

TEXAS COMPETITIVE ELECTRIC HOLDINGS COMPANY LLC UNAUDITED PRO FORMA CONDENSED CONSOLIDATED FINANCIAL STATEMENTS

TCEH derived these unaudited pro forma condensed consolidated financial statements by applying pro forma adjustments to the historical consolidated financial statements set forth in its Quarterly Report in Form 10-Q Format for the quarterly period ended September 30, 2007. Capitalized terms and abbreviations used but not defined herein have the meanings ascribed to them under the heading "GLOSSARY."

The unaudited pro forma condensed consolidated balance sheet as of September 30, 2007 gives effect to (a) the Merger and the related financing transactions (the "Merger Transactions"), including the issuance of the existing cash pay notes and the application of the proceeds therefrom, along with cash on hand, to repay all of the outstanding borrowings under the TCEH Senior Interim Facility (which is referred to as the "Interim Facility Refinancing"), as if the Merger Transactions and the Interim Facility Refinancing had occurred on such date. The unaudited pro forma condensed consolidated income statements for the nine months ended September 30, 2007, the year ended December 31, 2006 and the nine months ended September 30, 2006 give effect to the Merger Transactions and the Interim Facility Refinancing as if the Merger Transactions and Interim Facility Refinancing had occurred on January 1, 2006. In addition, in connection with the Merger, EFH Corp. contributed certain of Luminant Construction's assets and liabilities to TCEH, including the three new lignite coal-fueled generation units currently under development. Accordingly, as Luminant Construction and TCEH are under the common control of EFH Corp., these pro forma financial statements reflect the historical results of those certain assets and liabilities of Luminant Construction for all periods in which common control exists (2006 forward). The unaudited pro forma condensed consolidated financial statements are provided for informational purposes only and are not necessarily indicative of what TCEH's financial position or results of operations would have been if the Merger Transactions and the Interim Facility Refinancing had occurred as of the dates indicated, or what TCEH's financial position or results of operations will be for any future periods. Assumptions underlying the pro forma adjustments are described in the accompanying notes, which should be read in conjunction with these unaudited pro forma condensed consolidated financial statements and with the following information:

- unaudited condensed consolidated financial statements and accompanying notes of TCEH as of September 30, 2007 and for the three- and nine-month periods ended September 30, 2007 and 2006; and
- audited consolidated financial statements and accompanying notes of TCEH as of December 31, 2006 and 2005 and for each of the three years ended December 31, 2006.

The Merger was accounted for as a business combination using the purchase method of accounting in accordance with the provisions of SFAS No. 141. For purposes of the Merger, EFH Corp., the indirect parent of TCEH, is the acquired entity. Accordingly, TCEH has adjusted its historical financial information to give effect to the impact of the consideration paid in connection with the Merger. In the unaudited condensed consolidated pro forma balance sheet, Texas Holdings' cost to acquire EFH Corp. has been allocated to the assets to be acquired and liabilities to be assumed based on management's preliminary valuation estimates. For purposes of developing pro forma adjustments, TCEH assumed that the historical values of current assets acquired and current liabilities assumed approximate their fair values, which may change as a result of fair valuation of certain of TCEH's assets including intangible assets and liabilities. A final determination of the purchase accounting adjustments, including the allocation of the purchase price to the assets acquired and liabilities assumed based on their respective fair values has not yet occurred. Accordingly, the purchase accounting adjustments with respect to the Merger made in connection with the development of these unaudited pro forma condensed consolidated financial statements are preliminary and have been made solely for purposes of developing such pro forma financial data. Therefore, final purchase accounting adjustments are subject to revisions based on final determinations of fair values, which may differ materially from the values used herein and may cause future results of operations to differ from the pro forma financial data presented.

The impacts and adjustments in these unaudited pro forma condensed consolidated financial statements are based on events directly related to the Merger Transactions and the Interim Facility Refinancing and do not represent projections or forward-looking statements. The unaudited pro forma financial data is for informational purposes only and should not be considered indicative of actual results that would have been achieved had these events actually been consummated on the dates indicated and do not purport to indicate results of operations as of any future date or for any future period. Further, the unaudited pro forma condensed consolidated financial statements do not reflect the impact of restructuring activities, cost savings, management compensation, nonrecurring charges, annual management fees, employee termination costs, affiliate interest income, and other exit costs that may result from or in connection with the Merger. For example, the unaudited pro forma financial data does not give effect to the \$35 million annual management fee to be paid to the Sponsors. The unaudited pro forma condensed consolidated financial statements do not include certain transaction costs that may be expensed versus capitalized as part of the purchase price. The historical results of TCEH and its subsidiaries are not necessarily indicative of the results that may be expected in any future period after the close of the Merger.

