

FOR IMMEDIATE RELEASE

TXU Reports Improved First Quarter Results; Progress on Initiatives, and Increased Outlook

DALLAS – May 5, 2005 – TXU Corp. (NYSE: TXU) today reported consolidated results for the first quarter ended March 31, 2005.

- For the first quarter of 2005, TXU reported net income available for common stock of \$416 million, representing a loss of \$0.19¹ per share, compared to net income of \$173 million, or \$0.49 per share for 2004.
- Operational earnings², which exclude special items and discontinued operations, for the first quarter of 2005 were \$246 million, \$1.01 per share, compared to \$149 million, \$0.43 per share for 2004, a 135 percent increase in per share earnings.
- The outlook for operational earnings for 2005 was increased to \$6.25 to \$6.45 per share, and the growth rate for 2006 relative to this revised outlook base was maintained at 16 to 20 percent. For details see page 9.

Reported Earnings

For the first quarter of 2005, reported earnings of \$416 million include income from discontinued operations³ of \$15 million, or \$0.06 per share. Income from continuing operations was \$406 million, representing a loss of \$0.23 per share, for the first quarter 2005 compared to income of \$128 million, \$0.37 per share for the prior year period. Income from continuing operations for the first quarter of 2005 includes income from special items, primarily associated with the benefits of reductions in tax reserves and litigation settlement expenses net of transitional Capgemini outsourcing costs and other restructuring-related expenses, totaling \$155 million, \$0.64 per share. For reported earnings per share purposes, the dilution calculation also subtracts \$462 million related to the estimated true-up (as of March 31, 2005) on the company's accelerated share repurchase program. Reported earnings of \$173 million, \$0.49 per share, for the first quarter of 2004 include losses from special items of \$26 million, \$0.07 per share and income from discontinued operations of \$50 million, \$0.13 per share. Special items are discussed in more detail on page 3.

Reported and operational earnings per share are diluted. For periods when common stock equivalents are not dilutive, diluted shares are equal to basic shares outstanding.

Operational Earnings

The 135 percent increase in operational earnings per share, which excludes special items and the effect of the accelerated share repurchase program true-up, reflects improved performance from the TXU Energy Holdings and TXU Electric Delivery segments, reduced corporate expenses, and fewer average common shares outstanding.

“The first quarter results are a solid start to delivering on our 2005 outlook, in spite of unsustainably low margins and robust competition in the retail business, and very volatile commodity prices,” said C. John Wilder, chief executive officer, TXU Corp. “We continue to progress in transforming TXU into a high-performance industrial company through a focus on operational excellence, market leadership, and performance management.”

¹ A description of the calculation of diluted earnings per share is provided in Table 2 on page 3. The primary reason for positive net income versus negative diluted earnings per share is, pursuant to accounting rules, an adjustment to net income for purposes of calculating earnings per share for the \$462 million change during the quarter in the estimated true-up payment related to the company's 52.5 million share accelerated common stock repurchase in November 2004, which is expected to be settled in the second or third quarter of 2005.

² Operational earnings is a non-GAAP measure that adjusts net income for special items. See Attachment 1: Financial Definitions for a detailed definition of operational earnings and other GAAP and non-GAAP financial measures used in this release.

³ See Appendix Table L for details of discontinued operations.

Table 1 below provides a recap of operational highlights and significant transactions completed since the beginning of 2005.

Table 1: 2005 Highlights

Date	Highlight
01-21	Reached a comprehensive settlement of shareholder class-action litigation initially filed in Oct. 2002. The agreement, which is subject to final court approval and in which TXU denies any liability, benefited shareholders and the company by removing the distractions, expense, and uncertainty that accompany such litigation.
01-27	Announced a comprehensive agreement resolving potential claims related to TXU Europe Ltd. and its affiliates and major creditor groups. The agreement is contingent in part upon creditor approval of the bankruptcy plan. While such approval has been received, two creditor groups subsequently filed an application in UK court objecting to the plan. TXU expects that these objections will be resolved but that completion of the agreement will be delayed until the third or fourth quarter of 2005. The agreement benefits the parties by providing additional funds for creditors, eliminating a potential protracted claim proceeding that could have included claims of billions of dollars, and closing a difficult chapter in TXU's history.
02-01	Offered the capacity from 61 percent of its natural-gas-fired Texas generating fleet for contract (through a tolling arrangement) or for sale. This request for proposal, which is expected to be completed in phases in the second and third quarters, will help TXU Power ensure it remains competitively priced, highly dependable, and flexible to meet the needs of the market.
02-01	Launched <i>TXU Energy Rewards+</i> , a one-of-a-kind, internet-based program for retail electricity customers that offers merchandise and services at prices that are up to 45 percent lower than the most popular online travel and shopping sites. Early results indicate the new loyalty program is being well received by customers as over 30,000 have joined during the pilot.
03-31	Amended subsidiary credit facilities, increasing the capacity from \$2.5 billion to \$3.5 billion, lowering the borrowing costs and extending the maturity dates. These actions further evidence the strength of TXU's business.
04-15	Opened the Power Optimization Center (POC), a state-of-the-art, fleet-level diagnostic facility designed to provide real-time monitoring of TXU's power plant performance systems. The POC integrates telecommunications and on-line technologies to detect plant and equipment performance issues, resulting in improved heat rates and reliability at the plants.
04-15	Filed a request with the Public Utility Commission of Texas to raise retail electricity prices in native North Texas markets, reflecting the more than 20 percent increase in natural gas prices since the last adjustment in August 2004. Since the retail electricity market in Texas opened to competition in 2002, natural gas prices have increased more than 170 percent. If the requested increase of 9.9 percent on an average residential bill is approved, electricity prices would have increased only 25 percent from prices before the market opened. TXU Energy's price to beat will remain one of the lowest in the state.
04-28	Comanche Peak Unit 2 synchronized to the grid after a 32 day planned refueling and maintenance outage, 3 days earlier than the 35 day target.
05-04	Signed a definitive agreement to sell TXU's Pedricktown gas-fired cogeneration facility located in New Jersey for \$8.5 million. The closing of the sale is expected to occur in the second or third quarter of 2005.
05-05	Announced the intent to increase the accelerated share repurchase program by 6 million shares, consistent with the company's previously disclosed plan to offset share issuances and maintain average diluted shares of common stock outstanding at approximately 240 million for 2005. Details of the agreement will be filed with the Securities and Exchange Commission in a Form 8-K.

Earnings Teleconference Today

TXU will host a teleconference with financial analysts to discuss its first quarter 2005 results and updated outlook for 2005 and 2006 at 10:00 a.m. Central (11:00 a.m. Eastern) today. The telephone numbers are 800-309-0343 in the United States and Canada and 706-634-7057 internationally, with confirmation code 4355873. **The teleconference will be web cast live on TXU Corp.'s web site at www.txucorp.com for all interested parties.**

Consolidated Results

Table 2 below provides the shares and adjustments included in the calculation of diluted earnings per share for reported and operational earnings for first quarter 2005 compared to the first quarter 2004.

**Table 2: Summary Calculation of Earnings Per Share⁴
Q1 05 and Q1 04; \$millions, million shares, \$ per share**

Factor	Q1 05 Reported	Q1 05 Operational	Q1 04 Reported	Q1 04 Operational
Net income to common	416	-	173	-
Operational earnings	-	246	-	149
Interest on EPMIs, convertible senior notes	-	-	13	13
Share repurchase estimated true-up (3/31/05)	(462)	-	-	-
Average shares for diluted earnings calculation				
Basic shares	238	-	-	-
Diluted shares	-	243	380	380
Diluted earnings per share	(0.19)	1.01	0.49	0.43

Table 3 below reconciles operational earnings to reported net income available for common stock.

**Table 3: Reconciliation of Operational Earnings to Reported Net Income
Q1 05 vs. Q1 04; \$millions and \$ per share after tax**

Factor	Q1 05	Q1 05	Q1 04	Q1 04
Net income (loss) to common	416	(0.19)	173	0.49
Discontinued operations	(15)	(0.06)	(50)	(0.13)
Preference stock dividends	5	0.02	5	0.01
Income (loss) from continuing operations	406	(0.23)	128	0.37
Preference stock dividends	(5)	(0.02)	(5)	(0.01)
Special items	(155)	(0.64)	26	0.07
Effect of accelerated share repurchase estimated true-up	-	1.94	-	-
Effect of share dilution	-	(0.04)	-	-
Operational earnings	246	1.01	149	0.43

Special items in the first quarter of 2005 accounted for income of \$155 million after tax, or \$0.64 per share of common stock. These benefits relate primarily to the reduction of \$138 million of the company's federal income tax valuation allowance reserve related to the write-off of its investment in TXU Europe due to the anticipated ability to utilize additional capital losses and the expected receipt of an additional \$23 million (\$35 million before tax) from insurance carriers related to the settlement of the securities class action lawsuit announced in January 2005. For the first quarter of 2004, special items accounted for a loss of \$26 million after tax or \$0.07 per share and resulted primarily from costs associated with the company's restructuring and improvement program and one-time compensation expense as disclosed in 2004. Because of the nature and significance of these items, presentation of results after adjustment for the items allows for a more meaningful analysis of the underlying performance of the business. Special items are described in Appendix Table A.

The calculation of reported earnings per share also includes the effect of the estimated true-up on the price of the company's accelerated share repurchase agreement entered in November 2004. The effect of the estimated adjustment on reported (GAAP) earnings per share is to reduce net income to common by the estimated \$462 million change in the true-up during the quarter ending March 31, 2005. Although impacting the diluted earnings per share, the true-up will not affect net income when paid.

Under the terms of the repurchase agreement, the counterparty immediately borrowed shares of TXU Corp. common stock that were sold to and cancelled by TXU Corp. at an initial price of \$64.57 per share. The counterparty then purchases an equivalent number of shares in the open market to return the shares. Under the agreement, the initial price that TXU Corp. paid for the shares will be adjusted to the actual price paid for the shares by the counterparty in the open market plus related

⁴ For the first quarter 2005, the dilution calculation for operational earnings reflects the addition to net income of interest on the convertible senior notes of \$0.1 million after tax and addition of 5 million shares related primarily to the effect of share-based compensation (3.4 million), the convertible senior notes (0.7 million) and the equity-linked securities (0.8 million). The diluted earnings per share calculation for reported earnings reflects a reduction of net income by the \$462 million change in the estimated cost of the true-up of the company's share repurchase agreement during the quarter and divides the reduced amount by the average basic shares. For the first quarter 2004 reported and operational earnings dilution calculation, the \$13 million after-tax interest expense on the TXU Energy Co. exchangeable preferred membership interests (EPMIs), which were repurchased by TXU Corp. on April 26, 2004, are added to net income and the related 57 million shares are added to the share average share count.

settlement fees and expenses. As of March 31, 2005, approximately 66% of the shares had been purchased at an average price of \$69.82. Had the remaining shares been purchased at the \$79.63 closing share price on that date, the estimated change between December 31, 2004 and March 31, 2005 in the amount that TXU Corp. would pay for the adjustment to the initial share price was \$462 million.

As of May 3, 2005, approximately 84% of the shares had been repurchased at an average price of \$72.73. If the remaining shares are repurchased at the \$81.65 closing share price on that date, the estimated true-up payment would be \$540 million. While TXU Corp. has the option under the agreement to pay the true-up in cash and/or common stock, it currently expects to make the payment in cash from credit facility borrowings and repay those borrowings with free cash flows. The timing of the true-up is currently estimated to be June 2005.

