The EFH Corp. 10% Notes were issued in private placements with registration rights. EFH Corp. has offered to exchange notes that have substantially identical terms as the EFH Corp 10% Notes (other than transfer restrictions). The exchange offer is expected to be completed in March 2011. Because the exchange offer was not completed within 360 days after the issue date of the EFH Corp 10% Notes, the annual interest rate on the EFH Corp. 10% Notes increased by 25 basis points effective January 8, 2011 and will remain at that level until the exchange offer closes. Once the exchange offer closes, the interest rate on the notes will revert to the original level.

EFH Corp. Senior Notes — The EFH Corp. 10.875% Notes mature in November 2017, with interest payable in cash semi-annually in arrears on May 1 and November 1 at a fixed rate of 10.875% per annum. The EFH Corp. Toggle Notes mature in November 2017, with interest payable semiannually in arrears on May 1 and November 1 at a fixed rate of 11.250% per annum for cash interest and at a fixed rate of 12.000% per annum for PIK Interest. For any interest period until November 1, 2012, EFH Corp. may elect to pay interest on the notes (i) entirely in cash; (ii) by increasing the principal amount of the notes or by issuing new EFH Corp. Toggle Notes (PIK Interest); or (iii) 50% in cash and 50% in PIK Interest. Once EFH Corp. makes a PIK election, the election is valid for each succeeding interest payment period until EFH Corp. revokes the election.

The EFH Corp. 10.875% and Toggle Notes (collectively, the EFH Corp. Senior Notes) had a total principal amount as of December 31, 2010 of $930 million (excluding $3.724 billion principal amount held by EFIH) and are fully and unconditionally guaranteed on a joint and several unsecured basis by EFCH and EFIH.

EFH Corp. may redeem these notes at any time prior to November 1, 2012 at a price equal to 100% of their principal amount, plus accrued and unpaid interest and the applicable premium as defined in the related indenture. EFH Corp. may also redeem these notes, in whole or in part, at any time on or after November 1, 2012, at specified redemption prices, plus accrued and unpaid interest, if any. Upon the occurrence of a change of control of EFH Corp., EFH Corp. must offer to repurchase the EFH Corp. Senior Notes at 101% of their principal amount, plus accrued and unpaid interest, if any.

The indenture also contains customary events of default, including, among others, failure to pay principal or interest on the notes or the guarantees when due. If an event of default occurs under the indenture, the trustee or the holders of at least 30% in principal amount outstanding of the notes may declare the principal amount on the notes to be due and payable immediately.

EFH Corp. 9.75% Notes and EFIH 9.75% Notes — The EFH Corp. 9.75% Notes and EFIH 9.75% Notes mature in October 2019, with interest payable in cash semi-annually in arrears on April 15 and October 15 at a fixed rate of 9.75% per annum. The EFH Corp. 9.75% Notes are fully and unconditionally guaranteed on a joint and several basis by EFCH and EFIH. The guarantee from EFIH is secured by the pledge of the EFIH Collateral. The guarantee from EFCH is not secured. The EFIH 9.75% Notes are secured by the EFIH Collateral on an equal and ratable basis with the EFIH 10% Notes and EFIH's guarantee of the EFH Corp. 10% Notes and the EFH Corp. 9.75% Notes.

As of December 31, 2010, there were $115 million and $141 million total principal amount of EFH Corp. 9.75% Notes and EFIH 9.75% Notes, respectively. The EFH Corp. 9.75% Notes and EFIH 9.75% Notes are senior obligations of each issuer and rank equally in right of payment with all senior indebtedness of each issuer and are senior in right of payment to any future subordinated indebtedness of each issuer. The EFH Corp. 9.75% Notes are effectively subordinated to any indebtedness of EFH Corp. secured by assets of EFH Corp. to the extent of the value of the assets securing such indebtedness and structurally subordinated to all indebtedness and other liabilities of EFH Corp.'s non-guarantor subsidiaries. The EFIH 9.75% Notes are effectively senior to all unsecured indebtedness of EFIH, to the extent of the value of the EFIH Collateral, and will be effectively subordinated to any indebtedness of EFIH secured by assets of EFIH other than the EFIH Collateral, to the extent of the value of the assets securing such indebtedness. Furthermore, the EFIH 9.75% Notes will be structurally subordinated to all indebtedness and other liabilities of EFIH's subsidiaries (other than EFIH Finance), including Oncor Holdings and its subsidiaries.

The guarantees of the EFH Corp. 9.75% Notes are the general senior obligations of each guarantor and rank equally in right of payment with all existing and future senior indebtedness of each guarantor. The guarantee from EFIH is effectively senior to all unsecured indebtedness of EFIH to the extent of the value of the EFIH Collateral. The guarantee will be effectively subordinated to all secured indebtedness of each guarantor secured by assets other than the EFIH Collateral to the extent of the value of the assets securing such indebtedness and will be structurally subordinated to any existing and future indebtedness and liabilities of EFH Corp.'s subsidiaries that are not guarantors.

The indentures for the EFH Corp. 9.75% Notes and EFIH 9.75% Notes contain a number of covenants that, among other things, restrict, subject to certain exceptions, the issuers' and their restricted subsidiaries' ability to:

- make restricted payments;
- incur debt and issue preferred stock;
- create liens;
- enter into mergers or consolidations;
- sell or otherwise dispose of certain assets, and
- engage in certain transactions with affiliates.

The indentures also contain customary events of default, including, among others, failure to pay principal or interest on the notes or the guarantees when due. If certain events of default occur and are continuing under a series of notes and the related indenture, the trustee or the holders of at least 30% in principal amount outstanding of the notes of such series may declare the principal amount of the notes of such series to be due and payable immediately

There currently are no restricted subsidiaries under the indenture related to the EFIH 9.75% Notes (other than EFIH Finance, which has no assets). Oncor Holdings, the immediate parent of Oncor, and its subsidiaries are unrestricted subsidiaries under the EFIH indenture and, accordingly, are not subject to any of the restrictive covenants in the indenture.

The respective issuers may redeem the EFH Corp. 9.75% Notes and EFIH 9.75% Notes, in whole or in part, at any time on or after October 15, 2014, at specified redemption prices, plus accrued and unpaid interest, if any. In addition, before October 15, 2012, the respective issuers may redeem up to 35% of the aggregate principal amount of each series of the notes from time to time at a redemption price of 109.750% of the aggregate principal amount of such series of notes, plus accrued and unpaid interest, if any, with the net cash proceeds of certain equity offerings. The respective issuers may also redeem each series of the notes at any time prior to October 15, 2014 at a price equal to 100% of their principal amount, plus accrued and unpaid interest and the applicable premium as defined in the indenture. Upon the occurrence of a change of control (as described in the indenture), the respective issuers may be required to offer to repurchase each series of the notes at 101% of their principal amount, plus accrued and unpaid interest, if any.

EFIH 10% Notes — The EFIH 10% Notes mature in December 2020, with interest payable in cash semi-annually in arrears on June 1 and December 1 at a fixed rate of 10% per annum. The EFIH 10% Notes are secured by the EFIH Collateral. The EFIH 10% Notes are secured on an equal and ratable basis with the EFIH 9.75% Notes and EFIH's guarantee of the EFH Corp. Senior Secured Notes.

As of December 31, 2010, there were $2.180 billion total principal amount of EFIH 10% Notes. The EFIH 10% Notes are senior obligations of EFIH and rank equally in right of payment with all existing and future senior indebtedness of EFIH (including the EFIH 9.75% Notes and EFIH's guarantees of the EFH Corp. Senior Secured Notes). The EFIH 10% Notes are effectively senior to all unsecured indebtedness of EFIH, to the extent of the value of the EFIH Collateral, and are effectively subordinated to any indebtedness of EFIH secured by assets of EFIH other than the EFIH Collateral, to the extent of the value of the assets securing such indebtedness. Furthermore, the EFIH 10% Notes are (i) structurally subordinated to all indebtedness and other liabilities of EFIH's subsidiaries (other than EFIH Finance), including Oncor Holdings and its subsidiaries, any of EFIH's future foreign subsidiaries and any other unrestricted subsidiaries and (ii) senior in right of payment to any future subordinated indebtedness of the Issuers.

The indenture for the EFIH 10% Notes contains a number of covenants that, among other things, restrict, subject to certain exceptions, EFIH's and its restricted subsidiaries' ability to:

- make restricted payments;
- incur debt and issue preferred stock;
- create liens;
- enter into mergers or consolidations;
- sell or otherwise dispose of certain assets, and
- engage in certain transactions with affiliates.

The indenture also contains customary events of default, including, among others, failure to pay principal or interest on the notes or the guarantees when due. If certain events of default occur and are continuing under the notes and the indenture, the trustee or the holders of at least 30% in principal amount outstanding of the notes may declare the principal amount of the notes to be due and payable immediately. Currently, there are no restricted subsidiaries under the indenture (other than EFIH Finance, which has no assets). Oncor Holdings, Oncor and their respective subsidiaries are unrestricted subsidiaries under the EFIH 10% Notes and the indenture and, accordingly, are not subject to any of the restrictive covenants in the notes and the related indenture.

Until December 1, 2013, EFIH may redeem, with the net cash proceeds of certain equity offerings, up to 35% of the aggregate principal amount of the EFIH 10% Notes from time to time at a redemption price of 110% of the aggregate principal amount of the notes being redeemed, plus accrued and unpaid interest, if any. EFIH may redeem the EFIH 10% Notes, in whole or in part, at any time prior to December 1, 2015 at a price equal to 100% of their principal amount, plus accrued and unpaid interest, if any, and the applicable premium as defined in the indenture. EFIH may redeem any of the EFIH 10% Notes, in whole or in part, at any time on or after December 1, 2015, at specified redemption prices, plus accrued and unpaid interest, if any. Upon the occurrence of a change of control (as defined in the indenture), EFIH may be required to offer to repurchase the notes at 101% of their principal amount, plus accrued and unpaid interest, if any.

Intercreditor Agreement In October 2007, TCEH entered into an intercreditor agreement with Citibank, N.A and five secured commodity hedge counterparties (the Secured Commodity Hedge Counterparties). In connection with the August 2009 amendment to the TCEH Secured Facilities described above, the intercreditor agreement was amended and restated (as amended and restated, the Intercreditor Agreement) to take into account, among other things, the possibility that TCEH could issue notes and/or loans secured by collateral (other than the collateral that secures the TCEH Senior Secured Facilities) that ranks on parity with, or junior to, TCEH's existing first lien obligations under the TCEH Senior Secured Facilities. The Intercreditor Agreement provides that the lien granted to the Secured Commodity Hedge Counterparties will rank pari passu with the lien granted with respect to the collateral of the secured parties under the TCEH Senior Secured Facilities. The Intercreditor Agreement also provides that the Secured Commodity Hedge Counterparties will be entitled to share, on a pro rata basis, in the proceeds of any liquidation of such collateral in connection with a foreclosure on such collateral in an amount provided in the TCEH Senior Secured Facilities. The Intercreditor Agreement also provides that the Secured Commodity Hedge Counterparties will have voting rights with respect to any amendment or waiver of any provision of the Intercreditor Agreement that changes the priority of the Secured Commodity Hedge Counterparties' lien on such collateral relative to the priority of lien granted to the secured parties under the TCEH Senior Secured Facilities or the priority of payments to the Secured Commodity Hedge Counterparties upon a foreclosure and liquidation of such collateral relative to the priority of the lien granted to the secured parties under the TCEH Senior Secured Facilities.

Second Lien Intercreditor Agreement — In October 2010, TCEH entered into a second lien intercreditor agreement (the Second Lien Intercreditor Agreement) with Citibank, N.A., as senior collateral agent, and The Bank of New York Mellon Trust Company, N.A., as initial second priority representative. The Second Lien Intercreditor Agreement provides that liens on the collateral that secure the obligations under the TCEH Senior Secured Facilities, the obligations of the Secured Commodity Hedge Counterparties and any other obligations which are permitted to be secured on a pari passu basis therewith (collectively, the First Lien Obligations) will rank prior to the liens on such collateral securing the obligations under the TCEH Senior Secured Second Lien Notes, and any other obligations which are permitted to be secured on a pari passu basis (collectively, the Second Lien Obligations). The Second Lien Intercreditor Agreement provides that the holders of the First Lien Obligations will be entitled to the proceeds of any liquidation of such collateral in connection with a foreclosure on such collateral until paid in full, and that the holders of the Second Lien Obligations will not be entitled to receive any such proceeds until the First Lien Obligations have been paid in full. The Second Lien Intercreditor Agreement also provides that the holders of the First Lien Obligations will control enforcement actions with respect to such collateral, and the holders of the Second Lien Obligations will not be entitled to commence any such enforcement actions, with limited exceptions. The Second Lien Intercreditor Agreement also provides that releases of the liens on the collateral by the holders of the First Lien Obligations will automatically require that the liens on such collateral by the holders of the Second Lien Obligations be automatically released, and that amendments, waivers or consents with respect to any of the collateral documents in connection with the First Lien Obligations apply automatically to any comparable provision of the collateral documents in connection with the Second Lien Obligations.

TCEH Interest Rate Swap Transactions — As of December 31, 2010, TCEH has entered into interest rate swap transactions pursuant to which payment of the floating interest rates on an aggregate of $15.80 billion principal amount of senior secured term loans of TCEH were exchanged for interest payments at fixed rates of between 7.3% and 8.3% on debt maturing from 2011 to 2014. Swaps related to an aggregate $500 million principal amount of debt expired in 2010, and no interest rate swap transactions were entered into in 2010. Interest rate swaps on an aggregate of $15.05 billion were being accounted for as cash flow hedges related to variable interest rate cash flows until August 29, 2008, at which time these swaps were dedesignated as cash flow hedges as a result of the intent to change the variable interest rate terms of the hedged debt (from three-month LIBOR to one-month LIBOR) in connection with the planned execution of interest rate basis swaps (discussed immediately below) to further reduce the fixed borrowing costs. Based on the fair value of the positions, the cumulative unrealized mark-to-market net losses related to these interest rate swaps totaled $431 million (pre-tax) at the dedesignation date and was recorded in accumulated other comprehensive income. This balance is being reclassified into net income as interest on the hedged debt is reflected in net income.

As of December 31, 2010, TCEH has entered into interest rate basis swap transactions pursuant to which payments at floating interest rates of three-month LIBOR on an aggregate of $15.20 billion principal amount of senior secured term loans of TCEH were exchanged for floating interest rates of one-month LIBOR plus spreads ranging from 0.0625% to 0.2055%. These transactions include swaps entered into in the year ended December 31, 2010 related to an aggregate $2.55 billion principal amount of TCEH senior secured term loans. Swaps related to an aggregate $3.60 billion principal amount of TCEH senior secured term loans expired in 2010.

The interest rate swap counterparties are proportionately secured by the same collateral package granted to the lenders under the TCEH Senior Secured Facilities. Changes in the fair value of such swaps are being reported in the income statement in interest expense and related charges, and such unrealized mark-to-market value changes totaled $207 million in net losses in the year ended December 31, 2010 and $696 million in net gains in the year ended December 31, 2009. The cumulative unrealized mark-to-market net liability related to the swaps totaled $1.419 billion as of December 31, 2010, of which $105 million (pre-tax) was reported in accumulated other comprehensive income.

See Note 17 for discussion of collateral investments in 2009 related to certain of these interest rate swaps.

12. COMMITMENTS AND CONTINGENCIES

Contractual Commitments

As of December 31, 2010, we had noncancellable commitments under energy-related contracts, leases and other agreements as follows.

	Coal purchase agreements and coal transportation agreements	Pipeline transportation and storage reservation fees	Capacity payments under power purchase agreements (a)	Nuclear Fuel Contracts	Water Rights Contracts
2011	$ 473	$ 35	$ 63	$ 183	$ 9
2012	366	28	3	195	9
2013	334		—	123	8
2014	306		—	114	8
2015			—	164	8
Thereafter			—	736	56
Total	$ 1,479	$ 63	$ 66	$ 1,515	$ 98

(a) On the basis of current expectations of demand from electricity customers as compared with capacity and take-or-pay payments, management does not consider it likely that any material payments will become due for electricity not taken beyond capacity payments.

Expenditures under our coal purchase and coal transportation agreements totaled $445 million, $316 million and $268 million for the years ended December 31, 2010, 2009 and 2008, respectively.

As of December 31, 2010, future minimum lease payments under both capital leases and operating leases are as follows:

	Capital Leases	Operating Leases (a)
2011	$ 21	$ 48
2012	18	47
2013	12	47
2014	7	43
2015	5	41
Thereafter	38	237
Total future minimum lease payments	101	$ 463
Less amounts representing interest	21	
Present value of future minimum lease payments	80	
Less current portion	17	
Long-term capital lease obligation	$ 63	

(a) Includes operating leases with initial or remaining noncancellable lease terms in excess of one year.

Rent reported as operating costs, fuel costs and SG&A expenses totaled $89 million for the year ended December 31, 2010 and $92 million for each of the years ended December 31, 2009 and 2008.

Commitment to Fund Demand Side Management Initiatives

In connection with the Merger, Texas Holdings committed to spend $100 million over the five-year period ending December 31, 2012 on demand side management or other energy efficiency initiatives. As of December 31, 2010, we had spent 39% of this commitment. This commitment is expected to be funded by EFH Corp. and/or its subsidiaries other than Oncor. This commitment is in addition to over $300 million to be invested by Oncor for similar initiatives. See Note 6 for other provisions of the stipulation, including a similar commitment made by Oncor.

Guarantees

We have entered into contracts that contain guarantees to unaffiliated parties that could require performance or payment under certain conditions. Material guarantees are discussed below.

Disposed TXU Gas operations — In connection with the sale of TXU Gas in October 2004, EFH Corp. agreed to indemnify Atmos Energy Corporation (Atmos), until October 1, 2014, for up to $500 million for any liability related to assets retained by TXU Gas, including certain inactive gas plant sites not acquired by Atmos, and up to $1.4 billion for contingent liabilities associated with preclosing tax and employee related matters. The maximum aggregate amount under these indemnities that we may be required to pay is $1.9 billion. To date, we have not been required to make any payments to Atmos under any of these indemnity obligations, and no such payments are currently anticipated.

Residual value guarantees in operating leases — We are the lessee under various operating leases that guarantee the residual values of the leased assets. As of December 31, 2010, the aggregate maximum amount of residual values guaranteed was $13 million with an estimated residual recovery of $13 million. These leased assets consist primarily of rail cars. The average life of the residual value guarantees under the lease portfolio is approximately six years.

See Note 11 for discussion of guarantees and security for certain of our debt

Letters of Credit

As of December 31, 2010, TCEH had outstanding letters of credit under its credit facilities totaling $874 million as follows:

- $473 million to support risk management and trading margin requirements in the normal course of business, including over-the-counter hedging transactions and collateral postings with ERCOT;
- $208 million to support floating rate pollution control revenue bond debt with an aggregate principal amount of $204 million (the letters of credit are available to fund the payment of such debt obligations and expire in 2014);
- $73 million to support TCEH's REP financial requirements with the PUCT, and
- $120 million for miscellaneous credit support requirements

Litigation Related to Generation Facilities

In November 2010, an administrative appeal challenging the decision of the TCEQ to renew and amend Oak Grove Management Company LLC's (Oak Grove) (a wholly-owned subsidiary of TCEH) Texas Pollutant Discharge Elimination System (TPDES) permit related to water discharges was filed by Robertson County: Our Land, Our Lives and Roy Henrichson in the Travis County, Texas District Court. Plaintiffs seek a reversal of the TCEQ's order and a remand back to the TCEQ for further proceedings. In addition to this administrative appeal, in November 2010, two other petitions were filed in Travis County, Texas District Court by Sustainable Energy and Economic Development Coalition and Paul and Lisa Rolke, respectively, who were non-parties to the administrative hearing before the State Office of Administrative Hearings, challenging the TCEQ's decision to renew and amend Oak Grove's TPDES permit and asking the District Court to remand the matter to the TCEQ for further proceedings. Although we cannot predict the outcome of these proceedings, we believe that the renewal and amendment of the Oak Grove TPDES permit are protective of the environment and that the application for and the processing of Oak Grove's TPDES permit renewal and amendment by the TCEQ were in accordance with applicable law. There can be no assurance that the outcome of these matters would not result in an adverse impact on our financial condition, results of operations or liquidity.

In September 2010, the Sierra Club filed a lawsuit in the US District Court for the Eastern District of Texas (Texarkana Division) against EFH Corp. and Luminant Generation Company LLC (a wholly-owned subsidiary of TCEH) for alleged violations of the Clean Air Act at Luminant's Martin Lake generation facility. While we are unable to estimate any possible loss or predict the outcome of the litigation, we believe that the Sierra Club's claims are without merit, and we intend to vigorously defend this litigation. In addition, in February 2010, the Sierra Club informed Luminant that it may sue Luminant, after the expiration of a 60-day waiting period, for allegedly violating federal Clean Air Act provisions in connection with Luminant's Big Brown generation facility. Subsequently, in December 2010, Sierra Club informed Luminant that it may sue Luminant, after the expiration of a 60-day waiting period, for allegedly violating federal Clean Air Act provisions in connection with Luminant's Monticello generation facility. We cannot predict whether the Sierra Club will actually file suit or the outcome of any resulting proceedings.

Regulatory Reviews

In June 2008, the EPA issued a request for information to TCEH under the EPA's authority under Section 114 of the Clean Air Act. The stated purpose of the request is to obtain information necessary to determine compliance with the Clean Air Act, including New Source Review Standards and air permits issued by the TCEQ for the Big Brown, Monticello and Martin Lake generation facilities. Historically, as the EPA has pursued its New Source Review enforcement initiative, companies that have received a large and broad request under Section 114, such as the request received by TCEH, have in many instances subsequently received a notice of violation from the EPA, which has in some cases progressed to litigation or settlement. The company is cooperating with the EPA and is responding in good faith to the EPA's request, but is unable to predict the outcome of this matter.

Other Proceedings

In addition to the above, we are involved in various other legal and administrative proceedings in the normal course of business, the ultimate resolution of which, in the opinion of management, should not have a material effect on our financial condition, results of operations or liquidity.

Labor Contracts

Certain personnel engaged in TCEH activities are represented by labor unions and covered by collective bargaining agreements with varying expiration dates. In November 2010, new one-year labor agreements were reached covering bargaining unit personnel engaged in lignite-fueled generation operations (excluding Sandow), lignite mining operations (excluding Three Oaks) and natural gas-fueled generation operations. In October 2010, new two-year labor agreements were reached covering bargaining unit personnel engaged in the Sandow lignite-fueled generation operations and the Three Oaks lignite mining operations. In August 2010, a new three-year labor agreement was reached covering bargaining unit personnel engaged in nuclear-fueled generation operations. We do not expect any changes in collective bargaining agreements to have a material effect on our results of operations, liquidity or financial condition.

Environmental Contingencies

The federal Clean Air Act, as amended (Clean Air Act) includes provisions which, among other things, place limits on SO_2 and NO_x emissions produced by electricity generation plants. The capital requirements of the company have not been significantly affected by the requirements of the Clean Air Act. In addition, all air pollution control provisions of the 1999 Restructuring Legislation have been satisfied.

We must comply with environmental laws and regulations applicable to the handling and disposal of hazardous waste. We believe that we are in compliance with current environmental laws and regulations; however, the impact, if any, of changes to existing regulations or the implementation of new regulations is not determinable and could materially and adversely affect our financial condition, results of operations and liquidity.

The costs to comply with environmental regulations can be significantly affected by the following external events or conditions:

- enactment of state or federal regulations regarding CO_2 and other greenhouse gas emissions;
- other changes to existing state or federal regulation regarding air quality, water quality, control of toxic substances and hazardous and solid wastes, and other environmental matters, including revisions to CAIR currently being developed by the EPA as a result of court rulings discussed in Note 4 and revisions to the federal Clean Air Mercury Rule (CAMR) also being developed by the EPA as a result of similar court rulings, and
- the identification of sites requiring clean-up or the filing of other complaints in which we may be asserted to be potential responsible parties.

Nuclear Insurance

Nuclear insurance includes liability coverage, property damage, decontamination and premature decommissioning coverage and accidental outage and/or extra expense coverage. The liability coverage is governed by the Price-Anderson Act (Act), while the property damage, decontamination and premature decommissioning coverage are promulgated by the rules and regulations of the NRC We intend to maintain insurance against nuclear risks as long as such insurance is available. The company is self-insured to the extent that losses (i) are within the policy deductibles, (ii) are not covered per policy exclusions, terms and limitations, (iii) exceed the amount of insurance maintained, or (iv) are not covered due to lack of insurance availability. Such losses could have a material adverse effect on our financial condition and results of operations and liquidity.

With regard to liability coverage, the Act provides financial protection for the public in the event of a significant nuclear generation plant incident. The Act sets the statutory limit of public liability for a single nuclear incident at $12.5 billion and requires nuclear generation plant operators to provide financial protection for this amount. The US Congress could impose revenue-raising measures on the nuclear industry to pay claims exceeding the $12.5 billion limit for a single incident mandated by the Act. As required, the company provides this financial protection for a nuclear incident at Comanche Peak resulting in public bodily injury and property damage through a combination of private insurance and industry-wide retrospective payment plans. As the first layer of financial protection, the company has $375 million of liability insurance from American Nuclear Insurers (ANI), which provides such insurance on behalf of a major stock insurance company pool, Nuclear Energy Liability Insurance Association. The second layer of financial protection is provided under an industry-wide retrospective payment program called Secondary Financial Protection (SFP)

Under the SFP, in the event of an incident at any nuclear generation plant in the US, each operating licensed reactor in the US is subject to an assessment of up to $117.5 million plus a 3% insurance premium tax, subject to increases for inflation every five years. Assessments are limited to $17.5 million per operating licensed reactor per year per incident. The company's maximum potential assessment under the industry retrospective plan would be $235 million (excluding taxes) per incident but no more than $35 million in any one year for each incident. The potential assessment is triggered by a nuclear liability loss in excess of $375 million per accident at any nuclear facility. The SFP and liability coverage are not subject to any deductibles.

With respect to nuclear decontamination and property damage insurance, the NRC requires that nuclear generation plant license-holders maintain at least $1.06 billion of such insurance and require the proceeds thereof to be used to place a plant in a safe and stable condition, to decontaminate it pursuant to a plan submitted to and approved by the NRC before the proceeds can be used for plant repair or restoration or to provide for premature decommissioning. The company maintains nuclear decontamination and property damage insurance for Comanche Peak in the amount of $2.25 billion (subject to $5 million deductible per accident), above which the company is self-insured. This insurance coverage consists of a primary layer of coverage of $500 million provided by Nuclear Electric Insurance Limited (NEIL), a nuclear electric utility industry mutual insurance company and $1.40 billion of premature decommissioning coverage also provided by NEIL. The European Mutual Association for Nuclear Insurance provides additional insurance limits of $350 million in excess of NEIL's $1.9 billion coverage.

The company maintains Accidental Outage Insurance through NEIL to cover the additional costs of obtaining replacement electricity from another source if one or both of the units at Comanche Peak are out of service for more than twelve weeks as a result of covered direct physical damage The coverage provides for weekly payments of $3.5 million for the first fifty-two weeks and $2.8 million for the next 110 weeks for each outage, respectively, after the initial twelve-week waiting period. The total maximum coverage is $490 million per unit. The coverage amounts applicable to each unit will be reduced to 80% if both units are out of service at the same time as a result of the same accident.

If NEIL's losses exceeded its reserves for the applicable coverage, potential assessments in the form of a retrospective premium call could be made up to ten times annual premiums. The company maintains insurance coverage against these potential retrospective premium calls.

Also, under the NEIL policies, if there were multiple terrorism losses occurring within a one-year time frame, NEIL would make available one industry aggregate limit of $3.2 billion plus any amounts it recovers from other sources up to the limits for each claimant. If terrorism losses occurred beyond the one-year period, a new set of limits and resources would apply

13. SHAREHOLDERS' EQUITY

Equity Issuances and Repurchases

In the year ended December 31, 2008, EFH Corp. issued an aggregate of approximately 5.5 million shares of its common stock to, or for the benefit of, certain of its officers, directors and employees for an aggregate consideration of $27.4 million, which included shares previously subscribed. In addition, in the years ended December 31, 2010, 2009 and 2008, EFH Corp. issued an aggregate of 3.9 million, 1.5 million and 1.7 million shares, respectively, of its common stock to, or for the benefit of, certain officers, directors and employees as stock-based compensation as discussed in Note 21. The 2010 issuances included 1.2 million shares of previously issued restricted or deferred stock units that vested in 2010. In 2008, EFH Corp. repurchased 0.8 million shares of its common stock from employees primarily upon termination of employment or amendment of agreements, for an aggregate consideration of $3.9 million.

Effect of Sale of Noncontrolling Interests

The total amount of proceeds from the sale of noncontrolling interests in Oncor discussed in Note 14 was less than the carrying value of the interests sold by $265 million, which reflects the fact that Oncor's carrying value after purchase accounting is based on the Merger value, while the noncontrolling interests sale value does not include a control premium. This difference was accounted for as a reduction of additional paid-in capital.

As a result of the sale of the noncontrolling interests and the application of rules for income tax accounting related to outside basis differences, activity in 2008 reflects an increase in the balance of noncurrent accumulated deferred income tax liabilities of $141 million and a decrease in additional paid-in capital by the same amount.

Dividend Restrictions

The indentures governing the EFH Corp. Senior Notes and EFH Corp. Senior Secured Notes include covenants that, among other things and subject to certain exceptions, restrict our ability to pay dividends or make other distributions in respect of our common stock. Accordingly, essentially all of our net income is restricted from being used to make distributions on our common stock unless such distributions are expressly permitted under these indentures and/or on a pro forma basis, after giving effect to such distribution, EFH Corp.'s consolidated leverage ratio is equal to or less than 7.0 to 1.0. For purposes of this calculation, "consolidated leverage ratio" is defined as the ratio of consolidated total debt (as defined in the indenture) to Adjusted EBITDA, in each case, consolidated with its subsidiaries other than Oncor Holdings and its subsidiaries. EFH Corp.'s consolidated leverage ratio was 8.5 to 1.0 as of December 31, 2010.

In addition, the indentures governing the EFIH Notes generally restrict EFIH from making any cash distribution to EFH Corp. for the ultimate purpose of making a cash dividend on our common stock unless at the time, and after giving effect to such dividend, EFIH's consolidated leverage ratio is equal to or less than 6.0 to 1.0. Under the indentures governing the EFIH Notes, the term "consolidated leverage ratio" is defined as the ratio of EFIH's consolidated total debt (as defined in the indentures) to EFIH's Adjusted EBITDA on a consolidated basis (including Oncor's Adjusted EBITDA). EFIH's consolidated leverage ratio was 5.3 to 1.0 as of December 31, 2010.

