



TXU Energy
Comanche Peak Steam
Electric Station
P.O. Box 1002 (E01)
Glen Rose, TX 76043
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C. Lance Terry
Senior Vice President &
Principal Nuclear Officer

CPSES-200300214
Log # TXX-03019
File # 00236

January 28, 2003

U. S. Nuclear Regulatory Commission
Attention: Document Control Desk
Washington, D.C. 20555-0001

**SUBJECT: COMANCHE PEAK STEAM ELECTRIC STATION (CPSES)
DOCKET NOS. 50-445 AND 50-446
REQUEST FOR THRESHOLD DETERMINATION - 10CFR50.80**

Gentlemen:

This letter is submitted by TXU Generation Company LP ("TXU Generation"), on its own behalf as the owner and operator of Comanche Peak Steam Electric Station ("CPSES") Units 1 and 2 and on behalf of Credit Suisse First Boston Private Equity, Inc. ("CSFBI"). The purpose of this letter is to request the NRC's threshold determination that a stock transaction involving certain entities affiliated with CSFBI and TXU Generation's parent companies and the related transfer of 1% ownership interest in one of the intermediate parent companies to another indirect wholly-owned subsidiary of TXU Corp. do not require license transfer approval under 10CFR50.80. A description of the transactions and the bases for this request are provided below.

TXU Generation is an indirect wholly-owned subsidiary of TXU Energy Company LLC ("TXU Energy"), a Delaware limited liability company, which in turn is an indirect wholly-owned subsidiary of TXU Corp. TXU Corp. is a publicly-traded energy services company incorporated in Texas and the ultimate parent company of both TXU Energy and TXU Generation. TXU Energy is engaged primarily in the production of electricity, wholesale energy trading and risk management, and retail energy sales and services mainly in the U.S. and parts of Canada. TXU Generation is the subsidiary of TXU Energy that owns and operates substantially all of the company's electric generating assets.

On November 22, 2002, TXU Energy completed the issuance of \$750 million of exchangeable subordinated notes (the "Notes") due 2012 to subsidiaries of DLJ

Merchant Banking Partners III, L.P., an affiliate of CSFBI. The two entities that acquired the Notes are special purpose subsidiaries, formed for tax and other reasons, called UXT Holdings LLC and UXT Intermediary LLC (collectively referred to herein as "UXT"). A copy of TXU Corp's SEC 8-K filing, including copies of the relevant transaction documents, is enclosed.

CSFBI is the private equity financing arm of Credit Suisse First Boston Corporation ("CSFB"). CSFB was organized as a Massachusetts corporation, but effective January 17, 2003, will change its corporate form to a Delaware limited liability company and become known as Credit Suisse First Boston LLC. CSFB is a global investment banking and securities concern and is a wholly-owned subsidiary and business unit of Credit Suisse Group ("CSG"). CSG, a public corporation formed under the laws of Switzerland, is the ultimate corporate parent of all CSFBI affiliates. CSG is a publicly traded company whose securities are traded on the New York Stock Exchange.

Under the terms of the financing, UXT has the option to exchange the Notes, in whole or in part, for shares of the common stock of TXU Corp. for a certain price, subject to obtaining any necessary regulatory approvals. UXT also has the right to syndicate the Notes. On December 19, 2002, UXT sold \$250 million aggregate principal amount of the Notes to entities affiliated with Berkshire Hathaway Inc. (the "Berkshire Hathaway entities"). Berkshire Hathaway Inc. is a holding company owning subsidiaries engaged in a number of diverse business activities, including interests in the energy industry. If UXT were to exchange the remaining Notes for common stock, it would effectively acquire, after dilution, approximately 10% of the outstanding shares of TXU Corp.¹

Upon UXT's exchange of Notes for common stock of TXU Corp., the terms of the financing provide that UXT may not own directly more than 4.9% of the outstanding common stock of TXU Corp., and that any ownership by UXT of the outstanding common stock of TXU Corp. above 4.9% would be accomplished through one or more voting trusts, each of which would be established and maintained in accordance with all applicable laws and regulations and would be controlled by an independent voting trustee. The trustee would be a U.S. entity that is a well-established financial

¹ The Berkshire Hathaway entities have the right to exchange the Notes they have acquired for common stock of TXU Corp., but do not have the right to any representation on the boards of TXU Generation's parent companies. In addition, there is no agreement between the Berkshire Hathaway entities and any entities affiliated with CSFBI with respect to the voting of TXU Corp. common stock. If the Berkshire Hathaway entities were to exchange the full amount of the Notes acquired for common stock, they potentially could acquire slightly more than 5% of the outstanding shares of TXU Corp. However, due to restrictions under the Public Utility Holding Company Act of 1935 ("PUHCA"), the Berkshire Hathaway entities will not acquire 5% or more of the outstanding common stock of TXU Corp. Under these circumstances, this aspect of the transaction does not present any potential for a transfer of control under 10CFR50.80.

institution contractually and legally independent of UXT or any entity related to it, and would be free to exercise its voting rights in connection with the common stock of TXU Corp. in its sole discretion, without any control or influence by UXT or any related entity.

As part of the financing transaction, UXT has the right to nominate one member of the Board of Managers of TXU Energy and one member of the Board of Directors of TXU Corp. The Board of Managers of TXU Energy consists of a total of six members, and the Board of Directors of TXU Corp. consists of a total of ten members.

Under the NRC's regulation governing license transfers, 10CFR50.80, NRC consent is required in connection with the direct or indirect transfer of control of a license. Indirect license transfers can arise as a result of stock transactions or other changes in the ownership or control of a licensed entity. The NRC has no set threshold for determining when stock transactions would result in a transfer of control of a license and thereby trigger the need for an indirect license transfer approval. The NRC has conducted case-by-case threshold reviews to determine whether an indirect license transfer approval would be required in connection with a particular transaction.² In connection with NRC's review of the related concept of foreign ownership or control, the NRC has stated that the words "owned, controlled, or dominated" in Section 103(d) of the Atomic Energy Act of 1954, as amended, mean relationships where "the will of one party is subjugated to the will of another."³ According to the SRP, an applicant is considered to be foreign owned, controlled, or dominated whenever a foreign interest has the power, directly or indirectly, to decide matters affecting the management or operations of the applicant.⁴

The stock transaction at issue here does not involve a change in the direct ownership of CPSES or in any rights under the operating licenses for the CPSES units. UXT will acquire no right to control or direct licensed activities at CPSES. Accordingly, no direct license transfer is involved. This stock transaction also does not involve an indirect license transfer for several reasons. After the transaction, the current organizational structure of TXU Corp. and its affiliates and subsidiaries will remain essentially the same. TXU Generation will remain a wholly-owned, indirect subsidiary of TXU Corp. No changes will be made in the manner in which CPSES is operated, and control over the CPSES operating licenses will remain with TXU Generation, the current NRC licensee.

² *Final Standard Review Plan on Foreign Ownership, Control, or Domination*, 64 Fed. Reg. 52335, 52356, September 28, 1999 ("SRP").

³ *General Electric Co. and Southwest Atomic Energy Associates*, 3 AEC 99, 101 (1966).

⁴ SRP at § 3.2, 64 Fed. Reg. at 52358.

The acquisition by UXT of common stock of TXU Corp. through the exercise of its exchange rights does not create an indirect transfer of control of the CPSES licenses. TXU Corp. is a publicly traded company whose securities are traded on the New York Stock Exchange and are widely held. Because the maximum percentage of outstanding common stock of TXU Corp. that UXT will obtain is approximately 10%, there can be no majority control by UXT over TXU Corp. As a minority shareholder, UXT will be unable to impose its will on the activities of TXU Corp. Additionally, the potential 10% interest is insufficient to thwart or effectively veto any action by TXU Corp. requiring either a majority or supermajority vote of the outstanding shares of common stock of TXU Corp. under the applicable Texas laws, or TXU Corp.'s Articles of Incorporation or Bylaws. Further, as explained above, any TXU Corp. common stock owned by UXT in excess of 4.9% of the outstanding shares would be held in one or more independent voting trusts.⁵

Similarly, UXT's right to board representation does not create the potential for a transfer of control of the CPSES licenses. UXT has the right to nominate only one member out of 10 to the Board of Directors of TXU Corp. and one member out of six to the Board of Managers of TXU Energy. There are no voting agreements that could permit UXT to gain control of either Board's decisions, including those related to the management or operation of CPSES. All six current directors of TXU Energy are U.S. citizens. One director of TXU Corp. is a citizen of the United Kingdom, the other nine current directors of TXU Corp. are U.S. citizens.

⁵

To the extent UXT wishes to acquire ownership of 5% or more of the outstanding common stock of TXU Corp., authorization from the Securities and Exchange Commission ("SEC") would be required under the PUHCA. UXT plans to request concurrence from the SEC, prior to acquiring 5% or more of the outstanding common stock of TXU Corp., that the acquisition of 5% or more of the common stock of TXU Corp. will not require SEC approval under PUHCA so long as any shares in excess of 4.9% are held in one or more independent voting trusts.

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In summary, the stock transaction does not result in a transfer of control over the CPSES licenses to UXT.⁶

In the related transaction undertaken by TXU Corp. for tax reasons, TXU U.S. Holdings Company, a direct subsidiary of TXU Corp., and the intermediate parent of TXU Energy, transferred 1% of the ownership of TXU Energy to TXU Energy Holdings Company, a newly-formed Texas corporation and wholly-owned subsidiary of TXU U.S. Holdings Company. A simplified organizational diagram is attached. This *de minimis* transfer of an ownership interest in an intermediate parent company to another wholly-owned subsidiary of the same ultimate parent does not involve any direct or indirect transfer of control under 10CFR50.80.

TXU Generation requests that NRC issue a threshold determination that no approval is required under 10CFR50.80 in connection with UXT's potential acquisition of common stock of TXU Corp. as described above or in connection with the related 1% acquisition of TXU Energy by TXU U.S. Energy Holdings Company, under the facts and circumstances set forth in this letter.

TXU Generation requests that the subject threshold determination be issued by March 31, 2003.

If the NRC requires any additional information concerning this request, please contact George L. Edgar at Morgan Lewis & Bockius LLP, counsel for TXU Generation, 1111 Pennsylvania Avenue, N.W., Washington, D.C. 20004 (Tel: 202-739-5459; fax: 202-739-3001; e-mail: gedgar@morganlewis.com), and Daniel F. Stenger at Ballard Spahr Andrews & Ingersoll, LLP, counsel for CSFBI, 601 13th Street, N.W., Suite 1000 South, Washington, D.C. 20005 (Tel: 202-661-7617; fax: 202-626-9045; e-mail: stengerd@ballardspahr.com).

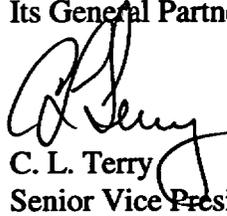
⁶ Because there is no transfer of control of the licenses for purposes of 10CFR50.80, the issue of foreign ownership, control or domination (due to the fact that the ultimate parent company of CSFBI is a Swiss banking institution) does not arise. In any event, the NRC has previously ruled that a minority shareholder interest in an NRC licensee, as would be the case here, does not create any concern with respect to foreign ownership or control. For example, in the acquisition of Three Mile Island Unit 1 by AmerGen Energy Company, LLC., an entity whose parent was 50% owned by a United Kingdom entity, NRC found no foreign ownership, control, or domination concern with appropriate control negation measures. *See Safety Evaluation by the Office of Nuclear Reactor Regulation, Transfer of Facility Operating License from General Public Utilities, Nuclear, Inc., et al. to AmerGen Energy Company LLC*, § 5.0, dated April 12, 1999. *See also Safety Evaluation by the Office of Nuclear Reactor Regulation, Proposed Merger of New England Electric System and the National Grid Group PLC, Millstone Nuclear Power Station, Unit 3*, § 1.0, dated December 10, 1999 (no consent under 10CFR50.80 required with respect to foreign utility's acquisition of control over minority shareholder interests in Yankee companies which were the NRC licensees for nuclear power plants in New England). In this case, even if negation measures were deemed necessary, the voting trust requirements for stock ownership of 5% or more provide adequate negation of control over TXU Generation.

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Page 6 of 6

Sincerely,

TXU Generation Company LP

By: TXU Generation Management Company LLC,
Its General Partner

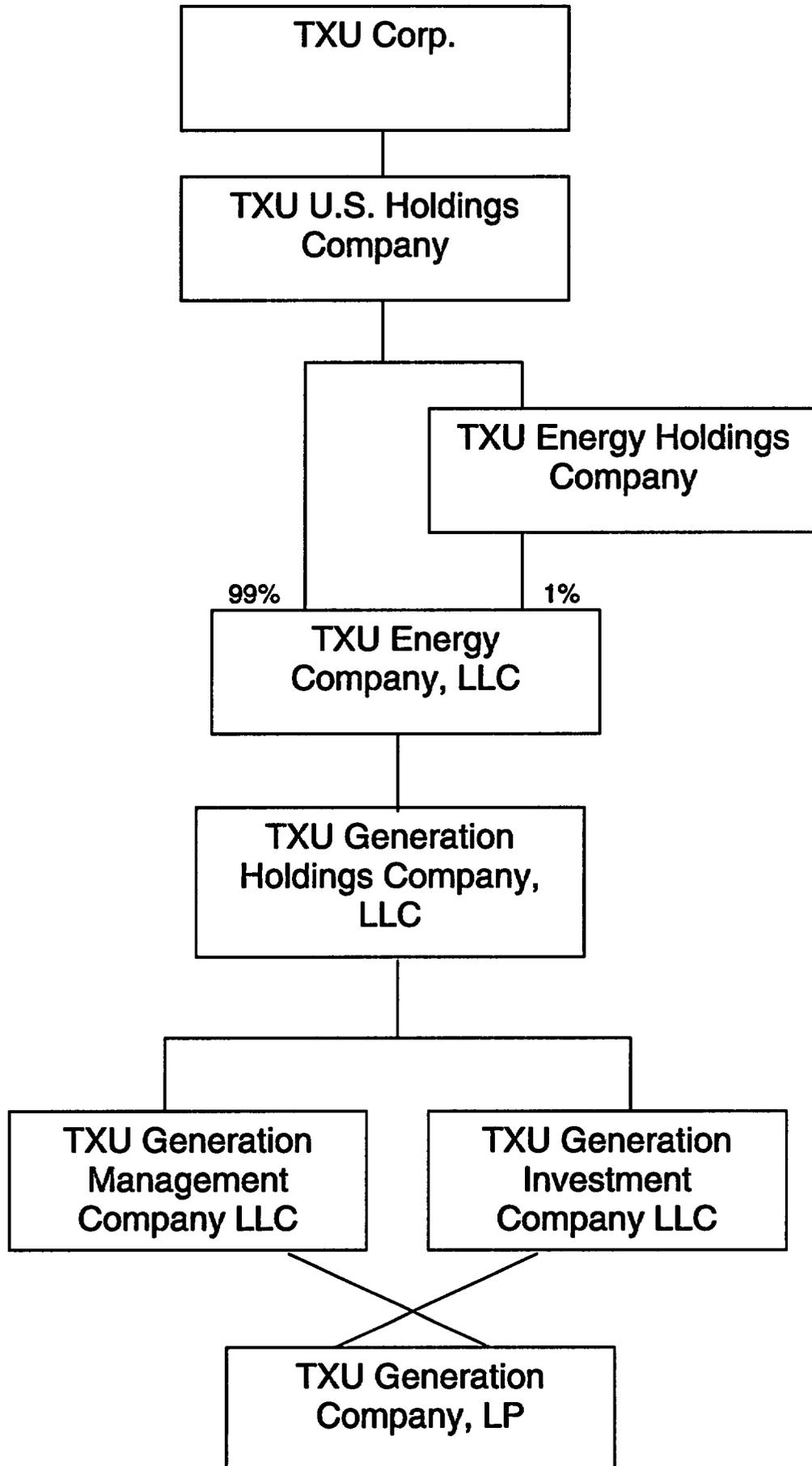


C. L. Terry
Senior Vice President and Principal Nuclear Officer

CLW/clw

Attachment
Enclosure

c - Ellis W. Merschoff, Regional Administrator, Region IV (clo + attch.)
W. D. Johnson, Region IV (clo + attch.)
Resident Inspectors, CPSES (clo + attch.)
David H. Jaffe, NRR, Project Manager for CPSES
Steven R. Hom, Esq., NRC Office of General Counsel



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CONFORMED SUBMISSION TYPE: 8-K

PUBLIC DOCUMENT COUNT: 5

CONFORMED PERIOD OF REPORT: 20021122

ITEM INFORMATION: Other events

ITEM INFORMATION: Financial statements and exhibits

FILED AS OF DATE: 20021126

FILER:

COMPANY DATA:

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CENTRAL INDEX KEY: 0001023291
STANDARD INDUSTRIAL CLASSIFICATION: ELECTRIC SERVICES [4911]
IRS NUMBER: 752669310
STATE OF INCORPORATION: TX
FISCAL YEAR END: 1031

FILING VALUES:

FORM TYPE: 8-K
SEC ACT: 1934 Act
SEC FILE NUMBER: 001-12833
FILM NUMBER: 02839972

BUSINESS ADDRESS:

STREET 1: ENERGY PLAZA
STREET 2: 1601 BRYAN ST
CITY: DALLAS
STATE: TX
ZIP: 75201
BUSINESS PHONE: 2148125210

MAIL ADDRESS:

STREET 1: 1601 BRYAN STREET
STREET 2: SUITE 36056
CITY: DALLAS
STATE: TX
ZIP: 75201

FORMER COMPANY:

FORMER CONFORMED NAME: TUC HOLDING CO
DATE OF NAME CHANGE: 19960919

FORMER COMPANY:

FORMER CONFORMED NAME: TEXAS UTILITIES CO /TX/
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FILER:

COMPANY DATA:

COMPANY CONFORMED NAME: TXU US HOLDINGS CO
CENTRAL INDEX KEY: 0000710182
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IRS NUMBER: 751837355
STATE OF INCORPORATION: TX
FISCAL YEAR END: 1231

FILING VALUES:
FORM TYPE: 8-K
SEC ACT: 1934 Act
SEC FILE NUMBER: 001-11668
FILM NUMBER: 02839973

BUSINESS ADDRESS:
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STREET 2: 1601 ENERGY PLAZA
CITY: DALLAS
STATE: TX
ZIP: 75201
BUSINESS PHONE: 2148125210

MAIL ADDRESS:
STREET 1: 1601 ENERGY PLAZA
STREET 2: SUITE 36056
CITY: DALLAS
STATE: TX
ZIP: 75201

FORMER COMPANY:
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SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(D) OF
THE SECURITIES EXCHANGE ACT OF 1934

DATE OF REPORT (DATE OF EARLIEST EVENT REPORTED) - NOVEMBER 22, 2002

TXU CORP.
(Exact name of registrant as specified in its charter)

<TABLE>

<S>	TEXAS	<C>
(State or other jurisdiction of incorporation)		1-12833
		(Commission File Number)

</TABLE>

TXU US HOLDINGS COMPANY
(Exact name of registrant as specified in its charter)

<TABLE>

<S>	TEXAS	<C>
(State or other jurisdiction of incorporation)		1-11668
		(Commission File Number)

</TABLE>

ENERGY PLAZA, 1601 BRYAN STREET, DALLAS, TEXAS
75201-3411 (Address of principal executive offices,
including zip code)

REGISTRANTS' TELEPHONE NUMBER, INCLUDING AREA CODE - 214-812-4600

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All of the information contained in this Form 8-K is being filed by TXU Corp. Certain of the information contained in this Form 8-K relates to TXU US Holdings Company (US Holdings), a wholly owned subsidiary of TXU Corp., and such information as its relates to US Holdings is being filed by US Holdings.

TXU Energy Company LLC, a wholly-owned subsidiary of US Holdings, is referred to herein as "TXU Energy".

ITEM 5. OTHER EVENTS AND REGULATION FD DISCLOSURE.

Reference is made to the section entitled "Exchangeable Subordinated Notes" in the Current Report on Form 8-K filed by TXU Corp. and US Holdings on November 21, 2002 ("Current Report"). On November 22, 2002, TXU Energy completed the issuance of \$750 million of exchangeable subordinated notes due 2012 to funds affiliated with DLJ Merchant Banking Partners III, L.P. consistent with the terms and conditions described in the Current Report. The net proceeds were used to repay debt.

On November 25, 2002, TXU Corp. announced that it has not completed its formal planning process and therefore is not providing guidance for 2003 at this time. However, due to the issuance of the exchangeable subordinated notes due 2012 and planned equity issuance, TXU is more comfortable with those current analyst fully diluted earnings estimates which are nearer \$2.00 per share. TXU Corp. also announced that it is unable to provide guidance for the fourth quarter at this time.

ITEM 7. EXHIBITS

Exhibit No.	Description
4(a)	TXU Energy 9% Energy Exchangeable Subordinated Notes Due 2012, dated as of November 22, 2002.
10(a)	Exchange Agreement, dated as of November 22, 2002, among TXU Corp., TXU Energy and UXT Holdings LLC and UXT Intermediary LLC.
10(b)	Registration Rights Agreement, dated as of November 22, 2002, among TXU Corp. and UXT Holdings LLC and UXT Intermediary LLC.
99(a)	News Release, dated November 25, 2002.

FORWARD-LOOKING STATEMENTS

Name: Kirk R. Oliver
Title: Treasurer and
Assistant Secretary

Date: November 25, 2002

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THE TRANSFER OF THIS NOTE IS SUBJECT TO THE CONDITIONS SPECIFIED IN AN EXCHANGE AGREEMENT AMONG THE COMPANY, TXU CORP. AND THE HOLDER, A COPY OF SUCH AGREEMENT AS IN EFFECT FROM TIME TO TIME WILL BE FURNISHED WITHOUT CHARGE BY THE COMPANY TO THE HOLDER HEREOF UPON WRITTEN REQUEST.

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR AN EXEMPTION FROM REGISTRATION THEREUNDER.

TXU ENERGY COMPANY LLC

\$472,420,757.46 Exchangeable Subordinated Note

Dated as of November 22, 2002

FOR VALUE RECEIVED, the undersigned, TXU Energy Company LLC, a Delaware limited liability company (the "COMPANY"), HEREBY PROMISES TO PAY UXT INTERMEDIARY LLC or registered assigns (as further defined herein, the "HOLDER") the principal amount of \$472,420,757.46 on November 22, 2012.

The Company hereby promises to pay interest on the unpaid principal amount hereof from the date hereof until such principal amount is paid in full, payable on the dates and at the rates hereinafter set forth.

Article I

DEFINITIONS

SECTION 1.01. Definitions.

The following terms used in this Note shall have the following meanings (unless otherwise expressly provided in this Note):

"AFFILIATE" means with respect to any Person, any other Person controlling, controlled by, or under common control with such first Person. For the avoidance of doubt, the Company and its Affiliates shall be considered Affiliates of the Company and the Holders and their Affiliates shall not be considered Affiliates of the Company.

"AFFILIATED EMPLOYEE BENEFIT TRUST" means any trust that is a successor to the assets held by a trust established under an employee benefit plan subject to ERISA or any other trust established directly or indirectly under such plan or any other such plan having the same sponsor.

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"AGREEMENT VALUE" means, for each hedge agreement, on any date of determination, an amount determined in good faith by the Company equal to: (a) in the case of any hedge agreement documented pursuant to the Master Agreement (Multicurrency-Cross Border) published by the International Swap and Derivatives Association, Inc. (the "MASTER AGREEMENT"), the amount, if any, that would be payable by or to the Company or any of its Subsidiaries to or from its counterparty to such hedge agreement, as if (i) such hedge agreement was terminated early on such date of determination and, (ii) the Company or such Subsidiary was the sole "Affected Party", and assumes second method and market quotation and adjusts for collateral positions, or (b) in the case of a hedge agreement traded on an exchange, the mark-to-market value of such hedge agreement, which will be the unrealized gain or loss on such hedge agreement to the Company or such Subsidiary to such hedge agreement determined in good faith by the Company based on the settlement price of such hedge agreement on such date of determination, or (c) in all other cases, the mark-to-market value of such hedge agreement, which will be the unrealized gain or loss on such hedge agreement to the Company or such Subsidiary to such hedge agreement determined in good faith by the Company; capitalized terms used and not otherwise defined in this definition shall have the meaning set forth in the above described Master Agreement.

"AVERAGE CLOSING PRICE" means, for any Fiscal Quarter, the average of closing prices of a share of TXU Common Stock on the New York Stock Exchange Corporate Transactions Reporting System, as reported in The Wall Street Journal, for the period commencing on the first day of such Fiscal Quarter and ending on the last day of such Fiscal Quarter.

"BANKRUPTCY" means, with respect to a Person, (a) that such Person has (i) made an assignment for the benefit of creditors; (ii) filed a voluntary petition in bankruptcy; (iii) been adjudged bankrupt, or insolvent; or had entered against such Person an order of relief in any bankruptcy or insolvency proceeding; (iv) filed a petition or an answer seeking for such Person any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation or filed an answer or other pleading admitting or failing to contest the material allegations of a petition filed against such Person in any proceeding of such nature; or (v) sought, consented to, or acquiesced in the appointment of a trustee, receiver or liquidator of such Person or of all or any substantial part of such Person's properties; (b) 60 days have elapsed after the commencement of any proceeding against such Person seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation and such proceeding has not been dismissed; or (c) 60 days have elapsed since the appointment without such Person's consent or acquiescence of a trustee, receiver or liquidator of such Person or of all or any substantial part of such Person's properties and such appointment has not been vacated or stayed or the appointment is not vacated within 60 days after the expiration of such stay.

"BOARD OF MANAGERS" has the meaning set forth in the Limited Liability Company Agreement.

"BUSINESS" means the generation of electricity, wholesale energy trading, retail energy marketing, energy delivery and other energy-related services by the Company or any of their respective Subsidiaries.

"BUSINESS DAY" means any day other than a Saturday, Sunday or any other day which is a legal holiday under the laws of the States of New York or Texas or a day on which national banking associations in such States are authorized or required by law or other governmental action to close.

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"CAPITAL EXPENDITURES" means expenditures made or liabilities incurred for the acquisition of any fixed assets or improvements, replacements, substitutions or additions thereto that are capitalized on the balance sheet of the applicable Person prepared in accordance with GAAP.

"CERTIFICATE OF FORMATION" means the Original Certificate of Formation as it may be amended, restated, supplemented or otherwise modified from time to time on or after the date hereof.

"CHANGE OF CONTROL" means the consummation of any transaction or series of related transactions that will result in any Person or group of Persons, in each case as defined in the Exchange Act: (i) becoming the beneficial owner, directly or indirectly, of more than 30% of the aggregate voting power of the Company, Holdings or TXU Corp. or 30% of the aggregate fair market value of the assets of the Company, Holdings or TXU Corp., (ii) acquiring, by contract or otherwise, the power to direct or cause the direction of the management or policies of the Company, Holdings or TXU Corp., or (iii) otherwise becoming the beneficial owner, directly or indirectly, of more than 30% of the ownership interests in the Company.

"CODE" means the United States Internal Revenue Code of 1986, as amended from time to time.

"COMPANY" has the meaning set forth in the Preamble.

"COMPETITOR" means, with respect to the Company or any of its Affiliates, a Person (or an Affiliate of an entity) that is significantly involved in the generation of electricity, wholesale energy trading, retail energy marketing or energy delivery.

"DEFAULT INTEREST" shall have the meaning set forth in Section 2.05.

"DELAWARE ACT" means the Delaware Limited Liability Company Act, 6 Del.ss. 18-101 et seq., as the same may be amended from time to time.

"DISTRIBUTE" means to make one or more Distributions.

"DISTRIBUTION" means the payment or distribution by the Company of any money or property other than money to a Member (i) on account of such Member's Membership Interest as provided in the Limited Liability Company Agreement or (ii) in redemption or liquidation of all or any portion of such Member's Membership Interest.

"DLJ ENTITY" or "DLJ ENTITIES" means each investor or investors listed on Schedule II.

"DLJ VCOC FUND" means UXT AIV, L.P., a Delaware limited partnership, or a DLJ Entity or Affiliate thereof designated by UXT AIV, L.P.

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"EBITDA" means, without duplication, the consolidated Net Income of the Company and its Subsidiaries determined in accordance with GAAP consistently applied, plus any amounts subtracted in calculating Net Income in respect of interest expense, Taxes, depreciation and amortization, less (i) any gain plus any loss realized in connection with the sale of any assets or disposition of any securities, other than those included in cash flow from operations, (ii) any extraordinary or non-recurring gain plus any loss or (iii) any non-cash extraordinary gain, plus (iv) any non-cash extraordinary loss.

