

**TXU CORP. AND SUBSIDIARIES**  
**STATEMENTS OF CONSOLIDATED INCOME**

	Year Ended December 31,		
	2004	2003	2002
	(millions of dollars, except per share amounts)		
<b>Operating revenues</b> .....	<u>\$9,308</u>	<u>\$ 8,600</u>	<u>\$ 8,094</u>
Costs and expenses:			
Cost of energy sold and delivery fees .....	3,847	3,640	3,199
Operating costs .....	1,429	1,389	1,354
Depreciation and amortization .....	760	724	733
Selling, general and administrative expenses .....	1,091	907	1,046
Franchise and revenue-based taxes .....	367	390	428
Other income .....	(148)	(58)	(41)
Other deductions .....	1,172	42	533
Interest income .....	(28)	(36)	(33)
Interest expense and related charges .....	695	784	693
Total costs and expenses .....	<u>9,185</u>	<u>7,782</u>	<u>7,912</u>
Income from continuing operations before income taxes, extraordinary gain (loss) and cumulative effect of changes in accounting principles .....	123	818	182
Income tax expense .....	<u>42</u>	<u>252</u>	<u>77</u>
Income from continuing operations before extraordinary gain (loss) and cumulative effect of changes in accounting principles .....	81	566	105
Income (loss) from discontinued operations, net of tax effect .....	378	74	(4,181)
Extraordinary gain (loss), net of tax effect .....	16	—	(134)
Cumulative effect of changes in accounting principles, net of tax effect .....	<u>10</u>	<u>(58)</u>	<u>—</u>
<b>Net income (loss)</b> .....	<u>\$ 485</u>	<u>\$ 582</u>	<u>\$(4,210)</u>
Exchangeable preferred membership interest buyback premium (Note 9) .....	849	—	—
Preference stock dividends .....	<u>22</u>	<u>22</u>	<u>22</u>
<b>Net income (loss) available for common stock</b> .....	<u>\$ (386)</u>	<u>\$ 560</u>	<u>\$(4,232)</u>
Average shares of common stock outstanding (millions):			
Basic .....	300	322	278
Diluted .....	300	379	278
Per share of common stock— Basic:			
Income from continuing operations before extraordinary gain (loss) and cumulative effect of changes in accounting principles .....	\$ 0.27	\$ 1.76	\$ 0.37
Exchangeable preferred membership interest buyback premium .....	(2.83)	—	—
Preference stock dividends .....	<u>(0.07)</u>	<u>(0.07)</u>	<u>(0.08)</u>
Net income (loss) from continuing operations available for common stock .....	(2.63)	1.69	0.29
Income (loss) from discontinued operations, net of tax effect .....	1.26	0.23	(15.04)
Extraordinary gain (loss), net of tax effect .....	0.05	—	(0.48)
Cumulative effect of changes in accounting principles, net of tax effect .....	<u>0.03</u>	<u>(0.18)</u>	<u>—</u>
Net income (loss) available for common stock .....	<u>\$ (1.29)</u>	<u>\$ 1.74</u>	<u>\$(15.23)</u>
Per share of common stock— Diluted:			
Income from continuing operations before extraordinary gain (loss) and cumulative effect of changes in accounting principles .....	\$ 0.27	\$ 1.63	\$ 0.37
Exchangeable preferred membership interest buyback premium .....	(2.83)	—	—
Preference stock dividends .....	<u>(0.07)</u>	<u>(0.06)</u>	<u>(0.08)</u>
Net income (loss) from continuing operations available for common stock .....	(2.63)	1.57	0.29
Income (loss) from discontinued operations, net of tax effect .....	1.26	0.20	(15.04)
Extraordinary gain (loss), net of tax effect .....	0.05	—	(0.48)
Cumulative effect of changes in accounting principles, net of tax effect .....	<u>0.03</u>	<u>(0.15)</u>	<u>—</u>
Net income (loss) available for common stock .....	<u>\$ (1.29)</u>	<u>\$ 1.62</u>	<u>\$(15.23)</u>
Dividends declared .....	\$ 0.938	\$ 0.50	\$ 1.925

See Notes to Financial Statements.