agreement, merger agreement or similar definitive agreement (other than a confidentiality agreement referred to in Section 6.2(a) or Section 6.2(c)) (an "Alternative Acquisition Agreement") relating to any Acquisition Proposal.

Notwithstanding anything to the contrary set forth in this Agreement, prior to the time, but not after, the Requisite Company Vote is obtained, the board of directors of the Company may withhold, withdraw, qualify or modify the Company Recommendation in response to a material change in circumstances or approve, recommend or otherwise declare advisable any Superior Proposal made after the date hereof, if the Board of Directors of the Company determines in good faith, after consultation with outside counsel, that failure to do so

could be inconsistent with its fiduciary obligations under applicable Law (any of the foregoing, a "Change of Recommendation"), provided that in the case of any Change in Recommendation that is not the result of an Excluded Party Superior Proposal:

(A) the Company shall have provided prior written notice to Parent and Merger Sub, at least five calendar days in advance (the "Notice Period"), of its intention to effect a Change of Recommendation which notice shall specify the basis for such Change of Recommendation including, if in connection with a Superior Proposal, the identity of the party making the Superior Proposal and the material terms thereof; and

(B) prior to effecting such Change of Recommendation, the Company shall, and shall cause its financial and legal advisors to, during the Notice Period, negotiate with Parent and Merger Sub in good faith (to the extent Parent and Merger Sub desire to negotiate) to make such adjustments in the terms and conditions of this Agreement as would permit the Company not to effect a Change of Recommendation.

In the event of any material revisions to the Superior Proposal that is not an Excluded Party Superior Proposal, the Company shall be required to deliver a new written notice to Parent and Merger Sub and to comply with the requirements of this Section 6.2(e) with respect to such new written notice, except that the Notice Period shall be reduced to three calendar days. None of the board of directors of the Company, any committee thereof or the Company itself, shall enter into any binding agreement with any Person to limit or not to give prior notice to Parent and Merger Sub of its intention to effect a Change of Recommendation or to terminate this Agreement in light of a Superior Proposal, other than contemporaneously with the entering into of any Alternative Acquisition Agreement or the termination of this Agreement, in each case in compliance with Section 8.3(a).

(f) Nothing contained in this Section 6.2 shall be deemed to prohibit the Company or the board of directors of the Company from (i) complying with its disclosure obligations under U.S. federal or state Law with regard to an Acquisition Proposal, including taking and disclosing to its shareholders a position contemplated by Rule 14d-9 or Rule 14e-2(a) under the Exchange Act (or any similar communication to stockholders), provided that any such disclosure (other than a "stop, look and listen" communication or similar communication of the type contemplated by Rule 14d-9(f) under the Exchange Act) shall be deemed to be a Change of Recommendation unless the board of directors of the Company expressly publicly reaffirms at least two business days prior to the Shareholders Meeting its recommendation in favor of the approval of this Agreement, or (ii) making any "stop-look-and-listen" communication or similar communication of the type contemplated by Rule 14d-9(f) under the Exchange Act.

(g) From and after the No-Shop Period Start Date, the Company agrees that it will promptly (and, in any event, within 48 hours) notify Parent if any proposals or offers with respect to an Acquisition Proposal are received by, any non-public information is requested from, or any discussions or negotiations are sought to be initiated or continued with, it or any of its Representatives indicating, in connection with such notice, the identity of the Person or group of Persons making such offer or proposal, the material terms and conditions of any proposals or

offers (including, if applicable, copies of any written requests, proposals or offers, including proposed agreements) and thereafter shall keep Parent reasonably informed, on a prompt basis, of the status and terms of any such proposals or offers (including any amendments thereto) and the status of any such discussions or negotiations, including any change in the Company's intentions as previously notified.

6.3 Proxy Statement.

(a) The Company shall prepare promptly following the date hereof and file with the SEC as promptly as practicable (and in any event use reasonable best efforts to file within 20 business days after the date of this Agreement), a proxy statement in preliminary form relating to the Shareholders Meeting (such proxy statement, including any amendment or supplement thereto, the "Proxy Statement"). The Company agrees, as to itself and its Subsidiaries, that, at the date of mailing to shareholders of the Company and at the time of the Shareholders Meeting, (i) the Proxy Statement will comply in all material respects with the applicable provisions of the Exchange Act and the rules and regulations thereunder and (ii) none of the information supplied by it or any of its Subsidiaries for inclusion or incorporation by reference in the Proxy Statement will contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of the circumstances under which they were made, not misleading.

(b) The Company shall promptly notify Parent of the receipt of all comments of the SEC with respect to the Proxy Statement and of any request by the SEC for any amendment or supplement thereto or for additional information and shall promptly provide to Parent copies of all correspondence between the Company and/or any of its Representatives and the SEC with respect to the Proxy Statement. The Company and Parent shall each use its reasonable best efforts to promptly provide responses to the SEC with respect to all comments received on the Proxy Statement by the SEC and the Company shall cause the definitive Proxy Statement to be mailed promptly after the date the SEC staff advises that it has no further comments thereon or that the Company may commence mailing the Proxy Statement, provided that the Company shall not be required to mail the Proxy Statement prior to the No-Shop Period Start Date. To the extent required by applicable Laws, the Company shall, as promptly as reasonably practicable prepare, file and distribute to the shareholders of the Company any supplement or amendment to the Proxy Statement if any event shall occur which requires such action at any time prior to the Company Shareholders Meeting.

6.4 Shareholders Meeting. The Company shall, in accordance with applicable Law and its certificate of formation and bylaws, call, give notice of and convene a meeting of holders of Shares (the "Shareholders Meeting") and take all other reasonable action necessary to convene the Shareholder Meeting as promptly as practicable after the date of mailing of the Proxy Statement to consider and vote upon the approval of this Agreement. Notwithstanding anything contained in this Agreement to the contrary, the Company shall not be required to hold the Shareholders Meeting at any time at which the Company reasonably believes holding the Shareholders Meeting could result in a violation of applicable Law. Subject to Section 6.2, the board of directors of the Company shall recommend such approval (and shall include such recommendation in the Proxy Statement) and, unless there has been a Change of Recommendation, the Company shall take all reasonable lawful action to solicit such approval of

this Agreement, provided that the foregoing shall not limit the Company's obligations set forth in Section 6.3 of this Agreement. Subject to the second sentence of Section 6.4, notwithstanding anything to the contrary contained in this Agreement, the obligation of the Company to call, give notice of, convene and hold the Shareholders Meeting shall not be limited or otherwise affected by a Change of Recommendation unless this Agreement is terminated pursuant to Section 8.3(a).

6.5 Filings; Other Actions; Notification.

(a) Cooperation. (i) Subject to the terms and conditions set forth in this Agreement, the Company and Parent shall cooperate with each other and use (and shall cause their respective Subsidiaries to use) their respective reasonable best efforts to take or cause to be taken all actions, and do or cause to be done all things, reasonably necessary, proper or advisable on its part under this Agreement and applicable Laws to consummate and make effective the Merger and the other transactions contemplated by this Agreement as soon as practicable, including preparing and filing as promptly as practicable all documentation to effect all necessary notices, reports and other filings and to obtain as promptly as practicable all consents, registrations, approvals, permits and authorizations necessary or advisable to be obtained from any third party and/or any Governmental Entity in connection with the execution, delivery and performance of this Agreement and the consummation of the Merger or any of the other transactions contemplated by this Agreement. The Company and Parent will each request early termination of the waiting period with respect to the Merger under the HSR Act. The Company and Parent shall use their respective commercially reasonable efforts to file with the FERC an application for the FERC Approval within 20 business days after the date hereof.

(ii) The Company and Parent have cooperated in formulating the strategy and business plan set forth in Section 6.5 of the Company Disclosure Letter, which is consistent with Parent's business plans. The Company shall cooperate with Parent in communicating such strategy and business plan to, and pursuing such strategy and business plan with, the appropriate Governmental Entities. Subject to the terms and conditions of this Agreement, Parent shall be free to give notices to, make filings with, seek consents, waiver or approvals from or otherwise appear formally or informally before such Governmental Entities in support of the matters contemplated by the strategy and business plan, and, subject to the terms and conditions of this Agreement, the Company shall provide support in connection therewith, including, to the extent requested by Parent, by making such filings, seeking such consents, waivers or approvals or otherwise appearing formally (including by providing testimony) or informally before such Governmental Entities in support of the agreed strategy and business plan. Parent agrees that it will consult with and consider in good faith the views of the Company with regard to any proposed modifications to the agreed strategy and business plan. Parent shall be free to modify the agreed strategy and business plan, but except as otherwise expressly set forth in the Business Plan or for modifications agreed by the Company, in connection therewith, the Company and its Subsidiaries shall not be required to take or agree to take any action with respect to their respective businesses or operations unless the effectiveness of such agreement or action is conditioned upon Closing. Whether or not the Company agrees with any modified strategy of Parent, the Company shall take no action or make any statement intended or reasonably expected to frustrate, interfere with or delay any modification of the strategy and business plan the effectiveness of which is

conditioned on the Closing, provided that nothing herein shall limit the ability of the Company or any of its representatives to respond truthfully to inquiries from any Governmental Entity. The Company shall not be required to endorse as the Company's own strategy or take actions to support, or in support of, any modification of the strategy and business plan that the Company determines in good faith would not be in the best interests of the Company to support if the Merger were not to be completed, provided that in any event the Company agrees, subject to the proviso in the immediately preceding sentence, (x) to make such filings and seek such consents, waivers or approvals as are requested by Parent or are requested or required by any Governmental Entity and (y) to appear formally (including by providing testimony) or informally before such Governmental Entity if requested by Parent or required by such Governmental Entity, in each case in connection with and to facilitate modifications to the strategy and business plan. Subject to applicable Laws relating to the exchange of information, Parent and the Company shall use their respective reasonable best efforts to provide the other a reasonable opportunity to review in advance and, to the extent practicable, each will consult with the other on and consider in good faith the views of the other in connection with, all of the information relating to Parent or the Company, as the case may be, and any of their respective Subsidiaries, that appears in any filing made with, or written materials submitted to, or oral presentations made to, any third party and/or any Governmental Entity in connection with the Merger and the other transactions contemplated by this Agreement (including the Proxy Statement). In exercising the foregoing rights, each of the Company and Parent shall act reasonably and as promptly as practicable. The parties agree that to the extent practicable, neither shall hold any meetings or substantive telephonic communications with the PUCT or any Governmental Entity whose approval is required in connection with the Merger without giving the other party or its representatives a reasonable opportunity to participate, and in any event the parties shall keep each other reasonably apprised of all substantive communications with Governmental Entities regarding the Merger and the strategy and business plan.

(iii) In connection with any notices, reports and other filings and all consents, registrations, approvals, permits and authorizations sought to be obtained from any third party and/or any Governmental Entity in connection with the execution, delivery and performance of this Agreement and the consummation of the Merger or in connection with any investigation, hearing, inquiry or other proceeding of any nature brought by any Governmental Entity with respect to or relating to this Agreement or the Merger, in no event shall the Company or any of its Subsidiaries consent to any action by any Governmental Entity or enter into or offer to enter into any material commitment, agreement or undertaking with any Governmental Entity or incur any material liability or obligation to any Governmental Entity with respect to the Company or any of its Subsidiaries without the prior written consent of Parent, such consent not to be unreasonably withheld or delayed so long as such action is consistent with the strategy and business plan, including as modified by Parent. In the event that the Company and Parent agree upon the use of common counsel or consultants, they shall share equally the fees and expenses of such counsel and consultants. Notwithstanding anything in this Article VI to the contrary, actions taken by either party consistent with the Business Plan shall not be deemed to breach any provisions of this Agreement.

(b) Information. Subject to applicable Laws, the Company and Parent each shall, upon request by the other, furnish the other with all information concerning itself, its Subsidiaries, directors, officers and shareholders and such other matters as may be reasonably necessary or advisable in connection with the Proxy Statement or any other statement, filing, notice or application made by or on behalf of Parent, the Company or any of their respective Subsidiaries to any third party and/or any Governmental Entity in connection with the Merger and the transactions contemplated by this Agreement.