The TCEH Senior Secured Facilities generally restrict TCEH from making any cash distribution to any of its parent companies for the ultimate purpose of making a cash dividend on our common stock unless at the time, and after giving effect to such dividend, its consolidated total debt (as defined in the TCEH Senior Secured Facilities) to Adjusted EBITDA would be equal to or less than 6.5 to 1.0. As of December 31, 2010, that ratio was 7.9 to 1.0.

In addition, the TCEH Senior Secured Facilities and indentures governing the TCEH Senior Notes and TCEH Senior Secured Second Lien Notes generally restrict TCEH's ability to make distributions or loans to any of its parent companies, EFCH and EFH Corp., unless such distributions or loans are expressly permitted under the TCEH Senior Secured Facilities and the indentures governing the TCEH Senior Notes and TCEH Senior Secured Second Lien Notes. Those agreements generally permit TCEH to make unlimited distributions or loans to its parent companies for corporate overhead costs, SG&A expenses, taxes and principal and interest payments. In addition, those agreements contain certain investment and dividend baskets that would allow TCEH to make additional distributions and/or loans to its parent companies up to the amount of such baskets. As of December 31, 2010 and 2009, EFH Corp. demand notes payable to TCEH totaled $1.921 billion and $1.406 billion, respectively, of which $916 million and $416 million, respectively, was related to principal and interest payments. Such principal and interest amounts are guaranteed by EFCH and EFIH on a pari passu basis with their guarantees of the EFH Corp. Senior Notes; the remaining balance of the demand notes is not guaranteed

In addition, under applicable law, we would be prohibited from paying any dividend to the extent that immediately following payment of such dividend, there would be no statutory surplus or we would be insolvent.

EFH Corp. did not declare or pay any dividends in 2010, 2009 or 2008.

Distributions from Oncor — Until December 31, 2012, distributions paid by Oncor to its members are limited to an amount not to exceed Oncor's net income determined in accordance with GAAP, subject to certain defined adjustments. Such adjustments include deducting the $72 million ($46 million after-tax) one-time refund to customers in September 2008, net accretion of fair value adjustments resulting from purchase accounting and funds spent as part of the $100 million commitment for additional demand-side management or other energy efficiency initiatives (see Note 6) of which $46 million ($30 million after tax) has been spent through December 31, 2010, and removing the effects of the $860 million goodwill impairment charge from fourth quarter 2008 net income available for distribution. As of December 31, 2010, $140 million was available for distribution to Oncor's members under the cumulative net income restriction, of which approximately 80% relates to EFH Corp.'s ownership interest.

Oncor's distributions are further limited by an agreement with the PUCT that its regulatory capital structure, as determined by the PUCT, will be at or below the assumed debt-to-equity ratio established periodically by the PUCT for ratemaking purposes, which is currently set at 60% debt to 40% equity. As of December 31, 2010, the regulatory capitalization ratio was 59.7% debt and 40.3% equity. The PUCT has the authority to determine what types of debt and equity are included in a utility's debt-to-equity ratio. For purposes of this ratio, debt is calculated as long-term debt plus unamortized gains on reacquired debt less unamortized issuance expenses, premiums and losses on reacquired debt. The debt calculation excludes transition bonds issued by Oncor Electric Delivery Transition Bond Company. Equity is calculated as membership interests determined in accordance with GAAP, excluding the effects of accounting for the Merger (which included recording the initial goodwill and fair value adjustments and the subsequent related impairments and amortization). As of December 31, 2010, $44 million was available for distribution under the capital structure restriction, of which approximately 80% relates to EFH Corp.'s ownership interest. In January 2011, Oncor filed for a rate review with the PUCT and 203 cities that, among other things, requested a revised regulatory capital structure of 55% debt to 45% equity, which if approved as requested, would further limit distributions from Oncor.

Shareholder Actions

In May 2009, the shareholders of EFH Corp. approved the change of the stated capital of EFH Corp.'s common stock, no par value per share, to an amount equal to $0.001 for each outstanding share of common stock, resulting in total stated value of outstanding common stock of $2 million. Also in May 2009, EFH Corp.'s board of directors approved a decrease in additional paid-in capital of the same amount and the allocation of $0.001 per share to stated value of common stock upon issuance of any authorized but unissued shares of common stock that may occur from time to time, with the remainder of any amounts received for such shares allocated to additional paid-in capital.

Common Stock Registration Rights

The Sponsor Group and certain other investors entered into a registration rights agreement with EFH Corp. upon closing of the Merger. Pursuant to this agreement, in certain instances, the Sponsor Group can cause EFH Corp. to register shares of EFH Corp.'s common stock owned directly or indirectly by them under the Securities Act. In certain instances, the Sponsor Group and certain other investors are also entitled to participate on a pro rata basis in any registration of EFH Corp.'s common stock under the Securities Act that it may undertake.

See Note 21 for discussion of stock-based compensation plans.

14. NONCONTROLLING INTERESTS

In November 2008, equity interests in Oncor were sold to Texas Transmission for $1.254 billion in cash. Equity interests were also indirectly sold to certain members of Oncor's board of directors and its management team. Accordingly, after giving effect to all equity issuances, as of December 31, 2010, ownership of Oncor's membership interests was as follows. 80.03% held indirectly by EFH Corp., 0.22% held indirectly by Oncor's management and board of directors and 19.75% held by Texas Transmission.

The proceeds (net of closing costs) of $1.253 billion received by Oncor from Texas Transmission and the members of Oncor management upon completion of these transactions were distributed ultimately to EFH Corp Under the terms of certain financing arrangements of EFH Corp and TCEH, upon such distribution, under certain circumstances. EFH Corp. (parent entity) was required to repay certain outstanding intercompany loans from TCEH. In November 2008, EFH Corp. repaid the $253 million balance of notes payable to TCEH that related to payments of principal and interest on EFH Corp. (parent entity) debt.

See Note 13 for discussion of amounts recorded as a reduction of shareholders' equity as a result of the sale of Oncor interests.

Of the noncontrolling interests balance reported in the December 31, 2009 consolidated balance sheet, $1.363 billion related to Oncor. The noncontrolling interests balance reported in the December 31, 2009 consolidated balance sheet represented the proportional share of Oncor's net assets at the date of the transaction less $96 million representing the noncontrolling interests' share of Oncor's net losses for the periods subsequent to the transaction (including the goodwill impairment charge), net of $58 million in cash distributions. See Notes 1 and 3 for discussion of the deconsolidation of Oncor in 2010.

In connection with the filing of a combined operating license application with the NRC for two new nuclear generation units, in January 2009, TCEH and Mitsubishi Heavy Industries Ltd. (MHI) formed a joint venture, CPNPC, to further the development of the two new nuclear generation units using MHI's US-Advanced Pressurized Water Reactor technology. Under the terms of the joint venture agreement, a subsidiary of TCEH owns an 88% interest in the venture and a subsidiary of MHI owns a 12% interest. This joint venture is a variable interest entity, and a subsidiary of TCEH is considered the primary beneficiary (see Note 3).

15. FAIR VALUE MEASUREMENTS

Accounting standards related to the determination of fair value define fair value as the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. We use a "mid-market" valuation convention (the mid-point price between bid and ask prices) as a practical expedient to measure fair value for the majority of our assets and liabilities subject to fair value measurement on a recurring basis. We primarily use the market approach for recurring fair value measurements and use valuation techniques to maximize the use of observable inputs and minimize the use of unobservable inputs.

We categorize our assets and liabilities recorded at fair value based upon the following fair value hierarchy:

- Level 1 valuations use quoted prices in active markets for identical assets or liabilities that are accessible at the measurement date. An active market is a market in which transactions for the asset or liability occur with sufficient frequency and volume to provide pricing information on an ongoing basis. Our Level 1 assets and liabilities include exchange traded commodity contracts. For example, a significant number of our derivatives are NYMEX futures and swaps transacted through clearing brokers for which prices are actively quoted.
- Level 2 valuations use inputs, in the absence of actively quoted market prices, that are observable for the asset or liability, either directly or indirectly. Level 2 inputs include: (a) quoted prices for similar assets or liabilities in active markets, (b) quoted prices for identical or similar assets or liabilities in markets that are not active, (c) inputs other than quoted prices that are observable for the asset or liability such as interest rates and yield curves observable at commonly quoted intervals and (d) inputs that are derived principally from or corroborated by observable market data by correlation or other means. Our Level 2 valuations utilize over-the-counter broker quotes, quoted prices for similar assets or liabilities that are corroborated by correlations or other mathematical means and other valuation inputs. For example, our Level 2 assets and liabilities include forward commodity positions at locations for which over-the-counter broker quotes are available.
- Level 3 valuations use unobservable inputs for the asset or liability. Unobservable inputs are used to the extent observable inputs are not available, thereby allowing for situations in which there is little, if any, market activity for the asset or liability at the measurement date. We use the most meaningful information available from the market combined with internally developed valuation methodologies to develop our best estimate of fair value. For example, our Level 3 assets and liabilities include certain derivatives whose values are derived from pricing models that utilize multiple inputs to the valuations, including inputs that are not observable or easily corroborated through other means.

We utilize several different valuation techniques to measure the fair value of assets and liabilities, relying primarily on the market approach of using prices and other market information for identical and/or comparable assets and liabilities for those items that are measured on a recurring basis. These methods include, among others, the use of broker quotes and statistical relationships between different price curves.

In utilizing broker quotes, we attempt to obtain multiple quotes from brokers that are active in the commodity markets in which we participate (and require at least one quote from two brokers to determine a pricing input as observable); however, not all pricing inputs are quoted by brokers. The number of broker quotes received for certain pricing inputs varies depending on the depth of the trading market, each individual broker's publication policy, recent trading volume trends and various other factors. In addition, for valuation of interest rate swaps, we use a combination of dealer provided market valuations (generally non-binding) and Bloomberg valuations based on month-end interest rate curves and standard rate swap valuation models.

Certain derivatives and financial instruments are valued utilizing option pricing models that take into consideration multiple inputs including commodity prices, volatility factors, discount rates and other inputs. Additionally, when there is not a sufficient amount of observable market data, valuation models are developed that incorporate proprietary views of market factors. Those valuation models are generally used in developing long-term forward price curves for certain commodities. We believe the development of such curves is consistent with industry practice; however, the fair value measurements resulting from such curves are classified as Level 3.

With respect to amounts presented in the following fair value hierarchy tables, the fair value measurement of an asset or liability (e g., a contract) is required to fall in its entirety in one level, based on the lowest level input that is significant to the fair value measurement. Certain assets and liabilities would be classified in Level 2 instead of Level 3 of the hierarchy except for the effects of credit reserves and non-performance risk adjustments, respectively. Assessing the significance of a particular input to the fair value measurement in its entirety requires judgment, considering factors specific to the asset or liability being measured.

As of December 31, 2010, assets and liabilities measured at fair value on a recurring basis consisted of the following:

	Level 1	Level 2	Level 3 (a)	Reclassification(b)	Total
Assets:					
Commodity contracts	$ 727	$ 3,575	$ 401	$ 2	$ 4,705
Interest rate swaps	—	98	—	—	98
Nuclear decommissioning trust – equity securities (c)	192	121	—	—	313
Nuclear decommissioning trust – debt securities (c)	—	223	—	—	223
Total assets	$ 919	$ 4,017	$ 401	$ 2	$ 5,339
Liabilities:					
Commodity contracts	$ 875	$ 672	$ 59	$ 2	$ 1,608
Interest rate swaps	—	1,544	—	—	1,544
Total liabilities	$ 875	$ 2,216	$ 59	$ 2	$ 3,152

(a) Level 3 assets and liabilities consist primarily of a complex wind generation purchase contract, certain natural gas positions (collars) in the long-term hedging program and certain power transactions valued at illiquid pricing locations as discussed below.

(b) Represents the effects of reclassification of the assets and liabilities to conform to the balance sheet presentation of current and long-term assets and liabilities.

(c) The nuclear decommissioning trust investment is included in the other investments line on the balance sheet. See Note 18.

See Note 20 for fair value measurements related to pension and OPEB plan assets.

In conjunction with ERCOT's transition to a nodal wholesale market structure effective December 2010, we have entered (and expect to increasingly enter) into certain derivative transactions that are valued at illiquid pricing locations (unobservable inputs), thus requiring classification as Level 3 assets or liabilities. As the nodal market matures and more transactions and pricing information becomes available for these pricing locations, we expect more of the valuation inputs to become observable.

As of December 31, 2009, assets and liabilities measured at fair value on a recurring basis consisted of the following:

	Level 1	Level 2	Level 3 (a)	Reclassification(b)	Total
Assets:					
Commodity contracts	$ 918	$ 2,588	$ 350	$ 4	$ 3,860
Interest rate swaps	—	64	—	—	64
Nuclear decommissioning trust – equity securities (c)	154	105	—		259
Nuclear decommissioning trust – debt securities (c)	—	216	—	—	216
Total assets	$ 1,072	$ 2,973	$ 350	$ 4	$ 4,399
Liabilities:					
Commodity contracts	$ 1,077	$ 796	$ 269	$ 4	$ 2,146
Interest rate swaps	—	1,306	—		1,306
Total liabilities	$ 1,077	$ 2,102	$ 269	$ 4	$ 3,452

(a) Level 3 assets and liabilities consist primarily of complex long-term power purchase and sales agreements, including a long-term wind generation purchase contract and certain natural gas positions (collars) in the long-term hedging program.

(b) Represents the effects of reclassification of the assets and liabilities to conform to the balance sheet presentation of current and long-term assets and liabilities.

(c) The nuclear decommissioning trust investment is included in the other investments line on the balance sheet. See Note 18.

Commodity contracts consist primarily of natural gas, electricity, fuel oil and coal derivative instruments entered into for hedging purposes and include physical contracts that have not been designated "normal" purchases or sales. See Note 17 for further discussion regarding the company's use of derivative instruments.

Interest rate swaps include variable-to-fixed rate swap instruments that are economic hedges of interest on long-term debt as well as interest rate basis swaps designed to effectively reduce the hedged borrowing costs See Note 11 for discussion of interest rate swaps.

Nuclear decommissioning trust assets represent securities held for the purpose of funding the future retirement and decommissioning of the nuclear generation units. These investments include equity, debt and other fixed-income securities consistent with investment rules established by the NRC and the PUCT.

There were no significant transfers between the levels of the fair value hierarchy for the year ended December 31, 2010.

The following table presents the changes in fair value of the Level 3 assets and liabilities (all related to commodity contracts) for the years ended December 31, 2010, 2009 and 2008:

	Year Ended December 31,		
	2010	2009	2008
Balance as of beginning of period	$ 81	$ (72)	$ (173)
Total realized and unrealized gains (losses) (a):			
Included in net income (loss)	266	115	(5)
Included in other comprehensive income (loss)	—	(30)	—
Purchases, sales, issuances and settlements (net) (b)	26	51	(13)
Transfers into Level 3 (c)	(12)	2	70
Transfers out of Level 3 (c)	(19)	15	49
Balance as of end of period	$ 342	$ 81	$ (72)
Net change in unrealized gains (losses) included in net income relating to instruments held as of end of period	$ 111	$ 105	$ 87

(a) In 2008 and 2009, substantially all changes in values of commodity contracts are reported in the income statement in net gain from commodity hedging and trading activities. In 2010, net gains of $150 million are reported in net gain from commodity hedging and trading activities, and a gain of $116 million on the termination of a long-term power sales contract is reported in other income in the income statement.

(b) Settlements represent reversals of unrealized mark-to-market valuations of these positions previously recognized in net income. Purchases and issuances reflect option premiums paid or received.

(c) Includes transfers due to changes in the observability of significant inputs. For 2010, in accordance with new accounting guidance issued by the FASB in January 2010, transfers in and out occur at the end of each quarter, which is when the assessments are performed. Prior period transfers in were assumed to transfer in at the beginning of the quarter and transfers out at the end of the quarter.

16. FAIR VALUE OF NONDERIVATIVE FINANCIAL INSTRUMENTS

The carrying amounts and related estimated fair values of significant nonderivative financial instruments as of December 31, 2010 and 2009 were as follows:

	December 31, 2010		December 31, 2009	
	Carrying Amount	Fair Value (a)	Carrying Amount	Fair Value (a)
On balance sheet liabilities:				
Long-term debt (including current maturities) (b):				
TCEH, EFH Corp., and other	$ 34,815	$ 26,594	$ 36,600	$ 29,115
Oncor (c)	$ —	$ —	$ 5,104	$ 5,644
Total	$ 34,815	$ 26,594	$ 41,704	$ 34,759
Off balance sheet liabilities:				
Financial guarantees	$ —	$ 9	$ —	$ 6

(a) Fair value determined in accordance with accounting standards related to the determination of fair value.

(b) Excludes capital leases.

(c) See Notes 1 and 3 for discussion of the deconsolidation of Oncor Holdings effective as of January 1, 2010.

See Notes 15 and 17 for discussion of accounting for financial instruments that are derivatives.

17. COMMODITY AND OTHER DERIVATIVE CONTRACTUAL ASSETS AND LIABILITIES

Strategic Use of Derivatives

We enter into physical and financial derivative instruments, such as options, swaps, futures and forward contracts, primarily to manage commodity price risk and interest rate risk exposure. Our principal activities involving derivatives consist of a long-term commodity hedging program and the hedging of interest costs on our long-term debt. See Note 15 for a discussion of the fair value of all derivatives.

Long-Term Hedging Program — TCEH has a long-term hedging program designed to reduce exposure to changes in future electricity prices due to changes in the price of natural gas, thereby hedging future revenues from electricity sales and related cash flows. In ERCOT, the wholesale price of electricity is largely correlated to the price of natural gas. Under the program, TCEH has entered into market transactions involving natural gas-related financial instruments and has sold forward natural gas through 2014. These transactions are intended to hedge a majority of electricity price exposure related to expected baseload generation for this period. Changes in the fair value of the instruments under the long-term hedging program are reported in the income statement in net gain (loss) from commodity hedging and trading activities.

Interest Rate Swap Transactions — Interest rate swap agreements are used to reduce exposure to interest rate changes by converting floating-rate debt to fixed rates, thereby hedging future interest costs and related cash flows. Interest rate basis swaps are used to effectively reduce the hedged borrowing costs Changes in the fair value of the swaps are recorded as unrealized gains and losses in interest expense and related charges. See Note 11 for additional information about interest rate swap agreements.

Other Commodity Hedging and Trading Activity — In addition to the long-term hedging program, TCEH enters into derivatives, including electricity, natural gas, fuel oil and coal instruments, generally for shorter-term hedging purposes. To a limited extent, TCEH also enters into derivative transactions for proprietary trading purposes, principally in natural gas and electricity markets.

Financial Statement Effects of Derivatives

Substantially all commodity and other derivative contractual assets and liabilities arise from mark-to-market accounting consistent with accounting standards related to derivative instruments and hedging activities. The following tables provide detail of commodity and other derivative contractual assets and liabilities (with the column totals representing the net positions of the contracts) as reported in the balance sheets as of December 31, 2010 and 2009:

	December 31, 2010				
	Derivative assets		Derivative liabilities		
	Commodity contracts	Interest rate swaps	Commodity contracts	Interest rate swaps	Total
Current assets	$ 2,637	$ 95	$ —	$ —	$ 2,732
Noncurrent assets	2,068	3	—	—	2,071
Current liabilities	(2)		(1,542)	(739)	(2,283)
Noncurrent liabilities	—	—	(64)	(805)	(869)
Net assets (liabilities)	$ 4,703	$ 98	$ (1,606)	$ (1,544)	$ 1,651

December 31, 2009	Derivative assets		Derivative liabilities		
	Commodity contracts	Interest rate swaps	Commodity contracts	Interest rate swaps	Total
Current assets	$ 2,327	$ 60	$ 4	$ —	$ 2,391
Noncurrent assets	1,529	4	—	—	1,533
Current liabilities	—	—	(1,705)	(687)	(2,392)
Noncurrent liabilities	—	—	(441)	(619)	(1,060)
Net assets (liabilities)	$ 3,856	$ 64	$ (2,142)	$ (1,306)	$ 472

As of December 31, 2010 and 2009, there were no derivative positions accounted for as cash flow or fair value hedges.

Margin deposits that contractually offset these derivative instruments are reported separately in the balance sheet and totaled $479 million and $358 million in net liabilities as of December 31, 2010 and 2009, respectively, which do not include the collateral investments related to certain interest rate swaps and commodity positions discussed immediately below. Reported amounts as presented in the above table do not reflect netting of assets and liabilities with the same counterparties under existing netting arrangements This presentation can result in significant volatility in derivative assets and liabilities because we may enter into offsetting positions with the same counterparties, resulting in both assets and liabilities, and the underlying commodity prices can change significantly from period to period.

In 2009, we entered into collateral funding transactions with counterparties to certain interest rate swap agreements related to TCEH debt. Under the terms of these transactions, which we elected to enter into as a cash management measure, as of December 31, 2009, EFH Corp. (parent) had posted $400 million in cash and TCEH had posted $65 million in letters of credit to the counterparties, with the outstanding balance of such collateral earning interest. TCEH had also entered into commodity hedging transactions with one of these counterparties, and under an arrangement effective August 2009, both the interest rate swaps and certain of the commodity hedging transactions with the counterparty are under the same derivative agreement, which continues to be secured by a first-lien interest in the assets of TCEH. In accordance with the agreements, the counterparties returned the collateral, along with accrued interest, on March 31, 2010. As of December 31, 2009, the cash collateral was recorded as an investment and was presented in the balance sheet (including accrued interest) as a separate line item under current assets.

The following table presents the pre-tax effect on net income of derivatives not under hedge accounting, including realized and unrealized effects:

Derivative (Income statement presentation)	Year Ended December 31, 2010	2009
Commodity contracts (Net gain from commodity hedging and trading activities)	$ 2,162	$ 1,741
Commodity contracts (Other income) (a)	116	—
Interest rate swaps (Interest expense and related charges)	(880)	12
Net gain	$ 1,398	$ 1,753

(a) Represents a gain on termination of a long-term power sales contract (see Note 9).

Amounts reported in the income statement in net gain from commodity hedging and trading activities include net "day one" mark-to-market gains of $5 million in the year ended December 31, 2010 and net "day one" mark-to-market losses of $2 million and $68 million in the years ended December 31, 2009 and 2008, respectively. Substantially all of these losses arose from a related series of derivative transactions entered into under the long-term hedging program.

The following table presents the pre-tax effect on net income and other comprehensive income (OCI) of derivative instruments previously accounted for as cash flow hedges:

Derivative	Amount of loss recognized in OCI (effective portion) Year Ended December 31, 2010	2009	Income statement presentation of loss reclassified from accumulated OCI into income (effective portion)	Year Ended December 31, 2010	2009
Interest rate swaps	$ —	$ —	Interest expense and related charges	$ (87)	$ (184)
			Depreciation and amortization	(2)	
Commodity contracts	—	(30)	Fuel, purchased power costs and delivery fees	—	(16)
			Operating revenues	(1)	(2)
Total	$ —	$ (30)		$ (90)	$ (202)

There were no transactions designated as cash flow hedges during the year ended December 31, 2010. There were no ineffectiveness net gains or losses related to transactions designated as cash flow hedges in the year ended December 31, 2009.

Accumulated other comprehensive income related to cash flow hedges as of December 31, 2010 and 2009 totaled $69 million and $128 million in net losses (after-tax), respectively, substantially all of which relates to interest rate swaps. We expect that $19 million of net losses related to cash flow hedges included in accumulated other comprehensive income as of December 31, 2010 will be reclassified into net income during the next twelve months as the related hedged transactions affect net income.

Derivative Volumes

The following table presents the gross notional amounts of derivative volumes as of December 31, 2010 and 2009:

Derivative type	December 31, 2010 Notional Volume	2009	Unit of Measure
Interest rate swaps:			
Floating/fixed	$ 17,500	$ 18,000	Million US dollars
Basis	$ 15,200	$ 16,250	Million US dollars
Natural gas:			
Long-term hedge forward sales and purchases (a)	2,681	3,402	Million MMBtu
Locational basis swaps	1,092	1,010	Million MMBtu
All other	887	1,433	Million MMBtu
Electricity	143,776	198,230	GWh
Congestion Revenue Rights (b)	15,782	—	GWh
Coal	6	6	Million tons
Fuel oil	109	161	Million gallons

(a) Represents gross notional forward sales, purchases and options of fixed and basis (price point) transactions in the long-term hedging program. The net amount of these transactions, excluding basis transactions, was 1.0 billion MMBtu and 1.6 billion MMBtu as of December 31, 2010 and 2009, respectively.

(b) Represents gross forward sales and purchases associated with instruments used to hedge price differences between settlement points in the new nodal wholesale market design implemented by ERCOT.

Credit Risk-Related Contingent Features of Derivatives

The agreements that govern our derivative instrument transactions may contain certain credit risk-related contingent features that could trigger liquidity requirements in the form of cash collateral, letters of credit or some other form of credit enhancement. Certain of those agreements require the posting of collateral if our credit rating is downgraded by one or more credit rating agency; however, due to our credit ratings being below investment grade, substantially all of such collateral posting requirements are already effective.

As of December 31, 2010 and 2009, the fair value of liabilities related to derivative instruments under agreements with credit risk-related contingent features that were not fully cash collateralized totaled $408 million and $687 million, respectively. The liquidity exposure associated with these liabilities was reduced by cash and letter of credit postings with the counterparties totaling $65 million and $152 million as of December 31, 2010 and 2009, respectively. If all the credit risk-related contingent features related to these derivatives had been triggered, including cross default provisions, as of December 31, 2010 and 2009, the remaining related liquidity requirement would have totaled $18 million and $20 million, respectively, after reduction for net accounts receivable and derivative assets under netting arrangements.

In addition, certain derivative agreements that are collateralized primarily with asset liens include indebtedness cross-default provisions that could result in the settlement of such contracts if there were a failure under other financing arrangements to meet payment terms or to comply with other covenants that could result in the acceleration of such indebtedness. As of December 31, 2010 and 2009, the fair value of derivative liabilities subject to such cross-default provisions, largely related to interest rate swaps, totaled $1.865 billion and $1.482 billion, respectively (before consideration of the amount of assets under the liens). No cash collateral or letters of credit were posted with these counterparties as of December 31, 2010 to reduce the liquidity exposure, but $489 million of such collateral was posted as of December 31, 2009, with the decline reflecting the return of collateral from counterparties to certain interest rate swaps related to TCEH debt as discussed above in this note. If all the credit risk-related contingent features related to these derivatives, including amounts related to cross-default provisions, had been triggered as of December 31, 2010 and 2009, the remaining related liquidity requirement would have totaled $674 million and $480 million, respectively, after reduction for derivative assets under netting arrangements (before consideration of the amount of assets under the liens). See Note 11 for a description of other obligations that are supported by asset liens.

As discussed immediately above, the aggregate fair values of liabilities under derivative agreements with credit risk-related contingent features, including cross-default provisions, totaled $2.273 billion and $2.169 billion as of December 31, 2010 and 2009, respectively. This amount is before consideration of cash and letter of credit collateral posted, net accounts receivable and derivative assets under netting arrangements and assets under related liens

Some commodity derivative contracts contain credit risk-related contingent features that do not provide for specific amounts to be posted if the features are triggered. These provisions include material adverse change, performance assurance, and other clauses that generally provide counterparties with the right to request additional credit enhancements. The amounts disclosed above exclude credit risk-related contingent features that do not provide for specific amounts or exposure calculations.

Concentrations of Credit Risk Related to Derivatives

TCEH has significant concentrations of credit risk with the counterparties to its derivative contracts. As of December 31, 2010, total credit risk exposure to all counterparties related to derivative contracts totaled $4.9 billion (including associated accounts receivable). The net exposure to those counterparties totaled $1.8 billion as of December 31, 2010 after taking into effect master netting arrangements, setoff provisions and collateral. The net exposure, assuming setoff provisions in the event of default across all EFH Corp. consolidated subsidiaries, totaled $1.6 billion. As of December 31, 2010, the credit risk exposure to the banking and financial sector represented 95% of the total credit risk exposure, a significant amount of which is related to the long-term hedging program, and the largest net exposure to a single counterparty totaled approximately $800 million. Exposure to the banking and financial sector counterparties is considered to be within an acceptable level of risk tolerance because substantially all of this exposure is with counterparties with credit ratings of "A" or better. However, this concentration increases the risk that a default by any of these counterparties would have a material adverse effect on our financial condition, results of operations and liquidity.

The transactions with these counterparties contain certain provisions that would require the counterparties to post collateral in the event of a material downgrade in their credit rating. We maintain credit risk policies with regard to our counterparties to minimize overall credit risk. These policies specify authorized risk mitigation tools including, but not limited to, use of standardized master netting contracts and agreements that allow for netting of positive and negative exposures associated with a single counterparty. Credit enhancements such as parent guarantees, letters of credit, surety bonds, liens on assets and margin deposits are also utilized. Prospective material adverse changes in the payment history or financial condition of a counterparty or downgrade of its credit quality result in the reassessment of the credit limit with that counterparty. The process can result in the subsequent reduction of the credit limit or a request for additional financial assurances. An event of default by one or more counterparties could subsequently result in termination-related settlement payments that reduce available liquidity if amounts are owed to the counterparties related to the derivative contracts or delays in receipts of expected settlements if the counterparties owe amounts to us.

18. OTHER INVESTMENTS

The other investments balance consists of the following:

	December 31, 2010	December 31, 2009
Nuclear decommissioning trust	$ 536	$ 475
Assets related to employee benefit plans, including employee savings programs, net of distributions (a)	117	184
Land	41	43
Miscellaneous other	3	4
Total investments	$ 697	$ 706

(a) See Notes 1 and 3 for discussion of the deconsolidation of Oncor Holdings effective as of January 1, 2010.

Nuclear Decommissioning Trust

Investments in a trust that will be used to fund the costs to decommission the Comanche Peak nuclear generation plant are carried at fair value. Decommissioning costs are being recovered from Oncor's customers as a delivery fee surcharge over the life of the plant and deposited in the trust fund. Net gains and losses on investments in the trust fund are offset by a corresponding change in receivables from/payables due to unconsolidated subsidiary, reflecting changes in Oncor's regulatory asset/liability. A summary of investments in the fund follows:

December 31, 2010	Cost (a)	Unrealized gain	Unrealized loss	Fair market value
Debt securities (b)	$ 221	$ 6	$ (4)	$ 223
Equity securities (c)	213	115	(15)	313
Total	$ 434	$ 121	$ (19)	$ 536
December 31, 2009	**Cost (a)**	**Unrealized gain**	**Unrealized loss**	**Fair market value**
Debt securities (b)	$ 211	$ 8	$ (3)	$ 216
Equity securities (c)	195	83	(19)	259
Total	$ 406	$ 91	$ (22)	$ 475

(a) Includes realized gains and losses of securities sold.

