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TXU Corp. Dividends Paid in 2005 Will Be Reported as Nontaxable Distributions

Dividends paid on TXU Corp.'s common and preference stock in 2005 will be reported to the Internal Revenue Service (IRS) and to shareholders as nontaxable distributions rather than as ordinary taxable dividends.

Per U.S. federal income tax rules, distributions on stock are "ordinary dividends" if there are current or accumulated earnings and profits¹ (E&P) sufficient to cover them. Distributions in excess of E&P are treated as "returns of capital" and are reported in Box 3 "Nontaxable distributions" on IRS Form 1099-DIV. Shareholders should contact their tax advisors if they have questions about how this impacts their taxes.

Dividends paid in 2005 on the following TXU Corp. securities will be reported as nontaxable distributions:

- TXU Corp. Common Stock – CUSIP No. 873168108
- TXU Corp. Flexible Money Market Preference Stock, Series B – CUSIP No. 873168405 (redeemed June 15, 2005)

January 11, 2006 - TXU Corp.

¹ E&P is calculated based on IRS rules, which are different from net income under GAAP.