TXU CORP.
CORPORATE GOVERNANCE GUIDELINES

The following Corporate Governance Guidelines have been adopted by the Board of Directors (Board) of TXU Corp. (Company) and, together with the charters of the Board's Committees and the Articles of Incorporation and Bylaws of the Company, provide the framework for the governance of the Company. These Corporate Governance Guidelines will be reviewed at least annually by the Board and, together with the Committee charters and the Company's Code of Conduct, will be posted on the Company's website.

QUALIFICATIONS OF DIRECTORS

As part of its responsibilities as set forth in its charter, the Nominating and Governance Committee recommends to the Board nominees for election as directors of the Company. It is the policy of the Committee to consider recommendations for such nominees including those submitted by shareholders. In this regard, shareholders may recommend nominees by writing to the Nominating and Governance Committee c/o the Secretary of the Company, 1601 Bryan Street, Dallas, Texas 75201-3411. Such recommendations will be promptly provided to the Committee Chair. Recommendations to be considered at the next annual meeting must be received by the date indicated in the proxy statement. After having been nominated by the Committee, all of the directors stand for election at each annual meeting of shareholders.

In identifying and evaluating nominees, the Nominating and Governance Committee may consult with members of the Board, Company management, consultants and other individuals likely to possess an understanding of the Company's business and knowledge of suitable candidates. In making its recommendations, the Committee assesses the requisite skills and qualifications of nominees and the composition of the Board as a whole in the context of the Board's criteria and needs. The assessments will be consistent with the Board's criteria for membership as follows:

1. Not less than a majority of directors shall satisfy the New York Stock Exchange (NYSE) independence requirements;

2. All directors shall possess strong character; business acumen; high personal and professional ethics, integrity and values; practical wisdom and mature judgment; commitment to representing the long-term interests of the Company; relevant knowledge and experience; and the willingness to devote sufficient time to carrying out their duties and responsibilities effectively; and

3. Consideration will be given to the Board's desire for directors with diverse backgrounds and interests.

Directors may not serve on the boards of more than three other public companies; provided, however, that the Board may grant an exception to this policy if it finds that service on a greater number of public company boards would not impair an individual director's ability to serve effectively or otherwise present a conflict of interest, taking into account individual director status, facts and circumstances, including whether the director is employed full time. Directors are expected to advise the Chairman of the Board and the Chair of the Nominating and Governance Committee in advance of accepting a directorship of any other company so that a determination can be made as to whether or not such simultaneous service might impair the director's ability to serve effectively or otherwise present a conflict of interest. The Chief Executive of the Company may not serve on the boards of more than two other public companies; provided, however, that the Board may grant an exception to this policy if it finds that service on a greater number of public company boards would not impair the Chief Executive's ability to serve effectively or otherwise present a conflict of interest, taking into account any relevant facts and circumstances. The Chief Executive must obtain approval of the Board prior to agreeing to serve on the board of any other public company. Persons reporting directly to the Chief Executive may not serve on the board of more than one other public company. Persons reporting directly to the Chief Executive must obtain approval of the Chief Executive and the Board prior to agreeing to serve on the board of any other public company. In addition, members of the Audit Committee may not serve on the audit committees of more than two other public companies unless the Board determines that such simultaneous services does not impair the member's ability to serve effectively on the Audit Committee. Any such determinations with respect to service on more than two other audit committees will be disclosed in the Company's annual proxy statement.

Effective July 1, 2005, no director may stand for election to the Board after reaching age 72. The Board may, in appropriate circumstances, grant exceptions to this policy when doing so is determined to be in the best interests of the Company. The Nominating and Governance Committee is responsible for reviewing and recommending any proposed changes to the Board's composition, practices and processes including matters relating to tenure and retirement.

Any director who experiences a significant change (including retirement) in the principal position or responsibility they held when he or she was most recently elected to the Board are expected to provide written notice of such change to the Chairman of the Board, the Lead Director and the Chair of the Nominating and Governance Committee. The Board believes the Nominating and Governance Committee should have the opportunity to assess each situation, based on the individual circumstances, and make a recommendation to the Board. The Board would determine whether it is appropriate for the director to continue Board membership under these circumstances. If the Board determines that it is not appropriate for the director to continue Board membership, the Board would, as it determined appropriate, either (i) ask the director to resign from the Board, with any resulting vacancy to be filled as set forth in the Company's Articles of Incorporation, or (ii) not nominate such director for election at the next annual meeting of shareholders.