(b) The investment objective for debt securities is to invest in a diversified tax efficient portfolio with an overall portfolio rating of AA or above as graded by S&P or Aa2 by Moody's. The debt securities are heavily weighted with municipal bonds. The debt securities had an average coupon rate of 4.61% and 4.44% and an average maturity of 8.8 years and 7.8 years as of December 31, 2010 and 2009, respectively.

(c) The investment objective for equity securities is to invest tax efficiently and to match the performance of the S&P 500 Index.

Debt securities held as of December 31, 2010 mature as follows: $76 million in one to five years, $52 million in five to ten years and $95 million after ten years.

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The following table summarizes proceeds from sales of available-for-sale securities and the related realized gains and losses from such sales.

	Year Ended December 31,		
	2010	2009	2008
Realized gains	$ 1	$ 1	$ 1
Realized losses	(2)	(6)	(4)
Proceeds from sale of securities	974	3,064	1,623

Assets Related to Employee Benefit Plans

The majority of these assets represent cash surrender values of life insurance policies that are purchased to fund liabilities under deferred compensation plans. We pay the premiums and are the beneficiary of these life insurance policies. As of December 31, 2010 and 2009, the face amount of these policies totaled $175 million and $322 million, and the net cash surrender values totaled $68 million and $124 million, respectively. Changes in cash surrender value are netted against premiums paid. Other investment assets held to satisfy deferred compensation liabilities are recorded at fair value.

19. TERMINATION OF OUTSOURCING ARRANGEMENTS

In connection with the closing of the Merger, EFH Corp., TCEH and Oncor commenced a review, under the change of control provision, of certain outsourcing arrangements with Capgemini, Capgemini America, Inc. and Capgemini North America, Inc. (collectively, CgE). In 2008, EFH Corp. and TCEH executed a Separation Agreement with CgE. Simultaneous with the execution of that Separation Agreement, Oncor entered into a substantially similar Separation Agreement with CgE. The Separation Agreements principally provide for (i) notice of termination of each of the Master Framework Agreements, dated as of May 17, 2004, as each has been amended, between Capgemini and each of TCEH and Oncor and the related service agreements under each of the Master Framework Agreements and (ii) termination of the joint venture arrangements between EFH Corp. (and its applicable subsidiaries) and CgE. Under the Master Framework Agreements and related services agreements, Capgemini provided outsourced support services, including information technology, customer care and billing, human resources, procurement and certain finance and accounting activities. As a result, during 2008:

- the 2.9% limited partnership interest in Capgemini owned by a subsidiary of EFH Corp. was redeemed in exchange for the termination of the license that was granted by a subsidiary of EFH Corp. to Capgemini at the time the Master Framework Agreements were executed in order for Capgemini to use certain information technology assets primarily consisting of capitalized software to provide services to us and third parties;
- we received approximately $70 million in exchange for the termination of a purchase option agreement pursuant to which our subsidiaries had the right to "put" to Capgemini (and Capgemini had the right to "call" from a subsidiary of ours) our 2.9% limited partnership interest in Capgemini and the licensed assets upon the expiration of the Master Framework Agreements in 2014 or, in some circumstances, earlier, and
- Capgemini repaid $25 million (plus accrued interest) representing all amounts owed by Capgemini under the working capital loan provided by us in July 2004.

Under the Separation Agreements, the parties also entered into a mutual release of all claims under the Master Framework Agreements and related services agreements and the joint venture agreements, subject to certain defined exceptions, resulting in our receipt of $10 million in cash settlement.

The carrying value of the partnership interest was $2.9 million, and the carrying value of the purchase option was $177 million prior to the application of purchase accounting (recorded as a noncurrent asset). The effects of the termination of the outsourcing arrangements, including an accrued liability of $54 million for incremental costs to exit and transition the services, were included in the final purchase price allocation.

The following table summarizes the changes to the exit liability:

	Competitive Electric segment	Regulated Delivery segment	Total
Liability for exit activities as of January 1, 2009	$ 38	$ 16	$ 54
Payments recorded against liability	(24)	(4)	(28)
Other adjustments to the liability (a)	(11)	(10)	(21)
Liability for exit activities as of December 31, 2009	$ 3	$ 2	$ 5
Payments recorded against liability	(1)	(2)	(3)
Other adjustments to the liability (a)	(2)		(2)
Liability for exit activities as of December 31, 2010	$ —	$	$ —

(a) Represents reversal of exit liabilities due primarily to a shorter than expected outsourcing services transition period.

20. PENSION AND OTHER POSTRETIREMENT EMPLOYEE BENEFITS (OPEB) PLANS

EFH Corp. is the plan sponsor of the EFH Retirement Plan (Retirement Plan), which provides benefits to eligible employees of subsidiaries (participating employers). The Retirement Plan is a qualified defined benefit pension plan under Section 401(a) of the Internal Revenue Code of 1986, as amended (Code), and is subject to the provisions of ERISA. The Retirement Plan provides benefits to participants under one of two formulas: (i) a Cash Balance Formula under which participants earn monthly contribution credits based on their compensation and a combination of their age and years of service, plus monthly interest credits or (ii) a Traditional Retirement Plan Formula based on years of service and the average earnings of the three years of highest earnings. The interest component of the Cash Balance Formula is variable and is determined using the yield on 30-year Treasury bonds. Under the Cash Balance Formula, future increases in earnings will not apply to prior service costs

Effective October 1, 2007, all new employees, with the exception of employees hired by Oncor, are not eligible to participate in the Retirement Plan. New hires at Oncor are eligible to participate in the Cash Balance Formula of the Retirement Plan. It is our policy to fund the plans on a current basis to the extent deductible under existing federal tax regulations.

We also have supplemental unfunded retirement plans for certain employees whose retirement benefits cannot fully be earned under the qualified Retirement Plan, the information for which is included below

We offer OPEB in the form of health care and life insurance to eligible employees and their eligible dependents upon the retirement of such employees. For employees retiring on or after January 1, 2002, the retiree contributions required for such coverage vary based on a formula depending on the retiree's age and years of service.

Regulatory Recovery of Pension and OPEB Costs

PURA provides for the recovery by Oncor of pension and OPEB costs for all applicable former employees of the regulated predecessor integrated electric utility, which in addition to Oncor's own employees consists largely of active and retired personnel engaged in TCEH's activities, related to service of those additional personnel prior to the deregulation and disaggregation of our businesses effective January 1, 2002. Oncor is authorized to establish a regulatory asset or liability for the difference between the amounts of pension and OPEB costs approved in current billing rates and the actual amounts that would otherwise have been recorded as charges or credits to earnings. Amounts deferred are ultimately subject to regulatory approval. As of December 31, 2010 and 2009, Oncor had recorded regulatory assets totaling $1 048 billion and $889 million, respectively, related to pension and OPEB costs, including amounts related to deferred expenses as well as amounts related to unfunded liabilities that otherwise would be recorded as other comprehensive income.

Pension and OPEB Costs Recognized as Expense

	Year Ended December 31,		
	2010	2009	2008
Pension costs	$ 100	$ 44	$ 21
OPEB costs	80	70	58
Total benefit costs	$ 180	$ 114	$ 79
Less amounts expensed by Oncor (and not consolidated)	(37)	-	—
Less amounts deferred principally as a regulatory asset or property by Oncor	(93)	(66)	(42)
Net amounts recognized as expense by EFH Corp. and consolidated subsidiaries	$ 50	$ 48	$ 37

We use the calculated value method to determine the market-related value of the assets held in trust. We include the realized and unrealized gains or losses in the market-related value of assets over a rolling four-year period. Each year, 25% of such gains and losses for the current year and for each of the preceding three years is included in the market-related value. Each year, the market-related value of assets is increased for contributions to the plan and investment income and is decreased for benefit payments and expenses for that year.

Detailed Information Regarding Pension Benefits

The following information is based on December 31, 2010, 2009 and 2008 measurement dates:

	Year Ended December 31,		
	2010	2009	2008
Assumptions Used to Determine Net Periodic Pension Cost:			
Discount rate	5.90%	6.90%	6.55%
Expected return on plan assets	8.00%	8.25%	8.25%
Rate of compensation increase	3.71%	3.75%	3.70%
Components of Net Pension Cost:			
Service cost	$ 42	$ 38	$ 36
Interest cost	160	159	148
Expected return on assets	(160)	(166)	(165)
Amortization of prior service cost	1	1	1
Amortization of net loss	57	12	1
Recognized curtailment loss	—	—	—
Net periodic pension cost	$ 100	$ 44	$ 21
Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income:			
Net loss	$ 27	$ 45	$ 204
Amortization of net gain	(19)	—	—
Reclassification to regulatory asset	—	—	(6)
Purchase accounting adjustment	—	—	(10)
Total loss (income) recognized in other comprehensive income	$ 8	$ 45	$ 188
Total recognized in net periodic benefit cost and other comprehensive income	$ 108	$ 89	$ 209

	Year Ended December 31,		
	2010	2009	2008
Assumptions Used to Determine Benefit Obligations:			
Discount rate	5.50%	5.90%	6.90%
Rate of compensation increase	3.74%	3.71%	3.75%

	Year Ended December 31, 2010	Year Ended December 31, 2009
Change in Pension Obligation:		
Projected benefit obligation as of beginning of year	$ 2,742	$ 2,337
Service cost	42	38
Interest cost	160	160
Actuarial loss	253	326
Benefits paid	(125)	(133)
Settlements	—	14
Projected benefit obligation as of end of year	$ 3,072	$ 2,742
Accumulated benefit obligation as of end of year	$ 2,863	$ 2,581
Change in Plan Assets:		
Fair value of assets as of beginning of year	$ 2,004	$ 1,736
Actual return on assets	261	292
Employer contributions (a)	45	109
Benefits paid	(125)	(133)
Fair value of assets as of end of year	$ 2,185	$ 2,004
Funded Status:		
Projected pension benefit obligation	$ (3,072)	$ (2,742)
Fair value of assets	2,185	2,004
Funded status as of end of year	$ (887)	$ (738)

	Year Ended December 31, 2010	Year Ended December 31, 2009
Amounts Recognized in the Balance Sheet Consist of:		
Other noncurrent assets (b)	$ 10	$ 10
Other current liabilities	(5)	(4)
Other noncurrent liabilities	(892)	(744)
Net liability recognized	$ (887)	$ (738)
Amounts Recognized in Accumulated Other Comprehensive Income Income Consist of:		
Net loss	$ 261	$ 252
Amounts Recognized by Oncor as Regulatory Assets Consist of (c):		
Net loss	$ 616	$ 529
Prior service cost	—	1
Net amount recognized	$ 616	$ 530

(a) 2009 amount included transfers of investments related to the salary deferral and supplemental retirement plans totaling $31 million.
(b) Amounts represent overfunded plans.
(c) Amounts are reflected by EFH Corp. in receivables from unconsolidated subsidiary

The following table provides information regarding pension plans with projected benefit obligation (PBO) and accumulated benefit obligation (ABO) in excess of the fair value of plan assets.

	December 31, 2010	December 31, 2009
Pension Plans with PBO and ABO in Excess Of Plan Assets:		
Projected benefit obligations	$ 3,067	$ 2,738
Accumulated benefit obligation	2,858	2,577
Plan assets	2,170	1,989

Pension Plan Investment Strategy and Asset Allocations

Our investment objective for the Retirement Plan is to invest in a suitable mix of assets to meet the future benefit obligations at an acceptable level of risk, while minimizing the volatility of contributions. Equity securities are held to achieve returns in excess of passive indexes by participating in a wide range of investment opportunities. International equity securities are used to further diversify the equity portfolio and may include investments in both developed and emerging international markets. Fixed income securities include primarily corporate bonds from a diversified range of companies, US Treasuries and agency securities and money market instruments. Our investment strategy for fixed income investments is to maintain a high grade portfolio of securities which assist us in managing the volatility and magnitude of plan contributions and expense while maintaining sufficient cash and short-term investments to pay near-term benefits and expenses.

The target asset allocation ranges of pension plan investments by asset category are as follows:

Asset Category	Target Allocation Ranges
US equities	15% - 50%
International equities	5% - 20%
Fixed income	40% - 70%
Other	0% - 10%

Fair Value Measurement of Pension Plan Assets

As of December 31, 2010, pension plan assets measured at fair value (see Note 15) on a recurring basis consisted of the following:

Asset Category	Level 1	Level 2	Level 3	Total
Interest-bearing cash	$ —	$ 69	$ —	$ 69
Equity securities:				
US	422	94	—	516
International	248	84	—	332
Fixed income securities:				
Corporate bonds (a)	—	1,137	—	1,137
US Treasuries	—	21	—	21
Other (b)	—	96	—	96
Preferred securities	—	—	14	14
Total assets	$ 670	$ 1,501	$ 14	$ 2,185

(a) Substantially all corporate bonds are rated investment grade by a major ratings agency such as Moody's.
(b) Other consists primarily of US agency securities.

As of December 31, 2009, pension plan assets measured at fair value on a recurring basis consisted of the following:

Asset Category	Level 1	Level 2	Level 3	Total
Interest-bearing cash	$ —	$ 99	$ —	$ 99
Equity securities:				
US	340	242	—	582
International	257	79	—	336
Fixed income securities:				
Corporate bonds (a)	—	908	—	908
US Treasuries	—	21	—	21
Other (b)	—	44		44
Preferred securities	—	—	14	14
Total assets	$ 597	$ 1,393	$ 14	$ 2,004

(a) Substantially all corporate bonds are rated investment grade by a major ratings agency such as Moody's.
(b) Other consists primarily of US agency securities.

There was no significant change in the fair values of Level 3 assets in the periods presented.

Detailed Information Regarding Postretirement Benefits Other Than Pensions

The following OPEB information is based on December 31, 2010, 2009 and 2008 measurement dates:

	Year Ended December 31,		
	2010	2009	2008
Assumptions Used to Determine Net Periodic Benefit Cost:			
Discount rate	5.90%	6.85%	6.55%
Expected return on plan assets	7.60%	7.64%	7.90%
Components of Net Postretirement Benefit Cost:			
Service cost	$ 13	$ 10	$ 10
Interest cost	61	61	59
Expected return on assets	(15)	(13)	(20)
Amortization of net transition obligation	1	1	1
Amortization of prior service cost/(credit)	(1)	(1)	(1)
Amortization of net loss	21	12	9
Net periodic OPEB cost	$ 80	$ 70	$ 58
Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income:			
Net loss	$ 14	$ 15	$ 1
Amortization of net gain	(1)	—	—
Reclassification to regulatory asset	—	—	(28)
Purchase accounting adjustment	—	—	(1)
Total loss (income) recognized in other comprehensive income	$ 13	$ 15	$ (28)
Total recognized in net periodic benefit cost and other comprehensive income	$ 93	$ 85	$ 30

	Year Ended December 31,		
	2010	2009	2008
Assumptions Used to Determine Benefit Obligations at Period End:			
Discount rate	5.55%	5.90%	6.85%

	Year Ended December 31,	
	2010	2009
Change in Postretirement Benefit Obligation:		
Benefit obligation as of beginning of year	$ 1,063	$ 919
Service cost	13	10
Interest cost	61	61
Participant contributions	17	23
Medicare Part D reimbursement	4	6
Actuarial loss	98	108
Benefits paid	(65)	(64)
Benefit obligation as of end of year	$ 1,191	$ 1,063
Change in Plan Assets:		
Fair value of assets as of beginning of year	$ 211	$ 198
Actual return on assets	24	32
Employer contributions	24	22
Participant contributions	17	23
Benefits paid	(65)	(64)
Fair value of assets as of end of year	$ 211	$ 211
Funded Status:		
Benefit obligation	$ (1,191)	$ (1,063)
Fair value of assets	211	211
Funded status as of end of year	$ (980)	$ (852)

	Year Ended December 31,	
	2010	2009
Amounts Recognized on the Balance Sheet Consist of:		
Other noncurrent liabilities	$ (980)	$ (852)
Amounts Recognized in Accumulated Other Comprehensive Income Consist of:		
Net loss	$ 36	$ 23
Amounts Recognized by Oncor as Regulatory Assets Consist of (a):		
Net loss	$ 296	$ 242
Prior service cost credit	(5)	(7)
Net transition obligation	3	4
Net amount recognized	$ 294	$ 239

(a) Amounts are reflected by EFH Corp. in receivables from unconsolidated subsidiary.

The following tables provide information regarding the assumed health care cost trend rates.

	December 31,	
	2010	2009
Assumed Health Care Cost Trend Rates-Not Medicare Eligible :		
Health care cost trend rate assumed for next year	9.00%	8.00%
Rate to which the cost trend is expected to decline (the ultimate trend rate)	5.00%	5.00%
Year that the rate reaches the ultimate trend rate	2021	2016
Assumed Health Care Cost Trend Rates-Medicare Eligible :		
Health care cost trend rate assumed for next year	8.00%	7.00%
Rate to which the cost trend is expected to decline (the ultimate trend rate)	5.00%	5.00%
Year that the rate reaches the ultimate trend rate	2021	2016

	1-Percentage Point Increase	1-Percentage Point Decrease
Sensitivity Analysis of Assumed Health Care Cost Trend Rates :		
Effect on accumulated postretirement obligation	$ 156	$ (131)
Effect on postretirement benefits cost	12	(10)

OPEB Plan Investment Strategy and Asset Allocations

Our investment objective for the OPEB plan primarily follows the objectives of the Retirement Plan discussed above, while maintaining sufficient cash and short-term investments to pay near-term benefits and expenses The actual amounts as of December 31, 2010 provided below are consistent with the Company's asset allocation targets.

Fair Value Measurement of OPEB Plan Assets

As of December 31, 2010, OPEB plan assets measured at fair value on a recurring basis consisted of the following:

Asset Category	Level 1	Level 2	Level 3	Total
Interest-bearing cash	$ —	$ 11	$ —	$ 11
Equity securities:				
US	62	4	—	66
International	27	4	—	31
Fixed income securities:				
Corporate bonds (a)	—	55	—	55
US Treasuries	—	1	—	1
Other (b)	42	4	—	46
Preferred securities	—	—	1	1
Total assets	$ 131	$ 79	$ 1	$ 211

(a) Substantially all corporate bonds are rated investment grade by a major ratings agency such as Moody's.
(b) Other consists primarily of US agency securities.

As of December 31, 2009, OPEB plan assets measured at fair value on a recurring basis consisted of the following:

Asset Category	Level 1	Level 2	Level 3	Total
Interest-bearing cash	$ —	$ 18	$ —	$ 18
Equity securities:				
US	56	13	—	69
International	27	4	—	31
Fixed income securities:				
Corporate bonds (a)	—	50	—	50
US Treasuries	—	1	—	1
Other (b)	39	2	—	41
Preferred securities	—	—	1	1
Total assets	$ 122	$ 88	$ 1	$ 211

(a) Substantially all corporate bonds are rated investment grade by a major ratings agency such as Moody's.
(b) Other consists primarily of US agency securities.

There was no significant change in the fair values of Level 3 assets in the periods presented.

Expected Long-Term Rate of Return on Assets Assumption

The Retirement Plan strategic asset allocation is determined in conjunction with the plan's advisors and utilizes a comprehensive Asset-Liability modeling approach to evaluate potential long-term outcomes of various investment strategies The study incorporates long-term rate of return assumptions for each asset class based on historical and future expected asset class returns, current market conditions, rate of inflation, current prospects for economic growth, and taking into account the diversification benefits of investing in multiple asset classes and potential benefits of employing active investment management.

Retirement Plan

Asset Class	Expected Long-Term Rate of Return
US equity securities	8.4%
International equity securities	8.8%
Fixed income securities	5.9%
Preferred securities	0.0%
	7.7%

OPEB Plan

Plan Type	Expected Long-Term Returns
401(h) accounts	7.7%
Life Insurance VEBA	6.7%
Union VEBA	6.7%
Non-Union VEBA	2.9%
	7.1%

Significant Concentrations of Risk

The plans' investments are exposed to risks such as interest rate, capital market and credit risks. We seek to optimize return on investment consistent with levels of liquidity and investment risk which are prudent and reasonable, given prevailing capital market conditions and other factors specific to us. While we recognize the importance of return, investments will be diversified in order to minimize the risk of large losses unless, under the circumstances, it is clearly prudent not to do so. There are also various restrictions and guidelines in place including limitations on types of investments allowed and portfolio weightings for certain investment securities to assist in the mitigation of the risk of large losses.

Assumed Discount Rate

We selected the assumed discount rate using the Hewitt Top Quartile yield curve, which is based on actual corporate bond yields and as of December 31, 2010 consisted of 141 corporate bonds rated AA or higher as reported by either Moody's or S&P.

Amortization in 2011

In 2011, we estimate amortization of the net actuarial loss and prior service cost for the defined benefit pension plan from accumulated other comprehensive income into net periodic benefit cost will be $92 million and $1 million, respectively. We estimate amortization of the net actuarial loss, prior service credit, and transition obligation for the OPEB plan from accumulated other comprehensive income into net periodic benefit cost will be $29 million, a $1 million credit and $1 million, respectively.

Contributions in 2011 and 2010

Estimated funding for calendar year 2011 totals $175 million for the Retirement Plan and $26 million for the OPEB plan. We made pension and OPEB contributions of $45 million and $25 million, respectively, in 2010, of which $58 million was contributed by Oncor.

Future Benefit Payments

Estimated future benefit payments to beneficiaries are as follows:

	2011	2012	2013	2014	2015	2016-20
Pension benefits	$ 144	$ 153	$ 164	$ 169	$ 179	$ 1,070
OPEB	$ 62	$ 65	$ 62	$ 66	$ 70	$ 404
Medicare Part D subsidies	$ (7)	$ (7)	$ (8)	$ (8)	$ (9)	$ (52)

Thrift Plan

Our employees may participate in a qualified savings plan (the Thrift Plan). This plan is a participant-directed defined contribution plan intended to qualify under Section 401(a) of the Code, and is subject to the provisions of ERISA. Under the terms of the Thrift Plan, employees who do not earn more than the IRS threshold compensation limit used to determine highly compensated employees may contribute, through pre-tax salary deferrals and/or after-tax payroll deductions, the lesser of 75% of their regular salary or wages or the maximum amount permitted under applicable law. Employees who earn more than such threshold may contribute from 1% to 16% of their regular salary or wages. Employer matching contributions are also made in an amount equal to 100% of the first 6% of employee contributions for employees who are covered under the Cash Balance Formula of the Retirement Plan, and 75% of the first 6% of employee contributions for employees who are covered under the Traditional Retirement Plan Formula of the Retirement Plan. Employer matching contributions are made in cash and may be allocated by participants to any of the plan's investment options. Our contributions to the Thrift Plan totaled $19 million, $28 million and $25 million in the years ended December 31, 2010, 2009 and 2008, respectively.

21. STOCK-BASED COMPENSATION

EFH Corp. 2007 Stock Incentive Plan

In December 2007, we established the 2007 Stock Incentive Plan for Key Employees of EFH Corp. and its Affiliates (2007 SIP). Incentive awards under the 2007 SIP may be granted to directors and officers and qualified managerial employees of EFH Corp. or its subsidiaries or affiliates in the form of non-qualified stock options, stock appreciation rights, restricted shares, deferred shares, shares of common stock, the opportunity to purchase shares of common stock and other awards that are valued in whole or in part by reference to, or are otherwise based on the fair market value of EFH Corp.'s shares of common stock. The 2007 SIP permits the grant of awards for 72 million shares of common stock, subject to adjustments under applicable laws for certain events, such as a change in control, and no such grants may be issued after December 26, 2017. Shares related to grants that are forfeited, terminated, cancelled, expire unexercised, withheld to satisfy tax withholding obligations, or are repurchased by the Company are available for new grants under the 2007 SIP.

Stock Options — Under the terms of the 2007 SIP, options to purchase 3 8 million, 14.7 million and 33.1 million shares of EFH Corp. common stock were granted to certain management employees in 2010, 2009 and 2008, respectively. Of the options granted in 2010 and 2009, 1.6 million and 9.2 million, respectively, were granted in exchange for previously granted options. Vested awards must be exercised within 10 years of the grant date. The options initially provided the holder the right to purchase EFH Corp. common stock for $5 00 per share. The terms of the options were fixed at grant date. The stock option awards under the 2007 SIP consist of three types of stock options. One-half of the options initially granted vest solely based upon continued employment over a specific period of time, generally five years, with the options vesting ratably on an annual basis over the period (Time-Based Options). One-half of the options initially granted vest based upon both continued employment and the achievement of targeted five-year EFH Corp. EBITDA levels (Performance-Based Options). The Performance-Based Options may also vest in part or in full upon the occurrence of certain specified liquidity events. All options remain exercisable for ten years from the date of grant. Prior to vesting, expenses are recorded if the achievement of the EBITDA levels is probable, and amounts recorded are adjusted or reversed if the probability of achievement of such levels changes Probability of vesting is evaluated at least each quarter.

In October 2009, in consideration of the recent economic dislocation and the desire to provide incentives for retention, grantees of Performance-Based Options (excluding named executive officers and a small group of other employees) were provided an offer, which substantially all accepted, to exchange their unvested Performance-Based Options granted under the 2007 SIP with a strike price of $5.00 per share and a vesting schedule through October 2012 for new time-based stock options (Cliff-Vesting Options) granted under the 2007 SIP with a strike price of $3.50 per share (the then most recent market valuation of each share), with one-half of these options vesting in September 2012 and one-half of these options vesting in September 2014. Additionally, 3.1 million Cliff-Vesting Options were granted to certain named executive officers and a small group of other employees under the 2007 SIP with a strike price of $3 50 per share, vesting in September 2014. Substantially all of this group of employees also accepted an offer to exchange half of their unvested Performance-Based Options under the 2007 SIP with a strike price of $5.00 per share and a vesting schedule through December 2012 for new time-based stock options granted under the 2007 SIP with a strike price of $3.50 per share, vesting in September 2014.

In December 2010, in consideration of the desire to enhance retention incentives, EFH Corp. offered employee grantees of all stock options (excluding named executive officers and a limited number of other employees) the right to exchange their vested and unvested options for restricted stock units (at a ratio of two options for each stock unit). The restricted stock units vest as common shares of EFH Corp. in September 2014 The exchange offer is expected to close in late February 2011.

The fair value of all options granted was estimated using the Black-Scholes option pricing model and the assumptions noted in the table below. Since EFH Corp. is a private company, expected volatility is based on actual historical experience of comparable publicly-traded companies for a term corresponding to the expected life of the options. The expected life represents the period of time that options granted are expected to be outstanding and is calculated using the simplified method prescribed by the SEC Staff Accounting Bulletin No. 107. The simplified method was used since EFH Corp. does not have stock option history upon which to base the estimate of the expected life and data for similar companies was not reasonably available. The risk-free rate is based on the US Treasury security with terms equal to the expected life of the option as of the grant date.

The weighted average grant-date fair value of the Time-Based Options granted in 2010, 2009 and 2008 was $1.16, $1.32 and $1.89 per option, respectively. The weighted-average grant-date fair value of the Performance-Based Options granted in 2009 and 2008 ranged from $1.16 to $1.91 and $1.73 to $2.25, respectively, depending upon the performance period. There were no Performance-Based Options granted in 2010.

Assumptions supporting the fair values were as follows:

	Year Ended December 31,					
	2010	2009	2008	2010	2009	2008
Assumptions	Time-Based Options			Performance-Based Options		
Expected volatility	30% – 35%	30%	30% – 33%	N/A	30%	30% – 33%
Expected annual dividend	—	—	—	—	—	
Expected life (in years)	6.1 – 7.3	6.4 – 7.4	6.0 – 6.5	N/A	5.3 – 7.6	5.0 – 7.3
Risk-free rate	2.69% – 3.20%	2.54% – 3.14%	1.51% – 3.50%	N/A	2.51% – 3.25%	1.35% – 3.64%

Compensation expense for Time-Based Options is based on the grant-date fair value and recognized over the vesting period as employees perform services. During 2010, 2009 and 2008, $13.5 million, $8.6 million and $11.9 million, respectively, was recognized as expense for Time-Based Options.

As of December 31, 2010, there was approximately $30.6 million of unrecognized compensation expense related to nonvested Time-Based Options, which is expected to be recognized ratably over a remaining weighted-average period of approximately three to five years.

A summary of Time-Based Options activity is presented below:

	Year Ended December 31, 2010		
Options	Options (millions)	Weighted Average Exercise Price	Aggregate Intrinsic Value (millions)
Total outstanding as of beginning of period	33.6	$ 4.42	$ —
Granted	3.8	3.41	
Exercised	—	—	
Forfeited	(2.2)	4.53	
Total outstanding as of end of period (weighted average remaining term of 7 – 10 years)	37.2	4.31	—
Exercisable as of end of period (weighted average remaining term of 7 – 10 years)	(4.8)	4.71	
Expected forfeitures	(0.1)	5.00	
Expected to vest as of end of period (weighted average remaining term of 7 – 10 years)	32.3	4.25	

	Year Ended December 31, 2009		
Options	Options (millions)	Weighted Average Exercise Price	Aggregate Intrinsic Value (millions)
Total outstanding as of beginning of period	24.6	$ 5.00	$ —
Granted	13.9	3.50	—
Exercised	—	—	
Forfeited	(2.9)	5.00	—
Total outstanding as of end of period (weighted average remaining term of 8 – 10 years)	35.6	4.42	
Exercisable as of end of period (weighted average remaining term of 8 – 10 years)	(4.7)	5.00	
Expected forfeitures	(0.3)	5.00	
Expected to vest as of end of period (weighted average remaining term of 8 – 10 years)	30.6	4.32	

Options	Year Ended December 31, 2008 Options (millions)	Weighted Average Exercise Price	Aggregate Intrinsic Value (millions)
Total outstanding as of beginning of period	9.8	$ 5.00	$ —
Granted	16.8	5.00	
Exercised	—	—	—
Forfeited	(2.0)	5.00	—
Total outstanding as of end of period (weighted average remaining term of 9 years)	24.6	5.00	—
Exercisable as of end of period (weighted average remaining term of 9 years)	(4.7)	5.00	—
Expected forfeitures	(0.4)	5.00	—
Expected to vest as of end of period (weighted average remaining term of 9 years)	19.5	5.00	—

	Year Ended December 31,					
	2010		2009		2008	
Nonvested Options	Options (millions)	Weighted Average Grant-Date Fair Value	Options (millions)	Weighted Average Grant-Date Fair Value	Options (millions)	Weighted Average Grant-Date Fair Value
Total nonvested as of beginning of period	26.2	$ 1.67	19.9	$ 2.05	9.8	$ 1.92
Granted	3.8	1.16	13.9	1.32	16.8	1.89
Vested	(4.8)	1.63	(4.7)	1.86	(4.7)	1.80
Forfeited	(2.2)	1.70	(2.9)	1.85	(2.0)	1.92
Total nonvested as of end of period	23.0	1.59	26.2	1.67	19.9	2.05

Compensation expense for Performance-Based Options is based on the grant-date fair value and recognized over the requisite performance and service periods for each tranche of options depending upon the achievement of financial performance, or if certain liquidity events occur, as discussed above. Additionally, most participants' Performance-Based Options were exchanged for Time-Based Options in 2009. Expense recognized for Performance-Based Options totaled $3.4 million in 2010 and $8.1 million in 2008.

