

# ***Fourth Quarter and Full Year 2005 Earnings Discussion***



**February 2, 2006**

## **Safe Harbor Statement**

*This presentation 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. In addition to the risks and uncertainties set forth in the company's SEC filings, the forward-looking statements in this presentation could be affected by actions of rating agencies, delays in implementing any future price-to-beat fuel factor adjustments, the ability of the company to attract and retain profitable customers, changes in demand for electricity, the impact of weather, changes in wholesale electricity prices or energy commodity prices, the ability of the company to implement the initiatives that are part of its performance improvement program and growth strategy, and the terms under which the company executes those initiatives, and the decisions made and actions taken as a result of the company's financial and growth strategies.*

## **Regulation G**

*This presentation includes certain non-GAAP financial measures. A reconciliation of these measures to the most directly comparable GAAP measures is included in the appendix of the printed version of the slides and the version included on the company's website at [www.txucorp.com](http://www.txucorp.com) under Investor Resources/Presentations.*

# Today's Agenda

**Operational  
Highlights &  
Growth**

**C. John Wilder  
Chief Executive Officer**

**Financial Results**

**Kirk Oliver  
Chief Financial Officer**

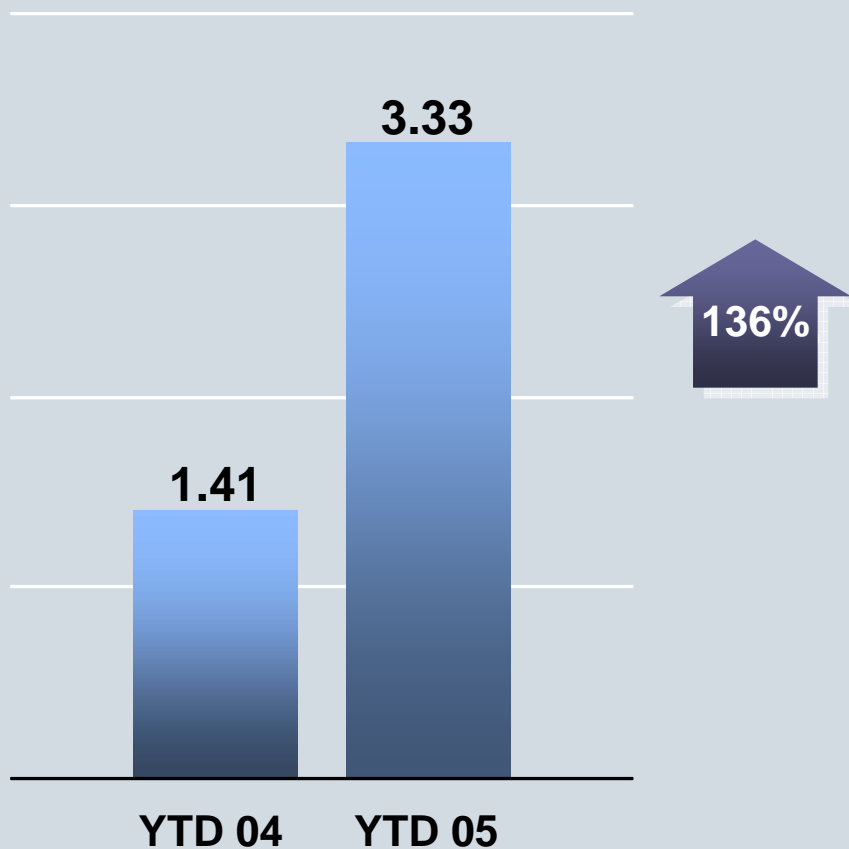
**Risk/Return**

**David Campbell  
Executive Vice President  
Planning, Strategy & Risk**

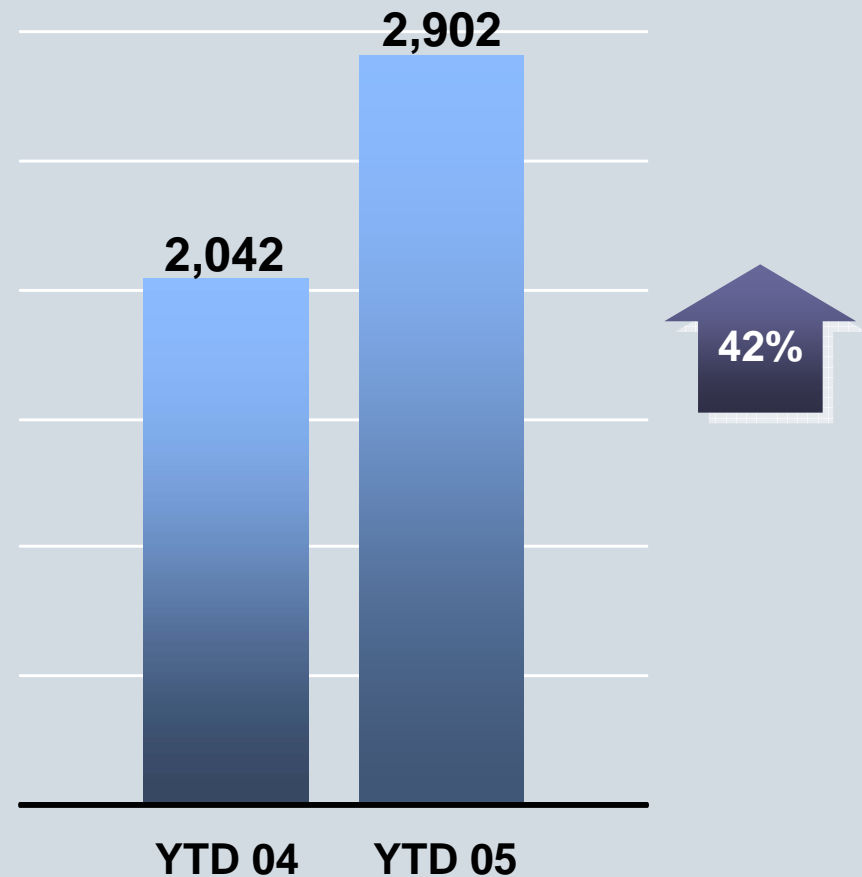
**Q&A**

# Slide 1: TXU's Earnings And Cash Flow Improved Substantially...

Operational Earnings Per Share<sup>1</sup>  
YTD 04 vs. YTD 05; \$ per diluted share



Normalized OCF<sup>2</sup>  
YTD 04 vs. YTD 05; \$ millions



<sup>1</sup> Results are from continuing operations excluding special items and are split adjusted.

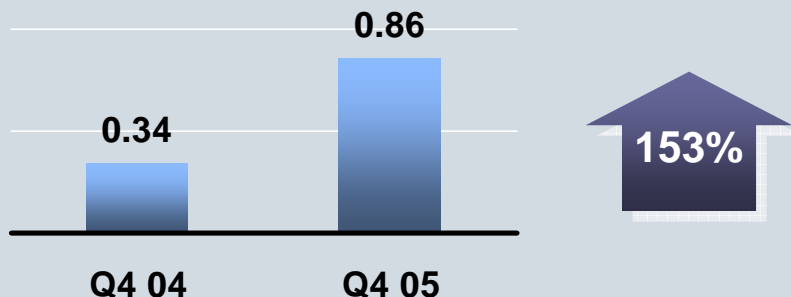
<sup>2</sup> 04 normalized Operating Cash Flow (OCF) excludes special items of \$284M; 05 normalized OCF excludes special items of \$109M.

# Slide 2: ...Reflecting Solid Performance By Core Businesses

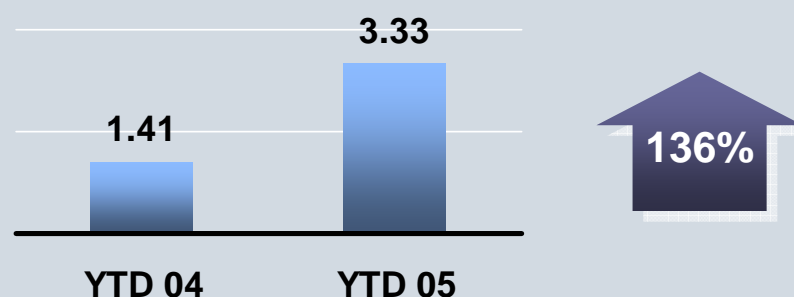
## Operational Earnings Contribution by Segment