Consolidated Operational Earnings Summary

Table 4 below provides a consolidated summary of major drivers of operational earnings per share. A more detailed discussion of contributions and drivers by segment is provided in Business Segment Results.

Table 4: Consolidated - Operational Earnings Reconciliation
Q1 05 vs. Q1 04; \$Millions and \$ per share

Earnings Factor	\$Millions	\$ Per Share
Q1 04 operational earnings	149	0.43
TXU Energy Holdings segment	79	0.21
TXU Electric Delivery segment	6	0.02
Corporate expenses	12	0.03
Effect of reduced shares	-	0.32
Q1 05 operational earnings	246	1.01

Operational earnings were \$1.01 per share of common stock, up 135 percent from \$0.43 per share in the first quarter of 2004. The increase was driven by a reduction in the average shares outstanding, a \$0.21 per share improvement in operational earnings from the TXU Energy Holdings segment, a \$0.02 per share improvement in operational earnings from the TXU Electric Delivery segment and a \$0.03

reduction in corporate expenses. The decrease in average shares of common stock was primarily due to the repurchase of TXU Energy Company's exchangeable preferred membership interests in April 2004, and approximately 84 million shares of TXU Corp. common stock between May and November 2004, inclusive. A more detailed review of variances by segment is provided below.

Cash Flow and Financial Flexibility

For the quarter ended March 31, 2005, cash provided by operating activities was \$197 million compared to \$338 million for 2004. The decrease primarily reflects a payment of \$84 million in settlement of the securities class action lawsuit announced in January 2005, which is net of \$66 million of insurance carrier proceeds received through March 31. An additional \$35 million recovery has been agreed to with carriers and is expected to be received later this month. The variance also includes a \$42 million tax payment in 2005 associated with 2004 results.

Table 5 below provides a summary of consolidated common stock and return measures at March 31, 2005 and 2004.

Table 5: Consolidated - Return Statistics
Twelve months ended 3/31/05 and 3/31/04; mixed measures

Statistic	3/31/05	3/31/04	%Change
Common stock data:			
Basic shares outstanding-end of period (millions)	239	324	(26.2)
Return on average common stock equity – based on net income (%)	(4.5)	13.2	-
Return on average common stock equity – based on operational earnings (%)	31.1	12.7	-
Return on average invested capital – based on adjusted net income (%)	7.3	6.5	12.3
Return on average invested capital – based on adjusted operational earnings (%)	9.0	6.4	40.6

TXU Corp.'s continued progress in improving its financial flexibility is reflected in its credit metrics for the first quarter 2005 as compared to the fourth quarter of 2004 in Table 6 below. Strong credit metrics are an essential determinant in TXU Corp.'s disciplined approach to capital allocation.

Table 6: Consolidated - Financial Flexibility Measures
12 months ended 3/31/05 and 12/31/04; mixed measures

Financial Flexibility Measure	3/31/05	12/31/04	Change	%Change
EBITDA/Interest	4.1	4.0	0.1	2.5
Debt/EBITDA	4.1	4.2	(0.1)	(2.4)

Table 7 below represents available liquidity (cash and available credit facility capacity) as of April 29, 2005 and December 31, 2004. In March, TXU Corp.'s subsidiaries increased the capacity by \$1 billion, lowered the cost and extended the terms of their credit facilities as part of the company's ongoing efforts to improve liquidity and financial flexibility. TXU plans to maintain minimum available liquidity of \$1.5 billion.

Table 7: Consolidated - Liquidity
Available amounts as of 4/29/05 and 12/31/04; \$millions

Liquidity Component	Borrower	Maturity	4/29/05	12/31/04
Cash and cash equivalents			10	106
\$1.4 billion credit facility	TXU Energy Co./TXU Electric Delivery Co.	June 08	966	1,172
\$1.6 billion credit facility	TXU Energy Co./TXU Electric Delivery Co.	March 10	1,560	-
\$500 million credit facility	TXU Energy Co./TXU Electric Delivery Co.	June 10	375	500
\$500 million credit facility	TXU Energy Co.	December 09	-	500
Terminated facilities			-	531
Total liquidity			2,911	2,809

Business Segment Results

The following is a discussion of operational earnings by business segment. TXU Corp.'s business segments include the TXU Energy Company LLC (TXU Energy Holdings segment), TXU Electric Delivery, and Corporate operations.

TXU Energy Holdings Segment

TXU Energy Company LLC, the unregulated business segment (TXU Energy Holdings segment), consists of electricity generation (TXU Power) and consumer, business and wholesale markets activities (collectively, TXU Energy). These businesses are effectively managed as one business through the wholesale markets function that captures the natural hedge inherent between the retail and generation businesses. TXU Power and the retail business of TXU Energy are separate legal entities that, in accordance with regulatory requirements, operate independently within the competitive Texas power market.

TXU Energy Holdings Segment: Operational Performance

TXU Energy (consumer, business, and wholesale markets) continued to make progress toward operational excellence and market leadership in the first quarter of 2005.

Competition in consumer markets remained robust, primarily driven by increased competitor marketing and higher discounting despite declining headroom as a result of increased natural gas and power prices. Net residential customer attrition was 1.2% for the quarter, down from 2.1% the previous quarter but higher than the 0.5% net growth experienced during Q1 2004, primarily due to higher native market switching than a year ago when competitive activity was low and reduced levels of customers returned to TXU Energy from competitive retailers due to non-payment. However, as TXU Energy continues to focus on customer service improvements and bad debt reduction efforts, the relative profitability of the customer base continues to improve. For example, approximately 50 percent of the customer attrition was from customers with poor payment history in the past 12 months.

TXU Energy expects to launch several initiatives during the summer of 2005, including retention programs and competitive offers, to reduce the level of switching during this period of high competition. These include expansion of the successfully piloted TXU Rewards+ program in North Texas. The internet-based TXU Energy Rewards+ program, a loyalty program allowing TXU Energy customers to use Rewards dollars to obtain discounts on the purchase of travel, entertainment and merchandise of up to 45 percent lower than popular on-line travel and shopping sites, was launched in February. Over 30,000 customers have joined this program since it began, and expansion of the program is underway. In addition, to remain aggressive in acquiring and retaining a high-value customer mix, an assertive advertising campaign is being launched outside of TXU Energy's native market to highlight the benefits of switching to TXU Energy. These programs are expected to increase profitable customer acquisitions since TXU Energy has improved its bad debt management capabilities and lowered its cost to serve customers through the Capgemini agreement. For the year TXU Energy expects native market attrition to range from 7 to 8 percent as compared to previous forecasts of around 5 percent.

TXU Energy also continues to improve the customer experience. Average speed to answer customer calls for the quarter was 12 seconds compared to over 110 seconds in the prior year period. Customer time in the integrated voice recognition system (IVR) was down 28 percent from the prior year period to 78 seconds. PUC complaints were also down by 42 percent from the prior year. The Capgemini Energy partnership has assisted in delivering these service improvements and is expected to deliver an estimated \$115 million of SG&A expense savings system-wide in 2005 as compared to 2003, of which approximately 30 percent was realized in 2004. TXU Energy also continues to make substantial progress in reduction of bad debt expense with an additional \$15 million reduction in the first quarter as compared to the prior year period.

Competition also remains robust in business markets. The churn rate for small and medium businesses remained at about the fourth quarter 2004 pace even with increased power prices reducing headroom during the first quarter of 2005. In response, TXU Energy has expanded and enhanced the telephone and direct sales forces. The acquisition process for new small and medium customers has also been streamlined by eliminating several steps and improving monitoring which is expected to significantly increase its effectiveness, simplify the process for customers and reduce the time required to complete the acquisition. For large commercial and industrial customers, delivered volumes decreased 35 percent to 4.4 TWh as compared to 6.7 TWh in the first quarter 2004, reflecting TXU Energy's change in strategy in 2004 to focus on more profitable margins and continued fierce competition in the market. Along with the change in strategy, the business markets group has improved its contracting activity through more effective sales coverage and by reducing selling costs by over 35 percent.

TXU Power achieved several significant milestones during the first quarter of 2005. Excluding planned outages, TXU Power's nuclear plant safely produced at a 100.1 percent capacity factor outperforming the 99.2 percent level in the same period of 2004. Unit 2 recently completed a planned refueling outage that was completed safely and in 32 days, or 3 days less than the targeted plan. Performance from the lignite fleet also improved with high levels of reliable, low cost output, achieving an aggregate capacity factor excluding planned outages of 96.0 percent as compared to 92.3 percent in the first quarter of 2004. The lean operating techniques of the TXU Operating System have had a dramatic and positive impact on the fleet performance. Planned outage durations have been reduced by approximately nine percent, while maintaining the scope of the maintenance performed. Cycle times for equipment repairs, such as draglines and coal crushers have also been safely cut by 25 to 30 percent, increasing availability and output. This and other TXU Operating System improvements have been achieved by fully engaging employees and contractors in identifying and eliminating waste and delivering sustainable operational and earnings improvements. In mid-April, TXU Power opened the Power Optimization Center (POC). The POC utilizes telecommunications and on-line technologies to detect plant performance issues before they become a problem, resulting in improved heat rates and reliability at the plants. The POC is already improving reliability by identifying elevated vibration and temperature trends in fans and motors at TXU Power's lignite and nuclear plants.

TXU Energy Holdings Segment: Financial Performance

In the first quarter of 2005, the TXU Energy Holdings segment reported income from continuing operations of \$0.85 per share, a 174 percent increase over income from continuing operations of \$0.31 per share in the first quarter of 2004. Special items for the first quarter 2005 were \$2 million, or \$0.01, as detailed in Appendix Table A. Operational earnings in the first quarter of 2005 were \$0.85 per share as compared to \$0.33 per share in the prior year period, a 158 percent increase. Excluding the effect of lower average shares, the TXU Energy Holdings segment operational earnings improved by \$0.21 per share.

Table 8 below reconciles the change in operational earnings from 2004 to 2005 for the first quarter periods.

Table 8: TXU Energy Holdings Segment - Operational Earnings Reconciliation
Q1 05 vs. Q1 04; \$Millions and \$ per share

Earnings Factor	\$Millions	\$ Per Share
Q1 04 operational earnings	127	0.33
Contribution margin	44	0.11
Operating costs	15	0.04
Depreciation and amortization	18	0.05
SG&A	35	0.09
Other income and deductions	7	0.02
Net interest	(5)	(0.01)
Income taxes	(35)	(0.09)
Effect of reduced shares	-	0.31
Q1 05 operational earnings	206	0.85

The \$44 million (\$0.11) increase in contribution margin for the first quarter 2005 versus the comparable 2004 period reflects higher retail and wholesale prices (primarily driven by increased natural gas prices), increased lignite generation plant output, and more effective replacement of gas plant output with lower cost purchased power. These increases were partially offset by the effect on contribution margins of decreased retail sales volumes due to robust competition, milder weather (approximately \$13 million in margin versus normal weather and \$5 million versus the prior year period), and reduced hedging and risk management activities

revenue. The decline in operating costs of \$15 million was primarily due to reduced expenses resulting from the dissolution of the customer services agreement with TXU Gas and the sale of the TXU Fuel assets, both of which have associated reductions in contribution margin. The decline also reflects \$3 million in lower pension and postretirement benefit costs.

