

FOR IMMEDIATE RELEASE

TXU Reports Strong Second Quarter Results; Affirms Outlook

DALLAS – August 2, 2005 – TXU Corp. (NYSE: TXU) today reported consolidated results for the second quarter ended June 30, 2005.

- Reflecting the successful execution of its ongoing restructuring program, TXU reported net income available to common shareholders of \$375 million, or \$1.39 per share,¹ for the second quarter of 2005 compared to a net loss available to common shareholders of \$598 million, or \$1.87 per share, for the second quarter 2004.
- Quarterly operational earnings² show the same strong growth trajectory. Operational earnings, which exclude special items and discontinued operations, were \$381 million, or \$1.57 per share, during the second quarter of 2005 compared to \$168 million, or \$0.51 per share, for the second quarter 2004, a 208 percent increase in per share earnings.
- For the six months ended (year-to-date) June 30, 2005, TXU reported net income available to common shareholders of \$791 million, or \$1.21 per share, compared to a net loss available to common shareholders of \$425 million, or \$1.32 per share, for year-to-date June 30, 2004.
- Year-to-date operational earnings were \$628 million, or \$2.58 per share, compared to \$316 million, or \$0.93 per share, for year-to-date 2004, a 177 percent increase on a per share basis.
- TXU's outlook for operational earnings for 2005 remains at \$6.25 to \$6.45 per share of common stock, and the initial outlook for 2006 growth relative to the 2005 outlook remains at 16 to 20 percent. TXU expects roughly 60 percent of the remaining operational earnings for 2005 to be earned in the third quarter.³

Reported Earnings

In 2004, TXU launched a comprehensive restructuring program, which included the disposition of non-core businesses, increased investments in customer service and reliability, and a broad-based operational improvement program. The successful execution of this ongoing restructuring program is evident in the company's quarterly results. For the second quarter of 2005, TXU's reported earnings of \$375 million compared to a net loss available to common shareholders of \$598 million in the second quarter of 2004. Income from continuing operations was \$383 million, or \$1.43 per share, for the second quarter of 2005 compared to a loss of \$90 million, \$0.28 per share, for the comparable prior-year period. TXU's reported earnings include a loss from discontinued operations⁴ of \$4 million, or \$0.02 per share. Income from continuing operations for the second quarter of 2005 includes special charges of \$2 million, or \$0.01 per share, associated with transitional costs related to TXU's outsourcing agreement with Capgemini Energy. For the second quarter of 2004, income from continuing operations included special charges totaling \$263 million, or \$0.78 per share, primarily related to TXU's major restructuring and operational improvement program. Special items are listed in Appendix Tables A1 and A2 on page 13.

¹ A summary of the calculations of diluted earnings per share for the quarter and year-to-date periods is provided in Tables 1a and 1b on page 3.

² Operational earnings is a non-GAAP measure that adjusts net income for special items. See Attachment 1: Financial Definitions for a detailed definition of operational earnings and other GAAP and non-GAAP financial measures used in this release.

³ TXU Corp. does not provide net income outlook because it cannot reliably predict future special items or extraordinary events.

⁴ See Appendix Table K for details of discontinued operations.

Reported earnings for year-to-date 2005 were \$791 million, or \$1.21 per share, compared to a net loss of \$425 million, or \$1.32 per share, for the comparable 2004 period. For the 2005 and 2004 year-to-date periods, reported earnings include income from discontinued operations of \$11 million (\$0.05 per share) and \$380 million (\$1.18 per share), respectively. Year-to-date 2004 reported earnings also include a \$16 million (\$0.05 per share) extraordinary gain and an \$849 million (\$2.64 per share) buyback premium on exchangeable preferred membership interests (EPMI) purchased in April 2004. Year-to-date 2005 income from continuing operations was \$790 million, or \$1.20 per share, compared to \$39 million, or \$0.12 per share, for the comparable prior-year period. Income from continuing operations for year-to-date 2005 includes special credits, primarily associated with reductions in tax reserves and insurance proceeds associated with litigation settlement expenses net of transitional Capgemini outsourcing costs and other restructuring-related expenses, totaling \$152 million, or \$0.63 per share. For the comparable 2004 period, income from continuing operations included special charges totaling \$288 million, or \$0.80 per share, primarily related to TXU's major restructuring and operational improvement plan implemented in 2004.

For purposes of calculating 2005 reported earnings per share, net income is reduced by \$36 million for the second quarter and \$498 million for the year-to-date period due to the true-up of the company's accelerated share repurchase program. These amounts represent the change during the second quarter and year-to-date, respectively, in the true-up values estimated at March 31, 2005 and December 31, 2004. The actual cash true-up of \$523 million, including fees and expenses, was paid in May upon completion of the program.

Reported and operational earnings per share are diluted. For periods when common stock equivalents are not dilutive, diluted shares are equal to basic shares outstanding.

Operational Earnings

Quarterly operational earnings increased from \$0.51 per share in the second quarter of 2004 to \$1.57 per share in the second quarter of 2005, an increase of 208 percent. This strong growth rate reflects improvements in contribution margins and reductions in operating costs and selling, general and administrative expenses in TXU's core businesses, reflecting the successful ongoing implementation of TXU's restructuring program. The earnings per share improvement also shows the impact of fewer average common shares outstanding, partially offset by increased corporate and other expenses.

"The strong second quarter results demonstrate our progress in transforming TXU into a high-performance industrial company," said C. John Wilder, chairman and CEO of TXU Corp. "We're relentlessly executing, even with unsustainably low retail margins, volatile commodity prices, and robust competition in our retail business."

Operational earnings of \$2.58 per share for the 2005 year-to-date period increased \$1.65 per share compared to 2004. The improved results reflect improved performance from the TXU Energy Holdings and TXU Electric Delivery segments, reduced corporate and other expenses, and fewer average common shares outstanding.

Operational earnings are discussed in more detail beginning on page 4 under Consolidated Operational Earnings Summary.

Earnings Teleconference Today

TXU will host a teleconference with financial analysts to discuss its second quarter 2005 results at 10:00 a.m. Central (11:00 a.m. Eastern) today. The telephone numbers are 800-309-0343 in the United States and Canada and 706-634-7057 internationally, with confirmation code 7644091. **The teleconference will be web cast live on TXU Corp.'s web site at www.txucorp.com for all interested parties.**

Consolidated Results

Tables 1a and 1b below provide the shares and adjustments included in the calculation of diluted earnings per share for reported and operational earnings for second quarter and year-to-date 2005 compared to the comparable 2004 periods.

Table 1a: Summary Calculation of Earnings Per Share⁵
Q2 05 and Q2 04; \$ millions, million shares, \$ per share

Factor	Q2 05 Reported	Q2 05 Operational	Q2 04 Reported	Q2 04 Operational
Net income to common	375	-	(598)	-
Operational earnings	-	381	-	168
Interest on EPMI, convertible senior notes	-	-	-	4
Accelerated share repurchase (ASR) true-up	(36)	-	-	-
Average shares for diluted earnings calculation				
Basic shares	-	-	320	-
Diluted shares	243	243	-	337
Diluted earnings per share	1.39	1.57	(1.87)	0.51

Table 1b: Summary Calculation of Earnings Per Share⁶
YTD 05 and YTD 04; \$ millions, million shares, \$ per share

Factor	YTD 05 Reported	YTD 05 Operational	YTD 04 Reported	YTD 04 Operational
Net income to common	791	-	(425)	-
Operational earnings	-	628	-	316
Interest on EPMI, convertible senior notes	-	-	-	18
ASR true-up	(498)	-	-	-
Average shares for diluted earnings calculation				
Basic shares	-	-	322	-
Diluted shares	243	243	-	358
Diluted earnings per share	1.21	2.58	(1.32)	0.93

Tables 2a and 2b below reconcile operational earnings to reported net income available for common stock.

⁵ For the second quarter 2005, the dilution calculation for reported and operational earnings reflects the addition to net income of interest on convertible senior notes of \$0.2 million after tax and addition of 4.6 million shares related to the effect of share-based compensation (2.8 million), convertible senior notes (0.7 million) and equity-linked securities (1.1 million). The diluted earnings per share calculation for reported earnings also reflects a reduction of net income by a \$36 million increase in the actual cash true-up of the company's share repurchase program from the value estimated at March 31, 2005. For the second quarter 2004, reported earnings per share are based upon basic shares because common stock equivalents are not dilutive. For the operational earnings dilution calculation, the \$4 million after-tax interest expense on the EPMI, which were repurchased by TXU Corp. on April 26, 2004, are added to net income, and the related weighted average 17 million shares are added to the weighted average share count.

⁶ For the 2005 year-to-date period, the dilution calculation for reported and operational earnings reflects the addition to net income of interest on convertible senior notes of \$0.4 million after tax and addition of 5 million shares related primarily to the effect of share-based compensation (3.4 million), convertible senior notes (0.7 million) and equity-linked securities (0.9 million). The diluted earnings per share calculation for reported earnings also reflects a reduction of net income by a \$498 million change in the actual cash true-up of the company's share repurchase program from the value estimated at December 31, 2004. For year-to-date 2004, reported earnings per share are based upon basic shares because common stock equivalents are not dilutive. For the operational earnings dilution calculation, the \$18 million after-tax interest expense on the EPMI are added to net income, and the related weighted average 37 million shares are added to the weighted average share count.

**Table 2a: Reconciliation of Operational Earnings to Reported Net Income Available to Common Shareholders
Q2 05 vs. Q2 04; \$ millions and \$ per share after tax**

Factor	Q2 05	Q2 05	Q2 04	Q2 04
	\$ Millions	\$ Per Share	\$ Millions	\$ Per Share
Net income (loss) to common	375	1.39	(598)	(1.87)
Discontinued operations	4	0.02	(330)	(1.03)
Extraordinary gain	-	-	(16)	(0.05)
Buyback premium on EPMI	-	-	849	2.65
Preference stock dividends	4	0.02	5	0.02
Income (loss) from continuing operations	383	1.43	(90)	(0.28)
Effect of ASR true-up	-	0.15	-	-
Effect of share dilution	-	-	-	0.03
Preference stock dividends	(4)	(0.02)	(5)	(0.02)
Special items	2	0.01	263	0.78
Operational earnings	381	1.57	168	0.51

**Table 2b: Reconciliation of Operational Earnings to Reported Net Income Available to Common Shareholders
YTD 05 vs. YTD 04; \$ millions and \$ per share after tax**

Factor	YTD 05	YTD 05	YTD 04	YTD 04
	\$ Millions	\$ Per Share	\$ Millions	\$ Per Share
Net income (loss) to common	791	1.21	(425)	(1.32)
Discontinued operations	(11)	(0.05)	(380)	(1.18)
Extraordinary gain	-	-	(16)	(0.05)
Buyback premium on EPMI	-	-	849	2.64
Preference stock dividends	10	0.04	11	0.03
Income (loss) from continuing operations	790	1.20	39	0.12
Effect of ASR true-up	-	2.05	-	-
Effect of share dilution/rounding	-	-	-	0.04
Preference stock dividends	(10)	(0.04)	(11)	(0.03)
Special items	(152)	(0.63)	288	0.80
Operational earnings	628	2.58	316	0.93

Special items for the second quarter 2005 represent \$2 million after tax, or \$0.01 per share, for expenses related to Capgemini transition costs. Special items for the year-to-date period totaled a credit of \$152 million after tax, or \$0.63 per share. These benefits relate primarily to the reduction of \$138 million of the company's federal income tax valuation allowance reserve for the write-off of its investment in TXU Europe due to the anticipated use of additional capital losses, and additional insurance proceeds of \$23 million (\$35 million before tax) related to the settlement of the securities class action lawsuit announced in January 2005. Special items for the 2005 and 2004 quarter and year-to-date periods are described in Appendix Tables A1 and A2.

For the quarter and year-to-date 2004, special items totaled \$263 million (\$0.78 per share) and \$288 million (\$0.80 per share) of charges, respectively. Special items in these periods relate primarily to costs associated with the company's restructuring and improvement program implemented in 2004, and include severance-related charges and software project write-offs related to the Capgemini outsourcing plan, other severance-related charges arising from organizational realignments, a write-down of spare parts inventories from excess items on hand, impairments of generation-related assets due to closures, debt retirement expenses associated with the company's liability management program, one-time compensation expenses, and an accrual for the potential settlement of certain litigation, partially offset by the reduction in tax reserves associated with the 2002 write-off of the TXU Europe investment.

Consolidated Operational Earnings Summary

Table 3 below provides a consolidated summary of major drivers of operational earnings per share. A more detailed discussion of contributions and drivers by segment is provided in Business Segment Results beginning on page 6.

Table 3: Consolidated — Operational Earnings Reconciliation
Q2 04 to Q2 05 and YTD 04 to YTD 05; \$ millions and \$ per share

Earnings Factor	QTR	QTR	YTD	YTD
	\$ Millions	\$ Per Share	\$ Millions	\$ Per Share
Q2 04 operational earnings	168	0.51	316	0.93
TXU Energy Holdings segment	197	0.58	274	0.76
TXU Electric Delivery segment	26	0.08	32	0.09
Corporate expenses	(10)	(0.03)	6	0.02
Effect of reduced shares	-	0.43	-	0.78
Q2 05 operational earnings	381	1.57	628	2.58

Operational earnings were \$1.57 per share, up 208 percent from \$0.51 per share in the second quarter of 2004. The increase includes a \$0.58 per share, or 129 percent improvement in operational earnings from the unregulated TXU Energy Holdings segment, an \$0.08 per share, or 44 percent improvement in operational earnings from the regulated TXU Electric Delivery segment, and a \$0.43 per share improvement attributable to the reduction in average shares outstanding, partially offset by a \$0.03 per share increase in corporate expenses. The decrease in average shares of common stock was primarily due to the repurchase of the EPMI in April 2004 and approximately 84 million shares of TXU Corp. common stock from May through November 2004.