(c) Status. Subject to applicable Laws and the instructions of any Governmental Entity, the Company and Parent each shall keep the other reasonably apprised of the status of matters relating to completion of the transactions contemplated hereby, including promptly furnishing the other with copies of notices or other communications received by Parent or the Company, as the case may be, or any of its Subsidiaries, from any third party and/or any Governmental Entity with respect to the Merger and the other transactions contemplated by this Agreement. Neither the Company nor Parent shall permit any of its officers or any other Representatives to participate in any meeting with any Governmental Entity in respect of any filings with, investigation or other inquiry by such Governmental Entity with respect to the Merger and the other transactions contemplated by this Agreement unless it consults with the other party in advance and, to the extent permitted by such Governmental Entity, gives the other party (either directly or through one of its Representatives) the opportunity to attend and participate therein.

(d) Regulatory Matters. Subject to the terms and conditions set forth in this Agreement, without limiting the generality of the other undertakings pursuant to this Section 6.5, each of the Company (in the case of Subsections 6.5(d)(i) and (iii) set forth below) and Parent (in all cases set forth below) agree to take or cause to be taken the following actions:

(i) the prompt provision to each and every federal, state, local or foreign court or Governmental Entity (including FERC) with jurisdiction over any Company Approvals or Parent Approvals of non-privileged information and documents reasonably requested by any such Governmental Entity or that are necessary, proper or advisable to permit consummation of the transactions contemplated by this Agreement;

(ii) with respect to the FERC Approval, the expiration or earlier termination of the waiting period applicable to the consummation of the Merger under the HSR Act, and any other approval or consent of a Governmental Entity arising due to a change in Law after the date of this Agreement, the prompt use of its best efforts to obtain all such necessary approvals and avoid the entry or enactment of any permanent, preliminary or temporary injunction or other order, decree, decision, determination, judgment or Law that would restrain, prevent, enjoin, materially delay or otherwise prohibit consummation of the transactions contemplated by this Agreement, including the proffer and agreement by Parent of its willingness to sell or otherwise dispose of, or hold separate pending such disposition, and promptly to effect the sale, disposal and holding separate of, such assets, categories of assets or businesses or other segments of the Company or Parent or either's respective Subsidiaries or Affiliates (and the entry into agreements with, and submission to orders of, the relevant Governmental Entity giving effect thereto) if such action should be reasonably necessary or advisable to avoid,

prevent, eliminate or remove the actual, anticipated or threatened (x) commencement of any proceeding in any forum or (y) issuance, enactment or enforcement of any order, decree, decision, determination, judgment or Law that would delay, restrain, prevent, enjoin or otherwise prohibit consummation of the Merger by any Governmental Entity; and

(iii) best efforts to take, in the event that any permanent, preliminary or temporary injunction, decision, order, judgment, determination, decree or Law is entered, issued or enacted, or becomes reasonably foreseeable to be entered, issued or enacted, in any proceeding, review or inquiry of any kind that would make consummation of the Merger in accordance with the terms of this Agreement unlawful or that would restrain, prevent, enjoin, materially delay or otherwise prohibit consummation of the Merger or the other transactions contemplated by this Agreement, any and all steps (including the appeal thereof, the posting of a bond or the taking of the steps contemplated by clause (ii) of this Section 6.5(d)) necessary to resist, vacate, modify, reverse, suspend, prevent, eliminate, avoid, remove or comply with such actual, anticipated or threatened injunction, decision, order, judgment, determination, decree or enactment so as to permit such consummation on a schedule as close as possible to that contemplated by this Agreement;

provided that nothing in Section 6.5(a) or this Section 6.5(d) shall obligate Parent to proffer, agree or commit to (A) modify Parent's and its Subsidiaries' (including the Company and its Subsidiaries) anticipated capital structure (including levels of indebtedness) as set forth in the Financing Commitments in effect on the date hereof (or in any Financing Commitments thereafter having a capital structure reflecting at least as much equity financing as is reflected in the Financing Commitments in effect on the date hereof) in any material respect following the Closing, (B) subject to Parent's representations in Sections 5.2(g) and 5.2(h) being true and correct in all material respects, any modification in the identity of the equityholders of Parent and its Affiliates or the amounts of their equity investment as set forth in the Equity Financing Commitments on the date hereof, or (C) any Material Baseload Divestiture Requirement, except to the extent that any such divestiture or submission set forth in this clause (C) would not, individually or in the aggregate, reasonably be expected to have a Company Material Adverse Effect.

(e) NRC Approval. (i) The Company and Parent shall jointly prepare and cause TXU Generation Company LP to file as promptly following the date hereof as may be practicable (and in any event use reasonable best efforts to file within 25 business days after the date hereof) one or more applications (the "NRC Application") with the NRC for approval of the indirect transfer of the NRC license for Comanche Peak and, if and to the extent necessary, any conforming amendment of the NRC license to reflect such indirect transfer. Thereafter, the Company and Parent shall cooperate with one another to facilitate review of the NRC Application by the NRC staff, including but not limited to promptly providing the NRC staff with any and all documents or information that the NRC staff may reasonably request or require any of the parties to provide or generate.

(ii) The NRC Application shall identify TXU Generation Company LP, the Company and Parent as separate parties to the NRC Application, but the Company and Parent shall jointly direct and control the prosecution of the NRC

Application. In the event the processing of the NRC Application by the NRC becomes subject to a hearing or other extraordinary procedure by the NRC (a "Contested Proceeding"), until the earlier of the time such Contested Proceeding becomes final and nonappealable and the Effective Time, the Company, on the one hand, and Parent, on the other hand, shall separately appear therein by their own counsel, and shall continue to cooperate with each other to facilitate a favorable result.

(iii) The Company and Parent will bear their own costs of the preparation, submission and processing of the NRC Application, including any Contested Proceeding that may occur in respect thereof; provided, however, that Parent, on the one hand, and the Company, on the other hand, shall equally share the costs of all NRC staff fees payable in connection with the NRC Application and costs incurred by TXU Generation Company LP in filing and prosecuting the NRC Application. In the event that the Company and Parent agree upon the use of common counsel, they shall share equally the fees and expenses of such counsel.

(iv) Parent will conform to the restrictions on foreign ownership, control or domination contained in Sections 103d and 104d of the Atomic Energy Act, 42 U.S.C. §§ 2133(d) and 2134(d), as applicable, and the NRC's regulations in 10 C.F.R. § 50.38 and will, as promptly as practicable after the date of this Agreement, use best efforts to develop and implement in a manner satisfactory to the NRC a mitigation plan to address foreign ownership and control and any other concerns that may be raised by the NRC, including accepting any licensing conditions imposed by the NRC, provided that nothing in this Section 6.5(e)(iv) shall obligate Parent to proffer, agree or commit to (A) modify Parent's and its Subsidiaries (including the Company its Subsidiaries) anticipated capital structure (including levels of indebtedness) as set forth in the Financing Commitment in effect on the date hereof (or in any Financing Commitments thereafter having a capital structure reflecting at least as much equity financing as is reflected in the Financing Commitments in effect on the date hereof) in any material respect following the Closing; or (B) subject to Parent's representations in Sections 5.2(g) and 5.2(h) being true and correct in all material respects, any modification in the identity of the equityholders of Parent and its Affiliates or the amounts of their equity investment, in each case as set forth in the Equity Financing Commitments in effect on the date hereof.

(f) If, after the date of this Agreement, the legislature of the State of Texas passes a statute which is enacted into Law or any binding regulatory or administrative action is taken pursuant to authority granted by such new statute which, in either case, imposes a requirement that the Company or its Subsidiaries divest or submit to capacity auctions for baseload solid fuel generation capacity (a "Baseload Enactment"), then, unless within 30 days after the date either party notifies the other in writing of such Baseload Enactment (each such 30th day, a "Baseload Waiver Date"), Parent and Merger Sub notify the Company in writing either (i) that such Baseload Enactment is not, and does not impose, a Material Baseload Divestiture Requirement or (ii) that no changes or effects to the extent resulting from such Baseload Enactment shall constitute or be taken into account in determining whether there has been a Company Material Adverse Effect (each written notice referred to in clause (ii) being an "MAE Exclusion Agreement"), the Company shall have the right for 15 days after the Baseload Waiver Date to terminate this Agreement pursuant to Section 8.3(d). Each party agrees to notify

the other promptly upon determining in good faith that a Baseload Enactment has been enacted or taken.

6.6 Access and Reports. Subject to applicable Law, upon reasonable notice, the Company shall (and shall cause its Subsidiaries to) afford Parent's officers and other Representatives and, subject to the prior written approval of the Company (such approval not to be unreasonably withheld, delayed or conditioned), potential financing sources (that are not in competition in any material respect with the Company or its Subsidiaries, other than activities relating to financial transactions, including commodity hedging and trading activities), reasonable access, during normal business hours throughout the period from the date hereof and through the Effective Time, to its employees, properties, books, contracts and records and, during such period, the Company shall (and shall cause its Subsidiaries to) furnish promptly to Parent all information concerning its business, properties, facilities, operations and personnel as may reasonably be requested, provided that no investigation pursuant to this Section 6.6 shall affect or be deemed to modify any representation or warranty made by the Company herein, and provided, further, that the foregoing shall not require the Company (i) to permit any inspection, or to disclose any information, that in the reasonable judgment of the Company would result in the disclosure of any trade secrets of third parties or violate any of its obligations with respect to confidentiality if the Company shall have used reasonable best efforts to furnish such information in a manner that does not result in any such disclosure, including obtaining the consent of such third party to such inspection or disclosure or (ii) to disclose any privileged information of the Company or any of its Subsidiaries if the Company shall have used commercially reasonable efforts to furnish such information in a manner that does not result in the loss of such privilege. All requests for information made pursuant to this Section 6.6 shall be directed to the executive officer or other Person designated by the Company. All such information shall be governed by the terms of the Confidentiality Agreement. Subject in all respects to the terms of this Section 6.6, promptly after receipt thereof, the Company shall deliver to Parent copies of any written reports to the Company's risk management forum, pursuant to the Company's existing risk management policies, in connection with any breaches of, or exceptions from, the Company's existing risk management policies, provided that to the extent that such exceptions include information related to commodity hedging and trading transactions or to counterparties covered by confidentiality provisions, the Company shall provide a modified form of such exception report excluding such information.

6.7 Stock Exchange De-listing. Prior to the Closing Date, the Company shall cooperate with Parent and use reasonable best efforts to take, or cause to be taken, all actions, and do or cause to be done all things, reasonably necessary, proper or advisable on its part under applicable Laws and rules and policies of the NYSE and the Chicago Stock Exchange to cause the delisting by the Surviving Corporation of the Shares from the NYSE and the Chicago Stock Exchange and the deregistration of the Shares under the Exchange Act as promptly as practicable after the Effective Time.

6.8 Publicity. The initial press release regarding the Merger shall be a joint press release and thereafter the Company and Parent each shall consult with each other prior to issuing any press releases or otherwise making public announcements with respect to the Merger and the other transactions contemplated by this Agreement and prior to making any filings with any third party and/or any Governmental Entity (including any national securities exchange or

interdealer quotation service) with respect thereto, except as may be required by Law or by obligations pursuant to any listing agreement with or rules of any national securities exchange or interdealer quotation service or by the request of any Government Entity.

6.9 Employee Benefits.

(a) Parent agrees that the employees of the Company and its Subsidiaries will continue to be provided (i) during the period commencing at the Effective Time and ending on December 31, 2008 with (A) base salary and bonus opportunities (including annual and quarterly bonus opportunities and long-term incentive opportunities) which are no less favorable in the aggregate than the base salary and bonus opportunities (but excluding equity or equity-based compensation) provided by the Company and its Subsidiaries immediately prior to the Effective Time, and (B) pension and welfare benefits and perquisites that are no less favorable in the aggregate than those provided by the Company and its Subsidiaries immediately prior to the Effective Time, and (ii) during the period commencing at the Effective Time and ending 24 months thereafter, with severance benefits that are no less than those provided by the Company and its Subsidiaries immediately prior to the Effective Time. Notwithstanding the foregoing, nothing contained herein shall obligate Parent, the Surviving Corporation or any of their Affiliates to retain the employment of any particular employee.

