

TEXAS COMPETITIVE ELECTRIC HOLDINGS COMPANY LLC
STATEMENTS OF CONSOLIDATED INCOME (LOSS)
(Millions of Dollars)
(Unaudited)

	Year Ended December 31,		
	2010	2009	2008
Operating revenues.....	\$ 8,235	\$ 7,911	\$ 9,787
Fuel, purchased power costs and delivery fees.....	(4,371)	(3,934)	(5,600)
Net gain from commodity hedging and trading activities.....	2,161	1,736	2,184
Operating costs.....	(837)	(693)	(676)
Depreciation and amortization.....	(1,380)	(1,172)	(1,092)
Selling, general and administrative expenses.....	(722)	(741)	(679)
Franchise and revenue-based taxes.....	(106)	(108)	(110)
Impairment of goodwill.....	(4,100)	(70)	(8,000)
Other income.....	903	59	34
Other deductions.....	(18)	(63)	(1,263)
Interest income.....	91	64	60
Interest expense and related charges.....	<u>(2,837)</u>	<u>(1,833)</u>	<u>(3,918)</u>
Income (loss) before income taxes.....	(2,981)	1,156	(9,273)
Income tax (expense) benefit.....	<u>(402)</u>	<u>(447)</u>	<u>411</u>
Net income (loss).....	<u>\$ (3,383)</u>	<u>\$ 709</u>	<u>\$ (8,862)</u>

TEXAS COMPETITIVE ELECTRIC HOLDINGS COMPANY LLC
STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME (LOSS)
(Millions of Dollars)
(Unaudited)

	Year Ended December 31,		
	2010	2009	2008
Net income (loss)	\$ (3,383)	\$ 709	\$ (8,862)
Other comprehensive income (loss), net of tax effects:			
Cash flow hedges:			
Net decrease in fair value of derivatives (net of tax benefit of \$-, \$10 and \$98).....	-	(20)	(181)
Derivative value net loss related to hedged transactions recognized during the period and reported in net income (loss) (net of tax benefit of \$31, \$72 and \$66)	59	129	122
Total other comprehensive income (loss)	59	109	(59)
Comprehensive income (loss)	<u>\$ (3,324)</u>	<u>\$ 818</u>	<u>\$ (8,921)</u>

TEXAS COMPETITIVE ELECTRIC HOLDINGS COMPANY LLC
STATEMENTS OF CONSOLIDATED CASH FLOWS
(Millions of Dollars)
(Unaudited)

	Year Ended December 31,		
	2010	2009	2008
Cash flows — operating activities			
Net income (loss)	\$ (3,383)	\$ 709	\$ (8,862)
Adjustments to reconcile net income (loss) to cash provided by operating activities:			
Depreciation and amortization	1,701	1,568	1,536
Deferred income tax expense (benefit) – net	402	373	(378)
Impairment of goodwill	4,100	70	8,000
Unrealized net gains from mark-to-market valuations of commodity positions	(1,221)	(1,225)	(2,329)
Debt extinguishment gains	(687)	—	—
Interest expense on toggle notes payable in additional principal	217	207	33
Unrealized net (gains) losses from mark-to-market valuations of interest rate swaps	207	(696)	1,477
Gain on termination of long-term power sales contract	(116)	—	—
Bad debt expense	108	116	81
Losses on redesignated cash flow hedges (interest rate swaps)	88	183	66
Net gains on sale of assets	(81)	(5)	—
Stock-based incentive compensation expense	7	4	10
Net equity loss from unconsolidated affiliate	5	7	10
Reversal of reserves recorded in purchase accounting	—	(34)	—
Impairment of land	—	34	—
Impairment of emission allowances intangible assets	—	—	501
Impairment of trade name intangible asset	—	—	481
Impairment of natural gas-fueled generation facilities	—	—	229
Charge related to Lehman bankruptcy	—	—	26
Other — net	13	2	(22)
Changes in operating assets and liabilities:			
Affiliate accounts receivable/payable – net	5	49	42
Accounts receivable – trade	258	(104)	(491)
Impact of accounts receivable securitization program	(383)	(33)	53
Inventories	(6)	(32)	(12)
Accounts payable – trade	(149)	(142)	366
Commodity and other derivative contractual assets and liabilities	(44)	(64)	(28)
Margin deposits – net	132	248	595
Other – net assets	134	109	355
Other – net liabilities	(28)	48	(79)
Cash provided by operating activities	<u>\$ 1,279</u>	<u>\$ 1,392</u>	<u>\$ 1,660</u>