The reduction in depreciation and amortization expense was primarily the result of reductions in the 2005 depreciation rates for lignite generation facilities assets due to an increase in the estimated average depreciable lives of the assets and decreased depreciation expense associated with TXU Fuel assets sold in June 2004. SG&A expenses for the first quarter of 2005 declined \$35 million primarily due to reductions in shared services costs of \$12 million including the effects of the Capgemini agreement, reductions in pension and benefits expenses and incentive plan accruals, and decreased bad debt expenses of \$15 million as a result of stricter disconnect policies, more focused collection activities and lower accounts receivable balances. Other deductions include the benefit of a \$15 million reduction to the estimated combustion turbine lease impairment recorded in 2004. The adjustment was made to reflect the value of bids received in the offer to lease the units under a tolling agreement. Other deductions also include a \$12 million provision for default by a counterparty under a coal supply contract.

Total retail electricity revenues for the quarter ended March 31, 2005 decreased \$148 million, 10.5 percent as compared to the 2004 period primarily due to decreased sales volumes resulting from the effects of retail customer losses and milder weather, partially offset by higher retail prices, reflecting increased natural gas prices. Wholesale electricity revenues increased \$50 million, 10.7 percent, due to higher wholesale prices, somewhat offset by lower sales volumes. The decrease of \$11 million in other revenues for the first quarter 2005 as compared to the prior period is primarily associated with the dissolution of the customer services agreement with TXU Gas and the sale of the TXU Fuel assets in June 2004. Appendix Table B provides details of operating revenues for the TXU Energy Holdings segment for the first quarter of 2005 compared to previous year period.

Revenues from hedging and risk management activities decreased \$45 million for the quarter ended March 31, 2005 versus the comparable 2004 period. The decrease includes \$18 million in losses related primarily to short term positions used to hedge gas commodity price risk. It also includes an \$8 million increase in credit reserves due to increased commodity prices and \$6 million in mark-to-market losses on economic hedges on gas storage expected to be offset by accrual gains later in the year. Because hedging activities are intended to mitigate the risk of commodity price movements on revenues and cost of energy sold, the changes in such results should not be viewed in isolation but rather taken together with the effects of price and cost changes on margins.

As shown in Appendix Table F, the total cost of energy sold and delivery fees decreased \$198 million, 15.8 percent for the first quarter 2005 compared to the prior year quarter primarily due to a decrease in sales volumes. The segment contribution margin percent improved due to more efficient base load generation and lower levels of natural gas generation and purchased power, partially offset by higher prices of natural gas and purchased power and an increase in average delivery fees.

Appendix Table G provides a quarter-to-quarter summary of the TXU Energy Holdings segment generation and supply operating statistics. Results for the 2005 quarter depict the benefit of more effective sourcing of purchased power versus higher heat rate natural gas-fired generation as well as increased production from the lignite generation plants. The increase in gas and purchased power prices for 2005 was the result of higher gas prices. The increase in lignite production was primarily due to improved operating performance, reduced planned and unplanned outages and the timing of maintenance outages. The lignite plants achieved record production levels in 2004 and are on pace to improve on those levels in 2005.

Appendix Tables C through E provide TXU Energy customers and volumes statistics. For the first quarter 2005, the 20% decrease in retail sales volumes is predominantly due to a decrease in customers in the competitive market, especially larger business customers, and reduced overall usage due to milder weather. Native market residential customer levels declined 1.3 percent since year-end and 6.3% versus the first quarter of 2004. The 16% decrease in average small business segment volumes for the quarter is primarily due to competitive activity, especially for larger customers in this customer segment; this competitive intensity is evident throughout the state. The 35% decline in large business volumes reflects a change in strategy to focus on margin instead of volumes.

TXU Electric Delivery Segment

TXU's Electric Delivery segment continued to make progress on its goals of delivering operational excellence in system reliability and maintaining a position of cost leadership. In the first quarter 2005, the segment delivered at or near top-decile performance in O&M expense per distribution customer and O&M expense per MWh.

TXU Electric Delivery Segment: Operational Highlights

For the 2005 quarter, the three key metrics used to measure reliability showed improvement over the comparable 2004 period. The first quarter 2005 System Average Interruption Duration Index (SAIDI) minutes of 72.76, placed TXU Electric Delivery among top quartile reliability performers and was a 12 percent improvement over the same period in 2004. TXU Electric Delivery's System Average Interruption Frequency Index (SAIFI) improved from 1.04 in 2004 to 0.92 in 2005 -- also a 12 percent increase. Additionally, the first quarter 2005 Customer Average Interruption Duration Index (CAIDI) improved to 78.72, a slight improvement over 2004. As current reliability initiatives begin to be more fully realized in 2005 and 2006, TXU Electric Delivery expects further improvement in these key metrics.

TXU Electric Delivery Segment: Financial Highlights

The TXU Electric Delivery segment reported income from continuing operations of \$0.30 per share in the first quarter of 2005, compared to \$0.17 per share in the first quarter of 2004. Special items totaled less than a penny. Excluding the effect of lower average shares, the TXU Electric Delivery segment operational earnings improved by \$0.02 per share.

Table 9 below reconciles the change in operational earnings from the 2004 to 2005 first quarter periods.

**Table 9: TXU Electric Delivery Segment - Operational Earnings Reconciliation
Q1 05 vs. Q1 04; \$millions and \$ per share**

Earnings Factor	\$Millions	\$ Per share
Q1 04 operational earnings	66	0.17
Contribution margin (revenues)	27	0.07
Operating costs	(5)	(0.01)
Depreciation and amortization	(18)	(0.05)
SG&A	-	-
Franchise and revenue based taxes	2	-
Other income and deductions	(4)	(0.01)
Net interest	6	0.02
Income taxes	(2)	-
Effect of reduced shares	-	0.11
Q1 05 operational earnings	72	0.30

Excluding the \$0.11 per share benefit of reduced average shares, the TXU Electric Delivery segment's contribution for the first quarter increased by \$0.02 per share from the prior year period. The improved performance reflected an increase of \$8 million (\$0.02 per share pre tax) in contribution margin (revenues), excluding transition revenue, due to increased transmission and other tariff revenues, offset in part by decreased consumption due to milder weather. Revenues also increased \$19 million related to transition revenue under tariffs to service securitization bonds which have offsetting depreciation and amortization expense. The increase in operating costs was the result of increased third party transmission costs and property taxes. The

\$18 million increase in depreciation and amortization expense was primarily due to \$19 million (\$0.05 per share pre-tax) of amortization of regulatory assets as a result of securitization bonds issued in June 2004 for which there are equal associated transition revenues. The major factors in decreased net interest (interest expense net of interest income) were higher reimbursements from the TXU Energy Holdings segment related to securitized regulatory assets and lower average interest rates.

Appendix Tables J and K summarize the details of the operating revenues and operating statistics, respectively, for the TXU Electric Delivery segment for the first quarter of 2005 as compared to the first quarter of 2004.

Corporate and Other

Corporate and Other consists of TXU Corp.'s remaining non-segment operations consisting primarily of general corporate expenses, equity earnings or losses of unconsolidated affiliates, and interest on debt outstanding at the corporate level. Income from continuing operations for Corporate and Other was \$132 million, or a loss of \$1.38 per share, reflecting the dilution adjustment related to the share repurchase estimated true-up, for the first quarter 2005 as compared to a loss of \$53 million, \$0.11 per share for the first quarter 2004. Excluding the effect of the accelerated share repurchase true-up, special items of \$0.65 per share, and deducting preference stock dividends, operational earnings were a loss of \$0.14 per share in 2005 as compared to a loss of \$0.07 per share in 2004.

Excluding the effect of reduced shares, current period operational earnings improved by \$0.03 per share from the prior year period. The improvement is primarily related to lower SG&A expenses and increased other income. The improvements in SG&A expense were driven by reduced services expenses as a result of the Capgemini Energy agreement and reduced legal and consulting fees, while the improvement in other income and deductions is primarily the amortization of the deferred gain on the sale of the TXU Fuel assets.

Discontinued Operations

Appendix Table L provides details of the components of discontinued operations for the first quarter 2005 and 2004. For the first quarter of 2005, income from discontinued operations of \$15 million primarily reflects a \$17 million after tax benefit related to the TXU Gas sale as a result of favorable resolution of a proposed working capital adjustment to the sales price. The \$50 million after tax of income from discontinued operations for the 2004 period primarily reflects net income of \$38 million and \$32 million and a net loss of \$16 from TXU Gas, TXU Australia, and TXU Communications respectively, which were disposed through sale or merger transactions in 2004. The results of TXU Energy Company LLC's cogeneration and wholesale energy sales business in New Jersey are also reflected in discontinued operations for both periods. As noted above, on May 4, 2005, TXU Energy Company LLC entered into a definitive agreement to sell this business.

2005 Outlook

TXU is updating its operational earnings outlook⁵ for 2005 to a range of \$6.25 to \$6.45 per share, an increase of 10 percent from the previous outlook of \$5.65 to \$5.85 per share. As shown in Table 10, several factors led to the change in outlook. The primary factor was the substantial increase in wholesale electricity prices since the beginning of the year, driven by significant increases in natural gas prices. This increases the estimated revenues from TXU Power's base load plants by a pro forma estimate of \$1.64 per share after tax. As previously noted, however, TXU Energy Holdings segment's consolidated portfolio is substantially balanced to natural gas prices in 2005. Absent changes in retail prices to offset increases in the cost of goods sold, the change in natural gas and wholesale market prices would lead directly to compressed margins in TXU Energy. By submitting the requested fuel factor adjustment to the price-to-beat to reflect higher natural gas prices, TXU Energy is expected to offset at least a portion of the increase in its cost of goods; overall, net of the fuel factor adjustment TXU Energy's expenses are expected to increase by a pro forma estimate of \$0.91 per share after tax. The net overall impact of the increase in natural gas and wholesale market forward prices is \$0.73 per share.

The increase in wholesale market prices and resulting change in retail rates also is expected to have some impact on customer switching, customer demand elasticity, and bad debt in the small business and residential markets; the net impact is estimated to be a decrease of approximately \$30 million, or \$0.08 per share after tax. Interest expense (net of preferred dividends) is also expected to increase relative to prior estimates by \$0.05 per share, primarily as a result of the increase in the company's share price this year and the impact on the projected true-up payment for the accelerated share repurchase program and the repurchase of the additional six million shares to achieve approximately 240 million average shares outstanding for the year.

In total, these changes increase the 2005 outlook for operational earnings from the previous estimate of \$5.65 to \$5.85 per share to \$6.25 to \$6.45 per share. Of this total, the operational earnings of TXU Energy Holdings represent roughly 89 percent of the midpoint range; TXU Electric Delivery 21 percent; and corporate/other negative 10 percent.

**Table 10: Revised 05E Outlook Estimate
05E; \$ per share**

Performance Driver	Income Statement Category	05E
Previous 05E operational earnings outlook range		5.65-5.85
Operational impacts:		
Increased revenues from wholesale market price changes	Operating revenues	0.73
Reduced margin from customer churn and demand (usage) elasticity	Operating revenues/cost of energy sold	(0.08)
Increased interest expense	Interest expense	(0.05)
Revised 05E operational earnings outlook range		6.25-6.45

Table 11 details the phasing of the revised outlook. TXU's previous outlook represented roughly 55 percent improvement in operational earnings for the full year 2005, or a 105 percent increase on a per share basis. In the first quarter, operational earnings exceeded last year's results by 65 percent, or 135 percent on a per share basis. For the remainder of the year, with today's increase in outlook, TXU's operational earnings are estimated to improve by 69 to 77 percent over the last three quarters of 2004, or 120 to 128 percent on a per share basis, corresponding to a full year outlook estimate for operational earnings of \$6.25 to \$6.45 per share.

⁵ TXU Corp. does not provide net income outlook because it cannot reliably predict future special items or extraordinary events.