As of December 31, 2010, there was approximately $10.5 million of unrecognized compensation expense related to nonvested Performance-Based Options, which we could record as an expense over a remaining weighted-average period of approximately three to five years, subject to the achievement of financial performance being probable. A total of 4.8 million of the 2008 and 2.0 million of the 2009 Performance-Based Options have vested.

A summary of Performance-Based Options activity is presented below:

Options	Year Ended December 31, 2010 Options (millions)	Weighted Average Exercise Price	Aggregate Intrinsic Value (millions)
Outstanding as of beginning of period	12.5	$ 4.90	$ —
Granted	—	—	
Exercised	—	—	—
Forfeited	(1.4)	5.00	
Exchanged	—	—	
Total outstanding as of end of period (weighted average remaining term of 7 – 10 years)	11.1	4.89	
Exercisable as of end of period (weighted average remaining term of 7 – 10 years)	(2.0)	5.00	
Expected forfeitures	—	—	
Expected to vest as of end of period (weighted average remaining term of 7 – 10 years)	9.1	4.87	

Options	Year Ended December 31, 2009 Options (millions)	Weighted Average Exercise Price	Aggregate Intrinsic Value (millions)
Outstanding as of beginning of period	23.9	$ 5.00	$ —
Granted	0.8	3.50	
Exercised	—	—	
Forfeited	(3.0)	5.00	
Exchanged	(9.2)	5.00	
Total outstanding as of end of period (weighted average remaining term of 8 – 10 years)	12.5	4.90	
Exercisable as of end of period (weighted average remaining term of 8 – 10 years)	(4.8)	5.00	
Expected forfeitures	(0.3)	5.00	
Expected to vest as of end of period (weighted average remaining term of 8 – 10 years)	7.4	4.90	

Options	Year Ended December 31, 2008 Options (millions)	Weighted Average Exercise Price	Aggregate Intrinsic Value (millions)
Outstanding as of beginning of period	9.8	$ 5.00	$
Granted	16.2	5.00	
Exercised	—	—	
Forfeited	(2.1)	5.00	
Total outstanding as of end of period (weighted average remaining term of 9 years)	23.9	5.00	
Exercisable as of end of period (weighted average remaining term of 9 years)	—	—	
Expected forfeitures	(0.5)	5.00	
Expected to vest as of end of period (weighted average remaining term of 9 years)	23.4	5.00	

Nonvested Options	2010 Options (millions)	2010 Grant-Date Fair Value	2009 Options (millions)	2009 Grant-Date Fair Value	2008 Options (millions)	2008 Grant-Date Fair Value
	Year Ended December 31,					
Total nonvested as of beginning of period	7.7	$ 1.16 – 2.11	23.9	$ 1.73 – 2.21	9.8	$ 1.74 – 2.09
Granted	—	—	0.8	1.16 – 1.91	16.2	1.73 – 2.25
Vested	(2.0)	1.62 – 1.87	(4.8)	1.73 – 2.21	—	—
Forfeited	(1.4)	1.60 – 1.87	(3.0)	1.73 – 2.21	(2.1)	1.74 – 2.09
Exchanged	—	—	(9.2)	—	—	—
Total nonvested as of end of period	4.3	1.16 – 2.11	7.7	1.16 – 2.11	23.9	1.73 – 2.21

Other Share and Share-Based Awards — In 2008, we granted 2.4 million deferred share awards, each of which represents the right to receive one share of EFH Corp. stock, to certain management employees who agreed to forego share-based awards that vested at the Merger date. The deferred share awards are fully vested and are payable in cash or stock upon the earlier of a change of control or separation of service. No expense was recorded in 2008 related to these awards. An additional 1 2 million deferred share awards were granted to certain management employees in 2008, approximately half of which are payable in cash or stock and the balance payable in stock; 1.0 million of these awards have since vested or have been surrendered upon termination of employment. Expenses recognized in 2010, 2009 and 2008 related to these grants totaled $0.4 million, $3.7 million and $2.2 million, respectively Deferred share awards that are payable in cash or stock are accounted for as liability awards; therefore, the effects of changes in value of EFH Corp. shares are recognized in earnings. As a result of the decline in value of EFH Corp. shares, share-based compensation expense in 2010 and 2009 was reduced by $3.3 million and $3.6 million, respectively

We granted 2.7 million shares of EFH Corp. stock in 2010, 1.5 million shares in 2009 and 1.7 million shares in 2008, to board members and other non-employees. The shares vest over periods of one to two years, and a portion may be settled in cash Expense recognized in 2010, 2009 and 2008 related to these grants totaled $4.7 million, $4.0 million and $8.2 million, respectively

Stock Appreciation Rights – In 2008, Oncor established the Oncor Electric Delivery Company LLC Stock Appreciation Rights Plan (the SARs Plan) under which certain employees of Oncor and its subsidiaries may be granted stock appreciation rights (SARs) payable in cash, or in some circumstances, Oncor units. Two types of SARs may be granted under the SARs Plan. Time-based SARs (Time SARs) vest solely based upon continued employment ratably on an annual basis on each of the first five anniversaries of the grant date. Performance-based SARs (Performance SARs) vest based upon both continued employment and the achievement of a predetermined level of Oncor EBITDA over time, generally ratably over five years based upon annual Oncor EBITDA levels, with provisions for vesting if the annual levels are not achieved but cumulative two- or three-year total Oncor EBITDA levels are achieved. Time and Performance SARs may also vest in part or in full upon the occurrence of certain specified liquidity events and are exercisable only upon the occurrence of certain specified liquidity events. Since the exercisability of the Time and Performance SARs is conditioned upon the occurrence of a liquidity event, compensation expense will not be recorded until it is probable that a liquidity event will occur. Generally, awards under the SARs Plan terminate on the tenth anniversary of the grant. unless the participant's employment is terminated earlier under certain circumstances.

In February 2009, Oncor implemented a similar plan for primarily non-employee members of Oncor's board of directors. The terms and conditions are similar to the SARs Plan with the exception that SARs granted to non-employee board members vest in eight equal quarterly installments over a two-year period.

SARs are generally payable in cash based on the fair market value of the SAR on the date of exercise. No SARs were granted under the SARs Plan during the year ended December 31, 2009. Oncor granted 6.9 million Time SARs under the SARs Plan during the year ended December 31, 2008, and Time SARS vested as of December 31, 2009 totaled 2.8 million. Oncor granted 6.9 million Performance SARs under the SARs Plan during the year ended December 31, 2008, and Performance SARs vested as of December 31, 2009 totaled 1.4 million. Oncor granted 55 thousand SARs under the Director SARs Plan during the year ended December 31, 2009, and SARs vested under the Director SARs Plan as of December 31, 2009 totaled 27.5 thousand. There were no SARs under either plan eligible for exercise as of December 31, 2009. See Notes 1 and 3 for discussion of the deconsolidation of Oncor Holdings effective January 1, 2010.

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22. RELATED–PARTY TRANSACTIONS

The following represent the significant related-party transactions of EFH Corp.

- We incur an annual management fee under the terms of a management agreement with the Sponsor Group for which we accrued $37 million, $36 million and $35 million for the years ended December 31, 2010, 2009 and 2008, respectively. The fee is reported as SG&A expense.
- In 2007, TCEH entered into the TCEH Senior Secured Facilities with syndicates of financial institutions and other lenders. These syndicates included affiliates of GS Capital Partners, which is a member of the Sponsor Group. Affiliates of GS Capital Partners and Kohlberg Kravis Roberts & Co. L.P. (KKR), a member of the Sponsor Group, have from time to time engaged in commercial banking and financial advisory transactions with us in the normal course of business.
- Fees paid to Goldman, Sachs & Co. (Goldman), an affiliate of GS Capital Partners, related to debt issuances and exchanges totaled $11 million in 2010, described as follows. Goldman acted as an initial purchaser in the issuance of $500 million principal amount of EFH Corp. 10% Notes in January 2010 as discussed in Note 11 and received fees totaling $3 million. Goldman acted as a dealer manager and solicitation agent in the debt exchange offers completed in August 2010 as discussed in Note 11 and received fees of $7 million. Goldman also acted as an initial purchaser in the issuance of $350 million principal amount of TCEH 15% Senior Secured Second Lien Notes (Series B) in October 2010 as discussed in Note 11 and received fees totaling $1 million.
- Affiliates of the Sponsor Group participated in debt exchange offers completed in November 2009 by EFH Corp., EFIH and EFIH Finance to exchange new senior secured notes for certain EFH Corp. and TCEH notes as discussed in Note 11. Goldman and KKR Capital Markets LLC, an affiliate of KKR, acted as dealer managers and TPG Capital, L.P. served as an advisor in the exchange offers. These affiliates were compensated for their services in accordance with the terms of the agreement. These fees totaled $1 million.
- Affiliates of Goldman are parties to certain commodity and interest rate hedging transactions with us in the normal course of business.
- Affiliates of the Sponsor Group may sell or acquire debt or debt securities issued by us in open market transactions or through loan syndications.

The following transactions reflect the deconsolidation of Oncor Holdings effective January 1, 2010 as discussed in Notes 1 and 3.

- TCEH's retail operations incur electricity delivery fees charged by Oncor, which totaled $1.1 billion for the year ended December 31, 2010. The fees are based on rates regulated by the PUCT that apply to all REPs. The balance sheet as of December 31, 2010 reflects amounts due currently to Oncor totaling $143 million (included in payables due to unconsolidated subsidiary), primarily related to these electricity delivery fees.
- Oncor's bankruptcy-remote financing subsidiary has issued securitization bonds to recover generation-related regulatory assets through a transition surcharge to its customers. Oncor's incremental income taxes related to the transition surcharges it collects are being reimbursed by TCEH. Therefore, the balance sheet reflects a noninterest bearing note payable to Oncor of $217 million ($39 million current portion included in payables due to unconsolidated subsidiary) as of December 31, 2010. TCEH's payments on the note totaled $37 million for the year ended December 31, 2010.
- TCEH reimburses Oncor for interest expense on Oncor's bankruptcy-remote financing subsidiary's securitization bonds. This interest expense, which is paid on a monthly basis, totaled $37 million for the year ended December 31, 2010.

- A subsidiary of EFH Corp charges Oncor for financial and other administrative services at cost, which totaled $36 million for the year ended December 31, 2010.
- Under Texas regulatory provisions, the trust fund for decommissioning the Comanche Peak nuclear generation facility, reported in other investments on the balance sheet, is funded by a delivery fee surcharge billed to REPs by Oncor and remitted monthly to TCEH (totaling $16 million for the year ended December 31, 2010), with the intent that the trust fund assets will be sufficient to fund the decommissioning liability, reported in noncurrent liabilities on the balance sheet. Income and expenses associated with the trust fund and the decommissioning liability incurred by us are offset by a net change in the intercompany receivable/payable with Oncor, which in turn results in a change in Oncor's net regulatory asset/liability. As of December 31, 2010, the excess of the trust fund balance over the decommissioning liability resulted in a payable to Oncor totaling $206 million included in noncurrent liabilities due to unconsolidated subsidiary in the balance sheet.

  The intercompany receivable/payable with Oncor has changed from a receivable of $85 million as of January 1, 2010 to a payable of $206 million as of December 31, 2010 due to a new decommissioning cost estimate completed in the second quarter 2010 that resulted in a decline of the liability. The new cost estimate was completed in accordance with regulatory requirements to perform a cost estimate every five years. The lower estimated liability was driven by lower cost escalation assumptions in the new estimate. (Also see Note 24 under "Asset Retirement Obligations.")
- We file a consolidated federal income tax return, however, Oncor Holdings' federal income tax and Texas margin tax expense and related balance sheet amounts, including income taxes payable to or receivable from EFH Corp., are recorded as if Oncor Holdings files its own income tax return. As of December 31, 2010, the amount due to Oncor Holdings totaled $72 million and is included in payables due to unconsolidated subsidiary. Income tax payments from Oncor totaled $107 million in the year ended December 31, 2010.
- Certain transmission and distribution utilities in Texas have tariffs in place to assure adequate credit worthiness of any REP to support the REP's obligation to collect securitization bond-related (transition) charges on behalf of the utility. Under these tariffs, as a result of TCEH's credit rating being below investment grade, TCEH is required to post collateral support in an amount equal to estimated transition charges over specified time periods. Accordingly, as of December 31, 2010, TCEH had posted a letter of credit in the amount of $14 million for the benefit of Oncor.
- EFH Corp. and Oncor are jointly and severally liable for the funding of the EFH Corp. pension plan and a portion of the OPEB plan obligations. EFH Corp. is liable for the majority of the OPEB plan obligations. Oncor has contractually agreed to reimburse EFH Corp. with respect to certain pension plan and OPEB liabilities. Accordingly, as of December 31, 2010, the balance sheet of EFH Corp. reflects such unfunded liabilities and a corresponding receivable from Oncor in the amount of $1.463 billion, classified as noncurrent, which represents the portion of the obligations recoverable by Oncor under regulatory rate-setting provisions and reported by Oncor in its balance sheet.
- Oncor and Texas Holdings agreed to the terms of a stipulation with major interested parties to resolve all outstanding issues in the PUCT review related to the Merger. As part of this stipulation, TCEH would be required to post a letter of credit in an amount equal to $170 million to secure its payment obligations to Oncor in the event, which has not occurred, two or more rating agencies downgrade Oncor's credit ratings below investment grade

23. SEGMENT INFORMATION

Our operations are aligned into two reportable business segments: Competitive Electric and Regulated Delivery. The segments are managed separately because they are strategic business units that offer different products or services and involve different risks.

The Competitive Electric segment is engaged in competitive market activities consisting of electricity generation, wholesale energy sales and purchases, commodity risk management and trading activities, and retail electricity sales to residential and business customers, all largely in Texas. These activities are conducted by TCEH.

The Regulated Delivery segment is engaged in regulated electricity transmission and distribution operations in Texas. These activities are conducted by Oncor, including its wholly-owned bankruptcy-remote financing subsidiary. See Notes 1 and 3 for discussion of the deconsolidation of Oncor Holdings and its subsidiaries effective as of January 1, 2010.

Corporate and Other represents the remaining nonsegment operations consisting primarily of discontinued businesses, general corporate expenses and interest on EFH Corp. (parent entity), EFIH and EFCH debt.

The accounting policies of the business segments are the same as those described in the summary of significant accounting policies in Note 1. We evaluate performance based on income from continuing operations. We account for intersegment sales and transfers as if the sales or transfers were to third parties, that is, at current market prices.

	Year Ended December 31,		
	2010	2009	2008
Operating revenues			
Competitive Electric	$ 8,235	$ 7,911	$ 9,787
Regulated Delivery	—	2,690	2,580
Corp. and Other	—	20	37
Eliminations	—	(1,075)	(1,040)
Consolidated	$ 8,235	$ 9,546	$ 11,364
Regulated revenues — included in operating revenues			
Competitive Electric	$ —	$ —	$ —
Regulated Delivery	—	2,690	2,580
Corp. and Other	—	—	—
Eliminations	—	(1,051)	(1,001)
Consolidated	$ —	$ 1,639	$ 1,579
Affiliated revenues — included in operating revenues			
Competitive Electric	$ —	$ 8	$ 7
Regulated Delivery	—	1,051	1,001
Corp. and Other	—	16	32
Eliminations	—	(1,075)	(1,040)
Consolidated	$ —	$	$ —
Depreciation and amortization			
Competitive Electric	$ 1,380	$ 1,172	$ 1,092
Regulated Delivery	—	557	492
Corp. and Other	27	25	26
Eliminations	—	—	—
Consolidated	$ 1,407	$ 1,754	$ 1,610
Equity in earnings (losses) of unconsolidated subsidiaries (net of tax)			
Competitive Electric	$ —	$ (7)	$ (10)
Regulated Delivery	277	(2)	(4)
Corp. and Other	—	(3)	(5)
Eliminations	—	12	19
Consolidated	$ 277	$ —	$ —
Interest income			
Competitive Electric	$ 91	$ 64	$ 61
Regulated Delivery	—	43	45
Corp. and Other	151	147	100
Eliminations	(232)	(209)	(179)
Consolidated	$ 10	$ 45	$ 27
Interest expense and related charges			
Competitive Electric	$ 2,957	$ 1,946	$ 4,010
Regulated Delivery	—	346	317
Corp. and Other	829	829	787
Eliminations	(232)	(209)	(179)
Consolidated	$ 3,554	$ 2,912	$ 4,935
Income tax expense (benefit)			
Competitive Electric	$ 359	$ 407	$ (450)
Regulated Delivery	—	173	221
Corp. and Other	30	(213)	(242)
Eliminations	—	—	—
Consolidated	$ 389	$ 367	$ (471)

	Year Ended December 31,		
	2010	2009	2008
Net income (loss)			
Competitive Electric	$ (3,463)	$ 631	$ (8,929)
Regulated Delivery	277	320	(486)
Corp and Other	374	(543)	(583)
Eliminations	—	—	—
Consolidated	$ (2,812)	$ 408	$ (9,998)
Investment in equity investees			
Competitive Electric	$ —	$ 42	$ (2)
Regulated Delivery	5,544	—	—
Corp. and Other	—	—	—
Eliminations	—	—	—
Consolidated	$ 5,544	$ 42	$ (2)
Total assets			
Competitive Electric	$ 39,202	$ 43,302	$ 43,061
Regulated Delivery	5,544	16,246	15,772
Corp. and Other	5,045	4,355	3,526
Eliminations	(3,403)	(4,241)	(3,096)
Consolidated	$ 46,388	$ 59,662	$ 59,263
Capital expenditures			
Competitive Electric	$ 796	$ 1,324	$ 1,914
Regulated Delivery	—	998	919
Corp. and Other	42	26	16
Eliminations	—	—	—
Consolidated	$ 838	$ 2,348	$ 2,849

24. SUPPLEMENTARY FINANCIAL INFORMATION

Regulated Versus Unregulated Operations

	Year Ended December 31,		
	2010	2009	2008
Operating revenues			
Regulated	$ —	$ 2,690	$ 2,580
Unregulated	8,235	7,931	9,824
Intercompany sales eliminations — regulated	—	(1,051)	(1,001)
Intercompany sales eliminations — unregulated	—	(24)	(39)
Total operating revenues	8,235	9,546	11,364
Fuel, purchased power and delivery fees — unregulated (a)	(4,371)	(2,878)	(4,595)
Net gain from commodity hedging and trading activities — unregulated	2,161	1,736	2,184
Operating costs — regulated	—	(908)	(828)
Operating costs — unregulated	(837)	(690)	(675)
Depreciation and amortization — regulated	—	(557)	(492)
Depreciation and amortization — unregulated	(1,407)	(1,197)	(1,118)
Selling, general and administrative expenses — regulated	—	(194)	(164)
Selling, general and administrative expenses — unregulated	(751)	(874)	(793)
Franchise and revenue-based taxes — regulated	—	(250)	(255)
Franchise and revenue-based taxes — unregulated	(106)	(109)	(108)
Impairment of goodwill	(4,100)	(90)	(8,860)
Other income	2,051	204	80
Other deductions	(31)	(97)	(1,301)
Interest income	10	45	27
Interest expense and other charges	(3,554)	(2,912)	(4,935)
Income (loss) before income taxes and equity in earnings of unconsolidated subsidiaries	$ (2,700)	$ 775	$ (10,469)

(a) Includes unregulated cost of fuel consumed of $1.430 billion in 2010, $1.269 billion in 2009 and $1.604 billion in 2008. The balance represents energy purchased for resale and delivery fees net of intercompany eliminations.

Interest Expense and Related Charges

	Year Ended December 31,		
	2010	2009	2008
Interest paid/accrued (including net amounts settled/accrued under interest rate swaps)	$ 2,681	$ 2,955	$ 3,399
Accrued interest to be paid with additional toggle notes (Note 11)	446	524	83
Unrealized mark-to-market net (gain) loss on interest rate swaps	207	(696)	1,477
Amortization of interest rate swap losses at dedesignation of hedge accounting	87	184	66
Amortization of fair value debt discounts resulting from purchase accounting	63	82	75
Amortization of debt issuance costs and discounts	130	140	146
Capitalized interest	(60)	(277)	(311)
Total interest expense and related charges	$ 3,554	$ 2,912	$ 4,935

Restricted Cash

	December 31, 2010		December 31, 2009	
	Current Assets	Noncurrent Assets	Current Assets	Noncurrent Assets
Amounts related to TCEH's Letter of Credit Facility (See Note 11)	$ —	$ 1,135	$ —	$ 1,135
Amounts related to margin deposits held	33	—	1	—
Amounts related to securitization (transition) bonds (a)	—	—	47	14
Total restricted cash	$ 33	$ 1,135	$ 48	$ 1,149

(a) See Notes 1 and 3 for discussion of the deconsolidation of Oncor Holdings effective as of January 1, 2010.

Inventories by Major Category

	December 31, 2010	December 31, 2009
Materials and supplies (a)	$ 162	$ 248
Fuel stock	198	204
Natural gas in storage	35	33
Total inventories	$ 395	$ 485

(a) See Notes 1 and 3 for discussion of the deconsolidation of Oncor Holdings effective as of January 1, 2010.

Property, Plant and Equipment

	December 31, 2010	December 31, 2009
Competitive Electric:		
Generation and mining	$ 22,686	$ 20,755
Nuclear fuel (net of accumulated amortization of $610 and $426)	353	430
Other assets	30	27
Regulated Delivery (a):		
Transmission	—	3,917
Distribution	—	8,778
Other assets	-	174
Corporate and Other	186	161
Total	23,255	34,242
Less accumulated depreciation	3,545	6,633
Net of accumulated depreciation	19,710	27,609
Construction work in progress:		
Competitive Electric	646	2,163
Regulated Delivery (a)	—	321
Corporate and Other	10	15
Total construction work in progress	656	2,499
Property, plant and equipment - net	$ 20,366	$ 30,108

(a) See Notes 1 and 3 for discussion of the deconsolidation of Oncor Holdings effective as of January 1, 2010.

Depreciation expense totaled $1.255 billion, $1.454 billion and $1.355 billion for the years ended December 31, 2010, 2009 and 2008, respectively, including $394 million and $330 million for the years ended December 31, 2009 and 2008, respectively, related to Oncor.

We began depreciating two completed lignite-fueled generation units in the fourth quarter 2009 and the third new unit in the second quarter 2010.

Assets related to capitalized leases included above totaled $82 million and $167 million as of December 31, 2010 and 2009, respectively, net of accumulated depreciation.

Asset Retirement Obligations

These liabilities primarily relate to nuclear generation plant decommissioning, land reclamation related to lignite mining, removal of lignite/coal-fueled plant ash treatment facilities and generation plant asbestos removal and disposal costs. There is no earnings impact with respect to the recognition of the asset retirement costs for nuclear decommissioning, as all costs are recoverable through the regulatory process as part of Oncor's rates.

The following table summarizes the changes to the asset retirement liability, reported in other current liabilities and other noncurrent liabilities and deferred credits in the balance sheet, during the years ended December 31, 2010 and 2009:

Asset retirement liability as of January 1, 2009	$	859
Additions:		
Accretion		59
Incremental mining reclamation costs		59
Reductions:		
Payments, essentially all mining reclamation		(29)
Asset retirement liability as of December 31, 2009	$	948
Additions:		
Accretion		57
Reductions:		
Payments, essentially all mining reclamation		(48)
Adjustment for new cost estimate (a)		(464)
Asset retirement liability as of December 31, 2010		493
Less amounts due currently		(41)
Noncurrent asset retirement liability as of December 31, 2010	$	452

(a) Essentially all of the adjustment relates to the nuclear decommissioning liability, which resulted from a new cost estimate completed in the second quarter 2010. In accordance with regulatory requirements, a new cost estimate is completed every five years. A decline in the liability was driven by lower cost escalation assumptions in the new estimate. The reduction in the liability was offset in part by a reduction in the carrying value of the nuclear facility with the balance offset by an increase in the noncurrent liability to Oncor, which in turn resulted in a regulatory liability on Oncor's balance sheet. (Also see Note 22.)

Oncor's Regulatory Assets and Liabilities

Recognition of regulatory assets and liabilities and the amortization periods over which they are expected to be recovered or refunded through rate regulation reflect the decisions of the PUCT. Components of the regulatory assets and liabilities are provided in the table below. Amounts not earning a return through rate regulation are noted. On August 31, 2009, the PUCT issued a final order on Oncor's rate review filed in June 2008. The rate review included a determination of the recoverability of regulatory assets as of December 31, 2007, including the recoverability period of those assets deemed allowable by the PUCT. The PUCT's findings included denial of recovery of certain regulatory assets primarily related to business restructuring costs and rate case expenses, which resulted in a $25 million charge ($16 million after-tax) in the third quarter 2009 reported in other deductions in the Regulated Delivery segment.

	Remaining Rate Recovery/Amortization Period as of December 31, 2009	Carrying Amount December 31, 2009
Regulatory assets:		
Generation-related regulatory assets securitized by transition bonds (a)	7 years	$ 759
Employee retirement costs	5 years	80
Employee retirement costs to be reviewed (b)(c)	To be determined	41
Employee retirement liability (a)(c)(d)	To be determined	768
Self-insurance reserve (primarily storm recovery costs) — net	7 years	137
Self-insurance reserve to be reviewed (b)(c)	To be determined	106
Nuclear decommissioning cost under-recovery (a)(c)(e)	Not applicable	85
Securities reacquisition costs (pre-industry restructure)	8 years	62
Securities reacquisition costs (post-industry restructure)	Terms of related debt	27
Recoverable amounts for/in lieu of deferred income taxes — net	Life of related asset or liability	68
Rate case expenses (f)	Largely 3 years	9
Rate case expenses to be reviewed (b)(c)	To be determined	1
Advanced meter customer education costs	10 years	4
Deferred conventional meter depreciation	10 years	14
Energy efficiency performance bonus	1 year	9
Business restructuring costs (g)	Not applicable	—
Total regulatory assets		2,170
Regulatory liabilities:		
Committed spending for demand-side management initiatives (a)	3 years	78
Deferred advanced metering system revenues	10 years	57
Investment tax credit and protected excess deferred taxes	Various	44
Over-collection of securitization (transition) bond revenues (a)	7 years	27
Other regulatory liabilities (a)	Various	5
Total regulatory liabilities		211
Net regulatory asset		$ 1,959

(a) Not earning a return in the regulatory rate-setting process.
(b) Costs incurred since the period covered under the last rate review.
(c) Recovery is specifically authorized by statute, subject to reasonableness review by the PUCT.
(d) Represents unfunded liabilities recorded in accordance with pension and OPEB accounting standards.
(e) Offset by an intercompany payable to TCEH.
(f) Rate case expenses totaling $4 million were disallowed by the PUCT and written off in the third quarter 2009.
(g) All previously recorded business restructuring costs were disallowed by the PUCT and written off in the third quarter 2009.

As part of purchase accounting, the carrying value of the generation-related regulatory assets was reduced by $213 million, and this amount is being accreted to other income over the approximate nine-year recovery period remaining as of the date of the Merger.

In September 2008, the PUCT approved a settlement for Oncor to recover its estimated future investment for advanced metering deployment. Oncor began billing the advanced metering surcharge in the January 2009 billing month cycle. The surcharge is expected to total $1.023 billion over the 11-year recovery period and includes a cost recovery factor of $2.19 per month per residential retail customer and $2.39 to $5.15 per month for non-residential retail customers. Oncor accounts for the difference between the surcharge billings for advanced metering facilities and the allowed revenues under the surcharge provisions, which are based on expenditures and an allowed return, as a regulatory asset or liability Such differences arise principally as a result of timing of expenditures. As indicated in the table above, the regulatory liability at December 31, 2009 totaled $57 million.

See Note 6 for discussion of effects on regulatory assets and liabilities of the stipulation approved by the PUCT and Note 18 for additional information regarding nuclear decommissioning cost recovery.

Other Noncurrent Liabilities and Deferred Credits

The balance of other noncurrent liabilities and deferred credits consists of the following:

	December 31,	
	2010	2009
Uncertain tax positions (including accrued interest) (Note 7)	$ 1,806	$ 1,999
Retirement plan and other employee benefits	1,895	1,711
Asset retirement obligations	452	948
Unfavorable purchase and sales contracts	673	700
Liabilities related to subsidiary tax sharing agreement (a)	—	321
Other	41	87
Total other noncurrent liabilities and deferred credits	$ 4,867	$ 5,766

(a) See Notes 1 and 3 for discussion of the deconsolidation of Oncor Holdings effective as of January 1, 2010.

Unfavorable Purchase and Sales Contracts — Unfavorable purchase and sales contracts primarily represent the extent to which contracts on a net basis were unfavorable to market prices as of the date of the Merger. These are contracts for which: (i) TCEH has made the "normal" purchase or sale election allowed or (ii) the contract did not meet the definition of a derivative under accounting standards related to derivative instruments and hedging transactions. Under purchase accounting, TCEH recorded the value as of October 10, 2007 as a deferred credit. Amortization of the deferred credit related to unfavorable contracts is primarily on a straight-line basis, which approximates the economic realization, and is recorded as revenues or a reduction of purchased power costs as appropriate. The amortization amount totaled $27 million, $27 million and $30 million in 2010, 2009 and 2008, respectively. Favorable purchase and sales contracts are recorded as intangible assets (see Note 4).

The estimated amortization of unfavorable purchase and sales contracts for each of the next five fiscal years is as follows:

Year	Amount
2011	$ 27
2012	27
2013	26
2014	25
2015	25

Liabilities Related to Subsidiary Tax Sharing Agreement Amount represents the previously recorded net deferred tax liabilities of Oncor related to the noncontrolling interests. Upon the sale of noncontrolling interests in Oncor (see Note 14), Oncor became a partnership for US federal income tax purposes, and the temporary differences that gave rise to the deferred taxes will, over time, become taxable to the noncontrolling interests. Under a tax sharing agreement among Oncor and its equity holders, Oncor reimburses the equity holders for federal income taxes as the partnership earnings become taxable to such holders. Accordingly, as the temporary differences become taxable, the equity holders will be reimbursed by Oncor. In the unlikely event such amounts are not reimbursed under the tax sharing agreement, it is probable they would be refunded to rate payers.