Year-to-date operational earnings rose by \$1.65 per share, or 177 percent over the \$0.93 per share in 2004 as a result of a \$0.78 per share improvement attributable to reduction in the average shares outstanding, a \$0.76 per share improvement in TXU Energy Holdings segment performance, a \$0.09 per share improvement in TXU Electric Delivery segment performance, and a \$0.02 per share decrease in corporate expenses. A more detailed discussion of drivers of segment performance is provided in Business Segment Results beginning on page 6.

Cash Flow and Financial Flexibility

The benefits of TXU's restructuring program are also evident in continued improvement in returns, financial flexibility measures, and cash flow.

Table 4 below provides a summary of consolidated common stock and return measures at June 30, 2005 and 2004.

Table 4: Consolidated — Return Statistics
Twelve months ended 6/30/05 and 6/30/04; mixed measures

Statistic	6/30/05	6/30/04	% Change
Common stock data:			
Basic shares outstanding-end of period (millions)	240	297	(19.2)
Return on average common stock equity – based on net income (%)	37.0	(0.2)	-
Return on average common stock equity – based on operational earnings (%)	53.4	15.0	-
Return on average invested capital – based on net income (%)	7.9	7.3	8.2
Return on average invested capital – based on operational earnings (%)	10.1	6.4	57.8

TXU Corp.'s continued progress in improving its financial flexibility is reflected in its credit metrics for the second quarter 2005 as compared to the second quarter of 2004 in Table 5 below. Strong credit metrics are an essential determinant in TXU Corp.'s disciplined approach to capital allocation. The credit metric improvements incorporate an increase in the second quarter 2005 of \$1 billion in total debt, excluding transition bonds, to \$12.8 billion. The increase was due to the payment of a \$523 million true-up of the accelerated share repurchase program, the redemption of \$300 million of preference stock, and payment of dividends. The majority of TXU's cash flow is typically received in the second half of the year, and the financial flexibility measures, EBITDA/interest and debt/EBITDA, are expected to continue to improve.

Table 5: Consolidated — Financial Flexibility Measures
Twelve months ended 6/30/05 and 6/30/04; \$ millions and ratios

Financial Flexibility Measure	6/30/05	6/30/04	Change	% Change
EBITDA (excluding special items)	3,220	2,466	754	30.6
Cash interest expense	712	721	(9)	(1.2)
Debt (excluding transition bonds)	12,784	12,287	497	4.0
EBITDA/interest	4.5	3.4	1.1	32.4
Debt/EBITDA	4.0	5.0	(1.0)	(20.0)

As shown in Table 6, for year-to-date 2005, cash provided by operating activities was \$594 million, an increase of \$107 million over the comparable 2004 period. The improvement primarily reflects higher earnings (as adjusted for non-cash items in the statement of cash flows). This was offset by a \$232 million increase in use of cash for working capital (accounts receivable, inventories, and accounts payable) primarily due to timing effects arising from lower wholesale power purchases and sales, as well as higher retail accounts receivable balances due to higher prices and hotter weather. The variance also includes an \$84 million payment, net of insurance recoveries, in settlement of the consolidated amended securities class action suit.

Table 6: Consolidated — Cash and Free Cash Flow
YTD 05 and YTD 04; \$ millions

Cash Flow Factor	YTD 05	YTD 04	Change	% Change
Cash provided by operating activities	594	487	107	22.0
Capital expenditures	(507)	(355)	(152)	(42.8)
Nuclear fuel	(26)	(47)	21	44.7
Free cash flow	61	85	(24)	(28.2)

Table 7 below represents available liquidity (cash and available credit facility capacity) as of July 29, 2005 and December 31, 2004. In March 2005, TXU Corp.'s subsidiaries increased the capacity under their credit facilities by \$1 billion and lowered the cost and extended the terms of their credit facilities as part of the company's ongoing efforts to improve liquidity and financial flexibility. In June 2005, TXU Corp.'s subsidiaries obtained bank commitments for an additional \$1 billion facility with terms similar to those facilities announced in March. The new facility is expected to close in mid-August. TXU plans to maintain minimum available liquidity of \$1.5 billion.

Table 7: Consolidated — Liquidity
Available amounts as of 7/29/05 and 12/31/04; \$ millions

Liquidity Component	Borrower	Maturity	7/29/05	12/31/04
Cash and cash equivalents			94	106
\$1.4 billion credit facility	TXU Energy Co./TXU Electric Delivery Co.	June 08	777	1,172
\$1.6 billion credit facility	TXU Energy Co./TXU Electric Delivery Co.	March 10	1,170	-
\$500 million credit facility	TXU Energy Co./TXU Electric Delivery Co.	June 10	330	500
\$500 million credit facility	TXU Energy Co.	December 09	-	500
Terminated facilities			-	531
Total liquidity			2,371	2,809

Business Segment Results

The following is a discussion of operational earnings by business segment. TXU Corp.'s businesses include the TXU Energy Holdings segment, the TXU Electric Delivery segment, and Corporate operations.

TXU Energy Holdings Segment

TXU Energy Company LLC, the unregulated business segment of TXU Corp. (TXU Energy Holdings segment), consists of electricity generation (TXU Power) and consumer, business, and wholesale markets activities (collectively, TXU Energy). These businesses are effectively managed as one business through the wholesale markets function that captures the natural hedge inherent between the retail and generation businesses. TXU Power and the retail business of TXU Energy are separate legal entities that, in accordance with regulatory requirements, operate independently within the competitive Texas power market.

TXU Energy Holdings Segment: Operational Performance

In 2004, TXU launched a comprehensive business improvement program in TXU Energy Holdings, including significant investments in customer service and production reliability, as well as productivity improvement initiatives targeting efficiency gains in SG&A and operating expenses. TXU Power also designed and implemented the TXU Operating System, incorporating lean operating techniques and process discipline into TXU Power's generation plant and mining operations. The impact of the TXU Operating System is evident in second quarter operating performance. The lignite (coal) fleet set a second quarter production record. Excluding planned outages, the lignite fleet achieved a 96.2 percent capacity factor in the second quarter of 2005 compared to 92.9 percent for the same period in 2004. TXU Operating System project teams identified waste and improvement opportunities during two significant lignite unit overhauls, reducing the number of days required to complete the overhauls by 23 percent and generating combined contribution margin benefit of approximately \$15 million. TXU Power's nuclear operations achieved similar results. Excluding planned outages, the nuclear units achieved a

101.4 percent capacity factor in the second quarter of 2005 compared to 98.5 percent for the same period in 2004. Comanche Peak Unit 2 completed its eighth refueling outage three days earlier than planned, creating approximately \$4 million of additional contribution margin. While successfully achieving these increased production levels, fuel costs were reduced in the second quarter of 2005 by 2.8 percent per megawatt-hour (MWh) relative to the second quarter of 2004 for the lignite plants and by 1.2 percent for Comanche Peak. Additionally, operating costs for TXU Energy Holdings were reduced by \$23 million in the second quarter of 2005 relative to the same quarter of last year even with increases in base-load production levels.

TXU's new Power Optimization Center (POC) was also an important contributor to the success of TXU Power's second quarter results. The POC utilizes telecommunications and on-line diagnostic technologies to detect plant performance issues before they become a problem, resulting in improved heat rates and reliability. The POC is currently monitoring both nuclear units and all nine lignite units with equipment and performance modeling capabilities that are expected to be fully implemented by the end of the third quarter. Benefits already delivered by the POC include early detection of increasing temperatures and vibration on major equipment, such as pumps, fans and motors. The POC is a significant component of TXU Power's strategy of safely producing reliable and low cost generation.

TXU Energy (consumer, business, and wholesale markets) continued to make progress toward operational excellence and market leadership in the second quarter of 2005.

TXU Energy improved the customer experience in the second quarter of 2005 by reducing average speed to answer customer calls to 12 seconds as compared to 27 seconds in the prior-year period, customer time in the integrated voice recognition system (IVR) to an average of 78 seconds, down 21 percent from the prior-year period, and the number of Public Utility Commission of Texas complaints by five percent from the comparable prior-year period.

The Capgemini Energy partnership assisted in delivering these service improvements and in reducing overall TXU Energy Holdings segment SG&A by \$50 million in the second quarter of 2005 versus the second quarter of 2004, or \$47 million (29 percent) excluding special items in the prior-year period. This includes an \$11 million (55 percent) reduction in retail bad debt expense (a \$26 million reduction year-to-date), predominantly driven by application of disciplined credit and collection practices. This was accompanied by the assignment of employees to assist customers with financial needs and continued contributions to TXU Energy Aid. As announced in 2004, TXU Energy and its affiliates will contribute \$15 million over a three-year period to TXU Energy Aid, the company's program that provides funds to local social agencies to help customers with temporary financial needs pay their energy bills.

The increased credit and collections activities and continuing robust competition in consumer markets have driven continued customer attrition. Competitor marketing and discounting have continued despite low headroom as a result of increased wholesale power prices driven by increased heat rates and natural gas prices. Net residential customer attrition was 2.9 percent for the quarter, up from 1.2 percent the previous quarter and down from 0.2 percent net growth during the second quarter 2004. In the second quarter 2004, competitive activity was comparatively low, and the number of customers returned to TXU Energy from competitive retailers due to non-payment was much higher. Approximately 35 percent of the attrition in the second quarter 2005 (41 percent year-to-date) was driven by more effective bad debt management efforts; the savings generated by reduced bad debt more than offset the incremental costs of customer churn. Assuming natural gas prices at the current PTB fuel factor rate of \$7.87/MMBtu, projected full-year 2005 bad debt expense reduction of \$30 million to \$40 million saves more than the equivalent economic cost of a 10 percent churn in residential customers. Current gas prices are significantly higher than \$7.87/MMBtu, making the current bad debt trade-off even more favorable. TXU Energy continues to target full-year native market attrition of 7 to 8 percent.

TXU Energy is currently launching initiatives, such as retention programs and competitive offers, to reduce the level of switching. These include expansion of the successfully piloted TXU Rewards+ program in North Texas. This internet-based loyalty program was launched in February 2005. It allows TXU Energy customers to use Rewards dollars to obtain discounts on the purchase of travel, entertainment and merchandise. More than 75,000 customers have joined this program since it began, an increase of more than 150 percent over the number of participants in the first quarter. In addition, the consumer segment continues to expand competitive offerings in South Texas while evaluating alternatives to the Price-to-Beat in North Texas. Further, an advertising campaign is being launched to reinforce the benefits of being a TXU Energy customer. The campaign, labeled "The Power of Peace of Mind," highlights TXU Energy's proven track record of responsive, worry-free customer service at competitive rates. Outside of TXU's native market, these marketing programs are expected to increase profitable customer acquisitions since TXU Energy has improved its bad debt management capabilities and lowered its cost to serve customers through the Capgemini Energy agreement and other initiatives.

Competition also remains robust in business markets. However, the churn rate for small and medium businesses has improved from first quarter levels. The churn improvement is largely attributable to the expansion of the telephone and direct sales forces early this year. Specialized offerings in historically high churn categories were implemented in the second

quarter and direct sales coverage was recently expanded to smaller business customers. Customer satisfaction in the business segment continues to improve as call center initiatives such as TXU Energy 1-Call ResolutionSM and dedicated queues for specialized need customers have been implemented. Business call satisfaction is nearly eight percent higher compared to the second quarter 2004. The acquisition process for new small and medium business customers has been improved and pilot launches of new sales channels are underway. For large commercial and industrial customers, volumes sold during the first half of the year decreased to 8.5 terawatt-hours (TWh) as compared to 13.5 TWh in the first half of 2004, reflecting TXU Energy's continued focus on profitability and fierce competition in the market. Improvements have been made in operational processes, contract underwriting criteria, and cost structure. This focus has improved the customer mix and reduced sales-related costs by over 30 percent.

TXU Energy Holdings Segment: Financial Performance

The financial performance of TXU Energy Holdings reflects the ongoing successful implementation of the restructuring initiatives described above. In the second quarter of 2005, the TXU Energy Holdings segment reported income from continuing operations of \$1.42 per share, a \$1.48 per share improvement over a loss from continuing operations of \$0.06 per share in the second quarter of 2004. Special charges for the second quarter 2005 were \$2 million, or \$0.01 per share, as compared to \$169 million, or \$0.50 per share, in 2004, as detailed in Appendix Table A1. Operational earnings in the second quarter of 2005 were \$1.43 per share, a 218 percent increase over \$0.45 per share in the prior-year period. Excluding the effect of lower average shares, the TXU Energy Holdings segment operational earnings improved by \$0.58 per share, or 129 percent.

For the year-to-date period ended June 30, 2005, the TXU Energy Holdings segment reported income from continuing operations of \$2.26 per share, a \$1.96 per share increase over income from continuing operations of \$0.30 per share in the comparable 2004 period. Special charges for the 2005 year-to-date period were \$4 million, or \$0.02 per share, as compared to \$180 million, or \$0.50 per share in 2004, as detailed in Appendix Table A2. Operational earnings for year-to-date 2005 were \$2.27 per share, a 191 percent increase over the \$0.78 per share in the prior-year period. Excluding the effect of lower average shares, the TXU Energy Holdings segment operational earnings improved by \$0.76 per share, or 97 percent.

Table 8 below reconciles the change in operational earnings from 2004 to 2005 for the second quarter and year-to-date periods. During the quarter, contribution margins improved while operating costs, depreciation and amortization, and SG&A expenses all registered declines relative to the second quarter of last year.