"ENCUMBER" means, with respect to a Person, creating or suffering to exist any Encumbrance against any of the property of such Person.

"ENCUMBRANCE" means any lien, mortgage, pledge, collateral assignment,

security interest, hypothecation or other encumbrance.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended.

"EXCHANGE AGREEMENT" means the Exchange Agreement, dated as of the date hereof, by and among the Company, TXU Corp. and the Holders.

"EXCHANGED NOTE PRINCIPAL" means the amount of Notes exchanged into TXU Common Stock pursuant to the Exchange Agreement.

"FISCAL QUARTER" means any three-month accounting period of the Company in the Fiscal Year.

"FISCAL YEAR" means the annual accounting period of the Company, which shall be the calendar year or such portion of a calendar year during which the Company is in existence.

"GAAP" means generally accepted accounting principles in the United States of America as in effect from time to time, consistently applied.

"GOVERNMENTAL AUTHORITY" means any United States or non-United States federal, national, supranational, State, provincial, local, or similar government, governmental, regulatory or administrative authority, agency or commission or any court, tribunal, or judicial or arbitral body.

"HOLDER" means any Person identified as the registered holder of this Note in the Register.

"HOLDINGS" means TXU US Holdings Company, a Texas corporation.

"INDEBTEDNESS" of any Person means, without duplication, net of restricted cash and cash equivalents off-setting Indebtedness (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services (other than trade payables and accrued liabilities arising in the ordinary course of business), (d) all indebtedness created or arising under any

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conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all capitalized lease obligations of such Person, (f) all obligations, contingent or otherwise, of such Person under acceptance, letter of credit or similar facilities securing Indebtedness and all interest rate or foreign exchange hedging transactions valued at the Agreement Value thereof, (g) all unconditional obligations of such Person to purchase, redeem, retire, defease or otherwise acquire for value any capital stock of such Person or any warrants, rights or options to acquire such capital stock, (h) all Indebtedness of any other Person of the type referred to in clauses (a) through (g) guaranteed by such Person or for which such Person shall otherwise (including pursuant to any keepwell, makewell or similar arrangement) become directly or indirectly liable (other than indirectly as a result of a performance guarantee not entered into with respect to Indebtedness), and (i) all third party Indebtedness of the type referred to in clauses (a) through (h) above secured by any lien or security interest on property (including accounts and contract rights) owned by the Person whose Indebtedness is being measured, even though such Person has not assumed or become liable for the payment of such third party Indebtedness, the amount of such obligation being deemed to be the lesser of the net book value of such property or the amount of the obligation so secured; provided that (i) true sales of accounts receivable and (ii) the obligation evidenced by this Note and the Other Notes, shall not constitute "Indebtedness" hereunder.

"INTEREST COVERAGE RATIO" means the ratio of EBITDA of the Company to consolidated cash interest expense of the Company and its Subsidiaries on all Indebtedness.

"INTEREST PAYMENT DATE" means (a) prior to the occurrence of a Reset Event in respect of which the Company has elected to make payment under Section 2.01(b), the date five (5) Business Days after each Fiscal Quarter, and if such day is not a Business Day, then the next succeeding Business Day and (b) after the occurrence of a Reset Event in respect of which the Company has elected to make payment under Section 2.01(b), each date on which dividends are paid in respect of the shares of TXU Common Stock.

"LAW" means any United States or non-United States federal, national, supranational, state, provincial, local or similar statute, law, ordinance, regulation, rule, code, order, requirement or rule of law (including, without limitation, common law).

"LIMITED LIABILITY COMPANY AGREEMENT" means the limited liability company agreement of TXU Energy Company LLC, as amended pursuant to the Purchase Agreement.

"LOSS" has the meaning set forth in Section 7.01(a).

"MAJORITY IN VOTING INTEREST" means, at any time, a Holder or Holders that own a majority of the principal amount of the Notes outstanding at such time, voting together as a single class.

"MANAGER" means a member of the Board of Managers.

"MEMBER" means a "member" of the Company.

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"MEMBERSHIP INTEREST" of any Member at any time means the entire ownership interest of such Member in the Company at such time, including all benefits to which the owner of such Membership Interest is entitled under the Limited Liability Company Agreement and applicable law, together with all obligations of such Member under the Limited Liability Company Agreement and applicable law.

"NET INCOME" means with respect to any Fiscal Year, or part thereof, the net income (or net loss) of the Company for such period as determined on a consolidated basis and in accordance with GAAP.

"NOTE" means this Exchangeable Subordinated Note, each Other Note and each additional Note issued upon any transfer of an interest in all or any part of this Note; and "NOTES" means, collectively, all of the foregoing.

"OFFICER" means an officer of the Company.

"ORIGINAL CERTIFICATE OF FORMATION" has the meaning set forth in the Limited Liability Company Agreement.

"OTHER NOTE" means each Exchangeable Subordinated Note in substantially the form of this Note issued on the date hereof and each additional Note issued upon any transfer of an interest in all or any part of such Other Note.

"PAYMENT DEFAULT" means any failure by the Company to pay principal or interest when due under this Note.

"PERMITTED TRANSFEREE" means in the case of any DLJ Entity, (A) any other DLJ Entity, (B) any general or limited partner of any DLJ Entity (a "DLJ Partner"), and any Affiliated Employee Benefit Trust or Person that is an Affiliate of any DLJ Partner (collectively, the "DLJ Affiliates"), (C) any managing director, general partner, director, limited partner, officer or

employee of any DLJ Entity or of any DLJ Affiliate, or the heirs, executors, administrators, testamentary trustees, legatees or beneficiaries of any of the foregoing persons referred to in this clause (C) (collectively, "DLJ Associates"), (D) a trust (to the extent recognized by applicable Law), the beneficiaries of which, or a corporation, limited liability company or partnership, all of the stockholders, members or general or limited partners of which, include only DLJ Entities, DLJ Affiliates, DLJ Associates, their spouses or their lineal descendants or (E) a voting trustee for one or more DLJ Entities, DLJ Affiliates or DLJ Associates under the terms of a voting trust (to the extent recognized by applicable Law).

"PERSON" means any individual, corporation, partnership, limited liability company, trust, joint venture, governmental entity or other unincorporated entity, association or group.

"PURCHASE AGREEMENT" means the Purchase Agreement, dated as of November 18, 2002, by and between the Company and the initial Holder, as amended, restated, supplemented or otherwise modified pursuant to the terms thereof from time to time.

"REGISTER" has the meaning set forth in Section 6.03.

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"REGULATION" means any rule or regulation of any Governmental Authority having the effect of Law or any rule or regulation of any self-regulatory organization.

"RESET AMOUNT" means with respect to the unpaid principal amount outstanding on the Note for any Fiscal Quarter ending after the occurrence of a Reset Event, an amount equal to the aggregate dividend that would be payable during such Fiscal Quarter in respect of the shares of TXU Common Stock that would be determined by dividing the outstanding principal amount of this Note by the average closing price for TXU Common Stock for such Fiscal Quarter.

"RESET EVENT" means, for any Fiscal Quarter, an Average Closing Price for TXU Common Stock in excess of \$39.45, as adjusted to account for stock splits, stock dividends and similar occurrences.

"RESTRICTED SECURITIES" means (a) all Membership Interests and Notes issued by the Company and (b) any securities issued with respect to, or in exchange for, the Membership Interests or Notes referred to in clause (a) above in connection with a conversion, combination of units or shares, exchange, recapitalization, merger, consolidation or other reorganization, including in connection with the consummation of any reorganization plan.

"STATE" means any one of the 50 states of the United States of America or the District of Columbia.

"SUBSIDIARY" means, with respect to any Person, any corporation, limited liability company, partnership, association or other business entity of which (a) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person or a combination thereof, or (b) if a limited liability company, partnership, association or other business entity, a majority of the partnership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by any Person or one or more Subsidiaries of such Person or entity or a combination thereof. For purposes of this Note, a Person or Persons shall be deemed to have a majority ownership interest in a limited liability company, partnership, association or other business entity if such Person or Persons shall be allocated a majority of limited liability company, partnership, association or other business entity gains or losses or shall be or control any managing director, managing member, or general partner of such limited liability company, partnership, association

or other business entity.

"TAXES" means all federal, State, local and foreign income, profits, franchise, gross receipts, environmental, customs duty, capital stock, severance, stamp, windfall profit, payroll, sales, use, transfer, employment, unemployment, disability, use, property, withholding, excise, production, value added, occupancy and other taxes, duties or assessments of any nature whatsoever, together with all interest, penalties and additions imposed with respect thereto.

"THIRD PARTY CLAIMS" has the meaning set forth in Section 7.01(b).

"TRANSFER" means (a) as a noun, the transfer of ownership by sale, exchange, assignment, gift, donation, grant or other conveyance of any kind, whether voluntary or involuntary, including Transfers by operation of law or

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legal process (and hereby expressly including, with respect to a Holder, assignee or other Person, any voluntary or involuntary appointment of a receiver, trustee, liquidator, custodian or other similar official for such Holder or all or any part of such Holder, assignee or other Person or all or any part of the property of such Holder, assignee or other Person under any bankruptcy, reorganization or insolvency law and (b) as a verb, the act of making any voluntary or involuntary Transfer.

"TREASURY REGULATIONS" means the income Tax regulations promulgated under the Code as amended.

"TXU COMMON STOCK" means the common stock of TXU Corp., without par value.

"TXU CORP." means TXU Corp., a Texas corporation.

SECTION 1.02. Other Definitional Provisions.

(a) All terms in this Note shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein.

(b) As used in this Note and in any certificate or other documents made or delivered pursuant hereto or thereto, accounting terms not defined in this Note or in any such certificate or other document, and accounting terms partly defined in this Note or in any such certificate or other document to the extent not defined, shall have the respective meanings given to them under GAAP. To the extent that the definitions of accounting terms in this Note or in any such certificate or other document are inconsistent with the meanings of such terms under GAAP, the definitions contained in this Note or in any such certificate or other document shall control.

(c) The words "hereof," "herein," "hereunder," and words of similar import when used in this Note shall refer to this Note as a whole and not to any particular provision of this Note; Section references contained in this Note are references to Sections in this Note unless otherwise specified; and the term "including" shall mean "including without limitation."

(d) The definitions contained in this Note are applicable to the singular as well as the plural forms of such terms.

(e) Common nouns and pronouns and any variations thereof shall be deemed to refer to masculine, feminine, or neuter, singular or plural, as the identity of the Person, Persons or other reference in the context requires. Whenever used herein, "or" shall include both the conjunctive and disjunctive, "any" shall mean "one or more."

(f) Any agreement, instrument or statute defined or referred to herein or in any instrument or certificate delivered in connection herewith means such

agreement, instrument or statute as from time to time amended, modified or supplemented and includes (in the case of agreements or instruments) references to all attachments thereto and instruments incorporated therein; references to a Person are also to its permitted successors and assigns.

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Article II

TERMS OF PAYMENT

SECTION 2.01. Interest Payment. (a) The Company shall pay interest on the unpaid principal amount of this Note at a rate per annum equal to 9.00%, payable quarterly in arrears on each Interest Payment Date; provided, however, that, the Company may, by notice to the Holder, elect to pay all or any portion of such interest by adding it to the principal amount of this Note, whereupon such amount shall bear interest at the rate aforesaid and shall no longer be considered to be interest due under this Section 2.01(a). Upon the receipt by the Holder of a notice of such election by the Company, the Holder shall record the amount, the date such amount is added to the principal amount of this Note and the aggregate principal amount of this Note in accordance with its usual practice and, prior to any transfer of this Note, such information shall be endorsed on the grid attached hereto, which is a part of this Note.

(b) Notwithstanding anything provided in Section 2.01(a), from and after the date of a Reset Event, the Company shall have the option to pay interest on the unpaid principal amount of this Note (excluding any additions to the principal amount pursuant to Section 2.01(a) which shall continue to bear interest pursuant to Section 2.01(a) or 2.05, as the case maybe) in an amount equal to the Reset Amount payable in arrears on each Interest Payment Date.

SECTION 2.02. No Prepayment. The Company shall not be permitted to prepay this Note in whole or in part; provided, however, that the Company may pay at any time any amounts added to the principal amount of this Note pursuant to Section 2.01(a).

SECTION 2.03. Payments and Computations. The Company shall make each payment hereunder not later than 1:00 p.m. (New York City time) on the day when due in U.S. dollars to the Holder at its address referred to on Schedule I attached hereto in same day funds. All computations of interest shall be made on the basis of a year of 360 days comprised of four 90 day quarters; provided, however, that in the case of the first interest payment under this Note, interest shall be computed on the basis of the actual number of days elapsed from the date of the initial funding under this Note to such first Interest Payment Date. Whenever any payment shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall not in such case be included in the computation of payment of interest.

SECTION 2.04. Exchange Right. The Company shall have the right by providing written notice to the Holder at any time prior to the date that is 180 days from the date of funding by the Holder under this Note, to require the Holder to exchange its interest in this Note for a preferred equity interest in the Company with substantially identical economic and other terms and otherwise in form and substance satisfactory to the Holder; provided, that, any such exchange must be consummated prior to the date that is 180 days from the date of receipt of such notice by the Holder.

SECTION 2.05. Default Interest. Upon the occurrence and during the continuance of either of (a) a Payment Default or (b) the making of any Distribution by the Company during any Fiscal Quarter in respect of which the Company does not pay cash interest on this Note or has not repaid all amounts added to the principal amount of this Note pursuant to Section 2.01(a), the Company shall pay interest on (i) the unpaid principal amount of this Note owing

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to the Holder, payable in arrears on the dates referred to in Section 2.01(a) or (b) above and on demand, at a rate per annum equal at all times to 5% per annum above the rate per annum required to be paid on such principal amount pursuant to Section 2.01(a) or (b) above and (ii) to the fullest extent permitted by law, the amount of any interest payable under this Note that is not paid when due, from the date such amount shall be due until such amount shall be paid in full, payable in arrears on the date such amount shall be paid in full and on demand, at a rate per annum equal at all times to 5% per annum above the rate per annum required to be paid pursuant to Section 2.01(a) or (b) above ("DEFAULT INTEREST").

Article III

COVENANTS AND REPRESENTATION AND WARRANTY

SECTION 3.01. Accounting Books and Records.

(a) The Company shall keep on site at its principal place of business each of the following:

(i) separate books of account for the Company which shall show a true and accurate record of all costs and expenses incurred, all charges made, all credits made and received, and all income derived in connection with the conduct of the Company and the operation of the Business in accordance with this Note;

(ii) a current list of the full name and last known business, residence, or mailing address of each Member and Holder, both past and present;

(iii) a copy of the Certificate of Formation, together with executed copies of any powers of attorney pursuant to which any amendment has been executed;

(iv) copies of the Company's federal, State, local and foreign income Tax returns and reports, if any, for the six most recent Fiscal Years;

(v) copies of the Limited Liability Company Agreement;

(vi) copies of each Note;

(vii) copies of any writings permitted or required under Section 18-502 of the Delaware Act regarding the obligation of a Member to perform any enforceable promise to contribute cash or property or to perform services as consideration for such Member's capital contribution; and

(viii) any written consents obtained from Members pursuant to Section 18-302 of the Delaware Act regarding action taken by Members without a meeting.

(b) The Company shall use the accrual method of accounting for Tax purposes and shall use GAAP in the preparation of its financial reports and shall keep its books and records in accordance with the foregoing. Any Holder that is a DLJ Entity (a "DLJ HOLDER") or its designated representative has the right to have reasonable access to and inspect and copy the contents of such books or records and shall also have reasonable access during normal business hours to such additional financial information, documents, books and records as such DLJ Holder may reasonably request; provided that the Company shall have no

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obligation to provide such access if the DLJ Entities together with their Permitted Transferees own, in the aggregate, less than 10% of the original principal amount of the Notes. The rights granted to a DLJ Holder pursuant to

this Section 3.01 are expressly subject to compliance by such DLJ Holder with the safety, security and confidentiality procedures and guidelines of the Company, as such procedures and guidelines may be established from time to time.

SECTION 3.02. Reports.

(a) Periodic and Other Reports. The Company shall cause to be delivered to each Holder and the DLJ VCOC Fund, so long as it directly or indirectly holds any interest in the Notes, financial statements, reports and notices referred to below. The financial statements listed in clauses (i) and (ii) below shall be prepared, in each case on a consolidated basis in accordance with GAAP, and such other reports as any Holder and the DLJ VCOC Fund, so long as it directly or indirectly holds any interest in the Notes, may reasonably request from time to time. The quarterly financial statements referred to in clause (ii) below may be subject to normal period-end adjustments.

(i) As soon as practicable following the end of each Fiscal Year (and in any event not later than 120 days after the end of such Fiscal Year, or such earlier date as may be required by law), an audited balance sheet of the Company as of the end of such Fiscal Year and the related statements of operations, Members' capital accounts and changes therein, and cash flows for such Fiscal Year, together with appropriate notes to such financial statements and supporting schedules, and in each case, to the extent the Company was in existence, setting forth in comparative form the corresponding figures for the immediately preceding Fiscal Year end (in the case of the balance sheet) and the two (2) immediately preceding Fiscal Years (in the case of the statements).

(ii) As soon as practicable following the end of each of the first three Fiscal Quarters of each Fiscal Year (and in any event not later than 60 days after the end of each such Fiscal Quarter, or such earlier date as may be required by law), an unaudited balance sheet of the Company as of the end of such Fiscal Quarter and the related statements of operations and cash flows for such Fiscal Quarter and for the Fiscal Year to date, in each case, to the extent the Company was in existence, setting forth in comparative form the corresponding figures for the prior Fiscal Year's Fiscal Quarter and the interim period corresponding to the Fiscal Quarter and the interim period just completed, together with a description of all material transactions of the Company, which shall be reviewed annually by an independent auditor.

The statements described in clauses (i) and (ii) above shall be accompanied by written certification of an Officer that such statements have been prepared in accordance with GAAP.

(iii) As soon as practicable following the end of each month (and in any event not later than 30 days after the end of each month), management reports in a form agreed upon between a Majority in Voting Interest of the Holders and the Company; provided that the Company shall have no obligation to provide such management reports if the DLJ Entities together with their Permitted Transferees own, in the aggregate, less than 10% of the original principal amount of the Note.

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(iv) A notice of the occurrence of any Event of Default, or to the extent actually known by the Company, of any event that with notice, the passage of time or both would become an Event of Default promptly, but in any event no later than two Business Days, after an Officer of the Company has actual knowledge of such occurrence, and a notice setting forth details of the actions that the Company has taken or proposes to take with respect thereto, as promptly as practicable, but in any event within ten Business Days after such Officer obtains actual knowledge of such event.

(v) A notice of the occurrence of a Change of Control, or any event that is reasonably likely to result in a Change of Control, promptly, but

in no event later than two Business Days, after an Officer of the Company has actual knowledge of such occurrence.

(vi) Promptly following any such request, such other information as is reasonably requested by any Holder or the DLJ VCOC Fund.

(b) Each Holder agrees, and the DLJ VCOC Fund shall agree, to keep any non-public information provided to such Holder or the DLJ VCOC Fund by the Company confidential and not to disclose such information unless required by law and acknowledges that the receipt of such information by such Holder or the DLJ VCOC Fund may restrict the ability of such Holder or the DLJ VCOC Fund to trade in securities of the Company, TXU Corp. or their Affiliates; provided, that, such information may be disclosed to such Holder's or the DLJ VCOC Fund's advisors (in the case of financial advisors only, upon three Business Days' advance notice to the Company), members or partners as long as they agree to keep such information confidential.

SECTION 3.03. Separateness.

(a) The funds and other assets of the Company shall not be commingled with those of any other entity, and the Company shall maintain its accounts separate from each Member and any other Person.

(b) The Company shall not hold itself out as being liable for the debts of any other entity other than the Company and its Subsidiaries (collectively, the "COMPANY GROUP"), and shall conduct its own business in its own name or duly adopted assumed name.

(c) The Company shall not form, or cause to be formed, any Subsidiary other than in connection with conducting the Business.

(d) The Company shall act solely through its duly authorized Members, Managers, Officers or agents in the conduct of the Business, and shall conduct the Business so as not to confuse others as to the identity or assets of the Company Group with those of any other entity.

(e) The Company shall maintain separate records, books of account and financial statements, and shall not commingle its records and books of account with the records and books of account of any other entity.

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(f) The Managers shall hold appropriate meetings to authorize all of its limited liability company actions, which meetings may be held by telephone conference call or by unanimous written consent.

(g) Other than the obligations, guarantees or pledges existing on November 18, 2002 and the guarantees of (A) the Energy Plaza building lease obligations of TXU Corp., (B) an Affiliate's obligations with respect to operations in Mexico not to exceed \$15 million and (C) an Affiliate's obligations with respect to leased equipment utilized by the Company not to exceed \$25 million, the Company shall not (i) guarantee or become obligated for the debts of any Member or any Manager, any Affiliate thereof or any other Person, or otherwise hold out its credit as being available to satisfy the obligations of any Member, any Manager or any other Person, (ii) pledge its assets for the benefit of any entity, and (iii) other than pursuant to this Note, acquire obligations or securities of any Member, any Manager or any Affiliate, provided, however, that the Company may do all of the foregoing for the benefit of the Company Group.

(h) The Company shall pay its own liabilities out of its own funds.

(i) The Company Group shall maintain an arms' length relationship or other relationship commercially reasonable under the circumstances and in compliance with all regulatory codes of conduct with their Affiliates outside of the Company Group.

(j) The Company Group shall use its own separate stationery, invoices, checks and other business forms.

(k) The Company shall correct any known material misunderstanding regarding the separate identity of the Company Group.

Nothing in this Section 3.03 or Section 3.04 herein shall be deemed to prohibit (i) the use of an Affiliate for the provision of services that can be performed cost effectively on a shared services basis, including treasury, payroll, accounting, human resources, legal, environmental, engineering, information technology and other administrative services, or (ii) participation in TXU Corp.'s money pool for its system companies in accordance with the guidelines established from time to time therefore, as long as, in each case, such activities are otherwise in compliance with the provisions of this Section 3.03 and Section 3.04.

SECTION 3.04. Limited Liability and Separateness. Without limiting the generality of Section 3.03, the Company shall be operated in such a manner as the Managers deem reasonable and necessary or appropriate to preserve (a) the limited liability of each of the Members (or their successors) in the Company and (b) the separateness of the Company from the business of each Member of the Company or any other Affiliate thereof outside of the Company Group.

SECTION 3.05. Limitations on Distributions. Notwithstanding any provision to the contrary contained in this Note, the Company shall not make any Distribution if such Distribution would violate Section 18-607 of the Delaware Act or other applicable law, any of the Company's debt financing agreements or any other debt financing agreement of which the Company is a guarantor, but shall instead make such Distribution as soon as practicable after such time as the making of such Distribution would not cause such violation.

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SECTION 3.06. Restricted Actions. The Company shall not, and shall cause its Subsidiaries not to, without the prior written consent of the Majority in Voting Interest of the Notes:

(a) Issue or reclassify any class or series of equity securities or Membership Interests that are, or that are convertible into, a class or series of equity securities, or Membership Interests of the Company or its Subsidiaries, as the case may be, that are, senior to or on parity with this Note.

(b) Incur any Indebtedness, if on a pro forma basis after giving effect to the incurrence of such Indebtedness at the date of incurrence and the application of proceeds thereof (i) the ratio of consolidated Indebtedness of the Company to EBITDA for the four Fiscal Quarters ended most recently prior to the date of determination thereof would exceed four times or (ii) the Interest Coverage Ratio for the four Fiscal Quarters ended most recently prior to the date of determination thereof would not exceed three times.

(c) Make any amendment to the Limited Liability Company Agreement.

(d) Make any investments, other than ordinary course investments relating to the Business; provided, however, that no investments shall be made in the City of New York that shall cause the Company to be deemed to be conducting operations in the City of New York for the purposes of the New York City Tax Law.

(e) Enter into operations significantly differing from the Business as conducted on the date hereof or enter into any new lines of business.

(f) Unless otherwise required by law, merge, consolidate or otherwise

combine the Company with any other Person if such merger, consolidation or combination would result in the disposition of more than 25% of the aggregate voting power of the Company or acquire or dispose of assets that would result in the acquisition or disposition, as the case may be, of more than 25% of the value of the Company.

(g) Alter the number of Managers comprising the Board of Managers.

(h) Allow any Person to be admitted as a member of the Company.

SECTION 3.07. Treatment for Tax Purposes. (a) The Company agrees that, for all U.S. federal, state, local and foreign income Tax purposes, this Note shall be treated as a preferred equity interest in the Company, and unless prohibited by applicable law, the Company shall elect to be classified as a partnership (and not as an association, or publicly-traded partnership, taxable as a corporation). Accordingly, a capital account shall be maintained for the Holder in accordance with section 1.704-2(b)(2) of the Treasury Regulations, which shall be increased to reflect the amounts invested by the Holder in the Company (including amounts deducted from the Purchase Price in respect of the Structuring Fee and Transaction Expenses pursuant to Section 2.04(a) of the Purchase Agreement) and allocations of net profits (or, to the extent required, items of income and gain), and which shall be reduced to reflect distributions by the Company to the Holder (including amounts payable pursuant to the terms of this Note) and allocations of net losses (or, to the extent required, items of deduction or loss). Promptly following the end of each Fiscal Year of the Company (and in no event later than 90 days after the close of such Fiscal

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Year), the Company shall provide the Holder with IRS Schedule K-1, reporting the Holder's share of the taxable income or loss of the Company, and such separately stated items of income, gain, loss, deduction or credit as required by U.S. federal income Tax law, and the Company also shall provide such information as shall be required or reasonably requested by the Holder for purposes of allowing the Holder to prepare and file its U.S. federal, state, local and foreign income Tax returns. In the event that this Note is exchanged by the Holder for a Membership Interest in the Company (at the option of the Company or otherwise), the Company agrees that, consistent with the U.S. federal, state, local and foreign income Tax treatment of this Note as a preferred equity interest in the Company, such an exchange shall be treated as a "nonrecognition transaction" under section 721 of the Code. Other than any elections made upon the conversion of the Company to a partnership for federal Tax purposes (which shall be made consistent with past practice, where applicable), the Company (including any Tax matters member thereof in its capacity as such) shall not make, revoke or change any express or deemed Tax election or change any method of Tax accounting if objected to in writing by the Holders' Tax Representative within 15 days of receiving notice thereof from the Company (which objection shall not be unreasonably made, and the Company shall consult with the Holders' Tax Representative and keep such Holder reasonably informed as to any material Tax claim, audit or proceeding that, in any case, the Company determines in good faith could affect the tax treatment of a Holder as owner of a preferred equity interest in the Company or the amount or Tax character of any Tax item allocated or to be allocated to the Holder in its capacity as owner. "Holders' Tax Representative" means a representative designated as such by a Majority in Voting Interest.

(b) For each Fiscal Year of the Company, net profits (or, if required, items of income and gain) shall be allocated to the Holder for U.S. federal, state, local and foreign income Tax purposes only to the extent of the amount of interest actually paid to the Holder in respect of this Note during such Fiscal Year. No other net profits or losses (or items of income, gain, loss or deduction) shall be allocated to the Holder for such purposes, except that, if no Member of the Company has a positive capital account balance, the Holder may be allocated a proportionate share of the net losses of the Company, if any, until its capital account has been reduced to zero. In the event that the Holder receives an allocation of net losses hereunder, the Holder thereafter shall be entitled to allocations of net profits (and, if required, items of income or

gain) so that the Holder's capital account will equal the amount that the Holder would be entitled to receive pursuant to the terms of this Note in connection with the liquidation or winding up of the Company. Notwithstanding anything to the contrary herein, the Holder shall not be allocated any capital losses of the Company.

(c) Notwithstanding anything to the contrary herein, prior to any exchange of this Note for a Membership Interest in the Company, the Holder shall not be considered a Member of the Company by reason of its ownership of this Note for any purpose other than U.S. federal, state, local and foreign income Tax purposes, and shall not have the rights and obligations of a Member pursuant to the Limited Liability Company Agreement.

SECTION 3.08. Directors. Subject to and to the extent permitted by applicable Law and Regulation, for so long as at least 30% of the original principal amount of the Notes remains held by the DLJ Entities and their Permitted Transferees, the Board of Managers of the Company shall at all times include one Manager (the "HOLDER MANAGER") chosen by the DLJ VCOC Fund.