In preparing the unaudited pro forma condensed consolidated financial statements, the primary adjustments to the historical financial statements of TCEH and its subsidiaries were purchase accounting adjustments that include adjustments necessary to (i) allocate the estimated purchase price to the tangible and intangible assets and liabilities of TCEH and its subsidiaries based on their estimated fair values; and (ii) adjust for the impacts related to debt and other financing expected to be issued and retired to consummate the Merger.

TEXAS COMPETITIVE ELECTRIC HOLDINGS COMPANY LLC
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2007

	<u>Historical(a)</u>	<u>Transaction Adjustments</u>	<u>Pro Forma</u>
	(in millions)		
Operating Revenues	\$ 6,300	\$ (273)b	\$ 6,027
Costs and expenses:			
Fuel, purchased power costs and delivery fees	\$ 3,082	\$ 119 c	\$ 3,201
Operating costs	459		459
Depreciation and amortization	244	253 d	497
Selling, general and administrative expenses	435	38 e	473
Franchise and revenue-based taxes	78		78
Other Income	(15)		(15)
Other deductions	(53)		(53)
Interest income	(259)		(259)
Interest expense and related charges	305	1,657 f	1,962
Total costs and expenses	<u>\$ 4,276</u>	<u>\$ 2,067</u>	<u>\$ 6,343</u>
Income (loss) from continuing operations before income taxes..	\$ 2,024	\$ (2,340)	\$ (316)
Income tax expense (benefit)	642	(819)g	(177)
Income (loss) from continuing operations	<u>\$ 1,382</u>	<u>\$ (1,521)</u>	<u>\$ (139)</u>

See accompanying Notes to Unaudited Pro Forma Condensed Consolidated Income Statements, which are an integral part of these statements.

TEXAS COMPETITIVE ELECTRIC HOLDINGS COMPANY LLC
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE YEAR ENDED DECEMBER 31, 2006

	<u>Historical(a)</u>	<u>Transaction Adjustments</u>	<u>Pro Forma</u>
	(in millions)		
Operating Revenues	\$ 9,595	\$ (35) ^b	\$ 9,560
Costs and expenses:			
Fuel, purchased power costs and delivery fees	\$ 3,922	\$ 158 ^c	\$ 4,080
Operating costs	613		613
Depreciation and amortization	333	338 ^d	671
Selling, general and administrative expenses	532	39 ^e	571
Franchise and revenue-based taxes	126		126
Other Income	(25)		(25)
Other deductions	200		200
Interest income	(202)		(202)
Interest expense and related charges	384	2,210 ^f	2,594
Total costs and expenses	<u>\$ 5,883</u>	<u>\$ 2,745</u>	<u>\$ 8,628</u>
Income (loss) from continuing operations before income taxes...	\$ 3,712	\$ (2,780)	\$ 932
Income tax expense (benefit)	1,277	(973) ^g	304
Income (loss) from continuing operations	<u>\$ 2,435</u>	<u>\$ (1,807)</u>	<u>\$ 628</u>

See accompanying Notes to Unaudited Pro Forma Condensed Consolidated Income Statements, which are an integral part of these statements.

TEXAS COMPETITIVE ELECTRIC HOLDINGS COMPANY LLC
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED INCOME STATEMENT
FOR THE NINE MONTHS ENDED SEPTEMBER 30, 2006

	<u>Historical(a)</u>	<u>Transaction Adjustments</u>	<u>Pro Forma</u>
	(in millions)		
Operating Revenues	\$ 7,569	\$ (56) ^b	\$ 7,513
Costs and expenses:			
Fuel, purchased power costs and delivery fees	\$ 3,075	\$ 119 ^c	\$ 3,194
Operating costs	447		447
Depreciation and amortization	251	253 ^d	504
Selling, general and administrative expenses	383	22 ^e	405
Franchise and revenue-based taxes	84		84
Other Income	(11)		(11)
Other deductions	198		198
Interest income	(137)		(137)
Interest expense and related charges	310	1,657 ^f	1,967
Total costs and expenses	<u>\$ 4,600</u>	<u>\$ 2,051</u>	<u>\$ 6,651</u>
Income (loss) from continuing operations before income taxes..	\$ 2,969	\$ (2,107)	\$ 862
Income tax expense (benefit)	1,022	(737) ^g	285
Income (loss) from continuing operations	<u>\$ 1,947</u>	<u>\$ (1,370)</u>	<u>\$ 577</u>

See accompanying Notes to Unaudited Pro Forma Condensed Consolidated Income Statements, which are an integral part of these statements.