Table 8: TXU Energy Holdings Segment — Operational Earnings Reconciliation
Q2 04 to Q2 05 and YTD 04 to YTD 05; \$ millions and \$ per share

Earnings Factor	QTR \$ Millions	QTR \$ Per Share	YTD \$ Millions	YTD \$ Per Share
Q2 04 operational earnings	150	0.45	278	0.78
Contribution margin	244	0.72	288	0.80
Operating costs	23	0.07	37	0.10
Depreciation and amortization	11	0.03	29	0.08
SG&A	47	0.14	79	0.22
Franchise and revenue based taxes	3	0.01	3	0.01
Other income and deductions	(12)	(0.04)	(5)	(0.01)
Net interest	3	0.01	-	-
Income taxes	(122)	(0.36)	(157)	(0.44)
Effect of reduced shares	-	0.40	-	0.73
Q2 05 operational earnings	347	1.43	552	2.27

The \$244 million increase in contribution margin for the second quarter 2005 versus the comparable 2004 period reflects higher retail and wholesale prices (primarily driven by increased natural gas prices), increased consumption due to hotter weather (approximately \$8 million in margin versus normal weather and \$11 million versus the prior year period), increased hedging and risk management activities revenue, increased base-load (nuclear and lignite) generation plant output, lower per unit base-load fuel costs, and reduced use of less efficient gas-fired generation. These increases were partially offset by the effect on contribution margins of decreased retail sales volumes due to robust competition, higher purchased power prices due to higher natural gas prices and heat rates, and higher delivery fees. The decline in operating costs of \$23 million was achieved despite increases in plant production levels and reflects disciplined cost management, reduced expenses resulting from the expiration of the customer services agreement with TXU Gas and the sale of the TXU Fuel assets in June 2004, both of which have associated reductions in contribution margin, and lower pension, postretirement benefit and other expenses. The decrease in pensions and other postretirement benefits expense is predominantly due to transfer of such costs to TXU Electric Delivery for periods of service to the regulated business prior to the 2002 unbundling of the company. The reduction

in depreciation and amortization expense of \$11 million was primarily the result of reductions in the 2005 depreciation rates for lignite generation facilities assets due to an increase in the estimated average depreciable lives of the assets and decreased depreciation expense associated with the transfer of certain assets related to the Capgemini Energy outsourcing agreement. SG&A expenses for the second quarter of 2005 declined \$47 million primarily due to reductions in shared services costs of \$24 million including the effects of the Capgemini Energy outsourcing agreement, reductions in pension and benefits expenses and incentive plan accruals, and decreased retail bad debt expenses of \$11 million as a result of stricter disconnect policies and more focused collection activities. The \$12 million decrease in other income and deductions was primarily the result of the absence of the previous gain amortization from the sale of power plants due to the termination in late 2004 of a tolling contract over the term of which the gain was being amortized. The increase in income tax expense reflects increased earnings and a \$10 million charge related to the resolution of audits for 1994 to 1996.

The major drivers of year-to-date 2005 results were substantially the same as for the second quarter 2005.

Total retail electricity revenues for the quarter ended June 30, 2005 increased \$11 million, or 0.7 percent, as compared to the same period in 2004 primarily due to higher retail prices, reflecting increased power and natural gas prices, and increased consumption due to hotter weather, offset by decreased sales volumes resulting from the effects of retail customer losses. Wholesale electricity revenues for the second quarter of 2005 increased \$73 million, or 15.3 percent, as compared to the 2004 period, due to higher wholesale prices, somewhat offset by lower sales volumes. The decrease of \$8 million in other revenues for the second quarter 2005 as compared to the prior period is primarily associated with the dissolution of the customer services agreement with TXU Gas and the sale of the TXU Fuel assets in June 2004. Appendix Table B provides details of operating revenues for the TXU Energy Holdings segment for the second quarter of 2005 compared to previous year period.

Appendix Tables C and D provide TXU Energy volume and customer statistics. For the second quarter 2005, the 16.7 percent decrease in retail sales volumes as compared to the 2004 period is predominantly due to a 38.4 percent decline in large business volumes. Sales volumes also reflect a 3.0 percent decrease in mass market (residential and small business) sales as compared to the second quarter 2004 driven by competitive activity, somewhat offset by increased usage due to hotter weather. Native market residential customer levels declined 4.4 percent since year-end 2004 and 8.4 percent since June 30, 2004. Average weather adjusted volumes for the second quarter 2005 compared to the comparable 2004 period increased as a result of TXU Energy's marketing, customer service and credit collection activities.

Revenues from hedging and risk management activities increased \$36 million for the quarter ended June 30, 2005 versus the comparable 2004 period. The increase primarily reflects gains from power positions held to hedge power price risk as prices increased. It also includes improved results in positions to hedge exposure in other commodities such as sulfur dioxide emissions and coal (\$12 million improvement) and various other improvements. Results also include an increase of \$18 million in net losses realized from other comprehensive income resulting primarily from the effect of hedges removed in 2004. Because hedging activities are intended to mitigate the risk of commodity price movements on revenues and cost of energy sold, the changes in such results should not be viewed in isolation but rather taken together with the effects of price and cost changes on margins.

As shown in Appendix Table E, the total cost of energy sold and delivery fees decreased \$132 million, or 9.8 percent, for the second quarter 2005 compared to the prior-year quarter, primarily due to a decrease in sales volumes. The segment contribution margin percent improved due to more efficient and increased base-load generation and lower levels of natural gas generation and purchased power, partially offset by higher prices of natural gas and purchased power and an increase in average delivery fees.

Appendix Table F provides a quarter-to-quarter summary of the TXU Energy Holdings segment generation and supply operating statistics. Results for the second quarter 2005 depict the benefit of more effective sourcing of purchased power versus higher heat rate natural gas-fired generation as well as increased production from the nuclear and lignite generation plants. The increase in average costs of natural gas and purchased power for 2005 was the result of higher gas prices and increased market heat rates. The increase in base-load production was primarily due to improved operating performance, fewer nuclear generation refueling days, reduced outages and the timing of maintenance outages.

TXU Electric Delivery Segment

The TXU Electric Delivery Segment consists of TXU Electric Delivery Company, TXU Corp.'s regulated transmission and distribution business. TXU Electric Delivery is the sixth largest electric delivery company in the nation, delivering electricity to three million meters across a network of over 14,000 miles of transmission lines and 100,000 miles of distribution lines in the economically diverse north central, east and west Texas. The North American Electric Reliability Council estimates a 2.0 to 2.5 percent annual growth rate in the North Texas service area over the next 10 years, one of the highest growth regions in their survey. The benefits of the economic growth and significant ongoing investments in

transmission infrastructure are reflected in TXU Electric Delivery's operational earnings improvement of \$0.08 per share, or 44 percent, excluding the effect of reduced average shares, during the second quarter of 2005 relative to the same period last year.

TXU Electric Delivery Segment: Operational Highlights

In the second quarter, the TXU Electric Delivery segment continued to make progress on its goals of delivering operational excellence in system reliability and maintaining a position of cost leadership. Operations and maintenance (O&M) expense of \$77 per distribution customer and O&M expense of \$2.24 per MWh delivered were at or near top-decile performance. The segment also placed at or near top quartile reliability performers with a System Average Interruption Duration Index (SAIDI) performance of 77.7 minutes through the second quarter of 2005, 6 percent better than full-year 2003. As reported in the Public Utility Commission of Texas Service Quality Report for 2004, TXU Electric Delivery non-storm outage minutes were 38 percent lower than the comparable utility and 19 percent better than 2002, or two years earlier. Summer readiness projects have been completed including high priority projects to reduce transmission grid congestion in the Dallas-Fort Worth area. TXU Electric Delivery transmission projects added 2,458 MVA (Mega Volt Ampere) of transformer capacity; 1,050 Mvar (Mega Volt Ampere Reactive) of reactive capacity and 243 miles of new, upgraded, or rebuilt circuit line.

In addition to traditional reliability-enhancing maintenance and related programs, the TXU Electric Delivery segment is relentlessly focusing on improving reliability and customer satisfaction while holding down operations expense through increased technology investment. The TXU Electric Delivery segment is implementing automated meter reading (AMR) to provide two-way communications with meters. In addition to providing basic measurement functions (i.e., meter reading), two-way communications to the customer premise will provide capability for valuable system intelligence and control such as real-time load survey, service interruption and restoration status, and remote connect/disconnect capabilities. A pilot AMR deployment of roughly 2,800 meters was completed in April 2005, with an additional 80,000 meters to be installed by year end. In light of the recent legislation regarding recovery of AMR investments, scenarios are being reviewed to accelerate the AMR deployment program.

Additionally, the TXU Electric Delivery segment has begun deployment of distribution system equipment that provides for automatic service restoration following an outage. This technology essentially creates a "self-healing" delivery system. The first system was commissioned in June 2005 with additional systems to be installed by year end.

TXU Electric Delivery Segment: Financial Highlights

The TXU Electric Delivery segment reported income from continuing operations of \$0.35 per share in the second quarter of 2005, compared to \$0.15 per share in the second quarter of 2004, an increase of 133 percent. Special charges were less than a penny in the current year period and \$0.04 in the second quarter of 2004. Excluding the effect of lower average shares, the TXU Electric Delivery segment operational earnings improved by \$0.08 per share.

For the year-to-date periods ended June 30, 2005 and 2004, income from continuing operations was \$0.65 per share and \$0.35 per share, respectively. Special charges were less than a penny in the current-year period and \$0.04 per share year-to-date 2004. Excluding the effect of reduced weighted average shares outstanding, operational earnings for the segment improved by \$0.09 per share over the prior year, an increase of 26 percent.

Table 9 below reconciles the change in operational earnings from 2004 to 2005 for the second quarter and year-to-date periods.

Table 9: TXU Electric Delivery Segment — Operational Earnings Reconciliation
Q2 04 to Q2 05 and YTD 04 to YTD 05; \$ millions and \$ per share

Earnings Factor	QTR \$ Millions	QTR \$ Per Share	YTD \$ Millions	YTD \$ Per share
Q2 04 operational earnings	60	0.18	126	0.35
Contribution margin (revenues)	46	0.14	73	0.20
Operating costs	(1)	-	(5)	(0.01)
Depreciation and amortization	(25)	(0.08)	(43)	(0.12)
SG&A	9	0.03	9	0.03
Franchise and revenue based taxes	3	0.01	3	0.01
Other income and deductions	(3)	(0.01)	(6)	(0.02)
Net interest	3	0.01	9	0.02
Income taxes	(6)	(0.02)	(8)	(0.02)
Effect of reduced shares	-	0.09	-	0.21
Q2 05 operational earnings	86	0.35	158	0.65

Excluding the \$0.09 per share benefit of reduced average shares, the TXU Electric Delivery segment's contribution for the second quarter increased by \$0.08 per share from the prior-year period. The improved performance reflected an increase of \$25 million (\$0.07 per share pre-tax) in contribution margin (revenues) due to increased transmission and other tariff revenues and underlying market growth. Revenues also increased \$21 million related to transition charge tariffs to service securitization bonds, which have offsetting amortization expense.

In tandem with these contribution margin improvements, operating costs held steady, increasing by only \$1 million, primarily due to increased expenditures for vegetation management to improve reliability and other maintenance expenditures, substantially offset by an \$8 million reduction in pension and other postretirement benefits expense. SG&A expense decreased by \$9 million including a decrease in pension and other postretirement benefits expense, reduced incentive compensation, and lower support services costs as a result of the Capgemini Energy outsourcing agreement. Pension and other postretirement benefits expenses reflect the previously disclosed transfer of pre-2002 expenses from TXU Energy Holdings and deferral through regulatory assets and capitalization of \$19 million pursuant to an amendment to the Public Utilities Regulatory Act enacted by the Texas Legislature in May 2005. The amendment provides for the deferral of amounts of pension and other postretirement benefits expenses that are more or less than the actual amounts approved in current rates. The \$25 million increase in depreciation and amortization expense was primarily due to \$21 million (\$0.06 per share pre-tax) of amortization of regulatory assets as a result of securitization bonds issued in June 2004, which have equal associated transition revenues. The major factor in decreased net interest (interest expense net of interest income) was lower average interest rates. Income taxes reflect a \$4 million credit related to the resolution of audits for 1994 to 1996.

The major drivers of year-to-date 2005 results were substantially the same as for the quarter 2005.

Appendix Tables I, J1 and J2 summarize the details of the operating revenues and operating statistics for the TXU Electric Delivery segment for the second quarter and year-to-date 2005 and 2004.

Corporate and Other

Corporate and Other consists of TXU Corp.'s remaining non-segment operations consisting primarily of discontinued operations, general corporate expenses, and interest on debt at the corporate level. For the second quarter 2005 the loss from continuing operations for Corporate and Other was \$48 million, or \$0.34 per share, reflecting the dilution adjustment related to the true-up for the accelerated share repurchase program, as compared to a loss of \$118 million, or \$0.37 per share, for the second quarter 2004. Excluding the dilution effect of the accelerated share repurchase program, deducting preference stock dividends, and adjusting for special items in 2004 as detailed in Appendix Table A1, operational results were a loss of \$0.21 per share in the second quarter 2005 as compared to a loss of \$0.12 per share in the second quarter of 2004.

Excluding the effect of reduced shares, current period expenses increased by \$0.03 per share from the prior-year period. The change is primarily related to increased net interest expense.

Year-to-date 2005 income from continuing operations for Corporate and Other was \$85 million, but represents a loss of \$1.71 per share, reflecting the dilution adjustment related to the true-up for the accelerated share repurchase program, as compared to a loss of \$171 million, or \$0.53 per share for the comparable 2004 period. Excluding the dilution effect of the accelerated share repurchase program, deducting preference stock dividends, and adjusting for special items of a credit of \$0.65 per share in 2005 and a charge of \$0.26 per share in 2004 as detailed in Appendix Table A2, operational results were a loss of \$0.34 per share year-to-date 2005 as compared to a loss of \$0.20 per share in the comparable 2004 period. Excluding the effect of reduced shares, expenses were reduced by \$0.02 per share.