Q4 04 vs. Q4 05; YTD 04 vs. YTD 05; \$ per diluted share

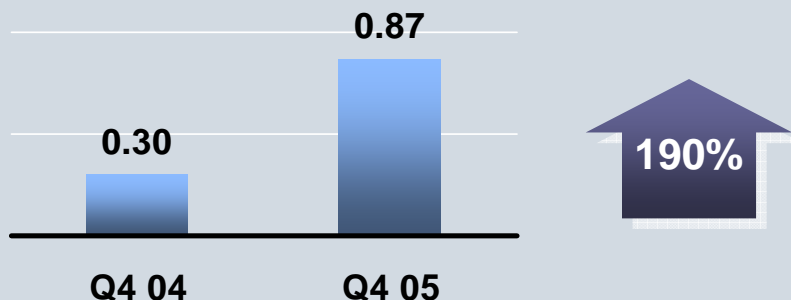
### TXU Corp. Consolidated



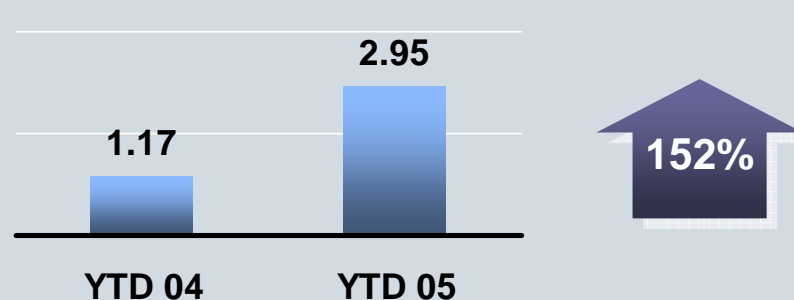
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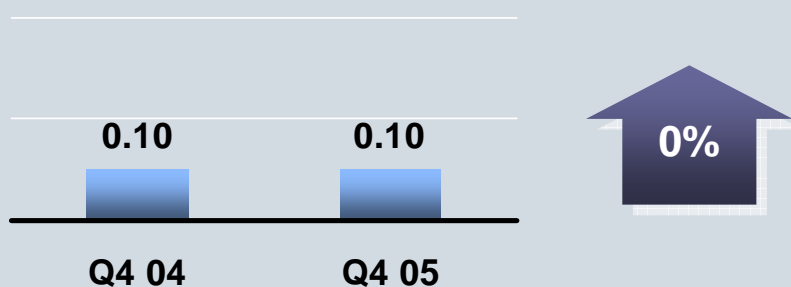
### TXU Energy Holdings



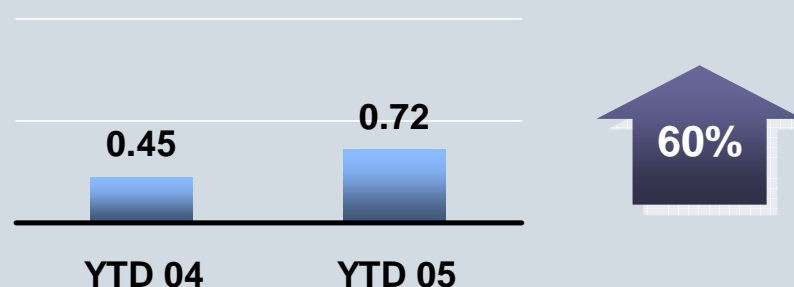
### TXU Energy Holdings



### TXU Electric Delivery



### TXU Electric Delivery



# Slide 3: In 2004 We Launched TXU's Restructuring...

TXU has 3 structurally advantaged businesses...

...enabled by an industrial skill set...

...focused on delivering top quartile financial performance



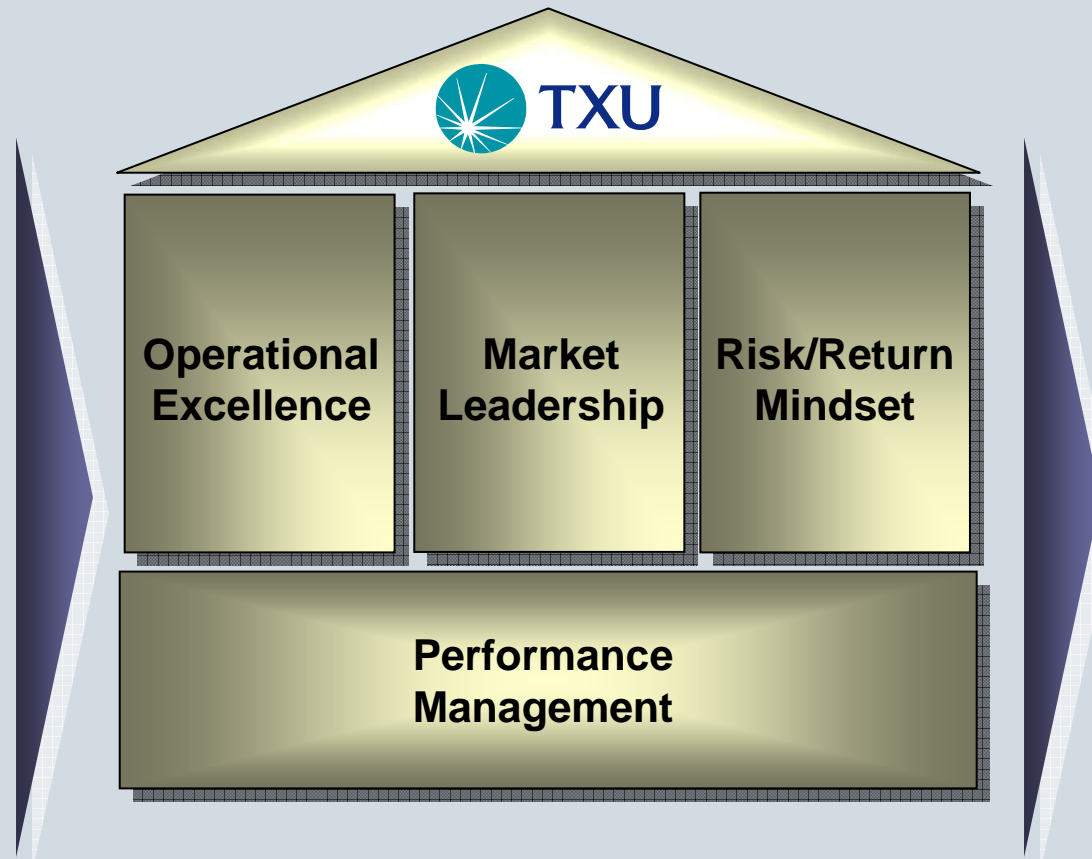
TXU Power



TXU Electric Delivery



TXU Energy



## Earnings Power

- EPS
- Cash flow

## Returns

- ROIC
- Total return to shareholders

## Financial Flexibility

- EBITDA/Interest
- Total debt/EBITDA
- Total debt/enterprise value

# Slide 4: ...Which Has Materially Improved Performance Across A Broad Range Of Metrics

Key Metrics  
03-05; Mixed measures

Category	Metric	Units	03	05	% Improvement
<b>Financial Performance<sup>1</sup></b>					
<b>1</b>	Operational EPS	\$ per share	1.01	3.33	230
<b>2</b>	Normalized OCF	\$ millions	1,860	2,902	56
<b>3</b>	Normalized FCF	\$ millions	860	1,798	109
<b>4</b>	ROIC	percent	6.8	15.4	126
<b>5</b>	EBITDA/Interest	ratio	3.0	4.9	63
<b>6</b>	Debt/EBITDA	ratio	4.7	3.1	34
<b>Operational Excellence</b>					
<b>7</b>	Lignite generation	TWh	41.3	44.0	7
<b>8</b>	Nuclear generation <sup>2</sup>	TWh	17.7	19.3	9
<b>9</b>	SAIFI (non-storm)	no. of	1.17	1.17	-
<b>10</b>	Safety (DART)	rate	1.73	1.22	29
<b>Cost Leadership<sup>1</sup></b>					
<b>11</b>	SG&A and O&M	\$ millions	2,773	2,206	20
<b>12</b>	Fixed costs <sup>3</sup>	\$ millions	4,359	3,182	27
<b>Market Leadership</b>					
<b>13</b>	Call answer time	seconds	268	11	96
<b>14</b>	PUC complaints	no. of	5,393	2,266	58
<b>15</b>	Retail bad debt expense	\$ millions	120	53	56

<sup>1</sup> 03 Financial Performance and Cost Leadership categories include TXU Gas and TXU Australia in results.

<sup>2</sup> Nuclear generation refueled both units in 05. 05 results have been adjusted to approximate a single outage year.

<sup>3</sup> Fixed costs include non-variable SG&A, bad debt, cap ex, operating costs, interest expense, and other cash costs; 03 includes TXU Gas and TXU Australia.