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SECTION 3.09. Consultation Rights. (a) During any period for which there is no Holder Manager serving on the Board of Managers, the DLJ VCOC Fund, if it directly or indirectly holds any interest in the Notes, and is intended to qualify as a "venture capital operating company" within the meaning of the regulations of the United States Department of Labor set forth in 29 C.F.R. Section 2510.3-101 (the "Plan Asset Regulations") shall, upon prior written notice to the Company, be entitled to consult with and advise the management and Board of Managers of the Company on significant business issues, including management's proposed annual business, strategic and operating budgets and plans, and management will meet with the DLJ VCOC Fund periodically during each year (but no more frequently than once each calendar quarter) at the Company's executive offices at mutually agreeable times for such consultation and advice.

(b) The Company agrees to consider, in good faith, the recommendations of the DLJ VCOC Fund in connection with the matters on which it is consulted as described above, it being understood and agreed that the ultimate discretion with respect to all such matters shall be retained by the Company.

(c) The rights granted to the DLJ VCOC Fund under this Agreement (including, without limitation, under Article III) are intended to enable the DLJ VCOC Fund to be operated, where applicable, as a "venture capital operating company" within the meaning of the Plan Asset Regulations, and this Note shall be interpreted accordingly.

SECTION 3.10. Change of Control Offer. (a) No Member of the Company or any subsequent transferee may Transfer all or any part of its interests in the Company without the prior written consent of the Majority in Voting Interest of the Notes unless the Company offers to purchase all of the outstanding Notes at a price equal to 101% of the sum of the unpaid principal amount thereof; provided, however, that a Member may transfer all or any part of its interest to any direct or indirect wholly-owned subsidiary of TXU Corp.

(b) The Company will give written notice of any Transfer by a Member or any subsequent transferee, stating the substance and the intended date of the consummation thereof and irrevocably offering to purchase all of the outstanding Notes at a price equal to 101% of the unpaid principal amount thereof, not more than 20 Business Days nor less than 15 Business Days prior to the date of the consummation thereof, to each Holder of the Notes. Each Holder of the Notes shall have ten Business Days from the date of the receipt of such notice to elect (by written notice to the Company or any subsequent transferee, as applicable) to sell all or any portion of the Notes held by such Holder to the Class Member or such subsequent transferee, as applicable.

SECTION 3.11. Representation and Warranty Regarding Nature of Operations. Except as set forth on Section 3.02 of the Disclosure Schedule to

the Purchase Agreement, the Company owns more than 50% of (a) the economic interest in the assets, earnings or cash flow and (b) the total voting power of shares of capital stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof, of each of the entities in which it owns an equity interest. The Company is primarily engaged, directly or through such entities, in the production or sale of a product or service other than the investment of capital.

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Article IV

EVENTS OF DEFAULT

SECTION 4.01. Events of Default. If any of the following events ("EVENTS OF DEFAULT") shall occur and be continuing:

(a) The Company shall fail to pay any installment of principal of, or interest on, this Note when the same becomes due and payable which in the case of a failure to pay interest continues for 5 days; or

(b) The Company shall fail to perform or observe (i) any term, covenant or agreement contained in Section 3.05, 3.06, 3.10 or 7.01 or (ii) any other term covenant or agreement contained in this Note if such failure shall remain unremedied for 30 days after written notice thereof shall have been given to the Company by any Holder; or

(c) The representation and warranty contained in Section 3.10 shall prove to have been incorrect in any material respect when made; or

(d) The Company or any of its Subsidiaries shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Company or any of its Subsidiaries seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 60 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or the Company or any of its Subsidiaries shall take any corporate action to authorize any of the actions set forth above in this subsection (d);

then, and in any such event, a Majority in Voting Interest of the Notes may, by notice to the Company, declare the Notes, all interest hereon and all other amounts payable thereunder to be forthwith due and payable, whereupon the Notes, all such interest and all such amounts shall become and be forthwith due and payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Company; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to the Company under the Federal Bankruptcy Code, the Notes, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Company.

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Article V

SUBORDINATION

SECTION 5.01. Note Subordinate to Senior Indebtedness. The Company agrees, and each Holder, by his acceptance of this Note, also agrees, that this Note is and shall be subordinate, to the extent and in the manner hereinafter set forth, to the prior payment in full of all obligations of the Company now or hereafter existing, whether for principal, interest (including, without limitation, interest, as provided in such indebtedness, accruing after the filing of a petition initiating any proceeding referred to in Section 5.02, whether or not such interest accrues after the filing of such petition for purposes of the Bankruptcy Code or is an allowed claim in such proceeding), fees, expenses or otherwise (all such obligations being the "SENIOR INDEBTEDNESS").

SECTION 5.02. Events of Subordination. In the event of any dissolution, winding up, liquidation, arrangement, reorganization, adjustment, protection, relief or composition of the Company or its debts, whether voluntary or involuntary, in any bankruptcy, insolvency, arrangement, reorganization, receivership, relief or other similar case or proceeding under any Federal or State bankruptcy or similar law or upon an assignment for the benefit of creditors or any other marshalling of the assets and liabilities of the Company or otherwise, Senior Indebtedness shall first be paid in full before the Holder shall be entitled to receive any payment of this Note, and any payment or distribution of any kind (whether in cash, property or securities) that otherwise would be payable or deliverable upon or with respect to this Note in any such case, proceeding, assignment, marshalling or otherwise (including any payment that may be payable by reason of any other indebtedness of the Company being subordinated to payment of this Note) shall be paid or delivered directly to the holders or representatives of the Senior Indebtedness for application (in the case of cash) to, or as collateral (in the case of non-cash property or securities) for, the payment or prepayment of the Senior Indebtedness until the Senior Indebtedness shall have been paid in full.

SECTION 5.03. In Furtherance of Subordination.

(a) All payments or distributions upon or with respect to this Note that are received by the Holder contrary to the provisions of this Article shall be received in trust for the benefit of the Holders and owners of Senior Indebtedness, shall be segregated from other funds and property held by the Holder and shall be forthwith paid over to the holders and owners of Senior Indebtedness in the same form as so received (with any necessary endorsement) to be applied (in the case of cash) to, or held as collateral (in the case of non-cash property or securities) for, the payment or prepayment of the Senior Indebtedness in accordance with its terms.

(b) The holders and owners of Senior Indebtedness are hereby authorized to demand specific performance of the provisions of this Article, whether or not the Company shall have complied with any of the provisions hereof applicable to it, at any time when the Holder shall have failed to comply with any of the provisions of this Article applicable to it. The Holder of this Note hereby irrevocably waives any defense based on the adequacy of a remedy at law that might be asserted as a bar to such remedy of specific performance.

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SECTION 5.04. No Commencement of Any Proceeding. So long as payments or distributions for or on account of this Note are not permitted pursuant to Section 5.02, the Holder will not commence, or join with any creditor other than the holders and owners of Senior Indebtedness in commencing, directly or indirectly cause the Company to commence, or assist the Company in commencing, any proceeding referred to in Section 5.02.

SECTION 5.05. Rights of Subrogation. No payment or distribution to the holders and owners of Senior Indebtedness pursuant to the provisions of this

Article shall entitle the Holder to exercise any right of subrogation in respect thereof until the Senior Indebtedness shall have been paid in full.

SECTION 5.06. Further Assurances. The Holders and the Company each will, at the Company's expense and at any time and from time to time, promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that any holder or owner of Senior Indebtedness may request, in order to protect any right or interest granted or purported to be granted hereby or to enable any holder or owner of Senior Indebtedness to exercise and enforce its rights and remedies hereunder.

SECTION 5.07. Agreements in Respect of Subordinated Debt. No amendment, waiver or other modification of this Note, and no agreement supplemental to this Note, may adversely affect the rights or interests of any holder or owner of Senior Indebtedness hereunder.

SECTION 5.08. Agreement by the Company. The Company agrees that it will not make any payment of this Note, or take any other action, in contravention of the provisions of this Article.

SECTION 5.09. Obligations Hereunder Not Affected. All rights and interests of the holders and owners of Senior Indebtedness hereunder, and all agreements and obligations of the Holder of this Note and the Company under this Article, shall remain in full force and effect irrespective of:

(i) any change in the time, manner or place of payment of, or in any other term of, all or any of the Senior Indebtedness, or any other amendment or waiver of or any consent to any departure from any Senior Indebtedness, including, without limitation, any increase in the Company's obligations resulting from the extension of additional credit to the Company or any of its subsidiaries or otherwise;

(ii) any taking, exchange, release or non-perfection of any collateral, or any taking, release or amendment or waiver of or consent to departure from any guaranty, for all or any of the Senior Indebtedness;

(iii) any manner of application of collateral, or proceeds thereof, to all or any of the Senior Indebtedness, or any manner of sale or other disposition of any collateral for all or any of the Senior Indebtedness or any other assets of the Company or any of its subsidiaries;

(iv) any change, restructuring or termination of the corporate structure or existence of the Company or any of its subsidiaries; or

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(v) any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Company or a subordinated creditor.

The provisions of this Article Five shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Senior Indebtedness is rescinded or must otherwise be returned by any holder or owner of Senior Indebtedness upon the insolvency, bankruptcy or reorganization of the Company or otherwise, all as though such payment had not been made.

SECTION 5.10. Waiver. The Holder of this Note and the Company each hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Senior Indebtedness and this Article and any requirement that any holder or owner of Senior Indebtedness protect, secure, perfect or insure any security interest or lien or any property subject thereto or exhaust any right or take any action against the Company or any other person or entity or any collateral.

SECTION 5.11. No Waiver; Remedies. No failure on the part of any holder or owner of Senior Indebtedness to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or

partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 5.12. Continuing Agreement. The provisions of this Article Five constitute a continuing agreement and shall (i) remain in full force and effect until the payment in full of all Senior Indebtedness, (ii) be binding upon the Holder of this Note, the Company and their respective successors and assigns, and (iii) inure to the benefit of, and be enforceable by, the holders and owners of Senior Indebtedness and their respective successors, transferees and assigns.

Article VI

TRANSFER OF NOTE

SECTION 6.01. Restrictions. The Holder acknowledges and agrees that it shall not Transfer this Note (i) to any Competitor or (ii) in violation of the Securities Act of 1933, as amended. Any attempted Transfer in violation of the preceding sentence shall be deemed void ab initio and of no force or effect whatsoever, and the Company will not record any such Transfer on its books or treat any purported transferee as the owner of this Note for any purpose. Except as specifically set forth in this Section 6.01, the Holder shall not be restricted from any Transfer of the Note.

SECTION 6.02. Legend.

(a) Each Note issued upon any Transfer will bear the following legend:

"THE TRANSFER OF THIS NOTE IS SUBJECT TO THE CONDITIONS SPECIFIED IN AN EXCHANGE AGREEMENT AMONG THE COMPANY, TXU CORP. AND THE HOLDER, A COPY OF SUCH AGREEMENT AS IN EFFECT FROM TIME TO TIME WILL BE FURNISHED

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WITHOUT CHARGE BY THE ISSUER TO THE HOLDER HEREOF UPON WRITTEN REQUEST."

(b) Each certificate or instrument evidencing Restricted Securities and each certificate or instrument issued in exchange for or upon the transfer of any Restricted Securities (if such securities remain Restricted Securities after such Transfer) shall be stamped or otherwise imprinted with a legend in substantially the following form:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR AN EXEMPTION FROM REGISTRATION THEREUNDER."

(c) In addition, each certificate or instrument evidencing Restricted Securities and each certificate or instrument issued in exchange for or upon the Transfer of any Restricted Securities (if such securities remain Restricted Securities after such Transfer) shall be stamped or otherwise imprinted with any additional legends as may be required by the Company, as applicable to the holder of such certificate or instrument.

SECTION 6.03. Registration of Notes. The Company shall keep at its principal executive office a register (the "REGISTER") for the registration and registration of transfers of Notes. The name and address of each Holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in the Register. Prior to due presentation for registration of transfer, the Person in whose name any Note shall be registered shall be deemed and treated as the owner and Holder thereof for all purposes hereof, and the Company shall not be affected by any notice to the contrary.

SECTION 6.04. New Notes. Upon surrender of any Note for registration of Transfer or exchange (and in the case of a surrender for registration of transfer, duly endorsed or accompanied by a written instrument of transfer duly executed by the registered Holder of such Note or such Holder's attorney duly authorized in writing and accompanied by the address for notices of each transferee of such Note or part thereof), the Company shall execute and deliver, at the Company's expense, one or more new Notes (as requested by the Holder thereof) in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person as such Holder may request. Each such new Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. Notes shall not be transferred in denominations of less than \$500,000, in the event that the Holder is transferring to an Affiliate of such Holder, and \$10,000,000, in the event that the Holder is transferring to any other Person; provided, that, if necessary to enable the registration of transfer by a Holder of its entire holding of Notes, one Note may be in a

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denomination of less than the foregoing amounts.

Article VII

INDEMNIFICATION

SECTION 7.01. Indemnification of Holders.

(a) The Company hereby agrees to indemnify and hold harmless the Holder of this Note and its respective shareholders and managers (including any administrative agent or sub-agent) and each of its respective Affiliates, officers, directors, employees, agents, successors and assigns but excluding the Person serving as a Manager pursuant to Section 3.08 hereof to the extent such Person is indemnified by the Company pursuant to the LLC Agreement (each an "INDEMNITEE"), for and against all claims, losses, damages, costs, expenses, awards, judgments and penalties (including, without limitation, attorneys' fees and expenses) (hereinafter, a "LOSS") arising out of, resulting from or with respect to, directly or indirectly, the conduct of the business or affairs of the Company, including without limitation, the operation of the Business.

(b) An Indemnitee shall give the Company notice of any matter that an Indemnitee has determined has given or could give rise to a right of indemnification under this Note (a "CLAIM NOTICE"), within 25 days after such determination, stating the amount of the Loss, if known, and method of computation thereof. The obligations and liabilities of the Company under this Article VII with respect to Losses arising from claims of any third party that are subject to the indemnification provided for in this Article VII ("THIRD PARTY CLAIMS") shall be governed by the following additional terms and conditions: if an Indemnitee shall receive notice of any Third Party Claim, the Indemnitee shall give the Company notice of such Third Party Claim within 25 days after the receipt by the Indemnitee of such notice; provided, however, that the failure to provide such notice shall not release the Company from any of its obligations under this Article VII and shall not relieve the Company from any other obligation or liability that it may have to any Indemnitee otherwise than under this Article VII. If the Company acknowledges in writing its obligation to indemnify the Indemnitee hereunder against any Losses that may result from such Third Party Claim, then the Company shall be entitled to assume and control the defense of such Third Party Claim at its expense and through counsel of its choice if it gives notice of its intention to do so to the Indemnitee within five (5) days of the receipt of such Claim Notice from the Indemnitee; provided, however, that if there exists or is reasonably likely to exist a conflict of interest that would make it inappropriate in the judgment of the Indemnitee in its sole and absolute discretion for the same counsel to represent both the Indemnitee and the Company, then the Indemnitee shall be entitled to retain its own counsel in each jurisdiction for which the Indemnitee determines counsel is required, at the expense of the Company. In the event that the Company exercises the right to undertake any such defense against any such Third Party Claim as

provided above, the Indemnitee shall cooperate with the Company in such defense and make available to the Company, at the Company's expense, all witnesses, pertinent records, materials and information in the Indemnitee's possession or under the Indemnitee's control relating thereto as is reasonably required by the Company. Similarly, in the event the Indemnitee is, directly or indirectly, conducting the defense against any such Third Party Claim, the Company shall cooperate with the Indemnitee in such defense and make available to the Indemnitee, at the Company's expense, all such witnesses, records, materials and information in the Company's possession or under the Company's control relating thereto as is reasonably required by the Indemnitee. No such Third Party Claim may be settled by the Company without: (a) the prior written consent (which consent shall not be unreasonably withheld, delayed or conditioned) of the Indemnitee unless such settlement contains a full and unconditional release of the Indemnitee with respect thereto.

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SECTION 7.02. Nonexclusivity of Rights. The indemnification and advancement and payment of expenses provided by this Article VII: (a) shall not be deemed exclusive of any other rights to which a Holder or other Person seeking indemnification may be entitled under any statute, agreement or otherwise both as to action in such Person's official capacity and as to action in another capacity while holding such office, (b) shall continue as to any Person who has ceased to serve in the capacity which initially entitled such Person to indemnity and advancement and payment of expenses, and (c) shall inure to the benefit of the heirs, executors, administrators, successors and assigns of such Holder or such other Person.

SECTION 7.03. Contract Rights. The rights granted pursuant to this Article VII shall be deemed to be contract rights, and no amendment, modification or repeal of this Article VII shall have the effect of limiting or denying any such rights with respect to actions taken or Proceedings arising prior to any such amendment, modification or repeal.

SECTION 7.04. Savings Clause. If this Article VII or any portion of this Note shall be invalidated on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify and hold harmless each Holder or any other Person indemnified pursuant to this Article VII as to costs, charges and expenses (including, without limitation, attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, to the fullest extent permitted by any applicable portion of this Article VII that shall not have been invalidated and to the fullest extent permitted by applicable law.

SECTION 7.05. Other Arrangements Not Excluded. The indemnification and advancement of expenses authorized in or ordered by a court pursuant to this Article VII:

(a) Does not exclude any other rights to which a Person seeking indemnification or advancement of expenses may be entitled under any other agreement, or otherwise, for either an action of any Holder, officer, employee or agent in the official capacity of such Person or an action in another capacity while holding such position, except that indemnification, unless ordered by a court, may not be made to or on behalf of any Holder if a final adjudication established that its acts or omissions involved intentional misconduct, fraud or gross negligence and was material to the cause of action; and

(b) Continues for a person who has ceased to be a Holder, officer, employee or agent and inures to the benefit of the successors, heirs, executors and administrators of such a person.

Article VIII

MISCELLANEOUS

SECTION 8.01. Notices.

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(a) All notices, requests, claims, demands and other communications under or in connection with this Note shall be given to or made upon: (i) the Holder, at the Holder's address set forth on Schedule I attached hereto and (ii) the Company at the following addresses (or in any case to such other address as the addressee may from time to time designate in writing to the sender):

TXU Corp.
1601 Bryan Street
Dallas, TX 75201
Attention: Treasurer
Facsimile: 214-812-8998

with copies to:

Hunton & Williams
1601 Bryan Street
Dallas, TX 75201
Attention: Timothy A. Mack, Esq.
Facsimile: 214-880-0011

and

Thelen Reid & Priest LLP
875 Third Avenue
New York, NY 10022
Attention: Robert J. Reger, Esq.
Facsimile: 212-603-2001

(b) All notices, requests, claims, demands and other communications under or in connection with this Note shall be in writing and shall be deemed effectively given: (i) upon personal delivery or delivery by courier to the party to be notified, (ii) three Business Days after deposit with the United States Post Office, by registered or certified mail, return receipt requested, postage prepaid and addressed as provided in Section 8.01(a) and (iii) one Business Day after receipt of confirmation if such notice is sent by facsimile.

SECTION 8.02. Headings and Sections. The descriptive headings in this Note are inserted for convenience only and are in no way intended to describe, interpret, define, or limit the scope, extent or intent of this Note or any provision of this Note. Unless the context requires otherwise, all references in this Note to Sections, Articles, Exhibits or Schedules shall be deemed to mean and refer to Sections, Articles, Exhibits or Schedules of or to this Note.

SECTION 8.03. Amendments. This Note may not be amended, supplemented, modified or restated nor may any provision herein be waived without the express unanimous written consent of a Majority in Voting Interest of the Holders. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition, or a waiver of any other term or condition of this Note. The failure of the Holder to assert any of its rights hereunder shall not constitute a waiver of any of such rights. All rights and remedies existing under this Note are cumulative to, and not exclusive of, any rights or remedies otherwise available.

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SECTION 8.04. Binding Effect. Except as otherwise provided in this Note, every covenant, term and provision of this Note shall be binding upon the Company and shall inure to the benefit of the Holder, the DLJ VCOC Fund and

their distributees, heirs, legal representatives, executors, administrators, successors and permitted assigns and designees.

SECTION 8.05. Remedies. The Holder shall be entitled to enforce its rights under this Note specifically, to recover damages and costs (including reasonable attorneys' fees) caused by any breach of any provision of this Note and to exercise all other rights existing in its favor. The Company agrees and acknowledges that money damages may not be an adequate remedy for any breach of the provisions of this Note and that the Holder may in its sole discretion apply to any court of law or equity of competent jurisdiction (without posting any bond or deposit) for specific performance or other injunctive relief in order to enforce or prevent any violations of the provisions of this Note. If any time period for giving notice or taking action under this Note expires on a day that is not a Business Day, the time period shall be extended automatically to the immediately succeeding Business Day.

SECTION 8.06. Waiver of Jury Trial. THE COMPANY AND, BY ACCEPTING THE BENEFITS OF THIS NOTE, THE HOLDER HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF UNDER OR, IN CONNECTION WITH THIS NOTE.

SECTION 8.07. Interpretation. The Holder and the Company have participated jointly in the negotiation and drafting of this Note. In the event an ambiguity or question of intent or interpretation arises, this Note shall be construed as if drafted jointly by the Holder and the Company, and no presumption or burden of proof shall arise favoring or disfavoring the Holder or the Company by virtue of the authorship of any of the provisions of this Note.

SECTION 8.08. Governing Law; Consent to Jurisdiction. This Note will be governed by, and construed in accordance with, the laws of the State of New York. In any action or proceeding arising out of, related to, or in connection with this Note, the Company consents to be subject to the jurisdiction and venue of (a) the Supreme Court of the State of New York in and for the County of New York, and (b) the United States District Court for the Southern District of New York. The Company consents to the service of process in any action commenced hereunder by any method or service acceptable under federal law or the laws of the State of New York.

SECTION 8.09. Additional Documents and Acts. The Company agrees to execute and deliver such additional documents and instruments and to perform such additional acts as may be reasonably necessary or appropriate to effectuate, carry out and perform all of the terms, provisions and conditions of this Note and the transactions contemplated hereby.

SECTION 8.10. No Third Party Beneficiaries. Except for the provisions of Article VII relating to indemnification, this Note shall inure solely to the benefit of the Holder, the DLJ VCOC Fund and their successors, assigns and designees, nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, interest, claim or benefit, of any nature whatsoever, under or on account of this Note.

SECTION 8.11. Holder ERISA Representation. The Holder represents and warrants that either (i) it is not an "employee benefit plan" within the meaning

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of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), a "plan" within the meaning of Section 4975(e)(1) of the Internal Revenue Code of 1986, as amended (the "Code"), or an entity whose assets are treated as "plan assets" under the Plan Asset Regulations or (ii) the purchase and holding of this Note by such Holder will not result in a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.

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IN WITNESS WHEREOF, the Company has caused this Note to be executed by its officers or other representatives thereunto duly authorized, as of the date first above written.

TXU ENERGY COMPANY LLC

By: /s/ Kirk R. Oliver

Name: Kirk R. Oliver

Title: Treasurer and Assistant Secretary

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<TABLE>
<CAPTION>

Amount Added to Principal Amount of Note Under Section 2.01 (a)	Date Added to Principal Amount of Note	Aggregate Principal Amount of Note
<C>	<C>	<C>

</TABLE>

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SCHEDULE I
ADMINISTRATIVE DETAILS

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SCHEDULE II
DLJ ENTITIES

NAME

UXT Holdings-2, LLC

UXT Intermediary, LLC

UXT Holdings (Offshore)

UXT Holdings LLC
UXT-1 Blocker, Inc.
UXT-2 Blocker, Inc.
UXT-3 Blocker, Inc.
UXT-4 Blocker, Inc.
UXT-5 Blocker, Inc.
UXT AIV, L.P.
UXT AIV Blocker, Inc.
DLJ Merchant Banking Partners III, L.P.
DLJ Offshore Partners III, C.V.
DLJ Offshore Partners III-1, C.V.
DLJ Offshore Partners III-2, C.V.
Millennium Partners II, L.P.
DLJMB Partners III GmbH & Co. KG
MBP III Plan Investors, L.P.

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THE TRANSFER OF THIS NOTE IS SUBJECT TO THE CONDITIONS SPECIFIED IN AN EXCHANGE AGREEMENT AMONG THE COMPANY, TXU CORP. AND THE HOLDER, A COPY OF SUCH AGREEMENT AS IN EFFECT FROM TIME TO TIME WILL BE FURNISHED WITHOUT CHARGE BY THE COMPANY TO THE HOLDER HEREOF UPON WRITTEN REQUEST.

THIS NOTE HAS NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR AN EXEMPTION FROM REGISTRATION THEREUNDER.

TXU ENERGY COMPANY LLC

\$277,579,242.54 Exchangeable Subordinated Note

Dated as of November 22, 2002

FOR VALUE RECEIVED, the undersigned, TXU Energy Company LLC, a Delaware limited liability company (the "COMPANY"), HEREBY PROMISES TO PAY UXT INTERMEDIARY LLC or registered assigns (as further defined herein, the "HOLDER") the principal amount of \$277,579,242.54 on November 22, 2012.

The Company hereby promises to pay interest on the unpaid principal amount hereof from the date hereof until such principal amount is paid in full, payable on the dates and at the rates hereinafter set forth.

Article I

DEFINITIONS

SECTION 1.01. Definitions.

The following terms used in this Note shall have the following meanings (unless otherwise expressly provided in this Note):

"AFFILIATE" means with respect to any Person, any other Person controlling, controlled by, or under common control with such first Person. For the avoidance of doubt, the Company and its Affiliates shall be considered Affiliates of the Company and the Holders and their Affiliates shall not be considered Affiliates of the Company.

"AFFILIATED EMPLOYEE BENEFIT TRUST" means any trust that is a successor to the assets held by a trust established under an employee benefit plan subject to ERISA or any other trust established directly or indirectly under such plan or any other such plan having the same sponsor.

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"AGREEMENT VALUE" means, for each hedge agreement, on any date of determination, an amount determined in good faith by the Company equal to: (a) in the case of any hedge agreement documented pursuant to the Master Agreement (Multicurrency-Cross Border) published by the International Swap and Derivatives Association, Inc. (the "MASTER AGREEMENT"), the amount, if any, that would be payable by or to the Company or any of its Subsidiaries to or from its counterparty to such hedge agreement, as if (i) such hedge agreement was terminated early on such date of determination and, (ii) the Company or such Subsidiary was the sole "Affected Party", and assumes second method and market quotation and adjusts for collateral positions, or (b) in the case of a hedge agreement traded on an exchange, the mark-to-market value of such hedge agreement, which will be the unrealized gain or loss on such hedge agreement to the Company or such Subsidiary to such hedge agreement determined in good faith by the Company based on the settlement price of such hedge agreement on such date of determination, or (c) in all other cases, the mark-to-market value of such hedge agreement, which will be the unrealized gain or loss on such hedge agreement to the Company or such Subsidiary to such hedge agreement determined in good faith by the Company; capitalized terms used and not otherwise defined in this definition shall have the meaning set forth in the above described Master Agreement.

"AVERAGE CLOSING PRICE" means, for any Fiscal Quarter, the average of closing prices of a share of TXU Common Stock on the New York Stock Exchange Corporate Transactions Reporting System, as reported in The Wall Street Journal, for the period commencing on the first day of such Fiscal Quarter and ending on the last day of such Fiscal Quarter.

"BANKRUPTCY" means, with respect to a Person, (a) that such Person has (i) made an assignment for the benefit of creditors; (ii) filed a voluntary petition in bankruptcy; (iii) been adjudged bankrupt, or insolvent; or had entered against such Person an order of relief in any bankruptcy or insolvency proceeding; (iv) filed a petition or an answer seeking for such Person any reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation or filed an answer or other pleading admitting or failing to contest the material allegations of a petition filed against such Person in any proceeding of such nature; or (v) sought, consented to, or acquiesced in the appointment of a trustee, receiver or liquidator of such Person or of all or any substantial part of such Person's properties; (b) 60 days have elapsed after the commencement of any proceeding against such Person seeking reorganization, arrangement, composition, readjustment, liquidation, dissolution or similar relief under any statute, law or regulation and such proceeding has not been dismissed; or (c) 60 days have elapsed since the appointment without such Person's consent or acquiescence of a trustee, receiver or liquidator of such Person or of all or any substantial part of such Person's properties and such appointment has not been vacated or stayed or the appointment is not vacated within 60 days after the expiration of such stay.

"BOARD OF MANAGERS" has the meaning set forth in the Limited Liability Company Agreement.

"BUSINESS" means the generation of electricity, wholesale energy trading, retail energy marketing, energy delivery and other energy-related services by the Company or any of their respective Subsidiaries.

"BUSINESS DAY" means any day other than a Saturday, Sunday or any other day which is a legal holiday under the laws of the States of New York or Texas or a day on which national banking associations in such States are authorized or required by law or other governmental action to close.

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"CAPITAL EXPENDITURES" means expenditures made or liabilities incurred for the acquisition of any fixed assets or improvements, replacements, substitutions or additions thereto that are capitalized on the balance sheet of the applicable Person prepared in accordance with GAAP.