TEXAS COMPETITIVE ELECTRIC HOLDINGS COMPANY LLC
NOTES TO UNAUDITED PRO FORMA CONDENSED
CONSOLIDATED INCOME STATEMENTS

- (a) *Historical presentation*—The amounts presented for TCEH are derived from the historical audited consolidated income statements for the year ended December 31, 2006 and TCEH's historical unaudited condensed consolidated income statements for the nine month periods ended September 30, 2007 and September 30, 2006.
- (b) *Revenues*—represents the pro forma adjustments required to record the amortization related to the fair value of intangible liabilities related to sales contracts and other legal or economic rights. For purposes of this adjustment, amortization was determined based on straight-line method over an estimated useful life of 31 years. These adjustments increased revenues by approximately \$17 million, \$23 million and \$17 million for the nine month period ended September 30, 2007, the year ended December 31, 2006 and the nine month period ended September 30, 2006, respectively. Additionally, the pro forma adjustment reflects the historical mark-to-market earnings impact of certain derivative transactions of TXU Generation Development Company LLC that were contributed into TCEH by EFH Corp. immediately prior to the closing of the Merger. These adjustments decreased operating revenues by approximately \$290 million, \$58 million and \$73 million for the nine month period ended September 30, 2007, the year ended December 31, 2006 and the nine month period ended September 30, 2006, respectively. These items are required to be made to the operating revenue line item in the income statement since the activity associated with the underlying contracts or other legal or economic rights have historically been reported as a component of operating revenue.
- (c) *Fuel, purchase power costs and delivery fees*—represents pro forma adjustments required to record the amortization related to the fair value of intangible assets related to contracts, and other legal or economic rights. For purposes of this adjustment, amortization was determined for different categories of intangible assets based on a straight-line method over useful lives ranging from 15 to 28 years. These adjustments increased costs and expenses by approximately \$119 million, \$158 million and \$119 million for the nine month period ended September 30, 2007, the year ended December 31, 2006 and the nine month period ended September 30, 2006, respectively. These adjustments were required to be made to the fuel, purchase power costs and delivery fees line item in the income statement since the activity associated with the underlying contracts, and other legal or economic rights is reported as a component of costs. Adjustments also include additional amortization expense for adjustments to nuclear fuel balances included in property, plant and equipment in the balance sheet.
- (d) *Depreciation and amortization expense*—represents the pro forma adjustment required to adjust in property, plant and equipment to record power generation assets and other tangible property at their respective fair values as well as to record the fair value of customer-based intangible assets. For purposes of this adjustment, depreciation and amortization was determined for different categories of property based on a straight-line method over estimated useful lives ranging from 7 to 45 years. These adjustments increased depreciation expense approximately \$253 million, \$338 million and \$253 million for the nine month period ended September 30, 2007, the year ended December 31, 2006 and the nine month period ended September 30, 2006, respectively. An increase or decrease in the fair value of these assets of \$500 million would result in an increase or decrease in depreciation and amortization expense of approximately \$21 million and \$16 million on an annual and nine months basis, respectively.
- (e) *Selling, general and administrative expense*—represents pro forma adjustments to reflect additional historical expenses recognized by TXU Generation Development Company LLC that were contributed into TCEH by EFH Corp. immediately prior to closing of the Merger.

TEXAS COMPETITIVE ELECTRIC HOLDINGS COMPANY LLC
NOTES TO UNAUDITED PRO FORMA CONDENSED
CONSOLIDATED INCOME STATEMENTS—Continued

- (f) *Interest expense*—represents pro forma adjustments related to the increase in interest expense as a result of the borrowings made in connection with the Merger Transactions, less certain interest expense associated with the debt that is to be repaid as part of the Merger Transactions. In connection with the Merger, approximately \$26,978 million of new debt was incurred by TCEH, with approximately \$4,088 million of existing debt repaid, resulting in a net increase in debt of approximately \$22,890 million. This increase in debt significantly increased the overall interest expense for TCEH. An incremental one-eighth percent increase or decrease in the assumed weighted average rates would increase or decrease interest expense by approximately \$21 million on an annual basis and \$16 million over a nine month period.

