

TEXAS COMPETITIVE ELECTRIC HOLDINGS COMPANY LLC
CONDENSED STATEMENTS OF CONSOLIDATED INCOME (LOSS)

(Unaudited)
(millions of dollars)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Operating revenues	\$ 2,607	\$ 2,433	\$ 6,599	\$ 6,144
Fuel, purchased power costs and delivery fees	(1,400)	(1,187)	(3,521)	(2,987)
Net gain from commodity hedging and trading activities	992	123	2,272	1,003
Operating costs	(197)	(161)	(623)	(504)
Depreciation and amortization	(345)	(303)	(1,027)	(862)
Selling, general and administrative expenses	(183)	(192)	(546)	(555)
Franchise and revenue-based taxes	(24)	(27)	(72)	(74)
Impairment of goodwill	(4,100)	—	(4,100)	(70)
Other income	6	33	95	38
Other deductions	(3)	(6)	(12)	(19)
Interest income	23	21	65	40
Interest expense and related charges	(852)	(770)	(2,516)	(1,331)
Income (loss) before income taxes	(3,476)	(36)	(3,386)	823
Income tax (expense) benefit	(214)	11	(260)	(330)
Net income (loss)	(3,690)	(25)	(3,646)	493
Net (income) loss attributable to noncontrolling interests	—	—	—	—
Net income (loss) attributable to TCEH	<u>\$ (3,690)</u>	<u>\$ (25)</u>	<u>\$ (3,646)</u>	<u>\$ 493</u>

TEXAS COMPETITIVE ELECTRIC HOLDINGS COMPANY LLC
CONDENSED STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME (LOSS)
(Unaudited)
(millions of dollars)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2010</u>	<u>2009</u>	<u>2010</u>	<u>2009</u>
Net income (loss).....	\$ (3,690)	\$ (25)	\$ (3,646)	\$ 493
Other comprehensive income (loss), net of tax effects:				
Cash flow hedges:				
Net decrease in fair value of derivatives (net of tax benefit of \$—, \$2, \$— and \$11).....	—	(4)	—	(20)
Derivative value net loss related to hedged transactions recognized during the period and reported in net income (loss) (net of tax benefit of \$7, \$21, \$25 and \$53).....	<u>13</u>	<u>41</u>	<u>49</u>	<u>99</u>
Total effect of cash flow hedges	<u>13</u>	<u>37</u>	<u>49</u>	<u>79</u>
Comprehensive income (loss).....	(3,677)	12	(3,597)	572
Comprehensive (income) loss attributable to noncontrolling interests.....	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Comprehensive income (loss) attributable to TCEH.....	<u>\$ (3,677)</u>	<u>\$ 12</u>	<u>\$ (3,597)</u>	<u>\$ 572</u>

TEXAS COMPETITIVE ELECTRIC HOLDINGS COMPANY LLC
CONDENSED STATEMENTS OF CONSOLIDATED CASH FLOWS
(Unaudited)
(millions of dollars)

