

TXU CORP. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED CASH FLOWS

	Year Ended December 31,		
	2004	2003	2002
	(millions of dollars)		
Cash flows — operating activities			
Income from continuing operations before extraordinary gain (loss) and cumulative effect of changes in accounting principles.....	\$ 81	\$ 566	\$ 105
Adjustments to reconcile income from continuing operations before extraordinary gain (loss) and cumulative effect of changes in accounting principles to cash provided by operating activities:			
Depreciation and amortization.....	826	791	804
Deferred income taxes and investment tax credits — net.....	(11)	(40)	21
Losses on early extinguishment of debt.....	416	—	40
Asset writedowns and lease-related charges.....	376	—	237
Net gain from sales of assets.....	(135)	(45)	(30)
Net effect of unrealized mark-to-market valuations of commodity contracts.....	109	100	113
Litigation settlement charge.....	84	—	—
Bad debt expense.....	90	119	160
Stock-based compensation expense.....	56	25	1
Net equity (income) loss from unconsolidated affiliates and joint ventures.....	(1)	17	255
Change in regulatory-related liabilities.....	(70)	(144)	34
Changes in operating assets and liabilities:			
Accounts receivable - trade.....	(246)	173	(632)
Impact of accounts receivable sales program.....	(73)	100	(15)
Inventories.....	15	(46)	(48)
Accounts payable - trade.....	185	(24)	108
Commodity contract assets and liabilities.....	(5)	24	(45)
Margin deposits - net.....	34	25	—
Other — net assets.....	(133)	290	(97)
Other — net liabilities.....	160	482	41
Cash provided by operating activities.....	<u>1,758</u>	<u>2,413</u>	<u>1,052</u>
Cash flows — financing activities			
Issuances of securities:			
Long-term debt.....	5,090	2,846	4,446
Common stock.....	112	23	1,274
Retirements/repurchases of securities:			
Long-term debt held by subsidiary trusts.....	(546)	—	—
Equity-linked debt securities.....	(1,105)	—	—
Other long-term debt.....	(3,088)	(2,187)	(3,407)
Exchangeable preferred membership interests.....	(750)	—	—
Preferred securities of subsidiaries.....	(75)	(98)	—
Common stock.....	(4,687)	—	—
Change in notes payable:			
Commercial paper.....	—	—	(854)
Banks.....	210	(2,305)	1,490
Cash dividends paid:			
Common stock.....	(150)	(160)	(652)
Preference stock.....	(22)	(22)	(22)
Premium paid for redemption of exchangeable preferred membership interests.....	(1,102)	—	—
Redemption deposits applied to debt retirements.....	—	210	(210)
Debt premium, discount, financing and reacquisition expenses.....	(406)	(38)	(283)
Cash provided by (used in) financing activities.....	<u>(6,519)</u>	<u>(1,731)</u>	<u>1,782</u>
Cash flows — investing activities			
Capital expenditures.....	(912)	(721)	(813)
Dispositions of businesses.....	4,814	14	—
Acquisition of telecommunications partner's interest.....	—	(150)	—
Proceeds from sales of assets.....	27	10	447
Change in collateral trust.....	525	(525)	—
Nuclear fuel.....	(87)	(44)	(51)
Other, including transaction costs.....	(87)	16	(186)
Cash provided by (used in) investing activities.....	<u>4,280</u>	<u>(1,400)</u>	<u>(603)</u>
Effect of exchange rate changes on cash and cash equivalents.....	—	—	6
Cash provided (used by) discontinued operations.....	(242)	34	(919)
Net change in cash and cash equivalents.....	(723)	(684)	1,318
Cash and cash equivalents — beginning balance.....	829	1,513	195
Cash and cash equivalents — ending balance.....	<u>\$ 106</u>	<u>\$ 829</u>	<u>\$ 1,513</u>

See Notes to Financial Statements.