Outlook and Strategic Review

TXU's outlook for operational earnings for 2005 remains at \$6.25 to \$6.45 per share of common stock and the initial outlook for 2006 growth relative to the 2005 outlook remains at 16 to 20 percent. TXU expects roughly 60 percent of the remaining operational earnings for 2005 to be earned in the third quarter. As previously announced, subsequent to rating actions taken by Standard & Poor's Rating Services, TXU has undertaken a detailed review of its financial strategy and business plans. In addition, TXU is continuing to evaluate growth strategies and other value-creating opportunities involving each of its businesses and assets. TXU expects to provide additional details as these activities are completed.

Additional Information

Additional information, including consolidating income statements, consolidating balance sheets, consolidated cash flow, and legal and regulatory summaries, can be obtained under the 2005 heading in the Second Quarter Financial Results file at www.txucorp.com/investres/default.asp.

TXU Corp., a Dallas-based energy company, manages a portfolio of competitive and regulated energy businesses in North America, primarily in Texas. In TXU Corp.'s unregulated business, TXU Energy provides electricity and related services to more than 2.4 million competitive electricity customers in Texas, more customers than any other retail electric provider in the state. TXU Power has over 18,300 megawatts of generation in Texas, including 2,300 MW of nuclear and 5,837 MW of lignite/coal-fired generation capacity. The company is also one of the largest purchasers of wind-generated electricity in Texas and North America. TXU Corp.'s regulated electric distribution and transmission business, TXU Electric Delivery, complements the competitive operations, using asset management skills developed over more than one hundred years, to provide reliable electricity delivery to consumers. TXU Electric Delivery operates the largest distribution and transmission system in Texas, providing power to more than 3 million electric delivery points over more than 100,000 miles of distribution and 14,000 miles of transmission lines. Visit 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 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 release could be affected by actions of rating agencies, changes in wholesale electricity prices or energy commodity prices and the company's ability to anticipate such changes, 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 restructuring, operational improvement and cost reduction program, and the terms under which the company executes those initiatives, and the decisions made and actions taken as a result of the financial and growth strategies review as discussed above.

-END-

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Appendix Tables

Appendix Table A1: Consolidated — Description of Special Items

Q2 05 and Q2 04; \$ millions and \$ per share after tax

Special Item	Income Statement Line	Q2 05		Q2 05	Q2 04	Q2 04
				Cash		
TXU Energy Holdings segment:						
Outsourcing/transition costs	Other deductions	2	0.01	2	-	-
Severance and related expenses	Other deductions	-	-	-	46	0.14
Inventory/gas plant write-downs	Other deductions	-	-	-	51	0.15
Software projects write-off	Other deductions	-	-	-	70	0.21
Other charges	SG&A	-	-	-	2	-
TXU Electric Delivery segment:						
Outsourcing/transition costs	Other deductions	-	-	-	13	0.04
Corporate and Other:						
Compensation/professional fees	SG&A	-	-	-	49	0.14
Litigation settlement	Other deductions	-	-	-	65	0.19
Liability management expense	Other deductions	-	-	-	39	0.12
Outsourcing/transition costs	Other deductions	-	-	-	3	0.01
Income tax benefit	Income tax expense	-	-	-	(75)	(0.22)
Total		2	0.01	2	263	0.78

Appendix Table A2: Consolidated - Description of Special Items

YTD 05 and YTD 04; \$ millions and \$ per share after tax

Special Item	Income Statement Line	YTD 05		YTD 05	YTD 05	YTD 04	YTD 04
				Cash	Non-Cash ⁷		
TXU Energy Holdings segment:							
Outsourcing/transition costs	Other deductions	4	0.02	4	-	-	-
Severance and related expenses	Other deductions	-	-	-	-	59	0.16
Inventory/gas plant write-down	Other deductions	-	-	-	-	51	0.14
Software projects write-off	Other deductions	-	-	-	-	70	0.20
TXU Electric Delivery segment:							
Outsourcing/transition costs	Other deductions	1	-	1	-	13	0.04
Corporate and Other:							
Litigation settlement benefit	Other income	(23)	(0.09)	-	(23)	-	-
Compensation/professional fees	SG&A	3	0.01	3	-	63	0.17
Litigation settlement	Other deductions	-	-	-	-	65	0.18
Liability management expense	Other deductions	-	-	-	-	39	0.11
Outsourcing/transition costs	Other deductions	1	-	1	-	3	0.01
Income tax benefit	Income tax expense	(138)	(0.57)	-	(138)	(75)	(0.21)
Total		(152)	(0.63)	9	(161)	288	0.80

⁷ While these items are reflected in earnings for the current period, the cash impact, if any, will be realized in future periods. These items are considered non-cash for the current period.

**Appendix Table B: TXU Energy Holdings Segment — Operating Revenues
Q2 05 vs. Q2 04 and YTD 05 vs. YTD 04; \$ millions and mixed measures**

Operating Revenue Component	Q2 05	Q2 04	% Change	YTD 05	YTD 04	% Change
Retail electricity revenues ⁸ :						
Native market:						
Residential	838	750	11.7	1,474	1,400	5.3
Small business	270	258	4.7	498	514	(3.1)
Total native market	1,108	1,008	9.9	1,972	1,914	3.0
Other markets:						
Residential	99	72	37.5	156	115	35.7
Small business	15	8	87.5	27	14	92.9
Total other markets	114	80	42.5	183	129	41.9
Large business	332	455	(27.0)	659	908	(27.4)
Total retail electricity revenues	1,554	1,543	0.7	2,814	2,951	(4.6)
Wholesale electricity revenues	549	476	15.3	1,065	942	13.1
Hedging and risk mgmt. activities:						
Realized gains (losses)	5	24	(79.2)	(24)	34	-
Reversal of prior recognized unrealized gains	(14)	(9)	55.6	(23)	(39)	(41.0)
Unrealized gains (losses) on open positions ⁹	56	(4)	-	41	8	-
Total	47	11	-	(6)	3	-
Other revenues	77	85	(9.4)	157	176	(10.8)
Total operating revenues	2,227	2,115	5.3	4,030	4,072	(1.0)
Average revenue (\$/MWh):						
Residential	117.80	101.53	16.0	109.39	96.27	13.6
Small business	116.38	101.28	14.9	113.59	101.06	12.4
Large business	79.43	67.14	18.3	77.19	67.33	14.6
Average wires charge (\$/MWh)	22.84	20.86	9.5	23.95	21.59	10.9

⁸ Breakout of native and other markets are estimates and provided for reference only.

⁹ Net unrealized mark-to-market gains/(losses): second quarter 2005 includes \$3 million of ineffectiveness gains related to cash flow hedges versus \$2 million of ineffectiveness losses for the comparable period in 2004. Year-to-date 2005 includes \$6 million of ineffectiveness gains related to cash flow hedges versus \$17 million of ineffectiveness losses for the comparable period in 2004.

**Appendix Table C: TXU Energy Holdings Segment — Retail and Wholesale Sales
Q2 05 vs. Q2 04 and YTD 05 vs. YTD 04; mixed measures**

Volume Component	Q2 05	Q2 04	% Change	YTD 05	YTD 04	% Change
Retail electricity sales (GWh):						
Native market:						
Residential	7,100	7,367	(3.6)	13,417	14,486	(7.4)
Small business	2,289	2,542	(10.0)	4,323	5,075	(14.8)
Total native market	9,389	9,909	(5.2)	17,740	19,561	(9.3)
Other markets:						
Residential	858	731	17.4	1,486	1,249	19.0
Small business	165	89	85.4	304	150	-
Total other markets	1,023	820	24.8	1,790	1,399	27.9
Large business	4,172	6,771	(38.4)	8,534	13,480	(36.7)
Total retail electricity sales	14,584	17,500	(16.7)	28,064	34,440	(18.5)
Wholesale electricity sales	11,331	12,171	(6.9)	22,811	24,724	(7.7)
Total electricity sales	25,915	29,671	(12.7)	50,875	59,164	(14.0)
Volumes (GWh) – weather adjusted ¹⁰ :						
Residential	7,643	8,098	(5.6)	14,727	15,735	(6.4)
Small business	2,411	2,631	(8.4)	4,601	5,225	(11.9)
Large business	4,166	6,771	(38.5)	8,542	13,480	(36.6)
Average KWh/customer ¹¹ :						
Residential	3,809	3,649	4.4	7,091	7,108	(0.2)
Small business	8,096	8,161	(0.8)	15,028	16,222	(7.4)
Large business	71,057	87,380	(18.7)	129,342	184,108	(29.7)
Average KWh/customer – weather adjusted ¹⁰ :						
Residential	3,659	3,649	0.3	7,008	7,108	(1.4)
Small business	7,957	8,161	(2.5)	14,944	16,222	(7.9)
Large business	71,294	87,380	(18.4)	129,466	184,108	(29.7)
Weather – percent of normal ¹² :						
Cooling degree days	102.2	89.9	13.7	101.3	92.2	9.9
Heating degree days	106.9	109.9	(2.7)	89.6	93.8	(4.5)

¹⁰ 2005 amounts adjusted for estimated weather effect as compared to 2004.

¹¹ Based upon the average of the period beginning and ending customers.

¹² Average for service territory is based on a 50 percent - DFW, 25 percent - Mineral Wells and 25 percent Waco weighting. Weather data is obtained from WeatherBank, Inc., an independent company that collects and archives weather data from reporting stations of the National Oceanic and Atmospheric Administration (a federal agency under the U.S. Department of Commerce). Energy degree days calculation includes both heating degree and cooling degree days.

Appendix Table D: TXU Energy Holdings Segment — Retail Customer Counts
Q2 05 vs. Q4 04 and Q2 05 vs. Q2 04; end of period, thousands, # of meters

Customer Component	Q2 05	Q4 04	% Change	Q2 05	Q2 04	% Change
Retail electricity customers:						
Native market:						
Residential	1,865	1,951	(4.4)	1,865	2,037	(8.4)
Small business	294	309	(4.9)	294	318	(7.5)
Total native market	2,159	2,260	(4.5)	2,159	2,355	(8.3)
Other markets:						
Residential	193	194	(0.5)	193	183	5.5
Small business	7	6	16.7	7	6	16.7
Total other markets	200	200	-	200	189	5.8
Large business	56	76	(26.3)	56	77	(27.3)
Total retail electricity customers	2,415	2,536	(4.8)	2,415	2,621	(7.9)
Estimated share of market (%) ¹³ :						
Native market:						
Residential	77	81	(4.9)	77	85	(9.4)
Small business	74	78	(5.1)	74	83	(10.8)
Total ERCOT:						
Residential	42	44	(4.5)	42	45	(6.7)
Small business	30	31	(3.2)	30	33	(9.1)
Large business	25	33	(24.2)	24	35	(31.4)

Appendix Table E: TXU Energy Holdings Segment — Cost of Energy Sold and Delivery Fees
Q2 05 vs. Q2 04 and YTD 05 vs. YTD 04; \$ millions

Cost Component	Q2 05	Q2 04	% Change	YTD 05	YTD 04	% Change
Nuclear fuel (base-load)	18	17	5.9	38	38	-
Lignite/coal (base-load)	119	116	2.6	234	242	(3.3)
Total base-load	137	133	3.0	272	280	(2.9)
Gas/oil fuel and purchased power	671	788	(14.8)	1,186	1,456	(18.5)
Other cost of energy sold	70	57	22.8	133	112	18.8
Cost of energy sold	878	978	(10.2)	1,591	1,848	(13.9)
Delivery fees	338	370	(8.6)	681	754	(9.7)
Cost of energy sold and delivery fees	1,216	1,348	(9.8)	2,272	2,602	(12.7)

¹³ End of period. Estimated market share for residential and small and medium business is based on the estimated number of customers (meters) in the native market and the estimated number of customers (meters) in ERCOT that have choice. Estimated market share for large business is based on the estimated annualized consumption for this overall market within ERCOT.

Appendix Table F: TXU Energy Holdings Segment — Generation and Supply Statistics
Q2 05 vs. Q2 04 and YTD 05 vs. YTD 04; mixed measures

Generation and Supply Statistic	Q2 05	Q2 04	% Change	YTD 05	YTD 04	% Change
Production and purchased power (GWh):						
Nuclear (base-load)	4,250	3,992	6.5	9,047	8,845	2.3
Lignite/coal (base-load)	10,605	10,223	3.7	21,125	20,426	3.4
Total base-load	14,855	14,215	4.5	30,172	29,271	3.1
Gas/oil	1,005	1,401	(28.3)	1,265	2,311	(45.3)
Purchased power	10,780	15,237	(29.3)	20,586	29,469	(30.1)
Total energy supply	26,640	30,853	(13.7)	52,023	61,051	(14.8)
Less line loss and other	725	1,182	(38.7)	1,148	1,887	(39.2)
Net energy supply	25,915	29,671	(12.7)	50,875	59,164	(14.0)
Base-load capacity factors (%):						
Nuclear	84.9	79.9	6.3	90.8	88.4	2.7
Lignite/coal	86.9	83.9	3.6	87.3	83.8	4.2
Total base-load	86.3	82.8	4.2	88.3	85.1	3.8
Base-load capacity factors¹⁴ (%):						
Nuclear	101.4	98.5	2.9	100.8	98.8	2.0
Lignite/coal	96.2	92.9	3.6	96.1	92.6	3.8
Total base-load	97.6	94.5	3.3	97.4	94.4	3.2
Fuel and purchased power costs (\$/MWh):						
Nuclear generation	4.20	4.25	(1.2)	4.19	4.34	(3.5)
Lignite/coal generation ¹⁵	12.02	12.36	(2.8)	11.98	12.81	(6.5)
Total base-load	9.78	10.08	(3.0)	9.64	10.25	(6.0)
Gas/oil generation and purchased power	56.59	47.17	20.0	54.27	45.60	19.0
ERCOT MCPE ¹⁶ (\$/MWh)	54.40	43.90	23.9	48.88	38.80	26.0
ERCOT MWD ¹⁷ (\$/MWh)	55.80	45.41	22.9	50.05	41.90	19.5
Gas Daily ¹⁸ (\$/MMBtu)	6.84	6.00	14.0	6.47	5.69	13.7
Implied heat rate ¹⁹ (MMBtu/MWh)	8.16	7.57	7.8	7.74	7.36	5.2
NYMEX strip ²⁰ (\$/MMBtu)	7.55	6.21	21.6	7.24	5.84	24.0

Appendix Table G: TXU Energy Holdings — Maturity Dates of Net Unrealized Mark-to-Market Assets/Liabilities
6/30/05; \$ millions unless noted

Source of Fair Value	Less Than 1 Year	1-3 Years	4-5 Years	More Than 5 Years	Total
Prices actively quoted	14	59	2	-	75
Prices provided by other external sources	(35)	(34)	(2)	(4)	(75)
Prices based on models	19	14	-	-	33
Total	(2)	39	-	(4)	33
Percentage (%) of total fair value	(6)	118	-	(12)	100

¹⁴ Excludes planned outages and economic back-down.