(b) Parent will cause any employee benefit plans which the employees of the Company and its Subsidiaries are entitled to participate in to take into account for purposes of eligibility, vesting and benefit accrual thereunder, service prior to the Effective Time by employees of the Company and its Subsidiaries as if such service were with Parent, to the same extent such service was credited under a comparable plan of the Company (except to the extent it would result in (1) a duplication of benefits or (2) benefit accruals under any defined benefit pension plan (other than utilizing such years of service in order to satisfy any requirements for future benefit accrual only under any defined benefit pension plan)), and, with respect to welfare benefit plans of Parent in which employees of the Company are eligible to participate, Parent agrees to waive any preexisting conditions (to the extent waived under welfare benefit plans of the Company), waiting periods and actively at work requirements under such plans.

(c) Parent shall, and shall cause the Surviving Corporation to, honor, fulfill and discharge its obligations to current and former employees under the Company Benefit Plans, provided that this shall not prevent the amendment or termination of any such plans in accordance with their terms and the Surviving Corporation shall have any rights privileges or powers under the Company Benefit Plan which were previously held by the Company. Prior to the Effective Time, the Company shall have the right to amend the TXU Thrift Plan to change the method of allocation of shares (or the proceeds from shares after payment of any applicable loan) held under the "suspense account" provided for in Section 6.5 thereof. Prior to the Effective Time, the Company shall have the right to create an irrevocable rabbi trust to hold the cash amount payable under Section 4.3(c) and the Company may fully fund such trust immediately prior to the Effective Time.

(d) Parent hereby acknowledges that a "change in control" or "change of control" within the meaning of each Benefit Plan listed in Section 5.1(h)(v) of the Company Disclosure Letter will occur upon the Effective Time.

(e) The provisions of this Section 6.9 are solely for the benefit of the parties to this Agreement, and no employee or former employee or any other individual associated therewith shall be regarded for any purpose as a third party beneficiary of this Agreement, and nothing herein shall be construed as an amendment to any Benefit Plan for any purpose.

6.10 Expenses. The Surviving Corporation shall pay all charges and expenses, including those of the Paying Agent, in connection with the transactions contemplated in Article IV. Except as otherwise provided in Section 8.5, whether or not the Merger is consummated, all costs and expenses incurred in connection with this Agreement and the Merger and the other transactions contemplated by this Agreement shall be paid by the party incurring such expense.

6.11 Indemnification; Directors' and Officers' Insurance.

(a) From and after the Effective Time, the Surviving Corporation agrees that it will indemnify and hold harmless, to the fullest extent permitted under applicable Law (and the Surviving Corporation shall also advance expenses as incurred to the fullest extent permitted under applicable Law, provided that the Person to whom expenses are advanced provides an undertaking to repay such advances if it is ultimately determined that such Person is not entitled to indemnification), each present and former director and officer of the Company and its Subsidiaries (collectively, the "Indemnified Parties") against any costs or expenses (including reasonable attorneys' fees), judgments, fines, losses, claims, damages or liabilities (collectively, "Costs") incurred in connection with any claim, action, suit, proceeding or investigation, whether civil, criminal, administrative or investigative, arising out of or related to such Indemnified Parties' service as a director or officer of the Company or its Subsidiaries or services performed by such persons at the request of the Company or its Subsidiaries at or prior to the Effective Time, whether asserted or claimed prior to, at or after the Effective Time, including the transactions contemplated by this Agreement.

(b) Prior to the Effective Time, the Company shall and, if the Company is unable to, Parent shall cause the Surviving Corporation as of the Effective Time, to obtain and fully pay the premium for the extension of (i) the directors' and officers' liability coverage of the Company's existing directors' and officers' insurance policies, and (ii) the Company's existing fiduciary liability insurance policies, in each case for a claims reporting or discovery period of at least six years from and after the Effective Time with respect to any claim related to any period or time at or prior to the Effective Time from an insurance carrier with the same or better credit rating as the Company's current insurance carrier with respect to directors' and officers' liability insurance and fiduciary liability insurance (collectively, "D&O Insurance") with terms, conditions, retentions and limits of liability that are no less advantageous than the coverage provided under the Company's existing policies with respect to any actual or alleged error, misstatement, misleading statement, act, omission, neglect, breach of duty or any matter claimed against a director or officer of the Company or any of its Subsidiaries by reason of him or her serving in such capacity that existed or occurred at or prior to the Effective Time (including in connection with this Agreement or the transactions or actions contemplated hereby). If the Company and the Surviving Corporation for any reason fail to obtain such "tail" insurance policies as of the Effective Time, the Surviving Corporation shall, and Parent shall cause the Surviving Corporation to, continue to maintain in effect for a period of at least six years from

and after the Effective Time the D&O Insurance in place as of the date hereof with terms, conditions, retentions and limits of liability that are no less advantageous than the coverage provided under the Company's existing policies as of the date hereof, or the Surviving Corporation shall, and Parent shall cause the Surviving Corporation to, use reasonable best efforts to purchase comparable D&O Insurance for such six-year period with terms, conditions, retentions and limits of liability that are at least as favorable as provided in the Company's existing policies as of the date hereof; provided, however, that in no event shall Parent or the Surviving Corporation be required to expend for such policies pursuant to this sentence an annual premium amount in excess of 300% of the annual premiums currently paid by the Company for such insurance; and provided, further, that if the annual premiums of such insurance coverage exceed such amount, the Surviving Corporation shall obtain a policy with the greatest coverage available for a cost not exceeding such amount.

(c) If the Surviving Corporation or any of its successors or assigns shall (i) consolidate with or merge into any other corporation or entity and shall not be the continuing or surviving corporation or entity of such consolidation or merger or (ii) transfer all or substantially all of its properties and assets to any individual, corporation or other entity, then, and in each such case, proper provisions shall be made so that the successors and assigns of the Surviving Corporation shall assume all of the obligations set forth in this Section 6.11.

(d) The provisions of this Section 6.11 are intended to be for the benefit of, and shall be enforceable by, each of the Indemnified Parties.

(e) The rights of the Indemnified Parties under this Section 6.11 shall be in addition to any rights such Indemnified Parties may have under the certificate of formation or bylaws of the Company or any of its Subsidiaries, or under any applicable Contracts or Laws. All rights to indemnification and exculpation from liabilities for acts or omissions occurring at or prior to the Effective Time and rights to advancement of expenses relating thereto now existing in favor of any Indemnified Party as provided in the certificate of formation or bylaws of the Company or of any Subsidiary of the Company or any indemnification agreement between such Indemnified Party and the Company or any of its Subsidiaries shall survive the Merger and shall not be amended, repealed or otherwise modified in any manner that would adversely affect any right thereunder of any such Indemnified Party.

6.12 Convertible Senior Notes. The Company shall take all necessary action to enter into a supplemental indenture prior to the Effective Time with The Bank of New York, as Trustee under the Indenture for Unsecured Debt Securities Series N, dated as of July 1, 2003, under which the Convertible Senior Notes were issued (the "Indenture") pursuant to the Indenture and the Officer's Certificate, dated July 15, 2003, establishing the Convertible Senior Notes, to provide, among other things, that on and after the Effective Time the Convertible Senior Notes will be convertible only into cash in an amount equal to the amount that the holders of Convertible Senior Notes would be entitled to receive in the Merger if they had validly converted their Convertible Senior Notes into Shares immediately prior to the Effective Time.

6.13 Takeover Statutes. The Company shall use its reasonable best efforts to take all action necessary so that no Takeover Statute is or becomes applicable to the Merger or any of the other transactions contemplated by this Agreement. If any Takeover Statute is or may

become applicable to the Merger or the other transactions contemplated by this Agreement, the Company and its board of directors shall promptly grant such approvals and take such actions as are necessary so that such transactions may be consummated as promptly as practicable on the terms contemplated by this Agreement and otherwise promptly act to eliminate or minimize the effects of such statute or regulation on such transactions.

6.14 Parent Vote. Parent shall vote (or consent with respect to) or cause to be voted (or a consent to be given with respect to) any Shares and any shares of common stock of Merger Sub beneficially owned by it or any of its Subsidiaries or with respect to which it or any of its Subsidiaries has the power (by agreement, proxy or otherwise) to cause to be voted (or to provide a consent), in favor of the approval of this Agreement at any meeting of shareholders of the Company or Merger Sub, respectively, at which this Agreement shall be submitted for approval and at all adjournments or postponements thereof (or, if applicable, by any action of shareholders of either the Company or Merger Sub by consent in lieu of a meeting).

6.15 Financing. (a) Parent shall use its reasonable best efforts to take, or cause to be taken, all actions and to do, or cause to be done, all things necessary, proper or advisable to arrange the Debt Financing on the terms and conditions described in the Debt Financing Commitment (provided that Parent and Merger Sub may replace or amend the Debt Financing Commitment to add lenders, lead arrangers, bookrunners, syndication agents or similar entities which had not executed the Debt Financing Commitment as of the date hereof, or otherwise so long as the terms would not adversely impact the ability of Parent or Merger Sub to timely consummate the transactions contemplated hereby or the likelihood of consummation of the transactions contemplated hereby), including using reasonable best efforts to (i) maintain in effect the Debt Financing Commitment, (ii) negotiate definitive agreements with respect thereto on the terms and conditions contemplated by the Financing Commitments or, to the extent the financing contemplated by the Financing Commitments is not available to Parent, on other terms no less favorable to Parent and Merger Sub and (iii) satisfy on a timely basis all conditions in such Debt Financing Commitment applicable to Parent and Merger Sub that are within their control. In the event that all conditions to the Financing Commitments (other than in connection with the Debt Financing, the availability or funding of any of the Equity Financing) have been satisfied in Parent's good faith judgment, and subject in the case of bridge financing to the sixth sentence of this Section 6.15(a), Parent shall use its reasonable best efforts to cause the lenders and the other Persons providing such Financing to fund on the Closing Date the Financing required to consummate the Merger (including by taking enforcement action to cause such lenders and the other Persons providing such Financing to fund such Financing). If any portion of the Debt Financing becomes unavailable on the terms and conditions contemplated in the Debt Financing Commitment, Parent shall use its reasonable best efforts to arrange to obtain alternative financing from alternative sources on terms no less favorable to Parent (as determined in the reasonable judgment of Parent) as promptly as practicable following the occurrence of such event but no later than the final day of the Marketing Period or, if earlier, the business day immediately prior to the Termination Date. Parent shall give the Company prompt notice of any material breach by any party to the Financing Commitments, of which Parent or Merger Sub becomes aware, or any termination of the Financing Commitments. Parent shall keep the Company informed on a reasonably current basis of the status of its efforts to arrange the Debt Financing. For the avoidance of doubt, in the event that (x) all or any portion of the Debt Financing structured as high yield financing has not been consummated, (y) all closing

conditions contained in Article VII (other than the delivery of the officers' certificates contemplated in Sections 7.2(a), 7.2(b), 7.3(a) and 7.3(b)) shall have been satisfied or waived and (z) the bridge facilities contemplated by the Debt Financing Commitment (or alternative bridge financing obtained in accordance with this Agreement) are available on the terms and conditions described in the Debt Financing Commitment (or replacements thereof on terms and conditions no less favorable to Parent and Merger Sub), then Parent shall cause the proceeds of such bridge financing to be used to replace such high yield financing no later than the final day of the Marketing Period or, if earlier, the business day immediately prior to the Termination Date. For purposes of this Agreement, "Marketing Period" shall mean the first period of 20 consecutive days after the date hereof throughout which (A) Parent shall have the Required Financial Information that the Company is required to provide to Parent pursuant to Section 6.15(b) and (B) the conditions set forth in Section 7.1 shall be satisfied and nothing has occurred and no condition exists that would cause any of the conditions set forth in Sections 7.2(a) or 7.2(b) to fail to be satisfied assuming the Closing were to be scheduled for any time during such 20 day period, provided that if the Marketing Period has not ended (i) on or prior to August 16, 2007, the Marketing Period shall commence no earlier than September 3, 2007 or (ii) on or prior to December 20, 2007, the Marketing Period shall commence no earlier than January 2, 2008; and provided, further, that the "Marketing Period" shall not be deemed to have commenced if, prior to the completion of the Marketing Period, Deloitte & Touche LLP shall have withdrawn its audit opinion with respect to any financial statements contained in the Company Reports.