Additionally, this adjustment includes interest amounts arising from the fair valuation of the existing debt of TCEH that remained outstanding after the Merger. The final determination of the fair value of the debt will be based on the prevailing market interest rates that were in effect at the time of the closing of the Merger and the necessary adjustment will be amortized as an increase (in the case of a discount to par value) or a decrease (in the case of a premium to par value) to interest expense over the remaining life of each debt issuance.

Further, this adjustment includes amounts to reduce interest expense for the removal of existing deferred financing costs, as well as the addition of interest expense associated with the estimated deferred financing costs of the debt issued in connection with the Merger.

Interest Expense Adjustments:

	9 months	12 months
	(in millions of dollars)	
Cash interest.....	\$ 1,591	\$ 2,122
Amortization of deferred financial costs	53	71
Purchase accounting impacts	13	17
Total	\$ 1,657	\$ 2,210

- (g) *Income tax provision*—represents the pro forma tax effect of the above adjustments based on an estimated statutory rate of approximately 35%. This estimate could change based on changes in the applicable tax rates and finalization of the tax position of TCEH and its subsidiaries.

TEXAS COMPETITIVE ELECTRIC HOLDINGS COMPANY LLC
UNAUDITED PRO FORMA CONDENSED CONSOLIDATED BALANCE SHEET
AS OF SEPTEMBER 30, 2007

	Historical (a)	Transaction Adjustments	Pro Forma
(in millions of dollars)			
Cash and cash equivalents	\$ 628	\$ (270) ^b	\$ 358
Trade accounts receivable—net	804		804
Advances to parent	3,729	(3,729) ^c	—
Note receivable from parent	1,500	(1,500) ^c	—
Inventories	328		328
Commodity and other derivative contractual assets	398		398
Accumulated deferred income taxes	175		175
Margin deposits related to commodity positions	211	(148) ^d	63
Other current assets	57		57
Total current assets	7,830	(5,647)	2,183
Restricted cash	49	1,250 ^e	1,299
Investments	532	130 ^f	662
Property, plant and equipment—net	10,343	8,615 ^{g,n}	18,958
Goodwill	517	19,971 ^h	20,488
Intangible assets	—	3,575 ⁱ	3,575
Commodity and other derivative contractual assets	79		79
Other noncurrent assets	158	394 ^j	552
Total assets	\$ 19,508	\$ 28,288	\$ 47,796
Short-term borrowings	\$ 1,825	\$ (1,825) ^k	\$ —
Long-term debt due currently	1,263	(1,263) ^k	—
Trade accounts payable	670		670
Trade accounts and other payables—affiliates	134		134
Commodity and other derivative contractual liabilities	162		162
Margin deposits related to commodity positions	116		116
Accrued income taxes payable to parent	85		85
Accrued taxes other than income	64		64
Other current liabilities	233	(3) ^l	230
Total current liabilities	4,552	(3,091)	1,461
Accumulated deferred income taxes	2,886	4,098 ^m	6,984
Investment tax credits	300		300
Commodity and other derivative contractual liabilities	438	366 ⁿ	804
Notes or other liabilities due affiliates	305		305
Long-term debt, less amounts due currently	2,749	25,716 ^k	28,465
Other noncurrent liabilities and deferred credits	1,400	645 ^l	2,045
Total liabilities	12,630	27,734	40,364
Membership Interests	6,878	554 ^o	7,432
Total liabilities and Membership Interests	\$ 19,508	\$ 28,288	\$ 47,796

See accompanying Notes to Unaudited Pro Forma Condensed Consolidated Balance Sheet, which are an integral part of these statements.