ELECTION OF DIRECTORS

In an uncontested election, any nominee for director who receives a greater number of votes "withheld" from his or her election than votes "for" such election (a "Majority Withheld Vote") shall promptly tender his or her resignation to the Nominating and Governance Committee following certification of the shareholder vote.

After consideration of relevant facts and circumstances, including Board composition needs and regulatory requirements, the Nominating and Governance Committee shall consider the resignation offer and recommend to the Board whether to accept it, reject it, cure the underlying cause(s) of the Majority Withheld Vote or take other action deemed appropriate by the Nominating and Governance Committee. The Board will act on the Nominating and Governance Committee's recommendation within 90 days following certification of the shareholder vote.

Thereafter, the Board will promptly disclose its decision whether to accept the director's resignation offer (and the reasons for rejecting the resignation offer or taking other action, if applicable) in a filing with the SEC.

Any director who tenders his or her resignation pursuant to this provision shall not participate in the Nominating and Governance Committee recommendation or Board action regarding whether to accept the resignation offer. If each member of the Nominating and Governance Committee received a Majority Withheld Vote at the same election, then the independent Directors who did not receive a Majority Withheld Vote shall appoint a committee amongst themselves to consider the resignation offers and recommend to the Board whether to accept them. However, if the only directors who did not receive a Majority Withheld Vote in the same election constitute three or fewer directors, all directors may participate in the action regarding whether to accept the resignation offers.

INDEPENDENCE OF DIRECTORS

The Board shall consist of a substantial majority of directors who satisfy the independence requirements of the NYSE. On an annual basis the Board will affirmatively determine whether or not a director is "independent" under such standards and such determinations will be disclosed in the Company's annual proxy statement.

In order for a director to be considered to be independent under the NYSE rules, the Board must affirmatively determine that he or she has no material relationship with the Company, either directly, or as a partner, shareholder or officer of an organization that has such a relationship. The Board has established the following standards, which reflect and give effect to the independence requirements of the NYSE, to assist it in determining the independence of its directors:

1. When assessing the materiality of a director's relationship with the Company, the Board will consider the issue not only from the standpoint of the director, but also from the standpoint of persons and organizations with whom the director has an affiliation. In each case, the Board will consider all the relevant facts and circumstances. Trivial or *de minimis* affiliations or connections to the Company generally will not cause the Board to determine that the director is not independent. For relationships that are either not covered by, or do not satisfy these standards, the determination of whether the relationship is material or not, and therefore whether the director would be independent or not, will be made by the directors satisfying the independence standards.

2. A director is not independent if the director is, or has been within the last three years, an employee, or whose immediate family member is, or has been within the last three years, an executive officer, of the Company. Employment as an interim Chairman or Chief Executive or other executive officer shall not disqualify a director from being considered independent immediately following such employment.

3. A director is not independent if the director has received, or whose immediate family member has received, during any twelve-month period within the last three years, more than $100,000 in direct compensation from the Company, other than board and committee fees and deferred compensation for prior service (provided such deferred compensation is not contingent in any way on continued service). In determining independence under this test, the Board may also consider any consulting arrangement between the Company and a director. Compensation received by a director for former service as an interim Chairman or Chief Executive or other executive officer will not be considered in determining independence under this test. Also, compensation received by an immediate family member for service as an employee of the Company (other than an executive officer) will not be considered in determining independence under this test.

4. Subject to any applicable NYSE transition period, a director is not independent if (1) the director or an immediate family member is a current partner of a firm that is the Company's internal or external auditor; (2) the director is a current employee of such a firm; (3) the director has an immediate family member who is a current employee of such a firm and who participates in the firm's audit, assurance or tax compliance (but not tax planning) practice; or (4) the director or an immediate family member was within the last three years (but is no longer) a partner or employee of such a firm and personally worked on the Company's audit within that time.

5. A director is not independent if the director or an immediate family member is, or has been within the last three years, employed as an executive officer of another company where any of the Company's present executives at the same time serves or served on that company's compensation committee.