# Slide 5: As Part Of The Turnaround, TXU Has Significantly Improved Its Risk Profile

Major Business Risks  
03-05; \$ billions and \$ per share

## December 03

- Underwater gas hedge
- Poor financial forecasting
- Poor performance management
- High fixed costs
- Poor customer service
- Under-funded capital programs
- Weak governance
- Uneconomic leases/contracts
- Litigation
- Unregulated pension costs
- Above market OPEB
- Substantial bad debt
- 05 legislation risk
- Single plant nuclear risk
- Environmental risk
- Gas price/heat rate risk

## October 04

- Uneconomic leases/contracts
- Litigation
- Unregulated pension costs
- Above market OPEB
- Substantial bad debt
- 05 legislation risk
- Single plant nuclear risk
- Environmental risk
- Gas price/heat rate risk

## February 06

- Single plant nuclear risk
- Environmental risk
- Gas price/heat rate risk

05 normalized FCF per share \$1.26

\$1.88

\$3.70

Enterprise value \$18.7 billion

\$27.8 billion

\$36.1 billion

# Slide 6: Focused On Infrastructure And Technology Investments To Improve Reliability And Lower Costs

## TXU Electric Delivery

### *Continue To Redefine Excellence In Texas*

- Focus on asset management: optimize reliability and costs
- Take advantage of high growth market and advantaged business model to invest
- Integrate BPL and AMR into grid to redefine service quality

### *Consolidate Regional T&D To Extract Synergies*

- Scale TXU's asset management capabilities over a larger grid
- Take a national role in technology through leading technology consortium and third party infrastructure fund

### *Progress to Date*

- Settlement = rate certainty through 2008
- 3 year cap ex plan of over \$800M per year; over 75% funded through growth or tracker mechanisms
- BPL contract facilitates deployment of "Smart Grid" technologies to deliver top decile costs and reliability by the end of the decade

# Slide 7: Focused On Restoring Profitability And Delivering Superior Service And Product Innovations

## TXU Energy/Wholesale

### *Return The North Texas Consumer Franchise To Profitability*

- Introduce innovative products and pricing plans that provide sustaining margins
- Continue to redefine customer service to distinguish TXU Energy from its competitors
- Continue to advocate for a market-based structure that encourages competition

### *Opportunistically Build Profitable Businesses In Other Customer Segments*

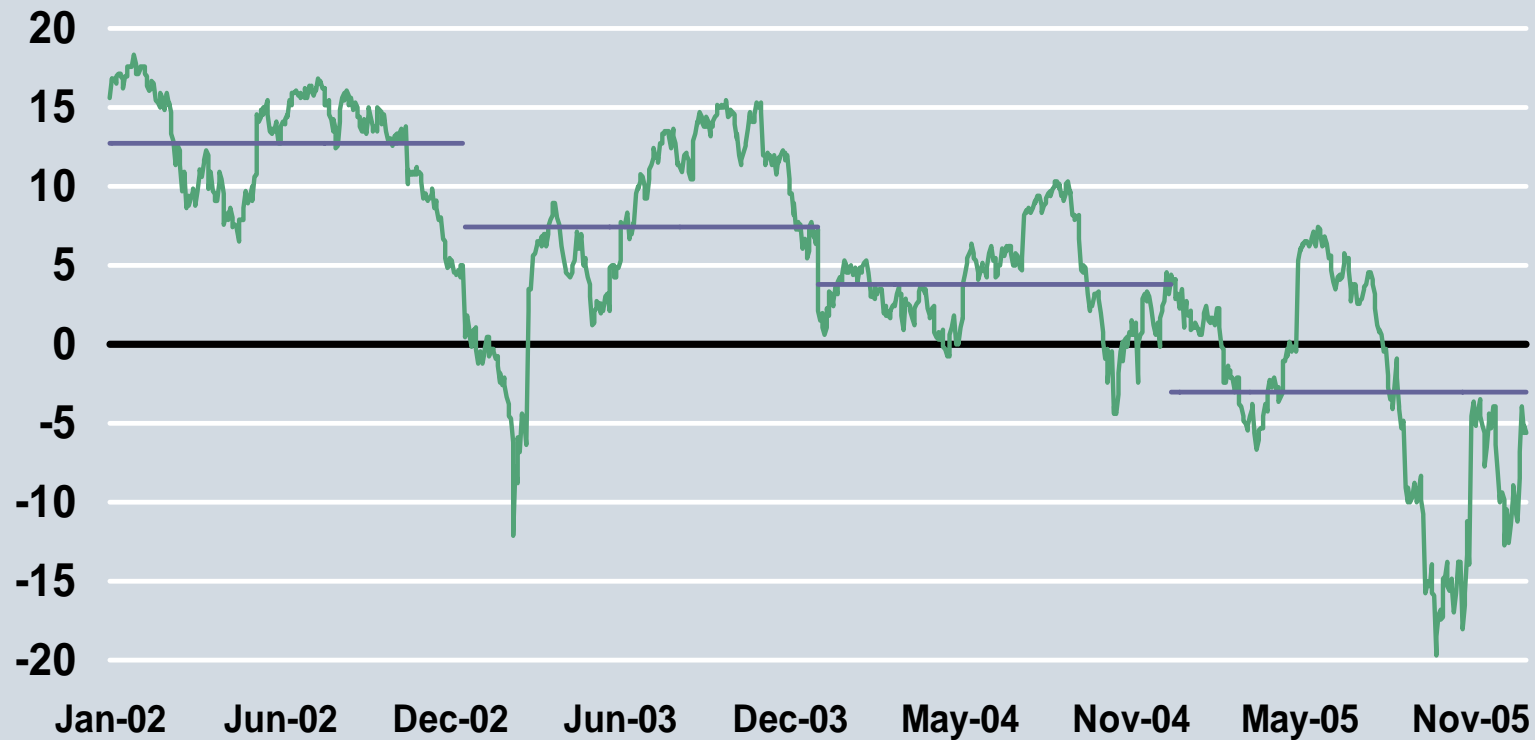
- Penetrate South Texas market
- Focus on higher margin segments in small, medium, and large commercial business
- Continue to drive cost leadership to enhance competitiveness across all segments

### *Progress to Date*

- Improved customer service
- Margins improving with PTB change
- New product launches driving customer loyalty
- Improved targeting and streamlined business pricing processes

## Slide 8: Retail Net Margins Were Significantly Higher Upon Market Open

North Texas Incumbent Net Margin<sup>1</sup>  
02-05; Percent

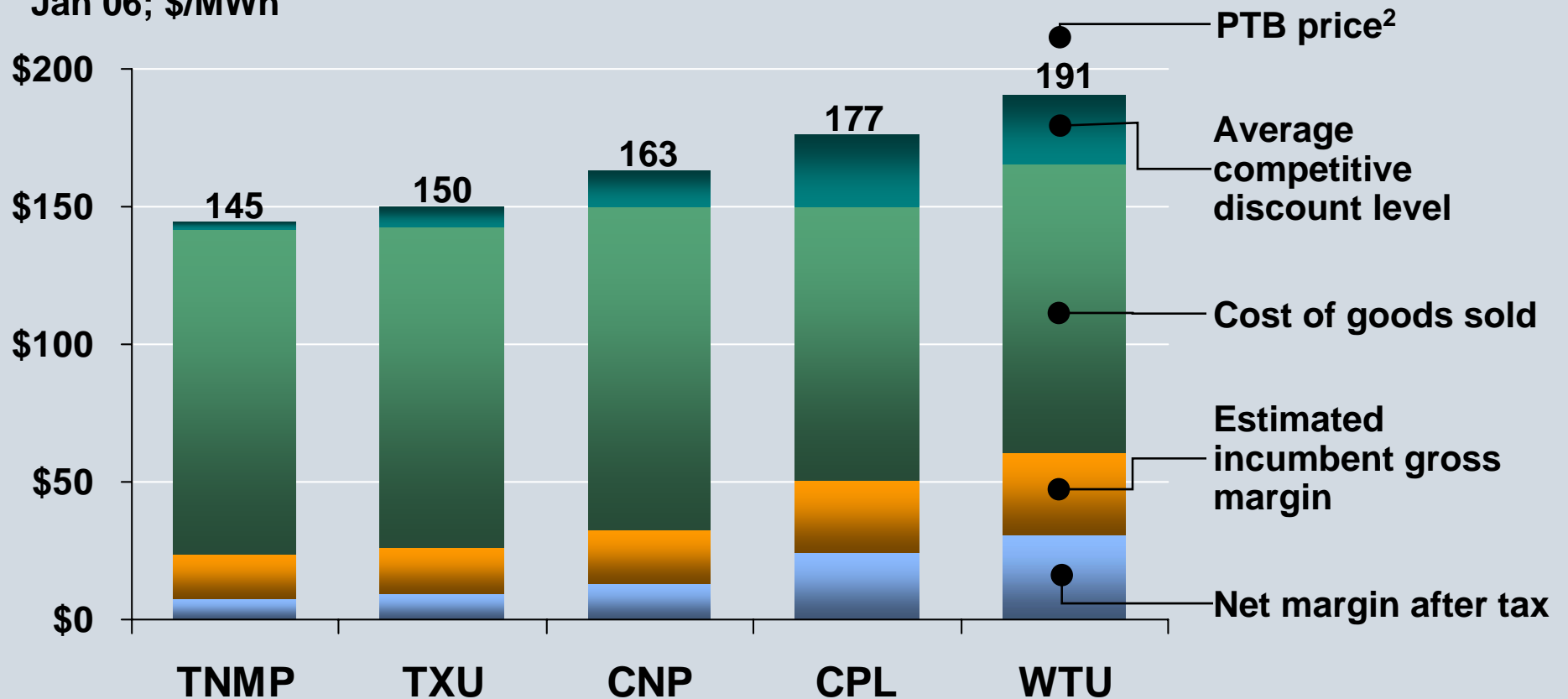


*Net margins have deteriorated because of the inability to smoothly pass through commodity price increases.*

<sup>1</sup> Based on average customer usage of 12,000 kWh/yr with PUC-approved residential load profile; net margin defined as PTB rate – cost of energy – avg. wires cost-SG&A- bad debt – hedging costs and taxes.