TEXAS COMPETITIVE ELECTRIC HOLDINGS COMPANY LLC
NOTES TO UNAUDITED PRO FORMA CONDENSED
CONSOLIDATED BALANCE SHEET

- (a) *Historical Presentation*—The amounts presented for TCEH are derived from the historical unaudited condensed consolidated balance sheet as of September 30, 2007.
- (b) *Cash and Cash Equivalents*—represents the pro forma adjustments required to reflect changes resulting from the payment of certain transaction fees and the return of margin deposits related to commodity positions associated with the implementation of the Commodity Collateral Posting Facility.
- (c) *Affiliated and Parent Advances/Notes*—represents pro forma adjustment for the settlement of these historical advances and notes between TCEH and its affiliates of EFH Corp. respectively.
- (d) *Margin deposits related to commodity positions*—represents pro forma adjustments for the return of certain margin deposits related to commodity positions that were returned to TCEH as part of the implementation of the TCEH Commodity Collateral Posting Facility.
- (e) *Restricted cash*—represents pro forma adjustment related to the increase in restricted cash representing cash received from the TCEH Letter of Credit Facility, which was fully funded at the close of the Merger.
- (f) *Investments*—represents the pro forma adjustment required to adjust certain investments in real estate to their fair values.
- (g) *Property, Plant & Equipment*—represents the pro forma adjustment required to record power generation assets, nuclear fuel, and other property, plant and equipment at fair value. This adjustment also includes the elimination of existing accumulated depreciation recorded to date as the property will have a new cost basis to be depreciated. Additionally, this adjustment includes amounts related to fair value estimates for real estate and development projects in process that are currently not part of TCEH's operations. All of these adjustments were determined by using management's estimates and assumptions related to the fair value of the assets based on current market indicators for fuel prices, emissions and regulatory costs, electricity prices, operation and maintenance costs, readily observable real estate transactions, and other market factors. The estimated fair values used in this adjustment are preliminary and are significantly affected by assumptions, changes in which could materially change the resulting fair values. The net increase in property, plant, and equipment will be depreciated over the estimated remaining useful lives of related depreciable assets, which range from 7 to 45 years, while the increase in value related to real estate will not be depreciated for financial reporting purposes.
- (h) *Goodwill*—represents the excess of the purchase price of the transaction over the estimated fair values of the assets acquired and liabilities assumed. The estimated purchase price of \$29,828 million for TCEH was made by an allocation of the total purchase price of EFH Corp. based on the relative enterprise value of TCEH. Under the purchase method of accounting, the total estimated purchase price is allocated to all tangible and identifiable intangible assets acquired and liabilities assumed based on their respective fair values on the date the transaction is consummated (for purposes of this unaudited pro forma condensed consolidated balance sheet that date is assumed to be September 30, 2007). The fair value estimates of the assets and liabilities in this pro forma condensed consolidated balance sheet are preliminary and were developed solely to be used in these statements. Additionally, the fair value estimates are subject to revisions based on a multitude of factors and additional information that may come to TCEH's attention in the future, all of which could have a material affect on the ultimate valuation. The following table summarizes the allocation of fair value to the assets and liabilities of TCEH:

TEXAS COMPETITIVE ELECTRIC HOLDINGS COMPANY LLC
NOTES TO UNAUDITED PRO FORMA CONDENSED
CONSOLIDATED BALANCE SHEET—Continued

Item	Fair Value
	(in millions of dollars)
Property, plant and equipment	\$ (18,958)
Cash and restricted cash	(1,657)
Commodity and other derivative contractual assets	(477)
Other current assets	(1,427)
Investments	(662)
Intangibles	(3,575)
Other noncurrent assets	(552)
Commodity and other derivative contractual liabilities	966
Other current liabilities	1,299
Accumulated deferred income taxes	6,984
Long-term debt, less amounts due currently	28,465
Other noncurrent liabilities	2,650
Membership Interests	7,432
Goodwill	<u>\$ 20,488</u>

In accordance with SFAS No. 142, "Goodwill and Other Intangible Assets," goodwill is not amortized but is required to undergo impairment tests at least annually or more frequently if facts and circumstances indicate an impairment may have occurred. If an impairment exists, goodwill is immediately written down to its fair value through a charge to earnings. Accordingly, goodwill arising from the Merger will be subject to an impairment test at least annually.

Other amounts included in this pro forma adjustment are based on the removal of previously existing goodwill on TCEH's balance sheet of approximately \$517 million.

- (i) *Intangible assets*—represents the pro forma adjustment required to recognize certain identifiable intangible assets of TCEH and its subsidiaries. Intangible assets arise due to certain contractual, legal, or other economic rights, as well as customer relationships, that are separately identifiable from other assets. Several of the intangible assets relate to contracts in our power generation or wholesale business that are not accounted for under mark-to-market accounting since the contracts are not considered derivatives or have been elected to be treated as normal purchases or normal sales under SFAS No. 133. Additionally, an intangible asset will be recognized for the value of environmental emission credits allocated to our power generation fleet by regulatory bodies. The adjustment for emission credits was determined based on current market information utilizing a discounted cash flow valuation. All of the valuations of these intangibles are preliminary and could be materially affected by changes in market prices of fuel, electricity, emission credits, customer revenue streams, and other market factors. The total amount of all intangible assets recognized in this adjustment is approximately \$3,575 million.