6. A director is not independent if the director is a current employee or an immediate family member is a current executive officer, of a company that has made payments to, or received payments from, the Company for property or services in an amount which, in any of the last three fiscal years, exceeds the greater of $1million, or 2% of such other company's consolidated gross revenues. In applying this test, both the payments and consolidated gross revenues to be measured shall be those reported in the last completed fiscal year. The look-back provision for this test applies solely to the financial relationship between the Company and the director or immediate family member's current employer; former employment of the director or immediate family member will not be considered. Also, relationships involving a director's affiliation with another company that account for lesser amounts than those specified in this item 6 will not be considered to be material relationships that would impair the director's independence, provided that the related payments for goods or services

or in connection with other contractual arrangements (i) are made in the ordinary course of business and on substantially the same terms as those prevailing at the time for comparable transactions with non-affiliated parties, or (ii) involve the rendering of services as a public utility at rates or charges fixed in conformity with law or governmental authority.

7. Contributions to tax exempt organizations will not be considered "payments" for purposes of item F above, provided, however, that the Company shall disclose in its annual proxy statement any such contributions made by the Company to any tax exempt organization in which any independent director serves as an executive officer if, within the preceding three years, contributions in any single fiscal year from the Company to the organization exceeded the greater of $1 million, or 2% of such tax exempt organization's consolidated gross revenues. The Board will also consider that a director's independence may be jeopardized if the Company makes substantial contributions to tax exempt organizations with which a director is affiliated.

For purposes of these standards, an "immediate family member" includes a person's spouse, parents, children, siblings, mothers and fathers-in-law, sons and daughters-in-law, brothers and sisters-in-law, and anyone (other than domestic employees) who shares such person's home. When applying the three-year look back provisions provided for in items 2 through 6 above, the Board will not consider individuals who are no longer immediate family members as a result of legal separation or divorce, or those who have died or become incapacitated. In addition, references to the "Company" include any subsidiary of the Company.

In addition to satisfying the above independence requirements, a director who serves as a member of the Audit Committee may not (i) accept directly or indirectly any consulting, advisory or compensatory fee from the Company, or from any of its subsidiary companies, other than in that director's capacity as a member of the Board or any of the Board's committees or (ii) be an affiliated person of the Company or any of its subsidiary companies apart from the affiliation occasioned by the director's service as a member of the Board or any of the Board's committees. Compensatory fees do not include the receipt of fixed amounts of compensation under a retirement plan (including deferred compensation) for prior service with the Company provided that such compensation is not contingent in any way on continued service. A director would be deemed an affiliated person of the Company if that director directly or indirectly, through one or more intermediaries, controls, or is controlled by, or is under common control with, the Company. The beneficial ownership of 10% or less of the voting equity stock of the Company does not constitute control for this purpose.

DIRECTORS' RESPONSIBILITIES

The basic responsibility of the directors is to oversee the management of the business of the Company and to exercise their good faith business judgment to act in what they reasonably believe to be the best interests of the Company and its shareholders. In addition to its general oversight of the management of the Company, the Board or, in some cases, the appropriate committee of the Board performs a number of specific functions including:

1. selecting, evaluating and compensating the Chief Executive and overseeing executive management succession planning;

2. providing counsel and oversight on the selection, evaluation, development and compensation of senior management;

3. reviewing, approving and monitoring fundamental financial and business strategies and major corporate actions;

4. assessing major risks facing the Company and reviewing options for their mitigation; and

5. ensuring that processes are in place for maintaining the integrity of the Company including the integrity of the financial statements, compliance with law and ethics, relationships with customers and suppliers and relationships with other stakeholders.

Directors are expected to attend and participate in Board meetings and meetings of committees on which they serve, to spend the time needed and meet as frequently as necessary to discharge their responsibilities. Information that is important to the Board's understanding of the business to be conducted at a Board or committee meeting should generally be distributed in writing to the directors to afford them a reasonable amount of time to review such materials in advance of the meeting.

The policy of the Board is that directors should attend the Company's annual meeting of shareholders.

MEETINGS OF THE BOARD AND THE NON-MANAGEMENT AND INDEPENDENT DIRECTORS

Meetings of the Board are held at least quarterly, and the non-management members of the Board meet regularly in executive session as described below.

Consistent with NYSE requirements, the non-management directors (those directors who are not Company officers) will meet separately from the Board at least quarterly. The topics addressed at such meetings shall include, without limitation, (i) quality of financial reporting and disclosure practices, (ii) the integrity and performance of the Company's top executives and (iii) the relationship between the Company and its external auditors. Consistent with NYSE requirements, in the event that the non-management directors include directors who are not independent under the independence requirements of the NYSE, the independent directors will meet separately in executive session at least once a year.

