

TXU CORP. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED CASH FLOWS

	Year Ended December 31,		
	2005	2004	2003
	(millions of dollars)		
Cash flows — operating activities:			
Income from continuing operations before extraordinary gain (loss) and cumulative effect of changes in accounting principles.....	\$ 1,775	\$ 81	\$ 566
Adjustments to reconcile income from continuing operations before extraordinary gain (loss) and cumulative effect of changes in accounting principles to cash provided by operating activities:			
Depreciation and amortization.....	836	826	791
Deferred income taxes and investment tax credits — net.....	481	(11)	(40)
Losses on early extinguishment of debt.....	—	416	—
Asset writedown charges.....	11	196	—
Lease impairment charge (credit).....	(16)	180	—
Net gain from sales of assets.....	(89)	(135)	(45)
Net losses from unrealized mark-to-market valuations of commodity contracts.....	18	109	100
Net litigation settlement charge.....	—	84	—
Bad debt expense.....	56	90	119
Stock-based compensation expense.....	32	56	25
Amortization of losses on dedesignated cash flow hedges.....	20	26	28
Amortization of gain on dedesignated fair value hedges.....	(10)	(15)	(21)
Charge for contract counterparty nonperformance.....	12	—	—
Net equity (income) loss from unconsolidated affiliates and joint ventures.....	—	(1)	17
Change in regulatory-related liabilities.....	(81)	(70)	(144)
Changes in operating assets and liabilities:			
Accounts receivable - trade.....	(335)	(246)	173
Impact of accounts receivable sales program.....	197	(73)	100
Inventories.....	(55)	15	(46)
Accounts payable - trade.....	(47)	223	(40)
Commodity contract assets and liabilities.....	76	(5)	24
Cash flow hedge and other derivative assets and liabilities.....	(9)	(22)	83
Margin deposits - net.....	61	34	25
Other — net assets.....	35	(165)	364
Other — net liabilities.....	(175)	165	334
Cash provided by operating activities.....	<u>2,793</u>	<u>1,758</u>	<u>2,413</u>
Cash flows — financing activities:			
Issuances of securities:			
Long-term debt.....	180	5,090	2,846
Common stock.....	83	112	23
Retirements/repurchases of securities:			
Long-term debt held by subsidiary trusts.....	—	(546)	—
Equity-linked debt securities.....	(106)	(1,105)	—
Other long-term debt.....	(269)	(3,088)	(2,187)
Exchangeable preferred membership interests.....	—	(750)	—
Preference stock.....	(300)	—	—
Preferred securities of subsidiaries.....	(38)	(75)	(98)
Common stock.....	(1,137)	(4,687)	—
Change in notes payable:			
Commercial paper.....	358	—	—
Banks.....	230	210	(2,305)
Cash dividends paid:			
Common stock.....	(544)	(150)	(160)
Preference stock.....	(11)	(22)	(22)
Premium paid for redemption of exchangeable preferred membership interests.....	—	(1,102)	—
Redemption deposits applied to debt retirements.....	—	—	210
Excess tax benefit on stock-based compensation.....	28	—	—
Debt premium, discount, financing and reacquisition expenses.....	(37)	(406)	(38)
Cash used in financing activities.....	<u>(1,563)</u>	<u>(6,519)</u>	<u>(1,731)</u>

TXU CORP. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED CASH FLOWS (CONT.)

	Year Ended December 31,		
	2005	2004	2003
	(millions of dollars)		
Cash flows — investing activities:			
Capital expenditures.....	(1,047)	(912)	(721)
Nuclear fuel.....	(57)	(87)	(44)
Dispositions of businesses.....	—	4,814	14
Acquisition of telecommunications partner's interest.....	—	—	(150)
Proceeds from sales of assets.....	70	27	10
Change in collateral trust.....	—	525	(525)
Proceeds from sales of nuclear decommissioning trust fund securities.....	191	88	251
Investments in nuclear decommissioning trust fund securities.....	(206)	(103)	(266)
Other, including transaction costs.....	11	(72)	31
Cash provided by (used in) investing activities.....	<u>(1,038)</u>	<u>4,280</u>	<u>(1,400)</u>
Discontinued operations:			
Cash provided by (used in) operating activities.....	(265)	(79)	338
Cash provided by (used in) financing activities.....	—	(10)	97
Cash provided by (used in) investing activities.....	4	(153)	(409)
Effect of exchange rate changes.....	—	—	8
Cash provided by (used in) discontinued operations.....	<u>(261)</u>	<u>(242)</u>	<u>34</u>
Net change in cash and cash equivalents.....	(69)	(723)	(684)
Cash and cash equivalents — beginning balance.....	<u>106</u>	<u>829</u>	<u>1,513</u>
Cash and cash equivalents — ending balance.....	<u>\$ 37</u>	<u>\$ 106</u>	<u>\$ 829</u>

See Notes to Financial Statements.