

TXU CORP. AND SUBSIDIARIES
STATEMENTS OF CONSOLIDATED SHAREHOLDERS' EQUITY

	Year Ended December 31,		
	2005	2004	2003
	(millions of dollars)		
Preference stock:			
Balance at beginning of year	\$ 300	\$ 300	\$ 300
Preference stock redemption	(300)	—	—
Balance at end of year	—	300	300
Common stock without par value — authorized shares — 1,000,000,000:			
Balance at beginning of year	2	48	7,995
Effect of two-for-one stock split	3	—	—
Issuances under Direct Stock Purchase and Dividend Reinvestment Plan	—	4	10
Effects of awards under Long-Term Incentive Compensation Plan	—	5	19
Issuance of shares under equity-linked debt securities	—	101	—
Special allocation to Thrift Plan by LESOP trustee	—	3	4
Reclassification of stated capital to additional paid in capital	—	—	(7,986)
Cancellation of common stock repurchased	—	(161)	—
Other	—	2	6
Balance at end of year (2005 — 470,845,978 shares; 2004 — 479,705,760 shares; and 2003 — 647,766,184 shares)	5	2	48
Additional paid-in capital:			
Balance at beginning of year	2,806	8,097	111
Common stock repurchases	(1,092)	(4,737)	—
Net premium on repurchase of exchangeable preferred membership interests	—	(849)	—
Discount (premium) on repurchase of equity-linked debt securities (related to equity component) and reversal of contract adjustment payment liability	(13)	96	—
Effects of awards under Long-Term Incentive Compensation Plan	33	38	—
Excess tax benefit on stock-based compensation	28	—	—
Reclassification of stated capital to additional paid-in capital	—	—	7,986
Cancellation of common stock repurchased	—	161	—
Issuance of shares under equity-linked debt securities	75	—	—
Special allocation to Thrift Plan by LESOP trustee	1	—	—
Effect of two-for-one stock split	(3)	—	—
Other	5	—	—
Balance at end of year	\$ 1,840	\$ 2,806	\$ 8,097

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STATEMENTS OF CONSOLIDATED SHAREHOLDERS' EQUITY (CONT.)

	Year Ended December 31,		
	2005	2004	2003
	(millions of dollars)		
Retained earnings:			
Balance at beginning of year	\$ (2,283)	\$ (2,498)	\$(2,900)
Net income	1,722	485	582
Dividends declared on common stock (\$1.26, \$0.47 and \$0.25 per share)	(598)	(251)	(160)
Dividends on preference stock (\$3,278, \$7,240 and \$7,240 per share)	(10)	(22)	(22)
LESOP dividend deduction tax benefit and other	<u>1</u>	<u>3</u>	<u>2</u>
Balance at end of year	<u>(1,168)</u>	<u>(2,283)</u>	<u>(2,498)</u>
Accumulated other comprehensive loss, net of tax effects:			
Foreign currency translation adjustments:			
Balance at beginning of year	—	145	(157)
Change during the year	—	(90)	302
Amounts related to disposed businesses	<u>—</u>	<u>(55)</u>	<u>—</u>
Balance at end of year	<u>—</u>	<u>—</u>	<u>145</u>
Minimum pension liability adjustments:			
Balance at beginning of year	(14)	(38)	(92)
Change during the year	(46)	23	54
Amounts related to disposed businesses	<u>—</u>	<u>1</u>	<u>—</u>
Balance at end of year	<u>(60)</u>	<u>(14)</u>	<u>(38)</u>
Cash flow hedges (SFAS 133):			
Balance at beginning of year	(172)	(135)	(191)
Change during the year	30	(38)	56
Amounts related to disposed businesses	<u>—</u>	<u>1</u>	<u>—</u>
Balance at end of year	<u>(142)</u>	<u>(172)</u>	<u>(135)</u>
Total accumulated other comprehensive loss	<u>(202)</u>	<u>(186)</u>	<u>(28)</u>
Total common stock equity	<u>475</u>	<u>339</u>	<u>5,619</u>
Shareholders' equity	<u>\$ 475</u>	<u>\$ 639</u>	<u>\$ 5,919</u>

See Notes to Financial Statements.