(b) Prior to the Closing, the Company shall provide to Parent and Merger Sub, and shall cause its Subsidiaries to, and shall use its reasonable best efforts to cause the respective officers, employees and advisors, including legal and accounting, of the Company and its Subsidiaries to, provide to Parent and Merger Sub cooperation reasonably requested by Parent in connection with the arrangement of the Financing, including (i) participating in meetings, presentations, road shows, due diligence sessions, drafting sessions and sessions with rating agencies, (ii) assisting with the preparation of materials for rating agency presentations, offering documents, private placement memoranda, bank information memoranda, prospectuses and similar documents required in connection with the Financing, provided that any private placement memoranda or prospectuses in relation to high yield debt securities need not be issued by the Company or its Subsidiaries; provided, further, that any private placement memoranda or prospectuses shall contain disclosure and financial statements reflecting the Surviving Corporation and/or its Subsidiaries as the obligor, (iii) executing and delivering any pledge and security documents, currency or interest hedging arrangements, other definitive financing documents, or other certificates, legal opinions or documents as may be reasonably requested by Parent (including a certificate of the chief financial officer of the Company or any borrowing Subsidiary with respect to solvency matters and consents of accountants for use of their reports in any materials relating to the Debt Financing) or otherwise reasonably facilitating the pledging of collateral, provided that such documents will not take effect until the Effective Time, (iv) furnishing Parent and its Financing sources as promptly as practicable (and in any event no later than 30 days prior to the Termination Date) with financial and other pertinent information regarding the Company and its Subsidiaries as may be reasonably requested by Parent, including all financial statements and financial data of the type required by Regulation S-X and Regulation S-K under the Securities Act and of the type and form customarily included in private placements under Rule 144A of the Securities Act to consummate the offerings of debt securities contemplated by the Debt Financing Commitment at the time during the Company's fiscal year

such offerings will be made (the information required to be delivered pursuant to this clause (iv) being referred to as "Required Financial Information"), provided that Parent will provide the Company with a list of the form and types of financial and other information it will request pursuant to this clause (iv) by no later than April 2, 2007 (subject to any type or form of information subsequently identified by Parent that was previously omitted in good faith or that has become customary, the failure of which to include in the offering materials would cause such offering materials to contain an untrue statement of a material fact or omit to state a material fact necessary to be stated in such offering material in order to make the statements in such offering memorandum, in the light of the circumstances under which they were made, not misleading), (v) using reasonable best efforts to obtain accountants' comfort letters, consents, legal opinions, surveys and title insurance as reasonably requested by Parent, (vi) providing monthly financial statements (excluding footnotes) to the extent, the Company customarily prepares such financial statements within the time from such statements are prepared, (vii) taking all actions reasonably necessary to (A) permit the prospective lenders involved in the Financing to evaluate the Company's and its Subsidiaries current assets, cash management and accounting systems, policies and procedures relating thereto for the purpose of establishing collateral arrangements and (B) establish bank and other accounts and blocked account agreements and lock box arrangements in connection with the foregoing, provided that such accounts, agreements and arrangements should not become active or take effect until the Effective Time, (viii) entering into one or more credit or other agreements on terms satisfactory to Parent in connection with the Debt Financing immediately prior to the Effective Time to the extent direct borrowings or debt incurrences by the Company or its Subsidiaries are contemplated by the Debt Financing Commitment, and (ix) at the Company's option taking or appointing a representative of Parent to take all corporate actions, subject to the occurrence of the Closing, reasonably requested by Parent to permit the consummation of the Debt Financing and the direct borrowing or incurrence of all of the proceeds of the Debt Financing, including any high yield debt financing, by the Surviving Corporation immediately following the Effective Time; provided, however, that nothing herein shall require such cooperation to the extent it would unreasonably interfere with the business or operations of the Company or its Subsidiaries or require the Company to agree to pay any fees, reimburse any expenses or give any indemnities prior to the Effective Time for which it is not reimbursed or indemnified under this Agreement. Parent shall, promptly upon request by the Company, reimburse the Company for all reasonable and documented out-of-pocket costs incurred by the Company or its Subsidiaries in connection with such cooperation at the request of Parent and indemnify the Company for any loss incurred by the Company or any of its Subsidiaries arising therefrom (other than arising from information provided by the Company or its Subsidiaries). The Company hereby consents to the use of its and its Subsidiaries' logos in connection with the Debt Financing, provided that such logos are used solely in a manner that is not intended to or reasonably likely to harm or disparage the Company or any of its Subsidiaries or the reputation or goodwill of the Company or any of its Subsidiaries.

(c) Parent acknowledges and agrees that the consummation of the transactions contemplated by this Agreement is not conditional upon the receipt by Parent of the proceeds of the Financing Commitments and that any failure by Parent to consummate the Merger on the Closing Date, provided that at such time the conditions to Closing set forth in Sections 7.1, 7.2(a) and 7.2(b) are satisfied, shall constitute a breach by Parent of this Agreement.

6.16 Treatment of Certain Notes.

(a) The Company shall, and shall cause its Subsidiaries to, use their respective commercially reasonable efforts to commence, promptly after the receipt of a written request from Parent to do so and the receipt of the Offer Documents from Parent, offers to purchase, and related consent solicitations with respect to, all of the outstanding aggregate principal amount of the notes identified on Section 6.16(a) of the Parent Disclosure Letter (collectively, the "Notes") on the terms and conditions specified by Parent (collectively, the "Debt Offers"), and Parent shall assist the Company in connection therewith. Notwithstanding the foregoing, the closing of the Debt Offers shall be conditioned on the completion of the Merger and otherwise in compliance with applicable Laws and SEC rules and regulations and the Company shall not be required to commence any Debt Offer until the No-Shop Period Start Date. The Company shall provide, and shall cause its Subsidiaries to, and shall use its reasonable best efforts to cause their respective Representatives to, provide cooperation reasonably requested by Parent in connection with the Debt Offers. With respect to any series of Notes, if requested by Parent in writing, in lieu of commencing a Debt Offer for such series (or in addition thereto), the Company shall, to the extent permitted by the indenture and officers' certificates or supplemental indenture governing such series of Notes (i) issue a notice of optional redemption for all of the outstanding principal amount of Notes of such series pursuant to the requisite provisions of the indenture and officer's certificate governing such series of Notes or (ii) take actions reasonably requested by Parent that are reasonably necessary for the satisfaction and/or discharge and/or defeasance of such series pursuant to the applicable provisions of the indenture and officer's certificate or supplemental indenture governing such series of Notes, and shall redeem or satisfy and/or discharge and/or defeasance, as applicable, such series in accordance with the terms of the indenture and officer's certificate or supplemental indenture governing such series of Notes at the Effective Time, provided that to the extent that any action described in clause (i) or (ii) can be conditioned on the occurrence of the Effective Time, it will be so conditioned, and provided, further, that prior to the Company being required to take any of the actions described in clause (i) or (ii) above that cannot be conditioned on the occurrence of the Effective Time, prior to the Closing, Parent shall irrevocably deposit, or shall cause to be irrevocably deposited with the trustee under the relevant indenture governing such series of Notes sufficient funds to effect such redemption or satisfaction or discharge. The Company shall, and shall cause its Subsidiaries to, waive any of the conditions to the Debt Offers (other than that the Merger shall have been consummated and that there shall be no Law prohibiting consummation of the Debt Offers) as may be reasonably requested by Parent and shall not, without the written consent of Parent, waive any condition to the Debt Offers or make any changes to the Debt Offers other than as agreed between Parent and the Company. Notwithstanding the immediately preceding sentence, neither the Company nor any of the Company's Subsidiaries need make any change to the terms and conditions of the Debt Offers requested by Parent that decreases the price per Note payable in the Debt Offers or related consent solicitation as set forth in Section 6.16(a) of the Parent Disclosure Letter or imposes conditions to the Debt Offers or related consent solicitation in addition to those set forth in Section 6.16(a) of the Parent Disclosure Letter that are adverse to the holders of the Notes, unless such change is previously approved by the Company in writing.

(b) The Company covenants and agrees that, promptly following the consent solicitation expiration date, assuming the requisite consents are received, each of the Company and its applicable Subsidiaries as is necessary shall (and shall use their commercially reasonable

efforts to cause the applicable trustee to) execute supplemental indentures to the indentures governing each series of Notes for which the requisite consent has been received, which supplemental indentures shall implement the amendments described in the offer to purchase, related letter of transmittal, and other related documents (collectively, the "Offer Documents") and shall become operative only concurrently with the Effective Time, subject to the terms and conditions of this Agreement (including the conditions to the Debt Offers). Concurrent with the Effective Time, Parent shall cause the Surviving Corporation to accept for payment and thereafter promptly pay for the Notes that have been properly tendered and not properly withdrawn pursuant to the Debt Offers and in accordance with the Debt Offers using funds provided by or at the direction of Parent.

(c) Parent shall prepare all necessary and appropriate documentation in connection with the Debt Offers, including the Offer Documents. Parent and the Company shall, and shall cause their respective Subsidiaries to, reasonably cooperate with each other in the preparation of the Offer Documents (provided that the Company's and its Subsidiaries' cooperation shall be limited to matters that Parent cannot accomplish without additional cost or delay without the assistance of the Company or its Subsidiaries). The Offer Documents (including all amendments or supplements) and all mailings to the holders of the Notes in connection with the Debt Offers shall be subject to the prior review of, and comment by, the Company and Parent and shall be reasonably acceptable to each of them. If at any time prior to the completion of the Debt Offers any information in the Offer Documents should be discovered by the Company and its Subsidiaries, on the one hand, or Parent, on the other, which should be set forth in an amendment or supplement to the Offer Documents, so that the Offer Documents shall not contain any untrue statement of a material fact or omit to state any material fact required to be stated therein or necessary in order to make the statements therein, in light of circumstances under which they are made, not misleading, the party that discovers such information shall use commercially reasonable efforts to promptly notify the other party, and an appropriate amendment or supplement prepared by Parent describing such information shall be disseminated by or on behalf of the Company or its Subsidiaries to the holders of the applicable Notes (which supplement or amendment and dissemination may, at the reasonable direction of Parent, take the form of a filing of a Current Report on Form 8-K). Notwithstanding anything to the contrary in this Section 6.16(c), the Company shall and shall cause its Subsidiaries to comply with the requirements of Rule 14e-1 under the Exchange Act and any other applicable Law to the extent such laws are applicable in connection with the Debt Offers and such compliance will not be deemed a breach hereof.

(d) In connection with the Debt Offers, Parent may select one or more dealer managers, information agents, depositaries and other agents, in each case as shall be reasonably acceptable to the Company, to provide assistance in connection therewith and the Company shall, and shall cause its Subsidiaries to, enter into customary agreements (including indemnities) with such parties so selected. Parent shall pay the fees and out-of pocket expenses of any dealer manager, information agent, depositary or other agent retained in connection with the Debt Offers upon the incurrence of such fees and out-of-pocket expenses, and Parent further agrees to reimburse the Company and their Subsidiaries for all of their reasonable and documented out-of-pocket costs incurred in connection with the Debt Offers promptly following the incurrence thereof. Parent shall indemnify and hold harmless the Company and its Subsidiaries, for and against any loss or incurred by them in connection with the Debt Offers (other than arising from

information provided by the Company and its Subsidiaries that was materially incomplete or inaccurate).

6.17 Termination of Certain Other Indebtedness.

(a) The Company shall use commercially reasonable efforts to deliver to Parent at least two business days prior to the Closing Date payoff letters from third-party lenders, trustees, or equity issuer (in connection with a lease transaction), as applicable, in form and substance reasonably satisfactory to Parent, with respect to the indebtedness or rental obligations of the Company and its Subsidiaries identified on Section 6.17(a) of the Parent Disclosure Letter and any other indebtedness specified by Parent to the Company no later than 20 days prior to the Closing or entered into after the date hereof.