¹⁵ Includes depreciation and amortization of lignite mining plant and equipment and related asset retirement obligations, which are reported as depreciation and amortization expense, but are part of overall fuel costs.

¹⁶ MCPE is Market Clearing Price of Energy in ERCOT. Prices quoted are for MCPE North Zone (24x7) as most of TXU Energy's generation capacity and customers are in the North Zone. MCPE does not include shaping, ancillary services and other retail related purchased power costs.

¹⁷ MWD refers to indexed prices as referenced in the Megawatt Daily publication. Prices quoted are for MWD North Zone (24x7) as most of TXU Energy Holding's generation capacity and customers are in the North Zone. MWD pricing is based upon surveys.

¹⁸ Houston Ship Channel average daily prices.

¹⁹ The efficiency at which a marginal unit converts fuel to electricity. Calculated by dividing ERCOT MWD price by Gas Daily natural gas price.

²⁰ Average daily 12-month strip closing price for the period.

Appendix Table H: TXU Energy Holdings Segment — Changes in Commodity Contract Assets and Liabilities
YTD 05; \$ millions

Change Component	Impact
Balance of net commodity contract assets -- beginning of period	23
Settlements of positions included in the opening balance ²¹	(23)
Unrealized mark-to-market valuations of positions held at end of period	35
Other activity ²²	50
Balance of net commodity contract assets -- end of period	85

Appendix Table I: TXU Electric Delivery Segment — Operating Revenues
Q2 05 vs. Q2 04 and YTD 05 vs. YTD 04; \$ millions

Revenue Component	Q2 05	Q2 04	% Change	YTD 05	YTD 04	% Change
Electricity transmission and distribution:						
Affiliated (TXU Energy Holdings)	304	335	(9.3)	615	685	(10.2)
Nonaffiliated	260	183	42.1	499	356	40.2
Total	564	518	8.9	1,114	1,041	7.0

Appendix Table J1: TXU Electric Delivery Segment — Operating Statistics
Q2 05 and Q2 04; mixed measures

Operating Statistic	Q2 05	Q2 04	% Change
Volumes - Electricity distribution (GWh)	25,459	24,900	2.2
Electricity points of delivery - number of meters (end of period, in thousands) ²³	2,996	2,954	1.4
System Average Interruption Duration Index (SAIDI) (non-storm) ²⁴	77.71	75.77	(2.6)
System Average Interruption Frequency Index (SAIFI) (non-storm) ²⁴	0.98	0.95	(3.2)
Customer Average Interruption Duration Index (CAIDI) (non-storm) ²⁴	79.10	79.93	1.0

Appendix Table J2: TXU Electric Delivery Segment — Operating Statistics
YTD 05 and YTD 04; mixed measures

Operating Statistic	YTD 05	YTD 04	% Change
Volumes - Electricity distribution (GWh)	48,907	48,531	0.8

Appendix Table K: Details of Discontinued Operations
Q2 05, Q2 04, YTD 05 and YTD 04; \$ millions and \$ per share after tax

Discontinued Operation	Q2 05	Q2 05	Q2 04	Q2 04	YTD 05	YTD 05	YTD 04	YTD 04
TXU Energy Holdings segment	(1)	-	(27)	(0.08)	(4)	(0.02)	(30)	(0.09)
TXU Australia	-	-	(118)	(0.37)	1	-	(86)	(0.27)
TXU Gas	(3)	(0.02)	(158)	(0.49)	14	0.07	(120)	(0.37)
Corporate and Other	-	-	633	1.97	-	-	616	1.91
Total	(4)	(0.02)	330	1.03	11	0.05	380	1.18

²¹ Represents unrealized mark-to-market valuations of these positions as of the beginning of the period settled or recognized in earnings during the quarter.

²² Includes initial values of positions involving the receipt or payment of cash or other consideration, including \$56 million related to natural gas physical swap transactions, as well as option premiums and related amortization. Year-to-date includes \$12 million charge related to nonperformance by a coal contract counterparty. These activities have no effect on unrealized mark-to-market valuations.

²³ Includes lighting sites, principally guard lights, for which TXU Energy Retail is the REP, which are not included in TXU Energy Retail's customer count. Such sites totaled 88,242 and 98,292 at June 30, 2005 and 2004, respectively. Adjusting for the guard lights, which have minimal value, points of delivery increased 1.8 percent.

²⁴ SAIDI is the number of minutes in a year the average customer is out of electric service. SAIFI is the number of times in a year the average customer experiences an interruption to electric service. CAIDI is the duration of the average interruption to electric service.

Attachment 1: Financial Definitions

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 cost of energy sold and delivery fees (GAAP).

EBIT (non-GAAP): Income from continuing operations before interest income, interest expense and related charges, and income tax and special items. EBIT is a measure used by TXU to assess performance.

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.

Total 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.

Free Cash Flow (non-GAAP): Cash provided by operating activities less capital expenditures and nuclear fuel. Used predominantly as a forecasting tool to estimate cash available for dividends, debt reduction, and other investments.

Income from Continuing Operations per Share (GAAP): Per share (diluted) income from continuing operations before cumulative effect of changes in accounting principles, before preference stock dividends.

Operational Earnings (non-GAAP): Income from continuing operations net of preference stock dividends, excluding special items and the adjustment in 2005 for the cost of the true-up payment on the 52.5 million share accelerated common stock repurchase. 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 and the adjustment in 2005 for the cost of a true-up payment on the 52.5 million share accelerated common stock repurchase.

Reported Earnings per Share (GAAP): Per share (diluted) net income available to common shareholders.

Return on Average Common Stock Equity Based on Net Income (GAAP): Twelve months ended net income available for common stock (GAAP) divided by the average of the beginning and ending common stock equity (GAAP) for the period calculated.

Return on Average Common Stock Equity Based on Operational Earnings (non-GAAP): Twelve months ended operational earnings (non-GAAP) divided by the average of the beginning and ending common stock equity (GAAP) for the period calculated. This measure is used to evaluate operational performance and management effectiveness.

Return on Invested Capital Based on Adjusted Net Income (non-GAAP): Twelve months ended net income (GAAP) 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 for the period calculated. This measure is used to evaluate operational performance and management effectiveness.

Return on Invested Capital Based on Adjusted Operational Earnings (non-GAAP): Twelve months ended 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 for the period calculated. 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 Capitalization (non-GAAP): Total debt plus shareholders equity.

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 (EPMI).

Total Debt less Transition Bonds and Restricted Cash (non-GAAP): TXU also uses a total debt measure that excludes transition bonds and restricted cash. 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. TXU uses this measure to evaluate its debt and capitalization levels.

**Exhibits: Regulation G – Reconciliation of Non-GAAP Financial Measures to the Most Directly Comparable GAAP
Attachment 2: Financial Measures**

Exhibit 1: Return on Average Common Stock Equity Calculation

Twelve months ended 6/30/05 and 6/30/04; \$ millions unless otherwise noted

Component	6/30/05	6/30/04	Ref
Net income (loss) available for common stock	830	(10)	A
Income from continuing operations before extraordinary gain and cumulative effect of changes in accounting principles	831	412	
Special items	388	288	
Preference stock dividends	(21)	(22)	
Operational earnings	1,198	678	B
Average common equity	2,245	4,506	C
Return on average common equity - based on net income - percent (A/C)	37.0	(0.2)	
Return on average common equity - based on operational earnings - percent (B/C)	53.4	15.0	

Exhibit 2: Return on Average Invested Capital Calculation

Twelve months ended 6/30/05 and 6/30/04; \$ millions unless otherwise noted

Component	6/30/05	6/30/04	Ref
Net income	851	861	
After-tax interest expense and related charges net of interest income (a)	442	463	
Total return (based on net income)	1,293	1,324	A
Operational earnings	1,198	678	
Preference stock dividends	21	22	
After-tax interest expense and related charges net of interest income (a)	442	463	
Total return (based on operational earnings)	1,661	1,163	B
Average total capitalization	16,440	18,054	C
Return on average invested capital - based on net income (A/C) (%)	7.9	7.3	
Return on average invested capital - based on operational earnings (B/C) (%)	10.1	6.4	
(a) After-tax interest expense and related charges net of interest income			
Interest expense	721	739	
Interest income	(41)	(27)	
Net	680	712	
Tax at 35%	238	249	
Net of tax	442	463	

Exhibit 3: Interest and Debt Coverage Ratios

Twelve months ended 6/30/05 and 6/30/04; \$ millions unless otherwise noted

Component	6/30/05	6/30/04	Ref
Income from continuing operations before income taxes and extraordinary items	1,124	493	
Interest expense and related charges	721	739	
Interest income	(41)	(27)	
Depreciation and amortization	769	740	
EBITDA	2,573	1,945	
Special items	647	521	
EBITDA (excluding special items)	3,220	2,466	A
Interest expense and related charges	721	739	
Amortization of discount and reacquired debt expense	(25)	(29)	
Capitalized interest	16	11	
Cash interest expense	712	721	B
Total debt	13,996	14,094	C
Transition bonds	(1,212)	(1,282)	
Debt-related restricted cash	-	(525)	
Total debt less transition bonds	12,784	12,287	D
Cash provided by operating activities	1,865	1,662	E
Reconciling adjustments from cash flow statement	1,034	1,250	
Income from continuing operations	831	412	
EBITDA/interest – ratio (A/B)	4.5	3.4	
Debt/EBITDA – ratio (D/A)	4.0	5.0	
Cash provided by operating activities + cash interest expense/cash interest expense–ratio (E+B/B)	3.6	3.3	
Total debt/cash provided by operating activities – ratio (C/E)	7.5	8.5	

Exhibit 4a: Consolidated — Operational Earnings Reconciliation

Q2 05; \$ millions and \$ per share after tax

Factor	Energy Holdings	Energy Holdings	Electric Delivery	Electric Delivery	Corp. & Other	Corp. & Other	Total	Total
Operational earnings	347	1.43	86	0.35	(52)	(0.21)	381	1.57
Special items	(2)	(0.01)	-	-	-	-	(2)	(0.01)
Effect of ASR true-up	-	-	-	-	-	(0.15)	-	(0.15)
Preference stock dividends	-	-	-	-	4	0.02	4	0.02
Income (loss) from cont. operations	345	1.42	86	0.35	(48)	(0.34)	383	1.43
Discontinued operations	(1)	-	-	-	(3)	(0.02)	(4)	(0.02)
Preference stock dividends	-	-	-	-	(4)	(0.02)	(4)	(0.02)
Net income to common	344	1.42	86	0.35	(55)	(0.38)	375	1.39
Average shares – diluted								243
Average shares – basic								238

Exhibit 4b: Consolidated — Operational Earnings Reconciliation
Q2 04; \$ millions and \$ per share after tax

Factor	Energy Holdings	Energy Holdings	Electric Delivery	Electric Delivery	Corp. & Other	Corp. & Other	Total	Total
Operational earnings	150	0.45	60	0.18	(42)	(0.12)	168	0.51
Special items	(169)	(0.50)	(13)	(0.04)	(81)	(0.24)	(263)	(0.78)
Effect of share dilution	-	(0.01)	-	0.01	-	(0.03)	-	(0.03)
Preference stock dividends	-	-	-	-	5	0.02	5	0.02
Income (loss) from cont. operations	(19)	(0.06)	47	0.15	(118)	(0.37)	(90)	(0.28)
Discontinued operations	(27)	(0.08)	-	-	357	1.11	330	1.03
Buyback premium on EPMI	-	-	-	-	(849)	(2.65)	(849)	(2.65)
Extraordinary gain	-	-	16	0.05	-	-	16	0.05
Preference stock dividends	-	-	-	-	(5)	(0.02)	(5)	(0.02)
Net income to common	(46)	(0.14)	63	0.20	(615)	(1.93)	(598)	(1.87)
Average shares – diluted								337
Average shares – basic								320

Exhibit 4c: Consolidated — Operational Earnings Reconciliation
YTD 05 04; \$ millions and \$ per share after tax

Factor	Energy Holdings	Energy Holdings	Electric Delivery	Electric Delivery	Corp. & Other	Corp. & Other	Total	Total
Operational earnings	552	2.27	158	0.65	(82)	(0.34)	628	2.58
Special items	(4)	(0.02)	(1)	-	157	0.65	152	0.63
Effect of ASR true-up/rounding	-	0.01	-	-	-	(2.06)	-	(2.05)
Preference stock dividends	-	-	-	-	10	0.04	10	0.04
Income (loss) from cont. operations	548	2.26	157	0.65	85	(1.71)	790	1.20
Discontinued operations	(4)	(0.02)	-	-	15	0.07	11	0.05
Preference stock dividends	-	-	-	-	(10)	(0.04)	(10)	(0.04)
Net income to common	544	2.24	157	0.65	90	(1.68)	791	1.21
Average shares – diluted								243
Average shares – basic								238