**Table 11: Phasing of Revised 05E Outlook Estimate
05E; \$millions and \$ per share after tax**

Category	\$Millions %Change	\$ Per Share %Change
Previous 05E operational earnings outlook range	1,356-1,404	5.65-5.85
04 operational earnings	887	2.82
Percent growth estimate	53-58%	100-107%
Q1 05 operational earnings	246	1.01
Q1 04 operational earnings	149	0.43
Percent growth	65%	135%
Q2 -Q4 05E revised operational earnings outlook	1,250-1,305	5.25-5.45
Q2 - Q4 04 operational earnings	738	2.39
Percent growth estimate	69-77%	120-128%
Revised 05E operational earnings outlook	1,500-1,550	6.25-6.45
04 operational earnings	887	2.82
Percent growth estimate range	69-75%	122-129%

TXU expects cash flows to improve substantially in 2005 as a result of increased earnings and operational improvements. Table 12 shows cash provided by operating activities and free cash flow for 2004 and estimates for 2005. The change in free cash flow from the previous outlook is primarily driven by the increased outlook for operational earnings, somewhat offset by a small increase in capital expenditures due to the purchase of mining transportation equipment rather than financing through an operating lease.

**Table 12: Cash Provided By Operating Activities and Free Cash Flow
05E vs. 04; \$millions**

Component	05E	04	%Change
Cash provided by operating activities ⁶	2,525	1,758	44%
Capital expenditures	1,125	999	13%
Free cash flow⁶	1,400	759	84%
Dividends on preference and common stock	540	172	214%
Free cash flow after dividends⁶	860	587	47%

The outlook for 2005 includes the expected impact of implementing the Phase 2 improvement initiatives, which include among other items savings associated with the Capgemini Energy joint venture; the ongoing success of the TXU Operating System in improving productivity and output in the generation plants; increased efficiency in sourcing purchased power and optimizing production of TXU Energy Holding's gas generation fleet; improving margins in the large commercial and industrial business, and other variables such as customer retention rates and weather. Successful execution of these improvement initiatives remains a primary focus of the management team and the overall implementation program is going well, despite challenges to TXU Energy Holding's margins in the first quarter.

Notwithstanding the higher base of the revised 2005 outlook, TXU is affirming its expected growth range of 16 to 20 percent in operational earnings in 2006 relative to 2005 based on current market forward natural gas curves and plan assumptions. Table 13 highlights the main drivers of expected growth, including the net impact of higher wholesale market prices. Consistent with the approach taken in 2004, the company expects to conduct a detailed review of its 2006 business plan over the summer, review the plan with the Board of Directors in the fall, and provide a more detailed update on the 2006 outlook in October or November 2005.

⁶ Includes an estimated \$125 million in cash special items in 2005 relating to the settlement of the federal securities litigation, payment of accrued severances, and remaining Capgemini Energy transition charges; includes \$284 million of cash special items in 2004.

**Table 13: Significant Growth Drivers
05E vs. 06E; percent growth estimates**

Performance Driver	Income Statement Category	06E
Net effect of increased wholesale market prices	Operating revenues/cost of energy sold expense	5-6
Decreased expenses due to only single-unit nuclear refueling	Cost of energy sold expense	4
O&M/SG&A improvements from Phase 2 initiatives	O&M/SG&A expense	3-4
Decreased expenses and revenue losses due to hedge roll off	Operating revenues/cost of energy sold expense	3
Increased Electric Delivery revenue from growth and investment	Operating revenues	1-2
Deployment of cash	Interest expense/average share count/other	1-2
Increased production from coal generation	Cost of energy sold expense	1
Mass market customer churn	Operating revenues/cost of energy sold expense	(1-2)
Expected growth range		16-20

Additional Information

Additional information, including consolidating income statements, consolidating balance sheets, consolidated cash flow, and legal and regulatory summaries can be obtained under the 2005 heading in the First Quarter Financial Results file at www.txucorp.com/investres/default.asp.

TXU Corp., a Dallas-based energy company, manages a portfolio of competitive and regulated energy businesses in North America, primarily in Texas. In TXU Corp.'s unregulated business, TXU Energy provides electricity and related services to 2.5 million competitive electricity customers in Texas, more customers than any other retail electric provider in the state. TXU Power has over 18,300 megawatts of generation in Texas, including 2,300 MW of nuclear and 5,837 MW of lignite/coal-fired generation capacity. The company is also one of the largest purchasers of wind-generated electricity in Texas and North America. TXU Corp.'s regulated electric distribution and transmission business, TXU Electric Delivery, complements the competitive operations, using asset management skills developed over more than one hundred years, to provide reliable electricity delivery to consumers. TXU Electric Delivery operates the largest distribution and transmission system in Texas, providing power to more than 2.9 million electric delivery points over more than 99,000 miles of distribution and 14,000 miles of transmission lines. Visit www.txucorp.com for more information about TXU Corp.

This release contains forward-looking statements, which are subject to various risks and uncertainties. Discussion of risks and uncertainties that could cause actual results to differ materially from management's current projections, forecasts, estimates and expectations is contained in the company's SEC filings. In addition to the risks and uncertainties set forth in the company's SEC filings, the forward-looking statements in this release could be affected by changes in wholesale electricity prices or energy commodity prices and the company's ability to anticipate such changes, delays in implementing the company's price-to-beat fuel factor adjustment, the timing and size of any future price-to-beat fuel factor adjustments, new legislation passed during the 2005 Texas legislative session, the final true-up payments under the company's accelerated share repurchase programs, the ability of the company to attract and retain profitable customers, changes in demand for electricity, the impact of weather, changes in wholesale electricity prices or energy commodity prices, the ability of the company to implement the initiatives that are part of its restructuring, operational improvement and cost reduction program, and the terms under which the company executes those initiatives.

-END-

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Appendix Tables

Appendix Table A: Consolidated - Description of Special Items

Q1 05 and Q1 04; \$millions and \$ per share after tax

Special Item	Income Statement Line	Q1 05		Q1 05	Q1 05	Q1 04	Q1 04
				Cash	Non-Cash ⁷		
TXU Energy Holdings							
Severance and related	Other deductions	-	-	-	-	10	0.03
Inventory/gas plant write-	Other deductions	-	-	-	-	1	-
Outsourcing/transition costs	Other deductions	2	0.01	2	-	-	-
TXU Electric Delivery							
Outsourcing/transition costs	Other deductions	1	-	1	-	-	-
Corporate and Other:							
Litigation settlement benefit	Other income	(23)	(0.09)	-	(23)	-	-
One-time contract expense	SG&A	-	-	-	-	15	0.04
Outsourcing/transition costs	Other deductions	3	0.01	3	-	-	-
Income tax benefit	Income tax	(138)	(0.57)	-	(138)	-	-
Total		(155)	(0.64)	6	(161)	26	0.07

Appendix Table B: TXU Energy Holdings Segment – Operating Revenues

Q1 05 and Q1 04; \$millions and mixed measures

Operating Revenue Component	Q1 05	Q1 04	%Change
Retail electricity revenues ⁸ :			
Native market:			
Residential	636	650	(2.2)
Small business	228	256	(10.9)
Total native market	864	906	(4.6)
Other markets:			
Residential	57	43	32.6
Small business	12	6	-
Total other markets	69	49	40.8
Large business	327	453	(27.8)
Total retail electricity revenues	1,260	1,408	(10.5)
Wholesale electricity revenues	516	466	10.7
Hedging and risk management activities:			
Realized gains (losses)	(143)	10	-
Reversal of prior recognized unrealized (gains)/losses	25	(28)	-
Unrealized gains (losses) on open positions ⁹	65	10	-
Total	(53)	(8)	-
Other revenues	80	91	(12.1)
Total operating revenues	1,803	1,957	(7.9)
Average revenue (\$/MWh):			
Residential	99.74	90.70	10.0
Small business	110.44	100.83	9.5
Large business	75.05	67.53	11.1
Average wires charge (\$/MWh)	25.16	22.34	12.6

⁷ While these items are reflected in earnings for the current period, the cash impact, if any, will be realized in future periods. These items are considered non-cash for the current period.

⁸ Breakout of native and other markets are estimates and provided for reference only.

⁹ Net unrealized mark-to-market gains/(losses): Q1 05 includes \$3 million of ineffectiveness gains related to cash flow hedges as compared to \$15 million of ineffectiveness losses for the comparable period in 2004.

**Appendix Table C: TXU Energy Holdings Segment – Retail and Wholesale Sales
Q1 05 and Q1 04; mixed measures**

Volume Component	Q1 05	Q1 04	%Change
Retail electricity sales (GWh):			
Native market:			
Residential	6,317	7,119	(11.3)
Small business	2,034	2,533	(19.7)
Total native market	8,351	9,652	(13.5)
Other markets:			
Residential	628	518	21.2
Small business	139	61	-
Total other markets	767	579	32.5
Large business	4,362	6,709	(35.0)
Total retail electricity sales	13,480	16,940	(20.4)
Wholesale electricity sales	11,480	12,553	(8.5)
Total electricity sales	24,960	29,493	(15.4)
Volumes (GWh) – weather adjusted ¹⁰ :			
Residential	7,084	7,637	(7.2)
Small business	2,190	2,594	(15.6)
Large business	4,376	6,709	(34.8)
Average KWh/customer ¹¹ :			
Residential	3,256	3,452	(5.7)
Small business	7,002	8,084	(13.4)
Large business	63,906	91,240	(30.0)
Average KWh/customer – weather adjusted ¹⁰ :			
Residential	3,322	3,452	(3.8)
Small business	7,054	8,084	(12.7)
Large business	64,109	91,240	(29.7)
Weather – percent of normal ¹² :			
Energy degree days	87.4	94.6	(7.6)

**Appendix Table D: TXU Energy Holdings Segment – Retail Customer Counts
Q1 05 and Q4 04; end of period, thousands, # of meters**

Customer Component	Q1 05	Q4 04	%Change
Retail electricity customers:			
Native market:			
Residential	1,925	1,951	(1.3)
Small business	299	309	(3.2)
Total native market	2,224	2,260	(1.6)
Other markets:			
Residential	195	194	0.5
Small business	7	6	16.7
Total other markets	202	200	1.0
Large business	61	76	(19.7)
Total retail electricity customers	2,487	2,536	(1.9)

¹⁰ 2005 amounts adjusted for estimated weather effect as compared to 2004.

¹¹ Based upon the average of the period beginning and ending customers.

¹² Average for service territory is based on a 50% - DFW, 25% - Mineral Wells and 25% Waco weighting. Weather data is obtained from WeatherBank, Inc., an independent company that collects and archives weather data from reporting stations of the National Oceanic and Atmospheric Administration (a federal agency under the US Department of Commerce). Energy degree days calculation includes both heating degree and cooling degree days.