Supplemental Cash Flow Information

	Year Ended December 31,		
	2010	2009	2008
Cash payments (receipts) related to:			
Interest paid (a)	$ 2,693	$ 2,972	$ 3,495
Capitalized interest	(60)	(277)	(311)
Interest paid (net of capitalized interest) (a)	2,633	2,695	3,184
Income taxes	64	(42)	(204)
Noncash investing and financing activities:			
Noncash construction expenditures (b)	84	197	183
Capital leases	9	15	16
Gain on termination of long-term power sales contract (Note 9)	(116)	—	—

(a) Net of interest received on interest rate swaps.
(b) Represents end-of-period accruals.

See Note 11 for noncash exchanges of debt and issuance of toggle notes in lieu of cash interest.

25. SUPPLEMENTAL GUARANTOR CONDENSED FINANCIAL INFORMATION

As of December 31, 2010, EFH Corp. had outstanding $359 million principal amount of EFH Corp. 10.875% Notes and $571 million principal amount of EFH Corp. Toggle Notes (collectively, the EFH Corp. Senior Notes) and $115 million principal amount of EFH Corp. 9.75% Notes and $1.061 billion principal amount of EFH Corp 10% Notes (collectively, the EFH Corp. Senior Secured Notes). The EFH Corp. Senior Notes and Senior Secured Notes are unconditionally guaranteed by EFCH and EFIH, 100% owned subsidiaries of EFH Corp. (collectively, the Guarantors) on an unsecured basis except for EFIH's guarantee of the EFH Corp. Senior Secured Notes, which is secured by a pledge of all membership interests and other investments EFIH owns or holds in Oncor Holdings or any of Oncor Holdings' subsidiaries as described in Note 11. The guarantees issued by the Guarantors are full and unconditional, joint and several guarantees of the EFH Corp. Senior Notes and Senior Secured Notes. The guarantees by EFCH and the guarantee of the EFH Corp. Senior Notes by EFIH rank equally with any senior unsecured indebtedness of the Guarantors and rank effectively junior to all of the secured indebtedness of the Guarantors to the extent of the assets securing that indebtedness. All other subsidiaries of EFH Corp., either direct or indirect, do not guarantee the EFH Corp Senior Notes and EFH Corp. Senior Secured Notes (collectively, the Non-Guarantors). The indentures governing the EFH Corp. Senior Notes and EFH Corp. Senior Secured Notes contain certain restrictions, subject to certain exceptions, on EFH Corp.'s ability to pay dividends or make investments. See Note 13.

The following tables have been prepared in accordance with Regulation S-X Rule 3-10, "Financial Statements of Guarantors and Issuers of Guaranteed Securities Registered or Being Registered" in order to present the condensed consolidating statements of income and cash flows of EFH Corp. (the Parent/ Issuer), the Guarantors and the Non-Guarantors for the years ended December 31, 2010, 2009 and 2008 and the consolidating balance sheets as of December 31, 2010 and 2009 of the Parent/Issuer, the Guarantors and the Non-Guarantors. Investments in consolidated subsidiaries are accounted for under the equity method The presentations reflect the application of SEC Staff Accounting Bulletin Topic 5-J, "Push Down Basis of Accounting Required in Certain Limited Circumstances," including the effects of the push down of the $930 million and $4.63 billion principal amount of EFH Corp. Senior Notes and $771 million and $115 million principal amount of the EFH Corp. Senior Secured Notes to the Guarantors as of December 31, 2010 and 2009, respectively (see Note 11). Amounts pushed down reflect Merger-related debt and additional debt guaranteed by the Guarantors that was issued by EFH Corp to refinance Merger-related or other debt existing at the time of the Merger.

EFH Corp. (Parent) received dividends/distributions from its consolidated subsidiaries totaling $2 million, $216 million and $329 million for the years ended December 31, 2010, 2009 and 2008, respectively. EFH Corp. also received a distribution of $1.253 billion indirectly from Oncor in 2008 as discussed in Note 14.

ENERGY FUTURE HOLDINGS CORP. AND SUBSIDIARIES

Condensed Consolidating Statements of Income (Loss)
For the Year Ended December 31, 2010
(Millions of Dollars)

	Parent/Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
Operating revenues	$ —	$ —	$ 8,235	$ —	$ 8,235
Fuel, purchased power costs and delivery fees	—	—	(4,371)	—	(4,371)
Net gain from commodity hedging and trading activities	—	—	2,161	—	2,161
Operating costs	—	—	(837)	—	(837)
Depreciation and amortization	—	—	(1,407)	—	(1,407)
Selling, general and administrative expenses	(32)	—	(719)	—	(751)
Franchise and revenue-based taxes	—	—	(106)	—	(106)
Impairment of goodwill	—	—	(4,100)	—	(4,100)
Other income	137	—	920	994	2,051
Other deductions	—	—	(33)	2	(31)
Interest income	178	209	327	(704)	10
Interest expense and related charges	(1,082)	(545)	(3,057)	1,130	(3,554)
Income (loss) before income taxes and equity in earnings of subsidiaries	(799)	(336)	(2,987)	1,422	(2,700)
Income tax (expense) benefit	305	125	(309)	(510)	(389)
Equity in earnings of consolidated subsidiaries	(2,595)	(3,383)	—	5,978	—
Equity in earnings of unconsolidated subsidiaries (net of tax)	277	277	—	(277)	277
Net loss	(2,812)	(3,317)	(3,296)	6,613	(2,812)
Net (income) loss attributable to noncontrolling interests	—	—	—	—	—
Net loss attributable to EFH Corp.	$ (2,812)	$ (3,317)	$ (3,296)	$ 6,613	$ (2,812)

ENERGY FUTURE HOLDINGS CORP. AND SUBSIDIARIES

Condensed Consolidating Statements of Income
For the Year Ended December 31, 2009
(Millions of Dollars)

	Parent/Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
Operating revenues	$ —	$ —	$ 9,546	$ —	$ 9,546
Fuel, purchased power costs and delivery fees	—	—	(2,878)	—	(2,878)
Net gain from commodity hedging and trading activities	—	—	1,736		1,736
Operating costs	—	—	(1,598)		(1,598)
Depreciation and amortization	—	—	(1,754)		(1,754)
Selling, general and administrative expenses	(123)	—	(945)		(1,068)
Franchise and revenue-based taxes	—	—	(359)		(359)
Impairment of goodwill	—	—	(90)		(90)
Other income	49	—	114	41	204
Other deductions	(6)	—	(91)		(97)
Interest income	235	5	149	(344)	45
Interest expense and related charges	(981)	(570)	(2,258)	897	(2,912)
Income (loss) before income taxes and equity earnings of subsidiaries	(826)	(565)	1,572	594	775
Income tax (expense) benefit	268	188	(622)	(201)	(367)
Equity earnings of subsidiaries	902	965	—	(1,867)	—
Net income	344	588	950	(1,474)	408
Net income attributable to noncontrolling interests		—	(64)	—	(64)
Net income attributable to EFH Corp.	$ 344	$ 588	$ 886	$ (1,474)	$ 344

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ENERGY FUTURE HOLDINGS CORP. AND SUBSIDIARIES

Condensed Consolidating Statements of Income (Loss)
For the Year Ended December 31, 2008
(Millions of Dollars)

	Parent/Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
Operating revenues	$ —	$ —	$ 11,364	$	$ 11,364
Fuel, purchased power costs and delivery fees	—	—	(4,595)		(4,595)
Net gain from commodity hedging and trading activities	—	—	2,184		2,184
Operating costs	—	—	(1,503)		(1,503)
Depreciation and amortization	—	—	(1,610)		(1,610)
Selling, general and administrative expenses	(105)	—	(852)		(957)
Franchise and revenue-based taxes	—	1	(364)		(363)
Impairment of goodwill	—	—	(8,860)		(8,860)
Other income	—	—	80	—	80
Other deductions	(22)	—	(1,279)		(1,301)
Interest income	168	7	147	(295)	27
Interest expense and related charges	(919)	(537)	(4,298)	819	(4,935)
Income (loss) before income taxes and equity earnings of subsidiaries	(878)	(529)	(9,586)	524	(10,469)
Income tax (expense) benefit	291	180	176	(176)	471
Equity earnings of subsidiaries	(9,251)	(9,184)	—	18,435	—
Net loss	(9,838)	(9,533)	(9,410)	18,783	(9,998)
Net loss attributable to noncontrolling interests		—	160		160
Net loss attributable to EFH Corp.	$ (9,838)	$ (9,533)	$ (9,250)	$ 18,783	$ (9,838)

ENERGY FUTURE HOLDINGS CORP. AND SUBSIDIARIES

Condensed Consolidating Statements of Cash Flows
For the Year Ended December 31, 2010
(Millions of Dollars)

	Parent/Issuer	Guarantors	Non-guarantors	Eliminations	Consolidated
Cash provided by operating activities	$ 168	$ 111	$ 835	$ (8)	$ 1,106
Cash flows — financing activities:					
Issuances of long-term borrowings	500	—	353	—	853
Repayments/repurchases of long-term borrowings	(96)	(8)	(642)	(605)	(1,351)
Net short-term borrowings under accounts receivable securitization program	—	—	96	—	96
Change in other short-term borrowings	—	—	172	—	172
Capital contribution from parent	—	440	—	(440)	—
Contributions from noncontrolling interests	—	—	32	—	32
Cash dividends paid	—	(2)	—	2	—
Repayment of note — affiliate	770	—	(770)	—	—
Change in notes/advances — affiliates	(785)	33	733	(18)	(37)
Other, net	(28)	(31)	24	6	(29)
Cash provided by (used in) financing activities	361	432	(2)	(1,055)	(264)
Cash flows — investing activities:					
Capital expenditures and nuclear fuel purchases	—	—	(944)	—	(944)
Capital contribution to subsidiary	(440)	—	—	440	—
Investment in affiliate debt	(105)	(500)	—	605	—
Investment redeemed from derivative counterparty	400	—	—	—	400
Proceeds from sale of assets	—	—	147	—	147
Proceeds from sale of environmental allowances and credits	—	—	12	—	12
Purchases of environmental allowances and credits	—	—	(30)	—	(30)
Proceeds from sales of nuclear decommissioning trust fund securities	—	—	974	—	974
Investments in nuclear decommissioning trust fund securities	—	—	(990)	—	(990)
Change in notes/advances — affiliates	—	—	(18)	18	—
Other, net	—	—	(37)	—	(37)
Cash used in investing activities	(145)	(500)	(886)	1,063	(468)
Net change in cash and cash equivalents	384	43	(53)	—	374
Effects of deconsolidation of Oncor Holdings	—	—	(29)	—	(29)
Cash and cash equivalents — beginning balance	1,059	—	130	—	1,189
Cash and cash equivalents — ending balance	$ 1,443	$ 43	$ 48	$	$ 1,534

ENERGY FUTURE HOLDINGS CORP. AND SUBSIDIARIES

Condensed Consolidating Statements of Cash Flows
For the Year Ended December 31, 2009
(Millions of Dollars)

	Parent/Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
Cash provided by (used in) operating activities	$ (42)	$ 208	$ 1,977	$ (432)	$ 1,711
Cash flows — financing activities:					
Issuances of long-term borrowings	—	—	522	—	522
Retirements of long-term borrowings	(4)	(7)	(385)	—	(396)
Change in short-term borrowings	—	—	332	—	332
Contributions from noncontrolling interests	—	—	48		48
Distributions paid to noncontrolling interests	—	—	(56)	—	(56)
Cash dividends paid	—	(216)	(216)	432	—
Change in notes/advances — affiliates	425	15	—	(440)	—
Other, net	5	—	(33)	—	(28)
Cash provided by (used in) financing activities	426	(208)	212	(8)	422
Cash flows — investing activities:					
Capital expenditures and nuclear fuel purchases	—	—	(2,545)	—	(2,545)
Money market fund redemptions	—	—	142	—	142
Investment posted with derivative counterparty	(400)	—	—	—	(400)
Proceeds from sale of assets	—	—	42	—	42
Reduction of restricted cash related to letter of credit facility	—	—	115	—	115
Proceeds from sale of environmental allowances and credits	—	—	19	—	19
Purchases of environmental allowances and credits	—	—	(19)	—	(19)
Proceeds from sales of nuclear decommissioning trust fund securities	—	—	3,064	—	3,064
Investments in nuclear decommissioning trust fund securities	—	—	(3,080)	—	(3,080)
Change in notes/advances — affiliates	—	—	(440)	440	—
Other, net	—	—	29	—	29
Cash used in investing activities	(400)	—	(2,673)	440	(2,633)
Net change in cash and cash equivalents	(16)	—	(484)	—	(500)
Cash and cash equivalents — beginning balance	1,075	—	614	—	1,689
Cash and cash equivalents — ending balance	$ 1,059	$ —	$ 130	$ —	$ 1,189

ENERGY FUTURE HOLDINGS CORP. AND SUBSIDIARIES

Condensed Consolidating Statements of Cash Flows
For the Year Ended December 31, 2008
(Millions of Dollars)

	Parent/Issuer	Guarantors	Non-guarantors	Eliminations	Consolidated
Cash provided by (used in) operating activities	$ (251)	$ (924)	$ 832	$ 1,848	$ 1,505
Cash flows — financing activities:					
Issuances of long-term borrowings/securities:					
Long-term debt	—	—	3,185	—	3,185
Common stock	34	—	—	—	34
Repayments/repurchases of long-term borrowings/securities:					
Long-term debt	(200)	(7)	(960)	—	(1,167)
Common stock	(3)	—	—	—	(3)
Change in short-term borrowings	—	—	(481)	—	(481)
Proceeds from sale of noncontrolling interests, net of transaction costs	1,253	1,253	1,253	(2,506)	1,253
Cash dividends paid	—	(329)	(329)	658	—
Change in notes/advances — affiliates	205	7	—	(212)	—
Other, net	—	—	16	—	16
Cash provided by financing activities	1,289	924	2,684	(2,060)	2,837
Cash flows — investing activities:					
Capital expenditures and nuclear fuel purchases	—	—	(2,978)	—	(2,978)
Money market fund investments	—	—	(142)	—	(142)
Proceeds from sale of environmental allowances and credits	—	—	39	—	39
Purchases of environmental allowances and credits	—	—	(34)	—	(34)
Proceeds from sales of nuclear decommissioning trust fund securities	—	—	1,623	—	1,623
Investments in nuclear decommissioning trust fund securities	—	—	(1,639)	—	(1,639)
Change in notes/advances — affiliates	—	—	(212)	212	—
Other, net	5	—	192	—	197
Cash provided by (used in) investing activities	5	—	(3,151)	212	(2,934)
Net change in cash and cash equivalents	1,043	—	365	—	1,408
Cash and cash equivalents — beginning balance	32	—	249	—	281
Cash and cash equivalents — ending balance	$ 1,075	$ —	$ 614	$ —	$ 1,689

ENERGY FUTURE HOLDINGS CORP. AND SUBSIDIARIES

Condensed Consolidating Balance Sheets
As of December 31, 2010
(Millions of Dollars)

	Parent/Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	$ 1,443	$ 43	$ 48	$ —	$ 1,534
Restricted cash	—	—	33		33
Advances to affiliates	—	—	219	(219)	—
Trade accounts receivable — net	12	73	991	(77)	999
Income taxes receivable	47	—		(47)	—
Accounts receivable from affiliates	26	—		(26)	—
Notes receivable from affiliates	165	—	1,921	(2,086)	—
Inventories	—	—	395		395
Commodity and other derivative contractual assets	92	—	2,640		2,732
Accumulated deferred income taxes	—	3	—	(3)	—
Margin deposits related to commodity positions	—	—	166	—	166
Other current assets	2	—	58	—	60
Total current assets	1,787	119	6,471	(2,458)	5,919
Restricted cash	—	—	1,135	—	1,135
Receivables from unconsolidated subsidiary	1,463	—	—	—	1,463
Investments in unconsolidated subsidiaries	—	5,544	—	—	5,544
Other investments	2,924	(2,300)	628	(555)	697
Property, plant and equipment — net	—	—	20,366	—	20,366
Notes receivable from affiliates	12	—	1,282	(1,294)	—
Goodwill	—	—	6,152	—	6,152
Identifiable intangible assets — net	—	—	2,400	—	2,400
Commodity and other derivative contractual assets	—	—	2,071	—	2,071
Accumulated deferred income taxes	714	—	—	(714)	—
Other noncurrent assets, principally unamortized issuance costs	95	53	577	(84)	641
Total assets	$ 6,995	$ 3,416	$ 41,082	$ (5,105)	$ 46,388
LIABILITIES AND EQUITY					
Current liabilities:					
Short-term borrowings	$ —	$ —	$ 1,221	$ —	$ 1,221
Notes/advances from affiliates	211	8	—	(219)	—
Long-term debt due currently	—	9	660	—	669
Trade accounts payable	1	1	679	—	681
Payables to affiliates/unconsolidated subsidiary	1,921	46	326	(2,039)	254
Commodity and other derivative contractual liabilities	119	—	2,164	—	2,283
Margin deposits related to commodity positions	—	—	631	—	631
Accumulated deferred income taxes	12	—	2	(3)	11
Accrued interest	165	72	302	(128)	411
Other current liabilities	3	46	507	(114)	442
Total current liabilities	2,432	182	6,492	(2,503)	6,603
Accumulated deferred income taxes	—	159	5,738	(547)	5,350
Commodity and other derivative contractual liabilities	—	—	869	—	869
Notes or other liabilities due affiliates/unconsolidated subsidiary	1,282	—	396	(1,294)	384
Long-term debt, less amounts due currently	7,286	4,106	28,617	(5,783)	34,226
Other noncurrent liabilities and deferred credits	1,985	12	2,870	—	4,867
Total liabilities	12,985	4,459	44,982	(10,127)	52,299
EFH Corp. shareholders' equity	(5,990)	(1,043)	(3,987)	5,030	(5,990)
Noncontrolling interests in subsidiaries	—	—	87	(8)	79
Total equity	(5,990)	(1,043)	(3,900)	5,022	(5,911)
Total liabilities and equity	$ 6,995	$ 3,416	$ 41,082	$ (5,105)	$ 46,388

ENERGY FUTURE HOLDINGS CORP. AND SUBSIDIARIES

Condensed Consolidating Balance Sheets
As of December 31, 2009
(Millions of Dollars)

	Parent/Issuer	Guarantors	Non-Guarantors	Eliminations	Consolidated
ASSETS					
Current assets:					
Cash and cash equivalents	$ 1,059	$ —	$ 130	$ —	$ 1,189
Investment posted with counterparty	425	—	—	—	425
Restricted cash	—	—	48	—	48
Advances to affiliates	471	5	—	(476)	—
Trade accounts receivable — net	8	2	1,253	(3)	1,260
Income taxes receivable	23	2	—	(25)	—
Accounts receivable from affiliates	—	—	22	(22)	—
Notes receivable from affiliates	114	—	1,469	(1,583)	—
Inventories	—	—	485	—	485
Commodity and other derivative contractual assets	52	—	2,339	—	2,391
Accumulated deferred income taxes	—	3	11	(9)	5
Margin deposits related to commodity positions	—	—	187	—	187
Other current assets	2	—	134	—	136
Total current assets	2,154	12	6,078	(2,118)	6,126
Restricted cash	—	—	1,149	—	1,149
Investments in unconsolidated subsidiaries	—	—	44	—	44
Other investments	4,586	3,634	638	(8,152)	706
Property, plant and equipment — net	—	—	30,108	—	30,108
Notes receivable from affiliates	12	—	2,236	(2,248)	—
Goodwill	—	—	14,316	—	14,316
Identifiable intangible assets — net	—	—	2,876	—	2,876
Regulatory assets — net	—	—	1,959	—	1,959
Commodity and other derivative contractual assets	—	—	1,533	—	1,533
Accumulated deferred income taxes	647	111	—	(758)	—
Noncurrent assets, principally unamortized debt issuance costs	108	99	733	(95)	845
Total assets	$ 7,507	$ 3,856	$ 61,670	$ (13,371)	$ 59,662
LIABILITIES AND EQUITY					
Current liabilities:					
Short-term borrowings	$ —	$ —	$ 1,569	$ —	$ 1,569
Notes/advances from affiliates	—	—	476	(476)	—
Long-term debt due currently	—	8	409	—	417
Trade accounts payable	4	—	892	—	896
Accounts payable to affiliates	16	6	—	(22)	—
Notes payable to affiliates	1,406	27	150	(1,583)	—
Commodity and other derivative contractual liabilities	82	—	2,310	—	2,392
Margin deposits related to commodity positions	—	—	520	—	520
Accumulated deferred income taxes	9	—	—	(9)	—
Accrued interest	119	93	408	(94)	526
Other current liabilities	7	—	761	(24)	744
Total current liabilities	1,643	134	7,495	(2,208)	7,064
Accumulated deferred income taxes	—	—	6,764	(633)	6,131
Investment tax credits	—	—	37	—	37
Commodity and other derivative contractual liabilities	—	—	1,060	—	1,060
Notes or other liabilities due affiliates	2,019	—	229	(2,248)	—
Long-term debt, less amounts due currently	6,626	4,975	34,740	(4,901)	41,440
Other noncurrent liabilities and deferred credits	466	3	5,297	—	5,766
Total liabilities	10,754	5,112	55,622	(9,990)	61,498
EFH Corp. shareholders' equity	(3,247)	(1,256)	4,637	(3,381)	(3,247)
Noncontrolling interests in subsidiaries	—	—	1,411	—	1,411
Total equity	(3,247)	(1,256)	6,048	(3,381)	(1,836)
Total liabilities and equity	$ 7,507	$ 3,856	$ 61,670	$ (13,371)	$ 59,662

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

None.

Item 9A. CONTROLS AND PROCEDURES

An evaluation was performed under the supervision and with the participation of our management, including the principal executive officer and principal financial officer, of the effectiveness of the design and operation of the disclosure controls and procedures in effect as of December 31, 2010. Based on the evaluation performed, our management, including the principal executive officer and principal financial officer, concluded that the disclosure controls and procedures were effective.

There has been no change in our internal control over financial reporting during the most recently completed fiscal quarter that has materially affected, or is reasonably likely to materially affect, our internal control over financial reporting.

ENERGY FUTURE HOLDINGS CORP.
MANAGEMENT'S ANNUAL REPORT ON
INTERNAL CONTROL OVER FINANCIAL REPORTING

The management of Energy Future Holdings Corp is responsible for establishing and maintaining adequate internal control over financial reporting (as defined in Rules 13a-15(f) and 15d-15(f) under the Securities Exchange Act of 1934) for the company Energy Future Holdings Corp.'s internal control over financial reporting is designed to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. Because of its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Also, projections of any evaluation of effectiveness to future periods are subject to the risk that controls may become inadequate because of changes in condition or the deterioration of compliance with procedures or policies.

The management of Energy Future Holdings Corp. performed an evaluation as of December 31, 2010 of the effectiveness of the company's internal control over financial reporting based on the Committee of Sponsoring Organizations of the Treadway Commission's (COSO's) *Internal Control Integrated Framework*. Based on the review performed, management believes that as of December 31, 2010 Energy Future Holdings Corp.'s internal control over financial reporting was effective

The independent registered public accounting firm of Deloitte & Touche LLP as auditors of the consolidated financial statements of Energy Future Holdings Corp. has issued an attestation report on Energy Future Holdings Corp.'s internal control over financial reporting.

/s/ JOHN F. YOUNG	/s/ PAUL M. KEGLEVIC
John F. Young, President and Chief Executive Officer	Paul M. Keglevic, Executive Vice President and Chief Financial Officer

February 17, 2011

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Shareholders of Energy Future Holdings Corp.
Dallas, Texas

We have audited the internal control over financial reporting of Energy Future Holdings Corp. and subsidiaries ("EFH Corp.") as of December 31, 2010 based on criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission. EFH Corp.'s management is responsible for maintaining effective internal control over financial reporting and for its assessment of the effectiveness of internal control over financial reporting, included in the accompanying Management's Annual Report on Internal Control Over Financial Reporting. Our responsibility is to express an opinion on EFH Corp.'s internal control over financial reporting based on our audit.

We conducted our audit in accordance with the standards of the Public Company Accounting Oversight Board (United States) Those standards require that we plan and perform the audit to obtain reasonable assurance about whether effective internal control over financial reporting was maintained in all material respects. Our audit included obtaining an understanding of internal control over financial reporting, assessing the risk that a material weakness exists, testing and evaluating the design and operating effectiveness of internal control based on the assessed risk, and performing such other procedures as we considered necessary in the circumstances. We believe that our audit provides a reasonable basis for our opinion.

A company's internal control over financial reporting is a process designed by, or under the supervision of, the company's principal executive and principal financial officers, or persons performing similar functions, and effected by the company's board of directors, management, and other personnel to provide reasonable assurance regarding the reliability of financial reporting and the preparation of financial statements for external purposes in accordance with generally accepted accounting principles. A company's internal control over financial reporting includes those policies and procedures that (1) pertain to the maintenance of records that, in reasonable detail, accurately and fairly reflect the transactions and dispositions of the assets of the company; (2) provide reasonable assurance that transactions are recorded as necessary to permit preparation of financial statements in accordance with generally accepted accounting principles, and that receipts and expenditures of the company are being made only in accordance with authorizations of management and directors of the company; and (3) provide reasonable assurance regarding prevention or timely detection of unauthorized acquisition, use, or disposition of the company's assets that could have a material effect on the financial statements.

Because of the inherent limitations of internal control over financial reporting, including the possibility of collusion or improper management override of controls, material misstatements due to error or fraud may not be prevented or detected on a timely basis. Also, projections of any evaluation of the effectiveness of the internal control over financial reporting to future periods are subject to the risk that the controls may become inadequate because of the changes in conditions, or that the degree of compliance with the policies or procedures may deteriorate.

In our opinion, EFH Corp. maintained, in all material respects, effective internal control over financial reporting as of December 31, 2010, based on the criteria established in *Internal Control Integrated Framework* issued by the Committee of Sponsoring Organizations of the Treadway Commission

We have also audited, in accordance with the standards of the Public Company Accounting Oversight Board (United States), the consolidated financial statements as of December 31, 2010 and for the year ended December 31, 2010 of EFH Corp. and our report dated February 17, 2011 expressed an unqualified opinion on those financial statements and included an explanatory paragraph regarding EFH Corp's adoption of amended consolidation accounting standards related to variable interest entities and EFH Corp.'s adoption of amended guidance regarding transfers of financial assets effective January 1, 2010, on a prospective basis.

s/ Deloitte & Touche LLP
Dallas, Texas
February 17, 2011

Item 9B. OTHER INFORMATION

On February 15, 2011, the Organization and Compensation Committee (O&C Committee) of the Board approved several modifications to our executive officers' compensation arrangements, including certain amendments to their employment agreements. After considering relevant market data and other pertinent considerations, the O&C Committee made these modifications to provide additional incentives to ensure strong performance and retention, and to maintain alignment between our executive officers and our shareholders.

Long Term Cash Incentive Awards

The O&C Committee approved a modification to the retention incentive awards that were granted to the Named Executive Officers in October 2009 (February 2010, with respect to Mr. Young). Under the terms of the original retention incentive award, each of the Named Executive Officers will be entitled to receive on September 30, 2012, to the extent such Named Executive Officer remains employed by EFH Corp on such date, a one-time, lump-sum cash payment equal to 75% (100% with respect to Mr. Young) of the aggregate AIP award received by such executive officer for fiscal years 2009, 2010 and 2011 (the Initial LTI Award). As modified, the Initial LTI Award will include an additional amount (such additional amount, the 2011 LTI Award) of between $650,000.00 and $1,300,000.00 ($750,000.00 and $1,500,000.00 with respect to Mr. Young), which is only payable if the executive is paid the full Initial LTI Award. The actual amount of the 2011 LTI Award will be determined (subject to interpolation) by company performance as indicated by the level of management EBITDA actually achieved for the fiscal year ended December 31, 2011 relative to the management EBITDA threshold and target amounts set by the O&C Committee for the fiscal year ended December 31, 2011. Provided that the executive remains employed by EFH Corp. on such dates, half of the 2011 LTI Award will be deferred and paid on September 30, 2012, and the other half of the 2011 LTI Award will be deferred and paid on September 30, 2013.

In addition, each of the Named Executive Officers will be entitled to receive additional retention incentive awards (collectively, the 2014 LTI Award) as follows:

- An award of between $500,000 and $1,000,000 ($1,350,000 and $2,700,000 with respect to Mr. Young), with the actual amount of the award to be determined (subject to interpolation) by company performance as indicated by the level of management EBITDA actually achieved for the fiscal year ended December 31, 2012 relative to the management EBITDA threshold and target amounts set by the O&C Committee for the fiscal year ended December 31, 2012; and
- An award of between $500,000 and $1,000,000 ($1,350,000 and $2,700,000 with respect to Mr. Young), with the actual amount of the award to be determined (subject to interpolation) by company performance as indicated by the level of management EBITDA actually achieved for the fiscal year ended December 31, 2013 relative to the management EBITDA threshold and target amounts set by the O&C Committee for the fiscal year ended December 31, 2013, and
- An award of between $500,000 and $1,000,000 ($1,350,000 and $2,700,000 with respect to Mr. Young), with the actual amount of the award to be determined (subject to interpolation) by company performance as indicated by the level of management EBITDA actually achieved for the fiscal year ended December 31, 2014 relative to the management EBITDA threshold and target amounts set by the O&C Committee for the fiscal year ended December 31, 2014.

Payment of the 2014 LTI Award will be deferred until March 13, 2015, and will be subject to the condition that the Named Executive Officer continues to be employed by EFH Corp. on such date. Both the 2011 LTI Award and the 2014 LTI Award will be subject, in limited circumstances, to acceleration and/ or pro-ration in the event of the Named Executive Officer's termination without "cause" or resignation for "good reason," or in the event of such Named Executive Officer's death or disability, as described in greater detail in the Named Executive Officer's amended employment agreement.

Exchange of Stock Options for Restricted Stock Units

The O&C Committee also approved an exchange program, pursuant to which each of its executive officers, including the Named Executive Officers, would be entitled to receive a one-time lump sum grant of restricted stock units that cliff-vest 100% on September 30, 2014 (the Exchange RSUs) under and subject to the terms of the 2007 Stock Incentive Plan for Key Employees of EFH Corp. and Affiliates (the 2007 Plan), in exchange for forfeiting all rights in respect of any and all options to purchase shares of EFH Corp.'s common stock that were granted to the executive officers under the 2007 Plan as set forth below:

0001363

Executive Officer	Surrendered Options	Exchange RSUs
John F. Young	9,000,000	4,500,000
Paul M. Keglevic	3,000,000	1,500,000
David A. Campbell	4,800,000	2,400,000
James A. Burke	2,650,000	1,325,000
M.A. McFarland	2,400,000	1,200,000

The grant of Exchange RSUs will be made as soon as reasonably practical following an exchange period, and will be evidenced by a written agreement that is approved by the O&C Committee with the concurrence of the executive officer.