TEXAS COMPETITIVE ELECTRIC HOLDINGS COMPANY LLC
STATEMENTS OF CONSOLIDATED CASH FLOWS (CONT.)
(Millions of Dollars)
(Unaudited)

	Year Ended December 31,		
	2010	2009	2008
Cash flows — financing activities			
Issuances of long-term debt/securities:			
Pollution control revenue bonds.....	—	—	242
Other long-term debt	353	522	1,443
Repayments/repurchases of long-term debt/securities:			
Pollution control revenue bonds.....	—	—	(242)
Other long-term debt	(638)	(272)	(612)
Net short-term borrowings under accounts receivable securitization program.....	96	—	—
Increase (decrease) in other short-term borrowings	172	53	462
Notes/loans from affiliates.....	—	(1)	5
Decrease in income tax-related note payable to Oncor	(37)	(35)	(34)
Contributions from noncontrolling interests.....	32	48	—
Debt discount, financing and reacquisition expenses.....	(13)	(34)	(1)
Other — net.....	34	4	37
Cash (used in) provided by financing activities	<u>\$ (1)</u>	<u>\$ 285</u>	<u>\$ 1,300</u>
Cash flows — investing activities			
Net notes/loans to affiliates.....	\$ (496)	\$ (834)	\$ (572)
Capital expenditures.....	(796)	(1,324)	(1,908)
Nuclear fuel purchases	(106)	(197)	(166)
Money market fund redemptions (investments)	—	142	(142)
Reduction of letter of credit facility deposited with trustee	—	115	—
Reduction of restricted cash related to pollution control revenue bonds	—	—	29
Other changes in restricted cash.....	(33)	3	(4)
Proceeds from sale of assets.....	141	41	29
Proceeds from sales of environmental allowances and credits.....	12	19	39
Purchases of environmental allowances and credits.....	(30)	(19)	(34)
Cash settlements related to outsourcing contract termination.....	—	—	41
Proceeds from sales of nuclear decommissioning trust fund securities ...	974	3,064	1,623
Investments in nuclear decommissioning trust fund securities	(990)	(3,080)	(1,639)
Other — net.....	(8)	8	8
Cash used in investing activities	<u>\$ (1,332)</u>	<u>\$ (2,062)</u>	<u>\$ (2,696)</u>
Net change in cash and cash equivalents.....	\$ (54)	\$ (385)	\$ 264
Effect of consolidation of VIE.....	7	—	—
Cash and cash equivalents — beginning balance.....	<u>94</u>	<u>479</u>	<u>215</u>
Cash and cash equivalents — ending balance	<u>\$ 47</u>	<u>\$ 94</u>	<u>\$ 479</u>

TEXAS COMPETITIVE ELECTRIC HOLDINGS COMPANY LLC
CONSOLIDATED BALANCE SHEETS
(Millions of Dollars)
(Unaudited)