**Appendix Table E: TXU Energy Holdings Segment – Retail Customer Counts
Q1 05 and Q1 04; end of period, thousands, # of meters**

Customer Component	Q1 05	Q1 04	%Change
Retail electricity customers:			
Native market:			
Residential	1,925	2,054	(6.3)
Small business	299	316	(5.4)
Total native market	2,224	2,370	(6.2)
Other markets:			
Residential	195	163	19.6
Small business	7	5	40.0
Total other markets	202	168	20.2
Large business	61	78	(21.8)
Total retail electricity customers	2,487	2,616	(4.9)
Estimated share of market (%) ¹³ :			
Native market:			
Residential	79	86	(8.1)
Small business	76	83	(8.4)
Total ERCOT:			
Residential	43	46	(6.5)
Small business	30	32	(6.3)
Large business	25	41	(39.0)

**Appendix Table F: TXU Energy Holdings Segment – Cost of Energy Sold and Delivery Fees
Q1 05 and Q1 04; \$millions**

Cost Component	Q1 05	Q1 04	%Change
Nuclear fuel (base load)	20	21	(4.8)
Lignite/coal (base load)	115	126	(8.7)
Total base load	135	147	(8.2)
Gas/oil fuel and purchased power	515	668	(22.9)
Other cost of energy sold	63	55	14.5
Cost of energy sold	713	870	(18.0)
Delivery fees	343	384	(10.7)
Cost of energy sold and delivery fees	1,056	1,254	(15.8)

¹³ End of period. Estimated market share for residential and small and medium business is based on the estimated number of customers in the native market and the estimated number of customers in ERCOT that have choice. Estimated market share for large business is based on the estimated annualized consumption for this overall market within ERCOT.

Appendix Table G: TXU Energy Holdings Segment – Generation and Supply Statistics
Q1 05 and Q1 04; mixed measures

Generation and Supply Statistic	Q1 05	Q1 04	%Change
Production and purchased power (GWh):			
Nuclear (base load)	4,797	4,854	(1.2)
Lignite/coal (base load)	10,520	10,203	3.1
Total base load	15,317	15,057	1.7
Gas/oil	260	910	(71.4)
Purchased power	9,806	14,232	(31.1)
Total energy supply	25,383	30,199	(15.9)
Less line loss and other	423	706	(40.1)
Net energy supply	24,960	29,493	(15.4)
Base load capacity factors (%):			
Nuclear	96.9	97.0	(0.1)
Lignite/coal	87.8	83.7	4.9
Total base load	90.4	87.4	3.4
Base load capacity factors excluding planned outages and economic back down (%):			
Nuclear	100.1	99.2	0.9
Lignite/coal	96.0	92.3	4.0
Total base load	97.2	94.3	3.1
Fuel and purchased power costs (\$/MWh) (excludes plant operating costs):			
Nuclear generation	4.18	4.41	(5.2)
Lignite/coal generation ¹⁴	11.93	13.28	(10.2)
Total base load	9.50	10.42	(8.8)
Gas/oil generation and purchased power	51.55	43.90	17.4
ERCOT MCPE ¹⁵ (\$/MWh)	44.30	34.82	27.2
ERCOT MWD ¹⁶ (\$/MWh)	44.24	38.38	15.3
Gas Daily ¹⁷ (\$/MMBtu)	6.10	5.39	13.2
Implied heat rate ¹⁸ (MMBtu/MWh)	7.25	7.12	1.8
NYMEX strip ¹⁹ (\$/MMBtu)	8.11	6.07	33.6

Appendix Table H: TXU Energy Holdings – Maturity Dates of Net Unrealized Mark-to-Market Assets/Liabilities
3/31/05; \$millions unless noted

Source of Fair Value	Less Than 1			More Than		Total
	Year	1-3 Years	4-5 Years	5 Years		
Prices actively quoted	29	47	-	-	-	76
Prices provided by other external sources	153	(134)	5	(3)	(3)	21
Prices based on models	10	-	-	-	-	10
Total	192	(87)	5	(3)	(3)	107
Percentage (%) of total fair value	179	(81)	5	(3)	(3)	100

¹⁴ Includes depreciation and amortization of lignite mining plant and equipment and related asset retirement obligations which are reported as depreciation and amortization expense but are part of overall fuel costs.

¹⁵ MCPE is Market Clearing Price of Energy in ERCOT. Prices quoted are for MCPE North Zone (24x7) as most of TXU Energy's generation capacity and customers are in the North Zone. MCPE does not include shaping, ancillary services and other retail related purchased power costs.

¹⁶ MWD refers to indexed prices as referenced in the Megawatt Daily publication. Prices quoted are for MWD North Zone (24x7) as most of TXU Energy Holding's generation capacity and customers are in the North Zone. MWD pricing is based upon surveys.

¹⁷ Houston Ship Channel average daily prices

¹⁸ Efficiency at which a marginal unit converts fuel to electricity. Calculated by dividing ERCOT MWD price by Gas Daily natural gas price.

¹⁹ Average daily 12-month strip closing price for the period.

**Appendix Table I: TXU Energy Holdings Segment - Changes in Commodity Contract Assets and Liabilities
Q1 05; \$millions**

Change Component	Impact
Balance of net commodity contract assets -- beginning of period	23
Settlements of positions included in the opening balance ²⁰	25
Unrealized mark-to-market valuations of positions held at end of period	62
Other activity ²¹	(5)
Balance of net commodity contract assets -- end of period	105

**Appendix Table J: TXU Electric Delivery Segment – Operating Revenues
Q1 05 and Q1 04; \$millions**

Revenue Component	Q1 05	Q1 04	%Change
Electricity transmission and distribution:			
Affiliated (TXU Energy Holdings)	311	349	(10.9)
Nonaffiliated	239	174	37.4
Total	550	523	5.2

**Appendix Table K: TXU Electric Delivery Segment – Operating Statistics
Q1 05 and Q1 04; mixed measures**

Operating Statistic	Q1 05	Q1 04	%Change
Volumes - Electricity distribution (GWh)	23,448	23,631	(0.8)
Electricity points of delivery - number of meters (end of period, in thousands) ²²	2,985	2,942	1.5
System Average Interruption Duration Index (SAIDI) (nonstorm) ²³	72.76	82.31	(11.6)
System Average Interruption Frequency Index (SAIFI) (nonstorm) ²³	0.92	1.04	(11.5)
Customer Average Interruption Duration Index (CAIDI) (nonstorm) ²³	78.72	78.95	(0.3)

²⁰ Represents unrealized mark-to-market valuations of these positions as of the beginning of the period settled or recognized in earnings during the quarter.

²¹ Includes initial values of positions involving the receipt or payment of cash or other consideration, such as option premiums and the amortization of such values. Also includes \$12 million charge related to nonperformance by a coal contract counterparty. These activities have no effect on unrealized mark-to-market valuations.

²² Includes lighting sites, principally guard lights, for which TXU Energy Retail is the REP, which are not included in TXU Energy Retail's customer count. Such sites totaled 94,187 and 99,591 at March 31, 2005 and 2004, respectively. Adjusting for the guard lights, which have minimal value, points of delivery increased 1.7%.

²³ SAIDI is the number of minutes in a year the average customer is out of electric service. SAIFI is the number of times in a year the average customer experiences an interruption to electric service. CAIDI is the duration of the average interruption to electric service.

Appendix Table L: Details of Discontinued Operations
Q1 05, Q1 04; \$millions and \$ per share after tax

Discontinued Operation	Q1 05	Q1 05	Q1 04	Q1 04
TXU Australia:				
Gain on sale	2	0.01	-	-
Operating results		-	32	0.08
TXU Gas:				
Loss on sale	17	0.06	-	-
Operating results		-	38	0.10
TXU Energy Holdings segment:				
Impairment/business exit	(3)	(0.01)		-
Operating results	-	-	(3)	(0.01)
TXU Communications operating results	-	-	(16)	(0.04)
Other operating results	(1)	-	(1)	-
Total	15	0.06	50	0.13

Attachment 1: Financial Definitions

Operational Earnings (a non-GAAP measure): Income from continuing operations, less special items and preference stock dividends. TXU believes that operational earnings is a useful measure of underlying results because of the magnitude and scope of the performance improvement program and the significant effect of the special items on reported results. TXU relies on operational earnings for evaluation of performance and believes that analysis of the business by external users is enhanced by visibility to both reported GAAP earnings and operational earnings.

Operational Earnings Per Share (a non-GAAP measure): Per share (diluted) income from continuing operations net of preference stock dividends, excluding special items and the adjustment for the estimated cost of a true-up payment on the 52.5 million share accelerated common stock repurchase.

Cash Interest Expense (a non-GAAP measure): Interest expense and related charges less amortization of discount and reacquired debt expense plus capitalized interest. Cash interest expense is a measure used by TXU to assess credit quality.

EBIT (a non-GAAP measure): Income from continuing operations before interest income, interest expense and related charges, and income tax and special items. EBIT is a measure used by TXU to assess performance.

EBITDA (a non-GAAP measure): Income from continuing operations before interest income, interest expense and related charges, and income tax plus depreciation and amortization and special items. EBITDA is a measure used by TXU to assess performance.

EBITDA/Interest (a non-GAAP measure): EBITDA divided by cash interest expense is a measure used by TXU to assess credit quality.

Debt/EBITDA (a non-GAAP measure): Total debt less transition bonds and debt-related restricted cash divided by EBITDA. Transition, or securitization, bonds are serviced by a regulatory transition charge on wires rates and are therefore excluded from debt in credit reviews. Debt-related restricted cash is treated as net debt in credit reviews. Debt/EBITDA is a measure used by management to assess credit quality.

Free Cash Flow (a non-GAAP measure): Cash provided by operating activities less capital expenditures and nuclear fuel. Used predominantly as a forecasting tool to estimate cash available for dividends, debt reduction, and other investments.

Income from Continuing Operations per Share (a GAAP measure): Per share (diluted) income from continuing operations before cumulative effect of changes in accounting principles, before preference stock dividends.

Contribution Margin (a GAAP measure): Operating revenues less cost of energy sold and delivery fees.

Reported Earnings Per Share (a GAAP measure): Per share (diluted) net income available to common shareholders.

Return on Average Common Stock Equity Based on Net Income: Twelve months ended net income available for common stock (a GAAP measure) divided by the average of the beginning and ending common stock equity (a GAAP measure) for the period calculated.

Return on Average Common Stock Equity Based on Operational Earnings (a non-GAAP measure): Twelve months ended operational earnings (a non-GAAP measure) divided by the average of the beginning and ending common stock equity (a GAAP measure) for the period calculated. This measure is used to evaluate operational performance and management effectiveness.

Return on Invested Capital Based on Adjusted Net Income (a non-GAAP measure): Twelve months ended net income (a GAAP measure) plus after-tax interest expense and related charges net of interest income on restricted cash related to debt, divided by the average of the beginning and ending total capitalization less debt-related restricted cash for the period calculated. This measure is used to evaluate operational performance and management effectiveness.

Return on Invested Capital Based on Adjusted Operational Earnings (a non-GAAP measure): Twelve months ended operational earnings (a non-GAAP measure) plus preference stock dividends plus after-tax interest expense and related charges net of interest income on restricted cash related to debt, divided by the average of the beginning and ending total capitalization less debt-related restricted cash for the period calculated. This measure is used to evaluate operational performance and management effectiveness.

Special Items: Unusual charges related to the implementation of the performance improvement program and other charges, credits or gains that are unusual or nonrecurring. The performance improvement program is being implemented in phases, and the charges are expected to occur largely within a one-year period. Special items are included in reported GAAP earnings, but are excluded from operational earnings. Special items associated with the performance improvement program include debt extinguishment losses and costs related to severance programs, asset impairments and facility closures.

Total Capitalization (a non-GAAP measure): Total debt plus shareholders equity.

Total Debt (a GAAP measure): Long-term debt (including current portion), plus bank loans and commercial paper plus long-term debt held by subsidiary trusts plus preferred securities of subsidiaries, including exchangeable preferred membership interests (EPMIs).