(b) On the Closing Date, subject to Parent making available necessary funds to do so, the Company shall and shall cause its Subsidiaries to permanently (i) terminate the credit facilities requested by Parent to be so terminated, if and to the extent such facilities are either identified on Section 6.17(a) of the Parent Disclosure Letter or specified by Parent to the Company no later than ten business days prior to Closing, and all related agreements, to which the Company and its Subsidiaries is a party and (ii) to the extent the related facility or lease is terminated pursuant to this Section 6.17(b), release any liens on its assets relating to those facilities or the lease transaction identified on Section 6.17(a) of the Parent Disclosure Letter.

6.18 Existing Hedging Arrangements. Except to the extent that disclosure of a counterparty would violate any Existing Commodity Hedging Arrangements, the Company shall, and shall cause its Subsidiaries to, cooperate with Parent and use commercially reasonable efforts to obtain the consent from each counterparty who is a party to any commodity hedging and trading arrangements with the Company or any of its Subsidiaries in effect on the date of this Agreement (the "Existing Commodity Hedging Arrangements") to amend, change, novate or otherwise modify the collateral delivery requirements, liens and security interests granted or given to such counterparties in connection with such Existing Commodity Hedging Arrangements (including all liens granted on the Big Brown facilities) so that any such existing security interests, liens and other collateral delivery requirements are terminated, amended and/or otherwise released and replaced with liens on the Collateral (as defined in Exhibit B to the Debt Financing Commitment) that would be *pari passu* with the liens granted to secure the Borrower Obligations, the Guarantees and other Hedging Arrangements as described and as defined in Exhibit B to the Debt Financing Commitment no later than the Effective Time ("Hedging Arrangement Modifications"). With respect to those Existing Commodity Hedging Arrangements that would be violated by the disclosure of the counterparty, the Company shall, and cause its applicable Subsidiary to, use commercially reasonable efforts to obtain the consent of the applicable counterparties to make the Hedging Arrangement Modifications to such exiting Commodity Hedging Arrangements. Parent shall provide all cooperation necessary in connection with the foregoing.

6.19 Section 16(b). The Company shall take all steps reasonably necessary to cause the transactions contemplated by this Agreement and any other dispositions of equity securities of the Company (including derivative securities) in connection with the transactions

contemplated by this Agreement by each individual who is a director or executive officer of the Company to be exempt under Rule 16b-3 promulgated under the Exchange Act.

6.20 Resignation of Directors. The Company shall deliver to Parent at the Closing, except as otherwise may be agreed by Parent, the resignation of all directors of the Company, effective at the Effective Time, or, with respect to Subsidiaries of the Company, immediately prior to the Effective Time to the extent necessary to effect any corporate action required by clause (ix) of Section 6.15(b). Upon the written request of Parent, as specified by Parent reasonably in advance of the Closing, the Company will seek to obtain the resignation of any or all directors of Subsidiaries of the Company, in each case, effective at the Effective Time.

6.21 Notice of Current Events. From and after the date of this Agreement until the Effective Time, the Company and Parent shall promptly notify each other orally and in writing of (i) the occurrence, or non-occurrence, of any event that, individually or in the aggregate, would reasonably be expected to cause any condition to the obligations of any party to effect the Merger and the other transactions contemplated by this Agreement not to be satisfied or (ii) the failure of such party to comply with or satisfy any covenant, condition or agreement to be complied with or satisfied by it pursuant to this Agreement which, individually or in the aggregate, would reasonably be expected to result in any condition to the obligations of any party to effect the Merger not to be satisfied; provided, however, that the delivery of any notice pursuant to this Section 6.21 shall not cure any breach of any representation or warranty requiring disclosure of such matter prior to the date of this Agreement or otherwise limit or affect the remedies available hereunder to either party, the failure to deliver any such notice shall not affect any of the conditions set forth in Article VII.

ARTICLE VII

Conditions

7.1 Conditions to Each Party's Obligation to Effect the Merger. The respective obligation of each party to effect the Merger is subject to the satisfaction or waiver at or prior to the Effective Time of each of the following conditions:

(a) Shareholder Approval. This Agreement shall have been duly approved by holders of Shares constituting the Requisite Company Vote in accordance with applicable Law and the certificate of formation and bylaws of the Company.

(b) Regulatory Consents. The waiting period applicable to the consummation of the Merger under the HSR Act shall have expired or been earlier terminated; each of the NRC Approval and the FERC Approval shall have been obtained and be in effect.

(c) Orders. No court or other Governmental Entity of competent jurisdiction shall have enacted, issued, promulgated, enforced or entered any Law (whether temporary, preliminary or permanent) that is in effect and restrains, enjoins, renders illegal or otherwise prohibits consummation of the Merger (collectively, an "Order").

7.2 Conditions to Obligations of Parent and Merger Sub. The obligations of Parent and Merger Sub to effect the Merger are also subject to the satisfaction or waiver by Parent at or prior to the Effective Time of the following conditions:

(a) Representations and Warranties. (i) The representations and warranties of the Company set forth in this Agreement (without giving effect to any materiality or Company Material Adverse Effect qualifications set forth therein) shall be true and correct as of the Closing Date as though made on and as of such date and time (except to the extent that any such representation and warranty expressly speaks as of an earlier date, in which case such representation and warranty shall, subject to the qualifications below, be true and correct as of such earlier date) except where any failures of any such representations and warranties to be so true and correct, individually or in the aggregate would not reasonably be expected to have a Company Material Adverse Effect; (ii) the representations and warranties set forth in (x) Sections 5.1(b)(i) and 5.1(c)(i) shall be true and correct in all material respects and (y) Section 5.1(f)(i) shall be true and correct without disregarding the Company Material Adverse Effect qualification contained therein; and (iii) Parent shall have received at the Closing a certificate signed on behalf of the Company by a senior executive officer of the Company to the effect that such officer has read this Section 7.2(a) and the conditions set forth in this Section 7.2(a) have been satisfied.

(b) Performance of Obligations of the Company. The Company shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing Date, and Parent shall have received a certificate signed on behalf of the Company by a senior executive officer of the Company to such effect.

7.3 Conditions to Obligation of the Company. The obligation of the Company to effect the Merger is also subject to the satisfaction or waiver by the Company at or prior to the Effective Time of the following conditions:

(a) Representations and Warranties. (i) The representations and warranties of Parent set forth in this Agreement shall be true and correct in all material respects as of the Closing Date as though made on and as of such date and time (except to the extent that any such representation and warranty expressly speaks as of an earlier date, in which case such representation and warranty shall be true and correct in all material respects as of such earlier date) except (other than with respect to Section 5.2(j)) where any failures to be so true and correct would not prevent consummation of the Merger, and (ii) the Company shall have received at the Closing a certificate signed on behalf of Parent by a senior executive officer of Parent to the effect that such officer has read this Section 7.3(a) and the conditions set forth in this Section 7.3(a) have been satisfied.

(b) Performance of Obligations of Parent and Merger Sub. Each of Parent and Merger Sub shall have performed in all material respects all obligations required to be performed by it under this Agreement at or prior to the Closing Date, and the Company shall have received a certificate signed on behalf of Parent and Merger Sub by a senior executive officer of Parent to such effect.

(c) Solvency Certificate. Parent shall have delivered to the Company a solvency certificate substantially similar in form and substance to the solvency certificate to be delivered to the senior lenders pursuant to the Debt Financing Commitment or any agreements entered into in connection with the Debt Financing.

ARTICLE VIII

Termination

8.1 Termination by Mutual Consent. This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time, whether before or after the approval of this Agreement by the shareholders of the Company referred to in Section 7.1(a), by mutual written consent of the Company and Parent by action of their respective boards of directors.

8.2 Termination by Either Parent or the Company. This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time by action of either Parent or the board of directors of the Company if (a) the Merger shall not have been consummated by March 15, 2008, whether such date is before or after the date of approval of this Agreement by the shareholders of the Company referred to in Section 7.1(a) (the "Termination Date"), provided that, if on March 15, 2008 the conditions to Closing shall not have been fulfilled but remain capable of fulfillment then either of Parent (in the event such failure of the conditions to be satisfied relates to a change in Law after the date hereof) or the Company may, by written notice to the other, extend the termination date from March 15, 2008 to June 15, 2008 (which shall then be the "Termination Date"); provided, further, that (x) if the Marketing Period has commenced on or before any such Termination Date, but not ended on or before any such Termination Date, such Termination Date shall automatically be extended by one month and (y) the Termination Date shall not occur sooner than three business days after the final day of the Marketing Period; provided, further, that in no event shall the Termination Date be later than July 10, 2008 (which extended date (as ultimately extended in the case of more than one extension) shall then be the "Termination Date"), provided that the right to terminate this Agreement pursuant to this Section 8.2(a) shall not be available to any party whose failure to fulfill any obligation under this Agreement has been the cause of or resulted in the failure of the Merger to occur on or before the Termination Date, (b) the adoption of this Agreement by the shareholders of the Company referred to in Section 7.1(a) shall not have been obtained at the Shareholders Meeting or at any adjournment or postponement thereof or (c) any Order permanently restraining, enjoining, rendering illegal or otherwise prohibiting consummation of the Merger shall become final and non-appealable (whether before or after the approval of this Agreement by the shareholders of the Company referred to in Section 7.1(a)).

8.3 Termination by the Company. This Agreement may be terminated and the Merger may be abandoned by the Company:

(a) at any time prior to the time the Requisite Company Vote is obtained, if (i) the board of directors of the Company authorizes the Company, subject to complying with the terms of this Agreement, to enter into an Alternative Acquisition Agreement with respect to a Superior Proposal, (ii) immediately prior to or concurrently with the termination of this

Agreement, the Company enters into an Alternative Acquisition Agreement with respect to a Superior Proposal, and (iii) the Company immediately prior to or concurrently with such termination pays as directed by Parent in immediately available funds the Termination Fee; provided, however, that the Company shall not be entitled to terminate this Agreement pursuant to the foregoing clause with respect to any Superior Proposal that is not an Excluded Party Superior Proposal unless the Company shall also have complied with the proviso to the second sentence of Section 6.2(e) and third sentence of Section 6.2(e), reading for purposes of this Section 8.3(a), the proviso to the second sentence of Section 6.2(e) as if the words "effect a Change of Recommendation" were replaced with the words "terminate this Agreement pursuant to Section 8.3(a)" and as if the words "effecting such Change of Recommendation" were replaced with the words "terminating this Agreement pursuant to Section 8.3(a)";

(b) if there has been a breach in any material respect of any representation, warranty, covenant or agreement made by Parent or Merger Sub in this Agreement, or any such representation and warranty shall have become untrue after the date of this Agreement, such that Sections 7.1, 7.3(a) or 7.3(b) would not be satisfied and such breach or condition is not curable prior to the Termination Date; provided, however, that the Company is not then in material breach of this Agreement so as to cause any of the conditions set forth in Section 7.1, 7.2(a) or 7.2(b) not to be satisfied;

(c) if Parent has failed to consummate the Merger no later than two business days after the final day of the Marketing Period and all of the conditions set forth in Sections 7.1, 7.2(a) and 7.2(b) would have been satisfied if the Closing were to have occurred on such date (other than the delivery of an officer's certificate pursuant to Sections 7.2(a) and 7.2(b)); or

(d) at any time within 15 days after any Baseload Waiver Date relating to any Baseload Enactment as to which an MAE Exclusion Agreement has not been delivered in accordance with this Agreement.

8.4 Termination by Parent. This Agreement may be terminated and the Merger may be abandoned at any time prior to the Effective Time by action of Parent:

(a) if the Board of Directors of the Company (i) shall have made a Change of Recommendation, (ii) shall have approved or recommended to the stockholders of the Company an Acquisition Proposal or (iii) the Company fails to include the recommendation of the approval of this Agreement in the Proxy Statement; or

(b) if there has been a breach in any material respect of any representation, warranty, covenant or agreement made by the Company in this Agreement, or any such representation and warranty shall have become untrue after the date of this Agreement, such that Sections 7.1, 7.2(a) or 7.2(b) would not be satisfied and such breach or condition is not curable prior to the Termination Date; provided, however, that Parent is not then in material breach of this Agreement so as to cause any of the conditions set forth in Section 7.1, 7.3(a) or 7.3(b) not to be satisfied.