Annual Grant of RSUs:

In addition, under the terms of their amended employment agreements, the Company's executive officers, including each of the Named Executive Officers, will be entitled to receive annual grants of restricted stock units (the Annual RSUs) under and subject to the terms of the 2007 Plan, in each of 2011, 2012 and 2013. For the Named Executive Officers, the grant of Annual RSUs for each of the 2011, 2012 and 2013 calendar years will consist of 500,000 cliff-vesting restricted stock units (666,667 with respect to Mr. Campbell and 1,500,000 with respect to Mr Young) that will vest 100% on September 30, 2014. The initial Annual RSU grant for 2011 will be made as soon as reasonably practical, and the annual awards for 2012 and 2013 will be made following, and in connection with such year's February meeting of the O&C Committee.

The Annual RSU awards will be subject to such terms, conditions and restrictions contained in the executive officer's amended employment agreement, including, but not limited to, a provision that if there is a Change in Control (as that term is defined in the agreement) of EFH Corp , all ungranted Annual RSUs that would have been made to the executive in each of 2011, 2012 and 2013 will be immediately granted and vested.

PART III

Item 10. DIRECTORS, EXECUTIVE OFFICERS AND CORPORATE GOVERNANCE

Directors

The names of EFH Corp.'s directors and information about them, as furnished by the directors themselves, are set forth below:

Name	Age	Served As Director Since	Business Experience
Arcilia C. Acosta (1)(4)	45	2008	Arcilia C. Acosta has served as a Director of EFH Corp. since May 2008. During the last seven years, Ms. Acosta's principal occupation and employment has been serving as the CEO of CARCON Industries & Construction, L.L.C. (CARCON) and its subsidiaries. She is also the CEO of Southwestern Testing Laboratories, L.L.C. (STL). CARCON's principal business is commercial, institutional and transportation construction. STL's principal business is geotechnical engineering, construction materials testing and environmental consulting. Ms. Acosta is a former Chair of the State of Texas Hispanic chambers organization known as the Texas Association of Mexican American Chambers of Commerce (TAMACC) and the Greater Dallas Hispanic Chamber of Commerce. Ms. Acosta serves on the Board of Advisors for BBVA Compass Bank and the Board of Directors of the Dallas Citizens Council.
David Bonderman	68	2007	David Bonderman has served as a Director of EFH Corp. since October 2007 He is a founding partner of TPG Capital, L.P (TPG). Mr. Bonderman serves on the boards of the following companies: Armstrong World Industries, Inc., Ceasars Entertainment Corporation (formerly Harrahs's Entertainment). CoStar Group, Inc., General Motors Company, Ryanair Holdings plc, for which he serves as Chairman of the Board, and Univision Communications, Inc. During the past five years, Mr. Bonderman also served on the boards of Burger King Corporation, Burger King Holdings, Inc., Ducati Motor Holding S.P.A., Gemplus International S.A. (predecessor to Gemalto N.V.), Gemalto N.V., IASIS Healthcare Corporation, and Washington Mutual, Inc.
Donald L. Evans (2)(3)(4)	64	2007	Donald L. Evans has served as a Director and Non-Executive Chairman of EFH Corp. since October 2007. He is also a Senior Partner at Quintana Energy Partners, L.P. He was CEO of the Financial Services Forum from 2005 to 2007, after serving as the 34th secretary of the U S. Department of Commerce. Before serving as Secretary of Commerce, Mr. Evans was the former CEO of Tom Brown, Inc., a large independent energy company. He also previously served as a member and chairman of the Board of Regents of the University of Texas System.

Name	Age	Served As Director Since	Business Experience
Thomas D Ferguson (3)	57	2008	Thomas D. Ferguson has served as a Director of EFH Corp. since December 2008. He is a Managing Director of Goldman, Sachs & Co., having joined the firm in 2002. Mr. Ferguson heads the asset management efforts for the merchant bank's U.S. real estate and infrastructure investment activity. He currently serves on the board of Carrix, one of the largest private container terminal operators in the world, American Golf, for which he serves as the company's non-executive Chairman, Agriculture Company of America, EFIH and Oncor. He formerly held board seats at Associated British Ports, the largest port company in the UK. as well as Red de Carreteras, a toll road concessionaire in Mexico.
Frederick M. Goltz (2)(3)	39	2007	Frederick M. Goltz has served as a Director of EFH Corp. since October 2007 He has been with Kohlberg Kravis Roberts and Co., L.P. (KKR) for 15 years. Mr. Goltz has played a significant role in the development of many of the themes pursued by KKR in the energy space, including those related to integrated utilities, merchant generation, and oil and gas exploration and production. He now heads KKR's Mezzanine Fund headquartered in San Francisco. He is a director of EFCH and TCEH. During the past five years, Mr. Goltz also served on the boards of Accuride Corp. and Texas Genco Holdings, Inc.
James R. Huffines (1)(3)	59	2007	James R. Huffines has served as a Director of EFH Corp. since October 2007 He is President and Chief Operating Officer of PlainsCapital Corporation, a $5.5 billion bank and financial service firm. He previously served as Chairman, Central and South Texas Region, of PlainsCapital Bank and Senior Executive Vice President of Plains Capital Corporation from March 2001 to November 2010, Chairman of the University of Texas System Board of Regents from April 2009 to July 2010, Vice Chairman from November 2007 to April 2009 and Chairman from June 2004 to November 2007. Mr. Huffines is a director of Andrew Harper Travel Publications, Inc., EFIH and PlainsCapital Bank.
Scott Lebovitz	35	2007	Scott Lebovitz has served as a Director of EFH Corp since October 2007. He is a Managing Director of Goldman, Sachs & Co. in its Principal Investment Area since 2007 having joined Goldman, Sachs & Co. in 1997 Mr Lebovitz serves on the boards of both public and private companies, including CVR Energy, Inc., EFCH and TCEH.
Jeffrey Liaw	34	2007	Jeffrey Liaw has served as a Director of EFH Corp. since October 2007. He is a principal of TPG and is active in TPG's energy and industrial investing practice areas Before joining TPG in 2005, he worked for Bain Capital in its industrials practice. Mr Liaw serves on the boards of both public and private companies, including EFIH, Graphic Packaging Holding Company, American Tire Distributors, Inc. and Oncor.

Name	Age	Served As Director Since	Business Experience
Marc S. Lipschultz (4)	42	2007	Marc S. Lipschultz has served as a Director of EFH Corp. since October 2007. He joined KKR in 1995 and is the global head of KKR's Energy and Infrastructure business. Mr. Lipschultz serves on KKR's Management Committee and its Infrastructure Investment Committee Currently, he is on the board of Accel-KKR Company During the past five years, Mr. Lipschultz also served on the boards of Texas Genco Holdings, Inc. and The Boyds Collection, Ltd..
Michael MacDougall (2) (3)	40	2007	Michael MacDougall has served as a Director of EFH Corp. since October 2007. He is a partner of TPG. Mr. MacDougall leads the firm's global energy and natural resources investing efforts. Prior to joining TPG in 2002, Mr. MacDougall was a vice president in the Principal Investment Area of the Merchant Banking Division of Goldman, Sachs & Co., where he focused on private equity and mezzanine investments Mr. MacDougall is a director of both public and private companies, including Copano Energy, L.L.C., Graphic Packaging Holding Company, Harvester Holdings, LLC and its two subsidiaries, Petro Harvester Oil and Gas, LLC and 2CO Energy Limited, Kraton Performance Polymers Inc., Northern Tier Energy, LLC, EFCH, and TCEH and is a director of the general partner of Valerus Compression Services, L.P. During the past five years, he also served on the boards of Aleris International and Texas Genco LLC prior to its sale to NRG Energy, Inc. in February 2006. Mr. MacDougall also serves as the Chairman of the Board of The Opportunity Network and is a member of the Board of the Dwight School Foundation and Islesboro Affordable Property.
Lyndon L. Olson, Jr. (3)	63	2007	Lyndon L. Olson, Jr. has served as a Director of EFH Corp. since October 2007. He was a Senior Advisor with Citigroup Inc. from 2002 to 2008, after serving as United States Ambassador to Sweden from 1998 to 2001. He previously was affiliated with Citigroup from 1990 to 1998, as President and CEO of Travelers Insurance Holdings and the Associated Madison Companies, predecessor companies. Before joining Citigroup, he had been President of the National Group Corporation and CEO of its National Group Insurance Company. Ambassador Olson also is a former Chairman and a Member of the Texas 173 State Board of Insurance, former President of the National Association of Insurance Commissioners, and a former member of the Texas House of Representatives. Ambassador Olson also serves on the board of First Acceptance Corporation, Sammons Enterprises and Texas Meter and Device Company.
Kenneth Pontarelli (2)(4)	40	2007	Kenneth Pontarelli has served as a Director of EFH Corp. since October 2007. He is a Managing Director of Goldman, Sachs & Co. in its Principal Investment Area. He transferred to the Principal Investment Area in 1999 and was promoted to Managing Director in 2004. Mr. Pontarelli serves as a director of both public and private companies, including CCS, Inc., Cobalt International Energy, L.P., EFIH, Expro International Group Ltd. and Kinder Morgan, Inc. During the past five years, he also served on the board of CVR Energy, Inc.

Name	Age	Served As Director Since	Business Experience
William K. Reilly	71	2007	William K Reilly has served as a Director of EFH Corp. since October 2007. He is a Senior Advisor to TPG and a founding partner of Aqua International Partners, an investment group that invests in companies that serve the water and renewable energy sectors, having previously served as the seventh Administrator of the EPA. Mr. Reilly is a director of the following public companies: E.I DuPont de Nemours and Company, ConocoPhillips and Royal Caribbean International. During the past five years, he also served on the board of Eden Springs, Ltd. of Israel. Before serving as EPA Administrator, Mr. Reilly was President of World Wildlife Fund and President of The Conservation Foundation. He previously served as Executive Director of the Rockefeller Task Force on Land Use and Urban Growth, a senior staff member of the President's Council on Environmental Quality, Associate Director of the Urban Policy Center and the National Urban Coalition and Co-Chairman of the National Commission on Energy Policy. Mr. Reilly was appointed by the President to serve as Co-Chair of the National Commission on the Deepwater Horizon Oil Spill and Offshore Drilling.
Jonathan D. Smidt	38	2007	Jonathan D. Smidt has served as a Director of EFH Corp since October 2007. He has been with KKR since 2000, where he is a partner and senior member of the firm's Energy and Infrastructure team and leads KKR Natural Resources, the firm's platform to acquire and operate oil and natural gas assets. Currently, he is a director of Laureate Education Inc.
John F. Young (2)(3)	54	2008	John F. Young has served as a Director and President and Chief Executive of EFH Corp. since January 2008. Before joining EFH Corp., Mr. Young served in many leadership roles at Exelon Corporation from March 2003 to January 2008 including Executive Vice President of Finance and Markets and Chief Financial Officer of Exelon Corporation; President of Exelon Generation; and President and Chief Operating Officer of Exelon Power. Prior to joining Exelon Corporation, Mr. Young was Senior Vice President of Sierra Pacific Resources Corporation. Mr. Young is also a director of EFCH, EFIH, TCEH and Luminant.
Kneeland Youngblood (1)	55	2007	Kneeland Youngblood has served as a Director of EFH Corp. since October 2007. He is a founding partner of Pharos Capital Group, a private equity firm that focuses on providing growth and expansion capital to businesses in technology, business services and health care services. Mr. Youngblood is a director of the following public companies: Starwood Hotels and Resorts Worldwide, Inc. and Gap Inc. During the last five years, he served on the board of Burger King Holdings, Inc. Mr. Youngblood is a member of the Council on Foreign Relations.

(1) Member of Audit Committee.
(2) Member of Executive Committee.
(3) Member of Governance and Public Affairs Committee
(4) Member of Organization and Compensation Committee

There is no family relationship between any of the above-named directors.

Director Qualifications

In October 2007, David Bonderman, Donald L. Evans, Frederick M. Goltz, James R. Huffines, Scott Lebovitz, Jeffrey Liaw, Marc S Lipschultz, Michael MacDougall, Lyndon L. Olson, Jr., Kenneth Pontarelli, William K. Reilly, Jonathan D. Smidt, and Kneeland Youngblood were elected to EFH Corp.'s board of directors (the Board). Arcilia C. Acosta, Thomas D Ferguson and John F Young joined the Board in 2008. Messrs. Bonderman, Ferguson, Goltz, Lebovitz, Liaw, Lipschultz, MacDougall, Pontarelli, and Smidt are collectively referred to as the "Sponsor Directors " Ms. Acosta and Messrs. Evans, Huffines, Olson, Reilly, Young, and Youngblood are collectively referred to as the "Non-Sponsor Directors."

Each of the Sponsor Directors was elected to the Board pursuant to the Limited Partnership Agreement of Texas Energy Future Holdings Limited Partnership, the holder of a majority of the outstanding capital stock of EFH Corp. Pursuant to this agreement, Messrs. Goltz, Lipschultz and Smidt were appointed to the Board as a consequence of their relationships with Kohlberg Kravis Roberts & Co.; Messrs. Bonderman, Liaw and MacDougall were appointed to the Board as a consequence of their relationships with TPG Capital, L.P., and Messrs. Ferguson, Lebovitz and Pontarelli were appointed to the Board as a consequence of their relationships with GS Capital Partners.

When considering whether the Board's directors and nominees have the experience, qualifications, attributes and skills, taken as a whole, to enable the Board to satisfy its oversight responsibilities effectively in light of EFH Corp.'s business and structure, the Board focused primarily on the qualifications summarized in each of the Board member's or nominee's biographical information set forth on the pages above. In addition, EFH Corp. believes that each of its directors possesses high ethical standards, acts with integrity, and exercises careful judgment. Each is committed to employing his/her skills and abilities in the long-term interests of EFH Corp and its stakeholders. Finally, our directors are knowledgeable and experienced in business, governmental, and civic endeavors, further qualifying them for service as members of the Board.

The Sponsor Directors possess experience in owning and managing privately held enterprises and are familiar with corporate finance and strategic business planning activities of highly-leveraged companies such as EFH Corp. Some of the Sponsor Directors also have experience advising and overseeing the operations of large industrial, manufacturing or retail companies similar to our businesses. Finally, several of the Sponsor Directors possess substantial expertise in advising and managing companies in segments of energy industry, including, among others, power generation, oil and gas, and energy infrastructure and transportation.

As a group and individually, the Non-Sponsor Directors possess extensive experience in governmental and civic endeavors and in the business community, in each case, in the markets where our businesses operate.

Mr. Young's employment agreement provides that he will serve as a member of the Board during the time he is employed by EFH Corp Before joining EFH Corp. as President and Chief Executive Officer, he held various senior management positions at other companies in the energy industry over twenty years, including, most recently, his role as Executive Vice President of Finance and Markets and Chief Financial Officer of Exelon Corporation.

Ms. Acosta manages the operations of a large commercial construction company in Texas and has significant experience within the local Hispanic business community, having served as the chair of the Greater Dallas Hispanic Chamber of Commerce and the Texas Association of Mexican American Chambers of Commerce. Mr. Evans has demonstrated ability and achievement in both the private and public sectors, serving as U.S. Secretary of Commerce during the Bush Administration, and both before and after his government service, acting as Chairman and Chief Executive Officer of a publicly-owned energy company, Tom Brown, Inc. Mr. Huffines has demonstrated achievement in both business and academic endeavors, and, given his employment in various senior management positions in the banking industry, has sufficient experience and expertise in financial matters to qualify him to serve as EFH Corp.'s "audit committee financial expert" Mr. Olson possesses substantial experience in both federal and state government through, among other things, his service as the former US Ambassador to Sweden and as a former member of the Texas House of Representatives, and has advised and overseen the operations of large companies, in particular his service in the insurance industry. Mr. Reilly possesses a distinguished record of public service and extensive policy-making experience as a former administrator of the EPA, lectures extensively on environmental issues facing companies operating in the energy industry and has served as Co-Chairman of the National Commission on Energy Policy. Mr. Youngblood has served on numerous boards for large public companies, has extensive experience managing and advising companies in his capacity as a partner in a private equity firm (not affiliated with the Sponsor Group), is highly knowledgeable of federal and state political matters, and has served on the board of directors of the United States Enrichment Corporation, a company that contracts with the US Department of Energy to produce enriched uranium for use in nuclear power plants.

Executive Officers

The names and information regarding EFH Corp.'s executive officers are set forth below:

Name of Officer	Age	Positions and Offices Presently Held	Date First Elected to Present Offices	Business Experience (Preceding Five Years)
John F. Young	54	President and Chief Executive Officer of EFH Corp.	January 2008	John F. Young was elected President and Chief Executive Officer of EFH Corp. in January 2008. Before joining EFH Corp., Mr. Young served in many leadership roles at Exelon Corporation from March 2003 to January 2008, including Executive Vice President of Finance and Markets and Chief Financial Officer of Exelon Corporation; President of Exelon Generation; and President and Chief Operating Officer of Exelon Power. Prior to joining Exelon, Mr. Young was Senior Vice President of Sierra Pacific Resources Corporation.
James A. Burke	42	President and Chief Executive of TXU Energy	August 2005	James A. Burke was elected President and Chief Executive of TXU Energy in August 2005. Previously, Mr. Burke was Senior Vice President Consumer Markets of TXU Energy.
David A. Campbell	42	President and Chief Executive of Luminant	June 2008	David A. Campbell was elected President and Chief Executive of Luminant in June 2008. Mr. Campbell was Executive Vice President and Chief Financial Officer of EFH Corp. from April 2007 to June 2008 having previously served as Acting Chief Financial Officer beginning in March 2006 and as Executive Vice President for Corporate Planning, Strategy & Risk when he joined EFH Corp. in May 2004.
Joel D. Kaplan	41	Executive Vice President of EFH Corp.	November 2009	Joel D. Kaplan was elected Executive Vice President of EFH Corp. in November 2009 and oversees the company's public affairs organization. Prior to joining EFH Corp., Mr Kaplan served as Deputy Chief of Staff in the George W. Bush White House from 2006 to 2008 and Deputy Director of the Office of Management and Budget from 2003 to 2006.
Paul M. Keglevic	57	Executive Vice President and Chief Financial Officer of EFH Corp.	July 2008	Paul M. Keglevic was elected Executive Vice President and Chief Financial Officer of EFH Corp. in July 2008. Before joining EFH Corp., he was an audit partner at PricewaterhouseCoopers. Mr. Keglevic was PricewaterhouseCoopers' Utility Sector Leader from 2002 to 2008 and Clients and Sector Assurance Leader from 2007 to 2008.

Name of Officer	Age	Positions and Offices Presently Held	Date First Elected to Present Offices	Business Experience (Preceding Five Years)
Richard J. Landy	65	Executive Vice President of EFH Corp.	February 2010	Richard J. Landy was elected Executive Vice President of EFH Corp. in February 2010 and oversees human resources. Prior to joining EFH Corp., Mr. Landy was owner and consultant of Richard J. Landy, LLC from 2007 to 2009 and Senior Vice President of Exelon Corporation from 2002 to 2007.
M. A. McFarland	41	Executive Vice President and Chief Commercial Officer of Luminant and Executive Vice President of EFH Corp.	July 2008	M. A. McFarland was elected Executive Vice President and Chief Commercial Officer of Luminant and Executive Vice President of EFH Corp. in July 2008. Before joining Luminant, Mr. McFarland served as Senior Vice President of Mergers, Acquisitions and Divestitures and as a Vice President in the wholesale marketing and trading division power team at Exelon Corporation.
Robert C. Walters (1)	52	Executive Vice President and General Counsel of EFH Corp.	March 2008	Robert C. Walters was elected Executive Vice President and General Counsel of EFH Corp. in March 2008. Prior to joining EFH Corp., Mr. Walters was a Partner of Vinson & Elkins LLP and served on the firm's management committee. Mr. Walters was co-managing partner of the Dallas office of Vinson & Elkins LLP from 1998 through 2005.

(1) Mr. Walters has announced his plan to resign from EFH Corp. during the first quarter 2011.

There is no family relationship between any of the above-named executive officers.

Audit Committee Financial Expert

The Board has determined that James R. Huffines is an "Audit Committee Financial Expert" as defined in Item 407(d)(5) of SEC Regulation S-K and Mr. Huffines is independent under the New York Stock Exchange's audit committee independence requirements for issuers of debt securities.

Code of Conduct

EFH Corp. maintains certain corporate governance documents on EFH Corp's website at *www.energyfutureholdings.com*. EFH Corp.'s Code of Conduct can be accessed by selecting "Investor Relations" on the EFH Corp. website. EFH Corp.'s Code of Conduct applies to all of its employees, officers (including the Chief Executive Officer, Chief Financial Officer and Principal Accounting Officer) and directors. Any amendments to the Code of Conduct will be posted on EFH Corp.'s website. Printed copies of the corporate governance documents that are posted on EFH Corp.'s website are also available to any investor upon request to the Secretary of EFH Corp. at 1601 Bryan Street, Dallas, Texas 75201-3411.

Procedures for Shareholders to Nominate Directors; Arrangement to Serve as Directors

The Amended and Restated Limited Liability Company Agreement of Texas Energy Future Capital Holdings LLC, the general partner of Texas Holdings, generally requires that the members of Texas Energy Future Capital Holdings LLC take all necessary action to ensure that the persons who serve as its managers also serve on the EFH Corp. Board. In addition, Mr. John Young's employment agreement provides that he will be elected as a member of the Board during the time he is employed by EFH Corp.

Because of these requirements, together with Texas Holdings' controlling ownership of EFH Corp.'s outstanding common stock, there is no policy or procedure with respect to shareholder recommendations for nominees to the EFH Corp. Board.

Item 11. EXECUTIVE COMPENSATION

Organization and Compensation Committee

The Organization and Compensation Committee (the "O&C Committee") of EFH Corp.'s Board of Directors (the "Board") is comprised of four non-employee directors: Arcilia C. Acosta, Donald L. Evans, Marc S. Lipschultz and Kenneth Pontarelli. The primary responsibility of the O&C Committee is to:

- determine and oversee the compensation program of EFH Corp. and its subsidiaries (other than the Oncor Ring-Fenced Entities), including making recommendations to the Board with respect to the adoption, amendment or termination of compensation and benefits plans, arrangements, policies and practices;
- evaluate the performance of EFH Corp.'s Chief Executive Officer (the "CEO") and the other executive officers of EFH Corp. and its subsidiaries (other than the Oncor Ring-Fenced Entities) (collectively, the "executive officers"), including all of the executive officers named in the Summary Compensation Table (the "Named Executive Officers"), and
- approve executive compensation based on those evaluations.

Compensation Risk Assessment

EFH Corp.'s management has determined that the risks arising from EFH Corp.'s compensation policies and practices are not reasonably likely to have a material adverse effect on EFH Corp. This determination was based upon, among other things, the following: (1) the mix of cash and equity payouts at various compensation levels; (2) the performance time horizons used by our plans; (3) the use of financial performance metrics that are readily monitored and reviewed; (4) the equity investment that most of our senior and middle management employees have in EFH Corp. common stock; (5) the lack of an active trading market and other impediments to liquidity associated with EFH Corp. common stock; (6) the incorporation of both operational and financial goals and individual performance modifiers; (7) the inclusion of maximum caps and other plan-based mitigants on the amount of certain of our awards; (8) multiple levels of review and approval of awards (including approval of our O&C Committee with respect to awards to executive officers and awards to other employees that exceed monetary thresholds); and (9) our internal risk review and assessment processes.

Compensation Discussion and Analysis

Compensation of the CEO

In determining the compensation of the CEO, the O&C Committee annually follows a thorough and detailed process. At the end of each year, the O&C Committee reviews a self-assessment prepared by the CEO regarding his performance and the performance of our businesses and meets (with and without the CEO) to evaluate and discuss his performance and the performance of our businesses.

In addition to conducting an annual review of the CEO's performance, the O&C Committee periodically uses independent compensation consultants to assess the compensation of the CEO against a variety of market reference points and competitive data, including the compensation practices of a number of companies that we consider to comprise our peer group, size-adjusted energy services industry survey data and size-adjusted general industry survey data. While the O&C Committee tries to ensure that the bulk of the CEO's compensation is directly linked to his performance and the performance of our businesses, the O&C Committee also seeks to set his compensation in a manner that is competitive for retention purposes. The most recent assessment of the CEO's compensation was performed in late 2010, when the O&C Committee engaged Pay Governance LLC to perform a competitive analysis of the CEO's compensation. In December 2010, Pay Governance delivered its report to the O&C Committee, which report included market data for a peer group composed of the following companies:

Allegheny Energy, Inc.	Ameren Corp.	American Electric Power Co. Inc
Calpine Corp.	Constellation Energy Group Inc.	Dominion Resources Inc.
Duke Energy Corp.	Edison International	Entergy Corp.
Exelon Corp.	FirstEnergy Corp.	GenOn Energy, Inc.
NextEra Energy, Inc.	NRG Energy, Inc	PPL Corp.
Progress Energy Inc.	Public Service Enterprise Group Inc.	Southern Co.
Xcel Energy Inc.		

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The data for CEO compensation of the peer group was developed at both the 50th and 75th percentiles of market in order to provide the O&C Committee with a broad market view and multiple benchmarks. The O&C Committee targets total direct compensation at approximately the 75^{th} percentile of the peer group.

While the O&C Committee considers market reference points and competitive data in determining the appropriate compensation of the CEO (and the other executive officers), the O&C Committee also considers qualitative and subjective factors that are more specific to EFH Corp. in making such determinations. One such factor is that EFH Corp. is a highly-leveraged, privately-owned company.

After a comprehensive review of the CEO's performance and the performance of our businesses in 2010, and taking into consideration the Pay Governance report, the sustained decline in ERCOT wholesale power prices and forward natural gas prices, and other qualitative and subjective factors as described above, the O&C Committee approved certain changes to the long-term incentive compensation for the CEO in February 2011. The O&C Committee made these changes, which are described in more detail in Item 9B above, to provide incentives for retention and performance and to maintain a strong alignment between the CEO and our shareholders. We believe these changes are consistent with our compensation philosophy as described below.

Compensation of Other Executive Officers

In determining whether to make any adjustments to the compensation of any of our executive officers (other than the CEO), the O&C Committee seeks the input of the CEO. At the end of each year, the CEO reviews a self-assessment prepared by each of these executive officers and assesses the executive officer's performance against business unit and individual goals and objectives. The O&C Committee and the CEO then review the CEO's assessments and, in that context, the O&C Committee approves any adjustments to the compensation for each of these executive officers.

In addition to these annual reviews/assessments, the CEO periodically assesses the compensation of each of these executive officers. The last assessment of the compensation of the executive officers by the CEO was performed in late 2010. Following that assessment, and taking into consideration the sustained decline in ERCOT wholesale power prices and forward natural gas prices, and other qualitative and subjective factors as described above, the CEO suggested certain changes to the long-term incentive compensation for certain of our executive officers in order to provide incentives for retention and performance and to maintain alignment between our executive officers and shareholders. These changes, which are described in more detail in Item 9B above, were approved by the O&C Committee in February 2011 with respect to such executive officers, including each of Messrs. Keglevic, Campbell, Burke and McFarland. We believe these changes are consistent with our compensation philosophy as described below.

Compensation Philosophy

We have a pay-for-performance compensation philosophy, which places an emphasis on pay-at-risk. In other words, a significant portion of an executive officer's compensation is comprised of variable, at-risk incentive compensation. Our compensation program is intended to compensate executive officers appropriately for their contribution to the attainment of our financial, operational and strategic objectives. In addition, we believe it is important to retain our executive officers and strongly align their interests with EFH Corp.'s shareholders by emphasizing long-term incentive compensation, including equity-based compensation.

To achieve the goals of our compensation philosophy, we believe that:

- compensation plans should balance both long-term and short-term objectives;
- the overall compensation program should emphasize variable compensation elements that have a direct link to overall corporate performance and shareholder value, and
- an executive officer's individual compensation level should be based upon an evaluation of the financial and operational performance of that executive officer's business unit as well as the executive officer's individual performance.

We believe our compensation philosophy supports our businesses by:

- aligning performance measures with our business objectives to drive the financial and operational performance of EFH Corp. and its business units;
- rewarding business unit and individual performance by providing compensation levels consistent with the level of contribution and degree of accountability;
- attracting and retaining the best performers, and
- strengthening the correlation between the long-term interests of our executive officers and shareholders.

Elements of Compensation

The material elements of our executive compensation program are:

- a base salary;
- the opportunity to earn an annual performance-based cash bonus based on the achievement of specific corporate, business unit and individual performance goals, and
- long-term incentive awards, primarily in the form of (i) long-term cash incentive awards, including the modifications to these awards approved by the O&C Committee in February 2011, as described in more detail in Item 9B above, and (ii) equity awards granted pursuant to our 2007 Stock Incentive Plan for Key Employees of EFH Corp. and Affiliates (the "2007 Stock Incentive Plan"), including options to purchase shares of EFH Corp.'s common stock (the "Stock Option Awards") and restricted stock units (the "Restricted Stock Units").

In addition, executive officers generally have the opportunity to participate in certain of our broad-based employee compensation plans, including our Thrift (401(k)) Plan, retirement plans and non-qualified benefit plans, and to receive certain perquisites.

Assessment of Compensation Elements

We design the majority of an executive officer's compensation to be directly linked to corporate and business unit performance. For example, an executive officer's annual performance-based cash bonus is primarily based on the achievement of certain corporate and business unit financial and operational targets (such as management EBITDA, cost management, generation output and customer satisfaction). In addition, each executive officer's long-term cash incentive award (described below) is based on achievement of certain operational and financial performance metrics. We also try to ensure that our executive compensation program is competitive in order to reduce the risk of losing our executive officers.

The following is a detailed discussion of the principal compensation elements provided to our executive officers. More detail about each of the elements can be found in the compensation tables, including the footnotes to the tables, and the narrative discussion following certain of the tables.

Base Salary

Base salary should reward executive officers for the scope and complexity of their position and the level of responsibility required. We believe that a competitive level of base salary is required to attract and retain qualified talent.

The O&C Committee annually reviews base salaries and periodically uses independent compensation consultants to ensure the base salaries are market-competitive. The O&C Committee may also review an executive officer's base salary from time to time during a year, including if the executive officer is given a promotion or if his responsibilities are significantly modified.