Total Debt less transition bonds and restricted cash (a non-GAAP measure): TXU also uses a total debt measure that excludes transition bonds and restricted cash. Transition, or securitization, bonds are serviced by a regulatory transition charge on wires rates and are therefore excluded from debt in credit reviews. Debt-related restricted cash is treated as net debt in credit reviews. TXU uses this measure to evaluate its debt and capitalization levels.

**Exhibits: Regulation G – Reconciliation of Non-GAAP Financial Measures to the Most Directly Comparable GAAP
Attachment 2: Financial Measures**

Exhibit 1: Return on Average Common Stock Equity Calculation

Twelve months ended 3/31/05 and 3/31/04; \$millions unless otherwise noted

Component	3/31/05	3/31/04	Ref
Net income (loss) available for common stock	(143)	693	A
Income from continuing operations before extraordinary gain and cumulative effect of changes in accounting principles	358	661	
Special items	648	26	
Preference stock dividends	(22)	(22)	
Operational earnings	984	665	B
Average common equity	3,163	5,237	C
Return on average common equity - based on net income - percent (A/C)	(4.5)	13.2	
Return on average common equity - based on operational earnings - percent (B/C)	31.1	12.7	

Exhibit 2: Return on Average Invested Capital Calculation

Twelve months ended 3/31/05 and 3/31/04; \$millions unless otherwise noted

Component	3/31/05	3/31/04	Ref
Net income	728	715	
After-tax interest expense and related charges net of interest income (a)	431	476	
Total return (based on net income)	1,159	1,191	A
Operational earnings	984	665	
Preference stock dividends	22	22	
After-tax interest expense and related charges net of interest income (a)	431	476	
Total return (based on operational earnings)	1,437	1,163	B
Average total capitalization	15,915	18,270	C
Return on average invested capital - based on net income (A/C) (%)	7.3	6.5	
Return on average invested capital - based on operational earnings (B/C) (%)	9.0	6.4	
(a) After-tax interest expense and related charges net of interest income			
Interest expense	706	765	
Interest income	(43)	(32)	
Net	663	733	
Tax at 35%	232	257	
Net of tax	431	476	

Exhibit 3: Interest and Debt Coverage Ratios
Twelve months ended 3/31/05 and 12/31/04; \$millions unless otherwise noted

Component	3/31/05	12/31/04	Ref
Income from continuing operations before income taxes and extraordinary items	313	123	
Interest expense and related charges	706	695	
Interest income	(43)	(28)	
Depreciation and amortization	757	760	
Special items	1,132	1,190	
EBITDA	2,865	2,740	A
Interest expense and related charges	706	695	
Amortization of discount and reacquired debt expense	(27)	(27)	
Capitalized interest	14	12	
Cash interest expense	693	680	B
Total debt	13,030	12,889	
Transition bonds	(1,237)	(1,258)	
Total debt less transition bonds	11,793	11,631	C
Cash provided by operating activities	1,617	1,758	
Reconciling adjustments from cash flow statement	1,259	1,677	
Income from continuing operations	358	81	
EBITDA/Interest – ratio (A/B)	4.1	4.0	
Debt/EBITDA – ratio (C/A)	4.1	4.2	
Cash provided by operating activities/Cash interest expense – ratio	2.1	2.6	
Total debt/Cash provided by operating activities - ratio	8.1	7.3	

Exhibit 4a: Consolidated – Operational Earnings Reconciliation
Q1 05; \$millions and \$ per share after tax

Factor	Energy Holdings	Energy Holdings	Electric Delivery	Electric Delivery	Corp. & Other	Corp. & Other	Total	Total
Operational earnings	206	0.85	72	0.30	(32)	(0.14)	246	1.01
Special items	(2)	(0.01)	(1)	-	158	0.65	155	0.64
Effect of share repurchase dilution	-	-	-	-	-	(1.94)	-	(1.94)
Effect of share dilution and rounding	(1)	0.01	-	-	1	0.03	-	0.04
Preference stock dividends	-	-	-	-	5	0.02	5	0.02
Income (loss) from cont. operations	203	0.85	71	0.30	132	(1.38)	406	(0.23)
Discontinued operations	(3)	(0.01)	-	-	18	0.07	15	0.06
Preference stock dividends	-	-	-	-	(5)	(0.02)	(5)	(0.02)
Net income to common	200	0.84	71	0.30	145	(1.33)	416	(0.19)
Average shares – diluted								243
Average shares – basic								238

Exhibit 4b: Consolidated – Operational Earnings Reconciliation
Q1 04; \$millions and \$ per share after tax

Factor	Energy Holdings	Energy Holdings	Electric Delivery	Electric Delivery	Corp. & Other	Corp. & Other	Total	Total
Operational earnings	127	0.33	66	0.17	(44)	(0.07)	149	0.43
Special items	(11)	(0.03)	-	-	(15)	(0.04)	(26)	(0.07)
Effect of rounding	-	0.01	-	-	-	(0.01)	-	-
Preference stock dividends	-	-	-	-	5	0.01	5	0.01
Income (loss) from cont. operations	116	0.31	66	0.17	(54)	(0.11)	128	0.37
Discontinued operations	(3)	(0.01)	-	-	53	0.14	50	0.13
Preference stock dividends	-	-	-	-	(5)	(0.01)	(5)	(0.01)
Net income to common	113	0.30	66	0.17	(6)	0.02	173	0.49
Average shares – diluted								380
Average shares – basic								323
Dilutive effect of sr. convertible notes								13

TXU CORP. AND SUBSIDIARIES
SEGMENT CONSOLIDATING INCOME STATEMENT

Year to Date Ended: March 31, 2005

	TXU Energy Holdings	TXU Electric Delivery	Corporate & Other	Eliminations / Rounding	Total
Operating revenues	1,803	550	6	(319)	2,040
Direct costs and expenses					
Cost of energy sold including delivery fees	1,056	-	1	(313)	744
Operating costs	152	181	1	(1)	333
Depreciation and amortization	78	105	2	(1)	184
Total direct costs and expenses	1,286	286	4	(315)	1,261
Gross margin	517	264	2	(4)	779
Other costs and expenses					
Selling, general and administrative expenses	113	49	25	(4)	183
Non-operating depreciation and other amortization	1	-	2	-	3
Franchise and revenue-based taxes	26	57	1	1	85
Other income	(2)	(1)	(47)	(1)	(51)
Other deductions	1	4	(2)	-	3
Interest income	(9)	(15)	(32)	37	(19)
Interest expense and related charges	91	68	74	(38)	195
Total other costs and expenses	221	162	21	(5)	399
Income (loss) from continuing operations before income taxes	296	102	(19)	1	380
Income tax expense (benefit)	93	31	(151)	1	(26)
Income (loss) from continuing operations	203	71	132	-	406
Income (loss) from discontinued operations, net of tax effect	(3)	-	18	-	15
Net income (loss)	200	71	150	-	421
Preference stock dividends	-	-	5	-	5
Net income (loss) available to common shareholders	200	71	145	-	416
Average shares of common stock outstanding, basic (millions)					238
Average shares of common stock outstanding, diluted (millions)					238
Per share of common stock:					
Basic earnings:					
Income (loss) from continuing operations	0.85	0.30	0.56	-	1.71
Preference stock dividends	-	-	(0.02)	-	(0.02)
Net income available to common stockholders from continuing operations	0.85	0.30	0.54	-	1.69
Income (loss) from discontinued operations, net of tax effect	(0.01)	-	0.07	(0.00)	0.06
Net income (loss) available to common shareholders	0.84	0.30	0.61	(0.00)	1.75
Diluted earnings:					
Income (loss) from continuing operations	0.85	0.30	(1.38) *	(0.00)	(0.23)
Preference stock dividends	-	-	(0.02)	-	(0.02)
Net income available to common stockholders from continuing operations	0.85	0.30	(1.40)	(0.00)	(0.25)
Income (loss) from discontinued operations, net of tax effect	(0.01)	-	0.07	(0.00)	0.06
Net income (loss) available to common shareholders	0.84	0.30	(1.33)	(0.00)	(0.19)
Dividends declared					0.563

* Reflects the dilution adjustment of (\$462) million .

TXU CORP. AND SUBSIDIARIES
SEGMENT CONSOLIDATING INCOME STATEMENT

Year to Date Ended: March 31, 2004

	TXU Energy Holdings	TXU Electric Delivery	Corporate & Other	Eliminations / Rounding	Total
Operating revenues	1,957	523	5	(353)	2,132
Direct costs and expenses					
Cost of energy sold including delivery fees	1,254	-	-	(348)	906
Operating costs	167	175	1	-	343
Depreciation and amortization	82	83	-	-	165
Total direct costs and expenses	1,503	258	1	(348)	1,414
Gross margin	454	265	4	(5)	718
Other costs and expenses					
Selling, general and administrative expenses	148	49	39	(7)	229
Non-operating depreciation and other amortization	15	4	6	-	25
Franchise and revenue-based taxes	26	59	-	-	85
Other income	(1)	(2)	(7)	1	(9)
Other deductions	20	-	(1)	-	19
Interest income	(2)	(12)	(4)	14	(4)
Interest expense and related charges	79	71	47	(13)	184
Total other costs and expenses	285	169	80	(5)	529
Income (loss) from continuing operations before income taxes	169	96	(76)	-	189
Income tax expense (benefit)	53	30	(23)	1	61
Income (loss) from continuing operations	116	66	(53)	(1)	128
Income (loss) from discontinued operations, net of tax effect	(3)	-	53	-	50
Net income (loss)	113	66	-	(1)	178
Preference stock dividends	-	-	5	-	5
Net income (loss) available to common shareholders	113	66	(5)	(1)	173
Average shares of common stock outstanding, basic (millions)					323
Average shares of common stock outstanding, diluted (millions)					380
Per share of common stock:					
Basic earnings:					
Income (loss) from continuing operations	0.36	0.20	(0.16)	0.00	0.40
Preference stock dividends	-	-	(0.02)	-	(0.02)
Net income available to common stockholders from continuing operations	0.36	0.20	(0.18)	0.00	0.38
Income (loss) from discontinued operations, net of tax effect	(0.01)	-	0.16	-	0.15
Net income (loss) available for common stock	0.35	0.20	(0.02)	-	0.53
Diluted earnings:					
Income (loss) from continuing operations	0.31	0.17	(0.11) *	(0.00)	0.37
Preference stock dividends	-	-	(0.01)	-	(0.01)
Net income available to common stockholders from continuing operations	0.31	0.17	(0.12)	(0.00)	0.36
Income (loss) from discontinued operations, net of tax effect	(0.01)	-	0.14	-	0.13
Net income (loss) available for common stock	0.30	0.17	0.02	-	0.49
Dividends declared					0.125

* Reflects the dilution adjustment (\$13 million dilution adjustment / 57 million shares).

