

TXU CORP. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED INCOME

	Year Ended December 31,		
	2005	2004	2003
	(millions of dollars, except per share amounts)		
Operating revenues	<u>\$10,437</u>	<u>\$9,308</u>	<u>\$8,600</u>
Costs and expenses:			
Fuel, purchased power costs and delivery fees	4,036	3,847	3,640
Operating costs	1,425	1,429	1,389
Depreciation and amortization	776	760	724
Selling, general and administrative expenses	781	1,091	907
Franchise and revenue-based taxes	364	367	390
Other income	(151)	(148)	(58)
Other deductions	45	1,172	42
Interest income	(48)	(28)	(36)
Interest expense and related charges	<u>802</u>	<u>695</u>	<u>784</u>
Total costs and expenses	<u>8,030</u>	<u>9,185</u>	<u>7,782</u>
Income from continuing operations before income taxes, extraordinary gain (loss) and cumulative effect of changes in accounting principles	2,407	123	818
Income tax expense	<u>632</u>	<u>42</u>	<u>252</u>
Income from continuing operations before extraordinary gain (loss) and cumulative effect of changes in accounting principles	1,775	81	566
Income from discontinued operations, net of tax effect (Note 4)	5	378	74
Extraordinary gain (loss), net of tax effect (Note 5)	(50)	16	—
Cumulative effect of changes in accounting principles, net of tax effect (Note 3)	<u>(8)</u>	<u>10</u>	<u>(58)</u>
Net income	\$ 1,722	\$ 485	\$ 582
Exchangeable preferred membership interest buyback premium (Note 8)	—	849	—
Preference stock dividends	<u>10</u>	<u>22</u>	<u>22</u>
Net income (loss) available for common stock	<u>\$ 1,712</u>	<u>\$ (386)</u>	<u>\$ 560</u>
Average shares of common stock outstanding (millions):			
Basic	476	600	643
Diluted	486	600	758
Per share of common stock — Basic:			
Income from continuing operations before extraordinary gain (loss) and cumulative effect of changes in accounting principles	\$ 3.73	\$ 0.13	\$ 0.88
Exchangeable preferred membership interest buyback premium	—	(1.41)	—
Preference stock dividends	<u>(0.02)</u>	<u>(0.04)</u>	<u>(0.03)</u>
Net income (loss) from continuing operations available for common stock	3.71	(1.32)	0.85
Income from discontinued operations, net of tax effect	0.01	0.63	0.11
Extraordinary gain (loss), net of tax effect	(0.10)	0.03	—
Cumulative effect of changes in accounting principles, net of tax effect	<u>(0.02)</u>	<u>0.02</u>	<u>(0.09)</u>
Net income (loss) available for common stock	<u>\$ 3.60</u>	<u>\$ (0.64)</u>	<u>\$ 0.87</u>
Per share of common stock — Diluted:			
Income from continuing operations before extraordinary gain (loss) and cumulative effect of changes in accounting principles	\$ 2.63	\$ 0.13	\$ 0.82
Exchangeable preferred membership interest buyback premium	—	(1.41)	—
Preference stock dividends	<u>(0.02)</u>	<u>(0.04)</u>	<u>(0.03)</u>
Net income (loss) from continuing operations available for common stock	2.61	(1.32)	0.79
Income from discontinued operations, net of tax effect	0.01	0.63	0.10
Extraordinary gain (loss), net of tax effect	(0.10)	0.03	—
Cumulative effect of changes in accounting principles, net of tax effect	<u>(0.02)</u>	<u>0.02</u>	<u>(0.08)</u>
Net income (loss) available for common stock	<u>\$ 2.50</u>	<u>\$ (0.64)</u>	<u>\$ 0.81</u>
Dividends declared	\$ 1.26	\$ 0.47	\$ 0.25

See Notes to Financial Statements.