We want to ensure our cash compensation is competitive and sufficient to incent executive officers to remain with us, recognizing our high performance expectations across a broad set of operational, financial, customer service and community-oriented goals and objectives and the higher risk levels associated with being a significantly-leveraged company.

In light of the significant market dislocation and uncertainty that began in late 2008 and continued into 2009, our Named Executive Officers' base salaries were increased, effective January 1, 2010. These increases reflect, in part, that none of the Named Executive Officers received a salary increase in 2009. The following table indicates the Named Executive Officers' base salaries for 2010.

Name	Title	Base Salary—2010
John F. Young	President and Chief Executive Officer of EFH Corp.	$ 1,200,000
Paul M. Keglevic	Executive Vice President and Chief Financial Officer of EFH Corp.	$ 650,000
David A. Campbell	Chief Executive Officer of Luminant	$ 700,000
James A. Burke	Chief Executive Officer of TXU Energy	$ 630,000
M.A. McFarland	Executive Vice President of EFH Corp. and Executive Vice President and Chief Commercial Officer of Luminant	$ 600,000

Annual Performance-Based Cash Bonus - Executive Annual Incentive Plan

The Executive Annual Incentive Plan ("EAIP") provides an annual performance-based cash bonus for the successful attainment of certain annual financial and operational performance targets that are established annually at each of the corporate and business unit levels by the O&C Committee. Under the terms of the EAIP, performance against these targets, which are generally set at challenging levels to incent high performance, drives bonus funding. Based on the level of attainment of these performance targets, an aggregate EAIP funding percentage amount for all participants is determined.

Our financial performance targets typically include "management" EBITDA, a non-GAAP financial measure. When the O&C Committee reviews management EBITDA for purposes of determining our performance against the applicable management EBITDA target, it includes our earnings before interest, taxes, depreciation and amortization plus transaction, management and/or similar fees paid to the Sponsor Group, together with such adjustments as the O&C Committee shall determine appropriate in its discretion after good faith consultation with the CEO and the Chief Financial Officer, including adjustments consistent with those included in the comparable definitions in TCEH's Senior Secured Facilities (to the extent considered appropriate for executive compensation purposes) Our management EBITDA targets are also expected to be adjusted for acquisitions, divestitures or major capital investment initiatives to the extent that they were not contemplated in our financial plan (the "Financial Plan"). The management EBITDA targets are intended to measure achievement of the Financial Plan and the adjustments to management EBITDA described above primarily represent elements of our performance that are either beyond the control of management or were not predictable at the time the Financial Plan was approved. Under the terms of the EAIP, the O&C Committee has broad authority to make these or any other adjustments to EBITDA that it deems appropriate in connection with its evaluation and compensation of our executive officers. Management EBITDA is an internal measure used only for performance management purposes, and EFH Corp. does not intend for management EBITDA to be an alternative to any measure of financial performance presented in accordance with GAAP. Management EBITDA is not the same as Adjusted EBITDA, which is disclosed elsewhere in this Form 10-K and defined in the glossary to this Form 10-K.

Financial and Operational Performance Targets

The following table provides a summary of the performance targets for each of the Named Executive Officers.

	Weight						
Name	EFH Corp. Management EBITDA[1]	EFH Business Services Scorecard Multiplier	Luminant Scorecard Multiplier	TXU Energy Scorecard Multiplier	Luminant Energy Scorecard Multiplier	Total	Payout
John F. Young	50%	50%				100%	131%
Paul M. Keglevic	50%	50%				100%	130%
David A. Campbell	25%		75%			100%	132%
James A. Burke	25%			75%		100%	134%
M.A. McFarland	25%	25%	25%		25%	100%	143%

(1) Mr. Young is measured on EFH Corp. Management EBITDA, including Oncor, while the remainder of the Named Executive Officers is measured on EFH Corp. Management EBITDA, excluding Oncor.

The following table provides a summary of the performance targets included in the EFH Business Services Scorecard Multiplier.

EFH Business Services Scorecard Multiplier	Weight	Performance(1)	Payout
EFH Corp. Management EBITDA (excluding Oncor)	20.0%	126%	25%
Luminant Scorecard Multiplier[2]	20.0%	134%	27%
TXU Energy Scorecard Multiplier[2]	20.0%	137%	27%
EFH Corp. (excluding Oncor) Total Spend	20.0%	129%	26%
EFH Business Services Costs	20.0%	139%	28%
Total	100.0%		133%

(1) Performance payouts equal 100% if the target amount is achieved for a particular metric, 50% if the threshold amount is achieved and 200% if the superior amount is achieved. The actual performance payouts are interpolated between threshold and target or target and superior, as applicable, with a maximum performance payout for any particular metric being equal to 200%.

(2) The performance targets included in the Luminant Scorecard Multiplier and the TXU Energy Scorecard Multiplier are summarized below.

The following table provides a summary of the performance targets included in the Luminant Scorecard Multiplier.

Luminant Scorecard Multiplier	Weight	Performance(1)	Payout
Luminant Management EBITDA (excluding Oak Grove and Sandow 5)	35.0%	177%	62%
Luminant Baseload Generation - Coal (excluding Oak Grove and Sandow 5)	16.0%	99%	16%
Luminant Generation – Nuclear	9.0%	109%	10%
Luminant O&M/SG&A	15.0%	124%	18%
Luminant Capital Expenditures	5.0%	200%	10%
Luminant Fossil Fuel Costs	10.0%	111%	11%
Management EBITDA for Oak Grove and Sandow 5	10.0%	67%	7%
Total	100.0%		134%

(1) Performance payouts equal 100% if the target amount is achieved for a particular metric, 50% if the threshold amount is achieved and 200% if the superior amount is achieved. The actual performance payouts are interpolated between threshold and target or target and superior, as applicable, with a maximum performance payout for any particular metric being equal to 200%.

The following table provides a summary of the performance targets included in the TXU Energy Scorecard Multiplier.

TXU Energy Scorecard Multiplier	Weight	Performance(1)	Payout
TXU Energy Management EBITDA	40.0%	179%	72%
Contribution Margin	15.0%	200%	30%
TXU Energy Total Costs	20.0%	79%	16%
Residential Customer Count	10.0%	50%	5%
Residential Days Meter to Cash	5.0%	100%	5%
PUCT Complaints	5.0%	84%	4%
Customer Satisfaction	5.0%	100%	5%
Total	100.0%		137%

(1) Performance payouts equal 100% if the target amount is achieved for a particular metric, 50% if the threshold amount is achieved and 200% if the superior amount is achieved. The actual performance payouts are interpolated between threshold and target or target and superior, as applicable, with a maximum performance payout for any particular metric being equal to 200%.

The following table provides a summary of the performance targets included in the Luminant Energy Scorecard Multiplier

Luminant Energy Scorecard Multiplier	Weight	Performance(1)	Payout(2)
Luminant Management EBITDA (excluding Oak Grove and Sandow 5)	30.0%	177%	53%
Management EBITDA for Oak Grove and Sandow 5	10.0%	79%	8%
Luminant Energy SG&A	10.0%	200%	20%
Incremental Value Created	40.0%	200%	80%
Liquidity Utilization	10.0%	200%	20%
Total	100.0%		181%
		Adjusted Total	178%

(1) Performance payouts equal 100% if the target amount is achieved for a particular metric, 50% if the threshold amount is achieved and 200% if the superior amount is achieved. The actual performance payouts are interpolated between threshold and target or target and superior, as applicable, with a maximum performance payout for any particular metric being equal to 200%.

(2) Due to plan funding limitations, the actual payout related to the Luminant Energy Scorecard Multiplier has been reduced from 181% to 178%.

Individual Performance Modifier

After approving the actual performance against the applicable targets under the plan, the O&C Committee and/or the CEO reviews the performance of each of our executive officers on an individual and comparative basis. Based on this review, which includes an analysis of both objective and subjective criteria, including the CEO's recommendations (with respect to all executive officers other than himself), the O&C Committee approves an individual modifier for each executive officer. Under the terms of the EAIP, the individual performance modifier can range from an outstanding rating (150%) to an unacceptable rating (0%). To calculate an executive officer's final performance-based cash bonus, the executive officer's corporate/business unit payout percentages are multiplied by the executive officer's target incentive level, which is computed as a percentage of annualized base salary, and then by the executive officer's individual performance modifier.

Actual Award

The following table provides a summary of the 2010 performance-based cash bonus for each Named Executive Officer under the EAIP.

Name	Target (% of salary) (1)	Target Award ($ Value)	Actual Award
John F. Young (2)	100%	$ 1,200,000	2,043,600
Paul M. Keglevic (3)	85%	$ 552,500	933,725
David A. Campbell (4)	85%	$ 595,000	981,750
James A. Burke (5)	85%	$ 535,500	932,841
M.A. McFarland (6)	85%	$ 510,000	948,090

(1) Effective with the 2010 award period, the O&C Committee approved an increase in the annual target award under the EAIP from 75% of base salary to 85% of base salary for Messrs. Keglevic, Campbell, Burke and McFarland.

(2) Mr. Young's incentive award is based on the successful achievement of the financial performance targets for EFH Corp. and the financial and operational performance targets for Luminant and TXU Energy and an individual performance modifier that increased his incentive award. In 2010, Mr. Young successfully led the company in a difficult year in which wholesale power prices continued to decline. Notwithstanding the difficulties that accompany a sustained decline in forward natural gas prices, Mr. Young created value in many parts of the company's businesses. In particular, Mr. Young led the company's efforts in, among other things: liquidity and liability management efforts that captured long-term debt discounts of approximately $2 billion and extended the maturity date for approximately $5 billion of our long-term debt; improving financial and operational results for our legacy baseload generation fleet, including top decile safety, generation and cost performance by our nuclear facility; providing strong contributions to the state and national debates regarding legislative and regulatory issues facing the company, including proposals on federal climate change legislation and resolution of critical regulatory matters between the EPA and the TCEQ; transitioning our generation and wholesale energy businesses to operate successfully within ERCOT's new nodal wholesale market structure; our continued commitment to build a strong retail brand and customer-focused culture at TXU Energy; and exceeding EFH Corp.'s planned EBITDA for 2010. Given these and other significant achievements, the O&C Committee approved an individual performance modifier that increased Mr. Young's incentive award.

(3) Mr. Keglevic's incentive award is based on the successful achievement of the financial performance targets for EFH Corp. and EFH Business Services and the financial and operational performance targets for Luminant and TXU Energy and an individual performance modifier that increased his incentive award. In 2010, Mr. Keglevic successfully managed several new financial processes at EFH Corp. and its business units, including processes for managing the varied risks of our businesses and preserving effective liquidity levels. In addition, Mr. Keglevic led the company's liquidity and liability management efforts, including capturing long-term debt discounts of approximately $2 billion, extending the maturity date for approximately $5 billion of our long-term debt, and a resulting reduction in our interest expense of approximately $1.2 billion. Given these significant accomplishments and other achievements (including the successful resolution of a significant tax matter related to our discontinued Europe business), the O&C Committee approved an individual performance modifier that increased Mr. Keglevic's incentive award.

(4) Mr. Campbell's incentive award is based on the successful achievement of a financial performance target for EFH Corp. and the financial and operational performance targets for Luminant and an individual performance modifier that increased his incentive award. In 2010, Mr. Campbell was successful in overseeing strong financial and operational results, primarily at Luminant's nuclear and lignite/coal-fueled plants and in Luminant's wholesale energy organization. Also, Mr. Campbell continued to provide significant contributions in the public affairs arena on a local, state and national level, particularly with regard to environmental issues facing Luminant. In addition, under Mr. Campbell's leadership, Luminant had a strong year for safety in its nuclear and mining operations, while implementing improved safety processes and metrics for its gas and lignite/coal-fueled plants and mines. Given these significant accomplishments and other achievements (including his focus on developing a collaborative, team-oriented culture across the organization), the O&C Committee approved an individual performance modifier that increased Mr. Campbell's incentive award.

(5) Mr. Burke's incentive award is based on the successful achievement of a financial performance target for EFH Corp. and the financial and operational performance targets for TXU Energy and an individual performance modifier that increased his incentive award. In 2010, Mr Burke continued to build on TXU Energy's brand and reputation with its customers and public stakeholders, while driving continuous improvement in customer service, billing, marketing and retention activities. Given these significant accomplishments and other achievements (including his continued commitment to build a strong retail and customer-focused culture at TXU Energy), the O&C Committee approved an individual performance modifier that increased Mr. Burke's incentive award

(6) Mr. McFarland's incentive award is based on the successful achievement of the financial performance targets for EFH Corp., the financial and operational performance targets for Luminant and Luminant Energy and an individual performance modifier that increased his incentive award. In 2010, Mr McFarland successfully transitioned our generation and wholesale energy businesses to operate successfully within ERCOT's new nodal wholesale market structure, successfully managed Luminant's fuel strategy, and developed several new processes for managing Luminant's long-term hedging strategy with minimal impacts to liquidity Given these significant accomplishments and other achievements (including his strategic contributions with regard to a number of development opportunities), the O&C Committee approved an individual performance modifier that increased Mr. McFarland's incentive award.

Long-Term Incentive Awards

Long-Term Cash Incentive

In October 2009 (and in February 2010, with respect to Mr. Young), each of our Named Executive Officers was granted a long-term cash incentive award (the "LTI") that entitles such Named Executive Officer to receive on September 30, 2012, to the extent such Named Executive Officer remains employed by EFH Corp. on such date (with customary exceptions in limited circumstances, including death, disability, and leaving for "good reason" or termination without "cause"), an additional one-time, lump-sum cash payment equal to 75% (100% with respect to Mr. Young) of the aggregate EAIP award received by such executive officer for fiscal years 2009, 2010 and 2011. These awards provide significant retentive value because an award is not paid to an executive officer unless the executive officer remains employed with us until September 30, 2012 (subject to the customary exceptions described above). In addition, these awards provide additional incentive to our executive officers to achieve top operational and financial performance because the award is based on a percentage of the executive officers' annual performance-based cash bonuses.

Long-Term Equity Incentives

We believe it is important to strongly align the interests of our executive officers and shareholders through equity-based compensation. In December 2007, our Board approved and adopted our 2007 Stock Incentive Plan pursuant to which we granted Stock Option Awards to our executive officers. The purpose of the 2007 Stock Incentive Plan is to:

- promote our long-term financial interests and growth by attracting and retaining management and other personnel with the training, experience and ability to make a substantial contribution to our success;
- motivate management and other personnel by means of growth-related incentives to achieve long-range goals, and
- strengthen the correlation between the long-term interests of our shareholders and the interests of our executive officers through opportunities for stock (or stock-based) ownership in EFH Corp.

Please refer to the outstanding Equity Awards at Fiscal Year-End—2010 table, including the footnotes thereto, for a more detailed description of the outstanding Stock Option Awards held by each of the Named Executive Officers. In the future, we may make additional discretionary grants of stock options or other equity-based compensation to reward high performance or achievement.

As described in greater detail in Item 9B above, the O&C Committee recently approved an exchange program pursuant to which our executive officers, including the Named Executive Officers, may exchange any and all of their outstanding Stock Option Awards for restricted stock units that cliff-vest on September 30, 2014.

Other Elements of Compensation

General

Our executive officers generally have the opportunity to participate in certain of our broad-based employee compensation plans, including our Thrift (401(k)) Plan, retirement plans and non-qualified benefit plans. Please refer to the footnotes to the Summary Compensation table for a more detailed description of our Thrift Plan, the narrative that follows the Pension Benefits table for a more detailed description of our Retirement Plan and Supplemental Retirement Plan and the footnotes to the Nonqualified Deferred Compensation table for a more detailed description of our Salary Deferral Program. However, beginning in 2010, our Named Executive Officers are no longer eligible to participate in the Salary Deferral Program.

Perquisites

We provide our executives with certain perquisites on a limited basis. Those perquisites that exist are generally intended to enhance our executive officers' ability to conduct company business. These benefits include, financial planning, preventive health maintenance, and reimbursement for certain club memberships and certain spousal travel expenses. Expenditures for the perquisites described below are disclosed by individual in footnotes to the Summary Compensation Table. The following is a summary of perquisites offered to our Named Executive Officers that are not available to all employees:

Executive Financial Planning: We pay for our executive officers to receive financial planning services. This service is intended to support them in managing their financial affairs, which we consider especially important given the high level of time commitment and performance expectation required of our executive officers. Furthermore, we believe that such service helps ensure greater accuracy and compliance with individual tax regulations by our executive officers.

Health Services: We pay for our executive officers to receive annual physical health exams. Also, in 2010, we purchased an annual membership for Messrs. Young and Keglevic to participate in a comprehensive health plan that provides anytime personal and private physician access and health care. The health of our executive officers is important given the vital leadership role they play in directing and operating the company. Our executive officers are important assets of EFH Corp., and these benefits are designed to help ensure their health and long-term ability to serve our shareholders.

Club Memberships: We reimburse certain of our executives for the cost of golf and social club memberships, provided that the club membership provides for a business-use opportunity, such as client networking and entertainment. The club membership reimbursements are provided to assist the executives in cultivating business relationships.

Spouse Travel Expenses: From time to time, we pay for an executive officer's spouse to travel with the executive officer when taking a business trip.

Contingent Payments

We have entered into employment agreements with Messrs Young, Keglevic, Campbell, Burke and McFarland. Each of the employment agreements provides that certain payments and benefits will be paid upon the expiration or termination of the agreement under various circumstances, including termination without cause, resignation for good reason and termination of employment within a fixed period of time following a change in control. We believe these provisions are important in order to attract and retain the caliber of executive officers that our business requires and provide incentive for our executive officers to fully consider potential changes that are in our and our shareholders' best interest, even if such changes would result in the executive officers' termination of employment. For a description of the applicable provisions in the employment agreements of our Named Executive Officers see "Potential Payments upon Termination or Change in Control "

Other

After a comprehensive review of the CEO's performance and the performance of our businesses in 2009, the O&C Committee approved several changes to Mr. Young's compensation arrangement in February 2010, each of which was described in greater detail in last year's annual report on Form 10-K. In connection with these changes, Mr. Young's employment arrangement was amended to provide him a 10-year term life insurance policy in an insured amount equal to $10,000,000 and a supplemental retirement plan that vests on December 31, 2014 (with customary exceptions for death, disability and leaving for "good reason" or termination "without cause") with a value of $3,000,000.

Accounting and Tax Considerations

Accounting Considerations

Under FASB ASC Topic 718, the total amount of compensation expense to be recorded for stock-based awards (e.g., Stock Option Awards granted under the 2007 Stock Incentive Plan) is based on the fair value of the award on the grant date. This fair value is then recorded as expense over the vesting period, with an offsetting increase in paid-in capital. The amount of compensation expense is not subsequently adjusted for changes in our share price, for the actual number of shares distributed, or for any other factors except for true-ups related to estimated forfeitures compared to actual forfeitures.

As previously disclosed, in connection with a grant of new stock options in February 2010, Mr. Young surrendered unvested performance-related stock options that were granted to him when he joined EFH Corp. The shares surrendered by Mr. Young in February 2010 are considered modifications to the original awards and are treated as an exchange of the original award for a new award. The compensation expense related to the new award represents the incremental costs of the new award over the surrendered award and is based on the new grant date fair value and is recognized over its new vesting period.

Income Tax Considerations

Section 162(m) of the Code limits the tax deductibility by a publicly held company of compensation in excess of $1 million paid to the CEO or any other of its three most highly compensated executive officers other than the principal financial officer. Because EFH Corp is a privately-held company, Section 162(m) will not limit the tax deductibility of any executive compensation for 2010.

The O&C Committee administers our compensation programs with the good faith intention of complying with Section 409A of the Code.

Organization and Compensation Committee Report

The O&C Committee has reviewed and discussed with management the Compensation Discussion and Analysis set forth in this Form 10-K. Based on this review and discussions, the committee recommended to the Board that the Compensation Discussion and Analysis be included in this Form 10-K.

Organization and Compensation Committee

Donald L. Evans, Chair
Arcilia C. Acosta
Marc S. Lipschultz
Kenneth Pontarelli

Summary Compensation Table 2010

The following table provides information for the fiscal years ended December 31, 2010, 2009 and 2008 regarding the aggregate compensation paid to our Named Executive Officers.

Name and Principal Position	Year	Salary ($)	Bonus ($)	Stock Awards ($)	Option Awards ($)[6]	Non-Equity Incentive Plan Compensation ($)[7]	Change in Pension Value and Non-qualified Deferred Compensation Earnings ($)[8]	All Other Compensation ($)[9]	Total ($)
John F. Young[1] President & CEO of EFH Corp.	2010	1,200,000	—	—	3,405,000	2,043,600	2,761	219,826	6,862,187
	2009	1,000,000	—	—	—	1,469,000	—	105,291	2,574,291
	2008	912,500	—	3,000,000	13,635,000	1,418,000	—	462,258	19,427,758
Paul M. Keglevic[2] EVP & Chief Financial Officer of EFH Corp.	2010	650,000	50,000	—	—	933,725	3,185	39,416	1,676,326
	2009	600,000	150,000	—	1,325,000	664,200	—	73,320	2,812,520
	2008	293,182	250,000	1,125,000	6,442,500	613,800	—	88,508	8,812,990
David A. Campbell[3] President & CEO of Luminant	2010	700,000	—	—	—	981,750	76,485	17,911	1,776,146
	2009	600,000	—	—	2,120,000	642,600	68,861	15,020	3,446,481
	2008	545,500	5,092,250	2,500,000	7,272,000	625,950	22,779	3,395,878	19,454,357
James A. Burke[4] President & CEO of TXU Energy	2010	630,000	—	—	—	932,841	76,713	17,305	1,656,859
	2009	600,000	—	—	933,100	856,800	55,931	23,885	2,469,716
	2008	600,000	—	—	4,454,100	473,918	25,501	639,136	6,192,655
M.A. McFarland[5] EVP-EFH Corp. & EVP & Chief Commercial Officer of Luminant	2010	600,000	—	—	—	948,090	—	17,418	1,565,508
	2009	500,000	—	—	1,060,000	687,750	—	7,424	2,255,174
	2008	236,744	150,000	500,000	5,114,000	529,032	—	87,725	6,617,501

(1) Mr. Young commenced employment with EFH Corp. in January 2008 The amounts for 2010 reported as "All Other Compensation" for Mr. Young represent (i) the costs of providing certain perquisites, including $3,299 for an executive physical, $11,169 for an annual membership in a comprehensive personal physician care program, $140,922 for the cost of his country club membership, including the one-time initiation fee, $10,120 for financial planning, $17,185 for insurance premiums in respect of a 10-year term life insurance policy, $1,121 for personal use of a car service and $12,310 of taxable reimbursements partially related to his spouse's travel and (ii) $14,700 for our matching contributions to the EFH Thrift Plan.

(2) Mr Keglevic commenced employment with EFH Corp. in July 2008. Mr. Keglevic's employment agreement provides that we pay him a signing bonus equal to $550,000 as follows: (i) $250,000 payable in July 2008; (ii) $150,000 payable in July 2009 and (iii) $50,000 payable in July 2010, 2011 and 2012. The amount for 2010 reported as "Bonus" for Mr. Keglevic represents the 2010 portion of his signing bonus. The amounts for 2010 reported as "All Other Compensation" for Mr. Keglevic represent (i) the costs of providing certain perquisites, including $11,026 for an annual membership in a comprehensive personal physician care program, and $18,853 for the cost of his country club membership, including a pro-rated portion of his initiation fee and (ii) $9,537 for our matching contributions to the EFH Thrift Plan.

(3) The amount reported as "All Other Compensation" in 2010 for Mr. Campbell represents (i) the costs of providing certain perquisites, including $10,120 for financial planning and $2,891 for an executive physical and (ii) $4,900 for our matching contributions to the EFH Thrift Plan.

(4) The amounts for 2010 reported as "All Other Compensation" for Mr. Burke represent (i) the costs of providing certain perquisites, including $8,875 for financial planning, and (ii) $8,430 for our matching contributions to the EFH Thrift Plan

(5) Mr. McFarland commenced employment with EFH Corp. in July 2008. The amounts for 2010 reported as "All Other Compensation" for Mr. McFarland represent (i) the costs of providing certain perquisites, including $2,718 for an executive physical and (ii) $14,700 for our matching contributions to the EFH Thrift Plan.

(6) The amounts reported as "Option Awards" represent the grant date fair value of Stock Option Awards granted in the fiscal year computed for the stock options awarded under the 2007 Stock Incentive Plan in accordance with FASB ASC Topic 718 and do not take into account estimated forfeitures. Mr. Young's 2010 options were granted with an exercise price of $3 50 per share. Please refer to the table below entitled "Grants of Plan-Based Awards – 2010" for more information.

(7) The amounts in 2010 reported as "Non-Equity Incentive Plan Compensation" were earned by the executive officers in 2010 under the EAIP and are expected to be paid in March 2011.

(8) The amounts in 2010 reported under "Change in Pension Value and Nonqualified Deferred Compensation Earnings" include the aggregate increase in actuarial value of EFH Corp.'s Retirement Plan and Supplemental Retirement Plan. For a more detailed description of EFH Corp.'s retirement plans, including the transfers of certain assets and liabilities from the Supplemental Retirement Plan and/or Salary Deferral Program to the cash balance component of the Retirement Plan, please refer to the narrative that follows the table titled "Pension Benefits". There are no above market earnings for nonqualified deferred compensation that is deferred under the Salary Deferral Program.

(9) For purposes of preparing this column, all perquisites are valued on the basis of the actual cost to the company. As described above, "All Other Compensation" includes amounts associated with our matching contributions to the EFH Thrift Plan. Our Thrift Plan allows participating employees to contribute a portion of their regular salary or wages to the plan. Under the EFH Thrift Plan, EFH Corp. matches a portion of an employee's contributions. This matching contribution is 100% of each Named Executive Officer's contribution up to 6% of the named Executive Officer's salary up to the IRS annual compensation limit. All matching contributions are invested in Thrift Plan investments as directed by the participant.

Grants of Plan-Based Awards - 2010

The following table sets forth information regarding grants of compensatory awards to our Named Executive Officers during the fiscal year ended December 31, 2010.

Name	Grant Date	Date of Board Action	Estimated Possible Payouts Under Non-Equity Incentive Plan Awards[(1)] Threshold ($)	Target ($)	Max. ($)	All Other Option Awards: # of Securities Underlying Options (#)[(2)]	Exercise or Base Price of Option Awards ($/sh)[(3)]	Grant Date Fair Value of Stock and Option Awards[(4)]
John F. Young	02/18/10	02/18/10	600,000	1,200,000	2,400,000	3,000,000	3.50	3,405,000
Paul M. Keglevic		02/18/10	276,250	552,500	1,105,000			
David A. Campbell		02/18/10	297,500	595,000	1,190,000			
James A. Burke		02/18/10	267,750	535,500	1,071,000			
M.A. McFarland		02/18/10	255,000	510,000	1,020,000			

(1) The amounts disclosed under the heading "Estimated Possible Payouts under Non-Equity Incentive Plan Awards" reflect the threshold, target and maximum amounts available under the EAIP for each executive officer and each executive officer's employment agreement. The actual awards for the 2010 plan year are expected to be paid in March 2011 and are reported in the Summary Compensation Table under the heading "Non-Equity Incentive Plan Compensation" and described above under the section entitled "Annual Performance Bonus - EAIP".

(2) Represents grants of new Time Vested Options and Cliff Vested Options under the 2007 Stock Incentive Plan, as described above under "Long-Term Incentive Awards."

(3) There is no established public market for our common stock. Our board of directors values our common stock on a semi-annual basis (on June 30th and December 31st of each year). The valuation is primarily done to set the exercise or base price of awards granted under the 2007 Stock Incentive Plan. In determining the valuation of our common stock, our Board, with the assistance of third party valuation experts, utilizes several valuation techniques, including discounted cash flow and comparable company analysis.

(4) The amounts reported under "Grant Date Fair Value of Stock and Option Awards" represent the grant date fair value of stock options related to the 2010 Awards in accordance with FASB ASC Topic 718.

For a discussion of certain material terms of the employment agreements with the Named Executive Officers, please see "Assessment of Compensation Elements" and "Potential Payments upon Termination or Change in Control."

Outstanding Equity Awards at Fiscal Year-End– 2010

	Option Awards (1)					Stock Awards			
	# of Securities Underlying Unexercised Options								
Name	Exercisable	Unexercisable	Equity Incentive Plan Awards: # of Securities Underlying Unexercised Unearned Options (5)	Option Exercise Price	Option Expiration Date	# of Shares or Units of Stock That Have Not Vested (6)	Market Value of Shares or Units of Stock That Have Not Vested (7)	Equity Incentive Plan Awards: # of Unearned Shares, Units or Other Rights That Have Not Vested	Equity Incentive Plan Awards: Market Payout Value of Unearned Shares, Units or Rights That Have Not Vested
John F Young	3,375,000	1,500,000(2)	1,125,000	5.00					
					02/01/2018				
	300,000	1,200,000(3)		3.50	02/18/2020				
		1,500,000 (4)		3.50	02/18/2020				
Paul M. Keglevic	1,125,000	500,000(2)	375,000	5.00					
					12/22/2018				
	100,000	400,000(3)		3.50	12/17/2019				
		500,000 (4)		3.50	12/17/2019	225,000	281,250		
David A. Campbell	1,800,000	800,000(2)	600,000	5.00					
					05/20/2018				
	160,000	640,000(3)		3.50	12/17/2019				
		800,000 (4)		3.50	12/17/2019				
James A. Burke	1,102,500	490,000(2)	367,500	5.00					
					05/20/2018				
	40,000	160,000(3)		3.50	12/17/2019				
		490,000 (4)		3.50	12/17/2019				
M.A. McFarland	900,000	400,000(2)	300,000	5.00					
					12/22/2018				
	80,000	320,000(3)		3.50	12/17/2019				
		400,000 (4)		3.50	12/17/2019				

(1) In 2008, Messrs. Young, Keglevic, Campbell, Burke and McFarland were granted 7,500,000, 2,500,000, 4,000,000, 2,450,000 and 2,000,000 Stock Option Awards, respectively, half of which were "Time Vested Options" and half of which were "Performance Vested Options". The exercise price of the Stock Option Awards granted in 2008 (the fair market value on the grant date) is $5.00 per share. In late 2009 (February 2010, with respect to Mr. Young), the O&C Committee granted Messrs. Young, Keglevic, Campbell, Burke and McFarland 1,500,000, 500,000, 800,000, 200,000 and 400,000 new Time Vested Options, respectively, and 1,500,000, 500,000, 800,000, 490,000 and 400,000 "Cliff Vested Options," respectively. In connection with these new Stock Option Award grants, each Named Executive Officer surrendered to EFH Corp. a portion of the Performance Vested Options that were granted to him in 2008. The exercise price of the Stock Option Awards granted in 2009 (2010, with respect to Mr. Young) is $3.50 per share. As described in greater detail in Item 9B above, the O&C Committee recently approved an exchange program pursuant to which our executive officers, including the Named Executive Officers, may exchange any and all of their outstanding Stock Option Awards for restricted stock units that cliff-vest on September 30, 2014.