The adjustments related to intangible assets will be amortized over the estimated remaining contractual terms ranging from 4 to 34 years, except for the TXU Energy Trademark, which will not be amortized but will be subject to periodic impairment tests.

TEXAS COMPETITIVE ELECTRIC HOLDINGS COMPANY LLC
NOTES TO UNAUDITED PRO FORMA CONDENSED
CONSOLIDATED BALANCE SHEET—Continued

- (j) *Other noncurrent assets*—represents the pro forma adjustments to eliminate \$40 million of deferred financing costs related to existing debt issuances and to recognize deferred financing costs of \$494 million associated with new debt issued related to the Merger.
- (k) *Long-term debt and short-term borrowings*—represents pro forma adjustments for the issuance of new debt in connection with the Merger Transactions, as well as adjustments for the repayment of existing debt of TCEH and the Interim Facility Refinancing.

Also included in this adjustment is the effect of the fair valuation of the existing debt of TCEH and its subsidiaries that remained after the close of the Merger. Those adjustments resulted in an estimated net discount to debt of approximately \$262 million. The final determination of the fair value of the debt will be based on prevailing market interest rates that were in effect at the time of the completion of the Merger and the necessary adjustment will be amortized as an increase (in the case of a discount to par value) or a decrease (in the case of a premium to par value) to interest expense over the remaining life of each debt issuance.

The total pro forma adjustments related to debt are as follows (in millions):

Expected repayment of current debt	\$ (1,825)
Expected repayment of long-term debt	(2,263)
New long-term debt in connection with the Merger	26,978
Discount on existing debt	(262)
Total adjustment	<u>\$ 22,628</u>

- (l) *Other current and noncurrent liabilities*—represents pro forma adjustments to record various unfavorable operating contracts related to transactions that contain unfavorable pricing terms. The amounts relate to power sales agreements, fuel procurement agreements, operating leases and other contracts that are not currently recognized in the historical financial statements. The aggregate adjustment is approximately \$701 million for these contracts. These adjustments were developed using estimated fair values based on current market information. The resulting calculations are preliminary and the final determination of the value of these liabilities will be materially impacted by changes in market prices of fuel, electricity, and other market factors at their fair value.
- (m) *Deferred taxes*—represents pro forma adjustments to record additional net deferred income tax liabilities to account for the differences between book and tax basis of net assets acquired arising from the fair value adjustments. This adjustment was based on an estimated statutory tax rate of approximately 35%, which could change based on changes in the applicable tax rates and finalization of the combined entity's tax position.
- (n) *Luminant Construction*—represents pro forma adjustments to reflect the movement of certain assets and liabilities from TXU Generation Development Company into TCEH. These assets and liabilities consist of construction work-in process balances related to the Oak Grove and Sandow 5 projects and natural gas hedges associated with the long-term hedging program. The adjustment is required for assets contributed to a subsidiary under common control, resulting in an increase in net assets and equity. The adjustment approximated a \$1,742 million increase to property, plant and equipment and a \$366 million increase to commodity and other derivative contract liabilities.
- (o) *Membership Interests*—represents pro forma adjustments for eliminating the historical membership interests of TCEH and the estimated fair value of its equity.

GLOSSARY

When the following terms and abbreviations appear in the text of these unaudited pro forma condensed consolidated financial statements, they have the meanings indicated below.