# Slide 9: Price To Beat Economics And Discounts Vary Significantly Across The State

PTB Rates by Region at 12,000 kWh/yr<sup>1</sup>  
Jan 06; \$/MWh



**Average competitive discounts exceed after tax margins in the TNMP, TXU, and CNP markets, indicating that attacker economics are negative**

<sup>1</sup> Based on average customer usage of 12,000 kWh/yr. with PUC-approved residential load profile; headroom defined as PTB rate – cost of energy (avg. NYMEX 12 mo. strip x 7.8 heat rate x assumed 25% for load shaping, congestion, line losses and other ancillary costs) – avg. wires cost (based on published TXU Electric Delivery rates, excluding clawback). NYMEX 12-month strip through 1/31/06.

<sup>2</sup> PTB prices based on Power to Choose website as of 2/1/2006, prices include expected fuel factor increase in March for CNP and in July for CPL and WTU.

# Slide 10: Driving The Operating System And Pursuing High Value Growth Opportunities

## TXU Power

### *Continue To Strengthen The ERCOT Position*

- Leverage TXU Operating System to continue to drive increased value from Texas baseload fleet
- Take advantage of existing sites (Sandow, Oak Grove) to add new capacity in Texas

### *Gain Scale Outside Of ERCOT And Build Market Leader Position*

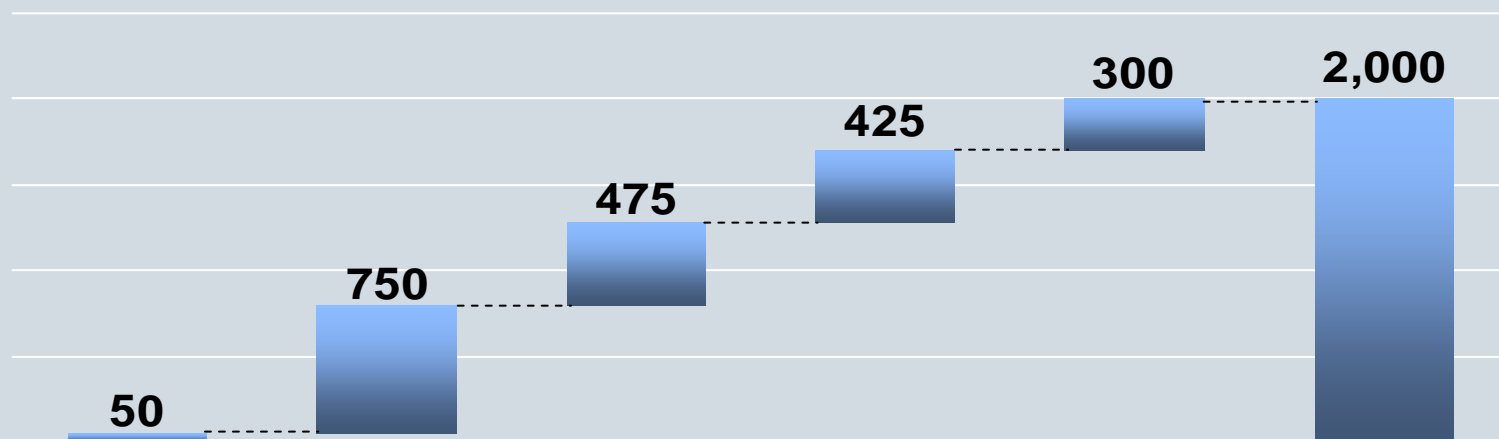
- Scale TXU Operating System to improve 3rd party assets
- Seek partnerships with counterparties who share our vision
- Develop deeper multi-market wholesale capabilities

### *Progress to Date*

- TXU Operating System: record production
- Progressing with Sandow 5 and Oak Grove; 06 milestones include securing air permit and signing EPC contract
- Other sites offer similar advantages
- Scanning for opportunities to gain scale outside of ERCOT

# Slide 11: TXU's Structural Advantages Create A Superior New Build Investment Thesis

Strong Returns: TXU New Build Economics<sup>1</sup>  
05; \$ millions



	Value of new build to generic owner	Access to low-cost fuel	Reduction in cap ex by \$350/KW	Improved operations <sup>2</sup>	Compression of build schedule by 1 year	Value of TXU new build
Value -\$/KW	30	475	300	270	190	1,265
IRR - percent	6.3%	4.4%	4.1%	2.0%	1.0%	17.8%

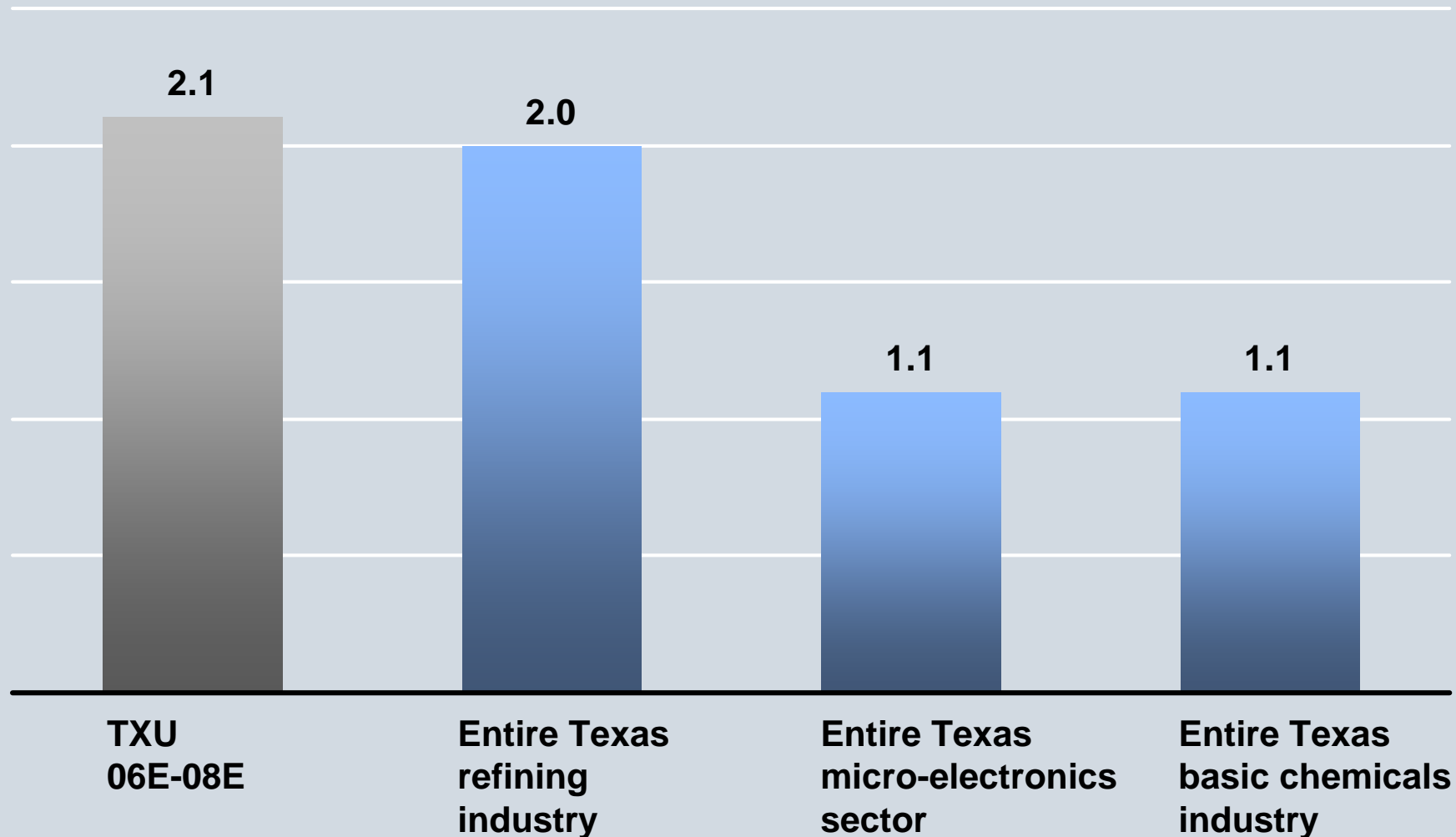
*It will be difficult for "greenfield" sites to replicate these compelling economics.*

<sup>1</sup> Based on \$45/MWh long-term power.

<sup>2</sup> 5% capacity factor improvement and \$15/KW-year non-fuel operating cost improvement.