The independent directors will select from among the independent members of the Board a Lead Director for such purposes as the Board may determine, including chairing executive session meetings of the non-management directors and/or independent directors. The Lead Director shall serve for a term of three years, subject to (i) extension or earlier termination of such service as the independent directors may determine, (ii) earlier termination if the Board determines that the Lead Director has ceased to be independent, and (iii) earlier termination if the Lead Director ceases to be a member of the Board for any reason. The Lead Director shall also be an ex-officio member of all standing committees of which he or she is not already a member, with the right to participate in such committee proceedings as the Lead Director deems appropriate. The Lead Director shall have the authority to retain independent outside financial, legal or other advisors. If the Lead Director is unavailable to perform his or her duties, the chair of the Nominating and Governance Committee shall perform the duties of the Lead Director.

The Chairman of the Board, with input from directors and other members of management, establishes the preliminary agendas for Board meetings which are distributed, along with related materials, in advance of the meetings. Directors are encouraged to suggest agenda items. At any Board meeting, directors are free to raise subjects, issues and questions that are not on the agenda.

The Board normally invites the Company's executive officers to attend the regular sessions of the Board. Additional Company personnel may be invited to attend as deemed appropriate.

COMMITTEES OF THE BOARD

The standing committees of the Board are the Audit Committee, the Finance and Business Development Committee, the Executive Committee, the Nominating and Governance Committee, the Nuclear Committee, and the Organization and Compensation Committee. The members of the Audit, Nominating and Governance, and Organization and Compensation Committees will satisfy the requirements for independence under applicable law and regulations of the SEC and NYSE. The Board, on recommendation of the Nominating and Governance Committee, will appoint annually the members of the committees. It is anticipated that the chair of each Committee will rotate every two years; provided, however, that nothing in these Corporate Governance Guidelines shall prohibit the Board from extending or shortening a director's service as a Committee chair, as the Board may determine appropriate.

Each committee (other than the Executive Committee) will have its own charter which will be posted on the Company's website. The responsibility of the Executive Committee is to exercise the Board's authority in the intervals between meetings of the Board. The charters will set forth the purposes and responsibilities of the committees as well as qualifications for committee membership, procedures for committee member appointment and removal, committee structure and operations and committee reporting to the Board. The charters will also provide that each committee will annually evaluate its performance. Subject to the requirements of the respective committee charters, the Chairman of the Board, with input from each committee chair and other members of management, establishes the preliminary agendas for the committee meetings which are distributed, along with related materials, in advance of the meetings. Committee members are encouraged to suggest agenda items. At any committee meeting, committee members are free to raise subjects, issues and questions that are not on the agenda.

The Board may from time to time establish or maintain additional committees as it deems necessary or appropriate.

DIRECTORS' COMPENSATION AND STOCK OWNERSHIP

The Organization and Compensation Committee (Compensation Committee) will recommend to the Board the form and amount of compensation to be provided for service on the Board and its committees. In making its recommendation, the Compensation Committee will consider the form and amount of compensation provided to persons serving on the boards of companies which are comparable to the Company. Directors who are officers or former officers of the Company do not receive any compensation for service as a director. Under the TXU Deferred Compensation Plan for Outside Directors, directors may elect to defer all or a portion of their annual board retainer into deferred common stock units. Although these units are eventually paid in cash, investments in such units create essentially the same investment stake in the performance of the Company's common stock as do actual shares of common stock.

By the later of (i) June 30, 2007 and (ii) two years following the date of a Director's joining the Board, each Director is required to hold common stock of the Company having a value of not less than $75,000.

By the later of (i) June 30, 2009 and (ii) four years following the date of a Director's joining the Board, each Director is required to hold common stock of the Company having a value of not less than $150,000.

DIRECTORS' ORIENTATION AND CONTINUING EDUCATION

The Company has an orientation process for new directors that include written materials and presentations by senior management to familiarize them with the Company's business and strategy, its significant legal, financial, accounting and risk management issues, its compliance programs, these guidelines, its code of conduct, its principal officers and its internal and independent auditors. As part of the Company's ongoing process for providing regular and event-driven information to the Board, the Board periodically receives materials and presentations from senior management regarding internal and external developments relevant to the Company's business.