(2) The Time Vested Options vest in 20% increments on each of the first five anniversaries of September 30, 2007 and September 30, 2009, respectively. Accordingly, the Time Vested Options granted in 2008 are scheduled to become exercisable ratably in September 2010, 2011 and 2012 provided the Named Executive Officer has remained continuously employed by EFH Corp. through the applicable vesting date (with customary exceptions for death, disability, and leaving for "good reason" or termination without "cause").

(3) The Time Vested Options granted in 2009 (2010, with respect to Mr. Young) are scheduled to become exercisable ratably in September 2010, 2011, 2012, 2013 and 2014 provided the Named Executive Officer has remained continuously employed by EFH Corp. through the applicable vesting date (with customary exceptions for death, disability, and leaving for "good reason" or termination without "cause").

(4) The Cliff Vested Options are scheduled to become exercisable in September 2014 provided the Named Executive Officer has remained continuously employed by EFH Corp. through that date (with customary exceptions for death, disability, and leaving for "good reason" or termination without "cause").

(5) The Performance Vested Options vest in 20% increments on each of the first five anniversaries of December 31, 2007, subject to our achievement of the annual management EBITDA target for the given fiscal year (or certain cumulative performance targets) as detailed in the stock option agreements. In deciding whether to vest the Performance Vested Options, the O&C Committee considers EFH Corp.'s quantitative performance against certain management EBITDA targets. The method of calculating management EBITDA for purposes of vesting the Performance Vested Options is the same as the method for calculating management EBITDA for purposes of the EAIP, as described above. The O&C Committee also has broad discretion to consider other qualitative and quantitative criteria that it deems appropriate in connection with its decision to vest the Performance Vested Options.

(6) This column reflects restricted stock units described above under "Long-Term Incentive Awards-Equity Investment." Pursuant to his employment arrangement, Mr. Keglevic is entitled to receive 225,000 shares of EFH Corp.'s common stock if he is employed by EFH Corp. on September 30, 2012, or if his employment terminates for any reason prior to September 30, 2012, other than for "cause" or without "good reason." If Mr. Keglevic receives the 225,000 shares, he has the right to sell the shares to EFH Corp. for $3,140,000, at any time during the period beginning on September 30, 2012 and ending on the sixtieth business day following his termination of employment (or, in the event Mr. Keglevic receives the shares upon his termination of employment, at any time during the period ending on the sixtieth business day following his termination of employment).

(7) There is no established public market for our common stock. Our board of directors values our common stock on a semi-annual basis (on June 30th and December 31st of each year). The valuation is primarily done to set the exercise or base price of awards granted under the 2007 Stock Incentive Plan. In determining the valuation of our common stock, our Board, with the assistance of third party valuation experts, utilizes several valuation techniques, including discounted cash flow and comparable company analysis. The amount reported above under the heading "Market Value of Shares or Units of Stock That Have Not Vested" reflects the fair market value (as determined by our Board) of our common stock as of December 31, 2010.

Options Exercised and Stock Vested - 2010

The table sets forth information regarding the vesting of equity awards held by the Named Executive Officers during 2010:

	Option Awards		**Stock Awards**	
Name	**Number of Shares Acquired or Exercised**	**Value Realized on Exercise($)**	**Number of Shares Acquired on Vesting**	**Value Realized on Vesting ($)**
John F. Young (1)	0	0	600,000	1,950,000
Paul M. Keglevic	0	0	0	0
David A. Campbell	0	0	0	0
James A. Burke	0	0	0	0
M A. McFarland (1) (2)	0	0	100,000	200,000

(1) As described in greater detail above, our board of directors values our common stock on a semi-annual basis (on June30th and December 31st of each year). The valuation is conducted, in part, to set the price of shares granted under the 2007 Stock Incentive Plan. At the time that Mr. Young's shares vested, our board of directors valued our common stock at $3.25 per share. At the time that Mr. McFarland's shares vested, our board of directors valued our common stock at $2.00 per share.

(2) Mr. McFarland's deferred shares were distributed to him in October 2010, but they remain subject to a substantial risk of forfeiture.

Pension Benefits 2010

The table set forth below illustrates present value on December 31, 2010 of each Named Executive Officer's Retirement Plan benefit and benefits payable under the Supplemental Retirement Plan, based on their years of service and remuneration through December 31, 2010:

Name	Plan Name	Number of Years Credited Service (#)[1]	PV of Accumulated Benefit ($)
John F. Young		—	36,074
	Retirement Plan		
	Supplemental Retirement Plan	—	0
Paul M. Keglevic		—	47,594
	Retirement Plan		
	Supplemental Retirement Plan	—	0
David A. Campbell		5.5833	135,418
	Retirement Plan		
	Supplemental Retirement Plan	8.5000	85,817
James A. Burke		5.1667	123,253
	Retirement Plan		
	Supplemental Retirement Plan	5.1667	82,253
M.A McFarland		—	0
	Retirement Plan		
	Supplemental Retirement Plan	—	0

(1) Because they were hired after October 1, 2007, Messrs. Young, Keglevic and McFarland are not eligible to receive monthly contribution credits under the cash balance component of our Retirement Plan. However, as described further in the narrative that follows, Messrs. Young and Keglevic participate in the cash balance component of the Retirement Plan solely with respect to amounts that were transferred from the Salary Deferral Program in 2009

EFH Corp. and its participating subsidiaries maintain the Retirement Plan, which is intended to be qualified under applicable provisions of the Code and covered by ERISA. The Retirement Plan contains both a traditional defined benefit component and a cash balance component. Only employees hired before January 1, 2002 may participate in the traditional defined benefit component. Because none of our Named Executive Officers were hired before January 1, 2002, no Named Executive Officer participates in the traditional defined benefit component. Employees hired after January 1, 2002 and before October 1, 2007 are eligible to participate in the cash balance component and receive monthly contribution credits based on age and years of accredited service. In addition, effective December 31, 2009, certain assets and liabilities under the Salary Deferral Program and the Supplemental Retirement Plan were transferred to the cash balance component of the Retirement Plan. Because they were hired in 2004, Messrs. Campbell and Burke have participated and may continue to participate in the cash balance component of the Retirement Plan, and because they were hired after October 2007, Messrs. Young and Keglevic participate in the cash balance component of the Retirement Plan solely with respect to amounts that were transferred from the Salary Deferral Program.

Under the cash balance component of the Retirement Plan, hypothetical accounts are established for participants and credited with monthly contribution credits equal to a percentage of the participant's compensation (3.5%, 4.5%, 5.5% or 6.5% depending on the participant's combined age and years of accredited service), contribution credits equal to the amounts transferred from the Salary Deferral Program and/or the Supplemental Retirement Plan in 2009 and interest credits on all of such amounts based on the average yield of the 30-year Treasury bond for the 12 months ending November 30 of the prior year.

The Supplemental Retirement Plan provides for the payment of retirement benefits, which would otherwise be limited by the Code or the definition of earnings under the Retirement Plan. Under the Supplemental Retirement Plan, retirement benefits under the cash balance component are calculated in accordance with the same formula used under the Retirement Plan. Participation in EFH Corp.'s Supplemental Retirement Plan has been limited to employees of all of its businesses other than Oncor, who were employed by EFH Corp. (or its participating subsidiaries) on or before October 1, 2007. Because they were hired in 2004, Messrs. Campbell and Burke participate in the Supplemental Retirement Plan, and because they were hired after October 2007, Messrs. Young, Keglevic and McFarland are not eligible to participate in the Supplemental Retirement Plan.

Benefits accrued under the Supplemental Retirement Plan after December 31, 2004, are subject to Section 409A of the Code. Accordingly, certain provisions of the Supplemental Retirement Plan have been modified in order to comply with the requirements of Section 409A and related guidance.

The present value of the accumulated benefit for the Retirement Plan (the cash balance component) was calculated as the value of their cash balance account projected to age 65 at an assumed growth rate of 4.75% and then discounted back to December 31, 2010 at 5.5%. No mortality or turnover assumptions were applied.

Nonqualified Deferred Compensation 2010(1)

The following table sets forth information regarding plans that provide for the deferral of the Named Executive Officers' compensation on a basis that is not tax-qualified for the fiscal year ended December 31, 2010·

Name	Executive Contributions in Last FY ($)	Registrant Contributions in Last FY ($)	Aggregate Earnings in Last FY ($)	Aggregate Withdrawals/ Distributions ($)	Aggregate Balance at Last FYE ($)(2)
John F. Young	0	0	27,686		309,402
Paul M. Keglevic	0	0	(46)		87,656
David A. Campbell (3)	0	0	42,965		863,856
James A. Burke (3)	0	0	44,135		839,898
M.A. McFarland	0	0	0		0

(1) The amounts reported in the Nonqualified Deferred Compensation table include deferrals and the company match under the Salary Deferral Program. Under EFH Corp.'s Salary Deferral Program each employee of EFH Corp. and its participating subsidiaries who is in a designated job level and whose annual salary is equal to or greater than an amount established under the Salary Deferral Program ($110,840 for the program year beginning January 1, 2010) may elect to defer up to 50% of annual base salary, and/or up to 85% of the annual incentive award, for a maturity period of seven years, for a maturity period ending with the retirement of such employee, or for a combination thereof. EFH Corp. provided no matching contributions for 2010. Deferrals are credited with earnings or losses based on the performance of investment alternatives under the Salary Deferral Program selected by each participant. At the end of the applicable maturity period, the trustee for the Salary Deferral Program distributes the deferred compensation, any vested matching awards and the applicable earnings in cash as a lump sum or in annual installments at the participant's election made at the time of deferral. EFH Corp. is financing the retirement option portion of the Salary Deferral Program through the purchase of corporate-owned life insurance on the lives of participants. The proceeds from such insurance are expected to allow EFH Corp. to fully recover the cost of the retirement option Beginning in 2010, certain executive officers, including the Named Executive Officers, are not eligible to participate in the Salary Deferral Program.

(2) A portion of the amounts reported as "Aggregate Balance at Last FYE" are also included in the Summary Compensation Table as follows: for Mr. Young, $80,000 and $66,667 of executive contributions are included as "Salary" for 2009 and 2008, respectively, and $80,000 and $66,667 of company matching contributions are included as "All Other Compensation" for 2009 and 2008, respectively; for Mr. Keglevic, $48,000 and $20,000 of executive contributions are included as "Salary" for, 2009 and 2008, respectively, and $48,000 and $20,000 of company matching contributions are included as "All Other Compensation" for 2009 and 2008, respectively; for Mr. Burke, $48,000 and $27,417 of executive contributions are included as "Salary" for 2009 and 2008, respectively, and $48,000 and $27,417 of company matching contributions are included as "All Other Compensation" for 2009 and 2008, respectively.

(3) The amounts reported as "Aggregate Balance at Last FYE" for Messrs. Campbell and Burke include the fair market value of deferred shares (500,000 with respect to Mr Campbell and 450,000 with respect to Mr. Burke) that each of them is entitled to receive on the earlier to occur of their termination of employment or a change in the effective control of EFH Corp.

Potential Payments upon Termination or Change in Control

The tables and narrative below provide information for payments to each of the Named Executive Officers (or, as applicable, enhancements to payments or benefits) in the event of his termination, including if such termination is voluntary, for cause, as a result of death, as a result of disability, without cause or for good reason or without cause or for good reason in connection with a change in control.

The information in the tables below is presented in accordance with SEC rules, assuming termination of employment as of December 31, 2010.

Employment Arrangements with Contingent Payments

As of December 31, 2010, each of Messrs. Young, Keglevic, Campbell, Burke and McFarland had employment agreements with change in control and severance provisions as described in the following tables. In addition, in 2010, the O&C Committee approved certain changes to the compensation arrangements for Messrs. Young and Keglevic, which changes were effective on or before December 31, 2010 but not yet documented in such Named Executive Officers' employment agreements. Certain of these changes affected the potential payments of Messrs. Young and Keglevic and are reflected in the following tables.

With respect to each Named Executive Officer's employment agreement, a change in control is generally defined as (i) a transaction that results in a sale of substantially all of our assets to another person and such person having more seats on our Board than the Sponsor Group, (ii) a transaction that results in a person not in the Sponsor Group owning more than 50% of our common stock and such person having more seats on our Board than the Sponsor Group or (iii) a transaction that results in the Sponsor Group owning less than 20% of our common stock and the Sponsor Group not being able to appoint a majority of the directors to our Board.

Each Named Executive Officer's employment agreement includes customary non-compete and non-solicitation provisions that generally restrict the Named Executive Officer's ability to compete with us or solicit our customers or employees for his own personal benefit during the term of the employment agreement and 24 months (with respect to Mr. Young) or 18 months (with respect to Messrs. Keglevic, Campbell, Burke and McFarland) after the employment agreement expires or is terminated.

Each of our Named Executive Officers has been granted a long-term cash incentive award (the "LTI") that entitles such Named Executive Officer to receive on September 30, 2012, to the extent such Named Executive Officer remains employed by EFH Corp. on such date (with customary exceptions for death, disability, and leaving for "good reason" or termination without "cause"), an additional one-time, lump-sum cash payment equal to 75% (100% with respect to Mr. Young) of the aggregate EAIP award received by such executive officer for fiscal years 2009, 2010 and 2011.

As of December 31, 2010, each of Messrs Young, Keglevic, Campbell, Burke and McFarland had stock option agreements. Under the stock option agreement for each Named Executive Officer, in the event of such Named Executive Officer's termination without cause or resignation for good reason (or in certain circumstances when the Named Executive Officer's employment term is not extended) following a change in control of EFH Corp., such Named Executive Officer's Time Vested Options would become immediately exercisable as to 100% of the shares of EFH Corp. common stock subject to such options immediately prior to the change in control. As of December 31, 2010, the fair market value of the shares of EFH Corp. common stock underlying each Named Executive Officer's Time Vested Options (as determined from time to time by our Board) was less than the exercise price of such options.

1. Mr. Young

Potential Payments to Mr. Young upon Termination as of December 31, 2010 (per employment agreement, restricted stock agreement and stock option agreement, each in effect as of December 31, 2010, and revisions to such employment agreement that were adopted by the O&C Committee and effective as of December 31, 2010)

Benefit	Voluntary	For Cause	Death	Disability	Without Cause Or For Good Reason	Without Cause Or For Good Reason In Connection With Change in Control
Cash Severance	N/A	N/A			$ 6,869,000	$ 9,869,000
EAIP	N/A	N/A	$ 1,200,000	$ 1,200,000		
Annuity	N/A	N/A	$ 3,000,000	$ 3,000,000	$ 3,000,000	$ 3,000,000
LTI Cash Retention Award	N/A	N/A	$ 2,669,000	$ 2,669,000		
Deferred Compensation						
- Salary Deferral Program	N/A	N/A	$ 175,346	$ 175,346		$ 175,346
Health & Welfare						
- Medical/COBRA	N/A	N/A			$ 33,323	$ 33,323
- Dental/COBRA	N/A	N/A			$ 2,990	$ 2,990
Totals	N/A	N/A	**$ 7,044,346**	**$ 7,044,346**	**$ 9,905,313**	**$ 13,080,659**

Mr. Young has entered into an employment agreement that provides for certain payments and benefits upon the expiration or termination of the agreement under the following circumstances:

1. In the event of Mr. Young's death or disability:
   a. a prorated annual incentive bonus for the year of termination;
   b. value of supplemental retirement plan (the "Annuity") for Mr. Young that vests on December 31, 2014
   c. the pro-rata retention award earned prior to termination date, and
   d. payment of employee benefits, including stock compensation, if any, to which Mr. Young may be entitled.

2. In the event of Mr. Young's termination without cause or resignation for good reason:
   a. a lump sum payment equal to two and one-half times the sum of (i) his annualized base salary and (ii) a prorated annual incentive bonus for the year of termination;
   b. value of supplemental retirement plan (the "Annuity") for Mr. Young that vests on December 31, 2014
   c. the pro-rata retention award earned prior to termination date;
   d. payment of employee benefits, including stock compensation, if any, to which Mr. Young may be entitled, and
   e. certain continuing health care and company benefits.

3. In the event of Mr. Young's termination without cause or resignation for good reason within 24 months following a change in control of EFH Corp.:
   a. a lump sum payment equal to two and one-half times the sum of (i) his annualized base salary and (ii) his annual bonus target;
   b. value of supplemental retirement plan (the "Annuity") for Mr. Young that vests on December 31, 2014
   c. the pro-rata retention award earned prior to termination date;
   d. a prorated annual incentive bonus for the year of termination;
   e. payment of employee benefits, including stock compensation, if any, to which Mr. Young may be entitled;
   f. certain continuing health care and company benefits, and
   g. a tax gross-up payment to offset any excise tax which may result from the change in control payments.

2. Mr. Keglevic

Potential Payments to Mr. Keglevic upon Termination as of December 31, 2010 (per employment agreement, deferred share agreement and stock option agreement, each in effect as of December 31, 2010, and revisions to such employment agreement that were adopted by the O&C Committee and effective as of December 31, 2010)

Benefit	Voluntary	For Cause	Death	Disability	Without Cause Or For Good Reason	Without Cause Or For Good Reason In Connection With Change in Control
Cash Severance	N/A	N/A			$2,765,025	$ 3,317,525
EAIP	N/A	N/A	$ 552,500	$ 552,500		
Payment of EFH Corp. Common Stock in respect of Restricted Stock Units (1)	N/A	N/A	$3,140,000	$3,140,000	$3,140,000	$ 3,140,000
Acceleration of Stock Option Awards	N/A	N/A				
LTI Cash Retention Award	N/A	N/A	$ 912,525	$ 912,525		
Deferred Compensation						
- Salary Deferral Program	N/A	N/A	$ 68,071	$ 68,071		$ 68,071
Health & Welfare						
- Dental/COBRA	N/A	N/A			$ 1,590	$ 1,590
Totals	**N/A**	**N/A**	**$4,673,096**	**$4,673,096**	**$5,906,615**	**$ 6,527,186**

(1) Pursuant to his amended employment arrangement, Mr. Keglevic is entitled to receive 225,000 shares of EFH Corp.'s common stock if he is employed by EFH Corp. on September 30, 2012, or if his employment terminates for any reason prior to September 30, 2012, other than for "cause" or without "good reason." If Mr. Keglevic receives the 225,000 shares, he has the right to sell the shares to EFH Corp. for $3,140,000, at any time during the period beginning on September 30, 2012 and ending on the sixtieth business day following his termination of employment (or, in the event Mr. Keglevic receives the shares upon his termination of employment, at any time during the period ending on the sixtieth business day following his termination of employment).

Mr. Keglevic entered into an employment agreement that provides for certain payments and benefits upon the expiration or termination of the agreement under the following circumstances:

1. In the event of Mr. Keglevic's death or disability:
   a. a prorated annual incentive bonus for the year of termination;
   b. the pro-rata retention award earned prior to termination, and
   c. payment of employee benefits, including stock compensation, if any, to which Mr. Keglevic may be entitled.

2. In the event of Mr. Keglevic's termination without cause or resignation for good reason:
   a. a lump sum payment equal to (i) two times his annualized base salary, (ii) a prorated annual incentive bonus for the year of termination;
   b. the pro-rata retention award earned prior to termination;
   c. payment of employee benefits, including stock compensation, if any, to which Mr. Keglevic may be entitled, and
   d. certain continuing health care and company benefits.

3. In the event of Mr. Keglevic's termination without cause or resignation for good reason within 24 months following a change in control of EFH Corp.:
   a. a lump sum payment equal to two times the sum of (i) his annualized base salary and (ii) his annual bonus target;
   b. the pro-rata retention award earned prior to termination;
   c. payment of employee benefits, including stock compensation, if any, to which Mr. Keglevic may be entitled,
   d. certain continuing health care and company benefits, and
   e. a tax gross-up payment to offset any excise tax which may result from the change in control payments.

3. Mr. Campbell

Potential Payments to Mr. Campbell upon Termination as of December 31, 2010 (per employment agreement, deferred share agreement and stock option agreement, each in effect as of December 31, 2010)

Benefit	Voluntary	For Cause	Death	Disability	Without Cause Or For Good Reason	Without Cause Or For Good Reason In Connection With Change in Control
Cash Severance					$ 2,923,200	$ 3,518,200
EAIP			$ 595,000	$ 595,000		
Distribution of Deferred Shares (1)	$ 625,000	$ 625,000	$ 625,000	$ 625,000	$ 625,000	$ 625,000
Acceleration of Stock Option Awards						
LTI Cash Retention Award			$ 928,200	$ 928,200		
Retirement Benefits						
- Supplemental Retirement Plan	$ 99,096	$ 99,096	$ 99,096	$ 99,096	$ 99,096	$ 99,096
Deferred Compensation						
- Salary Deferral Program (2)						
Health & Welfare						
- Medical/COBRA					$ 25,873	$ 25,873
- Dental/COBRA					$ 2,392	$ 2,392
Totals	**$ 725,096**	**$ 725,096**	**$ 2,247,296**	**$ 2,247,296**	**$ 3,675,561**	**$ 4,270,561**

(1) The amount reported under the heading "Distribution of Deferred Shares" represents the fair market value of 500,000 shares of EFH Corp. common stock that Mr. Campbell is entitled to receive, pursuant to the terms of his deferred share agreement, on the earlier to occur of his termination of employment for any reason or a change in the effective control of EFH Corp.

(2) Mr. Campbell is fully vested in the company matching portion of the Salary Deferral Plan.

Mr. Campbell entered into an employment agreement that provides for certain payments and benefits upon the expiration or termination of the agreement under the following circumstances:

1. In the event of Mr. Campbell's death or disability:
   a. a prorated annual incentive bonus for the year of termination,
   b. the pro-rata retention award earned prior to the date of termination, and
   c. payment of employee benefits, including stock compensation, if any, to which Mr. Campbell may be entitled.

2. In the event of Mr. Campbell's termination without cause or resignation for good reason:
   a. a lump sum payment equal to (i) two times his annualized base salary, (ii) a prorated annual incentive bonus for the year of termination and (iii) the pro-rata retention award earned prior to the date of termination;
   b. payment of employee benefits, including stock compensation, if any, to which Mr. Campbell may be entitled, and
   c. certain continuing health care and company benefits.

3. In the event of Mr. Campbell's termination without cause or resignation for good reason within 24 months following a change in control of EFH Corp.:
   a. a lump sum payment equal to two times the sum of (i) his annualized base salary and (ii) his annual bonus target;
   b. the pro-rata retention award;
   c. payment of employee benefits, including stock compensation, if any, to which Mr. Campbell may be entitled;
   d. certain continuing health care and company benefits, and
   e. a tax gross-up payment to offset any excise tax which may result from the change in control payments.

4. Mr. Burke

Potential Payments to Mr. Burke upon Termination as of December 31, 2010 (per employment agreement and stock option agreement, each in effect as of December 31, 2010)

Benefit	Voluntary	For Cause	Death	Disability	Without Cause Or For Good Reason	Without Cause Or For Good Reason In Connection With Change in Control
Cash Severance					$2,839,725	$ 3,375,225
EAIP			$ 535,500	$ 535,500		
Acceleration of Stock Option Awards Vesting of Options Distribution of Deferred Shares (1)	$562,500	$562,500	$ 562,500	$ 562,500	$ 562,500	$ 562,500
LTI Cash Retention Award			$1,044,225	$1,044,225		
Retirement Benefits						
- Supplemental Retirement Plan	$ 93,464	$ 93,464	$ 93,464	$ 93,464	$ 93,464	$ 93,464
Deferred Compensation						
- Salary Deferral Program			$ 74,077	$ 74,077		$ 74,077
Health & Welfare						
- Medical/COBRA					$ 25,873	$ 25,873
- Dental/COBRA					$ 2,392	$ 2,392
Totals	**$655,964**	**$655,964**	**$2,309,766**	**$2,309,766**	**$3,523,954**	**$ 4,133,531**

(1) The amount reported under the heading "Distribution of Deferred Shares" represents the fair market value of 450,000 shares of EFH Corp. common stock that Mr. Burke is entitled to receive, pursuant to the terms of his deferred share agreement, on the earlier to occur of his termination of employment for any reason or a change in the effective control of EFH Corp.

Mr. Burke entered into an employment agreement that provides for certain payments and benefits upon the expiration or termination of the agreement under the following circumstances:

1. In the event of Mr. Burke's death or disability:
   a. a prorated annual incentive bonus for the year of termination;
   b. the pro-rata retention award earned prior to termination, and
   c. payment of employee benefits, including stock compensation, if any, to which Mr. Burke may be entitled.
2. In the event of Mr. Burke's termination without cause or resignation for good reason:
   a. a lump sum payment equal to (i) two times his annualized base salary, (ii) a prorated annual incentive bonus for the year of termination;
   b. the pro-rata retention award earned prior to termination;
   c. payment of employee benefits, including stock compensation, if any, to which Mr. Burke may be entitled, and
   d. certain continuing health care and company benefits.
3. In the event of Mr. Burke's termination without cause or resignation for good reason within 24 months following a change in control of EFH Corp.:
   a. a lump sum payment equal to two times the sum of (i) his annualized base salary and (ii) his annual bonus target;
   b. the pro-rata retention award earned prior to termination;
   c. payment of employee benefits, including stock compensation, if any, to which Mr. Burke may be entitled;
   d. certain continuing health care and company benefits and
   e. a tax gross-up payment to offset any excise tax which may result from the change in control payments

5. Mr. McFarland

Potential Payments to Mr. McFarland upon Termination as of December 31, 2010 (per employment agreement and stock option agreement, each in effect as of December 31, 2010)

Benefit	Voluntary	For Cause	Death	Disability	Without Cause Or For Good Reason	Without Cause Or For Good Reason In Connection With Change in Control
Cash Severance	N/A	N/A			$ 2,608,313	$ 3,118,313
EAIP	N/A	N/A	$ 510,000	$ 510,000		
Acceleration of Stock Option Awards	N/A	N/A				
LTI Cash Retention Award	N/A	N/A	$ 898,313	$ 898,313		
Lump Sum Payment	N/A	N/A				
Deferred Compensation						
- Salary Deferral Program	N/A	N/A				
Health & Welfare						
- Medical/COBRA	N/A	N/A			$ 25,873	$ 25,873
- Dental/COBRA	N/A	N/A			$ 2,392	$ 2,392
Totals	**N/A**	**N/A**	**$ 1,408,313**	**$ 1,408,313**	**$ 2,636,578**	**$ 3,146,578**

Mr. McFarland entered into an employment agreement that provides for certain payments and benefits upon the expiration or termination of the agreement under the following circumstances:

1. In the event of Mr. McFarland's death or disability:
   a. a prorated annual incentive bonus for the year of termination,
   b. the pro-rata retention award earned prior to termination, and
   c. payment of employee benefits, including stock compensation, if any, to which Mr. McFarland may be entitled.

2. In the event of Mr. McFarland's termination without cause or resignation for good reason:
   a. a lump sum payment equal to (i) two times his annualized base salary, (ii) a prorated annual incentive bonus for the year of termination;
   b. the pro-rata retention award earned prior to termination;
   c. payment of employee benefits, including stock compensation, if any, to which Mr. McFarland may be entitled, and
   d. certain continuing health care and company benefits.

3. In the event of Mr. McFarland's termination without cause or resignation for good reason within 24 months following a change in control of EFH Corp.:
   a. a lump sum payment equal to two times the sum of (i) his annualized base salary and (ii) his annual bonus target;
   b. the pro-rata retention award earned prior to termination;
   c. payment of employee benefits, including stock compensation, if any, to which Mr. McFarland may be entitled;
   d. certain continuing health care and company benefits, and
   e. a tax gross-up payment to offset any excise tax which may result from the change in control payments

Excise Tax Gross-Ups

Pursuant to their employment agreements, if any of our Named Executive Officers would be subject to the imposition of the excise tax imposed by Section 4999 of the Code, related to the executive's employment, but the imposition of such tax could be avoided by approval of our shareholders as described in Section 280G(b)(5)(B) of the Code, then such executive may cause EFH Corp. to seek such approval, in which case EFH Corp. will use its reasonable best efforts to cause such approval to be obtained and such executive will cooperate and execute such waivers as may be necessary so that such approval avoids imposition of any excise tax under Section 4999. If such executive fails to cause EFH Corp. to seek such approval or fails to cooperate and execute the waivers necessary in the approval process, such executive shall not be entitled to any gross-up payment for any resulting tax under Section 4999.

Compensation Committee Interlocks and Insider Participation

There are no relationships among our executive officers, members of the O&C Committee or entities whose executives served on the O&C Committee that required disclosure under applicable SEC rules and regulations. For a description of related person transactions involving members of the O&C Committee, see Item 13, entitled "Related Person Transactions."

Director Compensation

The table below sets forth information regarding the aggregate compensation paid to the members of the Board during the year ended December 31, 2010. Directors who are officers of EFH Corp. or members of the Sponsor Group (or their respective affiliates) do not receive any fees for service as a director. EFH Corp. reimburses directors for certain reasonable expenses incurred in connection with their services as directors

Name	Fees Earned or Paid in Cash ($)	Stock Awards ($)	All Other Compensation ($)	Total ($)
Arcilia C. Acosta (1)	150,000	100,000	—	250,000
David Bonderman	—	—	—	—
Donald L. Evans (2)	2,000,000	—	—	2,000,000
Thomas D. Ferguson	—	—	—	—
Frederick M. Goltz	—	—	—	—
James R. Huffines (1)	150,000	100,000	—	250,000
Scott Lebovitz	—	—	—	—
Jeffrey Liaw	—	—	—	—
Marc S. Lipschultz	—	—	—	—
Michael MacDougall	—	—	—	—
Lyndon L. Olson, Jr. (1)	150,000	100,000	—	250,000
Kenneth Pontarelli	—	—	—	—
William K. Reilly (1)	150,000	100,000	—	250,000
Jonathan D. Smidt	—	—	—	—
John F. Young	—	—	—	—
Kneeland Youngblood (1)	150,000	100,000	—	250,000

(1) Ms. Acosta and Messrs. Huffines, Olson, Reilly and Youngblood receive $150,000 annually and an annual equity award (paid in shares of EFH Corp. common stock) valued at $100,000 (the grant date fair value) for their service as a director.

(2) In February 2010, EFH Corp. entered into a new consulting agreement with Mr. Evans effective retroactively to October 10, 2009, pursuant to which Mr. Evans receives an annual fee of $2,000,000. The term of the new consulting agreement expires in October 2012.