

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

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	(millions of dollars)			
Operating revenues	\$ 2,321	\$ 2,607	\$ 5,672	\$ 6,599
Fuel, purchased power costs and delivery fees.....	(1,058)	(1,400)	(2,726)	(3,521)
Net gain from commodity hedging and trading activities.....	270	992	365	2,272
Operating costs.....	(207)	(197)	(670)	(623)
Depreciation and amortization.....	(371)	(345)	(1,097)	(1,027)
Selling, general and administrative expenses.....	(192)	(183)	(529)	(546)
Franchise and revenue-based taxes.....	(21)	(24)	(64)	(72)
Impairment of goodwill	—	(4,100)	—	(4,100)
Other income.....	4	6	37	95
Other deductions	(478)	(3)	(568)	(12)
Interest income	20	23	66	65
Interest expense and related charges.....	<u>(1,372)</u>	<u>(852)</u>	<u>(3,020)</u>	<u>(2,516)</u>
Loss before income taxes.....	(1,084)	(3,476)	(2,534)	(3,386)
Income tax (expense) benefit.....	<u>375</u>	<u>(214)</u>	<u>874</u>	<u>(260)</u>
Net loss.....	<u>\$ (709)</u>	<u>\$ (3,690)</u>	<u>\$ (1,660)</u>	<u>\$ (3,646)</u>

CONDENSED STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME (LOSS)
(Unaudited)

	<u>Three Months Ended September 30,</u>		<u>Nine Months Ended September 30,</u>	
	<u>2011</u>	<u>2010</u>	<u>2011</u>	<u>2010</u>
	(millions of dollars)			
Net loss.....	\$ (709)	\$ (3,690)	\$ (1,660)	\$ (3,646)
Other comprehensive income, net of tax effects — derivative value net loss related to hedged transactions recognized during the period and reported in net loss (net of tax benefit of \$2, \$7, \$9 and \$25).....	<u>4</u>	<u>13</u>	<u>15</u>	<u>49</u>
Comprehensive loss	<u>\$ (705)</u>	<u>\$ (3,677)</u>	<u>\$ (1,645)</u>	<u>\$ (3,597)</u>

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

	Nine Months Ended September 30,	
	2011	2010
	(millions of dollars)	
Cash flows — operating activities:		
Net loss	\$ (1,660)	\$ (3,646)
Adjustments to reconcile net loss to cash provided by operating activities:		
Depreciation and amortization	1,291	1,231
Deferred income tax expense (benefit) – net	(1,311)	281
Impairment of emissions allowances	418	—
Severance charges	49	—
Impairment of assets related to mining operations	9	—
Impairment of goodwill	—	4,100
Unrealized net (gain) loss from mark-to-market valuations of commodity positions	247	(1,615)
Unrealized net loss from mark-to-market valuations of interest rate swaps	879	542
Interest expense on toggle notes payable in additional principal	122	170
Amortization of debt related costs, discounts, fair value discounts and losses on dedesignated cash flow hedges	168	170
Third-party fees related to debt amendment and extension transactions (reported as financing)	86	—
Bad debt expense	42	88
Accretion expense related to asset retirement and mining reclamation obligations	36	33
Stock-based incentive compensation expense	3	5
Net gain on sale of assets	(2)	(81)
Other, net	7	7
Changes in operating assets and liabilities:		
Impact of accounts receivable securitization program	—	(383)
Margin deposits – net	277	164
Other operating assets and liabilities	389	(65)
Cash provided by operating activities	<u>1,050</u>	<u>1,001</u>
Cash flows — financing activities:		
Notes due to affiliates	—	770
Issuances of long-term debt	1,750	—
Repayments/repurchases of long-term debt	(982)	(240)
Net short-term borrowings under accounts receivable securitization program	115	228
Decrease in other short-term borrowings	(1,126)	(873)
Decrease in income tax-related note payable to Oncor	(28)	(27)
Contributions from noncontrolling interests	13	24
Debt amendment, exchange and issuance costs, including third-party fees expensed	(843)	—
Other, net	(1)	29
Cash used in financing activities	<u>(1,102)</u>	<u>(89)</u>
Cash flows — investing activities:		
Capital expenditures	(361)	(676)
Nuclear fuel purchases	(125)	(84)
Notes due from affiliates	522	(258)
Proceeds from sales of assets	49	141
Reduction of restricted cash related to TCEH letter of credit facility	188	—
Other changes in restricted cash	(50)	(31)
Proceeds from sales of environmental allowances and credits	2	7
Purchases of environmental allowances and credits	(12)	(13)
Proceeds from sales of nuclear decommissioning trust fund securities	2,385	937
Investments in nuclear decommissioning trust fund securities	(2,398)	(949)
Other, net	7	(9)
Cash provided by (used in) investing activities	<u>207</u>	<u>(935)</u>
Net change in cash and cash equivalents	155	(23)
Effect of consolidation of VIE	—	7
Cash and cash equivalents — beginning balance	<u>47</u>	<u>94</u>
Cash and cash equivalents — ending balance	<u>\$ 202</u>	<u>\$ 78</u>