Exhibit 4d: Consolidated — Operational Earnings Reconciliation
YTD 04; \$ millions and \$ per share after tax

Factor	Energy Holdings	Energy Holdings	Electric Delivery	Electric Delivery	Corp. & Other	Corp. & Other	Total	Total
Operational earnings	278	0.78	126	0.35	(88)	(0.20)	316	0.93
Special items	(180)	(0.50)	(13)	(0.04)	(95)	(0.26)	(288)	(0.80)
Effect of share dilution/rounding	(1)	0.02	-	0.04	1	(0.10)	-	(0.04)
Preference stock dividends	-	-	-	-	11	0.03	11	0.03
Income (loss) from cont. operations	97	0.30	113	0.35	(171)	(0.53)	39	0.12
Discontinued operations	(30)	(0.09)	-	-	410	1.27	380	1.18
Buyback premium on EPMI	-	-	-	-	(849)	(2.64)	(849)	(2.64)
Extraordinary gain	-	-	16	0.05	-	-	16	0.05
Preference stock dividends	-	-	-	-	(11)	(0.03)	(11)	(0.03)
Net income to common	67	0.21	129	0.40	(621)	(1.93)	(425)	(1.32)
Average shares – diluted								358
Average shares – basic								322

TXU CORP. AND SUBSIDIARIES
SEGMENT CONSOLIDATING INCOME STATEMENT

Quarter to Date Ended: June 30, 2005

	TXU Energy Holdings	TXU Electric Delivery	Corporate & Other	Eliminations / Rounding	Total
Operating revenues	2,227	564	6	(311)	2,486
Direct costs and expenses					
Cost of energy sold including delivery fees	1,216	-	-	(306)	910
Operating costs	177	180	2	1	360
Depreciation and amortization	76	108	2	-	186
Total direct costs and expenses	1,469	288	4	(305)	1,456
Gross margin	758	276	2	(6)	1,030
Other costs and expenses					
Selling, general and administrative expenses	113	43	33	(5)	184
Non-operating depreciation and other amortization	1	-	2	-	3
Franchise and revenue-based taxes	24	56	-	1	81
Other income	(6)	-	(12)	-	(18)
Other deductions	12	2	13	(1)	26
Interest income	(11)	(14)	(16)	41	-
Interest expense and related charges	94	68	69	(42)	189
Total other costs and expenses	227	155	89	(6)	465
Income (loss) from continuing operations before income taxes and extraordinary gain	531	121	(87)	-	565
Income tax expense (benefit)	186	35	(39)	-	182
Income (loss) from continuing operations before extraordinary gain	345	86	(48)	-	383
Income (loss) from discontinued operations, net of tax effect	(1)	-	(3)	-	(4)
Extraordinary gain, net of tax	-	-	-	-	-
Net income (loss)	344	86	(51)	-	379
Exchangeable preferred membership interest buyback premium	-	-	-	-	-
Preference stock dividends	-	-	4	-	4
Net income (loss) available to common shareholders	344	86	(55)	-	375
Average shares of common stock outstanding, basic (millions)					238
Average shares of common stock outstanding, diluted (millions)					243
Per share of common stock:					
Basic earnings:					
Income (loss) from continuing operations before extraordinary gain	1.45	0.36	(0.20)	0.00	1.61
Exchangeable preferred membership interest buyback premium	-	-	-	-	-
Preference stock dividends	-	-	(0.02)	-	(0.02)
Net income (loss) from continuing operations	1.45	0.36	(0.22)	0.00	1.59
available for common stock	1.45	0.36	(0.22)	0.00	1.59
Income (loss) from discontinued operations, net of tax effect	-	-	(0.02)	-	(0.02)
Extraordinary gain, net of tax	-	-	-	-	-
Net income (loss) available for common stock	1.45	0.36	(0.24)	-	1.57
Diluted earnings:					
Income (loss) from continuing operations before extraordinary gain	1.42	0.35	(0.34) *	0.00	1.43
Exchangeable preferred membership interest buyback premium	-	-	-	-	-
Preference stock dividends	-	-	(0.02)	-	(0.02)
Net income (loss) from continuing operations	1.42	0.35	(0.36)	0.00	1.41
available for common stock	1.42	0.35	(0.36)	0.00	1.41
Income (loss) from discontinued operations, net of tax effect	-	-	(0.02)	-	(0.02)
Extraordinary gain, net of tax	-	-	-	-	-
Net income (loss) available for common stock	1.42	0.35	(0.38)	-	1.39
Dividends declared					0.563

* Reflects the dilution adjustment [(\$36) million / 5 million shares]

TXU CORP. AND SUBSIDIARIES
SEGMENT CONSOLIDATING INCOME STATEMENT

Quarter to Date Ended: June 30, 2004

	TXU Energy Holdings	TXU Electric Delivery	Corporate & Other	Eliminations / Rounding	Total
Operating revenues	2,115	518	11	(341)	2,303
Direct costs and expenses					
Cost of energy sold including delivery fees	1,348	-	(2)	(333)	1,013
Operating costs	200	180	4	(5)	379
Depreciation and amortization	82	84	1	-	167
Total direct costs and expenses	1,630	264	3	(338)	1,559
Gross margin	485	254	8	(3)	744
Other costs and expenses					
Selling, general and administrative expenses	163	53	88	(4)	300
Non-operating depreciation and other amortization	6	(1)	6	-	11
Franchise and revenue-based taxes	27	59	1	(1)	86
Other income	(12)	(2)	(3)	1	(16)
Other deductions	261	19	159	(1)	438
Interest income	(7)	(14)	(20)	39	(2)
Interest expense and related charges	93	71	48	(38)	174
Total other costs and expenses	531	185	279	(4)	991
Income (loss) from continuing operations before income taxes and extraordinary gain	(46)	69	(271)	1	(247)
Income tax expense (benefit)	(27)	22	(152)	-	(157)
Income (loss) from continuing operations before extraordinary gain	(19)	47	(119)	1	(90)
Income (loss) from discontinued operations, net of tax effect	(27)	-	357	-	330
Extraordinary gain, net of tax	-	16	-	-	16
Net income (loss)	(46)	63	238	1	256
Exchangeable preferred membership interest buyback premium	-	-	849	-	849
Preference stock dividends	-	-	5	-	5
Net income (loss) available to common shareholders	(46)	63	(616)	1	(598)
Average shares of common stock outstanding, basic (millions)					320
Average shares of common stock outstanding, diluted (millions)					320
Per share of common stock:					
Basic earnings:					
Income (loss) from continuing operations before extraordinary gain	(0.06)	0.15	(0.37)	-	(0.28)
Exchangeable preferred membership interest buyback premium	-	-	(2.65)	-	(2.65)
Preference stock dividends	-	-	(0.02)	-	(0.02)
Net income (loss) from continuing operations					
available for common stock	(0.06)	0.15	(3.04)	-	(2.95)
Income (loss) from discontinued operations, net of tax effect	(0.08)	-	1.11	-	1.03
Extraordinary gain, net of tax	-	0.05	-	-	0.05
Net income (loss) available for common stock	(0.14)	0.20	(1.93)	-	(1.87)
Diluted earnings:					
Income (loss) from continuing operations before extraordinary gain	(0.06)	0.15	(0.37)	-	(0.28)
Exchangeable preferred membership interest buyback premium	-	-	(2.65)	-	(2.65)
Preference stock dividends	-	-	(0.02)	-	(0.02)
Net income (loss) from continuing operations					
available for common stock	(0.06)	0.15	(3.04)	-	(2.95)
Income (loss) from discontinued operations, net of tax effect	(0.08)	-	1.11	-	1.03
Extraordinary gain, net of tax	-	0.05	-	-	0.05
Net income (loss) available for common stock	(0.14)	0.20	(1.93)	-	(1.87)
Dividends declared					0.125

TXU CORP. AND SUBSIDIARIES
SEGMENT CONSOLIDATING INCOME STATEMENT - VARIANCE

Quarter to Date Ended June 30, 2005 vs June 30, 2004

	TXU Energy Holdings	TXU Electric Delivery	Corporate & Other	Eliminations / Rounding	Total
Operating revenues	112	46	(5)	30	183
Direct costs and expenses					
Cost of energy sold including delivery fees	(132)	-	2	27	(103)
Operating costs	(23)	-	(2)	6	(19)
Depreciation and amortization	(6)	24	1	-	19
Total direct costs and expenses	(161)	24	1	33	(103)
Gross margin	273	22	(6)	(3)	286
Other costs and expenses					
Selling, general and administrative expenses	(50)	(10)	(55)	(1)	(116)
Non-operating depreciation and other amortization	(5)	1	(4)	-	(8)
Franchise and revenue-based taxes	(3)	(3)	(1)	2	(5)
Other income	6	2	(9)	(1)	(2)
Other deductions	(249)	(17)	(146)	-	(412)
Interest income	(4)	-	4	2	2
Interest expense and related charges	1	(3)	21	(4)	15
Total other costs and expenses	(304)	(30)	(190)	(2)	(526)
Income (loss) from continuing operations before income taxes and extraordinary gain	577	52	184	(1)	812
Income tax expense (benefit)	213	13	113	-	339
Income (loss) from continuing operations before extraordinary gain	364	39	71	(1)	473
Income (loss) from discontinued operations, net of tax effect	26	-	(360)	-	(334)
Extraordinary gain, net of tax	-	(16)	-	-	(16)
Net income (loss)	390	23	(289)	(1)	123
Exchangeable preferred membership interest buyback premium	-	-	(849)	-	(849)
Preference stock dividends	-	-	(1)	-	(1)
Net income (loss) available to common shareholders	390	23	561	(1)	973
Average shares of common stock outstanding, basic (millions)					(82)
Average shares of common stock outstanding, diluted (millions)					(78)
Per share of common stock:					
Basic earnings:					
Income (loss) from continuing operations before extraordinary gain	1.51	0.21	0.17	0.00	1.89
Exchangeable preferred membership interest buyback premium	-	-	2.65	-	2.65
Preference stock dividends	-	-	-	-	-
Net income (loss) from continuing operations available for common stock	1.51	0.21	2.82	-	4.54
Income (loss) from discontinued operations, net of tax effect	0.08	-	(1.13)	-	(1.05)
Extraordinary gain, net of tax	-	(0.05)	-	-	(0.05)
Net income (loss) available for common stock	1.59	0.16	1.69	-	3.44
Diluted earnings:					
Income (loss) from continuing operations before extraordinary gain	1.48	0.20	0.03	0.00	1.71
Exchangeable preferred membership interest buyback premium	-	-	2.65	-	2.65
Preference stock dividends	-	-	-	-	-
Net income (loss) from continuing operations available for common stock	1.48	0.20	2.68	-	4.36
Income (loss) from discontinued operations, net of tax effect	0.08	-	(1.13)	-	(1.05)
Extraordinary gain, net of tax	-	(0.05)	-	-	(0.05)
Net income (loss) available for common stock	1.56	0.15	1.55	-	3.26
Dividends declared					0.438

TXU CORP. AND SUBSIDIARIES
SEGMENT CONSOLIDATING INCOME STATEMENT

Year to Date Ended: June 30, 2005

	TXU Energy Holdings	TXU Electric Delivery	Corporate & Other	Eliminations / Rounding	Total
Operating revenues	4,030	1,114	12	(630)	4,526
Direct costs and expenses					
Cost of energy sold including delivery fees	2,272	-	1	(619)	1,654
Operating costs	330	362	-	-	692
Depreciation and amortization	154	213	4	-	371
Total direct costs and expenses	2,756	575	5	(619)	2,717
Gross margin	1,274	539	7	(11)	1,809
Other costs and expenses					
Selling, general and administrative expenses	227	91	59	(9)	368
Non-operating depreciation and other amortization	2	-	4	-	6
Franchise and revenue-based taxes	50	114	2	(1)	165
Other income	(8)	(2)	(59)	-	(69)
Other deductions	13	6	11	(1)	29
Interest income	(21)	(29)	(49)	80	(19)
Interest expense and related charges	185	136	143	(80)	384
Total other costs and expenses	448	316	111	(11)	864
Income (loss) from continuing operations before income taxes and extraordinary gain	826	223	(104)	-	945
Income tax expense (benefit)	278	66	(189)	-	155
Income (loss) from continuing operations before extraordinary gain	548	157	85	-	790
Income (loss) from discontinued operations, net of tax effect	(4)	-	15	-	11
Extraordinary gain, net of tax	-	-	-	-	-
Net income (loss)	544	157	100	-	801
Exchangeable preferred membership interest buyback premium	-	-	-	-	-
Preference stock dividends	-	-	10	-	10
Net income (loss) available to common shareholders	544	157	90	-	791
Average shares of common stock outstanding, basic (millions)					238
Average shares of common stock outstanding, diluted (millions)					243
Per share of common stock:					
Basic earnings:					
Income (loss) from continuing operations before extraordinary gain	2.30	0.66	0.36	-	3.32
Exchangeable preferred membership interest buyback premium	-	-	-	-	-
Preference stock dividends	-	-	(0.04)	-	(0.04)
Net income (loss) from continuing operations					
available for common stock	2.30	0.66	0.32	-	3.28
Income (loss) from discontinued operations, net of tax effect	(0.01)	-	0.05	-	0.04
Extraordinary gain, net of tax	-	-	-	-	-
Net income (loss) available for common stock	2.29	0.66	0.37	-	3.32
Diluted earnings:					
Income (loss) from continuing operations before extraordinary gain	2.26	0.65	(1.71) *	-	1.20
Exchangeable preferred membership interest buyback premium	-	-	-	-	-
Preference stock dividends	-	-	(0.04)	-	(0.04)
Net income (loss) from continuing operations					
available for common stock	2.26	0.65	(1.75)	-	1.16
Income (loss) from discontinued operations, net of tax effect	(0.02)	-	0.07	-	0.05
Extraordinary gain, net of tax	-	-	-	-	-
Net income (loss) available for common stock	2.24	0.65	(1.68)	-	1.21
Dividends declared					1.125