# Slide 12: With Its Investment Program, TXU Will Be One Of Texas' Largest Corporate Investors...

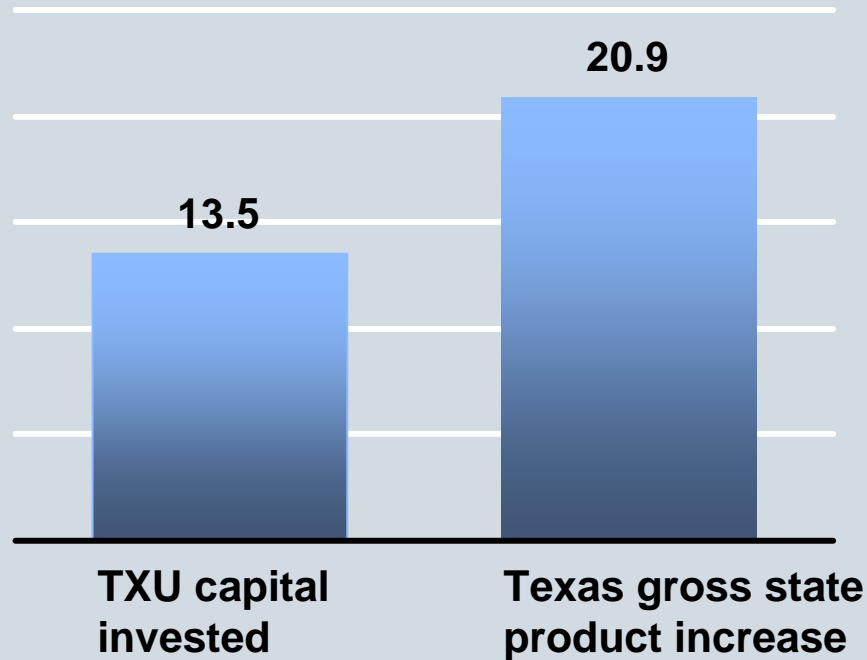
Capital Investment in Texas  
03-08E; \$ billions per year



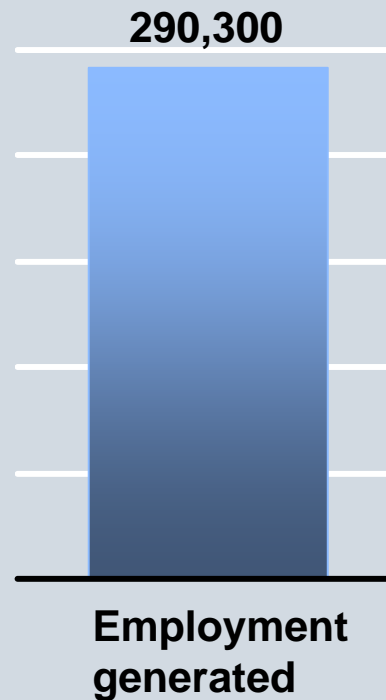
Source: US Department of Commerce (2003); Perryman Group

# Slide 13: ...Generating Economic Growth And New Jobs Across The State

**Economic Impact from TXU Capital Investment<sup>1</sup>  
01-10E; \$ billions**



**Employment Created  
by Investment  
01-10E; Job-years of employment**



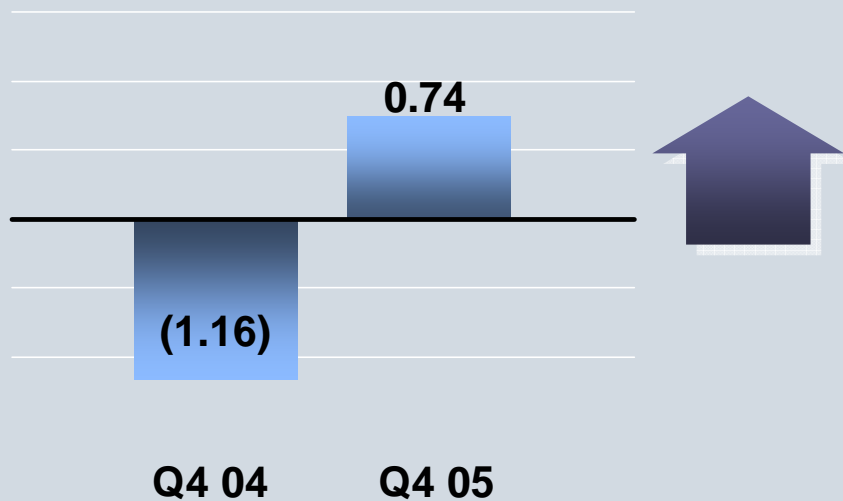
*Employment creation figures are comparable to the annual job base of Waco, Tyler and Abilene combined. <sup>2</sup>*

<sup>1</sup> Expressed in constant 2005 dollars.

<sup>2</sup> Total non-farm jobs for one year

# Slide 14: TXU's Earnings Improved Substantially...

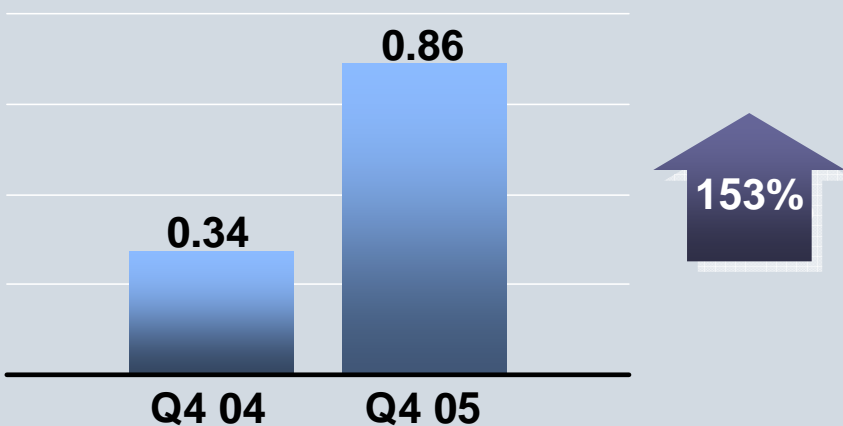
Reported Earnings Per Share  
Q4 04 vs. Q4 05; \$ per diluted share



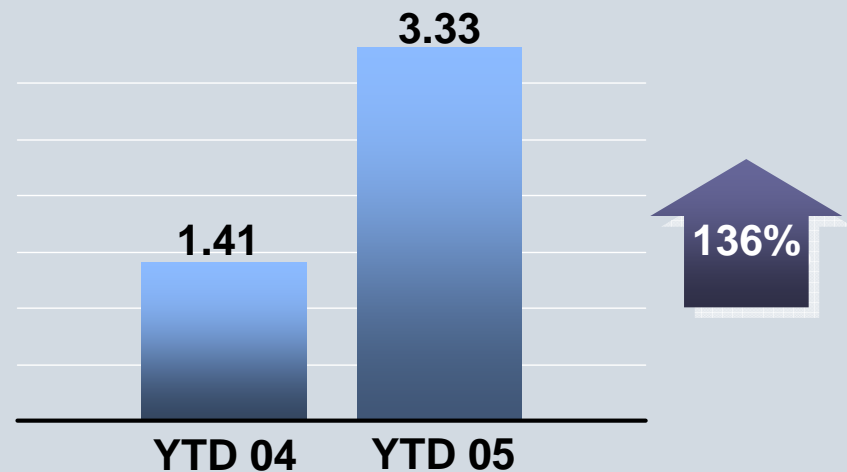
Reported Earnings Per Share  
YTD 04 vs. YTD 05; \$ per diluted share



Operational Earnings Per Share  
Q4 04 vs. Q4 05; \$ per diluted share



Operational Earnings Per Share  
YTD 04 vs. YTD 05; \$ per diluted share

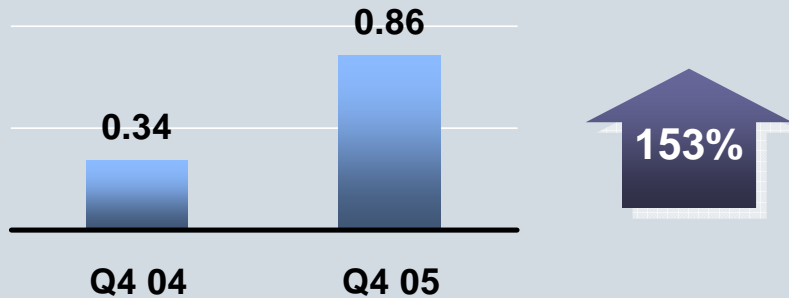


# Slide 15: ...Reflecting Solid Performance By Core Businesses

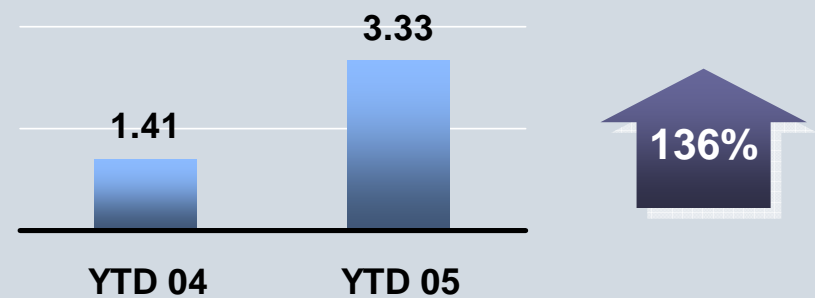
## Operational Earnings Contribution by Segment

