

## PART II

### Item 5. MARKET FOR REGISTRANT'S COMMON EQUITY, RELATED STOCKHOLDER MATTERS AND ISSUER PURCHASES OF EQUITY SECURITIES

TXU Corp.'s common stock is listed on the New York, Chicago and Pacific stock exchanges (symbol: TXU). The price range of the common stock of TXU Corp., as reported by Bloomberg, and the dividends paid during each of the calendar quarters of 2004 and 2003 were as follows:

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Quarter Ended	Price Range				Dividends Paid	
	2004		2003		2004	2003
	High	Low	High	Low		
March 31 .....	\$30.13	\$23.35	\$20.37	\$15.00	\$0.125	\$0.125
June 30 .....	40.72	27.15	22.87	17.54	0.125	0.125
September 30.....	48.25	38.34	23.70	19.85	0.125	0.125
December 31 .....	67.00	48.05	23.96	20.87	<u>0.125</u>	<u>0.125</u>
					<u>\$0.50</u>	<u>\$0.50</u>

TXU Corp. or its predecessor, has declared common stock dividends payable in cash in each year since incorporation in 1945. In October 2004, TXU Corp.'s Board of Directors adopted a revised dividend and cash distribution policy. The new policy set the annual dividend at \$2.25, with an expectation of 5% annual dividend growth. Consistent with the new policy, TXU Corp.'s Board of Directors, at its February 2005 meeting, declared a quarterly dividend of 56.25 cents a share, payable April 1, 2005 to shareholders of record on March 4, 2005. The dividend rate will be subject to the regular review of TXU Corp.'s Board of Directors and may be changed based upon a number of factors including earnings and cash flow levels and capital requirements as well as financial and other business conditions existing at the time. In addition, under Texas law, TXU Corp. may only declare dividends out of its surplus, which is statutorily defined as a company's net assets (i.e. total assets minus total debts) less its stated capital.

The number of record holders of the common stock of TXU Corp. as of March 14, 2005 was 57,352.

See Note 11 to Financial Statements for a discussion of certain financing arrangements of TXU Corp. and its subsidiaries that could potentially restrict the payment of dividends.

#### ISSUER PURCHASES OF EQUITY SECURITIES

<u>Period</u>	<u>Total Number of Shares Purchased(a)</u>	<u>Average Price Paid per Share</u>
October 1, 2004 - October 31, 2004(b) .....	521,818	\$49.79
November 1, 2004 - November 30, 2004(c).....	53,161,900	\$64.58
December 1, 2004 - December 31, 2004 .....	—	—
Total(d).....	<u>53,683,718</u>	<u>\$64.44</u>

- (a) All of the repurchases were funded through cash on hand, bank borrowings, and proceeds from the sale of Senior Notes.
- (b) All shares were repurchased by Mellon Trust as Trustee of the TXU Thrift Plan.
- (c) Includes 52,500,000 shares repurchased through the accelerated share repurchase agreement at an initial price of \$64.57 per share.
- (d) Substantially all of these repurchases were conducted through publicly announced programs.

In November 2004, TXU Corp. entered into an agreement with a broker-dealer under which TXU Corp. repurchased 52.5 million shares of its outstanding common stock at an initial price of \$64.57 per share for a total of \$3.4 billion. The counterparty immediately borrows shares that are sold to and canceled by TXU Corp. and in turn purchases shares in the open market over a subsequent time period; the agreement is subject to a future contingent purchase price adjustment based on the actual costs of the shares purchased by the counterparty. The price adjustment can be settled, at TXU Corp.'s option, in cash or in shares of its common stock. As of March 8, 2005, the counterparty had repurchased 55% of the shares under the agreement at an average price per share of \$68.07. Assuming the counterparty repurchased the remaining shares at a price per share equal to \$78.41, which was the closing price of TXU Corp.'s common stock on March 8, 2005, then TXU Corp. would be required to

pay up to approximately \$464 million (including related settlement fees and expenses) in cash and/or issue up to approximately 5.9 million shares of TXU Corp. common stock to the counterparty in settlement of the transaction. The settlement amount can increase or decrease depending upon the actual price paid for the shares repurchased by the counterparty under the program. The settlement is expected to occur between the second and fourth quarter of 2005, depending upon the timing and pace of the counterparty's purchases.

#### **Item 6. SELECTED FINANCIAL DATA**

The information required hereunder is set forth under Selected Financial Data included in Appendix A to this report.

#### **Item 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS**

The information required hereunder is set forth in Management's Discussion and Analysis of Financial Condition and Results of Operations included in Appendix A to this report.

#### **Item 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

The information required hereunder is set forth under Quantitative and Qualitative Disclosures about Market Risk under Management's Discussion and Analysis of Financial Condition and Results of Operations included in Appendix A to this report.

#### **Item 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA**

The information required hereunder is set forth under Management's Annual Report on Internal Controls over Financial Reporting, Report of Independent Registered Public Accounting Firm, Statements of Consolidated Income, Statements of Consolidated Comprehensive Income, Statements of Consolidated Cash Flows, Consolidated Balance Sheets, Statements of Consolidated Shareholders' Equity and Notes to Financial Statements included in Appendix A to this report.

#### **Item 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE**

None.

#### **Item 9A. CONTROLS AND PROCEDURES**

An evaluation was performed under the supervision and with the participation of TXU Corp.'s management, including the principal executive officer and principal financial officer, of the effectiveness of the design and operation of the disclosure controls and procedures in effect as of December 31, 2004. Based on the evaluation performed, TXU Corp.'s management, including the principal executive officer and principal financial officer, concluded that the disclosure controls and procedures were effective.

A change in TXU Corp.'s internal controls over financial reporting was implemented in the fourth quarter of 2004. The internal controls related to the preparation of the consolidated cash flow statement were strengthened through reemphasis of appropriate review process and methods as well as changes in the timing of reconciliation procedures.

#### **Item 9B OTHER INFORMATION**

None.