CHIEF EXECUTIVE EVALUATION AND MANAGEMENT SUCCESSION

The Compensation Committee, consisting only of independent directors of the Company, will conduct an annual review of the Chief Executive's performance as set forth in its charter and will provide a report of such review to the full Board.

Periodically, the Compensation Committee will review and discuss with the Board executive management succession planning including (i) the establishment of appropriate criteria for the selection and evaluation of potential successors to the Chief Executive and other executive management of the Company and (ii) succession in the event of an emergency or retirement of the Chief Executive. The Chief Executive shall make available his or her recommendations and evaluations of potential successors, along with a review of any development plans recommended for such individuals.

The Board does not have a policy requiring the separation of the offices of the Chairman of the Board and the Chief Executive. The Board believes that this issue is part of the succession planning process and that it is in the best interests of the Company for the Board to make a determination regarding this issue when it elects a new Chief Executive and thereafter as deemed appropriate.

Annual Performance Evaluation of the Board and Its Committees

The Board and its committees will conduct annual self-evaluations, including evaluations of individual directors, to determine whether the Board and its Committees are functioning effectively. The Nominating and Governance Committee will recommend to the Board a process for the evaluation of the Board, its Committees and individual directors and will oversee such evaluations.

Code of Conduct

The Company will at all times maintain a Code of Conduct for its employees, officers and directors. Among other matters, the Code of Conduct addresses relationships with customers, affiliates, suppliers and competitors; safeguarding the Company's assets; conduct in the workplace; conflicts of interest; compliance with laws and regulations and other policies. The Code of Conduct specifies the procedures for employees to report any concerns or suspected violations of laws, regulations or the Code of Conduct and specifically provides that no retaliation will be taken against any employee for reporting such matters in good faith.

The Board expects directors, as well as the Company's officers and employees, to act ethically at all times and to adhere to the Code of Conduct. It is not expected that there would be waivers from the Code of Conduct. Any waiver applicable to an executive officer or director must be approved by the Board or the Audit Committee and promptly disclosed to shareholders.

Other Key Policies and Practices

The Company will not make any personal loans or extensions, or arrangement for the extension, of credit to or for any director or executive officer.

The Board believes that management speaks for the Company. Individual directors may, from time to time, meet or otherwise communicate with various constituencies that are involved with the Company. It is expected that directors would make such communications with the knowledge of management and, absent unusual circumstances or as contemplated by the committee charters, only at the request of management.

Directors have full access to the management of the Company and its subsidiaries. Any meetings or contacts that a director wishes to initiate may be arranged through the Chief Executive or the Secretary or directly by the director.

The Board and its committees have the authority to retain independent outside financial, legal or other advisors.

The Company has adopted a confidential voting policy. Accordingly, tabulation of proxies and votes cast at meetings of shareholders will be conducted by an independent agent and the votes of individual shareholders will be kept private and not disclosed to the Company, except in limited circumstances.

The Company shall not implement any stock option plan without the prior approval of the holders of a majority of the then-outstanding shares of the Company's common stock. Similarly, no stock option plan may be modified with or provide for reload, repricing or replacement options to reduce option exercise prices or to increase the number of shares granted without such prior shareholder approval.

The Company's Leadership Team including the Chief Executive and the Company's Senior Leadership Team are required to beneficially own and hold shares of the Company's common stock in specified amounts. An affected person has a period of five (5) calendar years to come into compliance with the guidelines set forth below, starting with the later of (i) December 16, 2004 or (ii) the date that the person is appointed to an affected position. The date of measurement is December 31st of each calendar year beginning December 31, 2009. The measurement method is to determine the number of shares of common stock of the Company that each affected person beneficially owns and multiply that number by the December 31st share price at the end of each calendar year. Compliance is determined against the following guidelines:

President and Chief Executive = 5 times annual base salary

Other Members of the Senior Leadership Team = 3 times annual base salary

Other Members of the Leadership Team = 1 times annual base salary

The Company's management shall have the authority to adopt policies and procedures for the implementation, governance and interpretation of the ownership guidelines set forth above.

Communications with Directors

Interested parties may communicate with the Lead Director, the Board or individual directors, including non-management directors in accordance with a policy adopted by the Board.

As amended 2/16/06