Q4 04 vs. Q4 05; YTD 04 vs. YTD 05; \$ per diluted share

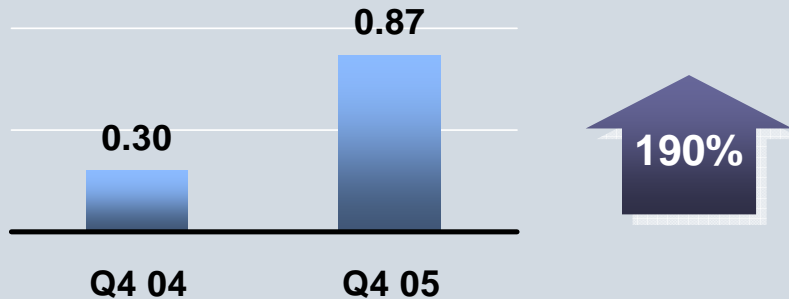
### TXU Corp. Consolidated



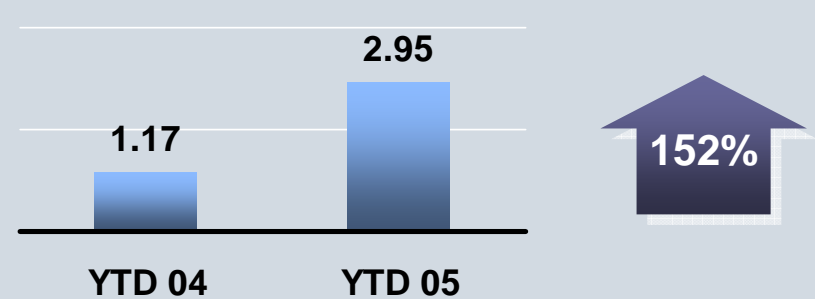
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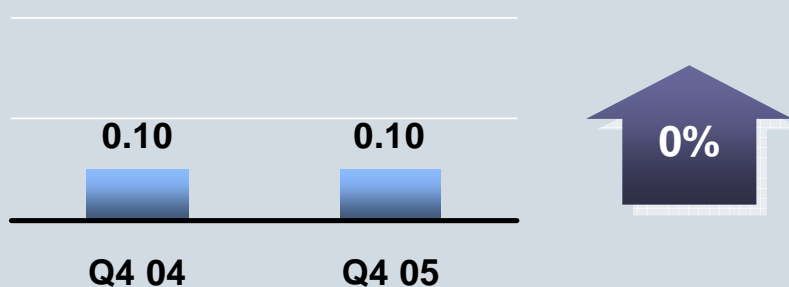
### TXU Energy Holdings



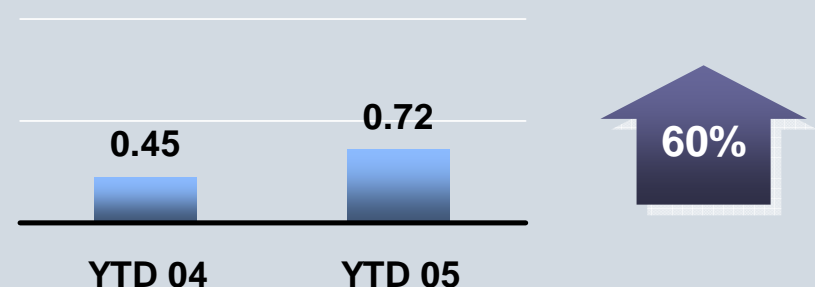
### TXU Energy Holdings



### TXU Electric Delivery



### TXU Electric Delivery



## Slide 16: Summary Of TXU's 05 Performance

<b>Component</b>	<b>\$/share</b>
05E initial guidance in Q4 04	2.82-2.93
Q1 05 revision	0.30
Q3 05 revision	0.12
<b>Revised 05E outlook range</b>	<b>3.25-3.35</b>

<b>Component</b>	<b>\$/share</b>
Negative impact from hedge ineffectiveness in Q4 05	(0.03)
<b>05 operational earnings including hedge ineffectiveness</b>	<b>3.33</b>

# Slide 17: TXU Has Significantly Reduced Its 3-Year Natural Gas Price Exposure...

**Estimated Natural Gas Position  
06E-08E; Million MMBtu**

	06E	07E	08E
Total “generation long” position	445	450	465
Retail “short” position <sup>2</sup>	(365)	(325)	(305)
Forward power and gas sales	(70)	(115)	(140)
Estimated net position	0-10	0-10	10-20
Percentage hedged	> 95	> 95	> 95

**Estimated Heat Rate Position  
06E-08E; Million MWh**

	06E	07E	08E
Total “generation long” position <sup>1</sup>	68	66	67
Retail “short” position <sup>2</sup>	(51)	(43)	(39)
Forward power and gas sales	1	2	1
Estimated net position	~18	~25	~29
Percentage hedged	74	62	57

*TXU has mitigated over 95% of its estimated natural gas exposure from 06-08 while maintaining the majority of its long-term heat rate exposure. Since November 2005, TXU has also reduced its 2009-2010 natural gas exposure by 50 million MMBtu each year.*

<sup>1</sup> Includes solid fuel and gas plants.

<sup>2</sup> Assumes retail position diminishes over time due to competitor activity; acts as a short position while net margin remains at or below sustainable range of 5% to 10%.

# Slide 18: ...Significantly Reducing Potential Near-Term Cash Flow Volatility

Economic Value Assurance from Natural Gas Hedges  
06E – 08E; \$/MMBtu and \$ millions

Natural Gas Scenario - Probability	06E-08E Pre-Hedge Exposure <sup>1</sup> \$ Millions	06E-08E Post-Hedge Exposure <sup>1</sup> \$ Millions	Cash Flow Protection \$ Millions
Baseline - Mean Case	-	-	-
<b>\$2.50 decline each year from 06-08</b>	<b>(800)</b>	<b>(100)</b>	<b>700</b>
<b>\$5.00 decline each year from 06-08</b>	<b>(1,600)</b>	<b>(200)</b>	<b>1,400</b>

*The natural gas hedges for 2006-2008 are likely to provide assurance of economic value of up to \$1.5 billion in the event of unlikely downside gas price scenarios.*

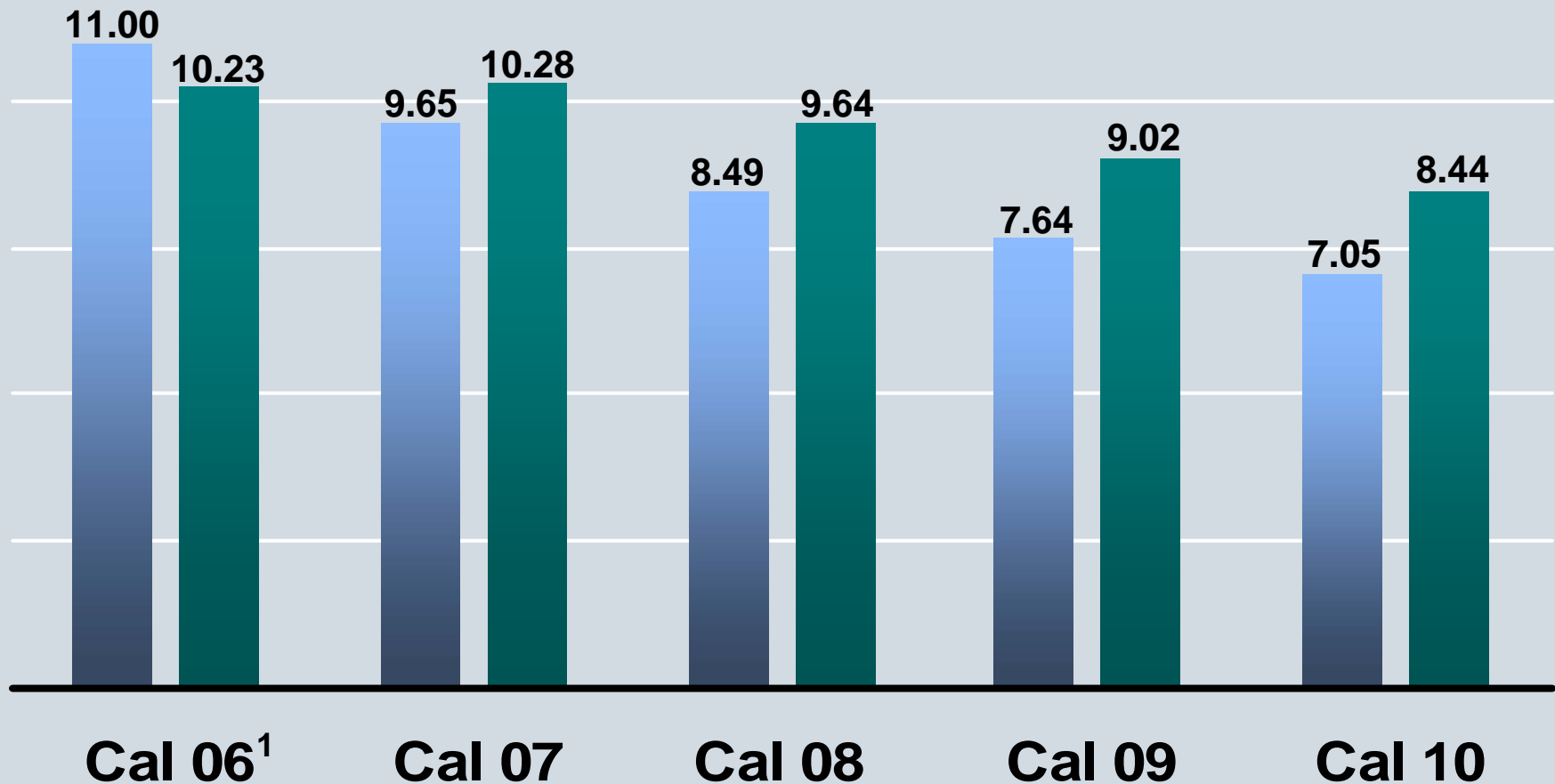
<sup>1</sup> Based on current estimated net open position relative to natural gas prices.

