

TXU CORP. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED SHAREHOLDERS' EQUITY

	Year Ended December 31,		
	2006	2005	2004
	(millions of dollars)		
Common stock without par value (number of authorized shares — 1,000,000,000):			
Balance at beginning of year	5	2	48
Effect of two-for-one stock split	—	3	—
Issuances under Direct Stock Purchase and Dividend Reinvestment Plan	—	—	4
Effects of stock-based incentive compensation plans	—	—	5
Issuance of shares under equity-linked debt securities.....	—	—	101
Value of Thrift Plan shares released by LESOP trustee (Note 21)	—	—	3
Cancellation of repurchased common stock	—	—	(161)
Other	—	—	2
Balance at end of year (number of shares outstanding: 2006 — 459,244,523; 2005 — 470,845,978; and 2004 — 479,705,760)	<u>5</u>	<u>5</u>	<u>2</u>
Additional paid-in capital:			
Balance at beginning of year	1,840	2,806	8,097
Common stock repurchases	(1,012)	(1,092)	(4,737)
Net premium on repurchase of exchangeable preferred membership interests	—	—	(849)
Discount (premium) on repurchase of equity-linked debt securities (related to equity component) and reversal of contract adjustment payment liability ...	—	(13)	96
Effects of stock-based incentive compensation plans	27	33	38
Excess tax benefit on stock-based compensation	41	28	—
Cancellation of repurchased common stock	—	—	161
Issuance of shares under equity-linked debt securities.....	180	75	—
Value of Thrift Plan shares released by LESOP trustee (Note 21)	2	1	—
Effects of executive deferred compensation plan	13	—	—
Effect of two-for-one stock split	—	(3)	—
Other	<u>13</u>	<u>5</u>	<u>—</u>
Balance at end of year.....	<u>\$ 1,104</u>	<u>\$ 1,840</u>	<u>\$ 2,806</u>

TXU CORP. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED SHAREHOLDERS' EQUITY (CONT.)

	Year Ended December 31,		
	2006	2005	2004
	(millions of dollars)		
Retained earnings:			
Balance at beginning of year	\$ (1,168)	\$ (2,283)	\$ (2,498)
Net income	2,552	1,722	485
Dividends declared on common stock (\$1.67, \$1.26 and \$0.47 per share).....	(768)	(598)	(251)
Dividends on preference stock (\$0, \$3,278 and \$7,240 per share)	—	(10)	(22)
LESOP dividend deduction tax benefit and other	<u>6</u>	<u>1</u>	<u>3</u>
Balance at end of year	<u>622</u>	<u>(1,168)</u>	<u>(2,283)</u>
Accumulated other comprehensive gain (loss), net of tax effects:			
Foreign currency translation adjustments:			
Balance at beginning of year	—	—	145
Change during the year	—	—	(90)
Amounts related to disposed businesses	<u>—</u>	<u>—</u>	<u>(55)</u>
Balance at end of year	<u>—</u>	<u>—</u>	<u>—</u>
Pension and other postretirement employee benefit liability adjustments:			
Balance at beginning of year	(60)	(14)	(38)
Change in minimum pension liability	71	(46)	23
SFAS 158 transition adjustment	(13)	—	—
Amounts related to disposed businesses	<u>—</u>	<u>—</u>	<u>1</u>
Balance at end of year	<u>(2)</u>	<u>(60)</u>	<u>(14)</u>
Amounts related to cash flow hedges:			
Balance at beginning of year	(142)	(172)	(135)
Change during the year	553	30	(38)
Amounts related to disposed businesses	<u>—</u>	<u>—</u>	<u>1</u>
Balance at end of year	<u>411</u>	<u>(142)</u>	<u>(172)</u>
Total accumulated other comprehensive gain (loss) at end of year	<u>409</u>	<u>(202)</u>	<u>(186)</u>
Total common stock equity at end of year	<u>2,140</u>	<u>475</u>	<u>339</u>
Preference stock:			
Balance at beginning of year	\$ —	\$ 300	\$ 300
Preference stock redemption	<u>—</u>	<u>(300)</u>	<u>—</u>
Balance at end of year	<u>—</u>	<u>—</u>	<u>300</u>
Shareholders' equity at end of year	<u>\$ 2,140</u>	<u>\$ 475</u>	<u>\$ 639</u>

See Notes to Financial Statements.