"CERTIFICATE OF FORMATION" means the Original Certificate of Formation as it may be amended, restated, supplemented or otherwise modified from time to time on or after the date hereof.

"CHANGE OF CONTROL" means the consummation of any transaction or series of related transactions that will result in any Person or group of Persons, in each case as defined in the Exchange Act: (i) becoming the beneficial owner, directly or indirectly, of more than 30% of the aggregate voting power of the Company, Holdings or TXU Corp. or 30% of the aggregate fair market value of the assets of the Company, Holdings or TXU Corp., (ii) acquiring, by contract or otherwise, the power to direct or cause the direction of the management or policies of the Company, Holdings or TXU Corp., or (iii) otherwise becoming the beneficial owner, directly or indirectly, of more than 30% of the ownership interests in the Company.

"CODE" means the United States Internal Revenue Code of 1986, as amended from time to time.

"COMPANY" has the meaning set forth in the Preamble.

"COMPETITOR" means, with respect to the Company or any of its Affiliates, a Person (or an Affiliate of an entity) that is significantly involved in the generation of electricity, wholesale energy trading, retail energy marketing or energy delivery.

"DEFAULT INTEREST" shall have the meaning set forth in Section 2.05.

"DELAWARE ACT" means the Delaware Limited Liability Company Act, 6 Del.ss. 18-101 et seq., as the same may be amended from time to time.

"DISTRIBUTE" means to make one or more Distributions.

"DISTRIBUTION" means the payment or distribution by the Company of any money or property other than money to a Member (i) on account of such Member's Membership Interest as provided in the Limited Liability Company Agreement or (ii) in redemption or liquidation of all or any portion of such Member's Membership Interest.

"DLJ ENTITY" or "DLJ ENTITIES" means each investor or investors listed on Schedule II.

"DLJ VCOC FUND" means UXT AIV, L.P., a Delaware limited partnership, or a DLJ Entity or Affiliate thereof designated by UXT AIV, L.P.

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"EBITDA" means, without duplication, the consolidated Net Income of the Company and its Subsidiaries determined in accordance with GAAP consistently applied, plus any amounts subtracted in calculating Net Income in respect of interest expense, Taxes, depreciation and amortization, less (i) any gain plus any loss realized in connection with the sale of any assets or disposition of any securities, other than those included in cash flow from operations, (ii) any extraordinary or non-recurring gain plus any loss or (iii) any non-cash extraordinary gain, plus (iv) any non-cash extraordinary loss.

"ENCUMBER" means, with respect to a Person, creating or suffering to exist any Encumbrance against any of the property of such Person.

"ENCUMBRANCE" means any lien, mortgage, pledge, collateral assignment, security interest, hypothecation or other encumbrance.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"EXCHANGE ACT" means the Securities Exchange Act of 1934, as amended.

"EXCHANGE AGREEMENT" means the Exchange Agreement, dated as of the date hereof, by and among the Company, TXU Corp. and the Holders.

"EXCHANGED NOTE PRINCIPAL" means the amount of Notes exchanged into TXU Common Stock pursuant to the Exchange Agreement.

"FISCAL QUARTER" means any three-month accounting period of the Company in the Fiscal Year.

"FISCAL YEAR" means the annual accounting period of the Company, which shall be the calendar year or such portion of a calendar year during which the Company is in existence.

"GAAP" means generally accepted accounting principles in the United States of America as in effect from time to time, consistently applied.

"GOVERNMENTAL AUTHORITY" means any United States or non-United States federal, national, supranational, State, provincial, local, or similar government, governmental, regulatory or administrative authority, agency or commission or any court, tribunal, or judicial or arbitral body.

"HOLDER" means any Person identified as the registered holder of this Note in the Register.

"HOLDINGS" means TXU US Holdings Company, a Texas corporation.

"INDEBTEDNESS" of any Person means, without duplication, net of restricted cash and cash equivalents off-setting Indebtedness (a) all indebtedness of such Person for borrowed money, (b) all obligations of such Person evidenced by bonds, debentures, notes or other similar instruments, (c) all obligations of such Person to pay the deferred purchase price of property or services (other than trade payables and accrued liabilities arising in the ordinary course of business), (d) all indebtedness created or arising under any

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conditional sale or other title retention agreement with respect to property acquired by such Person (even though the rights and remedies of the seller or lender under such agreement in the event of default are limited to repossession or sale of such property), (e) all capitalized lease obligations of such Person, (f) all obligations, contingent or otherwise, of such Person under acceptance, letter of credit or similar facilities securing Indebtedness and all interest rate or foreign exchange hedging transactions valued at the Agreement Value thereof, (g) all unconditional obligations of such Person to purchase, redeem, retire, defease or otherwise acquire for value any capital stock of such Person or any warrants, rights or options to acquire such capital stock, (h) all Indebtedness of any other Person of the type referred to in clauses (a) through

(g) guaranteed by such Person or for which such Person shall otherwise (including pursuant to any keepwell, makewell or similar arrangement) become directly or indirectly liable (other than indirectly as a result of a performance guarantee not entered into with respect to Indebtedness), and (i) all third party Indebtedness of the type referred to in clauses (a) through (h) above secured by any lien or security interest on property (including accounts and contract rights) owned by the Person whose Indebtedness is being measured, even though such Person has not assumed or become liable for the payment of such third party Indebtedness, the amount of such obligation being deemed to be the lesser of the net book value of such property or the amount of the obligation so secured; provided that (i) true sales of accounts receivable and (ii) the obligation evidenced by this Note and the Other Notes, shall not constitute "Indebtedness" hereunder.

"INTEREST COVERAGE RATIO" means the ratio of EBITDA of the Company to consolidated cash interest expense of the Company and its Subsidiaries on all Indebtedness.

"INTEREST PAYMENT DATE" means (a) prior to the occurrence of a Reset Event in respect of which the Company has elected to make payment under Section 2.01(b), the date five (5) Business Days after each Fiscal Quarter, and if such day is not a Business Day, then the next succeeding Business Day and (b) after the occurrence of a Reset Event in respect of which the Company has elected to make payment under Section 2.01(b), each date on which dividends are paid in respect of the shares of TXU Common Stock.

"LAW" means any United States or non-United States federal, national, supranational, state, provincial, local or similar statute, law, ordinance, regulation, rule, code, order, requirement or rule of law (including, without limitation, common law).

"LIMITED LIABILITY COMPANY AGREEMENT" means the limited liability company agreement of TXU Energy Company LLC, as amended pursuant to the Purchase Agreement.

"LOSS" has the meaning set forth in Section 7.01(a).

"MAJORITY IN VOTING INTEREST" means, at any time, a Holder or Holders that own a majority of the principal amount of the Notes outstanding at such time, voting together as a single class.

"MANAGER" means a member of the Board of Managers.

"MEMBER" means a "member" of the Company.

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"MEMBERSHIP INTEREST" of any Member at any time means the entire ownership interest of such Member in the Company at such time, including all benefits to which the owner of such Membership Interest is entitled under the Limited Liability Company Agreement and applicable law, together with all obligations of such Member under the Limited Liability Company Agreement and applicable law.

"NET INCOME" means with respect to any Fiscal Year, or part thereof, the net income (or net loss) of the Company for such period as determined on a consolidated basis and in accordance with GAAP.

"NOTE" means this Exchangeable Subordinated Note, each Other Note and each additional Note issued upon any transfer of an interest in all or any part of this Note; and "NOTES" means, collectively, all of the foregoing.

"OFFICER" means an officer of the Company.

"ORIGINAL CERTIFICATE OF FORMATION" has the meaning set forth in the Limited Liability Company Agreement.

"OTHER NOTE" means each Exchangeable Subordinated Note in substantially the form of this Note issued on the date hereof and each additional Note issued upon any transfer of an interest in all or any part of such Other Note.

"PAYMENT DEFAULT" means any failure by the Company to pay principal or interest when due under this Note.

"PERMITTED TRANSFEREE" means in the case of any DLJ Entity, (A) any other DLJ Entity, (B) any general or limited partner of any DLJ Entity (a "DLJ Partner"), and any Affiliated Employee Benefit Trust or Person that is an Affiliate of any DLJ Partner (collectively, the "DLJ Affiliates"), (C) any managing director, general partner, director, limited partner, officer or employee of any DLJ Entity or of any DLJ Affiliate, or the heirs, executors, administrators, testamentary trustees, legatees or beneficiaries of any of the foregoing persons referred to in this clause (C) (collectively, "DLJ Associates"), (D) a trust (to the extent recognized by applicable Law), the beneficiaries of which, or a corporation, limited liability company or partnership, all of the stockholders, members or general or limited partners of which, include only DLJ Entities, DLJ Affiliates, DLJ Associates, their spouses or their lineal descendants or (E) a voting trustee for one or more DLJ Entities, DLJ Affiliates or DLJ Associates under the terms of a voting trust (to the extent recognized by applicable Law).

"PERSON" means any individual, corporation, partnership, limited liability company, trust, joint venture, governmental entity or other unincorporated entity, association or group.

"PURCHASE AGREEMENT" means the Purchase Agreement, dated as of November 18, 2002, by and between the Company and the initial Holder, as amended, restated, supplemented or otherwise modified pursuant to the terms thereof from time to time.

"REGISTER" has the meaning set forth in Section 6.03.

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"REGULATION" means any rule or regulation of any Governmental Authority having the effect of Law or any rule or regulation of any self-regulatory organization.

"RESET AMOUNT" means with respect to the unpaid principal amount outstanding on the Note for any Fiscal Quarter ending after the occurrence of a Reset Event, an amount equal to the aggregate dividend that would be payable during such Fiscal Quarter in respect of the shares of TXU Common Stock that would be determined by dividing the outstanding principal amount of this Note by the average closing price for TXU Common Stock for such Fiscal Quarter.

"RESET EVENT" means, for any Fiscal Quarter, an Average Closing Price for TXU Common Stock in excess of \$39.45, as adjusted to account for stock splits, stock dividends and similar occurrences.

"RESTRICTED SECURITIES" means (a) all Membership Interests and Notes issued by the Company and (b) any securities issued with respect to, or in exchange for, the Membership Interests or Notes referred to in clause (a) above in connection with a conversion, combination of units or shares, exchange, recapitalization, merger, consolidation or other reorganization, including in connection with the consummation of any reorganization plan.

"STATE" means any one of the 50 states of the United States of America or the District of Columbia.

"SUBSIDIARY" means, with respect to any Person, any corporation, limited liability company, partnership, association or other business entity of which (a) if a corporation, a majority of the total voting power of shares of stock entitled (without regard to the occurrence of any contingency) to vote in

the election of directors, managers or trustees thereof is at the time owned or controlled, directly or indirectly, by such Person or one or more of the other Subsidiaries of such Person or a combination thereof, or (b) if a limited liability company, partnership, association or other business entity, a majority of the partnership or other similar ownership interest thereof is at the time owned or controlled, directly or indirectly, by any Person or one or more Subsidiaries of such Person or entity or a combination thereof. For purposes of this Note, a Person or Persons shall be deemed to have a majority ownership interest in a limited liability company, partnership, association or other business entity if such Person or Persons shall be allocated a majority of limited liability company, partnership, association or other business entity gains or losses or shall be or control any managing director, managing member, or general partner of such limited liability company, partnership, association or other business entity.

"TAXES" means all federal, State, local and foreign income, profits, franchise, gross receipts, environmental, customs duty, capital stock, severance, stamp, windfall profit, payroll, sales, use, transfer, employment, unemployment, disability, use, property, withholding, excise, production, value added, occupancy and other taxes, duties or assessments of any nature whatsoever, together with all interest, penalties and additions imposed with respect thereto.

"THIRD PARTY CLAIMS" has the meaning set forth in Section 7.01(b).

"TRANSFER" means (a) as a noun, the transfer of ownership by sale, exchange, assignment, gift, donation, grant or other conveyance of any kind, whether voluntary or involuntary, including Transfers by operation of law or

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legal process (and hereby expressly including, with respect to a Holder, assignee or other Person, any voluntary or involuntary appointment of a receiver, trustee, liquidator, custodian or other similar official for such Holder or all or any part of such Holder, assignee or other Person or all or any part of the property of such Holder, assignee or other Person under any bankruptcy, reorganization or insolvency law and (b) as a verb, the act of making any voluntary or involuntary Transfer.

"TREASURY REGULATIONS" means the income Tax regulations promulgated under the Code as amended.

"TXU COMMON STOCK" means the common stock of TXU Corp., without par value.

"TXU CORP." means TXU Corp., a Texas corporation.

SECTION 1.02. Other Definitional Provisions.

(a) All terms in this Note shall have the defined meanings when used in any certificate or other document made or delivered pursuant hereto unless otherwise defined therein.

(b) As used in this Note and in any certificate or other documents made or delivered pursuant hereto or thereto, accounting terms not defined in this Note or in any such certificate or other document, and accounting terms partly defined in this Note or in any such certificate or other document to the extent not defined, shall have the respective meanings given to them under GAAP. To the extent that the definitions of accounting terms in this Note or in any such certificate or other document are inconsistent with the meanings of such terms under GAAP, the definitions contained in this Note or in any such certificate or other document shall control.

(c) The words "hereof," "herein," "hereunder," and words of similar import when used in this Note shall refer to this Note as a whole and not to any particular provision of this Note; Section references contained in this Note are references to Sections in this Note unless otherwise specified; and the term

"including" shall mean "including without limitation."

(d) The definitions contained in this Note are applicable to the singular as well as the plural forms of such terms.

(e) Common nouns and pronouns and any variations thereof shall be deemed to refer to masculine, feminine, or neuter, singular or plural, as the identity of the Person, Persons or other reference in the context requires. Whenever used herein, "or" shall include both the conjunctive and disjunctive, "any" shall mean "one or more."

(f) Any agreement, instrument or statute defined or referred to herein or in any instrument or certificate delivered in connection herewith means such agreement, instrument or statute as from time to time amended, modified or supplemented and includes (in the case of agreements or instruments) references to all attachments thereto and instruments incorporated therein; references to a Person are also to its permitted successors and assigns.

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Article II

TERMS OF PAYMENT

SECTION 2.01. Interest Payment. (a) The Company shall pay interest on the unpaid principal amount of this Note at a rate per annum equal to 9.00%, payable quarterly in arrears on each Interest Payment Date; provided, however, that, the Company may, by notice to the Holder, elect to pay all or any portion of such interest by adding it to the principal amount of this Note, whereupon such amount shall bear interest at the rate aforesaid and shall no longer be considered to be interest due under this Section 2.01(a). Upon the receipt by the Holder of a notice of such election by the Company, the Holder shall record the amount, the date such amount is added to the principal amount of this Note and the aggregate principal amount of this Note in accordance with its usual practice and, prior to any transfer of this Note, such information shall be endorsed on the grid attached hereto, which is a part of this Note.

(b) Notwithstanding anything provided in Section 2.01(a), from and after the date of a Reset Event, the Company shall have the option to pay interest on the unpaid principal amount of this Note (excluding any additions to the principal amount pursuant to Section 2.01(a) which shall continue to bear interest pursuant to Section 2.01(a) or 2.05, as the case maybe) in an amount equal to the Reset Amount payable in arrears on each Interest Payment Date.

SECTION 2.02. No Prepayment. The Company shall not be permitted to prepay this Note in whole or in part; provided, however, that the Company may pay at any time any amounts added to the principal amount of this Note pursuant to Section 2.01(a).

SECTION 2.03. Payments and Computations. The Company shall make each payment hereunder not later than 1:00 p.m. (New York City time) on the day when due in U.S. dollars to the Holder at its address referred to on Schedule I attached hereto in same day funds. All computations of interest shall be made on the basis of a year of 360 days comprised of four 90 day quarters; provided, however, that in the case of the first interest payment under this Note, interest shall be computed on the basis of the actual number of days elapsed from the date of the initial funding under this Note to such first Interest Payment Date. Whenever any payment shall be stated to be due on a day other than a Business Day, such payment shall be made on the next succeeding Business Day, and such extension of time shall not in such case be included in the computation of payment of interest.

SECTION 2.04. Exchange Right. The Company shall have the right by providing written notice to the Holder at any time prior to the date that is 180 days from the date of funding by the Holder under this Note, to require the Holder to exchange its interest in this Note for a preferred equity interest in

the Company with substantially identical economic and other terms and otherwise in form and substance satisfactory to the Holder; provided, that, any such exchange must be consummated prior to the date that is 180 days from the date of receipt of such notice by the Holder.

SECTION 2.05. Default Interest. Upon the occurrence and during the continuance of either of (a) a Payment Default or (b) the making of any Distribution by the Company during any Fiscal Quarter in respect of which the Company does not pay cash interest on this Note or has not repaid all amounts added to the principal amount of this Note pursuant to Section 2.01(a), the Company shall pay interest on (i) the unpaid principal amount of this Note owing

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to the Holder, payable in arrears on the dates referred to in Section 2.01(a) or (b) above and on demand, at a rate per annum equal at all times to 5% per annum above the rate per annum required to be paid on such principal amount pursuant to Section 2.01(a) or (b) above and (ii) to the fullest extent permitted by law, the amount of any interest payable under this Note that is not paid when due, from the date such amount shall be due until such amount shall be paid in full, payable in arrears on the date such amount shall be paid in full and on demand, at a rate per annum equal at all times to 5% per annum above the rate per annum required to be paid pursuant to Section 2.01(a) or (b) above ("DEFAULT INTEREST").

Article III

COVENANTS AND REPRESENTATION AND WARRANTY

SECTION 3.01. Accounting Books and Records.

(a) The Company shall keep on site at its principal place of business each of the following:

(i) separate books of account for the Company which shall show a true and accurate record of all costs and expenses incurred, all charges made, all credits made and received, and all income derived in connection with the conduct of the Company and the operation of the Business in accordance with this Note;

(ii) a current list of the full name and last known business, residence, or mailing address of each Member and Holder, both past and present;

(iii) a copy of the Certificate of Formation, together with executed copies of any powers of attorney pursuant to which any amendment has been executed;

(iv) copies of the Company's federal, State, local and foreign income Tax returns and reports, if any, for the six most recent Fiscal Years;

(v) copies of the Limited Liability Company Agreement;

(vi) copies of each Note;

(vii) copies of any writings permitted or required under Section 18-502 of the Delaware Act regarding the obligation of a Member to perform any enforceable promise to contribute cash or property or to perform services as consideration for such Member's capital contribution; and

(viii) any written consents obtained from Members pursuant to Section 18-302 of the Delaware Act regarding action taken by Members without a meeting.

(b) The Company shall use the accrual method of accounting for Tax purposes and shall use GAAP in the preparation of its financial reports and shall keep its books and records in accordance with the foregoing. Any Holder

that is a DLJ Entity (a "DLJ HOLDER") or its designated representative has the right to have reasonable access to and inspect and copy the contents of such books or records and shall also have reasonable access during normal business hours to such additional financial information, documents, books and records as such DLJ Holder may reasonably request; provided that the Company shall have no

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obligation to provide such access if the DLJ Entities together with their Permitted Transferees own, in the aggregate, less than 10% of the original principal amount of the Notes. The rights granted to a DLJ Holder pursuant to this Section 3.01 are expressly subject to compliance by such DLJ Holder with the safety, security and confidentiality procedures and guidelines of the Company, as such procedures and guidelines may be established from time to time.

SECTION 3.02. Reports.

(a) Periodic and Other Reports. The Company shall cause to be delivered to each Holder and the DLJ VCOC Fund, so long as it directly or indirectly holds any interest in the Notes, financial statements, reports and notices referred to below. The financial statements listed in clauses (i) and (ii) below shall be prepared, in each case on a consolidated basis in accordance with GAAP, and such other reports as any Holder and the DLJ VCOC Fund, so long as it directly or indirectly holds any interest in the Notes, may reasonably request from time to time. The quarterly financial statements referred to in clause (ii) below may be subject to normal period-end adjustments.

(i) As soon as practicable following the end of each Fiscal Year (and in any event not later than 120 days after the end of such Fiscal Year, or such earlier date as may be required by law), an audited balance sheet of the Company as of the end of such Fiscal Year and the related statements of operations, Members' capital accounts and changes therein, and cash flows for such Fiscal Year, together with appropriate notes to such financial statements and supporting schedules, and in each case, to the extent the Company was in existence, setting forth in comparative form the corresponding figures for the immediately preceding Fiscal Year end (in the case of the balance sheet) and the two (2) immediately preceding Fiscal Years (in the case of the statements).

(ii) As soon as practicable following the end of each of the first three Fiscal Quarters of each Fiscal Year (and in any event not later than 60 days after the end of each such Fiscal Quarter, or such earlier date as may be required by law), an unaudited balance sheet of the Company as of the end of such Fiscal Quarter and the related statements of operations and cash flows for such Fiscal Quarter and for the Fiscal Year to date, in each case, to the extent the Company was in existence, setting forth in comparative form the corresponding figures for the prior Fiscal Year's Fiscal Quarter and the interim period corresponding to the Fiscal Quarter and the interim period just completed, together with a description of all material transactions of the Company, which shall be reviewed annually by an independent auditor.

The statements described in clauses (i) and (ii) above shall be accompanied by written certification of an Officer that such statements have been prepared in accordance with GAAP.

(iii) As soon as practicable following the end of each month (and in any event not later than 30 days after the end of each month), management reports in a form agreed upon between a Majority in Voting Interest of the Holders and the Company; provided that the Company shall have no obligation to provide such management reports if the DLJ Entities together with their Permitted Transferees own, in the aggregate, less than 10% of the original principal amount of the Note.

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(iv) A notice of the occurrence of any Event of Default, or to the extent actually known by the Company, of any event that with notice, the passage of time or both would become an Event of Default promptly, but in any event no later than two Business Days, after an Officer of the Company has actual knowledge of such occurrence, and a notice setting forth details of the actions that the Company has taken or proposes to take with respect thereto, as promptly as practicable, but in any event within ten Business Days after such Officer obtains actual knowledge of such event.

(v) A notice of the occurrence of a Change of Control, or any event that is reasonably likely to result in a Change of Control, promptly, but in no event later than two Business Days, after an Officer of the Company has actual knowledge of such occurrence.

(vi) Promptly following any such request, such other information as is reasonably requested by any Holder or the DLJ VCOC Fund.

(b) Each Holder agrees, and the DLJ VCOC Fund shall agree, to keep any non-public information provided to such Holder or the DLJ VCOC Fund by the Company confidential and not to disclose such information unless required by law and acknowledges that the receipt of such information by such Holder or the DLJ VCOC Fund may restrict the ability of such Holder or the DLJ VCOC Fund to trade in securities of the Company, TXU Corp. or their Affiliates; provided, that, such information may be disclosed to such Holder's or the DLJ VCOC Fund's advisors (in the case of financial advisors only, upon three Business Days' advance notice to the Company), members or partners as long as they agree to keep such information confidential.

SECTION 3.03. Separateness.

(a) The funds and other assets of the Company shall not be commingled with those of any other entity, and the Company shall maintain its accounts separate from each Member and any other Person.

(b) The Company shall not hold itself out as being liable for the debts of any other entity other than the Company and its Subsidiaries (collectively, the "COMPANY GROUP"), and shall conduct its own business in its own name or duly adopted assumed name.

(c) The Company shall not form, or cause to be formed, any Subsidiary other than in connection with conducting the Business.

(d) The Company shall act solely through its duly authorized Members, Managers, Officers or agents in the conduct of the Business, and shall conduct the Business so as not to confuse others as to the identity or assets of the Company Group with those of any other entity.

(e) The Company shall maintain separate records, books of account and financial statements, and shall not commingle its records and books of account with the records and books of account of any other entity.

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(f) The Managers shall hold appropriate meetings to authorize all of its limited liability company actions, which meetings may be held by telephone conference call or by unanimous written consent.

(g) Other than the obligations, guarantees or pledges existing on November 18, 2002 and the guarantees of (A) the Energy Plaza building lease obligations of TXU Corp., (B) an Affiliate's obligations with respect to operations in Mexico not to exceed \$15 million and (C) an Affiliate's obligations with respect to leased equipment utilized by the Company not to exceed \$25 million, the Company shall not (i) guarantee or become obligated for the debts of any Member or any Manager, any Affiliate thereof or any other

Person, or otherwise hold out its credit as being available to satisfy the obligations of any Member, any Manager or any other Person, (ii) pledge its assets for the benefit of any entity, and (iii) other than pursuant to this Note, acquire obligations or securities of any Member, any Manager or any Affiliate, provided, however, that the Company may do all of the foregoing for the benefit of the Company Group.

(h) The Company shall pay its own liabilities out of its own funds.

(i) The Company Group shall maintain an arms' length relationship or other relationship commercially reasonable under the circumstances and in compliance with all regulatory codes of conduct with their Affiliates outside of the Company Group.

(j) The Company Group shall use its own separate stationery, invoices, checks and other business forms.

(k) The Company shall correct any known material misunderstanding regarding the separate identity of the Company Group.

Nothing in this Section 3.03 or Section 3.04 herein shall be deemed to prohibit (i) the use of an Affiliate for the provision of services that can be performed cost effectively on a shared services basis, including treasury, payroll, accounting, human resources, legal, environmental, engineering, information technology and other administrative services, or (ii) participation in TXU Corp.'s money pool for its system companies in accordance with the guidelines established from time to time therefore, as long as, in each case, such activities are otherwise in compliance with the provisions of this Section 3.03 and Section 3.04.

SECTION 3.04. Limited Liability and Separateness. Without limiting the generality of Section 3.03, the Company shall be operated in such a manner as the Managers deem reasonable and necessary or appropriate to preserve (a) the limited liability of each of the Members (or their successors) in the Company and (b) the separateness of the Company from the business of each Member of the Company or any other Affiliate thereof outside of the Company Group.

SECTION 3.05. Limitations on Distributions. Notwithstanding any provision to the contrary contained in this Note, the Company shall not make any Distribution if such Distribution would violate Section 18-607 of the Delaware Act or other applicable law, any of the Company's debt financing agreements or any other debt financing agreement of which the Company is a guarantor, but shall instead make such Distribution as soon as practicable after such time as the making of such Distribution would not cause such violation.

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SECTION 3.06. Restricted Actions. The Company shall not, and shall cause its Subsidiaries not to, without the prior written consent of the Majority in Voting Interest of the Notes:

(a) Issue or reclassify any class or series of equity securities or Membership Interests that are, or that are convertible into, a class or series of equity securities, or Membership Interests of the Company or its Subsidiaries, as the case may be, that are, senior to or on parity with this Note.

(b) Incur any Indebtedness, if on a pro forma basis after giving effect to the incurrence of such Indebtedness at the date of incurrence and the application of proceeds thereof (i) the ratio of consolidated Indebtedness of the Company to EBITDA for the four Fiscal Quarters ended most recently prior to the date of determination thereof would exceed four times or (ii) the Interest Coverage Ratio for the four Fiscal Quarters ended most recently prior to the date of determination thereof would not exceed three times.

(c) Make any amendment to the Limited Liability Company Agreement.

(d) Make any investments, other than ordinary course investments relating to the Business; provided, however, that no investments shall be made in the City of New York that shall cause the Company to be deemed to be conducting operations in the City of New York for the purposes of the New York City Tax Law.

(e) Enter into operations significantly differing from the Business as conducted on the date hereof or enter into any new lines of business.

(f) Unless otherwise required by law, merge, consolidate or otherwise combine the Company with any other Person if such merger, consolidation or combination would result in the disposition of more than 25% of the aggregate voting power of the Company or acquire or dispose of assets that would result in the acquisition or disposition, as the case may be, of more than 25% of the value of the Company.

(g) Alter the number of Managers comprising the Board of Managers.

(h) Allow any Person to be admitted as a member of the Company.