	<u>Nine Months Ended</u> <u>September 30, 2010</u>	<u>Nine Months Ended</u> <u>September 30, 2009</u>
Cash flows — operating activities:		
Net income (loss)	\$ (3,646)	\$ 493
Adjustments to reconcile net income (loss) to cash provided by operating activities:		
Depreciation and amortization	1,265	1,158
Deferred income tax expense – net	281	158
Impairment of goodwill	4,100	70
Increase of toggle notes in lieu of cash interest	110	98
Net gain on sale of assets	(81)	(1)
Unrealized net gains from mark-to-market valuations of commodity positions	(1,615)	(713)
Unrealized net (gains) losses from mark-to-market valuations of interest rate swaps	542	(527)
Losses on dedesignated cash flow hedges (interest rate swaps)	73	140
Bad debt expense	88	87
Stock-based incentive compensation expense	5	5
Reversal of use tax accrual	—	(23)
Other, net	6	7
Changes in operating assets and liabilities:		
Impact of accounts receivable securitization program	(383)	284
Margin deposits — net	164	260
Other operating assets and liabilities	92	(19)
Cash provided by operating activities	<u>1,001</u>	<u>1,477</u>
Cash flows — financing activities:		
Issuances of long-term debt	—	522
Repayments of long-term debt	(240)	(215)
Net short-term borrowings under accounts receivable securitization program	228	—
Decrease in other short-term borrowings	(873)	—
Notes/loans from affiliates	770	(3)
Decrease in income tax-related note payable to Oncor	(27)	(26)
Contributions from noncontrolling interests	24	42
Debt issuance costs	—	(33)
Other, net	29	—
Cash provided by (used in) financing activities	<u>(89)</u>	<u>287</u>
Cash flows — investing activities:		
Net notes/loans to affiliates	(258)	(532)
Capital expenditures	(676)	(1,106)
Nuclear fuel purchases	(84)	(157)
Money market fund redemptions	—	142
Proceeds from sale of assets	141	40
Reduction of restricted cash related to letter of credit facility	—	115
Other changes in restricted cash	(31)	3
Proceeds from sale of environmental allowances and credits	7	22
Purchases of environmental allowances and credits	(13)	(23)
Proceeds from sales of nuclear decommissioning trust fund securities	937	2,972
Investments in nuclear decommissioning trust fund securities	(949)	(2,983)
Other, net	(9)	18
Cash used in investing activities	<u>(935)</u>	<u>(1,489)</u>
Net change in cash and cash equivalents	(23)	275
Cash received from VIE	7	—
Cash and cash equivalents — beginning balance	94	479
Cash and cash equivalents — ending balance	<u>\$ 78</u>	<u>\$ 754</u>

TEXAS COMPETITIVE ELECTRIC HOLDINGS COMPANY LLC
CONDENSED CONSOLIDATED BALANCE SHEETS

(Unaudited)
(millions of dollars)

	September 30,	December 31,
	2010	2009
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 78	\$ 94
Restricted cash.....	31	1
Trade accounts receivable — net, (2010 includes \$885 in pledged amounts related to a VIE).....	1,244	1,009
Notes receivable from affiliates.....	1,690	1,432
Income taxes receivable from parent.....	6	—
Inventories.....	388	393
Commodity and other derivative contractual assets.....	3,383	2,339
Accumulated deferred income taxes.....	44	—
Margin deposits related to commodity positions.....	196	187
Other current assets.....	<u>42</u>	<u>47</u>
Total current assets.....	7,102	5,502
Restricted cash.....	1,135	1,135
Receivable from affiliate.....	—	85
Investments.....	573	590
Property, plant and equipment — net.....	20,309	20,980
Goodwill.....	6,152	10,252
Identifiable intangible assets — net.....	2,437	2,593
Commodity and other derivative contractual assets.....	2,553	1,533
Other noncurrent assets, principally unamortized debt issuance costs.....	<u>466</u>	<u>553</u>
Total assets.....	<u>\$ 40,727</u>	<u>\$ 43,223</u>
LIABILITIES AND MEMBERSHIP INTERESTS		
Current liabilities:		
Short-term borrowings (2010 includes \$228 related to a VIE).....	\$ 308	\$ 953
Advances from parent.....	3	3
Long-term debt due currently.....	233	294
Trade accounts payable.....	632	748
Trade accounts and other payables to affiliates.....	245	203
Notes payable to affiliate.....	770	—
Commodity and other derivative contractual liabilities.....	2,899	2,310
Margin deposits related to commodity positions.....	693	520
Accrued income taxes payable to parent.....	—	53
Accumulated deferred income taxes.....	—	1
Accrued taxes other than income.....	103	75
Accrued interest.....	504	303
Other current liabilities.....	<u>228</u>	<u>338</u>
Total current liabilities.....	6,618	5,801
Accumulated deferred income taxes.....	5,831	5,523
Commodity and other derivative contractual liabilities.....	1,422	1,060
Notes or other liabilities due affiliates.....	372	217
Long-term debt held by affiliates.....	427	143
Long-term debt, less amounts due currently.....	29,175	29,516
Other noncurrent liabilities and deferred credits.....	<u>2,224</u>	<u>2,746</u>
Total liabilities.....	46,069	45,006
Commitments and Contingencies		
Membership interests:		
TCEH membership interests.....	(5,421)	(1,831)
Noncontrolling interests in subsidiaries.....	<u>79</u>	<u>48</u>
Total membership interests.....	<u>(5,342)</u>	<u>(1,783)</u>
Total liabilities and membership interests.....	<u>\$ 40,727</u>	<u>\$ 43,223</u>