TEXAS COMPETITIVE ELECTRIC HOLDINGS COMPANY LLC
CONDENSED CONSOLIDATED BALANCE SHEETS
(Unaudited)

	<u>September 30,</u> <u>2011</u>	<u>December 31,</u> <u>2010</u>
(millions of dollars)		
ASSETS		
Current assets:		
Cash and cash equivalents.....	\$ 202	\$ 47
Restricted cash.....	84	33
Trade accounts receivable — net (includes \$731 and \$612 in pledged amounts related to a VIE).....	1,014	991
Advances to parent.....	2	8
Notes receivable from affiliates.....	1,404	1,921
Inventories.....	358	395
Commodity and other derivative contractual assets.....	2,465	2,640
Accumulated deferred income taxes.....	4	—
Margin deposits related to commodity positions.....	59	166
Other current assets.....	<u>44</u>	<u>37</u>
Total current assets.....	5,636	6,238
Restricted cash.....	947	1,135
Investments.....	587	601
Property, plant and equipment — net.....	19,351	20,155
Goodwill.....	6,152	6,152
Identifiable intangible assets — net.....	1,847	2,371
Commodity and other derivative contractual assets.....	1,496	2,071
Other noncurrent assets, principally unamortized debt amendment and issuance costs.....	<u>1,033</u>	<u>416</u>
Total assets.....	<u>\$ 37,049</u>	<u>\$ 39,139</u>
LIABILITIES AND MEMBERSHIP INTERESTS		
Current liabilities:		
Short-term borrowings (includes \$211 and \$96 related to a VIE).....	\$ 211	\$ 1,221
Long-term debt due currently.....	444	649
Trade accounts payable.....	555	669
Trade accounts and other payables to affiliates.....	244	210
Commodity and other derivative contractual liabilities.....	1,673	2,164
Margin deposits related to commodity positions.....	801	631
Accrued income taxes payable to parent.....	365	21
Accumulated deferred income taxes.....	—	7
Accrued taxes other than income.....	103	130
Accrued interest.....	552	300
Other current liabilities.....	<u>266</u>	<u>250</u>
Total current liabilities.....	5,214	6,252
Accumulated deferred income taxes.....	4,622	5,929
Commodity and other derivative contractual liabilities.....	1,725	869
Notes or other liabilities due affiliates.....	336	384
Long-term debt held by affiliates.....	342	343
Long-term debt, less amounts due currently.....	29,251	28,199
Other noncurrent liabilities and deferred credits.....	<u>2,246</u>	<u>2,222</u>
Total liabilities.....	43,736	44,198
Commitments and Contingencies		
Membership Interests:		
Total TCEH membership interests.....	(6,787)	(5,146)
Noncontrolling interests in subsidiaries.....	<u>100</u>	<u>87</u>
Total membership interests.....	<u>(6,687)</u>	<u>(5,059)</u>
Total liabilities and membership interests.....	<u>\$ 37,049</u>	<u>\$ 39,139</u>