TXU CORP. AND SUBSIDIARIES
SEGMENT CONSOLIDATING INCOME STATEMENT - VARIANCE

Year to Date Ended March 31, 2005 vs March 31, 2004

	TXU Energy Holdings	TXU Electric Delivery	Corporate & Other	Eliminations / Rounding	Total
Operating revenues	(154)	27	1	34	(92)
Direct costs and expenses					
Cost of energy sold including delivery fees	(198)	-	1	35	(162)
Operating costs	(15)	6	-	(1)	(10)
Depreciation and amortization	(4)	22	2	(1)	19
Total direct costs and expenses	(217)	28	3	33	(153)
Gross margin	63	(1)	(2)	1	61
Other costs and expenses					
Selling, general and administrative expenses	(35)	-	(14)	3	(46)
Non-operating depreciation and other amortization	(14)	(4)	(4)	-	(22)
Franchise and revenue-based taxes	-	(2)	1	1	-
Other income	(1)	1	(40)	(2)	(42)
Other deductions	(19)	4	(1)	-	(16)
Interest income	(7)	(3)	(28)	23	(15)
Interest expense and related charges	12	(3)	27	(25)	11
Total other costs and expenses	(64)	(7)	(59)	-	(130)
Income (loss) from continuing operations before income taxes	127	6	57	1	191
Income tax expense (benefit)	40	1	(128)	-	(87)
Income (loss) from continuing operations	87	5	185	1	278
Income (loss) from discontinued operations, net of tax effect	-	-	(35)	-	(35)
Net income (loss)	87	5	150	1	243
Preference stock dividends	-	-	-	-	-
Net income (loss) available to common shareholders	87	5	150	1	243
Average shares of common stock outstanding, basic (millions)					(85)
Average shares of common stock outstanding, diluted (millions)					(142)
Per share of common stock:					
Basic earnings:					
Income (loss) from continuing operations	0.49	0.10	0.72	(0.00)	1.31
Preference stock dividends	-	-	-	-	-
Net income available to common stockholders from continuing operations	0.49	0.10	0.72	(0.00)	1.31
Income (loss) from discontinued operations, net of tax effect	-	-	(0.09)	(0.00)	(0.09)
Net income (loss) available for common stock	0.49	0.10	0.63	(0.00)	1.22
Diluted earnings:					
Income (loss) from continuing operations	0.54	0.13	(1.27)	(0.00)	(0.60)
Preference stock dividends	-	-	(0.01)	-	(0.01)
Net income available to common stockholders from continuing operations	0.54	0.13	(1.28)	(0.00)	(0.61)
Income (loss) from discontinued operations, net of tax effect	-	-	(0.07)	(0.00)	(0.07)
Net income (loss) available for common stock	0.54	0.13	(1.35)	(0.00)	(0.68)
Dividends declared					0.438

TXU CORP. AND SUBSIDIARIES

Condensed Statements of Consolidated Cash Flows

(Unaudited)

	Three Months Ended	
	March 31,	
	2005	2004
	<i>(millions of dollars)</i>	
Cash flows - operating activities:		
Income from continuing operations	\$ 406	\$ 128
Adjustments to reconcile income from continuing operations to cash provided by operating activities:		
Depreciation and amortization	203	208
Deferred income taxes and investment tax credits -- net	(49)	63
Net effect of unrealized mark-to-market valuations of commodity contracts	(90)	18
Decrease in accrued lease liability for out-of-service assets	(15)	-
Net gain from sale of assets	(13)	-
Change in regulatory-related liabilities	(20)	(20)
Litigation settlement insurance recovery	(35)	-
Charge for contract counterparty nonperformance	12	-
Stock-based compensation expense	10	1
Bad debt expense	11	26
Changes in operating assets and liabilities	(223)	(86)
Cash provided by operating activities	<u>197</u>	<u>338</u>
Cash flows - financing activities:		
Issuances of securities:		
Long-term debt	71	-
Common stock	2	8
Retirements/repurchases of securities:		
Equity-linked debt	(25)	-
Other long-term debt	(27)	(723)
Change in notes payable:		
Commercial paper	-	1
Banks	185	175
Cash dividends paid:		
Common stock	(134)	(40)
Preference stock	(5)	(5)
Debt premium, discount, financing and reacquisition expenses	(23)	(19)
Cash provided by (used in) financing activities	<u>44</u>	<u>(603)</u>
Cash flows - investing activities:		
Capital expenditures	(223)	(147)
Nuclear fuel	(26)	(47)
Proceeds from sale of assets	7	1
Other	(6)	7
Cash used in investing activities	<u>(248)</u>	<u>(186)</u>
Discontinued operations		
Cash provided by (used in) operating activities	(9)	74
Cash used in financing activities	-	(5)
Cash used in investing activities	-	(20)
Effect of exchange rates on cash	-	(6)
Cash provided by (used in) discontinued operations	<u>(9)</u>	<u>43</u>
Net change in cash and cash equivalents	(16)	(408)
Cash and cash equivalents -- beginning balance	<u>106</u>	<u>829</u>
Cash and cash equivalents -- ending balance	<u>\$ 90</u>	<u>\$ 421</u>

TXU CORP. AND SUBSIDIARIES

Consolidating Balance Sheet

March 31, 2005

(Dollars in millions)

(Unaudited)

ASSETS	Energy	Electric Delivery	Other	Eliminations/ Rounding	Total
Current assets					
Cash and cash equivalents	68	1	21	-	90
Restricted cash	6	46	-	-	52
Advances to affiliates	844	-	-	(844)	-
Accounts receivable - trade	766	76	307	(276)	873
Income taxes receivable	-	-	190	(151)	39
Accounts receivable - affiliates	-	180	15	(195)	-
Notes or other receivables due from affiliates	-	32	-	(32)	-
Inventories	296	43	3	-	342
Commodity contract assets	1,047	-	-	-	1,047
Accumulated deferred income taxes	78	-	117	(33)	162
Other current assets	244	63	79	(7)	379
Total current assets	<u>3,349</u>	<u>441</u>	<u>732</u>	<u>(1,538)</u>	<u>2,984</u>
Investments					
Restricted cash	15	13	4	-	32
Other investments	540	51	3,883	(3,795)	679
Property, plant and equipment - net	9,909	6,728	124	-	16,761
Notes or other receivables due from affiliates	-	386	-	(386)	-
Goodwill	517	25	-	-	542
Regulatory assets - net	-	1,876	-	-	1,876
Commodity contract assets	319	-	-	-	319
Cash flow hedge and other derivative assets	35	-	-	-	35
Other noncurrent assets	218	106	947	(941)	330
Assets held for sale	14	-	7	-	21
Total assets	<u>14,916</u>	<u>9,626</u>	<u>5,697</u>	<u>(6,660)</u>	<u>23,579</u>
LIABILITIES, PREFERRED SECURITIES OF SUBSIDIARIES & SHAREHOLDERS' EQUITY					
Current liabilities					
Notes payable - banks	345	50	-	-	395
Advances from affiliates	-	142	703	(845)	-
Long-term debt due currently	431	183	10	-	624
Accounts payable - trade	724	64	298	(277)	809
Accounts payable - affiliates	196	-	-	(196)	-
Notes or other liabilities due to affiliates	32	-	-	(32)	-
Commodity contract liabilities	810	-	-	-	810
Litigation and other settlement accruals	-	21	220	-	241
Other current liabilities	783	285	381	(190)	1,259
Total current liabilities	<u>3,321</u>	<u>745</u>	<u>1,612</u>	<u>(1,540)</u>	<u>4,138</u>
Accumulated deferred income taxes	1,970	1,533	-	(903)	2,600
Investment tax credits	338	62	-	-	400
Commodity contract liabilities	451	-	-	-	451
Cash flow hedge and other derivative liabilities	160	-	78	-	238
Notes or other liabilities due to affiliates	386	-	-	(386)	-
Long-term debt, less amounts due currently	2,891	4,178	4,901	-	11,970
Other noncurrent liabilities and deferred credits	1,230	331	1,253	(18)	2,796
Liabilities held for sale	5	-	-	-	5
Total liabilities	<u>10,752</u>	<u>6,849</u>	<u>7,844</u>	<u>(2,847)</u>	<u>22,598</u>
Preferred securities of subsidiaries	515	-	(477)	-	38
Shareholders' equity					
Preferred stock - not subject to mandatory redemption	-	-	300	-	300
Common stock	-	-	(2,178)	2,180	2
Additional paid in capital	2,425	2,079	2,299	(3,995)	2,808
Retained earnings (deficit)	1,343	724	(1,564)	(2,503)	(2,000)
Accumulated other comprehensive income (loss)	(119)	(26)	(527)	505	(167)
Total shareholders' equity	<u>3,649</u>	<u>2,777</u>	<u>(1,670)</u>	<u>(3,813)</u>	<u>943</u>
Total liabilities, preferred securities of subsidiaries & shareholders' equity	<u>14,916</u>	<u>9,626</u>	<u>5,697</u>	<u>(6,660)</u>	<u>23,579</u>

TXU CORP. AND SUBSIDIARIES

Consolidating Balance Sheet

December 31, 2004

(Dollars in millions)

(Unaudited)

ASSETS	Energy	Electric Delivery	Other	Eliminations/ Rounding	Total
Current assets					
Cash and cash equivalents	70	-	36	-	106
Restricted cash	6	43	-	-	49
Advances to affiliates	686	-	14	(700)	-
Accounts receivable - trade	1,139	72	400	(337)	1,274
Income taxes receivable	-	-	234	(209)	25
Accounts receivable - affiliates	43	221	40	(304)	-
Notes or other receivables due from affiliates	-	49	-	(49)	-
Inventories	284	33	3	-	320
Commodity contract assets	546	-	-	-	546
Accumulated deferred income taxes	94	-	130	-	224
Other current assets	139	32	86	(8)	249
Total current assets	<u>3,007</u>	<u>450</u>	<u>943</u>	<u>(1,607)</u>	<u>2,793</u>
Investments					
Restricted cash	15	13	19	-	47
Other investments	538	49	5,742	(5,665)	664
Property, plant and equipment - net	9,920	6,609	147	-	16,676
Notes or other receivables due from affiliates	-	386	-	(386)	-
Goodwill	517	25	-	-	542
Regulatory assets - net	-	1,891	-	-	1,891
Commodity contract assets	315	-	-	-	315
Cash flow hedge and other derivative assets	8	-	(2)	-	6
Other noncurrent assets	221	98	724	(760)	283
Assets held for sale	17	-	7	-	24
Total assets	<u>14,558</u>	<u>9,521</u>	<u>7,580</u>	<u>(8,418)</u>	<u>23,241</u>
LIABILITIES, PREFERRED SECURITIES OF SUBSIDIARIES & SHAREHOLDERS' EQUITY					
Current liabilities					
Notes payable - banks	210	-	-	-	210
Advances from affiliates	-	63	637	(700)	-
Long-term debt due currently	31	182	15	1	229
Accounts payable - trade	861	58	369	(338)	950
Accounts payable - affiliates	234	28	43	(305)	-
Notes or other liabilities due to affiliates	49	-	-	(49)	-
Commodity contract liabilities	491	-	-	-	491
Litigation and other settlement accruals	-	21	370	-	391
Other current liabilities	898	393	369	(215)	1,445
Total current liabilities	<u>2,774</u>	<u>745</u>	<u>1,803</u>	<u>(1,606)</u>	<u>3,716</u>
Accumulated deferred income taxes	1,927	1,524	-	(730)	2,721
Investment tax credits	342	63	-	-	405
Commodity contract liabilities	346	-	-	1	347
Cash flow hedge and other derivative liabilities	178	-	17	-	195
Notes or other liabilities due to affiliates	386	-	-	(386)	-
Long-term debt, less amounts due currently	3,226	4,199	4,987	-	12,412
Other noncurrent liabilities and deferred credits	1,271	303	1,218	(30)	2,762
Liabilities held for sale	6	-	-	-	6
Total liabilities	<u>10,456</u>	<u>6,834</u>	<u>8,025</u>	<u>(2,751)</u>	<u>22,564</u>
Preferred securities of subsidiaries	511	-	(473)	-	38
Shareholders' equity					
Preferred stock - not subject to mandatory redemption	-	-	300	-	300
Common stock	-	-	(1,088)	1,090	2
Additional paid in capital	2,781	2,061	2,984	(5,020)	2,806
Retained earnings (deficit)	961	653	(1,815)	(2,082)	(2,283)
Accumulated other comprehensive income (loss)	(151)	(27)	(353)	345	(186)
Total shareholders' equity	<u>3,591</u>	<u>2,687</u>	<u>28</u>	<u>(5,667)</u>	<u>639</u>
Total liabilities, preferred securities of subsidiaries & shareholders' equity	<u>14,558</u>	<u>9,521</u>	<u>7,580</u>	<u>(8,418)</u>	<u>23,241</u>