* Reflects the dilution adjustment [(\$498) million / 5 million shares

TXU CORP. AND SUBSIDIARIES
SEGMENT CONSOLIDATING INCOME STATEMENT

Year to Date Ended: June 30, 2004

	TXU Energy Holdings	TXU Electric Delivery	Corporate & Other	Eliminations / Rounding	Total
Operating revenues	4,072	1,041	17	(695)	4,435
Direct costs and expenses					
Cost of energy sold including delivery fees	2,602	-	(2)	(680)	1,920
Operating costs	367	355	2	(5)	719
Depreciation and amortization	164	167	1	1	333
Total direct costs and expenses	3,133	522	1	(684)	2,972
Gross margin	939	519	16	(11)	1,463
Other costs and expenses					
Selling, general and administrative expenses	310	103	127	(11)	529
Non-operating depreciation and other amortization	21	3	12	-	36
Franchise and revenue-based taxes	53	117	1	-	171
Other income	(13)	(4)	(10)	2	(25)
Other deductions	281	19	158	(1)	457
Interest income	(8)	(25)	(24)	51	(6)
Interest expense and related charges	172	141	96	(51)	358
Total other costs and expenses	816	354	360	(10)	1,520
Income (loss) from continuing operations before income taxes and extraordinary gain	123	165	(344)	(1)	(57)
Income tax expense (benefit)	26	52	(174)	-	(96)
Income (loss) from continuing operations before extraordinary gain	97	113	(170)	(1)	39
Income (loss) from discontinued operations, net of tax effect	(30)	-	409	1	380
Extraordinary gain, net of tax	-	16	-	-	16
Net income (loss)	67	129	239	-	435
Exchangeable preferred membership interest buyback premium	-	-	849	-	849
Preference stock dividends	-	-	11	-	11
Net income (loss) available to common shareholders	67	129	(621)	-	(425)
Average shares of common stock outstanding, basic (millions)					322
Average shares of common stock outstanding, diluted (millions)					322
Per share of common stock:					
Basic earnings:					
Income (loss) from continuing operations before extraordinary gain	0.30	0.35	(0.53)	-	0.12
Exchangeable preferred membership interest buyback premium	-	-	(2.64)	-	(2.64)
Preference stock dividends	-	-	(0.03)	-	(0.03)
Net income (loss) from continuing operations available for common stock	0.30	0.35	(3.20)	-	(2.55)
Income (loss) from discontinued operations, net of tax effect	(0.09)	-	1.27	-	1.18
Extraordinary gain, net of tax	-	0.05	-	-	0.05
Net income (loss) available for common stock	0.21	0.40	(1.93)	-	(1.32)
Diluted earnings:					
Income (loss) from continuing operations before extraordinary gain	0.30	0.35	(0.53)	-	0.12
Exchangeable preferred membership interest buyback premium	-	-	(2.64)	-	(2.64)
Preference stock dividends	-	-	(0.03)	-	(0.03)
Net income (loss) from continuing operations available for common stock	0.30	0.35	(3.20)	-	(2.55)
Income (loss) from discontinued operations, net of tax effect	(0.09)	-	1.27	-	1.18
Extraordinary gain, net of tax	-	0.05	-	-	0.05
Net income (loss) available for common stock	0.21	0.40	(1.93)	-	(1.32)
Dividends declared					0.250

TXU CORP. AND SUBSIDIARIES

SEGMENT CONSOLIDATING INCOME STATEMENT - VARIANCE

Year to Date Ended June 30, 2005 vs June 30, 2004

	TXU Energy Holdings	TXU Electric Delivery	Corporate & Other	Eliminations / Rounding	Total
Operating revenues	(42)	73	(5)	65	91
Direct costs and expenses					
Cost of energy sold including delivery fees	(330)	-	3	61	(266)
Operating costs	(37)	7	(2)	5	(27)
Depreciation and amortization	(10)	46	3	(1)	38
Total direct costs and expenses	(377)	53	4	65	(255)
Gross margin	335	20	(9)	-	346
Other costs and expenses					
Selling, general and administrative expenses	(83)	(12)	(68)	2	(161)
Non-operating depreciation and other amortization	(19)	(3)	(8)	-	(30)
Franchise and revenue-based taxes	(3)	(3)	1	(1)	(6)
Other income	5	2	(49)	(2)	(44)
Other deductions	(268)	(13)	(147)	-	(428)
Interest income	(13)	(4)	(25)	29	(13)
Interest expense and related charges	13	(5)	47	(29)	26
Total other costs and expenses	(368)	(38)	(249)	(1)	(656)
Income (loss) from continuing operations before income taxes and extraordinary gain	703	58	240	1	1,002
Income tax expense (benefit)	252	14	(15)	-	251
Income (loss) from continuing operations before extraordinary gain	451	44	255	1	751
Income (loss) from discontinued operations, net of tax effect	26	-	(394)	(1)	(369)
Extraordinary gain, net of tax	-	(16)	-	-	(16)
Net income (loss)	477	28	(139)	-	366
Exchangeable preferred membership interest buyback premium	-	-	(849)	-	(849)
Preference stock dividends	-	-	(1)	-	(1)
Net income (loss) available to common shareholders	477	28	711	-	1,216
Average shares of common stock outstanding, basic (millions)					(84)
Average shares of common stock outstanding, diluted (millions)					(79)
Per share of common stock:					
Basic earnings:					
Income (loss) from continuing operations before extraordinary gain	2.00	0.31	0.89	-	3.20
Exchangeable preferred membership interest buyback premium	-	-	2.64	-	2.64
Preference stock dividends	-	-	(0.01)	-	(0.01)
Net income (loss) from continuing operations available for common stock	2.00	0.31	3.52	-	5.83
Income (loss) from discontinued operations, net of tax effect	0.08	-	(1.22)	-	(1.14)
Extraordinary gain, net of tax	-	(0.05)	-	-	(0.05)
Net income (loss) available for common stock	2.08	0.26	2.30	-	4.64
Diluted earnings:					
Income (loss) from continuing operations before extraordinary gain	1.96	0.30	(1.18)	-	1.08
Exchangeable preferred membership interest buyback premium	-	-	2.64	-	2.64
Preference stock dividends	-	-	(0.01)	-	(0.01)
Net income (loss) from continuing operations available for common stock	1.96	0.30	1.45	-	3.71
Income (loss) from discontinued operations, net of tax effect	0.07	-	(1.20)	-	(1.13)
Extraordinary gain, net of tax	-	(0.05)	-	-	(0.05)
Net income (loss) available for common stock	2.03	0.25	0.25	-	2.53
Dividends declared					0.875

TXU CORP. AND SUBSIDIARIES

Condensed Statements of Consolidated Cash Flows

(Unaudited)

	Six Months Ended	
	June 30,	
	2005	2004
	<i>(millions of dollars)</i>	
Cash flows - operating activities:		
Income from continuing operations	\$ 790	\$ 39
Adjustments to reconcile income from continuing operations to cash provided by operating activities:		
Depreciation and amortization	407	400
Deferred income taxes and investment tax credits -- net	4	(143)
(Gain) loss on early extinguishment of debt	(1)	49
Net effect of unrealized mark-to-market valuations of commodity contracts	(18)	31
Asset write-down charges	-	189
Decrease in accrued lease liability for out-of-service assets	(12)	-
Net (gain) loss from sale of assets	(25)	15
Net equity income from unconsolidated affiliates and joint ventures	-	(1)
Change in regulatory-related liabilities	(41)	(40)
Net litigation settlement charge (credit)	(35)	100
Charge for contract counterparty nonperformance	12	-
Stock-based compensation expense	15	22
Amortization of losses on de-designated cash flow hedges	12	13
Bad debt expense	19	47
Changes in operating assets and liabilities	(533)	(234)
Cash provided by operating activities	<u>594</u>	<u>487</u>
Cash flows - financing activities:		
Issuances of securities:		
Long-term debt	71	790
Common stock	4	18
Retirements/repurchases of securities:		
Long-term debt held by subsidiary trusts	-	(237)
Equity-linked debt	(31)	(427)
Other long-term debt	(92)	(1,069)
Exchangeable preferred membership interests	-	(750)
Common stock	(530)	(978)
Preference stock	(300)	-
Change in notes payable:		
Banks	1,110	2,675
Cash dividends paid:		
Common stock	(274)	(80)
Preference stock	(11)	(11)
Premium paid for redemption of exchangeable preferred membership interests	-	(1,093)
Debt premium, discount, financing and reacquisition expenses	(29)	3
Cash used in financing activities	<u>(82)</u>	<u>(1,159)</u>
Cash flows - investing activities:		
Capital expenditures	(507)	(355)
Nuclear fuel	(26)	(47)
Dispositions of businesses	-	991
Other	23	19
Cash provided by (used in) investing activities	<u>(510)</u>	<u>608</u>
Discontinued operations:		
Cash provided by (used in) operating activities	(21)	55
Cash used in financing activities	-	(116)
Cash used in investing activities	(2)	(13)
Cash used in discontinued operations	<u>(23)</u>	<u>(74)</u>
Net change in cash and cash equivalents	(21)	(138)
Cash and cash equivalents -- beginning balance	<u>106</u>	<u>829</u>
Cash and cash equivalents -- ending balance	<u>\$ 85</u>	<u>\$ 691</u>

TXU CORP. AND SUBSIDIARIES

Consolidating Balance Sheet

June 30, 2005

(Dollars in millions)

(Unaudited)

	Energy	Electric Delivery	Other	Eliminations/ Rounding	Total
ASSETS					
Current assets					
Cash and cash equivalents	64	3	19	(1)	85
Restricted cash	9	34	-	-	43
Advances to affiliates	1,620	-	-	(1,620)	-
Accounts receivable - trade	1,033	115	321	(279)	1,190
Income taxes receivable	-	-	111	(111)	-
Accounts receivable - affiliates	-	344	11	(355)	-
Notes or other receivables due from affiliates	-	32	-	(32)	-
Inventories	293	51	3	-	347
Commodity contract assets	999	-	-	-	999
Accumulated deferred income taxes	81	-	93	(24)	150
Other current assets	184	63	50	(2)	295
Total current assets	4,283	642	608	(2,424)	3,109
Investments					
Restricted cash	12	11	4	1	28
Other investments	546	78	6,808	(6,750)	682
Property, plant and equipment - net	9,802	6,845	121	18	16,786
Notes or other receivables due from affiliates	-	371	-	(371)	-
Goodwill	517	25	-	-	542
Regulatory assets - net	-	1,852	-	-	1,852
Commodity contract assets	338	-	-	-	338
Cash flow hedge and other derivative assets	30	-	52	-	82
Other noncurrent assets	236	106	924	(949)	317
Assets held for sale	14	-	-	-	14
Total assets	15,778	9,930	8,517	(10,475)	23,750
LIABILITIES, PREFERRED SECURITIES OF SUBSIDIARIES & SHAREHOLDERS' EQUITY					
Current liabilities					
Notes payable - banks	1,160	160	-	-	1,320
Advances from affiliates	-	42	1,578	(1,620)	-
Long-term debt due currently	431	184	698	-	1,313
Accounts payable - trade	730	102	296	(279)	849
Accounts payable - affiliates	359	-	-	(359)	-
Notes or other liabilities due to affiliates	32	-	-	(32)	-
Commodity contract liabilities	726	-	-	-	726
Litigation and other settlement accruals	-	13	221	-	234
Other current liabilities	757	306	237	(137)	1,163
Total current liabilities	4,195	807	3,030	(2,427)	5,605
Accumulated deferred income taxes	2,106	1,473	-	(887)	2,692
Investment tax credits	334	60	-	1	395
Commodity contract liabilities	526	-	-	-	526
Cash flow hedge and other derivative liabilities	125	-	15	1	141
Notes or other liabilities due to affiliates	371	-	-	(371)	-
Long-term debt, less amounts due currently	2,855	4,153	4,317	-	11,325
Other noncurrent liabilities and deferred credits	890	563	1,201	(66)	2,588
Liabilities held for sale	4	-	-	-	4
Total liabilities	11,406	7,056	8,563	(3,749)	23,276
Preferred securities of subsidiaries	519	-	(481)	-	38
Shareholders' equity					
Preferred stock - not subject to mandatory redemption	-	-	-	-	-
Common stock	-	-	2	-	2
Additional paid in capital	2,263	2,092	2,325	(4,355)	2,325
Retained earnings (deficit)	1,687	810	(1,760)	(2,496)	(1,759)
Accumulated other comprehensive income (loss)	(97)	(28)	(132)	125	(132)
Total shareholders' equity	3,853	2,874	435	(6,726)	436
Total liabilities, preferred securities of subsidiaries & shareholders' equity	15,778	9,930	8,517	(10,475)	23,750

TXU CORP. AND SUBSIDIARIES

Consolidating Balance Sheet

December 31, 2004

(Dollars in millions)

(Unaudited)