# Slide 19: Concurrently, Forward Natural Gas Prices Have Risen Significantly Since Early November 2005...

Forward Natural Gas Prices  
At 10/31/05 and 1/31/06  
Cal 06 - Cal 10; \$/MMBtu

At October 31, 2005

At January 31, 2006



<sup>1</sup> January 31, 2006 value is 12 month strip.

## Slide 20: ...Improving TXU's Long-Term Growth Outlook

TXU Consolidated EPS  
06E-10E; \$ per share, percent

	Performance Driver	06E-10E
	06E EPS	5.50-5.75
Commodity	06E-10E commodity impacts and retail churn <sup>1</sup>	(1.30)
Execution	Performance improvements	0.57
Organic growth	Sandow	0.27
	Oak Grove	0.93
	Electric Delivery growth	0.25
	Organic growth subtotal	1.45
Capital allocation	Debt repurchases and share repurchases	0.79
	10E EPS	7.00-7.30
	06E-10E annual growth rate (percent CAGR)	6.2%
Natural gas sensitivity	EPS change with +/- \$1/MMBtu in 2010 natural gas <sup>1</sup>	+/- 0.65
	06E-10E growth rate with +/- \$1/MMBtu in 2010 natural gas (%)	3.9% - 8.6%

*Over the past three months commodity price moves have increased the 5-year growth rate; at the same time, TXU has further reduced its 1-5 year natural gas price exposure.*

<sup>1</sup> Based on forward natural gas prices as of January 31, 2006.

**Q & A**  
**Discussion**

***Appendix –  
Regulation G Reconciliations***



**TXU**

# Financial Definitions

Measure	Definition
Cap ex	Capital expenditures.
Cash Interest Expense (non-GAAP)	Interest expense and related charges less amortization of discount and reacquired debt expense plus capitalized interest. Cash interest expense is a measure used by TXU to assess credit quality.
Contribution Margin	Operating revenues (GAAP) less fuel and purchased power costs and delivery fees (GAAP).
Debt	Total debt less transition bonds and debt-related restricted cash dividend.
Debt/EBITDA (non-GAAP)	Total debt less transition bonds and debt-related restricted cash divided by EBITDA. Transition, or securitization, bonds are serviced by a regulatory transition charge on wires rates and are therefore excluded from debt in credit reviews. Debt-related restricted cash is treated as net debt in credit reviews. Debt/EBITDA is a measure used by TXU to assess credit quality.
EBITDA (non-GAAP)	Income from continuing operations before interest income, interest expense and related charges, and income tax plus depreciation and amortization and special items. EBITDA is a measure used by TXU to assess performance.
EBITDA/Interest (non-GAAP)	EBITDA divided by cash interest expense is a measure used by TXU to assess credit quality.
Enterprise Value (non-GAAP)	Total debt plus preference stock plus market capitalization less cash and restricted cash.
Market Capitalization (non-GAAP)	Shares of common stock outstanding multiplied by closing share price as of the balance sheet date. Measures the market value of a company's equity at a point in time.
Normalized Free Cash Flow (non-GAAP)	Cash from operating activities, adjusted for unusual or nonrecurring items, less capital expenditures and nuclear fuel. Used by TXU predominantly as a forecasting tool to estimate cash available for dividends, debt reduction, and other investments.
Normalized Operating Cash Flow (non-GAAP)	Cash provided by operating activities adjusted for unusual or nonrecurring items. Used by TXU predominantly as a forecasting tool to estimate cash available for capital expenditures, nuclear fuel, dividends, debt reduction and other investments.

## Financial Definitions – cont.

Measure	Definition
Operational Earnings (non-GAAP)	Income from continuing operations net of preference stock dividends, excluding special items, the adjustment in 2005 for the cost of the true-up payment on the 52.5 million share accelerated common stock repurchase and the adjustment in 2004 for the dilution effect of the convertible senior notes, the majority of which were repurchased in the fourth quarter of 2004. TXU relies on operational earnings for evaluation of performance and believes that analysis of the business by external users is enhanced by visibility to both reported GAAP earnings and operational earnings.
Operational Earnings per Share (non-GAAP)	Per share (diluted) income from continuing operations net of preference stock dividends, excluding special items, the adjustment in 2005 for the cost of the true-up payment on the 52.5 million share accelerated common stock repurchase and the adjustment in 2004 for the dilution effect of the convertible senior notes, the majority of which were repurchased in the fourth quarter of 2004. TXU relies on operational earnings for evaluation of performance and believes that analysis of the business by external users is enhanced by visibility to both reported GAAP earnings and operational earnings.
Reported Earnings per Share (GAAP)	Per share (diluted) net income available to common shareholders.
Return on Invested Capital (ROIC) - (non-GAAP)	Operational earnings (non-GAAP) plus preference stock dividends plus after-tax interest expense and related charges, net of interest income on restricted cash related to debt, divided by the average of the beginning and ending total capitalization less debt-related restricted cash. This measure is used to evaluate operational performance and management effectiveness.
Special Items	Unusual charges related to the implementation of the performance improvement program and other charges, credits or gains, that are unusual or nonrecurring. Special items are included in reported GAAP earnings, but are excluded from operational earnings. Special items associated with the performance improvement program include debt extinguishment losses and costs related to severance programs, asset impairments and facility closures.
Total Debt (GAAP)	Long-term debt (including current portion), plus bank loans and commercial paper, plus long-term debt held by subsidiary trusts, plus preferred securities of subsidiaries, including exchangeable preferred membership interests (EPMLs).

**Table 1: TXU Corp. Operational Earnings Reconciliation  
Quarter Ended December 31, 2005 and 2004**

**\$ millions and \$ per share after tax**

	<b>Q4 05</b>	<b>Q4 05</b>	<b>Q4 04</b>	<b>Q4 04</b>
<b>Net income available for common</b>	<b>356</b>	<b>0.74</b>	<b>(625)</b>	<b>(1.16)</b>
Discontinued operations	-	-	288	0.53
Extraordinary loss	50	0.10	-	-
Cum. effect of change in accounting principles	8	0.02	(10)	(0.02)
Preference stock dividends	-	-	6	0.01
<b>Income from continuing operations</b>	<b>414</b>	<b>0.86</b>	<b>(341)</b>	<b>(0.64)</b>
Effect of share dilution	-	-	-	0.02
Preference stock dividends	-	-	(6)	(0.01)
Special items	-	-	531	0.97
<b>Operational earnings</b>	<b>414</b>	<b>0.86</b>	<b>184</b>	<b>0.34</b>

**Table 2: TXU Corp. Operational Earnings Reconciliation  
Year-To-Date December 31, 2005, 2004 and 2003**

**\$ millions and \$ per share after tax**

	YTD 05	YTD 05	YTD 04	YTD 04	YTD 03	YTD 03
<b>Net income (loss) available for common</b>	<b>1,712</b>	<b>2.50</b>	<b>(386)</b>	<b>(0.64)</b>	<b>560</b>	<b>0.81</b>
Discontinued operations	(5)	(0.01)	(378)	(0.63)	(74)	(0.10)
Extraordinary (gain) loss	50	0.10	(16)	(0.03)	-	-
Cum. effect of change in accounting principles	8	0.02	(10)	(0.02)	58	0.08
Buyback premium on EPMI	-	-	849	1.41	-	-
Preference stock dividends	10	0.02	22	0.04	22	0.03
<b>Income from continuing operations</b>	<b>1,775</b>	<b>2.63</b>	<b>81</b>	<b>0.13</b>	<b>566</b>	<b>0.82</b>
Effect of ASR true-up	-	1.02	-	-	-	-
Effect of share dilution/rounding	-	0.01	-	0.03	-	-
Preference stock dividends	(10)	(0.02)	(22)	(0.04)	(22)	(0.03)
Special items	(150)	(0.31)	828	1.29	-	-
<b>Operational earnings</b>	<b>1,615</b>	<b>3.33</b>	<b>887</b>	<b>1.41</b>	<b>544</b>	<b>0.79</b>