TXU CORP. AND SUBSIDIARIES

Consolidating Balance Sheet - Variance

March 31, 2005 vs December 31, 2004

(Dollars in millions)

(Unaudited)

	Energy	Electric Delivery	Other	Eliminations/ Rounding	Total
ASSETS					
Current assets					
Cash and cash equivalents	(2)	1	(15)	-	(16)
Restricted cash	-	3	-	-	3
Advances to affiliates	158	-	(14)	(144)	-
Accounts receivable - trade	(373)	4	(93)	61	(401)
Income taxes receivable	-	-	(44)	58	14
Accounts receivable - affiliates	(43)	(41)	(25)	109	-
Notes or other receivables due from affiliates	-	(17)	-	17	-
Inventories	12	10	-	-	22
Commodity contract assets	501	-	-	-	501
Accumulated deferred income taxes	(16)	-	(13)	(33)	(62)
Other current assets	105	31	(7)	1	130
Total current assets	342	(9)	(211)	69	191
Investments					
Restricted cash	-	-	(15)	-	(15)
Other investments	2	2	(1,859)	1,870	15
Property, plant and equipment - net	(11)	119	(23)	-	85
Notes or other receivables due from affiliates	-	-	-	-	-
Goodwill	-	-	-	-	-
Regulatory assets - net	-	(15)	-	-	(15)
Commodity contract assets	4	-	-	-	4
Cash flow hedge and other derivative assets	27	-	2	-	29
Other noncurrent assets	(3)	8	223	(181)	47
Assets held for sale	(3)	-	-	-	(3)
Total assets	358	105	(1,883)	1,758	338
LIABILITIES, PREFERRED SECURITIES OF SUBSIDIARIES & SHAREHOLDERS' EQUITY					
Current liabilities					
Notes payable - banks	135	50	-	-	185
Advances from affiliates	-	79	66	(145)	-
Long-term debt due currently	400	1	(5)	(1)	395
Accounts payable - trade	(137)	6	(71)	61	(141)
Accounts payable - affiliates	(38)	(28)	(43)	109	-
Notes or other liabilities due to affiliates	(17)	-	-	17	-
Commodity contract liabilities	319	-	-	-	319
Litigation and other settlement accruals	-	-	(150)	-	(150)
Other current liabilities	(115)	(108)	12	25	(186)
Total current liabilities	547	-	(191)	66	422
Accumulated deferred income taxes	43	9	-	(173)	(121)
Investment tax credits	(4)	(1)	-	-	(5)
Commodity contract liabilities	105	-	-	(1)	104
Cash flow hedge and other derivative liabilities	(18)	-	61	-	43
Notes or other liabilities due to affiliates	-	-	-	-	-
Long-term debt, less amounts due currently	(335)	(21)	(86)	-	(442)
Other noncurrent liabilities and deferred credits	(41)	28	35	12	34
Liabilities held for sale	(1)	-	-	-	(1)
Total liabilities	296	15	(181)	(96)	34
Preferred securities of subsidiaries	4	-	(4)	-	-
Shareholders' equity					
Preferred stock - not subject to mandatory redemption	-	-	-	-	-
Common stock	-	-	(1,090)	1,090	-
Additional paid in capital	(356)	18	(685)	1,025	2
Retained earnings (deficit)	382	71	251	(421)	283
Accumulated other comprehensive income (loss)	32	1	(174)	160	19
Total shareholders' equity	58	90	(1,698)	1,854	304
Total liabilities, preferred securities of subsidiaries & shareholders' equity	358	105	(1,883)	1,758	338

TXU Corp. Regulatory Summary

Company	Summary/Events
TXU Energy	<p>Price to Beat (PTB) applies to former franchise area residential and small/medium business (< 1MW of load) customers. Until 1/1/05 TXU Energy was permitted to offer only one rate – the PTB -- to residential customers. TXU Energy has been permitted to offer rates other than the PTB to small/medium commercial customers since 2004 and as of 1/1/05 can offer rates other than the PTB to residential customers. TXU Energy must also make service at the PTB price available until 1/1/07. The fuel component of the PTB can be changed twice per year if gas prices (20-day average of NYMEX 12-month strip) change by more than 5% (10% after 11/15 of any year) from the current price upon which PTB fuel factor is based. Changes in the PTB fuel factor are initiated by TXU Energy through a filing with the PUC.</p> <p>PUC No. 31004 – Application of TXU Energy Retail Company to Increase Price to Beat Fuel Factor filed April 15, 2005</p> <ul style="list-style-type: none">+ Requesting 20.8% increase in PTB fuel factor.+ Would result in a 9.9% increase to residential customers using 1,000 kWh per month.+ Approval by the PUC is expected within approximately 45 days of filing.
TXU Electric Delivery	<p>TXU Electric Delivery general rate case: Authorized ROE of 11.25%, Capital structure of 60% Debt, 40% Equity. Reports are filed annually for review with the PUC. Certain cities within TXU Electric Delivery’s historical service territory, acting in their role as a regulatory authority (with original jurisdiction), initiated inquiries to determine if the rates of TXU Electric Delivery, which have been established by the Public Utility Commission, are just and reasonable. 23 cities passed such resolutions (and 11 passed resolutions supporting the other cities). TXU Electric Delivery has the right to appeal any city action to the Public Utility Commission. In the fourth quarter of 2004, TXU Electric Delivery recorded a \$21 million charge, reported in other deductions, for estimated settlement payments arising from the resolution of these inquiries. The settlement agreement, which was finalized February 22, 2005, avoids any immediate rate actions, but requires TXU Electric Delivery to file a rate case in 2006, based on a 2005 test year, unless the Cities and TXU Electric Delivery mutually agree that such a filing is unnecessary. The final settlement amount is undetermined; however, TXU Electric Delivery believes it will approximate the amount accrued.</p> <p>PUC No. 30655 – Petition of TXU Electric Delivery Company for Approval of Transmission Cost Recovery Factor (TCRF) Update</p> <ul style="list-style-type: none">+ The PUC approved TXU Electric Delivery’s proposed TCRF on February 23, 2005 (with new TCRF rates effective March 1, 2005)+ The increase will recover an additional \$1.6 million in annual revenue <p>PUC No. 30802 – Application of TXU Electric Delivery Company for Interim Update of Wholesale Transmission Rates filed February 28, 2005</p> <ul style="list-style-type: none">+ New rate approved and effective April 29, 2005+ Total annualized revenue increase of \$23 million

TXU Corp. Summary of Significant Legal Proceedings

Date Filed	Case Information	Summary and Status (1)
July 7, 2003	<i>Texas Commercial Energy v. TXU Energy, Inc., et al.</i> ; Civil Action No. C-03-249; United States District Court for the Southern District of Texas	Filing made by an ERCOT market participant (Texas Commercial Energy or TCE) against TXU Energy and other wholesale market participants in ERCOT asserting antitrust and other claims. TXU Energy maintains the claims are without merit and filed a motion to dismiss which the Court granted. The dismissal has been appealed to the Fifth Circuit by the Plaintiff. The appeal remains pending and is scheduled for oral argument on May 10, 2005.
April 28, 2003	<i>William J. Murray v. TXU Corp., TXU Energy Company, LLC and TXU Portfolio Management Company, LP f/k/a TXU Energy Trading Company LP</i> ; Cause No. 3-03-CV-0888-P; United States District Court for the Northern District of Texas, Dallas Division	Filing made by a former employee claiming breach of contract and employment termination under Section 806 of the Sarbanes-Oxley Act of 2002. The TXU Defendants believe the claims are without merit but cannot predict the outcome of this action. Discovery in this case is ongoing and the Court has set the case for trial in June 2005.
February 3, 2004	<i>Patrick Goodenough, James Brant Hargrave, Kari Lyn Smith and Carl Pfeil, on behalf of the TXU Thrift Plan, and all other persons similarly situated, vs. TXU Corp. et al.</i> ; Case No. 3:02-CV-2573-K; United States District Court for the Northern District of Texas, Dallas Division	Three ERISA lawsuits consolidated and a putative class action filing made on February 3, 2004. Plaintiffs seek to represent a class of participants in employee benefit plans during the period between April 26, 2001 and October 11, 2002. The TXU Defendants believe the claims are without merit but cannot predict the outcome of this action. Initial class action certification related discovery has been completed and the Plaintiffs' initial class certification motion was denied without prejudice. A second class certification motion is pending before the Court for decision.
March 10, 2003	<i>Kimberly Paige Killebrew, on Behalf of Herself and All Similarly-Situated Individuals v. TXU Corp. and TXU Portfolio Management Company LP</i> ; Cause No. 3:04cv806; United States District Court for the Northern District of Texas, Dallas Division	Filing made by an alleged retail consumer of electricity asserting defendants engaged in manipulation of the wholesale electric market and violation of antitrust and other laws. The TXU Defendants believe the claims are without merit but cannot predict the outcome of this action. The case has been stayed pending the final ruling in the appeal of the TCE litigation described above.
October 23, 2002	<i>Bruce Girdauskas, Derivatively on Behalf of TXU Corp. vs. TXU Corp. et al.</i> ; Cause No. 02-10191; 116th Judicial District Court of Dallas County, Texas	Derivative filing made by a purported shareholder alleging breach of fiduciary duty. TXU Corp. believes the claims are without merit but cannot predict the outcome of this action. Plaintiff failed to make a pre-suit demand upon the directors as required by law, and the case is currently stayed. The Plaintiff filed a motion to lift the stay which was granted solely to order the case to mediation.
January 2003, October 2002, November 2002, December 2002	<i>Richard Schwartz, et al., v. TXU Corp et al.</i> ; Civil Action No.: 3:02-CV-2243-K; United States District Court for the Northern District of Texas, Dallas Division	A number of lawsuits were filed and consolidated, and an amended consolidated complaint was filed on July 21, 2003. The complaint alleges violations of the Securities Act of 1933 and the Securities Exchange Act of 1934, all relating to alleged materially false and misleading statements. On January 20, 2005 a memorandum of understanding was signed pursuant to which the case will be settled in exchange for payment of \$150 million, at least \$101 million of which will be paid by TXU's D&O insurance carriers. The Court granted preliminary approval of the settlement and set a hearing on final approval for June 23, 2005.
Other Items		
October, 2003	<i>TXU Europe Claims</i>	TXU Corp. received notice from certain creditors and administrators of TXU Europe regarding potential claims against the directors and officers for allegedly failing to minimize the potential losses to the creditors of TXU Europe. On January 28, 2005, TXU entered into a settlement agreement providing for payment of approximately \$220 million to the administrators of TXU Europe Ltd in order to resolve the claims of the TXU Europe companies and creditors of those companies. The settlement agreement was contingent in part upon creditor approval of the bankruptcy scheme presented by the administrators (CVAs). While such approval has been received, two creditor groups subsequently filed an application in UK court objecting to the CVAs. TXU Corp. expects that these objections will be resolved by the administrators but that completion of the settlement agreement will be delayed until the third or fourth quarter of 2005.

(1) Detailed descriptions of these proceedings are available in the company's 10-K and 10-Q filings with the SEC.