	Energy	Electric Delivery	Other	Eliminations/ Rounding	Total
ASSETS					
Current assets					
Cash and cash equivalents	70	-	36	-	106
Restricted cash	6	43	-	-	49
Advances to affiliates	686	-	-	(686)	-
Accounts receivable - trade	1,139	72	400	(337)	1,274
Income taxes receivable	-	-	234	(209)	25
Accounts receivable - affiliates	-	194	-	(194)	-
Notes or other receivables due from affiliates	-	49	-	(49)	-
Inventories	284	33	3	-	320
Commodity contract assets	546	-	-	-	546
Accumulated deferred income taxes	94	-	130	-	224
Other current assets	139	31	85	(6)	249
Total current assets	2,964	422	888	(1,481)	2,793
Investments					
Restricted cash	15	13	19	-	47
Other investments	538	49	6,354	(6,277)	664
Property, plant and equipment - net	9,920	6,609	147	-	16,676
Notes or other receivables due from affiliates	-	386	-	(386)	-
Goodwill	517	25	-	-	542
Regulatory assets - net	-	1,891	-	-	1,891
Commodity contract assets	315	-	-	-	315
Cash flow hedge and other derivative assets	8	-	(2)	-	6
Other noncurrent assets	221	98	725	(761)	283
Assets held for sale	17	-	7	-	24
Total assets	14,515	9,493	8,138	(8,905)	23,241
LIABILITIES, PREFERRED SECURITIES OF SUBSIDIARIES & SHAREHOLDERS' EQUITY					
Current liabilities					
Notes payable - banks	210	-	-	-	210
Advances from affiliates	-	63	623	(686)	-
Long-term debt due currently	31	182	15	1	229
Accounts payable - trade	956	89	370	(338)	1,077
Accounts payable - affiliates	191	-	2	(193)	-
Notes or other liabilities due to affiliates	49	-	-	(49)	-
Commodity contract liabilities	491	-	-	-	491
Litigation and other settlement accruals	-	21	370	-	391
Other current liabilities	803	362	368	(215)	1,318
Total current liabilities	2,731	717	1,748	(1,480)	3,716
Accumulated deferred income taxes	1,927	1,524	-	(730)	2,721
Investment tax credits	342	63	-	-	405
Commodity contract liabilities	347	-	-	-	347
Cash flow hedge and other derivative liabilities	178	-	17	-	195
Notes or other liabilities due to affiliates	386	-	-	(386)	-
Long-term debt, less amounts due currently	3,226	4,199	4,987	-	12,412
Other noncurrent liabilities and deferred credits	1,270	303	1,219	(30)	2,762
Liabilities held for sale	6	-	-	-	6
Total liabilities	10,413	6,806	7,971	(2,626)	22,564
Preferred securities of subsidiaries	511	-	(473)	-	38
Shareholders' equity					
Preferred stock - not subject to mandatory redemption	-	-	300	-	300
Common stock	-	-	2	-	2
Additional paid in capital	2,781	2,061	2,806	(4,842)	2,806
Retained earnings (deficit)	961	653	(2,283)	(1,614)	(2,283)
Accumulated other comprehensive income (loss)	(151)	(27)	(185)	177	(186)
Total shareholders' equity	3,591	2,687	640	(6,279)	639
Total liabilities, preferred securities of subsidiaries & shareholders' equity	14,515	9,493	8,138	(8,905)	23,241

TXU CORP. AND SUBSIDIARIES

Consolidating Balance Sheet - Variance

June 30, 2005 vs December 31, 2004

(Dollars in millions)

(Unaudited)

	Energy	Electric Delivery	Other	Eliminations/ Rounding	Total
ASSETS					
Current assets					
Cash and cash equivalents	(6)	3	(17)	(1)	(21)
Restricted cash	3	(9)	-	-	(6)
Advances to affiliates	934	-	-	(934)	-
Accounts receivable - trade	(106)	43	(79)	58	(84)
Income taxes receivable	-	-	(123)	98	(25)
Accounts receivable - affiliates	-	150	11	(161)	-
Notes or other receivables due from affiliates	-	(17)	-	17	-
Inventories	9	18	-	-	27
Commodity contract assets	453	-	-	-	453
Accumulated deferred income taxes	(13)	-	(37)	(24)	(74)
Other current assets	45	32	(35)	4	46
Total current assets	1,319	220	(280)	(943)	316
Investments					
Restricted cash	(3)	(2)	(15)	1	(19)
Other investments	8	29	454	(473)	18
Property, plant and equipment - net	(118)	236	(26)	18	110
Notes or other receivables due from affiliates	-	(15)	-	15	-
Goodwill	-	-	-	-	-
Regulatory assets - net	-	(39)	-	-	(39)
Commodity contract assets	23	-	-	-	23
Cash flow hedge and other derivative assets	22	-	54	-	76
Other noncurrent assets	15	8	199	(188)	34
Assets held for sale	(3)	-	(7)	-	(10)
Total assets	1,263	437	379	(1,570)	509
LIABILITIES, PREFERRED SECURITIES OF SUBSIDIARIES & SHAREHOLDERS' EQUITY					
Current liabilities					
Notes payable - banks	950	160	-	-	1,110
Advances from affiliates	-	(21)	955	(934)	-
Long-term debt due currently	400	2	683	(1)	1,084
Accounts payable - trade	(226)	13	(74)	59	(228)
Accounts payable - affiliates	168	-	(2)	(166)	-
Notes or other liabilities due to affiliates	(17)	-	-	17	-
Commodity contract liabilities	235	-	-	-	235
Litigation and other settlement accruals	-	(8)	(149)	-	(157)
Other current liabilities	(46)	(56)	(131)	78	(155)
Total current liabilities	1,464	90	1,282	(947)	1,889
Accumulated deferred income taxes	179	(51)	-	(157)	(29)
Investment tax credits	(8)	(3)	-	1	(10)
Commodity contract liabilities	179	-	-	-	179
Cash flow hedge and other derivative liabilities	(53)	-	(2)	1	(54)
Notes or other liabilities due to affiliates	(15)	-	-	15	-
Long-term debt, less amounts due currently	(371)	(46)	(670)	-	(1,087)
Other noncurrent liabilities and deferred credits	(380)	260	(18)	(36)	(174)
Liabilities held for sale	(2)	-	-	-	(2)
Total liabilities	993	250	592	(1,123)	712
Preferred securities of subsidiaries	8	-	(8)	-	-
Shareholders' equity					
Preferred stock - not subject to mandatory redemption	-	-	(300)	-	(300)
Common stock	-	-	-	-	-
Additional paid in capital	(518)	31	(481)	487	(481)
Retained earnings (deficit)	726	157	523	(882)	524
Accumulated other comprehensive income (loss)	54	(1)	53	(52)	54
Total shareholders' equity	262	187	(205)	(447)	(203)
Total liabilities, preferred securities of subsidiaries & shareholders' equity	1,263	437	379	(1,570)	509

TXU Corp. Regulatory Summary

Company	Summary/Events
TXU Energy	<p>Price to Beat (PTB) applies to former franchise area residential and small/medium business (< 1MW of load) customers. Until 1/1/05 TXU Energy was permitted to offer only one rate -- the PTB -- to residential customers. TXU Energy has been permitted to offer rates other than the PTB to small/medium commercial customers since 2004, and as of 1/1/05, has been permitted to offer rates other than the PTB to residential customers. TXU Energy must also make service at the PTB price available until 1/1/07. The fuel component of the PTB can be changed twice per year if gas prices (20-day average of NYMEX 12-month strip) change by more than 5% (10% after 11/15 of any year) from the current price upon which PTB fuel factor is based. Changes in the PTB fuel factor are initiated by TXU Energy through a filing with the PUC.</p> <p>PUC No. 31004 – Application of TXU Energy Retail Company to Increase Price to Beat Fuel Factor filed April 15, 2005</p> <ul style="list-style-type: none">+ Requested 20.8% increase in PTB fuel factor.+ Resulted in a 9.9% increase to residential customers using 1,000 kWh per month.+ Approved by the PUC on May 11, 2005.
TXU Electric Delivery	<p>TXU Electric Delivery general rate case: Authorized ROE of 11.25%, Capital structure of 60% Debt, 40% Equity. Reports are filed annually for review with the PUC.</p> <p>In 2004, certain cities within TXU Electric Delivery’s historical service territory, acting in their role as a regulatory authority (with original jurisdiction), initiated inquiries to determine if the rates of TXU Electric Delivery, which have been established by the Public Utility Commission, are just and reasonable. Twenty-three cities passed such resolutions (and eleven passed resolutions supporting the other cities). TXU Electric Delivery has the right to appeal any city action to the Public Utility Commission. In the fourth quarter of 2004, TXU Electric Delivery recorded a \$21 million charge, reported in other deductions, for estimated settlement payments arising from the resolution of these inquiries. The settlement agreement, which was finalized February 22, 2005, avoids any immediate rate actions, but requires TXU Electric Delivery to file a rate case in 2006, based on a 2005 test year, unless the Cities and TXU Electric Delivery mutually agree that such a filing is unnecessary. TXU Electric Delivery has offered the benefits of the settlement to non-litigant cities. The final settlement amount is undetermined; however, TXU Electric Delivery believes it will approximate the amount accrued.</p> <p>PUC No. 30655 – Petition of TXU Electric Delivery Company for Approval of Transmission Cost Recovery Factor (TCRF) Update</p> <ul style="list-style-type: none">+ The PUC approved TXU Electric Delivery’s proposed TCRF on February 23, 2005 (with new TCRF rates effective March 1, 2005)+ The increase will recover an additional \$1.6 million in annual revenue. <p>PUC No. 31371 - Petition of TXU Electric Delivery Company for Approval of Transmission Cost Recovery Factor (TCRF) Update</p> <ul style="list-style-type: none">+ Filed July 18, 2005, new TCRF rates to be effective September 1, 2005+ Decrease of \$9 million annually, due to reduction in LCRA’s transmission service rate. <p>PUC No. 30802 – Application of TXU Electric Delivery Company for Interim Update of Wholesale Transmission Rates filed February 28, 2005</p> <ul style="list-style-type: none">+ New rate approved and effective April 29, 2005+ Total annualized revenue increase of \$23 million

TXU Corp. Summary of Significant Legal Proceedings

Date Filed	Case Information	Summary and Status
2/18/05	<i>Utility Choice, L.P. and Cirro Group, Inc. v. TXU Corp, et al;</i> Civil Action in United States District Court for the Southern District of Texas, Houston Division	Claims that defendants engaged in anticompetitive conduct. The Court has set a briefing schedule for motions to dismiss.
10/19/2004 – 12/30/2004	<i>In re Natural Gas Anti-Trust Cases I, II, III, IV, and V;</i> Civil Action in San Diego Superior Court.	Ten lawsuits filed in various California superior courts by purported customers v. TXU Corp. and certain subs and other marketers, traders, deliverers and sellers of natural gas in California. Allege that beginning by summer of 2000, defendants manipulated natural gas prices in California in violation of the Cartwright Act and other California state laws.
7/7/2003	<i>Texas Commercial Energy v. TXU Energy, Inc., et al.;</i> Civil Action No. C-03-249; United States District Court for the Southern District of Texas	Filing by an ERCOT market participant against TXU Energy and other wholesale market participants in ERCOT asserting antitrust and other claims. TXU Energy filed a motion to dismiss which was granted and affirmed on appeal by the Fifth Circuit. TCE is seeking further review of this decision.
2/3/2004	<i>Patrick Goodenough, James Brant Hargrave, Kari Lyn Smith and Carl Pfeil, on behalf of the TXU Thrift Plan, and all other persons similarly situated, vs. TXU Corp. et al.;</i> Case No. 3:02-CV-2573-K; United States District Court for the Northern District of Texas, Dallas Division	Plaintiffs seek to represent a class of participants in employee benefit plans claiming violation of ERISA. A second class certification motion is pending before the Court for decision. The court has stayed discovery in this case.
3/10/2003	<i>Kimberly Paige Killebrew, on Behalf of Herself and All Similarly-Situated Individuals v. TXU Corp. and TXU Portfolio Management Company LP,;</i> Cause No. 3:04cv806; United States District Court for the Northern District of Texas, Dallas Division	Filing made by an alleged retail consumer of electricity asserting defendants engaged in manipulation of the wholesale electric market and violation of antitrust and other laws. The case was stayed pending the TCE appeal. With the issuance of the opinion in the TCE case, the TXU Defendants expect to seek dismissal of this litigation.
10/23/2002	<i>Bruce Girdauskas, Derivatively on Behalf of TXU Corp. vs. TXU Corp. et al;</i> Cause No. 02-10191; 116 th Judicial District Court of Dallas County, Texas	Derivative filing made by a purported shareholder alleging breach of fiduciary duty. Plaintiff failed to make a pre-suit demand upon the directors as required by law, and the case is currently stayed.
Jan 2003, Oct 2002, Nov 2002, Dec 2002	<i>Richard Schwartz, et al., v. TXU Corp et al.;</i> Civil Action No.: 3:02-CV-2243-K; United States District Court for the Northern District of Texas, Dallas Division	A consolidated case alleging violations of the Securities Act of 1933 and the Securities Exchange Act of 1934. The case has been settled in exchange for payment of \$150 million, at least \$101 million of which will be paid by TXU's D&O insurance carriers. The Court granted preliminary approval of the settlement and conducted a hearing on final approval on June 23, 2005. The Court has not yet entered an order.
Oct 2003	<i>TXU Europe Claims</i>	On January 28, 2005, TXU entered into a settlement agreement providing for payment of approximately \$220 million to the administrators of TXU Europe Ltd in order to resolve the claims and potential claims of the TXU Europe companies and creditors of those companies against TXU and its directors and officers associated with losses from TXU Europe. Creditor groups approved the settlement but two creditors appealed the overall administration plan to the court. Court action is expected by Q3 or Q4.
3/18/2005	<i>SEC Subpoena</i>	Subpoena requires documents and information from 1/1/01 through 3/31/03. Subpoena states it is a fact finding inquiry and that no violation of law has been concluded. TXU Corp. has substantially responded and will continue to cooperate.

- (1) Although it cannot predict the outcome of each of the litigation matters described above, TXU Corp. believes that each is without merit and intends to vigorously defend them. Detailed descriptions of these proceedings are available in the company's 10-K and 10-Q filings with the SEC.