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WHO WE ARE AND WHAT WE DO

TXU Corp., based in Dallas, is one of the nation's largest electric companies. With \$9.3 billion in operating revenues in 2004, TXU ranks in the top half of the Fortune 500. TXU has grown with Texas and helped power its development since 1882. Today the Texas electricity market is the nation's fastest growing, and TXU is well into its second century of producing, marketing, selling and delivering an essential service that enhances people's lives. TXU conducts its operations primarily through three core businesses. TXU Energy markets and sells electricity and related services to more than 2.5 million retail customers and the wholesale markets. Its retail electric provider is the largest competitive electricity retailer in the state and nation. Its wholesale business buys power and schedules TXU's generating plants to serve customers with dependable, economical power. Additionally, TXU Energy is a leading purchaser of wind-generated electricity in North America. TXU Power is the largest producer of electricity in Texas and the second-largest unregulated generator in the U.S. It owns or leases over 18,300 megawatts of generation, including 2,300 MW of nuclear capacity and 5,837 MW of lignite/coal capacity. TXU Power supplies 70% of the fuel used at its lignite/coal plants through one of the nation's largest surface coal-mining operations. TXU Electric Delivery provides reliable delivery of electricity to approximately three million consumers, or about a third of the state's population, across 92 counties and 370 incorporated municipalities. It is the largest electric transmission and distribution business in the state and the sixth largest in the nation, with a network of 14,200 miles of transmission lines and 99,600 miles of distribution lines. Visit www.txucorp.com for more information about TXU.

SELECTED FINANCIAL AND OPERATING METRICS¹

\$ millions unless otherwise noted

	2004 ²	2003 ³	% change ⁴
Financial — Consolidated			
Revenues	\$ 9,308	\$ 8,600	8
Income from continuing operations	\$ 81	\$ 566	(86)
Income from continuing operations – per diluted share	\$ 0.27	\$ 1.63	(83)
Operational earnings	\$ 887	\$ 544	63
Operational earnings – per diluted share	\$ 2.82	\$ 1.58	78
Dividends declared – per share	\$ 0.938	\$ 0.500	88
Cash from operations	\$ 1,758	\$ 2,413	(27)
Normalized operating cash flow	\$ 2,166	\$ 1,477	47
Normalized free cash flow	\$ 1,167	\$ 712	64
ROIC (on operational earnings) – percent	8.4	5.6	50
EBITDA/interest – ratio	4.0	3.0	33
Debt/EBITDA – ratio	4.2	5.1	(18)
Operating — Businesses			
<u>TXU Energy</u>			
Customer service			
Average speed to answer (December) – seconds	10	76	(87)
Average speed to answer (12 months) – seconds	39	268	(85)
Integrated voice recognition system (average handle time) – seconds	79	116	(32)
Change in total mass market customers ⁵ – percent	2.7	4.1	(34)
Retail bad-debt expense	95	121	(21)
<u>TXU Power</u>			
Capacity factor – percent			
Nuclear	94.3	88.1	7
Lignite/coal	86.2	84.7	2
Gas plant commercial availability – percent	96.7	97.5	(1)
Safety (lost time incidents) – incidents per 200,000 hours	0.05	0.08	(38)
<u>TXU Electric Delivery</u>			
System Average Interruption Duration Index (SAIDI) – minutes	75.5	74.2	2
System Average Interruption Frequency Index (SAIFI) – interruptions	1.10	1.17	(6)
Safety (lost time incidents) – incidents per 200,000 hours	0.21	0.22	(5)

¹ This annual report includes certain non-GAAP (Generally Accepted Accounting Principles) financial measures that management uses to measure performance. Reconciliation of these measures to the most directly comparable GAAP measures and financial definitions are included on page 11. See Management's Discussion and Analysis of Financial Condition and Results of Operations in Form 10-K.

² Results for 2004 are significantly impacted by charges related to the comprehensive restructuring plan as described in Management's Discussion and Analysis of Financial Condition and Results of Operations in Form 10-K.

³ Results for 2003 have been reclassified to reflect certain operations as discontinued operations. See Note 4 to Financial Statements in Form 10-K.

⁴ Blue indicates improvement.

⁵ Mass market customers represent TXU Energy's total retail customers, excluding large-business customers.