**Table 3: TXU Energy Holdings Operational Earnings Reconciliation  
Quarter Ended December 31, 2005 and 2004**

**\$ millions and \$ per share after tax**

	<b>Q4 05</b>	<b>Q4 05</b>	<b>Q4 04</b>	<b>Q4 04</b>
<b>Net income available for common</b>	<b>413</b>	<b>0.85</b>	<b>5</b>	<b>0.01</b>
Discontinued operations	2	-	1	-
Cum. effect of change in accounting principles	8	0.02	(4)	(0.01)
<b>Income from continuing operations</b>	<b>423</b>	<b>0.87</b>	<b>2</b>	<b>-</b>
Special items	-	-	165	0.30
<b>Operational earnings</b>	<b>423</b>	<b>0.87</b>	<b>167</b>	<b>0.30</b>

**Table 4: TXU Energy Holdings Operational Earnings Reconciliation  
Year-To-Date December 31, 2005 and 2004**

**\$ millions and \$ per share after tax**

	<b>YTD 05</b>	<b>YTD 05</b>	<b>YTD 04</b>	<b>YTD 04</b>
<b>Net income available for common</b>	<b>1,414</b>	<b>2.90</b>	<b>378</b>	<b>0.63</b>
Discontinued operations	8	0.02	34	0.06
Cum. effect of change in accounting principles	8	0.02	(4)	(0.01)
<b>Income from continuing operations</b>	<b>1,430</b>	<b>2.94</b>	<b>408</b>	<b>0.68</b>
Effect of share dilution/rounding	-	-	-	(0.04)
Special items	6	0.01	339	0.53
<b>Operational earnings</b>	<b>1,436</b>	<b>2.95</b>	<b>747</b>	<b>1.17</b>

**Table 5: TXU Electric Delivery Operational Earnings Reconciliation  
Quarter Ended December 31, 2005 and 2004**

**\$ millions and \$ per share after tax**

	<b>Q4 05</b>	<b>Q4 05</b>	<b>Q4 04</b>	<b>Q4 04</b>
<b>Net income available for common</b>	<b>49</b>	<b>0.10</b>	<b>37</b>	<b>0.06</b>
Extraordinary gain	-	-	(2)	-
<b>Income from continuing operations</b>	<b>49</b>	<b>0.10</b>	<b>35</b>	<b>0.06</b>
Special items	-	-	20	0.04
<b>Operational earnings</b>	<b>49</b>	<b>0.10</b>	<b>55</b>	<b>0.10</b>

**Table 6: TXU Electric Delivery Operational Earnings Reconciliation  
Year-To-Date December 31, 2005 and 2004**

**\$ millions and \$ per share after tax**

	YTD 05	YTD 05	YTD 04	YTD 04
<b>Net income available for common</b>	<b>351</b>	<b>0.72</b>	<b>273</b>	<b>0.45</b>
Extraordinary gain	-	-	(16)	(0.03)
Cum. effect of change in accounting principles			(2)	-
<b>Income from continuing operations</b>	<b>351</b>	<b>0.72</b>	<b>255</b>	<b>0.42</b>
Effect of share dilution/rounding	-	-	-	(0.02)
Special items	1	-	33	0.05
<b>Operational earnings</b>	<b>352</b>	<b>0.72</b>	<b>288</b>	<b>0.45</b>

**Table 7: TXU Corp. Total Debt**  
**Years Ended December 31, 2005, 2004 and 2003**  
**\$ millions**

	<u>12/31/05</u>	<u>12/31/04</u>	<u>12/31/03<sup>1</sup></u>
<b>Debt</b>			
Notes payable	440	210	58
Commercial paper	358	-	39
Long-term debt due currently	1,250	229	677
Long-term debt held by subsidiary trusts	-	-	546
All other long-term debt, less due currently	11,332	12,412	12,324
Preferred securities of subs	-	38	759
<b>Total debt</b>	<b>13,380</b>	<b>12,889</b>	<b>14,403</b>

<sup>1</sup> 03 includes TXU Gas and TXU Australia.

## Table 8: TXU Corp. Interest and Debt Coverage Ratios Twelve Months Ended December 31, 2005, 2004 and 2003

\$ millions unless otherwise noted

	12/31/05	12/31/04	12/31/03 <sup>1</sup>	Ref
Cash provided by operating activities	2,793	1,758	2,798	A
Reconciling adjustments from cash flow statement	(1,018)	(1,677)	(2,061)	B
Income from continuing operations before taxes and extraordinary items	1,775	81	737	
Income tax expense	632	42	314	
Interest expense and related charges	802	695	975	
Interest income	(48)	(28)	(44)	
Depreciation and amortization	776	760	886	
EBITDA	3,937	1,550	2,868	
Special Items	(18)	1,190	-	
<b>EBITDA (excluding special items)</b>	<b>3,919</b>	<b>2,740</b>	<b>2,868</b>	<b>C</b>
Interest expense and related charges	802	695	975	
Amortization of discount and reacquired debt expense	(18)	(27)	(39)	
Capitalized interest	17	12	12	
<b>Cash interest expense</b>	<b>801</b>	<b>680</b>	<b>948</b>	<b>D</b>
Total debt	13,380	12,889	14,403	E
Transition bonds	(1,167)	(1,258)	(500)	
Debt-related restricted cash	-	-	(525)	
<b>Total debt less transition bonds and debt-related restricted cash</b>	<b>12,213</b>	<b>11,631</b>	<b>13,378</b>	<b>F</b>
EBITDA/interest – ratio (C/D)	4.9	4.0	3.0	
Debt/EBITDA – ratio (F/C)	3.1	4.2	4.7	
Cash provided by operating activities + cash interest expense/cash interest expense–ratio (A+D/D)	4.5	3.6	4.0	
Total debt/cash flow from operating activities – ratio (E/A)	4.8	7.3	5.1	

<sup>1</sup> 03 includes TXU Gas and TXU Australia.

**Table 9: TXU Corp. Normalized Operating Cash Flow, Normalized Free Cash Flow and Normalized Free Cash Flow Yield**

**Twelve Months Ended December 31, 2005, 2004 and 2003**

**\$ millions, unless otherwise noted**

	YTD 05	YTD 04	YTD 03 <sup>1</sup>
<b>Reported cash provided by operating activities</b>	<b>2,793</b>	<b>1,758</b>	<b>2,798</b>
<b>Special items</b>	<b>109</b>	<b>284</b>	<b>-</b>
<b>2003 tax refund</b>	<b>-</b>	<b>-</b>	<b>(601)</b>
<b>2002 collections in 2003</b>	<b>-</b>	<b>-</b>	<b>(337)</b>
<b>Normalized operating cash flow</b>	<b>2,902</b>	<b>2,042</b>	<b>1,860</b>
<b>Capital expenditures</b>	<b>(1,047)</b>	<b>(912)</b>	<b>(956)</b>
<b>Nuclear fuel</b>	<b>(57)</b>	<b>(87)</b>	<b>(44)</b>
<b>Normalized free cash flow (FCF)</b>	<b>1,798</b>	<b>1,043</b>	<b>860</b>
<b>Avg. diluted shares outstanding (millions)</b>	<b>486</b>		
<b>Normalized FCF per share (\$/share)</b>	<b>\$3.70</b>		

<sup>1</sup> 03 includes TXU Gas and TXU Australia.

**Table 10: TXU Corp. Return On Average Invested Capital Calculation  
Twelve Months Ended December 31, 2005 and 2003**

**\$millions unless otherwise noted**

	<b>05</b>	<b>03<sup>1</sup></b>	<b>Ref</b>
Net income (loss)	1,722	560	
After-tax interest expense and related charges net of interest income <sup>2</sup>	490	605	
<b>Total return (based on net income)</b>	<b>2,212</b>	<b>1,165</b>	<b>A</b>
Operational earnings	1,615	768	
Preference stock dividends	10	22	
After-tax interest expense and related charges net of interest income <sup>2</sup>	490	605	
<b>Total return (based on operational earnings)</b>	<b>2,115</b>	<b>1,395</b>	<b>B</b>
<b>Average total capitalization</b>	<b>13,692</b>	<b>20,496</b>	<b>C</b>
Return on average invested capital – based on net income (A/C) (%)	16.2	5.7	
Return on average invested capital – based on operational earnings (B/C) (%)	15.4	6.8	
<sup>1</sup> 03 includes TXU Gas and TXU Australia.			
<sup>2</sup> After-tax interest expense and related charges net of interest income			
Interest expense	802	975	
Interest income	(48)	(44)	
Net	754	931	
Tax at 35%	264	326	
Net of tax	490	605	

**Table 11: TXU Corp. Enterprise Value  
 Twelve Months Ended December 31, 2003  
 \$ millions, unless otherwise noted**

	<u>2003</u>
<b>Debt</b>	
Notes payable	-
Long-term debt due currently	678
Long-term debt held by subsidiary trusts	546
Other long-term debt less due current	10,608
Transition bonds	(500)
Preferred securities of subsidiaries	<u>759</u>
Total debt less transition bonds	12,091
Preference stock	<u>300</u>
<b>Total debt and preference stock</b>	<u>12,391</u>
<b>Market capitalization</b>	
Shares outstanding	648
Price per share	11.86
<b>Total market capitalization</b>	<u>7,685</u>
<b>Cash and restricted cash</b>	<u>(1,423)</u>
<b>Enterprise Value</b>	<u><u>18,653</u></u>