1999 Restructuring Legislation	legislation that restructured the electric utility industry in Texas to provide for retail competition
2006 Form 10-K	TCEH's Annual Report on Form 10-K for the year ended December 31, 2006
Adjusted EBITDA	Adjusted EBITDA means EBITDA adjusted to exclude non-cash items, unusual items and other adjustments allowable under certain debt arrangements for purposes of covenant compliance under those debt arrangements. EBITDA means net income adjusted to exclude the effects of income taxes, interest expense and depreciation and amortization. Adjusted EBITDA and EBITDA are not recognized terms under GAAP and, thus, are non-GAAP financial measures. TCEH is providing Adjusted EBITDA in this document solely because of the important role that Adjusted EBITDA plays in respect of the certain covenants contained in the debt arrangements. TCEH does not intend for Adjusted EBITDA (or EBITDA) to be an alternative to net income as a measure of operating performance or an alternative to cash flows from operating activities as a measure of liquidity or an alternative to any other measure of financial performance presented in accordance with GAAP. Additionally, TCEH does not intend for Adjusted EBITDA (or EBITDA) to be used as a measure of free cash flow available for management's discretionary use, as the measure excludes certain cash requirements such as interest payments, tax payments and other debt service requirements. Because not all companies use identical calculations, TCEH's presentation of Adjusted EBITDA (and EBITDA) may not be comparable to similarly titled measures of other companies.
Capgemini	Capgemini Energy LP, a subsidiary of Cap Gemini North America Inc. that provides business process support services to TCEH
Commodity Collateral Posting Facility	Refers to TCEH's senior secured cash posting credit facility, which is expected to fund the cash posting requirements for a significant portion of TCEH's long-term hedging program that is not otherwise secured by means of a first lien.
EFC Holdings	Refers to Energy Future Competitive Holdings Company (formerly TXU US Holdings Company), a subsidiary of EFH Corp. and the parent of TCEH, and/or its consolidated subsidiaries, depending on context. This document occasionally makes references to EFC Holdings when describing actions, rights or obligations of its subsidiaries. These references reflect the fact that the subsidiaries are consolidated with EFC Holdings for financial reporting purposes. However, these references should not be interpreted to imply that EFC Holdings is actually undertaking the action or has the rights or obligations of the relevant subsidiary company or that the subsidiary company is undertaking an action or has the rights or obligations of EFC Holdings or of any other affiliate.

EFH Corp.	Refers to Energy Future Holdings Corp. (formerly TXU Corp.), a holding company, and/or its consolidated subsidiaries, depending on context. This document occasionally makes references to EFH Corp. when describing actions, rights or obligations of its subsidiaries. These references reflect the fact that the subsidiaries are consolidated with EFH Corp. for financial reporting purposes. However, these references should not be interpreted to imply that EFH Corp. is actually undertaking the action or has the rights or obligations of the relevant subsidiary company or that the subsidiary company is undertaking an action or has the rights or obligations of EFH Corp. or of any other affiliate.
EPA	US Environmental Protection Agency
EPC	engineering, procurement and construction
ERCOT	Electric Reliability Council of Texas, the Independent System Operator and the regional coordinator of various electricity systems within Texas
FASB	Financial Accounting Standards Board, the designated organization in the private sector for establishing standards for financial accounting and reporting
FERC	US Federal Energy Regulatory Commission
FIN	Financial Accounting Standards Board Interpretation
FIN 45	FIN No. 45, “Guarantor’s Accounting and Disclosure Requirements for Guarantees, Including Indirect Guarantees of Indebtedness of Others – An Interpretation of FASB Statements No. 5, 57, and 107 and Rescission of FASB Interpretation No. 34”
FIN 48	FIN No. 48, “Accounting for Uncertainty in Income Taxes”
Fitch	Fitch Ratings, Ltd. (a credit rating agency)
FSP	FASB Staff Position
GAAP	generally accepted accounting principles
GWh	Gigawatt-hours
historical service territory	the territory, largely in north Texas, being served by EFH Corp.’s regulated electric utility subsidiary at the time of entering retail competition on January 1, 2002
IRS	US Internal Revenue Service
kWh	kilowatt-hours
LIBOR	London Interbank Offered Rate. An interest rate at which banks can borrow funds, in marketable size, from other banks in the London interbank market.
Luminant Construction	Refers to subsidiaries (formerly referred to as TXU DevCo) of TCEH established for the purpose of developing and constructing new generation facilities. In connection with the Merger, certain of these subsidiaries that were subsidiaries of EFH Corp. became subsidiaries of TCEH, and certain assets of EFH Corp. subsidiaries were transferred to subsidiaries of TCEH.
Luminant Energy	Luminant Energy Company LLC (formerly TXU Portfolio Management Company LP), a subsidiary of TCEH that engages in certain wholesale markets activities

