

TXU CORP. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED INCOME

	Year Ended December 31,		
	2006	2005	2004
	(millions of dollars, except per share amounts)		
Operating revenues	<u>\$10,856</u>	<u>\$10,662</u>	<u>\$9,216</u>
Costs and expenses:			
Fuel, purchased power costs and delivery fees	2,784	4,261	3,755
Operating costs	1,373	1,425	1,429
Depreciation and amortization	830	776	760
Selling, general and administrative expenses	819	781	1,091
Franchise and revenue-based taxes	390	364	367
Other income	(121)	(151)	(148)
Other deductions	269	45	1,172
Interest income	(46)	(48)	(28)
Interest expense and related charges	<u>830</u>	<u>802</u>	<u>695</u>
Total costs and expenses	<u>7,128</u>	<u>8,255</u>	<u>9,093</u>
Income from continuing operations before income taxes, extraordinary gain (loss) and cumulative effect of changes in accounting principles	3,728	2,407	123
Income tax expense	<u>1,263</u>	<u>632</u>	<u>42</u>
Income from continuing operations before extraordinary gain (loss) and cumulative effect of changes in accounting principles	2,465	1,775	81
Income from discontinued operations, net of tax effect (Note 3)	87	5	378
Extraordinary gain (loss), net of tax effect (Note 4)	—	(50)	16
Cumulative effect of changes in accounting principles, net of tax effect (Note 5)	<u>—</u>	<u>(8)</u>	<u>10</u>
Net income	<u>\$ 2,552</u>	<u>\$ 1,722</u>	<u>\$ 485</u>
Exchangeable preferred membership interest buyback premium (Note 17)	—	—	849
Preference stock dividends	<u>—</u>	<u>10</u>	<u>22</u>
Net income (loss) available for common stock	<u>\$ 2,552</u>	<u>\$ 1,712</u>	<u>\$ (386)</u>
Average shares of common stock outstanding (millions):			
Basic	460	476	600
Diluted	467	486	600
Per share of common stock — Basic:			
Net income (loss) from continuing operations available for common stock	\$ 5.36	\$ 3.71	\$ (1.32)
Income from discontinued operations, net of tax effect	0.19	0.01	0.63
Extraordinary gain (loss), net of tax effect	—	(0.10)	0.03
Cumulative effect of changes in accounting principles, net of tax effect	<u>—</u>	<u>(0.02)</u>	<u>0.02</u>
Net income (loss) available for common stock	<u>\$ 5.55</u>	<u>\$ 3.60</u>	<u>\$ (0.64)</u>
Per share of common stock — Diluted:			
Net income (loss) from continuing operations available for common stock	\$ 5.27	\$ 2.61	\$ (1.32)
Income from discontinued operations, net of tax effect	0.19	0.01	0.63
Extraordinary gain (loss), net of tax effect	—	(0.10)	0.03
Cumulative effect of changes in accounting principles, net of tax effect	<u>—</u>	<u>(0.02)</u>	<u>0.02</u>
Net income (loss) available for common stock	<u>\$ 5.46</u>	<u>\$ 2.50</u>	<u>\$ (0.64)</u>
Dividends declared	\$ 1.67	\$ 1.26	\$ 0.47

See Notes to Financial Statements.