8.5 Effect of Termination and Abandonment.

(a) In the event of termination of this Agreement and the abandonment of the Merger pursuant to this Article VIII, this Agreement shall become void and of no effect with no liability to any Person on the part of any party hereto (or of any of its Representatives or Affiliates); provided, however, and notwithstanding anything in the foregoing to the contrary, that (i) except as otherwise provided herein and subject to this Section 8.5 or Section 9.10(a), no such termination shall relieve any party hereto of any liability or damages to the other party hereto resulting from any willful breach of this Agreement and (ii) the provisions set forth in the second sentence of Section 9.1 shall survive the termination of this Agreement.

(b) In the event that:

(i) a bona fide Acquisition Proposal shall have been made to the Company or any of its Subsidiaries or any Person shall have publicly announced or publicly made known an intention (whether or not conditional) to make an Acquisition Proposal with respect to the Company or any of its Subsidiaries (and such Acquisition Proposal or publicly announced intention shall not have been publicly withdrawn without qualification at least (A) 30 days prior to, with respect to any termination pursuant to Section 8.2(a), the date of termination (provided that at such time the Requisite Company Vote has been obtained), and (B) 10 business days prior to, with respect to termination pursuant to Section 8.2(b), the date of the Shareholders Meeting at which the vote on the Merger is held) and thereafter this Agreement is terminated by either Parent or the Company pursuant to Section 8.2(a), 8.2(b) or 8.4(b) (if in the case of a termination pursuant to Section 8.4(b), at the time of such termination there is no state of facts or circumstances (other than a state of facts or circumstances caused by a breach of the Company's representations and warranties or covenants or other agreements hereunder) that would cause the conditions set forth in Section 7.1, 7.3(a) and 7.3(b) not to be satisfied on or prior to the Termination Date);

(ii) this Agreement is terminated by Parent pursuant to Section 8.4(a); or

(iii) this Agreement is terminated by the Company pursuant to Section 8.3(a);

then the Company shall concurrently with such termination pursuant to Section 8.3(a), and otherwise promptly, but in no event later than three business days after the date of such termination, pay as directed by Parent the Termination Fee (as defined below) less the amount of any Parent Expenses previously paid to Parent (if any), by wire transfer of same day funds; provided, however, that no Termination Fee shall be payable as directed by Parent pursuant to clause (i) of this paragraph (b) unless and until within 12 months of such termination the Company or any of its Subsidiaries shall have entered into an Alternate Acquisition Agreement with respect to, or shall have consummated or shall have approved or recommended to the Company's shareholders, an Acquisition Proposal (substituting "50%" for "15%" in the definition thereof). The Company's payment pursuant to clauses (ii) or (iii) of this Section 8.5(b) shall be the sole and exclusive monetary remedy of Parent, Merger Sub and their

Affiliates for damages against the Company and any of its Subsidiaries and the Company's and its Subsidiaries' respective Representatives with respect to any breach of any covenant or agreement giving rise to or associated with such termination. "Termination Fee" shall mean an amount equal to $375 million if the Termination Fee becomes payable in connection with a transaction or Alternate Acquisition Agreement with an Excluded Party and shall mean an amount equal to $1,000,000,000 (one billion dollars) in all other circumstances.

(c) In the event of termination of this Agreement pursuant to Section 8.3(b) (if at the time of such termination there is no state of facts or circumstances (other than a state of facts or circumstances caused by a breach of Parent's or Merger Sub's representations and warranties or covenants or other agreements hereunder) that would cause the conditions set forth in Section 7.1, 7.2(a) and 7.2(b) not to be satisfied on or prior to the Termination Date) or Section 8.3(c), Parent shall pay or cause to be paid, to the Company as promptly as reasonably practicable (and, in any event, within three business days following such termination) an amount equal to $1,000,000,000 (one billion dollars) (the "Parent Fee").

(d) In the event of termination of this Agreement by either party pursuant to Section 8.2(b) (or a termination by the Company pursuant to a different section of Section 8.2 at a time when this Agreement was terminable pursuant to Section 8.2(b)), the Company shall promptly, but in no event later than three business days after being notified of such by Parent, pay Parent all of the documented out-of-pocket expenses incurred by Parent or Merger Sub in connection with this Agreement and the transactions contemplated by this Agreement (including the Financing) up to a maximum amount of $50 million (the "Parent Expenses"), by wire transfer of same day funds.

(e) The parties acknowledge that the agreements contained in this Section 8.5 are an integral part of the transactions contemplated by this Agreement, and that, without these agreements, the parties would not enter into this Agreement; accordingly, if the Company fails to promptly pay the amount due pursuant to Section 8.5(b) or 8.5(d) or Parent fails to promptly pay the amount due pursuant to Section 8.5(c), and, in order to obtain such payment, Parent or Merger Sub, on the one hand, or the Company, on the other hand, commences a suit that results in a judgment against the Company for the amount set forth in Section 8.5(b) or 8.5(d) or any portion thereof or a judgment against Parent for the amount set forth in Section 8.5(c) or any portion thereof, the Company shall pay to Parent or Merger Sub, on the one hand, or Parent shall pay to the Company, on the other hand, its costs and expenses (including attorneys' fees) in connection with such suit, together with interest on the amount of such amount or portion thereof at the prime rate of Citibank N.A. in effect on the date such payment was required to be made through the date of payment. Notwithstanding anything to the contrary in this Agreement, the Company's right to receive payment of the Parent Fee from Parent pursuant to this Section 8.5 and the reimbursement and indemnification obligations of Parent under Sections 6.15(b) and 6.16(d) hereof or the guarantee thereof pursuant to the Guarantees shall, subject to Section 9.10, be the sole and exclusive remedy of the Company and its Subsidiaries against Parent, Merger Sub, the Guarantors and any of their respective former, current, or future general or limited partners, stockholders, managers, members, directors, officers, Affiliates or agents for the loss suffered as a result of the failure of the Merger to be consummated, and upon payment of such amounts, none of Parent, Merger Sub, the Guarantors or any of their respective former, current, or future general or limited partners, stockholders, managers, members, directors, officers,

Affiliates or agents shall have any further liability or obligation relating to or arising out of this Agreement or the transactions contemplated by this Agreement (except that Parent shall also be obligated with respect to the first sentence of this Section 8.5(e) and the indemnification and reimbursement obligations of Parent contained in the penultimate sentence of Section 6.15(b) and Section 6.16(d)).

ARTICLE IX

Miscellaneous and General

9.1 Survival. This Article IX and the agreements of the Company, Parent and Merger Sub contained in Article IV and Sections 6.9 (Employee Benefits), 6.10 (Expenses) and 6.11 (Indemnification; Directors' and Officers' Insurance) shall survive the consummation of the Merger. This Article IX and the agreements of the Company, Parent and Merger Sub contained in Section 6.10 (Expenses) and Section 8.5 (Effect of Termination and Abandonment) and the indemnification expense reimbursement provisions contained in Section 6.15(b) and Section 6.16(d) and the Confidentiality Agreement shall survive the termination of this Agreement. All other representations, warranties, covenants and agreements in this Agreement shall not survive the consummation of the Merger or the termination of this Agreement.

9.2 Modification or Amendment. Subject to the provisions of the applicable Laws, at any time prior to the Effective Time, the parties hereto may modify or amend this Agreement, by written agreement executed and delivered by duly authorized officers of the respective parties.

9.3 Waiver of Conditions. The conditions to each of the parties' obligations to consummate the Merger are for the sole benefit of such party and may be waived by such party in whole or in part to the extent permitted by applicable Laws.

9.4 Counterparts. This Agreement may be executed in any number of counterparts, each such counterpart being deemed to be an original instrument, and all such counterparts shall together constitute the same agreement.

9.5 GOVERNING LAW AND VENUE; WAIVER OF JURY TRIAL.

(a) THIS AGREEMENT SHALL BE CONSTRUED, PERFORMED AND ENFORCED IN ACCORDANCE WITH THE LAWS OF THE STATE OF NEW YORK (EXCEPT TO THE EXTENT THAT MANDATORY PROVISIONS OF TEXAS LAW ARE APPLICABLE), WITHOUT GIVING EFFECT TO ITS PRINCIPLES OR RULES OF CONFLICT OF LAWS TO THE EXTENT SUCH PRINCIPLES OR RULES WOULD REQUIRE OR PERMIT THE APPLICATION OF THE LAWS OF ANOTHER JURISDICTION. The parties consent to exclusive jurisdiction in the United States District Court for the Southern District of New York (and any courts from which appeals from judgments of that court are heard) as to any dispute or claim as to which there is subject matter jurisdiction in that court and, for all other disputes or claims, the parties consent to exclusive jurisdiction in the Supreme Court of the State of New York, New York County (and any courts from which appeals from judgments of that court are heard). Each of the parties hereto agrees that a final

judgment (subject to any appeals therefrom) in any such action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by law. Each of the parties hereto hereby irrevocably and unconditionally waives, to the fullest extent it may legally and effectively do so, any objection which it may now or hereafter have to the laying of venue of any suit, action or proceeding arising out of or relating to this Agreement or the transactions contemplated hereby in any New York State or Federal court in accordance with the provisions of this Section 9.5(a). Each of the parties hereto hereby irrevocably waives, to the fullest extent permitted by law, the defense of an inconvenient forum to the maintenance of such action or proceeding in any such court. Each of the parties hereto hereby irrevocably and unconditionally consents to service of process in the manner provided for notices in Section 9.6 (Notices). Nothing in this Agreement will affect the right of any party to this Agreement to serve process in any other manner permitted by law.

(b) EACH PARTY ACKNOWLEDGES AND AGREES THAT ANY CONTROVERSY WHICH MAY ARISE UNDER THIS AGREEMENT IS LIKELY TO INVOLVE COMPLICATED AND DIFFICULT ISSUES, AND THEREFORE EACH SUCH PARTY HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES ANY RIGHT SUCH PARTY MAY HAVE TO A TRIAL BY JURY IN RESPECT OF ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF OR RELATING TO THIS AGREEMENT, OR THE TRANSACTIONS CONTEMPLATED BY THIS AGREEMENT. EACH PARTY CERTIFIES AND ACKNOWLEDGES THAT (i) NO REPRESENTATIVE, AGENT OR ATTORNEY OF ANY OTHER PARTY HAS REPRESENTED, EXPRESSLY OR OTHERWISE, THAT SUCH OTHER PARTY WOULD NOT, IN THE EVENT OF LITIGATION, SEEK TO ENFORCE THE FOREGOING WAIVER, (ii) EACH PARTY UNDERSTANDS AND HAS CONSIDERED THE IMPLICATIONS OF THIS WAIVER, (iii) EACH PARTY MAKES THIS WAIVER VOLUNTARILY, AND (iv) EACH PARTY HAS BEEN INDUCED TO ENTER INTO THIS AGREEMENT BY, AMONG OTHER THINGS, THE MUTUAL WAIVERS AND CERTIFICATIONS IN THIS SECTION 9.5(b).