SECTION 3.07. Treatment for Tax Purposes. (a) The Company agrees that, for all U.S. federal, state, local and foreign income Tax purposes, this Note shall be treated as a preferred equity interest in the Company, and unless prohibited by applicable law, the Company shall elect to be classified as a partnership (and not as an association, or publicly-traded partnership, taxable as a corporation). Accordingly, a capital account shall be maintained for the Holder in accordance with section 1.704-2(b)(2) of the Treasury Regulations, which shall be increased to reflect the amounts invested by the Holder in the Company (including amounts deducted from the Purchase Price in respect of the Structuring Fee and Transaction Expenses pursuant to Section 2.04(a) of the Purchase Agreement) and allocations of net profits (or, to the extent required, items of income and gain), and which shall be reduced to reflect distributions by the Company to the Holder (including amounts payable pursuant to the terms of this Note) and allocations of net losses (or, to the extent required, items of deduction or loss). Promptly following the end of each Fiscal Year of the Company (and in no event later than 90 days after the close of such Fiscal

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Year), the Company shall provide the Holder with IRS Schedule K-1, reporting the Holder's share of the taxable income or loss of the Company, and such separately stated items of income, gain, loss, deduction or credit as required by U.S. federal income Tax law, and the Company also shall provide such information as shall be required or reasonably requested by the Holder for purposes of allowing the Holder to prepare and file its U.S. federal, state, local and foreign income Tax returns. In the event that this Note is exchanged by the Holder for a Membership Interest in the Company (at the option of the Company or otherwise), the Company agrees that, consistent with the U.S. federal, state, local and foreign income Tax treatment of this Note as a preferred equity interest in the Company, such an exchange shall be treated as a "nonrecognition transaction" under section 721 of the Code. Other than any elections made upon the conversion of the Company to a partnership for federal Tax purposes (which shall be made consistent with past practice, where applicable), the Company (including any Tax matters member thereof in its capacity as such) shall not make, revoke or change any express or deemed Tax election or change any method of Tax accounting if objected to in writing by the Holders' Tax Representative within 15 days of receiving notice thereof from the Company (which objection shall not be unreasonably made, and the Company shall consult with the Holders' Tax Representative and keep such Holder reasonably informed as to any material Tax claim, audit or proceeding that, in any case, the Company determines in good faith could affect the tax treatment of a Holder as owner of a preferred equity interest in the Company or the amount or Tax character of any Tax item allocated or to be allocated to the Holder in its capacity as owner. "Holders' Tax Representative" means a representative designated as such by a Majority in

Voting Interest.

(b) For each Fiscal Year of the Company, net profits (or, if required, items of income and gain) shall be allocated to the Holder for U.S. federal, state, local and foreign income Tax purposes only to the extent of the amount of interest actually paid to the Holder in respect of this Note during such Fiscal Year. No other net profits or losses (or items of income, gain, loss or deduction) shall be allocated to the Holder for such purposes, except that, if no Member of the Company has a positive capital account balance, the Holder may be allocated a proportionate share of the net losses of the Company, if any, until its capital account has been reduced to zero. In the event that the Holder receives an allocation of net losses hereunder, the Holder thereafter shall be entitled to allocations of net profits (and, if required, items of income or gain) so that the Holder's capital account will equal the amount that the Holder would be entitled to receive pursuant to the terms of this Note in connection with the liquidation or winding up of the Company. Notwithstanding anything to the contrary herein, the Holder shall not be allocated any capital losses of the Company.

(c) Notwithstanding anything to the contrary herein, prior to any exchange of this Note for a Membership Interest in the Company, the Holder shall not be considered a Member of the Company by reason of its ownership of this Note for any purpose other than U.S. federal, state, local and foreign income Tax purposes, and shall not have the rights and obligations of a Member pursuant to the Limited Liability Company Agreement.

SECTION 3.08. Directors. Subject to and to the extent permitted by applicable Law and Regulation, for so long as at least 30% of the original principal amount of the Notes remains held by the DLJ Entities and their Permitted Transferees, the Board of Managers of the Company shall at all times include one Manager (the "HOLDER MANAGER") chosen by the DLJ VCOC Fund.

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SECTION 3.09. Consultation Rights. (a) During any period for which there is no Holder Manager serving on the Board of Managers, the DLJ VCOC Fund, if it directly or indirectly holds any interest in the Notes, and is intended to qualify as a "venture capital operating company" within the meaning of the regulations of the United States Department of Labor set forth in 29 C.F.R. Section 2510.3-101 (the "Plan Asset Regulations") shall, upon prior written notice to the Company, be entitled to consult with and advise the management and Board of Managers of the Company on significant business issues, including management's proposed annual business, strategic and operating budgets and plans, and management will meet with the DLJ VCOC Fund periodically during each year (but no more frequently than once each calendar quarter) at the Company's executive offices at mutually agreeable times for such consultation and advice.

(b) The Company agrees to consider, in good faith, the recommendations of the DLJ VCOC Fund in connection with the matters on which it is consulted as described above, it being understood and agreed that the ultimate discretion with respect to all such matters shall be retained by the Company.

(c) The rights granted to the DLJ VCOC Fund under this Agreement (including, without limitation, under Article III) are intended to enable the DLJ VCOC Fund to be operated, where applicable, as a "venture capital operating company" within the meaning of the Plan Asset Regulations, and this Note shall be interpreted accordingly.

SECTION 3.10. Change of Control Offer. (a) No Member of the Company or any subsequent transferee may Transfer all or any part of its interests in the Company without the prior written consent of the Majority in Voting Interest of the Notes unless the Company offers to purchase all of the outstanding Notes at a price equal to 101% of the sum of the unpaid principal amount thereof; provided, however, that a Member may transfer all or any part of its interest to any direct or indirect wholly-owned subsidiary of TXU Corp.

(b) The Company will give written notice of any Transfer by a Member or any subsequent transferee, stating the substance and the intended date of the consummation thereof and irrevocably offering to purchase all of the outstanding Notes at a price equal to 101% of the unpaid principal amount thereof, not more than 20 Business Days nor less than 15 Business Days prior to the date of the consummation thereof, to each Holder of the Notes. Each Holder of the Notes shall have ten Business Days from the date of the receipt of such notice to elect (by written notice to the Company or any subsequent transferee, as applicable) to sell all or any portion of the Notes held by such Holder to the Class Member or such subsequent transferee, as applicable.

SECTION 3.11. Representation and Warranty Regarding Nature of Operations. Except as set forth on Section 3.02 of the Disclosure Schedule to the Purchase Agreement, the Company owns more than 50% of (a) the economic interest in the assets, earnings or cash flow and (b) the total voting power of shares of capital stock entitled (without regard to the occurrence of any contingency) to vote in the election of directors, managers or trustees thereof, of each of the entities in which it owns an equity interest. The Company is primarily engaged, directly or through such entities, in the production or sale of a product or service other than the investment of capital.

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Article IV

EVENTS OF DEFAULT

SECTION 4.01. Events of Default. If any of the following events ("EVENTS OF DEFAULT") shall occur and be continuing:

(a) The Company shall fail to pay any installment of principal of, or interest on, this Note when the same becomes due and payable which in the case of a failure to pay interest continues for 5 days; or

(b) The Company shall fail to perform or observe (i) any term, covenant or agreement contained in Section 3.05, 3.06, 3.10 or 7.01 or (ii) any other term covenant or agreement contained in this Note if such failure shall remain unremedied for 30 days after written notice thereof shall have been given to the Company by any Holder; or

(c) The representation and warranty contained in Section 3.10 shall prove to have been incorrect in any material respect when made; or

(d) The Company or any of its Subsidiaries shall generally not pay its debts as such debts become due, or shall admit in writing its inability to pay its debts generally, or shall make a general assignment for the benefit of creditors; or any proceeding shall be instituted by or against the Company or any of its Subsidiaries seeking to adjudicate it a bankrupt or insolvent, or seeking liquidation, winding up, reorganization, arrangement, adjustment, protection, relief, or composition of it or its debts under any law relating to bankruptcy, insolvency or reorganization or relief of debtors, or seeking the entry of an order for relief or the appointment of a receiver, trustee, custodian or other similar official for it or for any substantial part of its property and, in the case of any such proceeding instituted against it (but not instituted by it), either such proceeding shall remain undismissed or unstayed for a period of 60 days, or any of the actions sought in such proceeding (including, without limitation, the entry of an order for relief against, or the appointment of a receiver, trustee, custodian or other similar official for, it or for any substantial part of its property) shall occur; or the Company or any of its Subsidiaries shall take any corporate action to authorize any of the actions set forth above in this subsection (d);

then, and in any such event, a Majority in Voting Interest of the Notes may, by notice to the Company, declare the Notes, all interest hereon and all other amounts payable thereunder to be forthwith due and payable, whereupon the Notes, all such interest and all such amounts shall become and be forthwith due and

payable, without presentment, demand, protest or further notice of any kind, all of which are hereby expressly waived by the Company; provided, however, that in the event of an actual or deemed entry of an order for relief with respect to the Company under the Federal Bankruptcy Code, the Notes, all such interest and all such amounts shall automatically become and be due and payable, without presentment, demand, protest or any notice of any kind, all of which are hereby expressly waived by the Company.

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Article V

SUBORDINATION

SECTION 5.01. Note Subordinate to Senior Indebtedness. The Company agrees, and each Holder, by his acceptance of this Note, also agrees, that this Note is and shall be subordinate, to the extent and in the manner hereinafter set forth, to the prior payment in full of all obligations of the Company now or hereafter existing, whether for principal, interest (including, without limitation, interest, as provided in such indebtedness, accruing after the filing of a petition initiating any proceeding referred to in Section 5.02, whether or not such interest accrues after the filing of such petition for purposes of the Bankruptcy Code or is an allowed claim in such proceeding), fees, expenses or otherwise (all such obligations being the "SENIOR INDEBTEDNESS").

SECTION 5.02. Events of Subordination. In the event of any dissolution, winding up, liquidation, arrangement, reorganization, adjustment, protection, relief or composition of the Company or its debts, whether voluntary or involuntary, in any bankruptcy, insolvency, arrangement, reorganization, receivership, relief or other similar case or proceeding under any Federal or State bankruptcy or similar law or upon an assignment for the benefit of creditors or any other marshalling of the assets and liabilities of the Company or otherwise, Senior Indebtedness shall first be paid in full before the Holder shall be entitled to receive any payment of this Note, and any payment or distribution of any kind (whether in cash, property or securities) that otherwise would be payable or deliverable upon or with respect to this Note in any such case, proceeding, assignment, marshalling or otherwise (including any payment that may be payable by reason of any other indebtedness of the Company being subordinated to payment of this Note) shall be paid or delivered directly to the holders or representatives of the Senior Indebtedness for application (in the case of cash) to, or as collateral (in the case of non-cash property or securities) for, the payment or prepayment of the Senior Indebtedness until the Senior Indebtedness shall have been paid in full.

SECTION 5.03. In Furtherance of Subordination.

(a) All payments or distributions upon or with respect to this Note that are received by the Holder contrary to the provisions of this Article shall be received in trust for the benefit of the Holders and owners of Senior Indebtedness, shall be segregated from other funds and property held by the Holder and shall be forthwith paid over to the holders and owners of Senior Indebtedness in the same form as so received (with any necessary endorsement) to be applied (in the case of cash) to, or held as collateral (in the case of non-cash property or securities) for, the payment or prepayment of the Senior Indebtedness in accordance with its terms.

(b) The holders and owners of Senior Indebtedness are hereby authorized to demand specific performance of the provisions of this Article, whether or not the Company shall have complied with any of the provisions hereof applicable to it, at any time when the Holder shall have failed to comply with any of the provisions of this Article applicable to it. The Holder of this Note hereby irrevocably waives any defense based on the adequacy of a remedy at law that might be asserted as a bar to such remedy of specific performance.

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SECTION 5.04. No Commencement of Any Proceeding. So long as payments or distributions for or on account of this Note are not permitted pursuant to Section 5.02, the Holder will not commence, or join with any creditor other than the holders and owners of Senior Indebtedness in commencing, directly or indirectly cause the Company to commence, or assist the Company in commencing, any proceeding referred to in Section 5.02.

SECTION 5.05. Rights of Subrogation. No payment or distribution to the holders and owners of Senior Indebtedness pursuant to the provisions of this Article shall entitle the Holder to exercise any right of subrogation in respect thereof until the Senior Indebtedness shall have been paid in full.

SECTION 5.06. Further Assurances. The Holders and the Company each will, at the Company's expense and at any time and from time to time, promptly execute and deliver all further instruments and documents, and take all further action, that may be necessary or desirable, or that any holder or owner of Senior Indebtedness may request, in order to protect any right or interest granted or purported to be granted hereby or to enable any holder or owner of Senior Indebtedness to exercise and enforce its rights and remedies hereunder.

SECTION 5.07. Agreements in Respect of Subordinated Debt. No amendment, waiver or other modification of this Note, and no agreement supplemental to this Note, may adversely affect the rights or interests of any holder or owner of Senior Indebtedness hereunder.

SECTION 5.08. Agreement by the Company. The Company agrees that it will not make any payment of this Note, or take any other action, in contravention of the provisions of this Article.

SECTION 5.09. Obligations Hereunder Not Affected. All rights and interests of the holders and owners of Senior Indebtedness hereunder, and all agreements and obligations of the Holder of this Note and the Company under this Article, shall remain in full force and effect irrespective of:

(i) any change in the time, manner or place of payment of, or in any other term of, all or any of the Senior Indebtedness, or any other amendment or waiver of or any consent to any departure from any Senior Indebtedness, including, without limitation, any increase in the Company's obligations resulting from the extension of additional credit to the Company or any of its subsidiaries or otherwise;

(ii) any taking, exchange, release or non-perfection of any collateral, or any taking, release or amendment or waiver of or consent to departure from any guaranty, for all or any of the Senior Indebtedness;

(iii) any manner of application of collateral, or proceeds thereof, to all or any of the Senior Indebtedness, or any manner of sale or other disposition of any collateral for all or any of the Senior Indebtedness or any other assets of the Company or any of its subsidiaries;

(iv) any change, restructuring or termination of the corporate structure or existence of the Company or any of its subsidiaries; or

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(v) any other circumstance that might otherwise constitute a defense available to, or a discharge of, the Company or a subordinated creditor.

The provisions of this Article Five shall continue to be effective or be reinstated, as the case may be, if at any time any payment of any of the Senior Indebtedness is rescinded or must otherwise be returned by any holder or owner of Senior Indebtedness upon the insolvency, bankruptcy or reorganization of the

Company or otherwise, all as though such payment had not been made.

SECTION 5.10. Waiver. The Holder of this Note and the Company each hereby waives promptness, diligence, notice of acceptance and any other notice with respect to any of the Senior Indebtedness and this Article and any requirement that any holder or owner of Senior Indebtedness protect, secure, perfect or insure any security interest or lien or any property subject thereto or exhaust any right or take any action against the Company or any other person or entity or any collateral.

SECTION 5.11. No Waiver; Remedies. No failure on the part of any holder or owner of Senior Indebtedness to exercise, and no delay in exercising, any right hereunder shall operate as a waiver thereof; nor shall any single or partial exercise of any right hereunder preclude any other or further exercise thereof or the exercise of any other right. The remedies herein provided are cumulative and not exclusive of any remedies provided by law.

SECTION 5.12. Continuing Agreement. The provisions of this Article Five constitute a continuing agreement and shall (i) remain in full force and effect until the payment in full of all Senior Indebtedness, (ii) be binding upon the Holder of this Note, the Company and their respective successors and assigns, and (iii) inure to the benefit of, and be enforceable by, the holders and owners of Senior Indebtedness and their respective successors, transferees and assigns.

Article VI

TRANSFER OF NOTE

SECTION 6.01. Restrictions. The Holder acknowledges and agrees that it shall not Transfer this Note (i) to any Competitor or (ii) in violation of the Securities Act of 1933, as amended. Any attempted Transfer in violation of the preceding sentence shall be deemed void ab initio and of no force or effect whatsoever, and the Company will not record any such Transfer on its books or treat any purported transferee as the owner of this Note for any purpose. Except as specifically set forth in this Section 6.01, the Holder shall not be restricted from any Transfer of the Note.

SECTION 6.02. Legend.

(a) Each Note issued upon any Transfer will bear the following legend:

"THE TRANSFER OF THIS NOTE IS SUBJECT TO THE CONDITIONS SPECIFIED IN AN EXCHANGE AGREEMENT AMONG THE COMPANY, TXU CORP. AND THE HOLDER, A COPY OF SUCH AGREEMENT AS IN EFFECT FROM TIME TO TIME WILL BE FURNISHED

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WITHOUT CHARGE BY THE ISSUER TO THE HOLDER HEREOF UPON WRITTEN REQUEST."

(b) Each certificate or instrument evidencing Restricted Securities and each certificate or instrument issued in exchange for or upon the transfer of any Restricted Securities (if such securities remain Restricted Securities after such Transfer) shall be stamped or otherwise imprinted with a legend in substantially the following form:

"THE SECURITIES REPRESENTED BY THIS CERTIFICATE HAVE NOT BEEN REGISTERED UNDER THE SECURITIES ACT OF 1933, AS AMENDED (THE "ACT"), AND MAY NOT BE SOLD OR TRANSFERRED IN THE ABSENCE OF AN EFFECTIVE REGISTRATION STATEMENT UNDER THE ACT OR AN EXEMPTION FROM REGISTRATION THEREUNDER."

(c) In addition, each certificate or instrument evidencing Restricted Securities and each certificate or instrument issued in exchange for or upon the Transfer of any Restricted Securities (if such securities remain Restricted Securities after such Transfer) shall be stamped or otherwise imprinted with any

additional legends as may be required by the Company, as applicable to the holder of such certificate or instrument.

SECTION 6.03. Registration of Notes. The Company shall keep at its principal executive office a register (the "REGISTER") for the registration and registration of transfers of Notes. The name and address of each Holder of one or more Notes, each transfer thereof and the name and address of each transferee of one or more Notes shall be registered in the Register. Prior to due presentation for registration of transfer, the Person in whose name any Note shall be registered shall be deemed and treated as the owner and Holder thereof for all purposes hereof, and the Company shall not be affected by any notice to the contrary.

SECTION 6.04. New Notes. Upon surrender of any Note for registration of Transfer or exchange (and in the case of a surrender for registration of transfer, duly endorsed or accompanied by a written instrument of transfer duly executed by the registered Holder of such Note or such Holder's attorney duly authorized in writing and accompanied by the address for notices of each transferee of such Note or part thereof), the Company shall execute and deliver, at the Company's expense, one or more new Notes (as requested by the Holder thereof) in exchange therefor, in an aggregate principal amount equal to the unpaid principal amount of the surrendered Note. Each such new Note shall be payable to such Person as such Holder may request. Each such new Note shall be dated and bear interest from the date to which interest shall have been paid on the surrendered Note or dated the date of the surrendered Note if no interest shall have been paid thereon. Notes shall not be transferred in denominations of less than \$500,000, in the event that the Holder is transferring to an Affiliate of such Holder, and \$10,000,000, in the event that the Holder is transferring to any other Person; provided, that, if necessary to enable the registration of transfer by a Holder of its entire holding of Notes, one Note may be in a

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denomination of less than the foregoing amounts.

Article VII

INDEMNIFICATION

SECTION 7.01. Indemnification of Holders.

(a) The Company hereby agrees to indemnify and hold harmless the Holder of this Note and its respective shareholders and managers (including any administrative agent or sub-agent) and each of its respective Affiliates, officers, directors, employees, agents, successors and assigns but excluding the Person serving as a Manager pursuant to Section 3.08 hereof to the extent such Person is indemnified by the Company pursuant to the LLC Agreement (each an "INDEMNITEE"), for and against all claims, losses, damages, costs, expenses, awards, judgments and penalties (including, without limitation, attorneys' fees and expenses) (hereinafter, a "LOSS") arising out of, resulting from or with respect to, directly or indirectly, the conduct of the business or affairs of the Company, including without limitation, the operation of the Business.

(b) An Indemnitee shall give the Company notice of any matter that an Indemnitee has determined has given or could give rise to a right of indemnification under this Note (a "CLAIM NOTICE"), within 25 days after such determination, stating the amount of the Loss, if known, and method of computation thereof. The obligations and liabilities of the Company under this Article VII with respect to Losses arising from claims of any third party that are subject to the indemnification provided for in this Article VII ("THIRD PARTY CLAIMS") shall be governed by the following additional terms and conditions: if an Indemnitee shall receive notice of any Third Party Claim, the Indemnitee shall give the Company notice of such Third Party Claim within 25 days after the receipt by the Indemnitee of such notice; provided, however, that the failure to provide such notice shall not release the Company from any of its obligations under this Article VII and shall not relieve the Company from any other obligation or liability that it may have to any Indemnitee otherwise than

under this Article VII. If the Company acknowledges in writing its obligation to indemnify the Indemnitee hereunder against any Losses that may result from such Third Party Claim, then the Company shall be entitled to assume and control the defense of such Third Party Claim at its expense and through counsel of its choice if it gives notice of its intention to do so to the Indemnitee within five (5) days of the receipt of such Claim Notice from the Indemnitee; provided, however, that if there exists or is reasonably likely to exist a conflict of interest that would make it inappropriate in the judgment of the Indemnitee in its sole and absolute discretion for the same counsel to represent both the Indemnitee and the Company, then the Indemnitee shall be entitled to retain its own counsel in each jurisdiction for which the Indemnitee determines counsel is required, at the expense of the Company. In the event that the Company exercises the right to undertake any such defense against any such Third Party Claim as provided above, the Indemnitee shall cooperate with the Company in such defense and make available to the Company, at the Company's expense, all witnesses, pertinent records, materials and information in the Indemnitee's possession or under the Indemnitee's control relating thereto as is reasonably required by the Company. Similarly, in the event the Indemnitee is, directly or indirectly, conducting the defense against any such Third Party Claim, the Company shall cooperate with the Indemnitee in such defense and make available to the Indemnitee, at the Company's expense, all such witnesses, records, materials and information in the Company's possession or under the Company's control relating thereto as is reasonably required by the Indemnitee. No such Third Party Claim may be settled by the Company without: (a) the prior written consent (which consent shall not be unreasonably withheld, delayed or conditioned) of the Indemnitee unless such settlement contains a full and unconditional release of the Indemnitee with respect thereto.

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SECTION 7.02. Nonexclusivity of Rights. The indemnification and advancement and payment of expenses provided by this Article VII: (a) shall not be deemed exclusive of any other rights to which a Holder or other Person seeking indemnification may be entitled under any statute, agreement or otherwise both as to action in such Person's official capacity and as to action in another capacity while holding such office, (b) shall continue as to any Person who has ceased to serve in the capacity which initially entitled such Person to indemnity and advancement and payment of expenses, and (c) shall inure to the benefit of the heirs, executors, administrators, successors and assigns of such Holder or such other Person.

SECTION 7.03. Contract Rights. The rights granted pursuant to this Article VII shall be deemed to be contract rights, and no amendment, modification or repeal of this Article VII shall have the effect of limiting or denying any such rights with respect to actions taken or Proceedings arising prior to any such amendment, modification or repeal.

SECTION 7.04. Savings Clause. If this Article VII or any portion of this Note shall be invalidated on any ground by any court of competent jurisdiction, then the Company shall nevertheless indemnify and hold harmless each Holder or any other Person indemnified pursuant to this Article VII as to costs, charges and expenses (including, without limitation, attorneys' fees), judgments, fines and amounts paid in settlement with respect to any action, suit or proceeding, whether civil, criminal, administrative or investigative, to the fullest extent permitted by any applicable portion of this Article VII that shall not have been invalidated and to the fullest extent permitted by applicable law.

SECTION 7.05. Other Arrangements Not Excluded. The indemnification and advancement of expenses authorized in or ordered by a court pursuant to this Article VII:

(a) Does not exclude any other rights to which a Person seeking indemnification or advancement of expenses may be entitled under any other agreement, or otherwise, for either an action of any Holder, officer, employee or agent in the official capacity of such Person or an action in

another capacity while holding such position, except that indemnification, unless ordered by a court, may not be made to or on behalf of any Holder if a final adjudication established that its acts or omissions involved intentional misconduct, fraud or gross negligence and was material to the cause of action; and

(b) Continues for a person who has ceased to be a Holder, officer, employee or agent and inures to the benefit of the successors, heirs, executors and administrators of such a person.

Article VIII

MISCELLANEOUS

SECTION 8.01. Notices.

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(a) All notices, requests, claims, demands and other communications under or in connection with this Note shall be given to or made upon: (i) the Holder, at the Holder's address set forth on Schedule I attached hereto and (ii) the Company at the following addresses (or in any case to such other address as the addressee may from time to time designate in writing to the sender):

TXU Corp.
1601 Bryan Street
Dallas, TX 75201
Attention: Treasurer
Facsimile: 214-812-8998

with copies to:

Hunton & Williams
1601 Bryan Street
Dallas, TX 75201
Attention: Timothy A. Mack, Esq.
Facsimile: 214-880-0011

and

Thelen Reid & Priest LLP
875 Third Avenue
New York, NY 10022
Attention: Robert J. Reger, Esq.
Facsimile: 212-603-2001

(b) All notices, requests, claims, demands and other communications under or in connection with this Note shall be in writing and shall be deemed effectively given: (i) upon personal delivery or delivery by courier to the party to be notified, (ii) three Business Days after deposit with the United States Post Office, by registered or certified mail, return receipt requested, postage prepaid and addressed as provided in Section 8.01(a) and (iii) one Business Day after receipt of confirmation if such notice is sent by facsimile.

SECTION 8.02. Headings and Sections. The descriptive headings in this Note are inserted for convenience only and are in no way intended to describe, interpret, define, or limit the scope, extent or intent of this Note or any provision of this Note. Unless the context requires otherwise, all references in this Note to Sections, Articles, Exhibits or Schedules shall be deemed to mean and refer to Sections, Articles, Exhibits or Schedules of or to this Note.

SECTION 8.03. Amendments. This Note may not be amended, supplemented, modified or restated nor may any provision herein be waived without the express unanimous written consent of a Majority in Voting Interest of the Holders. Any waiver of any term or condition shall not be construed as a waiver of any subsequent breach or a subsequent waiver of the same term or condition, or a

waiver of any other term or condition of this Note. The failure of the Holder to assert any of its rights hereunder shall not constitute a waiver of any of such rights. All rights and remedies existing under this Note are cumulative to, and not exclusive of, any rights or remedies otherwise available.

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SECTION 8.04. Binding Effect. Except as otherwise provided in this Note, every covenant, term and provision of this Note shall be binding upon the Company and shall inure to the benefit of the Holder, the DLJ VCOC Fund and their distributees, heirs, legal representatives, executors, administrators, successors and permitted assigns and designees.

SECTION 8.05. Remedies. The Holder shall be entitled to enforce its rights under this Note specifically, to recover damages and costs (including reasonable attorneys' fees) caused by any breach of any provision of this Note and to exercise all other rights existing in its favor. The Company agrees and acknowledges that money damages may not be an adequate remedy for any breach of the provisions of this Note and that the Holder may in its sole discretion apply to any court of law or equity of competent jurisdiction (without posting any bond or deposit) for specific performance or other injunctive relief in order to enforce or prevent any violations of the provisions of this Note. If any time period for giving notice or taking action under this Note expires on a day that is not a Business Day, the time period shall be extended automatically to the immediately succeeding Business Day.

SECTION 8.06. Waiver of Jury Trial. THE COMPANY AND, BY ACCEPTING THE BENEFITS OF THIS NOTE, THE HOLDER HEREBY WAIVE, TO THE FULLEST EXTENT PERMITTED BY APPLICABLE LAW, ANY RIGHT THEY MAY HAVE TO A TRIAL BY JURY WITH RESPECT TO ANY LITIGATION DIRECTLY OR INDIRECTLY ARISING OUT OF UNDER OR, IN CONNECTION WITH THIS NOTE.

SECTION 8.07. Interpretation. The Holder and the Company have participated jointly in the negotiation and drafting of this Note. In the event an ambiguity or question of intent or interpretation arises, this Note shall be construed as if drafted jointly by the Holder and the Company, and no presumption or burden of proof shall arise favoring or disfavoring the Holder or the Company by virtue of the authorship of any of the provisions of this Note.

SECTION 8.08. Governing Law; Consent to Jurisdiction. This Note will be governed by, and construed in accordance with, the laws of the State of New York. In any action or proceeding arising out of, related to, or in connection with this Note, the Company consents to be subject to the jurisdiction and venue of (a) the Supreme Court of the State of New York in and for the County of New York, and (b) the United States District Court for the Southern District of New York. The Company consents to the service of process in any action commenced hereunder by any method or service acceptable under federal law or the laws of the State of New York.

SECTION 8.09. Additional Documents and Acts. The Company agrees to execute and deliver such additional documents and instruments and to perform such additional acts as may be reasonably necessary or appropriate to effectuate, carry out and perform all of the terms, provisions and conditions of this Note and the transactions contemplated hereby.

SECTION 8.10. No Third Party Beneficiaries. Except for the provisions of Article VII relating to indemnification, this Note shall inure solely to the benefit of the Holder, the DLJ VCOC Fund and their successors, assigns and designees, nothing herein, express or implied, is intended to or shall confer upon any other Person any legal or equitable right, interest, claim or benefit, of any nature whatsoever, under or on account of this Note.

SECTION 8.11. Holder ERISA Representation. The Holder represents and warrants that either (i) it is not an "employee benefit plan" within the meaning

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of Section 3(3) of the Employee Retirement Income Security Act of 1974, as amended ("ERISA"), a "plan" within the meaning of Section 4975(e)(1) of the Internal Revenue Code of 1986, as amended (the "Code"), or an entity whose assets are treated as "plan assets" under the Plan Asset Regulations or (ii) the purchase and holding of this Note by such Holder will not result in a nonexempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code.

