



NEWS RELEASE

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KKR, TPG & TXU Corp. Announce IGCC Plans

DALLAS, TX -

Texas Energy Future Holdings Limited Partnership (TEF), the holding company formed by Kohlberg Kravis Roberts & Co. (KKR) and Texas Pacific Group (TPG) to acquire TXU Corp. (**NYSE:TXU**), and TXU announced today that they have started the planning process for two integrated gasification combined cycle (IGCC) commercial demonstration plants to be located in Texas.

In connection with this plan, TXU will issue a request for proposal (RFP) from companies offering coal gasification technologies with carbon dioxide capture. TXU's new Sustainable Energy Advisory Board (SEAB) will review the proposals. The SEAB is comprised of individuals who represent the following interests: the environment, customers, Texas economic development and ERCOT reliability standards, including representatives from Environmental Defense and the Natural Resources Defense Council.

"We have been listening to and following the lead of Governor Perry, legislators and interested parties all over Texas. We are announcing our intention to dedicate two sites for these new facilities. We are inviting representatives from communities across the state to contact the company with their views on the various site options. It's time to start exploring how we bring better technology to Texas so we can generate clean, affordable, reliable power in the future," said Michael MacDougall of TPG.

"This project is further evidence of TXU's new commitment to move forward immediately to develop the next generation of low-cost, clean-burning technologies," said Mike Childers, CEO of TXU Generation Development. "This project will enhance our selected vendors' ability to drive toward technical leadership across a range of the newest, most environmentally efficient technologies."

This RFP represents the first stage of TXU and TEF's new commitment, per the recently announced merger agreement, to explore the potential of IGCC technology to meet Texas' energy reliability requirements.

From the proposals received, TXU will select two or more competing IGCC technologies that can be developed and commercially deployed with carbon dioxide capture in power plants utilizing Powder River Basin (PRB) and lignite coals, respectively, as the primary fuel source. This project will focus on driving efficiency improvements, emissions reductions and technological breakthroughs that could enable IGCC to meet the growing energy needs of Texas. Linking the technological expertise of selected providers with TXU's operational expertise will create a combination capable of redefining research and development in the power sector.

Selected partner companies will be focused on two major objectives: (1) research and development aimed at improving the efficiency, cost profile and environmental performance of gasification technologies; and (2) front-end engineering and development for IGCC units at existing sites originally reserved for the now-suspended pulverized coal units. One of the new facilities will use PRB and the other will use lignite coal, making it among the first lignite IGCC power plants in the country. In addition, the identified plant sites will be well-situated to support carbon capture and sequestration projects. If acceptable proposals are submitted in response to the RFP, these new facilities could be the first power plants in the world to separate and sequester carbon dioxide.

"The deregulated Texas market has unleashed the spirit of innovation. This initiative represents the next step toward meeting Texas' future power needs with the most reliable, economic, and environmentally efficient power supply," said Fred Goltz of KKR.

TXU Corp., a Dallas-based energy company, manages a portfolio of competitive and regulated energy businesses primarily in Texas. In the competitive TXU Energy Holdings segment (electricity generation, wholesale marketing and retailing), TXU Energy provides electricity and related services to more than 2.1 million competitive electricity customers in Texas. TXU Power has over 18,100 MW of generation in Texas, including 2,300 MW of nuclear and 5,800 MW of coal-fueled generation capacity. TXU Wholesale optimizes the purchases and sales of energy for TXU Energy and TXU Power and provides related services to other market participants. TXU Wholesale and its affiliate, TXU Renew, are the largest purchasers of wind-generated electricity in Texas and fifth largest in the United States. TXU Corp.'s regulated segment, TXU Electric Delivery, is an electric distribution and transmission business that uses superior asset management skills to provide reliable electricity delivery to consumers. TXU Electric Delivery operates the largest distribution and transmission system in Texas, providing power to three million electric delivery points over more than 101,000 miles of distribution and 14,300 miles of transmission lines. Visit <http://www.txucorp.com/> for more information about TXU Corp.

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 TXU Corp.'s filings with the Securities and Exchange Commission (SEC). Specifically, TXU Corp. makes reference to

the section entitled "Risk Factors" in its annual and quarterly reports. In addition to the risks and uncertainties set forth in TXU Corp.'s SEC filings, the forward-looking statements in this release could be affected by, among other things: changes in environmental laws or regulations; changes in electric generation and emissions control technologies; and the commercial and technological viability of the technologies and processes described in this release.

About Texas Energy Future Holdings

Texas Energy Future Holdings Limited Partnership is the holding company formed by Kohlberg Kravis Roberts & Co., Texas Pacific Group and other investors to acquire TXU Corp. TXU Corp., a Dallas-based energy company, manages a portfolio of competitive and regulated energy businesses primarily in Texas. For more information, visit www.TexasEnergyFuture.com.

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