9.6 Notices. Any notice, request, instruction or other document to be given hereunder by any party to the others shall be in writing and delivered personally or sent by registered or certified mail, postage prepaid, by facsimile or overnight courier:

If to Parent or Merger Sub:

KKR 2006 Fund, L.P.
9 West 57th Street, Suite 4200
New York, NY 10019
Attention: Marc Lipschultz
fax: (212) 750-0003

Texas Pacific Group
301 Commerce Street, Suite 3300
Fort Worth, TX 76102
Attention: Clive D. Bode
fax: (813) 871-4010

with a copy to:

Simpson Thacher & Bartlett LLP
425 Lexington Avenue
New York, NY 10017-3954
Attention: David J. Sorkin
Andrew W. Smith
fax: (212) 455-2502

with a copy to:

Vinson & Elkins L.L.P.
2500 First City Tower
1001 Fannin
Houston, TX 77002-6760
Attention: Bruce R. Bilger
Keith Fullenweider
fax: (713) 758-2346

If to the Company:

TXU Corp.
1601 Bryan Street
Dallas, TX 75201
Attention: David P. Poole
fax: (214) 812-4600

with a copy to:

Sullivan & Cromwell LLP
125 Broad Street
New York, NY 10004
Attention: Joseph B. Frumkin
Eric M. Krautheimer
fax: (212) 558-3588

and

Cravath, Swaine & Moore LLP
825 Eighth Avenue
New York, NY 10019
Attention: Richard Hall
James C. Woolery
fax: (212) 474-3700

or to such other persons or addresses as may be designated in writing by the party to receive such notice as provided above. Any notice, request, instruction or other document given as provided above shall be deemed given to the receiving party upon actual receipt, if delivered personally;

three business days after deposit in the mail, if sent by registered or certified mail; upon confirmation of successful transmission if sent by facsimile and received by 5:00 pm New York time, on a business day (otherwise the next business day) (provided that if given by facsimile such notice, request, instruction or other document shall be followed up within one business day by dispatch pursuant to one of the other methods described herein); or on the next business day after deposit with an overnight courier, if sent by an overnight courier.

9.7 Entire Agreement. This Agreement (including any exhibits hereto), the Company Disclosure Letter, the Parent Disclosure Letter and the Confidentiality Agreement, dated November 30, 2006, between Kohlberg Kravis Roberts & Co. L.P., Tarrant Partners, L.P., Newbridge Capital, LLC and the Company (the "Confidentiality Agreement") constitute the entire agreement, and supersede all other prior agreements, understandings, representations and warranties both written and oral, among the parties, with respect to the subject matter hereof. EACH PARTY HERETO AGREES THAT, EXCEPT FOR THE REPRESENTATIONS AND WARRANTIES CONTAINED IN THIS AGREEMENT, NEITHER PARENT AND MERGER SUB NOR THE COMPANY MAKES ANY OTHER REPRESENTATIONS OR WARRANTIES, AND EACH HEREBY DISCLAIMS ANY OTHER REPRESENTATIONS OR WARRANTIES, EXPRESS OR IMPLIED, OR AS TO THE ACCURACY OR COMPLETENESS OF ANY OTHER INFORMATION, MADE BY, OR MADE AVAILABLE BY, ITSELF OR ANY OF ITS REPRESENTATIVES, WITH RESPECT TO, OR IN CONNECTION WITH, THE NEGOTIATION, EXECUTION OR DELIVERY OF THIS AGREEMENT OR THE TRANSACTIONS CONTEMPLATED HEREBY, NOTWITHSTANDING THE DELIVERY OR DISCLOSURE TO THE OTHER OR THE OTHER'S REPRESENTATIVES OF ANY DOCUMENTATION OR OTHER INFORMATION WITH RESPECT TO ANY ONE OR MORE OF THE FOREGOING.

9.8 No Third Party Beneficiaries. Except as provided in Section 6.11 (Indemnification; Directors' and Officers' Insurance) only, Parent and the Company hereby agree that their respective representations, warranties and covenants set forth herein are solely for the benefit of the other party hereto, in accordance with and subject to the terms of this Agreement, and this Agreement is not intended to, and does not, confer upon any Person other than the parties hereto any rights or remedies hereunder, including the right to rely upon the representations and warranties set forth herein. The parties hereto further agree that the rights of third party beneficiaries under Section 6.11 shall not arise unless and until the Effective Time occurs. The representations and warranties in this Agreement are the product of negotiations among the parties hereto and are for the sole benefit of the parties hereto. Any inaccuracies in such representations and warranties are subject to waiver by the parties hereto in accordance with Section 9.3 without notice or liability to any other Person. In some instances, the representations and warranties in this Agreement may represent an allocation among the parties hereto of risks associated with particular matters regardless of the knowledge of any of the parties hereto. Consequently, Persons other than the parties hereto may not rely upon the representations and warranties in this Agreement as characterizations of actual facts or circumstances as of the date of this Agreement or as of any other date.

9.9 Obligations of Parent and of the Company. Whenever this Agreement requires a Subsidiary of Parent to take any action, such requirement shall be deemed to include an undertaking on the part of Parent to cause such Subsidiary to take such action. Whenever this

Agreement requires a Subsidiary of the Company to take any action, such requirement shall be deemed to include an undertaking on the part of the Company to cause such Subsidiary to take such action and, after the Effective Time, on the part of the Surviving Corporation to cause such Subsidiary to take such action.

9.10 Remedies.

(a) The Company agrees that to the extent it has incurred losses or damages in connection with this Agreement, (i) the maximum aggregate liability of Parent and Merger Sub for such losses or damages shall be limited to $1,000,000,000 (one billion dollars) and any amounts owed pursuant to the penultimate sentence of Section 6.15(b), Section 6.16(d) and the first sentence of Section 8.5(e), (ii) the maximum liability of each Guarantor, directly or indirectly, shall be limited to the express obligations of such Guarantor under its Guarantee, and (iii) in no event shall the Company seek to recover any money damages in excess of such amounts from Parent, Merger Sub, the Guarantors, or their respective Representatives and Affiliates in connection herewith or therewith.

(b) The parties hereto agree that irreparable damage would occur in the event that any provision of this Agreement were not performed by the Company in accordance with the terms hereof and that, prior to the termination of this Agreement pursuant to Article VIII, Parent and Merger Sub shall be entitled to specific performance of the terms hereof, in addition to any other remedy at law or equity. The parties acknowledge that the Company shall not be entitled to an injunction or injunctions to prevent breaches of this Agreement by Parent or Merger Sub or to enforce specifically the terms and provisions of this Agreement and that the Company's sole and exclusive remedy with respect to any such breach shall be the remedy set forth in Sections 8.5(c) and 9.10(a), provided that the Company shall be entitled to an injunction or injunctions to prevent breaches of this Agreement by Parent or Merger Sub that would cause irreparable harm, and to enforce specifically the terms and provisions of this Agreement solely with respect to Section 6.1(a), Section 6.5, Section 6.8, Section 6.14, and Section 6.15; provided, further, that in no event shall the Company be entitled to any injunction or specific enforcement of the terms of this Agreement requiring Parent or Merger Sub to consummate the Merger or prohibiting Parent or Merger Sub from failing to consummate the Merger.

9.11 Transfer Taxes. All transfer, documentary, sales, use, stamp, registration and other similar such Taxes and fees (including penalties and interest) incurred in connection with the Merger shall be paid by the Surviving Corporation when due.

9.12 Definitions. Each of the terms set forth in Annex A is defined in the Section of this Agreement set forth opposite such term.

9.13 Severability. The provisions of this Agreement shall be deemed severable and the invalidity or unenforceability of any provision shall not affect the validity or enforceability of the other provisions hereof. If any provision of this Agreement, or the application thereof to any Person or any circumstance, is invalid or unenforceable, (a) a suitable and equitable provision shall be substituted therefor in order to carry out, so far as may be valid and enforceable, the intent and purpose of such invalid or unenforceable provision and (b) the remainder of this Agreement and the application of such provision to other Persons or

circumstances shall not be affected by such invalidity or unenforceability, nor shall such invalidity or unenforceability affect the validity or enforceability of such provision, or the application thereof, in any other jurisdiction.

9.14 Interpretation; Construction.

(a) The table of contents and headings herein are for convenience of reference only, do not constitute part of this Agreement and shall not be deemed to limit or otherwise affect any of the provisions hereof. Where a reference in this Agreement is made to a Section or Exhibit, such reference shall be to a Section of or Exhibit to this Agreement unless otherwise indicated. Whenever the words "include," "includes" or "including" are used in this Agreement, they shall be deemed to be followed by the words "without limitation." For purposes of Section 7.1(c) of this Agreement, any federal or Texas state Law adopted after the date hereof that prohibits consummation of the Merger without obtaining any approval or consent as a condition thereto, shall be deemed to render illegal the consummation of the Merger unless such approval or consent is obtained.

(b) The parties have participated jointly in negotiating and drafting this Agreement. In the event that an ambiguity or a question of intent or interpretation arises, this Agreement shall be construed as if drafted jointly by the parties, and no presumption or burden of proof shall arise favoring or disfavoring any party by virtue of the authorship of any provision of this Agreement.

(c) Each party here has or may have set forth information in its respective Disclosure Letter in a section thereof that corresponds to the section of this Agreement to which it relates. The fact that any item of information is disclosed in a Disclosure Letter to this Agreement shall not be construed to mean that such information is required to be disclosed by this Agreement.

9.15 Assignment. This Agreement shall not be assignable by operation of law or otherwise without the written consent of the other parties hereto; provided, however, that, prior to the mailing of the Proxy Statement to the Company's shareholders, Parent may designate, by written notice to the Company, another wholly-owned direct or indirect Subsidiary to be a Constituent Corporation in lieu of Merger Sub, in which event all references herein to Merger Sub shall be deemed references to such other Subsidiary, except that all representations and warranties made herein with respect to Merger Sub as of the date of this Agreement shall be deemed representations and warranties made with respect to such other Subsidiary as of the date of such designation, provided that any such designation shall not impede or delay the consummation of the transactions contemplated by this Agreement or otherwise materially impede the rights of the shareholders of the Company under this Agreement. Any purported assignment in violation of this Agreement is void.

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officers of the parties hereto as of the date first written above.

TXU CORP.

By: _____
Name: C. John Wilder
Title: Chairman, President,
Chief Executive Officer

TEXAS ENERGY FUTURE HOLDINGS LIMITED PARTNERSHIP

By: TEXAS ENERGY FUTURE CAPITAL HOLDINGS LLC, its general partner

By: _____
Name: Marc S. Lipschultz
Title: President

TEXAS ENERGY FUTURE MERGER SUB CORP

By: _____
Name: Michael MacDougall
Title: President

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officers of the parties hereto as of the date first written above.

TXU CORP.

By: _____
Name:
Title:

TEXAS ENERGY FUTURE HOLDINGS LIMITED PARTNERSHIP

By: TEXAS ENERGY FUTURE CAPITAL HOLDINGS LLC, its general partner

By: _____
Name: Marc S. Lipschultz
Title: President

TEXAS ENERGY FUTURE MERGER SUB CORP

By: _____
Name:
Title:

IN WITNESS WHEREOF, this Agreement has been duly executed and delivered by the duly authorized officers of the parties hereto as of the date first written above.

TXU CORP.

By: _____
Name:
Title:

TEXAS ENERGY FUTURE HOLDINGS LIMITED PARTNERSHIP

By: TEXAS ENERGY FUTURE CAPITAL HOLDINGS LLC, its general partner

By: _____
Name:
Title:

TEXAS ENERGY FUTURE MERGER SUB CORP

By: M. MacDougall
Name: Michael MacDougall
Title: President

ANNEX A

DEFINED TERMS

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Exhibit A

Form of Limited Guaranty

Limited Guaranty, dated as of [ ] (this "Limited Guaranty"), by [ ] (the "Guarantor") in favor of TXU Corp., a Texas corporation (the "Company"). Reference is hereby made to the Agreement and Plan of Merger (the "Merger Agreement"), dated as of February 25, 2007, among the Company, Texas Energy Future Holdings Limited Partnership, a Delaware limited partnership ("Parent"), and Texas Energy Future Merger Sub Corp., a Texas corporation and a wholly owned subsidiary of Parent ("Merger Sub"). Capitalized terms used herein but not otherwise defined shall have the meanings ascribed to them in the Merger Agreement.