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IN WITNESS WHEREOF, the Company has caused this Note to be executed by its officers or other representatives thereunto duly authorized, as of the date first above written.

TXU ENERGY COMPANY LLC

By: /s/ Kirk R. Oliver

Name: Kirk R. Oliver

Title: Treasurer and Assistant Secretary

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<TABLE>
<CAPTION>

Amount Added to Principal Amount of Note Under Section 2.01(a)	Date Added to Principal Amount of Note	Aggregate Principal Amount of Note
<C>	<C>	<C>

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SCHEDULE I

ADMINISTRATIVE DETAILS

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SCHEDULE II
DLJ ENTITIES

NAME

- UXT Holdings-2, LLC
- UXT Intermediary, LLC
- UXT Holdings (Offshore)
- UXT Holdings LLC
- UXT-1 Blocker, Inc.
- UXT-2 Blocker, Inc.
- UXT-3 Blocker, Inc.
- UXT-4 Blocker, Inc.
- UXT-5 Blocker, Inc.
- UXT AIV, L.P.
- UXT AIV Blocker, Inc.
- DLJ Merchant Banking Partners III, L.P.
- DLJ Offshore Partners III, C.V.
- DLJ Offshore Partners III-1, C.V.
- DLJ Offshore Partners III-2, C.V.
- Millennium Partners II, L.P.
- DLJMB Partners III GmbH & Co. KG
- MBP III Plan Investors, L.P.

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 <TYPE>EX-10
 <SEQUENCE>4
 <FILENAME>exchangeagr.txt
 <DESCRIPTION>EX. 10(A) - EXCHANGE AGREEMENT
 <TEXT>

EXCHANGE AGREEMENT

This EXCHANGE AGREEMENT (this "Agreement"), dated as of November 22, 2002, is among TXU Corp., a Texas corporation (the "Company"), TXU Energy Company LLC, a Delaware limited liability company and a wholly owned subsidiary of the Company ("TXU Energy"), and UXT Holdings LLC and UXT Intermediary LLC (each a "Purchaser" and collectively, "Purchasers").

WHEREAS, in consideration for the Invested Principal Amount (as defined below) paid to TXU Energy, Purchasers received 9% Exchangeable Subordinated Notes Due 2012 of TXU Energy (the "Notes"), pursuant to the Purchase Agreement, dated as of the date hereof (the "Purchase Agreement"), among the Company, TXU Energy and Purchaser;

WHEREAS, the parties have agreed that the Notes owned by Purchasers are to be exchangeable into Common Stock (as defined below) at any time and from time to time; and

WHEREAS, in connection with the acquisition of the Notes the Company and Purchasers entered into the Registration Rights Agreement (as defined below) that sets forth certain registration rights with respect to shares of Common Stock that Purchasers may receive under this Agreement.

NOW THEREFORE, in consideration of the premises and the covenants hereinafter contained and for other good and valuable consideration, the receipt and sufficiency of which is hereby acknowledged, and intending to be legally bound hereby, it is agreed by the parties as follows:

1. Definitions

(a) Unless otherwise defined herein, the terms below shall have the following meanings (such meanings being equally applicable to singular and plural forms of the terms defined):

"Affiliate" shall mean, with respect to any specified Person, any other Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such specified Person and shall also include, with respect to any Purchaser, the general partner and any limited partner and any Affiliate of the general partner and any limited partner of such Purchaser. For avoidance of doubt, the Company and its Affiliates shall be considered Affiliates of TXU Energy and any Purchaser and its Affiliates shall not be considered Affiliates of TXU Energy or the Company.

"Affiliated Employee Benefit Trust" means any trust that is a successor to the assets held by a trust established under an employee benefit plan subject to ERISA or any other trust established directly or indirectly under such plan or any other such plan having the same sponsor.

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"Aggregate Converted Principal" means, at a specified date, the sum of all the Conversion Principal Amounts in respect of which the Company issued shares of Common Stock to a Purchaser from the date hereof to such specified date.

"Authorization" means any and all permits, licenses, authorizations, orders, certificates, registrations or other approvals granted by any Governmental Agency.

"Board" means the board of directors of the Company.

"Business Day" shall mean any day other than Saturday, Sunday or any other day which is a legal holiday under the laws of the States of New York or Texas or a day on which national banking associations in such States are authorized or required by law or other governmental action to close.

"Common Stock" means shares of common stock, without par value, of the Company.

"Controls" means (including the terms "Controlled by" and "under common Control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, as trustee or executor, by contract or otherwise, including, without limitation, the ownership, directly or indirectly, of securities having the power to elect a majority of the board of directors or similar body governing the affairs of such Person.

"Conversion Principal Amount" means, at a specified date, an amount of the Current Invested Principal Amount set forth in an Exchange Notice that

represents the aggregate principal amount of the Notes that a Purchaser is requesting to be converted into Common Stock pursuant to such Exchange Notice.

"Current Invested Principal Amount" means, at a specified date, an amount equal to the Invested Principal Amount less the Aggregate Converted Principal, in each case, from the date hereof to such specified date.

"Current Market Price" means in respect of any share of Common Stock on any date herein specified the average of the daily market prices for five (5) consecutive trading days commencing ten (10) days before the public announcement of any sale or other issuance of Common Stock or Common Stock Equivalents. The daily market price for each such trading day shall be the last reported sale price on such day on the New York Stock Exchange (the "NYSE") or, if the Common Stock is not so listed or admitted, the last reported sale price on such day on the NYSE or any other trading facility on which such Common Stock is then listed; provided, however, that if no sale takes place on such day on any such exchange, market or trading facility, the average of the last reported closing bid and ask prices on such day as officially quoted on such exchange, market or trading facility shall be the daily market price for such trading day.

"DLJ Entity" or "DLJ Entities" means each investor or entity listed on Schedule 1.1.

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"DLJ VCOC Fund" means UXT AIV, L.P., a Delaware limited partnership, or a DLJ Entity or Affiliate thereof designated by UXT AIV, L.P.

"ERISA" means the Employee Retirement Income Security Act of 1974, as amended.

"FERC" means the Federal Energy Regulatory Commission.

"Governmental Agency" means any supranational, multinational, municipal, provincial, federal, state, local, foreign or other governmental agency, instrumentality, commission, authority, board or body, including but not limited to the NRC, FERC, SEC and PUCT.

"Holder" shall mean Purchasers and any transferee of Purchasers.

"HSR Act" means the Hart-Scott-Rodino Antitrust Improvements Act of 1976, as amended.

"Invested Principal Amount" means \$750,000,000, excluding any interest added to the Invested Principal Amount pursuant to Section 2.01 in respect of the Notes exchanged.

"Law" means all laws, statutes and ordinances of the United States (including but not limited to PUHCA), any state of the United States, any foreign country, any foreign state and any political subdivision thereof, including all decisions, orders, judgments or decrees of courts having the effect of law in each such jurisdiction.

"Majority in Interest" means, at any time, a majority of the principal amount of the Notes outstanding at such time.

"NRC" means the Nuclear Regulatory Commission.

"Notes" means all 9% Exchangeable Subordinated Notes Due 2012 of TXU Energy owned by Purchasers that have not been exchanged pursuant to an Exchange Notice.

"Permitted Transferee" means in the case of any DLJ Entity, (A) any other DLJ Entity, (B) any general or limited partner of any DLJ Entity (a "DLJ Partner"), and any Affiliated Employee Benefit Trust or Person that is an Affiliate of any DLJ Partner (collectively, the "DLJ Affiliates"), (C) any

managing director, general partner, director, limited partner, officer or employee of any DLJ Entity or of any DLJ Affiliate, or the heirs, executors, administrators, testamentary trustees, legatees or beneficiaries of any of the foregoing persons referred to in this clause (C) (collectively, "DLJ Associates"), (D) a trust (to the extent recognized by applicable Law), the beneficiaries of which, or a corporation, limited liability company or partnership, all of the stockholders, members or general or limited partners of which, include only DLJ Entities, DLJ Affiliates, DLJ Associates, their spouses or their lineal descendants or (E) a voting trustee for one or more DLJ Entities, DLJ Affiliates or DLJ Associates under the terms of a voting trust (to the extent recognized by applicable Law).

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"Person" shall mean any individual, corporation, partnership, joint venture, firm, trust, unincorporated organization, government or any agency or political subdivision thereof or other entity.

"PUCT" means the Public Utility Commission of Texas.

"PUHCA" means the Public Utility Holding Company Act of 1935, as amended.

"Registration Rights Agreement" means the Registration Rights Agreement, dated as of the date hereof, among the Company and Purchasers.

"Regulation" means any rule or regulation of any Governmental Agency having the effect of Law or any rule or regulation of any self-regulatory organization.

"SEC" means the Securities and Exchange Commission.

"Termination Date" means the earlier to occur of (i) the later of (A) the tenth anniversary of the date hereof and (B) the date no principal amount of Notes remain outstanding and (ii) the date on which the DLJ Entities or their Permitted Transferees own Notes and Common Stock aggregating less than thirty percent (30%) of the Invested Principal Amount (determined, in the case of Common Stock, on the basis of the Note Exercise Price at the date Exchange Rights are exercised with respect to such Common Stock).

"Voting Trust Agreement(s)" means one or more voting trust agreements in a form reasonably acceptable to the Company to be entered into among the Company, one or more of the DLJ Entities and a trustee to be selected by the DLJ Entities who shall be reasonably acceptable to the Company.

"Voting Trustee" means the trustee appointed under the Voting Trust Agreement(s).

(b) The following terms have the meanings set forth in the section set forth opposite such term:

"Acquisition".....	9
"Acquisition Restriction".....	9
"Agreement".....	Preamble
"Closing".....	2 (e)
"Closing Date".....	2 (e)
"Common Stock Equivalents".....	4 (b)
"Company".....	Preamble
"Exchange Right".....	2 (a)
"Exchange Notice".....	2 (c)
"Extraordinary Common Stock Event".....	4 (e)
"Net Consideration Per Share".....	4 (c)
"Non-U.S. Antitrust Laws".....	5 (b)
"Note Exercise Price".....	2 (a)
"Other Non-U.S. Jurisdictions".....	7 (b)

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"Plan Asset Regulations".....6 (b)
 "Purchaser".....Preamble
 "Purchase Agreement".....Preamble
 "Purchaser Director".....6 (a)
 "Subsequent Closing".....2 (e)
 "Threshold Amount".....2 (g)

2. Exchange of Notes for Common Stock

(a) Grant of Exchange Right. The Company hereby grants each Purchaser an irrevocable right to exchange all or part of its Notes for Common Stock (an "Exchange Right") at a price per share of Common Stock initially equal to \$13.15 (the "Note Exercise Price"), subject to the terms and conditions set forth herein. The Note Exercise Price is subject to adjustment as set forth in Section 4.

(b) Exercise Period of Exchange Right. At any time after the date hereof and from time to time, the Exchange Right may be exercised by any Purchaser in its sole discretion, in whole or in part until such time as all of the Notes are exchanged for Common Stock, paid at maturity or redeemed in accordance with their terms.

(c) Exercise of Exchange Right. The Exchange Right shall be exercised by written notice from any Purchaser to the Company (an "Exchange Notice") stating that such Purchaser desires to exercise an Exchange Right and setting forth: (i) the proposed closing date, which (subject to the earlier satisfaction or waiver of conditions set forth in Section 7) shall be no earlier than three (3) days after and no later than twenty (20) days after the date of delivery of such notice, and (ii) the amount of Notes to be exchanged expressed as a Conversion Principal Amount.

(d) Exchange of Notes. (i) The Exchange Right will be deemed to be exercised on the date of delivery of the Exchange Notice. The number of shares of Common Stock to be issued and delivered to a Purchaser in connection with the delivery of the Exchange Notice shall be determined by dividing the Conversion Principal Amount as set forth in such Exchange Notice by the Note Exercise Price then in effect.

(ii) Any accrued and unpaid interest (including accrued and unpaid interest added to the Invested Principal Amount pursuant to Section 2.01 of the Notes) in respect of any Notes to be exchanged into shares of Common Stock pursuant to an Exchange Notice shall be paid in cash at the time such Notes are exchanged.

(e) Closing. The consummation of the exchange of Notes for Common Stock contemplated by this Agreement (the "Closing") shall occur no earlier than three (3) days after and no later than twenty (20) days after the date (a "Closing Date") of delivery of an Exchange Notice. In the event that all of Purchasers' Notes are not exchanged pursuant to this Agreement at the Closing, Purchasers may engage in successive closings (each, a "Subsequent Closing") with respect to the completion of the exchange of its Notes for Common Stock.

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(f) Closing Deliveries.

(i) At the Closing or any Subsequent Closing, as the case may be, the Company shall deliver to each applicable Purchaser (A) certificates evidencing such number of shares of Common Stock (as calculated in accordance with Section 2(d) above), pursuant to the Exchange Notice to which the Closing or such

Subsequent Closing relates, in definitive form and registered in such names and in such denominations as such Purchaser shall reasonably request and (B) an amount in cash equal to any accrued and unpaid interest (including accrued and unpaid interest added to the Invested Principal Amount pursuant Section 2.01 of the Notes) in respect of the Notes exchanged into Common Stock pursuant to the Exchange Notice delivered to the Company under Section 2(d) above.

(ii) At the Closing or any Subsequent Closing, as the case may be, each applicable Purchaser shall deliver to the Company such number of Notes owned by such Purchaser with an aggregate principal amount equal to the Conversion Principal Amount as set forth in the Exchange Notice to which the Closing or such Subsequent Closing relates, together with an instrument of transfer reasonably satisfactory to the Company duly executed by such Purchaser.

(g) Voting Trust Closing Delivery. If, at any time after the Closing or any Subsequent Closing, the number of shares of Common Stock delivered to the DLJ Entities and their Affiliates shall result in the DLJ Entities and their Affiliates becoming beneficial owners of more than 4.9% of the outstanding Common Stock of the Company (the "Threshold Amount"), then the Company, pursuant to the instructions set forth in the Exchange Notice, shall deliver to the Voting Trustee in connection with such Closing or Subsequent Closing the number of shares of Common Stock in excess of the Threshold Amount.

3. Representations and Warranties of the Company and Purchasers -----

(a) The Company hereby represents and warrants to each Purchaser as follows:

(i) Existence. The Company is a corporation duly organized, validly existing and in good standing under the laws of the State of Texas and has full corporate power and authority to conduct its business and own and operate its properties as now conducted, owned and operated.

(ii) Authorization and Enforceability. The Company has the full power and authority and has taken all required corporate and other action necessary to authorize and permit the Company to execute and deliver this Agreement and to carry out the terms hereof and to issue and deliver the Common Stock, and none of such actions will violate any provision of the Company's Articles of Incorporation or Bylaws or any applicable Law, or rule of any stock exchange where the Common Stock is listed, or result in the breach of, or constitute a default (or event which, with notice or lapse of time or both, would constitute a default) under, any agreement, instrument or understanding to which the Company is a party or by which it is bound. This Agreement constitutes a legal, valid and binding obligation of the Company, enforceable against the Company in accordance with its terms, except to the extent limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium, fraudulent conveyance and

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similar laws of general application related to the enforcement of creditor's rights generally and (ii) general principles of equity.

(iii) Issuance of Common Stock. The shares of Common Stock that may be issued pursuant to this Agreement have been duly authorized and, when issued and delivered in accordance with this Agreement, will be validly issued and outstanding and will be fully paid and nonassessable.

(b) Each Purchaser hereby represents and warrants to the Company as follows:

(i) Existence. Such Purchaser is a corporation, limited liability company or partnership, as the case may be, duly organized and validly existing under the laws of the State of Delaware.

(ii) Authorization and Enforceability. Such Purchaser has the full

power and authority and has taken all action necessary to authorize and permit it to execute and deliver this Agreement and to carry out the terms hereof and none of such actions will violate any provision of such Purchaser's organizational documents or any applicable Law, or result in the breach of, or constitute a default (or event which, with notice or lapse of time or both, would constitute a default) under, any agreement, instrument or understanding to which such Purchaser is a party or by which it is bound. This Agreement constitutes a legal, valid and binding obligation of such Purchaser, enforceable against such Purchaser in accordance with its terms, except to the extent limited by (i) applicable bankruptcy, insolvency, reorganization, moratorium and similar laws of general application related to the enforcement of creditor's rights generally and (ii) general principles of equity.

4. Anti-Dilution Adjustments

(a) If the Company shall, while any Purchaser's Exchange Rights under this Agreement are outstanding, issue or sell shares of Common Stock or Common Stock Equivalents (as defined below) without consideration or at a price per share or Net Consideration Per Share (as defined below) less than the Current Market Price in effect immediately prior to such issuance or sale then in such case the Note Exercise Price, except as hereinafter provided, shall be lowered so as to be equal to an amount determined by multiplying such Note Exercise Price by the following fraction:

$$\frac{N + N}{0 \quad 1}$$

$$\frac{N + N}{0 \quad 2}$$

Where:

N_0 = the number of shares of Common Stock outstanding immediately prior to the issuance of such additional shares of Common Stock or Common Stock Equivalents (calculated on a fully diluted basis assuming the exercise or conversion of all then exercisable or convertible options, warrants, purchase rights and convertible securities).

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N_1 = the number of shares of Common Stock which the aggregate consideration (without giving effect to any underwriter's discounts or commissions) if any (including the Net Consideration Per Share with respect to the issuance of Common Stock Equivalents), received or receivable by the Company for the total number of such additional shares of Common Stock so issued or deemed to be issued would purchase at the Current Market Price in effect immediately prior to such issuance.

N_2 = the number of such additional shares of Common Stock so issued or deemed to be issued.

(b) For purposes of this Section 4, if a part or all of the consideration received by the Company in connection with the issuance of any securities described in this Section 4 consists of property other than cash, such consideration shall be deemed to have a fair market value as is reasonably determined in good faith by the Board or a committee thereof. For the purposes of this Section 4, the issuance of any warrants, options or subscription or purchase rights with respect to shares of Common Stock and the issuance of any securities convertible into or exchangeable for shares of Common Stock and the issuance of any warrants, options or subscription or purchase rights with respect to such convertible or exchangeable securities (collectively, "Common

Stock Equivalents") shall be deemed an issuance of Common Stock. For the avoidance of doubt, if a Common Stock Equivalent is issued or sold as part of a unit with any other security of the Company or its Affiliates that is not independent of a Common Stock Equivalent, such other security shall not constitute a Common Stock Equivalent. Any obligation, agreement or undertaking to issue Common Stock Equivalents at any time in the future shall be deemed to be an issuance at the time such obligation, agreement or undertaking is made or arises and no additional adjustment of the Note Exercise Price shall be made upon issuance of the Common Stock pertaining thereto.

(c) For purposes of this Section 4, the "Net Consideration Per Share" which shall be receivable by the Company for any Common Stock issued upon the exercise or conversion of any Common Stock Equivalents shall be determined as follows:

(i) The amount equal to the total amount of consideration, if any, received by the Company for the issuance of such Common Stock Equivalents (without giving effect to any underwriting discounts or commissions), plus the minimum amount of consideration, if any, payable to the Company upon exercise, or conversion or exchange thereof, divided by the aggregate number of shares of Common Stock that would be issued if all such Common Stock Equivalents were exercised, exchanged or converted.

(ii) In each instance such determination shall be made as of the date of issuance of Common Stock Equivalents without giving effect to any possible future upward price adjustments or rate adjustments which may be applicable with respect to such Common Stock Equivalents.

(d) Section 4(a) shall not apply under any of the circumstances which would constitute an Extraordinary Common Stock Event (as described below). Further, Section 4(a) shall not apply with respect to the issuance or sale of shares of Common Stock, or the grant of options or other Common Stock Equivalents exercisable therefor, (i) to current or former directors, officers,

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employees and consultants of the Company or any subsidiary pursuant to any qualified or non-qualified stock option plan or agreement, stock purchase plan or agreement, stock restriction agreement, employee stock ownership plan, consulting agreement, or such other options, issuances, arrangements, agreements or plans intended principally as a means of providing compensation for employment or services, provided that in each such case such plan, agreement, or other arrangement or issuance is approved by the vote or consent of the Board, (ii) pursuant to any dividend reinvestment and stock purchase plan of the Company, or (iii) upon settlement of stock purchase contracts of the Company that are outstanding as of November 18, 2002 (as set forth on Schedule 1.2 hereto), or issued after November 18, 2002 with the consent of the Holders of a Majority in Interest.

(e) Upon the happening of an Extraordinary Common Stock Event (as described below), simultaneously with the happening of such Extraordinary Common Stock Event, the Note Exercise Price shall be adjusted by multiplying the Note Exercise Price by a fraction, the numerator of which shall be the number of shares of Common Stock outstanding immediately prior to such Extraordinary Common Stock Event and the denominator of which shall be the number of shares of Common Stock outstanding immediately after such Extraordinary Common Stock Event, and the product so obtained shall thereafter be the Note Exercise Price.

An "Extraordinary Common Stock Event" shall mean (i) the issue of additional shares of Common Stock as a dividend or other distribution on outstanding shares of Common Stock, (ii) a subdivision of outstanding shares of Common Stock into a greater number of shares of Common Stock, or (iii) a combination or reverse stock split of outstanding shares of Common Stock into a smaller number of shares of the Common Stock.

(f) If the Company shall make or issue, or shall fix a record date for

the determination of holders of Common Stock entitled to receive, a dividend or other distribution with respect to the Common Stock payable in (i) securities of the Company other than in an Extraordinary Common Stock Event, or (ii) other assets (including cash and other securities but excluding ordinary cash dividends), then and in each such event the Company shall or shall cause TXU Energy to distribute the number of securities or such other assets of the Company or, at the option of the Company, cash of an equivalent value as reasonably determined in good faith by the Board which each Purchaser would have received had such Purchaser exercised the Exchange Right (in respect of any remaining Notes owned by it represented by the then Current Invested Principal Amount) on the date of such event and had such Purchaser thereafter, during the period from the date of such event to and including the date the Exchange Right is exercised, retained such securities or other assets receivable by such Purchaser, giving application to all other adjustments called for during such period under this Section 4.

(g) If the Common Stock shall be changed into the same or a different number of shares of any other class or classes of capital stock, whether by capital reorganization, recapitalization, reclassification or consolidation or merger of the Company with another corporation, or the sale of all or substantially all of its assets to another corporation or otherwise (other than an Extraordinary Common Stock Event), then in each such event each Purchaser shall have the right thereafter to receive upon exercise hereof, in lieu of the number of shares of Common Stock which such Purchaser would otherwise have been entitled to receive, the kind and amount of shares of capital stock and other

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securities and property which it would have received upon such reorganization, recapitalization, reclassification or consolidation or merger of the Company with another corporation, or the sale of all or substantially all of its assets or other change had such Purchaser exercised the Exchange Right immediately prior to such reorganization, recapitalization, reclassification or consolidation or merger of the Company with another corporation, or the sale of all or substantially all of its assets or change, all subject to further adjustment as provided herein. The provision for such adjustments shall be a condition precedent to the consummation by the Company of any such transaction.

(h) Whenever on or after the date of this Agreement the number of shares of Common Stock for which this Exchange Right is exercisable or the Note Exercise Price is adjusted, as herein provided, the Company shall promptly give notice thereof to each Purchaser, in accordance with Section 9, by delivering a certificate which sets forth the Note Exercise Price after such adjustment and a brief statement of the facts requiring such adjustment. Such certificate shall also set forth the kind and amount of stock or other securities or property for which this Exchange Right shall be exercisable following the occurrence of any of the events specified above. The foregoing anti-dilution adjustments shall not apply to any securities outstanding prior to the date hereof.

5. Covenants

(a) The Company Reservation of the Common Stock. The Company shall at all times reserve and keep available out of its authorized but unissued shares of Common Stock, solely for the purposes of issuance upon exchange of the Notes in accordance with this Agreement, such number of shares of the Common Stock as are issuable upon the exchange of all Notes pursuant to this Agreement. All shares of Common Stock which are so issuable shall, when issued, be duly and validly issued, fully paid and non-assessable and free from all taxes, liens and charges. The Company shall take all such actions as may be necessary to assure that all such shares of Common Stock may be so issued without violation of any applicable Law or Regulation or of any requirements of any domestic securities exchange upon which shares of Common Stock may be listed (except for official notice of issuance, which shall be immediately transmitted by the Company upon issuance).

(b) Filings; Etc. Subject to the terms and conditions herein provided, each Purchaser, the Company, and TXU Energy shall:

(i) make any required filings under the HSR Act (and shall share equally all filing fees incident thereto), which filings shall be made promptly, and thereafter shall promptly make any other required submissions under the HSR Act and under any applicable non-U.S. competition, antitrust or premerger notification laws (the "Non-U.S. Antitrust Laws");

(ii) make any required filings, and obtain the consents, approvals, permits or authorizations, required to be made or obtained prior to the Closing or a Subsequent Closing, as the case may be, with or from any Governmental Agency;

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(iii) to the extent permitted by Law and Regulation, agree not to participate in any meeting or discussion with any Governmental Agency in respect of any filings, investigation or other inquiry concerning this Agreement or the transactions contemplated hereby unless they consult with the other parties in advance and, to the extent permitted by such Governmental Agency, gives the other parties the opportunity to attend and participate in such meeting or discussion;

(iv) to the extent permitted by Law and Regulation, furnish the other parties with copies of all correspondence, filings and communications (and memoranda setting forth the substance thereof) between them and their subsidiaries and their respective representatives on the one hand, and any Governmental Agency or members of any such agency's staff on the other hand, with respect to this Agreement and the transactions contemplated hereby; and

(v) furnish the other parties with such necessary information and reasonable assistance as such other parties and their Affiliates may reasonably request in connection with their preparation of necessary filings, registrations or submissions of information to any governmental or regulatory authorities, including, without limitation, any filings necessary or appropriate under the provisions of the HSR Act or any applicable Non-U.S. Antitrust Laws.

(c) Without limiting Section 5(b), Purchaser, the Company and TXU Energy shall:

(i) each use reasonable best efforts to avoid the entry of, or to have vacated, terminated or modified, any decree, order or judgment that would restrain, prevent or delay the consummation of the transactions contemplated by this Agreement; and

(ii) each use best reasonable efforts to take any and all steps necessary to obtain any consents and approvals or make any required filings under Section 5(b) above or eliminate any impediments to the consummation of the transactions contemplated by this Agreement.

6. Board Representation

(a) Subject to and to the extent permitted by applicable Law and Regulations, (i) prior to the next election of directors, and as soon as practicable following the date a vacancy is created on the Board, the Company, through its Board, shall cause to be duly appointed to its Board one individual designated by the DLJ VCOC Fund (the "Purchaser Director") and (ii) thereafter, at each election of directors at which the term of the Purchaser Director will expire, the Board shall recommend for election and cause to be elected to the Board a nominee, and shall use reasonable best efforts to solicit proxies in favor of such nominee consistent with the efforts used to solicit proxies for the other Board nominees, who will be designated by the DLJ VCOC Fund, and upon

the election of such nominee, such nominee shall be the Purchaser Director.

(b) During any period for which there is no Purchaser Director serving on the Board, the DLJ VCOC Fund, if it is intended to qualify as a "venture capital operating company" within the meaning of the regulations of the United States Department of Labor set forth in 29 C.F.R Section 2510.3-101 (the "Plan

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Asset Regulations")) shall, upon prior written notice to the Company, be entitled to consult with and advise the management and Board of the Company on significant business issues, and management will meet with the DLJ VCOC Fund periodically during each year (but no more frequently than once each calendar quarter at the Company's executive offices at mutually agreeable times for such consultation and advice.

(c) The Company agrees to consider, in good faith, the recommendations of the DLJ VCOC Fund in connection with the matters on which it is consulted as described in subsection (b) above, it being understood and agreed that the ultimate discretion with respect to all such matters shall be retained by the Company.

(d) The rights granted to the DLJ VCOC Fund under this Agreement are intended to enable the DLJ VCOC Fund to be operated, where applicable, as a "venture capital operating company" within the meaning of the Plan Asset Regulations, and this Agreement shall be interpreted accordingly.

(e) Immediately following the Termination Date the rights of the DLJ VCOC Fund under Section 6(a) shall terminate and the DLJ VCOC Fund shall cause the Purchaser Director to resign from the Company's Board. The DLJ VCOC Fund agrees to take all actions necessary or desirable, including the voting of outstanding Common Stock held by it, in order to effect such action.

7. Conditions

(a) Conditions to the Company's and Purchaser's Obligations. The obligations of the Company and each Purchaser to complete the exchange of Notes for Common Stock upon the exercise of an Exchange Right shall be subject to the fulfillment of the following conditions:

(i) any waiting period applicable to the consummation of the transactions contemplated by this Agreement under the HSR Act shall have expired or been terminated and any mandatory waiting period under any applicable Non-U.S. Antitrust Laws (where the failure to observe such waiting period referred to in this clause (i) would be, in the reasonable judgment of either the Company or any Purchaser, be reasonably likely to have a material adverse effect on the Company or any Purchaser) shall have expired or been terminated; and

(ii) if required by Law or Regulation, approval of any Governmental Agency with respect to the consummation of the transactions contemplated by this Agreement shall have been granted.

(b) None of the parties hereto shall be subject to any Law, decree, order or injunction that prohibits the consummation of the transactions contemplated hereby issued by a court of competent jurisdiction of (i) the United States or any state or other jurisdiction in the United States, (ii) the European Union or any member state thereof or Canada or (iii) any other jurisdiction (the "Other Non-U.S. Jurisdictions"); provided, however, that, prior to invoking this condition, each party shall have complied with Section 5(b), and with respect to other matters not covered by Section 5(b), shall have used its reasonable best efforts to have any such decree, order or injunction lifted or vacated; and no Law or Regulation shall have been enacted by any

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Governmental Agency which prohibits or makes unlawful the consummation of the transactions contemplated by this Agreement; provided, further, that with respect to any decree, order, injunction, Law or Regulation of any Other Non-U.S. Jurisdiction, noncompliance with such decree, order, injunction, Law or Regulation would, in the reasonable judgment of the Company or any Purchaser, be reasonably likely to have a material adverse effect on the Company, Purchaser or their respective Affiliates or operations.

8. Owners of Notes Not Deemed Shareholders. No owner of Notes shall, as such, be entitled to vote or be deemed the holder of Common Stock that may at any time be issuable upon exercise of Exchange Rights for any purpose whatsoever, nor shall anything contained herein be construed to confer upon the owner of the Notes, as such, any of the rights of a shareholder of the Company or any right to vote for the election of directors or upon any matter submitted to shareholders at any meeting thereof, or to give or withhold consent to any corporate action (whether upon any recapitalization, issue or reclassification of stock, change of par value, consolidation, merger or conveyance or otherwise), or to receive notice of meetings until such owner shall have exercised Exchange Rights in accordance with the provisions hereof.

9. Acquisition of Additional Common Stock

During the period commencing on the date hereof and ending on the termination of the Effective Period (as defined in the Registration Rights Agreement), each of the DLJ Entities hereby agree that neither it or any entity Controlled by it (other than portfolio companies of the DLJ Entities) shall, without the prior approval of the Company's Board of Directors (excluding, for purposes of such approval, the Purchaser Director), (i) acquire, offer or propose to acquire or agree to acquire (whether by purchase, tender or exchange offer, through an acquisition of Control of another Person (including by way of merger or consolidation), by joining a partnership, syndicate or other group, or otherwise), the beneficial ownership of any Common Stock of the Company other than Common Stock issued pursuant to the Exchange Agreement (or any warrants, options or other rights to purchase or acquire, or any securities convertible into, or exchangeable for, any Common Stock of the Company); (ii) make any public announcement with respect to, or submit any proposal for, any merger, consolidation, sale of substantial assets (other than sales made in the ordinary course of business of such Holder) or other business combination or extraordinary transaction involving the Company; (iii) except in connection with the election of the Purchaser Director, make, or in any way participate in, any "solicitation" of "proxies" (as such terms are defined or used in Regulation 14A under Exchange Act) to vote any Common Stock of the Company or seek to advise or influence any Person (other than any Affiliate) with respect to the voting of any Common Stock of the Company; (iv) otherwise act, either alone or in concert with others, to seek control of the Company's Board or (v) publicly disclose any intention, proposal, plan or arrangement with respect to any of the foregoing (collectively, the "Acquisition Restrictions"). The Acquisition Restrictions contained in clause (i) above shall not apply to any acquisition (each, an "Acquisition") of beneficial ownership of any additional Common Stock of the Company: (x) which is by way of stock dividends, stock reclassifications or other distributions or offering made available on a pro rata basis to holders of Common Stock of the Company generally or (y) that involves Common Stock acquired from the Company in accordance with the provisions of this Agreement.

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10. General Provisions

(a) No Short Sales; Hedging. The DLJ Entities agree that they will not sell any shares of Common Stock short or buy any put option (other than

"costless collars" after the second anniversary of the date hereof) in respect of shares of Common Stock so long as any of the Notes remain outstanding. The DLJ Entities further agree not to engage in any hedging activities with respect to Common Stock until the second anniversary of the date hereof.

(b) Survival of Representation and Warranties. The representations and warranties of the Company and each Purchaser shall survive the Closing and each Subsequent Closing until all of the Notes have been exchanged into shares of Common Stock, paid at maturity or are redeemed in accordance with their terms.

(c) Notice Generally. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by courier service, by fax or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified by notice given in accordance with this Section 10):

(i) If to any Purchaser, at

UXT Holdings LLC
Eleven Madison Avenue
New York, NY 10010-3629
Attention: Ivy Dodes
Facsimile: 212-325-8256

and to any Holder, at the address
provided by such Holder

with a copy to:

Shearman & Sterling
599 Lexington Avenue
New York, NY 10022
Attention: Stephen Besen
Mark Roppel
Facsimile: 212-848-7179

(ii) If to the Company, at

TXU Corp.
1601 Bryan Street
Dallas, TX 75201
Attention: Treasurer
Facsimile: 214-812-8998

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with a copy to:

Hunton & Williams
1601 Bryan Street
Dallas, Texas 75201
Attention: Timothy A. Mack
Facsimile: 214-880-0011

and to:

Thelen Reid & Priest LLP
875 Third Avenue
New York, NY 10022
Attention: Robert J. Reger, Jr.
Facsimile: 212-603-2001

(d) Successors and Assigns; Third Party Beneficiaries. (i) This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of the parties hereto as hereinafter provided. The rights of each Purchaser with respect to the Notes shall be transferred to any Person who is a transferee of such Notes except that the rights of the DLJ VCOC Fund pursuant to Section 6 hereof may not be assigned to any other party other than to a Permitted Transferee thereof without the consent of the Company. All obligations of the Company hereunder shall survive any such transfer. No person other than the parties hereto and their successors and permitted assigns is intended to be a beneficiary of this Agreement.

(ii) Any transferee (or group of Affiliated transferees) of the Notes or Common Stock that would own or have pursuant to such transfer (assuming the exercise of the Exchange Right) the right to acquire 5% or more of the outstanding Common Stock as of the date of the transfer of such securities shall, before such transfer, agree to be bound by the restrictions set forth in Section 9 and Section 10(a).

(e) Headings. The headings and subheadings in this Agreement are included for convenience and identification only and are in no way intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof.

(f) Governing Law; Jurisdiction. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

(i) Any claim, action, suit or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby may be heard and determined in any New York State or federal court sitting in The City of New York, County of Manhattan, and each of the parties hereto hereby consents to the exclusive jurisdiction of such courts (and of the appropriate appellate courts therefrom in any such claim, action, suit or proceeding) and irrevocably waives, to the fullest extent permitted by law,

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any objection that it may now or hereafter have to the laying of venue of any such claim, action, suit or proceeding in any such court or that any such claim, action, suit or proceeding that is brought in any such court has been brought in an inconvenient forum.

(ii) Subject to applicable law, process in any such claim, action, suit or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court. Nothing herein shall affect the right of any party to serve legal process in any manner permitted by law or at equity. WITH RESPECT TO ANY SUCH CLAIM, ACTION, SUIT OR PROCEEDING IN ANY SUCH COURT, EACH OF THE PARTIES IRREVOCABLY WAIVES AND RELEASES TO THE OTHER ITS RIGHT TO A TRIAL BY JURY, AND AGREES THAT IT WILL NOT SEEK A TRIAL BY JURY IN ANY SUCH PROCEEDING.

(g) Severability. If any term or other provision of this Agreement is held to be invalid, illegal or incapable of being enforced by any rule of Law or public policy, all other conditions and provisions of this Agreement shall nevertheless remain in full force and effect so long as the economic or legal substance of the transactions is not affected in any manner materially adverse to any party. Upon a determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

(h) Entire Agreement. This Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes

all prior agreements and understandings pertaining thereto.

(i) Cumulative Remedies. The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive its right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise. (j) Construction. Each party hereto acknowledges and agrees that it has had the opportunity to draft, review and edit the language of this Agreement and that no presumption for or against any party arising out of drafting all or any part of this Agreement will be applied in any dispute relating to, in connection with or involving this Agreement. Accordingly, the parties hereto hereby waive the benefit of any rule of Law or any legal decision that would require, in cases of uncertainty, that the language of a contract should be interpreted most strongly against the party who drafted such language.

(k) Counterparts. This Agreement may be executed by the parties hereto in separate counterparts, each of which when so executed and delivered shall be an original, but all such counterparts shall together constitute one and the same instrument. Each counterpart may consist of a number of copies hereof each signed by less than all, but together signed by all of the parties hereto.

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IN WITNESS WHEREOF, the parties have executed this Agreement and caused the same to be duly delivered on their behalf on the day and year first written above.

TXU CORP.

By: /s/Kirk R. Oliver

Name: Kirk R. Oliver
Title: Treasurer and Assistant
Secretary

TXU ENERGY COMPANY LLC

By: /s/Kirk R. Oliver

Name: Kirk R. Oliver
Title: Treasurer and Assistant
Secretary

UXT HOLDINGS LLC

By: DLJ Merchant Bank III, Inc.
its managing member

By: /s/Michael Isikow

Name: Michael Isikow
Title: Principal

UXT INTERMEDIARY LLC

By: UXT AIV, L.P.

By: DLJ Merchant Bank III, Inc.
as managing general partner

By: /s/Michael Isikow

Name: Michael Isikow
Title: Principal

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SCHEDULE 1.1
THE DLJ ENTITIES

NAME

- UXT Holdings-2, LLC
- UXT Intermediary, LLC
- UXT Holdings LLC
- UXT Holdings (Offshore)
- UXT-1 Blocker, Inc.
- UXT-2 Blocker, Inc.
- UXT-3 Blocker, Inc.
- UXT-4 Blocker, Inc.
- UXT-5 Blocker, Inc.
- UXT AIV, L.P.
- UXT AIV Blocker, Inc.
- DLJ Merchant Banking Partners III, L.P.
- DLJ Offshore Partners III, C.V.
- DLJ Offshore Partners III-1, C.V.
- DLJ Offshore Partners III-2, C.V.
- Millennium Partners II, L.P.
- DLJMB Partners III GmbH & Co. KG
- MBP III Plan Investors, L.P. (but the applicability of Section 9 to this entity shall be limited to activities taken in conjunction with DLJ Merchant Banking Partners III)

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SCHEDULE 1.2
OUTSTANDING STOCK PURCHASE CONTRACTS AS OF NOVEMBER 18, 2002

- (1) 8,800,000 Feline Prides/Growth Prides issued by TXU in June of 2002.
- (2) 20,000,000 Corporate Units/Treasury Units issued by TXU in October of 2001.

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</TEXT>
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<SEQUENCE>5
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<TEXT>

REGISTRATION RIGHTS AGREEMENT

REGISTRATION RIGHTS AGREEMENT, dated as of November 22, 2002 (this "Agreement"), by and between TXU Corp., a Texas corporation (the "Company"), and UXT Holdings LLC and UXT Intermediary LLC (each, a "Purchaser" and collectively, "Purchasers").

WHEREAS, Purchasers purchased 9% Exchangeable Subordinated Notes Due 2012 (the "Notes") of TXU Energy Company LLC, a Delaware limited liability company ("TXU Energy"), pursuant to that certain Purchase Agreement dated as of the date hereof (the "Purchase Agreement"), among TXU Energy, the Company and Purchasers; and

WHEREAS, TXU Energy, the Company and Purchasers entered into an exchange agreement on the date hereof (the "Exchange Agreement") pursuant to which Purchasers will have the right to exchange its Notes into Common Stock (as defined below) of the Company.

NOW, THEREFORE, in consideration of the premises and the covenants hereinafter contained and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, and intending to be legally bound hereby, it is agreed as follows:

1. Definitions.

(a) Unless otherwise defined herein, the terms below shall have the following meanings (such meanings being equally applicable to both the singular and plural form of the terms defined):

"Affiliate" shall mean, with respect to any specified Person, any other Person that directly, or indirectly through one or more intermediaries, Controls, is Controlled by, or is under common Control with, such specified Person and shall also include, with respect to any Purchaser, the general partner and any limited partner and any Affiliate of the general partner and any limited partner of such Purchaser. For avoidance of doubt, the Company and its Affiliates shall be considered Affiliates of TXU Energy and Purchasers and their Affiliates shall not be considered Affiliates of TXU Energy or the Company.

"Agreement" shall mean this Registration Rights Agreement, including all amendments, modifications and supplements and any exhibits or schedules to any of the foregoing.

"Business Day" shall mean any day other than Saturday, Sunday or any other day which is a legal holiday under the laws of the States of New York, Texas or a day on which national banking associations in such States are authorized or required by law or other governmental action to close.

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"Common Stock" shall mean shares of the Company's common stock, without par value.

"Control" (including the terms "Controlled by" and "under common

Control with") means the possession, directly or indirectly, of the power to direct or cause the direction of the management and policies of a Person, whether through the ownership of voting securities, as trustee or executor, by contract or otherwise, including, without limitation, the ownership, directly or indirectly, of securities having the power to elect a majority of the board of directors or similar body governing the affairs of such Person.

"DLJ Entities" shall have the meaning as set forth in the Exchange Agreement.

"Effective Period" shall mean the period commencing with the effective date of the Shelf Registration Statement and ending on the date that is 180 days from the date that the Purchasers and their Affiliates, as a group, own less than ten percent (10%) of the initial amount of Registrable Securities.

"Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, and all rules and regulations promulgated thereunder.

"Holder" shall mean Purchasers, and any transferee of Purchasers to whom Registrable Securities are permitted to be transferred in accordance with the terms of this Agreement, and, in each case, who continues to be entitled to the rights of a Holder hereunder.

"NASD" shall mean the National Association of Securities Dealers, Inc., or any successor entity thereof.

"Person" shall mean any individual, corporation, partnership, joint venture, firm, trust, unincorporated organization, government or any agency or political subdivision thereof or other entity.

"Registrable Securities" shall mean (a) the shares of Common Stock issued pursuant to the Exchange Agreement and held by a Holder upon exchange of any Notes and (b) any securities issuable or issued or distributed in respect of any of the Common Stock identified in clause (a) by way of stock dividend or stock split or in connection with a combination of shares, recapitalization, reorganization, merger, consolidation or otherwise. For purposes of this Agreement, (i) Registrable Securities shall cease to be Registrable Securities when a Registration Statement covering such Registrable Securities has been declared effective under the Securities Act by the SEC and such Registrable Securities have been disposed of pursuant to such effective Registration Statement or (ii) Registrable Securities of the Holder shall not be deemed to be Registrable Securities at any time when such Registrable Securities may be distributed to the public pursuant to Rule 144(k) (or any successor provision then in effect) under the Securities Act.

"Registration Statement" shall mean any Demand Registration Statement, Piggy-Back Registration Statement and/or the Shelf Registration Statement, as the case may be.

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"SEC" shall mean the Securities and Exchange Commission, or any successor thereto.

"Securities Act" shall mean the Securities Act of 1933, as amended, and all rules and regulations promulgated thereunder.

(b) The following terms have the meanings set forth in the Section set forth opposite such term:

TERM	SECTION
-----	-----
Acquisition	12
Acquisition Restrictions	12
Blackout Period	5
Company	Recitals

Damages Accrual Period	10 (b)
Demand for Registration	3 (c)
Demand Registration	3 (a)
Demand Registration Statement	3 (a)
Exchange Agreement	Recitals
Excused Performance	10 (c)
Indemnified Party	9 (d)
Indemnifying Party	9 (d)
Liquidated Damages Amount	10 (b)
Maximum Number of Securities	3 (b)
Participating Demand Holders	3 (a)
Participating Piggy-Back Holders	4 (b)
Piggy-Back Registration	4 (a)
Piggy-Back Registration Statement	4 (a)
Notes	Recitals
Purchase Agreement	Recitals
Purchasers	Recitals
Shelf Registration Statement	2
TXU Energy	Recitals

2. Shelf Registration Statement. As promptly as practicable (and in any event within 30 days after the date hereof), the Company shall file with the SEC, and thereafter use its reasonable best efforts to have declared effective as soon as practicable after the filing thereof, a "shelf" Registration Statement (a "Shelf Registration Statement") on Form S-3 or Form S-1, in the event the Company is not "S-3 eligible", pursuant to Rule 415 under the Securities Act covering the resale of any or all of the Registrable Securities, and Registrable Securities issuable (whether or not issued) under the Exchange Agreement. The Company shall, subject to customary terms and conditions, use its reasonable best efforts to keep the Shelf Registration Statement continuously effective from the date that such Shelf Registration Statement is declared effective during the Effective Period to the extent required to permit the disposition (in accordance with the intended method or methods thereof, as aforesaid) of the Registrable Securities so registered.

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3. Demand Registration.

(a) After receipt of a written request from a Holder requesting that the Company effect a registration (a "Demand Registration") under the Securities Act covering all or part of the Registrable Securities which specifies the intended method or methods of disposition thereof, the Company shall promptly notify all Holders in writing of the receipt of such request and each such Holder, in lieu of exercising its rights under Section 4 hereof, may elect (by written notice sent to the Company within ten (10) Business Days from the date of such Holder's receipt of the aforementioned notice from the Company) to have all or part of such Holder's Registrable Securities included in such registration thereof pursuant to this Section 3, and such Holder shall specify in such notice the number of Registrable Securities that such Holder elects to include in such registration. Thereupon the Company shall, as expeditiously as is possible, but in any event no later than thirty (30) days (excluding any days which occur during a permitted Blackout Period under Section 5 below) after receipt of a written request for a Demand Registration, file with the SEC and use its reasonable best efforts to cause to be declared effective as soon as practical after the filing thereof a registration statement (a "Demand Registration Statement") relating to all shares of Registrable Securities which the Company has been so requested to register by such Holders ("Participating Demand Holders"), to the extent required to permit the disposition (in accordance with the intended method or methods thereof, as aforesaid) of the Registrable Securities so registered; provided, however, that the aggregate number of the Registrable Securities requested to be registered constitute at least 10% of the initial amount of the Registrable Securities or include all Registrable Securities which remain outstanding at such time; provided further that, the Company may, if permitted by applicable Laws and Regulations, utilize the Shelf Registration Statement to satisfy its obligations hereunder.

(b) If the majority of the Participating Demand Holders in a Demand Registration relating to a public offering so request that the offering be underwritten with a managing underwriter selected in the manner set forth in Section 14 below and such managing underwriter of such Demand Registration advises the Company in writing that, in its opinion, the number of securities to be included in such offering is greater than the total number of securities which can be sold therein without having a material adverse effect on the distribution of such securities or otherwise having a material adverse effect on the marketability thereof (the "Maximum Number of Securities"), then the Company shall include in such Demand Registration the Registrable Securities that the Participating Demand Holders have requested to be registered thereunder only to the extent the number of such Registrable Securities does not exceed the Maximum Number of Securities. If such amount exceeds the Maximum Number of Securities, the number of Registrable Securities included in such Demand Registration shall be allocated among all the Participating Demand Holders on a pro rata basis (based on the number of Registrable Securities held by each Participating Demand Holder).

(c) Holders shall be entitled to an aggregate of two (2) registrations of Registrable Securities pursuant to Section 3(a) in respect of an underwritten secondary offering (each, a "Demand for Registration"); provided that a registration requested pursuant to Section 3(a) shall not be deemed to have been effected for purposes of Section 3(d) unless (i) it has been declared effective by the SEC, (ii) it has remained effective for the period set forth in Section 6(a) and (iii) the offering of Registrable Securities pursuant to such registration is not subject to any stop order, injunction or other order or

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requirement of the SEC (other than any such stop order, injunction or other requirement of the SEC prompted by act or omission of Holders of Registrable Securities).

(d) Notwithstanding anything to the contrary contained herein, the Company shall not be required to prepare and file (i) more than two Demand Registration Statements in any 12 month period or (ii) any Demand Registration Statement within 90 days following the date of effectiveness of any other Registration Statement.

4. Piggy-Back Registration.

(a) If at any time on or after January 1, 2003, the Company proposes to file on its behalf and/or on behalf of any holder of its securities (other than a holder of Registrable Securities) a registration statement under the Securities Act on any form (other than a registration statement on Form S-4 or S-8, any successor form for securities to be offered in a transaction of the type referred to in Rule 145 under the Securities Act, to employees of the Company pursuant to any employee benefit plan or the Company's divided reinvestment and direct stock purchase plan, respectively) for the registration of Common Stock or preferred stock that is convertible to Common Stock (a "Piggy-Back Registration"), it will give written notice to all Holders at least twenty (20) days before the initial filing with the SEC of such piggy-back registration statement (a "Piggy-Back Registration Statement"), which notice shall set forth the intended method of disposition of the securities proposed to be registered by the Company. The notice shall offer to include in such filing the aggregate number of shares of Registrable Securities as such Holders may request.

(b) Each Holder desiring to have Registrable Securities registered under this Section 4 ("Participating Piggy-Back Holders") shall advise the Company in writing within ten (10) days after the date of receipt of such offer from the Company, setting forth the amount of such Registrable Securities for which registration is requested. The Company shall thereupon include in such filing the number or amount of Registrable Securities for which registration is so requested, subject to paragraph (c) below, and shall use its reasonable best

efforts to effect registration of such Registrable Securities under the Securities Act.

(c) If the Piggy-Back Registration relates to an underwritten public offering and the managing underwriter of such proposed public offering advises in writing that, in its opinion, the amount of Registrable Securities requested to be included in the Piggy-Back Registration in addition to the securities being registered by the Company would be greater than the Maximum Number of Securities (having the same meaning as defined in Section 3(b) but replacing the term "Demand Registration" with "Piggy-Back Registration"), then:

(i) in the event the Company initiated the Piggy-Back Registration, the Company shall include in such Piggy-Back Registration first, the securities the Company proposes to register and second, the securities of all other selling security holders, including the Participating Piggy-Back Holders, to be included in such Piggy-Back Registration in an amount which, together with the securities the Company proposes to register, shall not exceed the Maximum Number of Securities, such amount to be allocated among

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such selling security holders on a pro rata basis (based on the number of securities of the Company held by each such selling security holder);

(ii) in the event any holder of securities of the Company initiated the Piggy-Back Registration, the Company shall include in such Piggy-Back Registration first, the securities such initiating security holder proposes to register, second, the securities of any other selling security holders (including Participating Piggy-Back Holders), in an amount which, together with the securities the initiating security holder proposes to register, shall not exceed the Maximum Number of Securities, such amount to be allocated among such other selling security holders on a pro rata basis (based on the number of securities of the Company held by each such selling security holder) and third, any securities the Company proposes to register, in an amount which, together with the securities the initiating security holder and the other selling security holders propose to register, shall not exceed the Maximum Number of Securities;

(d) The Company will not hereafter enter into any agreement which is inconsistent with the rights of priority provided in paragraph (c) above.

5. Blackout Periods. The Company shall have the right to delay the filing or effectiveness of a Registration Statement required pursuant to Section 3 hereof or suspend sales under a Shelf Registration Statement filed hereunder during no more than two (2) periods aggregating to not more than 45 days in any 12 month period (a "Blackout Period") in the event that (i) the Company would, in accordance with the written advice of its counsel, be required to disclose in the prospectus information not otherwise then required by law to be publicly disclosed and (ii) in the good faith and reasonable judgment of the Company's Board of Directors, there is a reasonable likelihood that such disclosure, or any other action to be taken in connection with the prospectus, would materially and adversely affect or interfere with any financing, acquisition, merger, disposition of assets (not in the ordinary course of business), corporate reorganization or other similar transaction in which the Company is engaged or in respect of which the Company proposes to engage in discussions or negotiations with respect to, or has proposed or taken a substantial step to commence, or there is an event or state of facts relating to the Company which is material to the Company the disclosure of which would, in the reasonable judgment of the Company, be adverse to its interests; provided, however, that the Company shall delay during such Blackout Period the filing or effectiveness of, or suspend sales under, any Registration Statement required pursuant to the registration rights of the holders of any securities of the Company. The Company shall promptly give the Holders written notice of such determination containing a general statement of the reasons for such postponement and an approximation of the anticipated delay.

6. Registration Procedures. If the Company is required by the

provisions of Section 2 or 3 to use its reasonable best efforts to effect the registration of any of its securities under the Securities Act, the Company will, as expeditiously as possible:

(a) prepare and file with the SEC a Registration Statement with respect to such securities and use its reasonable best efforts to cause such Registration Statement promptly to become and remain effective for a period of time required for the disposition of such securities by the holders thereof but not to exceed 90 days for a Demand Registration under

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Section 3(a) (except with respect to a Shelf Registration Statement under Section 2 which shall remain effective during the Effective Period); provided, however, that before filing such Registration Statement or any amendments thereto (for purposes of this subsection, amendments shall not be deemed to include any filing that the Company is required to make pursuant to the Exchange Act), the Company shall furnish the representatives of the Holders referred to in Section 6(m) copies of all documents proposed to be filed, which documents will be subject to the review of such counsel. The Company shall not be deemed to have used its reasonable best efforts to keep a Registration Statement effective during the applicable period if it voluntarily takes any action that would result in the Holders of such Registrable Securities not being able to sell such Registrable Securities during that period, unless such action is required under applicable law;

(b) prepare and file with the SEC such amendments and supplements to such Registration Statement and the prospectus used in connection therewith as may be necessary to keep such Registration Statement effective and to comply with the provisions of the Securities Act with respect to the sale or other disposition of all securities covered by such Registration Statement until the earlier of such time as all of such securities have been disposed of in a public offering or the expiration of 90 days for a Demand Registration under Section 3(a) (except with respect to the Shelf Registration Statement under Section 2, for which such period shall be the Effective Period);

(c) furnish to such selling security holders such number of conformed copies of the applicable Registration Statement and each such amendment and supplement thereto (including in each case all exhibits), and copies of a summary prospectus or other prospectus, including a preliminary prospectus, in conformity with the requirements of the Securities Act, and such other documents, as such selling security holders may reasonably request;

(d) use its reasonable best efforts to register or qualify the securities covered by such Registration Statement under such other securities or blue sky laws of such jurisdictions within the United States and Puerto Rico as each Holder of such securities shall reasonably request, to keep such registration or qualification in effect for so long as such Registration Statement remains in effect, and to take any other action which may be reasonably necessary to enable such seller to consummate the disposition in such jurisdictions of the securities owned by such Holder (provided, however, that the Company shall not be required in connection therewith or as a condition thereto to qualify to do business, subject itself to taxation in or to file a general consent to service of process in any jurisdiction wherein it would not but for the requirements of this paragraph (d) be obligated to do so; and provided further that the Company shall not be required to qualify such Registrable Securities in any jurisdiction in which the securities regulatory authority requires that any Holder submit any shares of its Registrable Securities to the terms, provisions and restrictions of any escrow, lockup or similar agreement(s) for consent to sell Registrable Securities in such jurisdiction unless such Holder agrees to do so), and do such other reasonable acts and things as may be required of it to enable such Holder to consummate the disposition in such jurisdiction of the securities covered by such Registration

Statement;

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(e) furnish, at the request of any Holder requesting registration of Registrable Securities pursuant to Section 2 or 3, if the method of distribution is by means of an underwriting, on the date that the shares of Registrable Securities are delivered to the underwriters for sale pursuant to such registration, or if such Registrable Securities are not being sold through underwriters, on the date that the registration statement with respect to such shares of Registrable Securities becomes effective, (1) a signed opinion, dated such date, of the independent legal counsel representing the Company for the purpose of such registration, addressed to the underwriters, if any, and if such Registrable Securities are not being sold through underwriters, then to the Holders making such request, as to such matters as such underwriters or the Holders holding a majority of the Registrable Securities included in such registration, as the case may be, may reasonably request and as would be customary in such a transaction and (2) letters dated such date and the date the offering is priced from the independent certified public accountants of the Company, addressed to the underwriters, if any, and if such Registrable Securities are not being sold through underwriters, then to the Holders making such request and, if such accountants refuse to deliver such letters to such Holders, then to the Company (i) stating that they are independent certified public accountants within the meaning of the Securities Act and that, in the opinion of such accountants, the financial statements and other financial data of the Company included in the Registration Statement or the prospectus, or any amendment or supplement thereto, comply as to form in all material respects with the applicable accounting requirements of the Securities Act and (ii) covering such other financial matters (including information as to the period ending not more than five (5) business days prior to the date of such letters) with respect to the registration in respect of which such letter is being given as such underwriters or the Holders holding a majority of the Registrable Securities included in such registration, as the case may be, may reasonably request and as would be customary in such a transaction;

(f) enter into customary agreements (including if the method of distribution is by means of an underwriting, an underwriting agreement in customary form) and take such other actions as are reasonably required in order to expedite or facilitate the disposition of such Registrable Securities;

(g) otherwise use its reasonable best efforts to comply with all applicable rules and regulations of the SEC, and make earnings statements satisfying the provisions of Section 11(a) of the Securities Act generally available to the Holders no later than 45 days after the end of any 12 month period (or 90 days, if such period is a fiscal year) (i) commencing at the end of any fiscal quarter in which Registrable Securities are sold to underwriters in an underwritten public offering or (ii) if not sold to underwriters in such an offering, beginning with the first month of the Company's first fiscal quarter commencing after the effective date of the Registration Statement, which statements shall cover said 12 month periods;

(h) use its reasonable best efforts to cause all such Registrable Securities to be listed on each securities exchange or quotation system on which similar securities issued by the Company are listed or traded;

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(i) give written notice to the Holders:

(i) when such Registration Statement or any amendment thereto

has been filed with the SEC and when such Registration Statement or any post-effective amendment thereto has become effective;

(ii) of any request by the SEC for amendments or supplements to such Registration Statement or the prospectus included therein or for additional information;

(iii) of the issuance by the SEC of any stop order suspending the effectiveness of such Registration Statement or the initiation of any proceedings for that purpose;

(iv) of the receipt by the Company or its legal counsel of any notification with respect to the suspension of the qualification of the Common Stock for sale in any jurisdiction or the initiation or threatening of any proceeding for such purpose; and

(v) of the happening of any event that requires the Company to make changes in such Registration Statement or the prospectus in order to make the statements therein not misleading (which notice shall be accompanied by an instruction to suspend the use of the prospectus until the requisite changes have been made);

(j) use its reasonable best efforts to prevent the issuance or obtain the withdrawal of any order suspending the effectiveness of such Registration Statement at the earliest possible time;

(k) furnish to each Holder, without charge, at least one copy of such Registration Statement and any post-effective amendment thereto, including financial statements and schedules, and, if the Holder so requests in writing, all exhibits (including those, if any, incorporated by reference);

(l) upon the occurrence of any event contemplated by Section 6(i)(v) above, promptly prepare a post-effective amendment to such Registration Statement or a supplement to the related prospectus or file any other required document so that, as thereafter delivered to the Holders, the prospectus will not contain an untrue statement of a material fact or omit to state any material fact necessary to make the statements therein, in light of the circumstances under which they were made, not misleading. If the Company notifies the Holders in accordance with Section 6(i)(v) above to suspend the use of the prospectus until the requisite changes to the prospectus have been made, then the Holders shall suspend use of such prospectus and use their reasonable efforts to return to the Company all copies of such prospectus (at the Company's expense) other than permanent file copies then in such Holder's possession, and the period of effectiveness of such Registration Statement provided for above shall be extended by the number of days from and including the date of the giving of such notice to the date Holders shall have received such amended or supplemented prospectus pursuant to this Section 6(l);

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(m) make reasonably available for inspection by the representatives of the Holders, any underwriter participating in any disposition pursuant to such Registration Statement and any attorney, accountant or other agent retained by such representative or any such underwriter all relevant financial and other records, pertinent corporate documents and properties of the Company and cause the Company's officers, directors and employees to supply all relevant information reasonably requested by such representative or any such underwriter, attorney, accountant or agent in connection with the registration;

(n) in connection with any underwritten offering pursuant to a Demand Registration under Section 3(a), make appropriate officers of the Company and the senior executives of the Company available to the selling security holders for meetings with prospective purchasers of the Registrable Securities and prepare and present to potential investors customary "road

show" material in each case in accordance with the recommendations of the underwriters and in all respects in a manner consistent with other new issuances of securities in an offering of a similar size to such offering of the Registrable Securities, in connection with any proposed sale of the Registrable Securities; provided, however, that the aggregate number of Registrable Securities requested to be sold constitute at least 10% of the Registrable securities issued on the date the demand to file the Demand Registration Statement pursuant to such Demand Registration was made; and

(o) use reasonable best efforts to procure the cooperation of the Company's transfer agent in settling any offering or sale of Registrable Securities, including with respect to the transfer of physical stock certificates into book-entry form in accordance with any procedures reasonably requested by the Holders or the underwriters.

7. Expenses. All expenses incurred in connection with each registration pursuant to Sections 2, 3 and 4 of this Agreement, excluding underwriters' discounts and commissions, but including without limitation all registration, filing and qualification fees, word processing, duplicating, printers' and accounting fees (including the expenses of any special audits or "comfort" letters required by or incident to such performance and compliance), fees of the NASD or listing fees, messenger and delivery expenses, all fees and expenses of complying with state securities or blue sky laws, fees and disbursements of counsel for the Company, fees and expenses of the Company and the underwriters relating to "road show" investor presentations, including the reasonable fees and disbursements of one counsel for the selling Holders (which counsel shall be selected by the Holders holding a majority in interest of the Registrable Securities being registered), shall be paid by the Company:

8. Rule 144 and Rule 144A Information. (a) With a view to making available the benefits of certain rules and regulations of the SEC which may at any time permit the sale of the Registrable Securities to the public without registration, the Company agrees to:

(i) make and keep public information available, as those terms are understood and defined in Rule 144 under the Securities Act;

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(ii) use its reasonable best efforts to file with the SEC in a timely manner all reports and other documents required of the Company under the Securities Act and the Exchange Act; and

(iii) furnish to each Holder of Registrable Securities forthwith upon request a written statement by the Company as to its compliance with the reporting requirements of such Rule 144 and of the Securities Act and the Exchange Act, a copy of the most recent annual or quarterly report of the Company, and such other reports and documents so filed by the Company as such Holder may reasonably request in availing itself of any rule or regulation of the SEC allowing such Holder to sell any Registrable Securities without registration.

(b) At all times during which the Company is neither subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) under the Exchange Act, it will provide, upon the written request of any Holder of Registrable Securities in written form (as promptly as practicable and in any event within 15 Business Days), to any prospective buyer of such stock designated by such Holder, all information required by Rule 144A(d)(4)(i) of the General Regulations promulgated by the SEC under the Securities Act.

9. Indemnification and Contribution.

(a) The Company shall indemnify and hold harmless each Holder and its Affiliates, such Holder's partners and their Affiliates, directors and officers, each person who participates in the offering of such Registrable

Securities, including underwriters (as defined in the Securities Act), and each person, if any, who controls such Holder or participating person within the meaning of the Securities Act, against any losses, claims, damages or liabilities, joint or several, to which they may become subject under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or proceedings in respect thereof) arise out of or are based on any untrue or alleged untrue statement of any material fact contained in such Registration Statement on the effective date thereof (including any prospectus filed under Rule 424 under the Securities Act or any amendments or supplements thereto) or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, and shall reimburse each such Holder and its Affiliates, such Holder's partners and their Affiliates, directors and officers, such participating person or controlling person for any legal or other expenses reasonably incurred by them (but not in excess of expenses incurred in respect of one counsel for all of them unless there is an actual conflict of interest between any indemnified parties, which indemnified parties may be represented by separate counsel) in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the indemnity agreement contained in this Section 9(a) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of the Company (which consent shall not be unreasonably withheld); provided further, that the Company shall not be liable to any Holder and its Affiliates, such Holder's partners and their Affiliates, directors and officers, participating person or controlling person in any such case for any such loss, claim, damage, liability or action to the extent that it arises out of or is based upon an untrue statement or alleged untrue statement or omission or alleged omission made in connection with such

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Registration Statement, preliminary prospectus, final prospectus or amendments or supplements thereto, in reliance upon and in conformity with written information furnished expressly for use in connection with such registration by any such Holder and its Affiliates, such Holder's partners and their Affiliates, directors and officers, participating person or controlling person. Such indemnity shall remain in full force and effect regardless of any investigation made by or on behalf of any such Holder and its Affiliates, such Holder's partners and their Affiliates, directors and officers, participating person or controlling person, and shall survive the transfer of such securities by such Holder.

(b) Each Holder requesting or joining in a registration severally and not jointly shall indemnify and hold harmless the Company, each of its directors and officers, each person, if any, who controls the Company within the meaning of the Securities Act, and each agent and any underwriter for the Company (within the meaning of the Securities Act) against any losses, claims, damages or liabilities, joint or several, to which the Company or any such director, officer, controlling person, agent or underwriter may become subject, under the Securities Act or otherwise, insofar as such losses, claims, damages or liabilities (or proceedings in respect thereof) arise out of or are based upon any untrue statement or alleged untrue statement of any material fact contained in such Registration Statement on the effective date thereof (including any prospectus filed under Rule 424 under the Securities Act or any amendments or supplements thereto) or arise out of or are based upon the omission or alleged omission to state therein a material fact required to be stated therein or necessary to make the statements therein not misleading, in each case to the extent, but only to the extent, that such untrue statement or alleged untrue statement or omission or alleged omission was made in such Registration Statement, preliminary or final prospectus, or amendments or supplements thereto, in reliance upon and in conformity with written information furnished by or on behalf of such Holder expressly for use in connection with such registration; and each such Holder shall reimburse any legal or other expenses reasonably incurred by the Company or any such director, officer, controlling person, agent or underwriter (but not in excess of expenses incurred in respect of one counsel for all of them unless there is an actual conflict of interest between any indemnified parties, which indemnified parties may be

represented by separate counsel) in connection with investigating or defending any such loss, claim, damage, liability or action; provided, however, that the indemnity agreement contained in this Section 9(b) shall not apply to amounts paid in settlement of any such loss, claim, damage, liability or action if such settlement is effected without the consent of such Holder (which consent shall not be unreasonably withheld); and provided further that the liability of each Holder hereunder shall be limited to the proportion of any such loss, claim, damage, liability or expense which is equal to the proportion that the net proceeds from the sale of the securities sold by such Holder under such Registration Statement bears to the total net proceeds from the sale of all securities sold thereunder, but not in any event to exceed the net proceeds received by such Holder from the sale of Registrable Securities covered by such Registration Statement.

(c) If the indemnification provided for in this Section 9 from the indemnifying party is unavailable to an indemnified party hereunder in respect of any losses, claims, damages, liabilities or expenses referred to therein, then the indemnifying party, in lieu of indemnifying such indemnified party, shall contribute to the amount paid or payable by such indemnified party as a result of such losses, claims, damages, liabilities or expenses in such proportion as is appropriate to reflect the relative fault of the indemnifying party and indemnified parties in connection with the actions which resulted in

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such losses, claims, damages, liabilities or expenses, as well as any other relevant equitable considerations. The relative fault of such indemnifying party and indemnified parties shall be determined by reference to, among other things, whether any action in question, including any untrue or alleged untrue statement of a material fact or omission or alleged omission to state a material fact, has been made by, or relates to information supplied by, such indemnifying party or indemnified parties, and the parties' relative intent, knowledge, access to information and opportunity to correct or prevent such action. The amount paid or payable by a party as a result of the losses, claims, damages, liabilities and expenses referred to above shall be deemed to include any legal or other fees or expenses reasonably incurred by such party in connection with any investigation or proceeding. If the allocation provided in this paragraph (c) is not permitted by applicable law, the parties shall contribute based upon the relevant benefits received by the Company from the initial offering of the Registrable Securities on the one hand and the net proceeds received by the Holders from the sale of Registrable Securities on the other.

The parties hereto agree that it would not be just and equitable if contribution pursuant to this Section 9(c) were determined by pro rata allocation or by any other method of allocation which does not take account of the equitable considerations referred to in the immediately preceding paragraph. No Person guilty of fraudulent misrepresentation (within the meaning of Section 11(f) of the Securities Act) shall be entitled to contribution from any Person who was not guilty of such fraudulent misrepresentation.

(d) Any Person entitled to indemnification hereunder (the "Indemnified Party") agrees to give prompt written notice to the indemnifying party (the "Indemnifying Party") after the receipt by the Indemnified Party of any written notice of the commencement of any action, suit, proceeding or investigation or threat thereof made in writing for which the Indemnified Party intends to claim indemnification or contribution pursuant to this Agreement; provided that the failure so to notify the Indemnified Party shall not relieve the Indemnifying Party of any liability that it may have to the Indemnified Party hereunder unless such failure is materially prejudicial to the Indemnifying Party. If notice of commencement of any such action is given to the Indemnifying Party as above provided, the Indemnifying Party shall be entitled to participate in and, to the extent it may wish, to assume the defense of such action at its own expense, with counsel chosen by it and reasonably satisfactory to such Indemnified Party. The Indemnified Party shall have the right to employ separate counsel in any such action and participate in the defense thereof, but the fees and expenses of such counsel shall be paid by the Indemnified Party unless (i) the Indemnifying Party agrees to pay the same, (ii) the Indemnifying

Party fails to assume the defense of such action or (iii) the named parties to any such action (including any impleaded parties) have been advised by such counsel that either (A) representation of such Indemnified Party and the Indemnifying Party by the same counsel would be inappropriate under applicable standards of professional conduct or (B) there are one or more legal defenses available to it which are substantially different from or additional to those available to the Indemnifying Party. No Indemnifying Party shall be liable for any settlement entered into without its written consent, which consent shall not be unreasonably withheld.

(e) The agreements contained in this Section 9 shall survive the transfer of the Registered Securities by any Holder and sale of all the Registrable Securities pursuant to any Registration Statement and shall remain in full force and effect, regardless of any investigation made by or on behalf of any Holder or such director, officer or participating or controlling Person.

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10. Payment of Liquidated Damages.

(a) The parties hereto agree that the Holders of Registrable Securities will suffer damages, and that it would not be feasible to ascertain the extent of such damages with precision, if (i) a Registration Statement is not timely filed pursuant to Section 2, 3 and 6, (ii) a Registration Statement has not been declared effective under the Securities Act or any foreign securities laws pursuant to Section 6 or (iii) the Company fails to comply with any of the terms of this Agreement. Each of the events described above shall be deemed to continue until (a) the date a Registration Statement is filed in the case of an event of the type described in clause (i), (b) the date a Registration Statement is declared effective under the Securities Act or any foreign securities laws in the case of an event of the type described in clause (ii) and (c) termination of the breach in the case of an event of the type described in clause (iii).

(b) Accordingly, commencing on (and including) any event date described above and ending on the day such failure to file or become effective or breach is cured (a "Damages Accrual Period"), the Company agrees to pay, as liquidated damages and not as a penalty, an amount (the "Liquidated Damages Amount") payable to Holders of Registrable Securities within 15 days from the date such Damages Accrual Period ends, at a rate per annum equal to 2% of the value of the Registrable Securities owned by the Holders; provided that no liquidated damages shall accrue or be payable if the failure to file, go effective or comply is the result of an Excused Performance.

(c) An "Excused Performance" shall be deemed to result from (a) the failure of the SEC to declare a Registration Statement effective despite the Company's reasonable good faith efforts to respond to SEC comments in a timely and complete manner, (b) the failure of the SEC to declare a Registration Statement effective because of the failure of any Holder to provide any information requested by the SEC, the NASD or any state securities regulatory body concerning itself or its Affiliates, its or such Affiliates' relationship with the Company or any Affiliates of the Company, or its plans for the disposition of Registrable Securities or (c) the failure of the NASD or any state securities regulatory body to provide any necessary clearance, registration or qualification for the offering.

11. Limitations on Registration of Other Securities; Representation. From and after the date of this Agreement, the Company shall not, without the prior written consent of a majority in interest of the Holders, enter into any agreement with any holder or prospective holder of any securities of the Company giving such holder or prospective holder any registration rights the terms of which are as or more favorable taken as a whole than the registration rights granted to the Holders hereunder unless the Company shall also give such rights to the Holders hereunder.

12. Acquisition of Additional Common Stock.

(a) During the period commencing on the date hereof and ending on the termination of the Effective Period, each of the DLJ Entities hereby agrees that neither it or any entity Controlled by it (other than portfolio companies

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of the DLJ Entities) shall, without the prior approval of the Company's Board of Directors (excluding, for purposes of such approval, the Purchaser Director (as defined in the Exchange Agreement)), (i) acquire, offer or propose to acquire or agree to acquire (whether by purchase, tender or exchange offer, through an acquisition of Control of another Person (including by way of merger or consolidation), by joining a partnership, syndicate or other group, or otherwise), the beneficial ownership of any Common Stock of the Company other than Common Stock issued pursuant to the Exchange Agreement (or any warrants, options or other rights to purchase or acquire, or any securities convertible into, or exchangeable for, any Common Stock of the Company); (ii) make any public announcement with respect to, or submit any proposal for, any merger, consolidation, sale of substantial assets (other than sales made in the ordinary course of business of such Holder) or other business combination or extraordinary transaction involving the Company; (iii) except in connection with the election of the Purchaser Director, make, or in any way participate in, any "solicitation" of "proxies" (as such terms are defined or used in Regulation 14A under the Exchange Act) to vote any Common Stock of the Company or seek to advise or influence any Person (other than any Affiliate) with respect to the voting of any Common Stock of the Company; (iv) otherwise act, either alone or in concert with others, to seek control of the Company's Board or (v) publicly disclose any intention, proposal, plan or arrangement with respect to any of the foregoing (collectively, the "Acquisition Restrictions"). The Acquisition Restrictions contained in clause (i) above shall not apply to any acquisition (each, an "Acquisition") of beneficial ownership of any additional Common Stock of the Company: (x) which is by way of stock dividends, stock reclassifications or other distributions or offering made available on a pro rata basis to holders of Common Stock of the Company generally or (y) that involves Common Stock acquired from the Company in accordance with the provisions of the Exchange Agreement.

13. No Inconsistent Agreements. The Company will not hereafter enter into any agreement with respect to its securities, which is inconsistent in any material respects with the rights granted to the Holders in this Agreement.

14. Selection of Managing Underwriters. In the event the Holders have requested an underwritten offering pursuant to Section 3(a), the underwriter or underwriters shall be selected by the Holders of a majority of the shares being so registered and shall be approved by the Company, which approval shall not be unreasonably withheld or delayed, provided (i) that all of the representations and warranties by, and the other agreements on the part of, the Company to and for the benefit of such underwriters shall also be made to and for the benefit of such Holders of Registrable Securities, (ii) that any or all of the conditions precedent to the obligations of such underwriters under such underwriting agreement shall be conditions precedent to the obligations of such Holders of Registrable Securities and (iii) that no Holder shall be required to make any representations or warranties to or agreements with the Company or the underwriters other than representations, warranties or agreements regarding such Holder, the Registrable Securities of such Holder and such Holder's intended method of distribution and any other representations required by law. Subject to the foregoing, all Holders proposing to distribute Registrable Securities through such underwritten offering shall enter into an underwriting agreement in customary form with the underwriter or underwriters. If any Holder of Registrable Securities disapproves of the terms of the underwriting, such Holder may elect to withdraw all its Registrable Securities by written notice to the Company, the managing underwriter and the other Holders participating in such

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registration. The securities so withdrawn shall also be withdrawn from registration.

15. Miscellaneous.

(a) No Short Sales; Hedging. The DLJ Entities agree that they will not sell any shares of Common Stock short or buy any put option (other than "costless collars" after the second anniversary of the date hereof) in respect of shares of Common Stock so long as any of the Notes remain outstanding. The DLJ Entities further agree not to engage in any hedging activities with respect to Common Stock until the second anniversary of the date hereof.

(b) Specific Performance. The parties hereto agree that irreparable damage would occur in the event any provision of the Agreement was not performed in accordance with the terms hereof and that the parties hereto shall be entitled to specific performance of the terms hereof, in addition to any other remedy at law or in equity.

(c) Amendments and Waivers; Assignment. (i) Any provision of this Agreement may be amended or waived if, and only if, such amendment or waiver is in writing and signed, in the case of an amendment, by the Company and a majority in interest of the Holders or, in the case of a waiver, by the party or parties against whom the waiver is to be effective; provided, however, that waiver by the Holders shall require the consent of a majority in interest of the Holders.

(ii) No failure or delay by any party in exercising any right, power or privilege hereunder (other than a failure or delay beyond a period of time specified herein) shall operate as a waiver thereof and no single or partial exercise thereof shall preclude any other or further exercise thereof or the exercise of any other right, power or privilege. The rights and remedies herein provided shall be cumulative and not exclusive of any rights or remedies provided by law.

(d) Notice Generally. All notices, requests, claims, demands and other communications hereunder shall be in writing and shall be given (and shall be deemed to have been duly given upon receipt) by delivery in person, by courier service, by fax or by registered or certified mail (postage prepaid, return receipt requested) to the respective parties at the following addresses (or at such other address for a party as shall be specified by notice given in accordance with this Section 15(d)):

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(i) If to Purchaser, at

UXT Holdings LLC
Eleven Madison Avenue
New York, NY 10010-3629
Attention: Ivy Dodes
Facsimile: 212-325-8256

and to any Holder, at the address
provided by such Holder

with a copy to:

Shearman & Sterling
599 Lexington Avenue
New York, NY 10022
Attention: Stephen Besen
Mark Roppel
Facsimile: 212-848-7179

(ii) If to the Company, at

TXU Corp.
1601 Bryan Street
Dallas, TX 75201
Attention: Treasurer
Facsimile: 214-812-8998

with a copy to:

Hunton & Williams
1601 Bryan Street
Dallas, Texas 75201
Attention: Timothy A. Mack
Facsimile: 212-603-2001

and to:

Thelen Reid & Priest LLP
875 Third Avenue
New York, NY 10022
Attention: Robert J. Reger, Jr.
Facsimile : 212-603-2001

(e) Successors and Assigns; Third Party Beneficiaries. (i) This Agreement shall inure to the benefit of and be binding upon the successors and permitted assigns of the parties hereto as hereinafter provided. The

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registration rights of any Holder with respect to any Registrable Securities shall be transferred to any Person who is the transferee of such Registrable Securities; provided that such transferees shall have assumed the obligations of such Holder hereunder in a form satisfactory to the Company. All of the obligations of the Company hereunder shall survive any such transfer. Except as provided in Section 9, no Person other than the parties hereto and their successors and permitted assigns is intended to be a beneficiary of this Agreement.

(ii) It is acknowledged and agreed that the DLJ Entities and their Affiliates shall not transfer Common Stock issued to them pursuant to the Exchange Agreement to a Competitor (as defined in the Notes) other than pursuant to a public offering.

(iii) Any transferee (or group of affiliated transferees) of the Notes or Common Stock that would own or have pursuant to such transfer (assuming the exercise of the Exchange Right) the right to acquire 5% or more of the outstanding Common Stock as of the date of the transfer of such securities shall, before such transfer, agree to be bound by the restrictions set forth in Section 12 and Section 15(a).

(f) Headings. The headings and subheadings in this Agreement are included for convenience and identification only and are in no way intended to describe, interpret, define or limit the scope, extent or intent of this Agreement or any provision hereof.

(g) Governing Law; Jurisdiction. This Agreement shall be governed by, and construed in accordance with, the laws of the State of New York.

(i) Any claim, action, suit or proceeding seeking to enforce any provision of, or based on any matter arising out of or in connection with, this Agreement or the transactions contemplated hereby, may be heard and determined in any New York state or federal court sitting in The City of New York, County of Manhattan, and each of the parties hereto hereby consents to the exclusive jurisdiction of such courts (and of the appropriate appellate courts therefrom in any such claim, action, suit or proceeding) and irrevocably waives, to the fullest extent permitted by law,

any objection that it may now or hereafter have to the laying of venue of any such claim, action, suit or proceeding in any such court or that any such claim, action, suit or proceeding that is brought in any such court has been brought in an inconvenient forum.

(ii) Subject to applicable law, process in any such claim, action, suit or proceeding may be served on any party anywhere in the world, whether within or without the jurisdiction of any such court. Nothing herein shall affect the right of any party to serve legal process in any manner permitted by law or at equity. WITH RESPECT TO ANY SUCH CLAIM, ACTION, SUIT OR PROCEEDING IN ANY SUCH COURT, EACH OF THE PARTIES IRREVOCABLY WAIVES AND RELEASES TO THE OTHER ITS RIGHT TO A TRIAL BY JURY, AND AGREES THAT IT WILL NOT SEEK A TRIAL BY JURY IN ANY SUCH PROCEEDING.

(h) Severability. If any term or other provision of this Agreement is held to be invalid, illegal or incapable of being enforced by any rule of Law or public policy, all other conditions and provisions of this Agreement shall

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nevertheless remain in full force and effect so long as the economic or legal substance of the transactions is not affected in any manner materially adverse to any party. Upon a determination that any term or other provision is invalid, illegal or incapable of being enforced, the parties hereto shall negotiate in good faith to modify this Agreement so as to effect the original intent of the parties as closely as possible in a mutually acceptable manner in order that the transactions contemplated hereby be consummated as originally contemplated to the fullest extent possible.

(i) Entire Agreement. This Agreement constitutes the entire agreement among the parties hereto pertaining to the subject matter hereof and supersedes all prior agreements and understandings pertaining thereto.

(j) Cumulative Remedies. The rights and remedies provided by this Agreement are cumulative and the use of any one right or remedy by any party shall not preclude or waive its right to use any or all other remedies. Said rights and remedies are given in addition to any other rights the parties may have by law, statute, ordinance or otherwise.

(k) Construction. Each party hereto acknowledges and agrees that it has had the opportunity to draft, review and edit the language of this Agreement and that no presumption for or against any party arising out of drafting all or any part of this Agreement will be applied in any Dispute relating to, in connection with or involving this Agreement. Accordingly, the parties hereto hereby waive the benefit of any rule of Law or any legal decision that would require, in cases of uncertainty, that the language of a contract should be interpreted most strongly against the party who drafted such language.

[SIGNATURES APPEAR ON NEXT PAGE]

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IN WITNESS WHEREOF, the parties hereto have executed this Agreement as of the date first above written.

TXU CORP.

By: /s/Kirk R. Oliver

Name: Kirk R. Oliver
Title: Treasurer and Assistant
Secretary

UXT HOLDINGS LLC

By: DLJ Merchant Bank III, Inc.
its managing member

By: /s/Michael Isikow

Name: Michael Isikow
Title: Principal

UXT INTERMEDIARY LLC

By: UXT AIV, L.P.

By: DLJ Merchant Bank III, Inc.
as managing general partner

By: /s/Michael Isikow

Name: Michael Isikow
Title: Principal

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[TXU LOGO]

1601 Bryan Street
Dallas, Texas 75201-3411

FOR IMMEDIATE RELEASE

TXU CLOSSES \$750 MILLION ISSUANCE, COMMENTS ON ANALYST ESTIMATES

DALLAS--(November 25, 2002) TXU (NYSE:TXU) announced today that TXU Energy Company LLC, a wholly owned subsidiary of TXU Corp., closed on Friday, November 22, 2002, its previously announced issuance of \$750 million of exchangeable subordinated notes due 2012.

TXU has not completed its formal planning process and therefore is not providing guidance for 2003 at this time. However, due to the issuance of the exchangeable subordinated notes due 2012 and planned equity issuance, the company is more comfortable with those current analyst fully diluted earnings estimates which are nearer \$2.00 per share. TXU is unable to provide guidance for the fourth quarter of 2002 at this time.

TXU provides electric and natural gas services, energy marketing, energy delivery, telecommunications, and other energy-related services. TXU serves more than five million customers and owns and operates more than 20,000 megawatts of competitive generation in North America and Australia. Visit www.txu.com for more information about TXU.

This release contains forward-looking statements, which are subject to various risks and uncertainties. Discussion of risks and uncertainties that could cause actual results to differ materially from management's current projections, forecasts, estimates and expectations is contained in the company's SEC filings.

The risks and uncertainties set forth in the company's SEC filings include prevailing government policies on environmental, tax or accounting matters, regulatory and rating agency actions, weather conditions, unanticipated population growth or decline and changes in market demand and demographic patterns, changing competition for customers including the deregulation of the U.S. electric utility industry and the entry of new competitors, pricing and transportation of crude oil, natural gas and other commodities, financial and capital market conditions, unanticipated changes in operating expenses and capital expenditures, legal and administrative proceedings and settlements, inability of the various counterparties to meet their obligations with respect to financial instruments, and changes in technology used and services offered by TXU Corp.

- END -

FOR ADDITIONAL INFORMATION CONTACT:

INVESTOR RELATIONS:

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-----END PRIVACY-ENHANCED MESSAGE-----