Luminant Entities	Refers to wholly-owned subsidiaries of TCEH engaged in competitive market activities consisting of electricity generation, development and construction of new generation facilities, wholesale energy sales and purchases as well as commodity risk management and trading activities, all largely in Texas.
Luminant Power	Refers to subsidiaries of TCEH engaged in electricity generation activities.
market heat rate	Heat rate is a measure of the efficiency of converting a fuel source to electricity. The market heat rate is based on the price offer of the marginal supplier in Texas (generally natural gas plants) in generating electricity and is calculated by dividing the wholesale market price of electricity by the market price of natural gas.
Merger	The transaction referred to in "Merger Agreement" immediately below that was completed on October 10, 2007.
Merger Agreement	Agreement and Plan of Merger, dated February 25, 2007, under which Texas Holdings agreed to acquire EFH Corp.
Merger Sub	Texas Energy Future Merger Sub Corp, a Texas corporation and a wholly-owned subsidiary of Texas Holdings that was merged into EFH Corp. on October 10, 2007
MMBtu	million British thermal units
Moody's	Moody's Investors Services, Inc. (a credit rating agency)
MW	megawatts
MWh	megawatt-hours
NRC	US Nuclear Regulatory Commission
Oncor	refers to Oncor Electric Delivery Company LLC (formerly TXU Electric Delivery Company), a wholly-owned subsidiary of Oncor Holdings, and/or its consolidated bankruptcy-remote financing subsidiary, Oncor Electric Delivery Transition Bond Company LLC, depending on context
Oncor Holdings	Refers to Oncor Electric Delivery Holdings Company LLC, a wholly-owned subsidiary of Energy Future Intermediate Holding Company LLC, which is a wholly-owned subsidiary of EFH Corp.
price-to-beat rate	residential and small business customer electricity rates established by the PUCT that (i) were required to be charged in a REP's historical service territories until the earlier of January 1, 2005 or the date when 40% of the electricity consumed by such customer classes was supplied by competing REPs, adjusted periodically for changes in fuel costs, and (ii) were required to be made available to those customers until January 1, 2007
PUCT	Public Utility Commission of Texas
PURA	Texas Public Utility Regulatory Act
REP	retail electric provider
RRC	Railroad Commission of Texas, which has oversight of lignite mining activity
S&P	Standard & Poor's Ratings Services, a division of the McGraw Hill Companies Inc. (a credit rating agency)
SEC	US Securities and Exchange Commission

SFAS	Statement of Financial Accounting Standards issued by the FASB
SFAS 34	SFAS No. 34, “Capitalization of Interest Cost”
SFAS 109	SFAS No. 109, “Accounting for Income Taxes”
SFAS 133	SFAS No. 133, “Accounting for Derivative Instruments and Hedging Activities” as amended and interpreted
SFAS 140	SFAS No. 140, “Accounting for Transfers and Servicing of Financial Assets and Extinguishments of Liabilities, a replacement of FASB Statement 125”
SG&A	selling, general and administrative
short-cut method	Refers to the short-cut method under SFAS 133 that allows entities to assume no hedge ineffectiveness in a hedging relationship of interest rate risk if certain conditions are met.
Sponsor Group	Collectively, the investment funds affiliated with Kohlberg Kravis Roberts & Co. L.P., TPG Capital, L.P. and Goldman Sachs & Co.
TCEH	Refers to Texas Competitive Electric Holdings Company LLC (formerly TXU Energy Company LLC), a direct subsidiary of EFC Holdings and an indirect subsidiary of EFH Corp., and/or its consolidated subsidiaries, depending on context, engaged in electricity generation, wholesale and retail energy markets and development and construction activities. This document occasionally makes references to TCEH when describing actions, rights or obligations of its subsidiaries. These references reflect the fact that the subsidiaries are consolidated with TCEH for financial reporting purposes. However, these references should not be interpreted to imply that TCEH is actually undertaking the action or has the rights or obligations of the relevant subsidiary company or that the subsidiary company is undertaking an action or has the rights or obligations of TCEH or of any other affiliate.
TCEH Finance	Refers to TCEH Finance, Inc., a wholly-owned subsidiary of TCEH, formed for the sole purpose of serving as co-issuer with TCEH of certain debt securities.
TCEH Letter of Credit Facility	Refers to TCEH’s senior secured letter of credit facility in an aggregate principal amount of up to \$1.25 billion.
TCEQ	Texas Commission on Environmental Quality
Texas Holdings	Refers to Texas Energy Future Holdings Limited Partnership, a Delaware limited partnership controlled by the Sponsor Group that is the parent of EFH Corp.
TXU Energy	Refers to TXU Energy Retail Company LLC (formerly TXU Energy Retail Company LP), a subsidiary of TCEH engaged in the retail sale of power to residential and business customers.
TXU Generation Development	Refers to TXU Generation Development Company LLC, a direct, wholly-owned subsidiary of EFH Corp. established for the purpose of developing new generation facilities. This subsidiary did not become a subsidiary of TCEH in connection with the Merger.
US	United States of America