	December 31,	
	2010	2009
ASSETS		
Current assets:		
Cash and cash equivalents	\$ 47	\$ 94
Restricted cash	33	1
Trade accounts receivable — net, (2010 includes \$612 in pledged amounts related to a VIE).....	991	1,009
Advances to parent.....	8	—
Notes receivable from affiliates.....	1,921	1,432
Inventories.....	395	393
Commodity and other derivative contractual assets.....	2,640	2,339
Margin deposits related to commodity positions	166	187
Other current assets.....	<u>37</u>	<u>47</u>
Total current assets.....	6,238	5,502
Restricted cash	1,135	1,135
Receivable from affiliate	—	85
Investments	601	590
Property, plant and equipment — net.....	20,155	20,980
Goodwill.....	6,152	10,252
Identifiable intangible assets — net.....	2,371	2,593
Commodity and other derivative contractual assets.....	2,071	1,533
Other noncurrent assets, principally unamortized debt issuance costs	416	553
Total assets.....	<u>\$ 39,139</u>	<u>\$ 43,223</u>
LIABILITIES AND MEMBERSHIP INTERESTS		
Current liabilities:		
Short-term borrowings (2010 includes \$96 related to a VIE).....	\$ 1,221	\$ 953
Advances from parent.....	—	3
Long-term debt due currently	649	294
Trade accounts payable.....	669	748
Trade accounts and other payables to affiliates.....	210	203
Commodity and other derivative contractual liabilities	2,164	2,310
Margin deposits related to commodity positions	631	520
Accrued income taxes payable to parent.....	21	53
Accumulated deferred income taxes.....	7	1
Accrued taxes other than income.....	130	75
Accrued interest	300	303
Other current liabilities	<u>250</u>	<u>338</u>
Total current liabilities	6,252	5,801
Accumulated deferred income taxes.....	5,929	5,523
Commodity and other derivative contractual liabilities	869	1,060
Notes or other liabilities due affiliates.....	384	217
Long-term debt held by affiliates	343	143
Long-term debt, less amounts due currently	28,199	29,516
Other noncurrent liabilities and deferred credits	<u>2,222</u>	<u>2,746</u>
Total liabilities.....	<u>44,198</u>	<u>45,006</u>
Commitments and Contingencies		
Membership interests:		
Capital account.....	(5,078)	(1,704)
Accumulated other comprehensive income (loss).....	<u>(68)</u>	<u>(127)</u>
Total TCEH membership interests.....	<u>(5,146)</u>	<u>(1,831)</u>
Noncontrolling membership interests	<u>87</u>	<u>48</u>
Total membership interests.....	<u>(5,059)</u>	<u>(1,783)</u>
Total liabilities and membership interests	<u>\$ 39,139</u>	<u>\$ 43,223</u>

TEXAS COMPETITIVE ELECTRIC HOLDINGS COMPANY LLC
STATEMENTS OF CONSOLIDATED MEMBERSHIP INTERESTS
(Millions of Dollars)
(Unaudited)

	Year Ended December 31,		
	2010	2009	2008
Membership interests:			
Capital account:			
Balance as of beginning of period.....	\$ (1,704)	\$ (2,418)	\$ 6,393
Net income (loss).....	(3,383)	709	(8,862)
Effects of purchase accounting push-down.....	—	—	48
Effects of stock-based incentive compensation plans.....	8	5	3
Other.....	1	—	—
Balance as of end of period.....	<u>(5,078)</u>	<u>(1,704)</u>	<u>(2,418)</u>
Accumulated other comprehensive income (loss), net of tax effects (a):			
Balance as of beginning of period.....	(127)	(236)	(177)
Change during period.....	59	109	(59)
Balance as of end of period.....	<u>(68)</u>	<u>(127)</u>	<u>(236)</u>
Total TCEH membership interests as of end of period.....	<u>(5,146)</u>	<u>(1,831)</u>	<u>(2,654)</u>
Noncontrolling interests in subsidiaries:			
Balance as of beginning of period.....	48	—	—
Investment in subsidiary by noncontrolling interests.....	32	48	—
Effect of consolidation of TXU Receivables Company.....	7	—	—
Noncontrolling interests in subsidiaries as of end of period.....	<u>87</u>	<u>48</u>	<u>—</u>
Total membership interests as of end of period.....	<u>\$ (5,059)</u>	<u>\$ (1,783)</u>	<u>\$ (2,654)</u>

(a) All amounts relate to cash flow hedges.