1. Limited Guaranty. The Guarantor hereby irrevocably and unconditionally guarantees to the Company, but only up to the Maximum Amount (as defined below), the due and punctual payment by Parent and Merger Sub, as and when due, of [ ] of their payment obligations under Section 6.15(b) (under the penultimate sentence thereof), Section 6.16(d), Section 8.5(c) and the first sentence of Section 8.5(e) of the Merger Agreement (in the aggregate, the "Payment Obligations", and such percentage of the Payment Obligations, the "Guaranteed Obligations"). The maximum aggregate liability of the Guarantor in respect of the Guaranteed Obligations shall not exceed [ ] (the "Maximum Amount"), and the Company hereby agrees that the Guarantor shall in no event be required to pay the Company more than the Maximum Amount in respect of the Guaranteed Obligations and that this Limited Guaranty may not be enforced without giving effect to the Maximum Amount. The Guarantor and the Company agree that any claims by the Company for breach by the Guarantor of the representations and warranties and agreements in Section 4 of this Limited Guaranty shall be subject to the Maximum Amount, and that any payments to the Company in satisfaction of any such claims shall reduce the amount of the Guaranteed Obligations. Notwithstanding anything to the contrary contained in this Limited Guaranty, the Company hereby agrees that to the extent Parent and Merger Sub are relieved of all or any portion of the Payment Obligations by the satisfaction thereof or pursuant to any agreement with the Company, the Guarantor shall be similarly relieved, to such extent only, of its obligations under this Limited Guaranty.

2. Terms of Limited Guaranty.

(a) This Limited Guaranty is one of payment, not collection, and a separate action or actions may be brought and prosecuted against the Guarantor to enforce this Limited Guaranty, irrespective of whether any action is brought against Parent or Merger Sub or any other Person or whether Parent or Merger Sub or any other Person are joined in any such action or actions.

(b) The liability of the Guarantor under this Limited Guaranty shall, to the fullest extent permitted under applicable Law, be absolute and unconditional in accordance with the terms hereof irrespective of:

(i) the value, genuineness, validity, regularity, illegality or enforceability of the Merger Agreement or any other agreement or instrument referred to herein, other than by reason of fraud by the Company;

(ii) any release or discharge of any obligation of Parent or Merger Sub contained in the Merger Agreement resulting from any change in the corporate existence, structure or ownership of Parent or Merger Sub, or any insolvency, bankruptcy, reorganization or other similar proceeding affecting Parent or Merger Sub or any of their assets;

(iii) any amendment or modification of the Merger Agreement, or change in the manner, place or terms of payment or performance, or any change or extension of the time of payment or performance of, renewal or alteration of, any Guaranteed Obligation, any escrow arrangement or other security therefor, any liability incurred directly or indirectly in respect thereof, or any amendment or waiver of or any consent to any departure from the terms of the Merger Agreement or the documents entered into in connection therewith;

(iv) the existence of any claim, set-off or other right that the Guarantor may have at any time against Parent, Merger Sub or the Company, whether in connection with any Guaranteed Obligation or otherwise; or

(v) any other act or omission that may or might in any manner or to any extent vary the risk of the Guarantor or otherwise operate as a discharge of the Guarantor as a matter of Law or equity.

(c) The Guarantor hereby waives any and all notice of the creation, renewal, extension or accrual of any of the Guaranteed Obligations and notice of or proof of reliance by the Company upon this Limited Guaranty or acceptance of this Limited Guaranty (except for notices given to Parent pursuant to Section 9.6 of the Merger Agreement). The Guaranteed Obligations, and any of them, shall conclusively be deemed to have been created, contracted or incurred in reliance upon this Limited Guaranty, and all dealings between Parent, Merger Sub or the Guarantor, on the one hand, and the Company, on the other, shall likewise be conclusively presumed to have been had or consummated in reliance upon this Limited Guaranty. When pursuing its rights and remedies hereunder against the Guarantor, subject to the following sentence, the Company shall be under no obligation to pursue such rights and remedies it may have against Parent or Merger Sub or any other Person for the Guaranteed Obligations or any right of offset with respect thereto, and any failure by the Company to pursue such other rights or remedies or to collect any payments from Parent or Merger Sub or any such other Person or to realize upon or to exercise any such right of offset, and any release by the Company of any right of offset, shall not relieve the Guarantor of any liability hereunder, and shall not impair or affect the rights and remedies, whether express, implied or available as a matter of Law, of the Company. In the event the Company commences any proceeding against, or otherwise pursues payment from, the Guarantor under this Limited Guaranty (other than pursuant to Section 4), the Company agrees to use commercially reasonable efforts to contemporaneously pursue recovery against the

other guarantors party to similar limited guaranties relating to the Merger Agreement (the "Other Guarantors") for recovery of amounts due under such other limited guaranties in respect of such claim.

(d) The Company shall not be obligated to file any claim relating to any Guaranteed Obligation in the event that Parent or Merger Sub becomes subject to a bankruptcy, reorganization or similar proceeding, and the failure of the Company to so file shall not affect the Guarantor's obligations hereunder. In the event that any payment to the Company in respect of any Guaranteed Obligation is rescinded and returned to the Guarantor or is otherwise returned to the Guarantor for any reason whatsoever, the Guarantor shall remain liable hereunder with respect to the Guaranteed Obligation as if such payment had not been made.

3. Waiver of Acceptance, Presentment; Etc. The Guarantor irrevocably waives acceptance hereof, presentment, demand, protest and any notice not provided for herein.

4. Representations; Agreement. The Guarantor represents and warrants to the Company that if Guarantor is or as of the Closing Date would reasonably be expected to be an "affiliate" (as defined in Section 11.003(2) of the Texas Utilities Code as in effect on the date hereof) of Parent, (a) none of Guarantor and its Affiliates directly or indirectly own, control or have under construction any electric generating facilities that offer electricity for sale to the ERCOT Region or that are located in, or capable of delivering electricity for sale to, the ERCOT Region and (b) [to the knowledge of Guarantor,] none of the Guarantor and its Affiliates have a present intention to acquire or construct any electric generation facilities located in, or capable of delivering electricity for sale to, the ERCOT Region, except through the Company and its Subsidiaries. The Guarantor agrees that it will not knowingly take or permit any of its Affiliates to take any action that would reasonably be expected to cause the Parent's representations in Sections 5.2(g) or 5.2(h) of the Merger Agreement to fail to be true and correct in all material respects as of the Closing Date.

5. Sole Monetary Remedy. The Company acknowledges and agrees that the sole cash asset of each of Parent and Merger Sub is cash in a de minimis amount and that no additional funds are expected to be contributed to Parent or Merger Sub unless the Closing occurs. The Company further agrees that it has no right of recovery against the Guarantor's, Parent's or Merger Sub's or any of their successors' or permitted assignees' former, current or future directors, officers, agents, Affiliates (it being understood that the Guarantor, Parent and Merger Sub shall not be deemed Affiliates for purposes of the term Guarantor/Parent Affiliates), general or limited partners, members, managers or stockholders, or any former, current or future directors, officers, agents, Affiliates, general or limited partners, members, managers or stockholders of any of the foregoing (collectively, "Guarantor/Parent Affiliates"), through Parent or Merger Sub or otherwise, whether by or through attempted piercing of the corporate veil, by or through a claim by or on behalf of Parent or Merger Sub against any Guarantor/Parent Affiliates, by the enforcement of any judgment or assessment or by any legal or equitable proceeding by virtue of any statute, regulation or other applicable

Law, or otherwise, except for its rights under this Limited Guaranty and subject to the limits contained herein; provided, however, that in the event the Guarantor (i) consolidates with or merges with any other Person and is not the continuing or surviving entity of such consolidation or merger or (ii) transfers or conveys all or a substantial portion of its properties and other assets to any Person such that the sum of the Guarantor's remaining net assets plus uncalled capital is less than the Maximum Amount, then, and in each such case, the Company may seek recourse, whether by the enforcement of any judgment or assessment or by any legal or equitable proceeding or by virtue of any statute, regulation or other applicable Law, against such continuing or surviving entity or such transferee Person (in either case, a "Successor Entity"), as the case may be, but only to the extent of the liability of the Guarantor hereunder. Recourse against the Guarantor under this Limited Guaranty shall be the sole and exclusive monetary remedy of the Company and all of its affiliates against the Guarantor and any Guarantor/Parent Affiliates in respect of any liabilities or obligations arising under, or in connection with, the Merger Agreement or the transactions contemplated thereby. The Company hereby covenants and agrees that it shall not institute, and shall cause its respective affiliates not to institute, any proceeding or bring any other claim arising under, or in connection with, the Merger Agreement or the transactions contemplated thereby, against the Guarantor or any Guarantor/Parent Affiliates except for claims against the Guarantor under this Limited Guaranty and except for claims in respect of the Confidentiality Agreement. Nothing set forth in this Limited Guaranty shall affect or be construed to affect any liability of Parent or Merger Sub to the Company or shall confer or give or shall be construed to confer or give to any Person other than the Company (including any Representative acting in a representative capacity) any rights or remedies against any Person other than the rights of the Company against the Guarantor as expressly set forth herein.

6. Subrogation. The Guarantor will not exercise any rights of subrogation or contribution (other than any rights of contribution asserted against any Other Guarantor or assignee thereof) against Parent, Merger Sub or any other Person in connection with the transactions contemplated by the Merger Agreement, whether arising by contract or operations of Law (including, without limitation, any such right arising under bankruptcy or insolvency Laws) or otherwise, by reason of any payment by it pursuant to the provisions of Section 1 hereof unless and until the Guaranteed Obligations have been paid in full.

7. Termination. This Limited Guaranty shall terminate upon the earlier to occur of (a) the Effective Time, (b) the six month anniversary of the Termination Date, unless a claim hereunder has been made prior to such date, in which case the date such claim is finally satisfied or otherwise resolved by agreement of the parties hereto or a judgment of a Governmental Entity of competent jurisdiction, and (c) termination of the Merger Agreement in accordance with its terms, when the Guarantor has satisfied in full its obligations hereunder or those obligations that may arise hereunder, if any. In the event that the Company or any of its Subsidiaries asserts in any litigation relating to this Limited Guaranty that the provisions of Section 1 hereof limiting the Guarantor's monetary liability to the Maximum Amount or that the provisions of Section 5 hereof are illegal, invalid or unenforceable in whole or in part, (i) the

obligations of the Guarantor under this Limited Guaranty shall terminate and shall thereupon be null and void and (ii) if the Guarantor has previously made any payments under this Limited Guaranty it shall be entitled to have such payments refunded by the Company to the extent such payments resulted in its liability being in excess of the Maximum Amount.

8. Continuing Guaranty. Unless terminated pursuant to the provisions of Section 7 hereof, this Limited Guaranty is a continuing one and shall remain in full force and effect until the indefeasible payment and satisfaction in full of the Guaranteed Obligations (as such obligations may be modified pursuant to the last sentence of Section 1 hereof), shall be binding upon the Guarantor, its successors and assigns, and shall inure to the benefit of, and be enforceable by, the Company and its respective successors and permitted assigns. All obligations to which this Limited Guaranty applies or may apply under the terms hereof shall be conclusively presumed to have been created in reliance hereon.

9. Entire Agreement. This Limited Guaranty constitutes the entire agreement with respect to the subject matter hereof and supersedes any and all prior discussions, negotiations, proposals, undertakings, understandings and agreements, whether written or oral, among Parent, Merger Sub and the Guarantor or any of their affiliates, on the one hand, and the Company or any of its affiliates, on the other hand, except for the Merger Agreement and the other agreements related thereto entered into on the date hereof.

10. Amendments and Waivers. No amendment or waiver of any provision of this Limited Guaranty will be valid and binding unless it is in writing and signed, in the case of an amendment, by the Guarantor and the Company, or in the case of waiver, by the party against whom the waiver is to be effective. No waiver by any party of any breach or violation of, or default under, this Limited Guaranty, whether intentional or not, will be deemed to extend to any prior or subsequent breach, violation or default hereunder or affect in any way any rights arising by virtue of any prior or subsequent such occurrence. No delay or omission on the part of any party in exercising any right, power or remedy under this Limited Guaranty will operate as a waiver thereof.

11. Counterparts. This Limited Guaranty may be executed in any number of counterparts, each of which will be deemed an original, but all of which together will constitute one and the same instrument. This Limited Guaranty will become effective when duly executed by each party hereto.

12. Notices. Any notice, request, instruction or other document to be given hereunder by any party to the others shall be in writing and delivered personally or sent by registered or certified mail, postage prepaid, by facsimile or overnight courier: