Luminant

Timothy A. Hope
Manager, Regulatory Affairs
Timothy.Hope@luminant.com

Luminant
P O Box 1002
6322 North FM 56
Glen Rose, TX 76043

T 254 897 6370
C 817 360 6882
F 254 897 6573

CP-201700199
TXX-17032

Ref: 10 CFR 50.71(b)
10 CFR 50.80(b)

March 30, 2017

U.S. Nuclear Regulatory Commission
Attention: Document Control Desk
Director, Office of Nuclear Reactor Regulation
Washington, DC 20555-0001

SUBJECT: Comanche Peak Nuclear Power Plant (CPNPP) and Independent Spent Fuel Storage Installation (ISFSI), Docket Nos. 50-445, 50-446, 72-74
Submittal of Annual Financial Report

Dear Sir or Madam:

Pursuant to 10 CFR 50.71(b) and 10 CFR 50.80(b), Vistra Operations Company LLC (Vistra OpCo) hereby submits the following Vistra Energy Corp. Annual Financial Report filed with the OTCQX exchange on March 30, 2016 for the year ended December 31, 2016 (Enclosure) which contains the financial information for:

Vistra Energy Corp.
Vistra Intermediate Company LLC
Vistra Operations Company LLC[1]
Vistra Asset Company LLC
Vistra Preferred Inc.
Comanche Power Company LLC[1]

Vistra Energy Corp. filed a Form S-1 registration statement with the Securities and Exchange Commission (SEC) in December 2016. The registration statement was amended in February 2017. Vistra Energy Corp. will begin filing annual reports on Form 10-K and quarterly reports on Form 10-Q after the SEC declares the registration statement effective.

This letter contains no new regulatory commitments.

[1] TEX Operations Company LLC and Comanche Peak Company LLC are the current NRC licensees. On December 14, 2016, License Amendment Request 16-003 (ML16351A200) submitted an administrative change to change the licensee name "TEX Operations Company LLC" to "Vistra Operations Company LLC".

NMSS26
M004
NRR
NMSS

If you have any questions regarding this submittal, please contact Carl B. Corbin at (254) 897-0121 or carl.corbin@luminant.com.

Sincerely,

Vistra Operations Company LLC

Timothy A. Hope
Manager, Regulatory Affairs

Enclosure Vistra Energy Corp. 2016 Annual Report for the Period Ended December 31, 2016

c -

Kriss Kennedy, Region IV
Margaret M. Watford, NRR
Resident Inspectors, Comanche Peak

VISTRA ENERGY CORP.

ANNUAL REPORT

FOR THE PERIOD ENDED DECEMBER 31, 2016

GLOSSARY

When the following terms and abbreviations appear in the text of this report, they have the meanings indicated below.

CCGT	combined cycle gas turbine
CFTC	US Commodity Futures Trading Commission
Chapter 11 Cases	Cases being heard in the US Bankruptcy Court for the District of Delaware (Bankruptcy Court) concerning voluntary petitions for relief under Chapter 11 of the US Bankruptcy Code (Bankruptcy Code) filed on April 29, 2014 by the Debtors. On the Effective Date, the TCEH Debtors (together with the Contributed EFH Debtors) emerged from the Chapter 11 Cases.
CO_2	carbon dioxide
Contributed EFH Debtors	certain EFH Debtors that became subsidiaries of Vistra Energy on the Effective Date
CSAPR	the final Cross-State Air Pollution Rule issued by the EPA in July 2011
CTs	Combustion turbines
DIP Facility	TCEH's $3.375 billion debtor-in-possession financing facility, which was repaid in August 2016. See Note 13 to the Financial Statements.
DIP Roll Facilities	TCEH's $4.250 billion debtor-in-possession and exit financing facilities, which was converted to the Vistra Operations Credit Facilities on the Effective Date. See Note 13 to the Financial Statements.
Debtors	EFH Corp. and the majority of its direct and indirect subsidiaries, including EFIH, EFCH and TCEH, but excluding the Oncor Ring-Fenced Entities. Prior to the Effective Date, also included the TCEH Debtors and the Contributed EFH Debtors.
D.C. Circuit Court	US Court of Appeals for the District of Columbia Circuit
EBITDA	earnings (net income) before interest expense, income taxes, depreciation and amortization
Effective Date	October 3, 2016, the date the TCEH Debtors and the Contributed EFH Debtors completed their reorganization under the Bankruptcy Code and emerged from the Chapter 11 Cases
EFCH	Energy Future Competitive Holdings Company LLC, a direct, wholly owned subsidiary of EFH Corp. and, prior to the Effective Date, the indirect parent of the TCEH Debtors, depending on context
EFH Corp.	Energy Future Holdings Corp. and/or its subsidiaries, depending on context, whose major subsidiaries include Oncor and, prior to the Effective Date, included the TCEH Debtors and the Contributed EFH Debtors
EFH Debtors	EFH Corp. and its subsidiaries that are Debtors in the Chapter 11 Cases, including EFIH and EFIH Finance Inc., but excluding the TCEH Debtors and the Contributed EFH Debtors
EFIH	Energy Future Intermediate Holding Company LLC, a direct, wholly owned subsidiary of EFH Corp. and the direct parent of Oncor Holdings
Emergence	emergence of the TCEH Debtors and the Contributed EFH Debtors from the Chapter 11 Cases as subsidiaries of a newly-formed company, Vistra Energy, on the Effective Date
EPA	US Environmental Protection Agency
ERCOT	Electric Reliability Council of Texas, Inc., the independent system operator and the regional coordinator of various electricity systems within Texas
Federal and State Income Tax Allocation Agreement	Prior to the Effective Date, EFH Corp. and certain of its subsidiaries (including EFCH, EFIH and TCEH, but not including Oncor Holdings and Oncor) were parties to a Federal and State Income Tax Allocation Agreement, executed in May 2012 but effective as of January 2010. The Agreement was rejected by the TCEH Debtors and the Contributed EFH Debtors on the Effective Date. See Note 9 to the Financial Statements.
FERC	US Federal Energy Regulatory Commission
Fifth Circuit Court	US Court of Appeals for the Fifth Circuit

GAAP	generally accepted accounting principles
GHG	greenhouse gas
GWh	gigawatt-hours
IRS	US Internal Revenue Service
IPP	independent power producer
ISO	independent system operator
kWh	kilowatt-hours
LIBOR	London Interbank Offered Rate, an interest rate at which banks can borrow funds, in marketable size, from other banks in the London interbank market
LSTC	liabilities subject to compromise
Luminant	subsidiaries of Vistra Energy engaged in competitive market activities consisting of electricity generation and wholesale energy sales and purchases as well as commodity risk management, all largely in Texas
market heat rate	Heat rate is a measure of the efficiency of converting a fuel source to electricity. Market heat rate is the implied relationship between wholesale electricity prices and natural gas prices and is calculated by dividing the wholesale market price of electricity, which is based on the price offer of the marginal supplier in ERCOT (generally natural gas plants), by the market price of natural gas.
MATS	the Mercury and Air Toxics Standard established by the EPA
Merger	the transaction referred to in the Agreement and Plan of Merger under which Texas Holdings agreed to acquire EFH Corp., which was completed on October 10, 2007
MMBtu	million British thermal units
MSHA	US Mine Safety and Health Administration
MW	megawatts
MWh	megawatt-hours
NERC	North American Electric Reliability Corporation
NO_X	nitrogen oxide
NRC	US Nuclear Regulatory Commission
NYMEX	the New York Mercantile Exchange, a commodity derivatives exchange
Oncor	Oncor Electric Delivery Company LLC, a direct, majority-owned subsidiary of Oncor Holdings and an indirect subsidiary of EFH Corp., that is engaged in regulated electricity transmission and distribution activities
Oncor Holdings	Oncor Electric Delivery Holdings Company LLC, a direct, wholly owned subsidiary of EFIH and the direct majority owner of Oncor, and/or its subsidiaries, depending on context
Oncor Ring-Fenced Entities	Oncor Holdings and its direct and indirect subsidiaries, including Oncor
Petition Date	April 29, 2014, the date the Debtors filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code
Plan of Reorganization	Third Amended Joint Plan of Reorganization filed by the Debtors in August 2016 and confirmed by the Bankruptcy Court in August 2016 solely with respect to the TCEH Debtors
PrefCo	Vistra Preferred Inc.
PURA	Texas Public Utility Regulatory Act
PUCT	Public Utility Commission of Texas

purchase accounting	The purchase method of accounting for a business combination as prescribed by US GAAP, whereby the cost or "purchase price" of a business combination, including the amount paid for the equity and direct transaction costs are allocated to identifiable assets and liabilities (including intangible assets) based upon their fair values. The excess of the purchase price over the fair values of assets and liabilities is recorded as goodwill.
REP	retail electric provider
RCT	Railroad Commission of Texas, which among other things, has oversight of lignite mining activity in Texas
SEC	US Securities and Exchange Commission
SG&A	selling, general and administrative
Securities Act	Securities Act of 1933, as amended
Settlement Agreement	Amended and Restated Settlement Agreement among the Debtors, the Sponsor Group, settling TCEH first lien creditors, settling TCEH second lien creditors, settling TCEH unsecured creditors and the official committee of unsecured creditors of TCEH (collectively, the Settling Parties), approved by the Bankruptcy Court in December 2015. See Note 2 to the Financial Statements.
SO_2	sulfur dioxide
Sponsor Group	Refers, collectively, to certain investment funds affiliated with Kohlberg Kravis Roberts & Co. L.P., TPG Global, LLC (together with its affiliates, TPG) and GS Capital Partners, an affiliate of Goldman, Sachs & Co., that have an ownership interest in Texas Holdings
TRA	Tax Receivables Agreement, containing certain rights (TRA Rights) to receive payments from Vistra Energy related to certain tax benefits, including those it realized as a result of the transactions entered into at Emergence under the terms of a tax receivable agreement (see Note 10)
TCEH or Predecessor	Texas Competitive Electric Holdings Company LLC, a direct, wholly owned subsidiary of EFCH and, prior to the Effective Date, the parent company of the TCEH Debtors, depending on context, that were engaged in electricity generation and wholesale and retail energy market activities, and whose major subsidiaries included Luminant and TXU Energy.
TCEH Debtors	the subsidiaries of TCEH that were Debtors in the Chapter 11 Cases
TCEH Finance	TCEH Finance, Inc., a direct, wholly owned subsidiary of TCEH, formed for the sole purpose of serving as co-issuer with TCEH of certain debt securities. TCEH Finance, Inc. was dissolved on the Effective Date.
TCEH Senior Secured Facilities	Refers, collectively, to the TCEH First Lien Term Loan Facilities, TCEH First Lien Revolving Credit Facility and TCEH First Lien Letter of Credit Facility with a total principal amount of $22.616 billion. The claims arising under these facilities were discharged in the Chapter 11 Cases on the Effective Date pursuant to the Plan of Reorganization.
TCEH Senior Secured Notes	TCEH's and TCEH Finance's $1.750 billion principal amount of 11.5% First Lien Senior Secured Notes. The claims arising under these notes were discharged in the Chapter 11 Cases on the Effective Date pursuant to the Plan of Reorganization.
TCEQ	Texas Commission on Environmental Quality
Texas Holdings	Texas Energy Future Holdings Limited Partnership, a limited partnership controlled by the Sponsor Group, that owns substantially all of the common stock of EFH Corp.
TRE	Texas Reliability Entity, Inc., an independent organization that develops reliability standards for the ERCOT region and monitors and enforces compliance with NERC standards and monitors compliance with ERCOT protocols
TWh	terawatt-hours
TXU Energy	TXU Energy Retail Company LLC, a direct, wholly owned subsidiary of Vistra Energy that is a REP in competitive areas of ERCOT and is engaged in the retail sale of electricity to residential and business customers
US	United States of America

Vistra Energy or Successor	Vistra Energy Corp., formerly known as TCEH Corp., and/or its subsidiaries, depending on context. On the Effective Date, the TCEH Debtors and the Contributed EFH Debtors emerged from Chapter 11 and became subsidiaries of Vistra Energy Corp.
Vistra Operations Credit Facilities	Vistra Energy's $5.360 billion senior secured financing facilities. See Note 13 to the Financial Statements.

VISTRA ENERGY CORP.
ANNUAL REPORT
FOR THE YEAR ENDED DECEMBER 31, 2016

Part A: General Company Information

Item 1: Exact name of the issuer and its predecessor.

Vistra Energy Corp. (the Company or the Successor)

Predecessor Name: TCEH Corp. (TCEH or the Predecessor)
Date of Name Change: November 4, 2016

Predecessor Name: TEX Energy LLC
Date of Name Change: October 3, 2016

References in this report to "we," "our," "us" and "the Company" are to Vistra Energy and/or its subsidiaries, as apparent in the context. See *Glossary* for defined terms.

Item 2: Address of the issuer's principal executive offices.

Principal Executive Offices:	1601 Bryan Street Dallas, Texas 75201-3411 Telephone: (214) 812-4600 Facsimile: (214) 812-5453 Website: www.vistraenergy.com
Investor Relations Officer:	Molly Sorg Vistra Energy Corp. 1601 Bryan Street Dallas, Texas 75201-3411 Telephone: (214) 812-0046 Email: molly.sorg@vistraenergy.com

Item 3: The jurisdiction(s) and date of the issuer's incorporation or organization.

Jurisdiction of incorporation or organization: Delaware

Date of incorporation or organization: The Company was formed on March 10, 2016, converted from a Delaware limited liability company to a Delaware corporation and changed its name from TEX Energy LLC to TCEH Corp. on October 3, 2016 and changed its name from TCEH Corp. to Vistra Energy Corp. on November 4, 2016.

Part B: Share Structure

Item 4: Exact title and class of securities outstanding:

Title: Vistra Energy Corp.

Class: Common

CUSIP: 92840M 102

Trading Symbol: VSTE

Item 5: Par or stated value and description of the security.

A. Par or Stated Value: Common: $0.01 per share

B. Common or Preferred Stock:

1. Common stock dividend, voting and preemptive rights:

Dividend Rights

Subject to limitations under applicable Delaware law, preferences that may apply to any outstanding shares of our preferred stock and contractual restrictions, holders of our common stock are entitled to receive dividends or other distributions ratably, when, as and if declared by the board of directors of Vistra Energy (the Board). The ability of the Board to declare dividends with respect to our common stock, however, will be subject such limitations, preferences and restrictions and the availability of sufficient funds under the Delaware General Corporation Law (DGCL) to pay such dividends.

Voting Rights

All shares of our common stock have identical rights and privileges. The holders of shares of our common stock are entitled to vote on all matters submitted to a vote of our stockholders, including the election of directors. On all matters to be voted on by holders of shares of our common stock, the holders will be entitled to one vote for each share of our common stock held of record, and will have no cumulative voting rights.

Preemptive Rights

Holders of our common stock do not have preemptive rights.

2. Preferred stock dividend, voting, conversion and liquidation rights as well as redemption or sinking fund provisions:

Not applicable; no preferred shares outstanding.

3. Other material rights of common or preferred stock holders:

Rights upon Liquidation

In the event of a liquidation, dissolution or winding up of Vistra Energy, after the payment in full of all amounts owed to our creditors and holders of any outstanding shares of our preferred stock, the remaining assets of Vistra Energy will be distributed ratably to the holders of shares of our common stock. The rights, preferences and privileges of holders of shares of our common stock are subject to, and may be adversely affected by, the rights of the holders of shares of any class or series of preferred stock which the Board may designate and issue in the future without stockholder approval.

Other Rights

Holders of our common stock do not have subscription, redemption or conversion rights.

4. Any provision in the issuer's charter or by-laws that would delay, defer or prevent a change in control of the issuer:

Vistra Energy's certificate of incorporation (Charter) and bylaws (Bylaws) contain a number of provisions which may have the effect of discouraging transactions that involve an actual or threatened change of control of Vistra Energy. In addition, provisions of our Charter and Bylaws may be deemed to have anti-takeover effects and may delay, defer or prevent a tender offer or takeover attempt that a stockholder might consider in his, her or its best interest, including those attempts that might result in a premium over the market price of the shares of our common stock held by our stockholders.

Staggered Board

Our Charter provides for three classes of directors, each of which is to be elected on a staggered basis for a term of three years. Our Charter and Bylaws provide that the Board consists of such number of directors as determined from time to time by the vote of a majority of the total number of directors then authorized. Please see Item 11(A) for a more detailed description of the composition of our initial Board.

No Written Consent of Stockholders

Any action to be taken by our stockholders must be effected at a duly called annual or special meeting and may not be effected by written consent.

Special Meetings of Stockholders

Except as required by the DGCL or the terms of any class or series of preferred stock issued in the future, special meetings of our stockholders may be called only by (a) the Board, at any time or (b) the Chairman of the Board or the Secretary of Vistra Energy upon written request of one or more stockholders of record holding a majority of the voting power of the then-outstanding shares of our capital stock entitled to vote on the matter or matters to be brought before the proposed special meeting and complying with the notice procedures set forth in our Bylaws.

Advance Notice Requirement

Stockholders must provide timely notice when seeking to:

- bring business before an annual meeting of stockholders;
- bring business before a special meeting of stockholders (if contemplated and permitted by the notice of a special meeting), or
- nominate candidates for election to the Board at an annual meeting of stockholders or at a special meeting of stockholders called for the purpose of electing one or more directors to the Board.

Our Charter and Bylaws also specify requirements as to the form and content of the stockholder's notice.

Issuance of Blank Check Preferred Stock

Subject to limitations under applicable Delaware law, the Board is authorized to issue, from time to time and without stockholder approval, up to an aggregate of 100,000,000 shares of preferred stock in one or more classes or series and to fix the designations, powers, preferences, and relative, participating, optional or other rights, if any, and the qualifications, limitations or restrictions, if any, of the shares of each such class or series, including the dividend rights, conversion rights, voting rights, redemption rights (including sinking fund provisions), liquidation preferences and the number of shares constituting any class or series. The issuance of preferred stock with voting and conversion rights would also adversely affect the voting power of the holders of shares of our common stock, including the potential loss of voting control to others.

Removal of Directors

Our Charter and Bylaws provide that directors may only be removed for cause, and only upon the affirmative vote of a majority of the voting power of the capital stock outstanding and entitled to vote thereon.

Section 203 of the DGCL

In our Charter, we have elected not to be governed by Section 203 of the DGCL, as permitted under and pursuant to subsection (b)(3) of Section 203. Section 203 prohibits a publicly held Delaware corporation from engaging in a business combination, such as a merger, with a person or group owning 15% or more of the corporation's outstanding voting stock for a period of three years following the date the person became an interested stockholder, unless (with certain exceptions) the business combination or the transaction in which the person became an interested stockholder is approved in a prescribed manner. Accordingly, we are currently not subject to any anti-takeover effects of Section 203, although no assurance can be given that we will not elect to be governed by Section 203 of the DGCL in the future.

Amendment of Bylaws and Charter

The approval of a super-majority (66 2/3%) of the voting power of the then outstanding shares of our capital stock entitled to vote will be required to amend certain provisions of our Bylaws or to amend certain provisions of our Charter, including provisions relating to indemnification and exculpation of directors and officers and provisions relating to amendment of our Bylaws and Charter by the Board.

The foregoing description of our Charter and Bylaws is qualified in its entirety by reference to the full text of these documents. The Charter and its amendment were filed as Exhibit 19(a) to the Initial Disclosure Statement filed on October 4, 2016 and Exhibit 8(a) to the Interim Report for the Quarter Ended September 30, 2016 filed on November 14, 2016, respectively. The Bylaws were filed as Exhibit 8(b) to the Interim Report for the Quarter Ended September 30, 2016 filed on November 14, 2016.

Item 6: Number of shares or total amount of the securities outstanding for each class of securities authorized.

The following table sets forth information concerning each class of authorized securities of Vistra Energy as of December 31, 2016:

COMMON STOCK AND PREFERRED STOCK AUTHORIZED AND OUTSTANDING

Period End Date	Number of Shares Authorized	Number of Shares Outstanding	Freely Tradable Shares (Public Float)	Satisfaction of Beneficial Shareholder Requirement (a)	Total Number of Shareholders of Record
December 31, 2016	1,800,000,000 common; 100,000,000 preferred	427,580,232 common; zero preferred	258,720,925	Affirmed	218

(a) The *beneficial shareholder requirement* referenced in the header of this table refers to the OTCQX US requirement that the Company have at least fifty beneficial shareholders who each own at least one hundred shares.

Item 7: Name and address of the transfer agent.

American Stock Transfer & Trust Company, LLC
548 Briana Lane
Hudson, Wisconsin 54016

Telephone: (800) 937-5449
Website: http://www.amtstock.com

American Stock Transfer & Trust Company, LLC is currently registered under the Securities Exchange Act of 1934 (the Exchange Act) and is an authorized transfer agent subject to regulation by the SEC.

Part C: Business Information

Item 8: Nature of the issuer's business.

A. Business Development

1. Form of Organization: Corporation (Delaware)

2. Year that the issuer (or any predecessor) was organized: 2016

3. Fiscal year end date: December 31

4. Whether the issuer (or any predecessor) has been in bankruptcy, receivership or any similar proceeding:

On April 29, 2014 (the Petition Date), EFH Corp. and the substantial majority of its direct and indirect subsidiaries, including EFIH, EFCH and TCEH but excluding the Oncor Ring-Fenced Entities (collectively, the Debtors), filed voluntary petitions for relief (the Bankruptcy Filing) under Chapter 11 of the United States Bankruptcy Code (the Bankruptcy Code) in the United States Bankruptcy Court for the District of Delaware (the Bankruptcy Court).

On October 3, 2016 (the Effective Date), subsidiaries of TCEH, that were Debtors in the Chapter 11 Cases (the TCEH Debtors), and certain EFH Corp. subsidiaries (the Contributed EFH Debtors) completed their reorganization under the Bankruptcy Code and emerged from the Chapter 11 Cases as subsidiaries of a newly-formed company, Vistra Energy (Emergence). On the Effective Date, Vistra Energy was spun-off from EFH Corp. in a tax-free transaction to the former first lien creditors of TCEH (Spin-Off). As a result, as of the Effective Date, Vistra Energy is a holding company for subsidiaries principally engaged in the same activities as TCEH.

5. Any material reclassification, merger, consolidation or purchase or sale of a significant amount of assets:

In April 2016, Luminant purchased all of the membership equity interests in La Frontera Holdings, LLC, the indirect owner of two natural gas fueled generation facilities representing nearly 3,000 MW of capacity located in ERCOT, from a subsidiary of NextEra Energy, Inc. The facility in Forney, Texas has a capacity of 1,912 MW and the facility in Paris, Texas has a capacity of 1,076 MW. The aggregate purchase price was approximately $1.313 billion, which included the repayment of approximately $950 million of existing project financing indebtedness, plus approximately $236 million for cash and net working capital subject to final settlement. The purchase price was funded by cash-on-hand and additional borrowings under TCEH's DIP Facility totaling $1.1 billion. After completing the acquisition, TCEH repaid approximately $230 million of borrowings under TCEH's DIP Facility primarily utilizing cash acquired in the transaction.

6. Any default of the terms of any note, loan, lease or other indebtedness or financing arrangement requiring the issuer to make payments: None

7. Any change of control: None

8. Any increase of 10% or more of the same class of outstanding equity securities: Please see Item 17

9. Any past, pending or anticipated stock split, stock dividend, recapitalization, merger, acquisition, spin-off or reorganization: Please see Item 8(A)(4). Additionally, in December 2016, the board of directors of Vistra Energy approved the payment of a special cash dividend in the aggregate amount of approximately $1 billion ($2.32 per share of common stock) to holders of record of our common stock on December 19, 2016.

10. Any delisting of the issuer's securities by any securities exchange or deletion from the OTC Bulletin Board: None

11. Any current, past, pending or threatened legal proceedings or administrative actions either by or against the issuer that could have a material effect on the issuer's business, financial condition or operations and any current, past or pending trading suspensions by a securities regulator:

Litigation relating to EPA Reviews

In June 2008, the EPA issued an initial request for information to Luminant under the EPA's authority under Section 114 of the Clean Air Act (CAA). The stated purpose of the request is to obtain information necessary to determine compliance with the CAA, including New Source Review standards and air permits issued by the TCEQ for our Big Brown, Monticello and Martin Lake generation facilities. In April 2013, our Predecessor received an additional information request from the EPA under Section 114 related to the Big Brown, Martin Lake and Monticello facilities as well as an initial information request related to our Sandow 4 generation facility.

In July 2012 and July 2013, the EPA sent Luminant a notice of violation alleging noncompliance with the CAA's New Source Review standards and the air permits at our Martin Lake and Big Brown generation facilities. In August 2013, the US Department of Justice, acting as the attorneys for the EPA, filed a civil enforcement lawsuit against Luminant in federal district court in Dallas, alleging violations of the CAA, including its New Source Review standards, at our Big Brown and Martin Lake generation facilities. In August 2015, the district court granted Luminant's motion to dismiss seven of the nine claims asserted by the EPA in the lawsuit. In August 2016, the EPA filed an amended complaint, eliminating one of the two remaining claims and withdrawing with prejudice a request for civil penalties in the other remaining claim. The EPA also filed a motion for entry of final judgment so that it could seek to appeal the district court's dismissal decision. In September 2016, Luminant filed a response opposing the EPA's motion for entry of final judgment. In October 2016, the district court denied the EPA's motion for entry of final judgment and agreed that the remaining claim must be fully adjudicated at the district court or withdrawn with prejudice before the EPA may appeal the dismissal decision. In January 2017, the EPA dismissed its two remaining claims with prejudice and the district court entered final judgment in our favor. In March 2017, the EPA appealed the final judgment to the Fifth Circuit Court and Luminant filed a motion in the district court to recover its attorney fees and costs. We believe that we and Luminant have complied with all requirements of the CAA and intend to vigorously defend against the remaining allegations. The lawsuit requests the maximum civil penalties available under the CAA to the government of up to $32,500 to $37,500 per day for each alleged violation, depending on the date of the alleged violation, and injunctive relief, including an order requiring the installation of best available control technology at the affected units. An adverse outcome could require substantial capital expenditures that cannot be determined at this time or retirement of the plants at issue and could possibly require the payment of substantial penalties. We cannot predict the outcome of these proceedings, including the financial effects, if any.

Other Matters

We are involved in various legal and administrative proceedings in the normal course of business, the ultimate resolutions of which, in the opinion of management, are not anticipated to have a material effect on our results of operations, liquidity or financial condition.

B. Business of Issuer

1. The issuer's primary and secondary SIC codes: 4911

2. If the issuer has never conducted operations, is in the development stage or is currently conducting operations: The Company is currently conducting operations.

3. Whether the issuer has at any time been a shell company: The Company has not at any time been nor is currently a shell company.

4. Names of any parent, subsidiary or affiliate of the issuer, and its business purpose, its method of operation, its ownership and whether it is included in the financial statements attached to this disclosure statement:

The Company conducts its business through the following subsidiaries, each of which is wholly-owned, directly or indirectly (except for Vistra Preferred Inc., which has certain preferred stockholders which are not affiliates). All of the operating results of these subsidiaries are consolidated in the Company's financial statements. See below for a list of the Company's subsidiaries:

- Big Brown Power Company LLC
- Brighten Energy LLC
- Comanche Peak Power Company LLC

- Dallas Power & Light Company Inc.
- Forney Pipeline, LLC
- Generation SVC Company
- La Frontera Holdings, LLC
- Lone Star Energy Company, Inc.
- Lone Star Pipeline Company, Inc.
- Luminant Energy Company LLC
- Luminant Energy Trading California Company
- Luminant ET Services Company
- Luminant Generation Company LLC
- Luminant Mining Company LLC
- NCA Resources Development Company LLC
- Oak Grove Management Company LLC
- Sandow Power Company LLC
- Southwestern Electric Service Company, Inc.
- Texas Electric Service Company, Inc.
- Texas Energy Industries Company, Inc.
- Texas Power and Light Company, Inc.
- Texas Utilities Company, Inc.
- Texas Utilities Electric Company, Inc.
- TXU Electric Company, Inc.
- TXU Energy Retail Company LLC
- TXU Retail Services Company
- Value Based Brands LLC
- Vistra Asset Company LLC
- Vistra Corporate Services Company
- Vistra EP Properties Company
- Vistra Finance Corp.
- Vistra Intermediate Company LLC
- Vistra Operations Company LLC
- Vistra Preferred Inc.

5. Effect of existing or probable governmental regulations on the business:

General

Our businesses operate in changing market environments influenced by various state and federal legislative and regulatory initiatives regarding the restructuring of the energy industry, including competition in power generation and sale of electricity. Although we attempt to comply with changing legislative and regulatory requirements, there is a risk that we will fail to adapt to any such changes successfully or on a timely basis.

Our businesses are subject to numerous state and federal laws (including PURA, the Federal Power Act, the Atomic Energy Act, the Public Utility Regulatory Policies Act of 1978, the CAA, the Energy Policy Act of 2005 and the Dodd-Frank Wall Street Reform and Consumer Protection Act), changing governmental policy and regulatory actions (including those of the PUCT, the NERC, the TRE, the RCT, the TCEQ, the FERC, the MSHA, the EPA, the NRC and the CFTC) and the rules, guidelines and protocols of ERCOT with respect to various matters, including, but not limited to, market structure and design, operation of nuclear generation facilities, construction and operation of other power generation facilities, development, operation and reclamation of lignite mines, recovery of costs and investments, decommissioning costs, market behavior, present or prospective wholesale and retail competition and environmental matters. We, along with other market participants, are subject to electricity pricing constraints and market behavior and other competition-related rules and regulations under PURA that are administered by the PUCT and ERCOT. Changes in, revisions to, or reinterpretations of, existing laws and regulations may have a material adverse effect on us. Further, in the future we could expand our business, through acquisitions or otherwise, to geographic areas outside of Texas and the ERCOT market. Such expansion would subject us to additional state regulatory requirements that could have material adverse effect on us.

Environmental Matters

There is a concern nationally and internationally about global climate change and how greenhouse gas (GHG) emissions, such as CO_2, contribute to global climate change. Over the last several years, the legislative and executive branches of the US government have considered and debated several proposals intended to address climate change using different approaches, including a cap on carbon emissions with emitters allowed to trade unused emission allowances (cap-and-trade), a tax on carbon or GHG emissions, incentives for the development of low-carbon technology and federal renewable portfolio standards. The EPA has also finalized regulations under the CAA to limit CO_2 emissions from existing generating units, referred to as the Clean Power Plan. While currently the subject of a legal challenge, if implemented as finalized, the Clean Power Plan would require the closure of a significant number of coal-fueled electric generating units nationwide and in Texas. In addition, a number of federal court cases have been filed in recent years asserting damage claims related to GHG emissions, and the results in those proceedings could establish adverse precedent that might apply to companies (including us) that produce GHG emissions. We could be materially and adversely affected if new federal and/or state legislation or regulations are adopted to address global climate change, if the Clean Power Plan is implemented as finalized or if we are subject to lawsuits for alleged damage to persons or property resulting from GHG emissions.

Greenhouse Gas Emissions — In August 2015, the EPA finalized rules to address GHG emissions from new, modified and reconstructed and existing electricity generation units, referred to as the Clean Power Plan. The rule for existing facilities would establish state-specific emissions rate goals to reduce nationwide CO_2 emissions related to affected units by over 30% from 2012 emission levels by 2030. A number of parties, including Luminant, filed petitions for review in the US Court of Appeals for the District of Columbia Circuit (D.C. Circuit Court) for the rule for new, modified and reconstructed plants. In addition, a number of petitions for review of the rule for existing plants were filed in the D.C. Circuit Court by various parties and groups, including challenges from twenty-seven different states opposed to the rule as well as those from, among others, certain power generating companies, various business groups and some labor unions. Luminant also filed its own petition for review. In January 2016, a coalition of states, industry (including Luminant) and other parties filed applications with the US Supreme Court (Supreme Court) asking that the Supreme Court stay the rule while the D.C. Circuit Court reviews the legality of the rule for existing plants. In February 2016, the Supreme Court stayed the rule pending the conclusion of legal challenges on the rule before the D.C. Circuit Court and until the Supreme Court disposes of any subsequent petition for review. Oral argument on the merits of the legal challenges to the rule were heard in September 2016 before the entire D.C. Circuit Court. In March 2017, President Trump issued an Executive Order entitled *Promoting Energy Independence and Economic Growth* (Order). The Order covers a number of matters, including the Clean Power Plan. Among other provisions, the Order directs the EPA to review the Clean Power Plan and, if appropriate, suspend, revise or rescind the rules on existing and new, modified and reconstructed generating units. In addition, the Department of Justice has filed motions seeking to abate those cases until the EPA concludes its review of the rules, including any new rulemaking that results from that review. While we cannot predict the outcome of these rulemakings and related legal proceedings, or estimate a range of reasonably probable costs, if the rules are ultimately implemented or upheld as they were issued, they could have a material impact on our results of operations, liquidity or financial condition.

In August 2015, the EPA proposed model rules and federal plan requirements for states to consider as they develop state plans to comply with the rules for GHG emissions. A federal plan would then be finalized for a state if a state fails to submit a state plan by the deadlines established in the Clean Power Plan for existing plants or if the EPA disapproves a submitted state plan. Luminant filed comments on the federal plan proposal and model rules in January 2016. The Executive Order issued in March 2017, directed the EPA to review this proposed rule for consistency with the policies in the Order and, if appropriate, to revise or withdraw the proposed rule. While we cannot predict the timing or outcome of this rulemaking and related legal proceedings, or estimate a range of reasonably possible costs, they could have a material impact on our results of operations, liquidity or financial condition.

Cross-State Air Pollution Rule (CSAPR) — In July 2011, the EPA issued the CSAPR, compliance with which would have required significant additional reductions of SO_2 and NO_x emissions from our fossil fueled generation units. In February 2012, the EPA released a final rule (Final Revisions) and a proposed rule revising certain aspects of the CSAPR, including increases in the emissions budgets for Texas and our generation assets as compared to the July 2011 version of the rule. In June 2012, the EPA finalized the proposed rule (Second Revised Rule).

The CSAPR became effective January 1, 2015. In July 2015, following a remand of the case from the Supreme Court to consider further legal challenges, the D.C. Circuit Court unanimously ruled in favor of Luminant and other petitioners, holding that the CSAPR emissions budgets over-controlled Texas and other states. The D.C. Circuit Court remanded those states' budgets to the EPA for prompt reconsideration. While Luminant planned to participate in the EPA's reconsideration process to develop increased budgets for the 1997 ozone standard that do not over-control Texas, the EPA instead responded to the remand by proposing a new rulemaking that created new NO_X ozone season budgets for the 2008 ozone standard without addressing the over-controlling budgets for the 1997 standard. Comments on the EPA's proposal were submitted by Luminant in February 2016. In August 2016, the EPA disapproved Texas's 2008 ozone State Implementation Plan (SIP) submittal and imposed a Federal Implementation Plan (FIP) in its place in October 2016. Texas filed a petition in the Fifth Circuit Court challenging the SIP disapproval and Luminant has intervened in support of Texas's challenge. The State of Texas and Luminant have also both filed challenges in the D.C. Circuit Court challenging the EPA's FIP and those cases are currently pending before that court. With respect to Texas's SO_2 emission budgets, in June 2016, the EPA issued a memorandum describing the EPA's proposed approach for responding to the D.C. Circuit Court's remand for reconsideration of the CSAPR SO_2 emission budgets for Texas and three other states that had been remanded to the EPA by the D.C. Circuit Court. In the memorandum, the EPA stated that those four states could either voluntarily participate in the CSAPR by submitting a SIP revision adopting the SO_2 budgets that had been previously held invalid by the D.C. Circuit Court and the current annual NOx budgets or, if the state chooses not to participate in the CSAPR, the EPA could withdraw the CSAPR FIP by the fall of 2016 for those states and address any interstate transport and regional haze obligations on a state-by-state basis. Texas has not indicated that it intends to adopt the over-controlling budgets and, in November 2016, the EPA proposed to withdraw the CSAPR FIP for Texas. Because the EPA has not finalized its proposal to remove Texas from the annual CSAPR programs, these programs will continue to apply to Texas and Texas sources. At this time, the EPA has not populated the allowance accounts for Texas sources with 2017 annual CSAPR program allowances. While we cannot predict the outcome of future proceedings related to the CSAPR, including the EPA's recent actions concerning the CSAPR annual emissions budgets for affected states and participating in the CSAPR program, based upon our current operating plans we do not believe that the CSAPR itself will cause any material operational, financial or compliance issues to our business or require us to incur any material compliance costs.

Regional Haze — Reasonable Progress and Long-Term Strategies — The Regional Haze Program of the CAA establishes "as a national goal the prevention of any future, and the remedying of any existing, impairment of visibility in mandatory Class I federal areas, like national parks, which impairment results from man-made pollution." There are two components to the Regional Haze Program. First, states must establish goals for reasonable progress for Class I federal areas within the state and establish long-term strategies to reach those goals and to assist Class I federal areas in neighboring states to achieve reasonable progress set by those states towards a goal of natural visibility by 2064. In February 2009, the TCEQ submitted a SIP concerning regional haze (Regional Haze SIP) to the EPA. In December 2011, the EPA proposed a limited disapproval of the Regional Haze SIP due to its reliance on the Clean Air Interstate Rule (CAIR) instead of the EPA's replacement CSAPR program that the EPA proposed in July 2011. In August 2012, Luminant filed a petition for review in the US Court of Appeals for the Fifth Circuit (Fifth Circuit Court) challenging the EPA's limited disapproval of the Regional Haze SIP on the grounds that the CAIR continued in effect pending the D.C. Circuit Court's decision in the CSAPR litigation. In September 2012, Luminant filed a petition to intervene in a case filed by industry groups and other states and private parties in the D.C. Circuit Court challenging the EPA's limited disapproval and issuance of a FIP regarding the regional haze best available retrofit technology (BART) program. The Fifth Circuit Court case has since been transferred to the D.C. Circuit Court and consolidated with other pending BART program regional haze appeals. Briefing in the D.C. Circuit Court was completed in March 2017.

In June 2014, the EPA issued requests for information under Section 114 of the CAA to Luminant and other generators in Texas related to the reasonable progress program. After releasing a proposed rule in November 2014 and receiving comments from a number of parties, including Luminant and the State of Texas in April 2015, the EPA released a final rule in January 2016 approving in part and disapproving in part Texas' SIP for Regional Haze and issuing a FIP for Regional Haze. In the rule, the EPA asserts that the Texas SIP does not show reasonable progress in improving visibility for two areas in Texas and that its long-term strategy fails to make emission reductions needed to achieve reasonable progress in improving visibility in the Wichita Mountains of Oklahoma. The EPA's proposed emission limits in the FIP assume additional control equipment for specific lignite/coal-fueled generation units across Texas, including new flue gas desulfurization systems (scrubbers) at seven electricity generating units and upgrades to existing scrubbers at seven electricity generating units. Specifically, for Luminant, the EPA's FIP is based on new scrubbers at Big Brown Units 1 and 2 and Monticello Units 1 and 2 and scrubber upgrades at Martin Lake Units 1, 2 and 3, Monticello Unit 3 and Sandow Unit 4. Luminant is continuing to evaluate the requirements and potential financial and operational impacts of the rule, but new scrubbers at the Big Brown and Monticello units necessary to achieve the emission limits required by the FIP (if those limits are possible to attain), along with the existence of low wholesale electricity prices in ERCOT, would likely challenge the long-term economic viability of those units. Under the terms of the rule, the scrubber upgrades will be required by February 2019, and the new scrubbers will be required by February 2021.

In March 2016, Luminant and a number of other parties, including the State of Texas, filed petitions for review in the Fifth Circuit Court challenging the FIP's Texas requirements. Luminant and other parties also filed motions to stay the FIP while the court reviews the legality of the EPA's action. In July 2016, the Fifth Circuit Court denied the EPA's motion to dismiss Luminant's challenge to the FIP and denied the EPA's motion to transfer the challenges Luminant, the other industry petitioners and the State of Texas filed to the D.C. Circuit Court. In addition, the Fifth Circuit Court granted the motions to stay filed by Luminant, the other industry petitioners and the State of Texas pending final review of the petitions for review. The case was abated until the end of November 2016 in order to allow the parties to pursue settlement discussions. Settlement discussions were unsuccessful, and in December 2016 the EPA filed a motion seeking a voluntary remand of the rule back to the EPA for further consideration of Luminant's pending request for administrative reconsideration. Luminant and some of the other petitioners filed a response opposing the EPA's motion to remand and filed a cross motion for vacatur of the rule in December 2016. In March 2017, the Fifth Circuit Court remanded the rule back to the EPA for reconsideration in light of the Court's prior determination that we and the other petitioners demonstrated a substantial likelihood that the EPA exceeded its statutory authority and acted arbitrarily and capriciously, but the Court denied all of the other pending motions. The stay of the rule (and the emission control requirements) remains in effect. In addition, the Fifth Circuit Court denied the EPA's motion to lift the stay as to parts of the rule implicated in the EPA's subsequent BART proposal and the Court is retaining jurisdiction of the case and requiring the EPA to file status reports on its reconsideration every 15 days. While we cannot predict the outcome of the rulemaking and legal proceedings, or estimate a range of reasonably possible costs, the result may have a material impact on our results of operations, liquidity or financial condition.

Regional Haze — Best Available Retrofit Technology — The second part of the Regional Haze Program subjects electricity generation units built between 1962 and 1977, to BART standards designed to improve visibility if such units cause or contribute to impairment of visibility in a federal class I area. BART reductions of SO_2 and NO_X are required either on a unit-by-unit basis or are deemed satisfied by state participation in an EPA-approved regional trading program such as the CSAPR. In response to a lawsuit by environmental groups, the D.C. Circuit Court issued a consent decree in March 2012 that required the EPA to propose a decision on the Regional Haze SIP by May 2012 and finalize that decision by November 2012. The consent decree requires a FIP for any provisions that the EPA disapproves. The D.C. Circuit Court has amended the consent decree several times to extend the dates for the EPA to propose and finalize a decision on the Regional Haze SIP. The consent decree was modified in December 2015 to extend the deadline for the EPA to finalize action on the determination and adoption of requirements for BART for electricity generation. Under the amended consent decree, the EPA had until December 2016 to propose, and has until September 2017 to finalize, a FIP for BART for Texas electricity generation sources if the EPA determines that BART requirements have not been met. The EPA issued its proposed BART FIP for Texas in December 2016. The EPA's proposed emission limits assume additional control equipment for specific lignite/coal-fueled generation units across Texas, including new flue gas desulfurization systems (scrubbers) at 12 electric generation units and upgrades to existing scrubbers at four electric generation units. Specifically, for Luminant, the EPA's emission limitations are based on new scrubbers at Big Brown Units 1 and 2 and Monticello Units 1 and 2 and scrubber upgrades at Martin Lake Units 1, 2 and 3 and Monticello Unit 3. Luminant is continuing to evaluate the requirements and potential financial and operational impacts of the proposed rule, but new scrubbers at the Big Brown and Monticello units necessary to achieve the emission limits required by the FIP (if those limits are possible to attain), along with the existence of low wholesale power prices in ERCOT, would likely challenge the long-term economic viability of those units. Under the terms of the rule, the scrubber upgrades will be required within three years of the effective date of the final rule and the new scrubbers will be required within five years of the effective date of the final rule. We anticipate submitting comments on the proposed FIP when those are due in May 2017. While we cannot predict the outcome of the rulemaking and potential legal proceedings, or estimate a range of reasonably possible costs, the result may have a material impact on our results of operations, liquidity or financial condition.

Intersection of the CSAPR and Regional Haze Programs — Historically the EPA has considered compliance with a regional trading program, such as the CSAPR, as satisfying a state's obligations under the BART portion of the Regional Haze Program. However, in the reasonable progress FIP, the EPA diverged from this approach and did not treat Texas' compliance with the CSAPR as satisfying its obligations under the BART portion of the Regional Haze Program. The EPA concluded that it would not be appropriate to finalize that determination given the remand of the CSAPR budgets. As described above, the EPA has now proposed to remove Texas from the annual CSAPR trading programs. If Texas were in the CSAPR annual trading programs, the EPA would have no basis for its BART FIP because it has made a determination for Texas and all other states that participate in the CSAPR annual trading programs that such participation satisfies their BART obligations. We do not believe that EPA's proposal to remove Texas from the CSAPR annual trading programs satisfies the D.C. Circuit Court's mandate to the EPA to develop non-over-controlling budgets for Texas and we submitted comments on the EPA's proposed rule to remove Texas from the CSAPR annual trading programs. While we cannot predict the outcome of these matters, or estimate a range of reasonably possible costs, the result may have a material impact on our results of operations, liquidity or financial condition.

Affirmative Defenses During Malfunctions — In February 2013, in response to a petition for rulemaking filed by the Sierra Club, the EPA proposed a rule requiring certain states to replace SIP exemptions for excess emissions during malfunctions with an affirmative defense. Texas was not included in that original proposal since it already had an EPA-approved affirmative defense provision in its SIP that was found to be lawful by the Fifth Circuit Court in 2013. In 2014, as a result of a D.C. Circuit Court decision striking down an affirmative defense in another EPA rule, the EPA revised its 2013 proposal to extend the EPA's proposed findings of inadequacy to states that have affirmative defense provisions, including Texas. The EPA's revised proposal would require Texas to remove or replace its EPA-approved affirmative defense provisions for excess emissions during startup, shutdown and maintenance events. In May 2015, the EPA finalized the proposal. In June 2015, Luminant filed a petition for review in the Fifth Circuit Court challenging certain aspects of the EPA's final rule as they apply to the Texas SIP. The State of Texas and other parties have also filed similar petitions in the Fifth Circuit Court. In August 2015, the Fifth Circuit Court transferred the petitions that Luminant and other parties filed to the D.C. Circuit Court, and in October 2015 the petitions were consolidated with the pending petitions challenging the EPA's action in the D.C. Circuit Court. Briefing in the D.C. Circuit Court on the challenges was completed in October 2016 and oral argument is set for May 2017. We cannot predict the timing or outcome of this proceeding, or estimate a range of reasonably possible costs, but implementation of the rule as finalized may have a material impact on our results of operations, liquidity or financial condition.

SO_2 Designations for Texas — In February 2016, the EPA notified Texas of the EPA's preliminary intention to designate nonattainment areas for counties surrounding our Big Brown, Monticello and Martin Lake generation plants based on modeling data submitted to the EPA by the Sierra Club. Such designation would potentially require the implementation of various controls or other requirements to demonstrate attainment. Luminant submitted comments challenging the use of modeling data rather than data from actual air quality monitoring equipment. In November 2016, the EPA finalized its proposed designations for Texas including finalizing the nonattainment designations for the areas referenced above. In doing so, the EPA ignored contradictory modeling that we submitted with our comments. The final designation mandates would be for Texas to begin the multi-year process to evaluate what potential emission controls or operational changes, if any, may be necessary to demonstrate attainment. In February 2017, the State of Texas and Luminant filed challenges to the nonattainment designations in the Fifth Circuit Court and protective petitions in the D.C. Circuit Court. In March 2017, the EPA filed a motion to transfer or dismiss our Fifth Circuit Court petition. In addition, Luminant has filed a request with the EPA to reconsider the rule and immediately stay its effective date. While we cannot predict the outcome of this matter, or estimate a range of reasonably possible costs, the result may have a material impact on our results of operations, liquidity or financial condition.

Stream Protection Rule

In July 2015, the Office of Surface Mining (OSM) proposed a Stream Protection Rule that represents significant changes to surface mining regulations under the Surface Mining Control and Reclamation Act (SMCRA) program. The rule proposes to prevent or minimize impacts to surface water and groundwater from coal mining. In October 2015, we filed comments on the proposed rule. In December 2016, the OSM issued a final Stream Protection Rule that became effective in January 2017. Thereafter, the US Congress enacted a resolution under the Congressional Review Act that repealed the Stream Protection Rule and President Trump signed that resolution in February 2017.

General Permit Applications and Renewals (Generally)

We are required to obtain, and to comply with, numerous permits and licenses from federal, state and local governmental agencies. The process of obtaining and renewing necessary permits and licenses can be lengthy and complex and can sometimes result in the establishment of conditions that make the project or activity for which the permit or license was sought unprofitable or otherwise unattractive. In addition, such permits or licenses may be subject to denial, revocation or modification under various circumstances. Failure to obtain or comply with the conditions of permits or licenses, or failure to comply with applicable laws or regulations, may result in the delay or temporary suspension of our operations and electricity sales or the curtailment of our delivery of electricity to our customers and may subject us to penalties and other sanctions. Although various regulators routinely renew existing permits and licenses, renewal of our existing permits or licenses could be denied or jeopardized by various factors, including (a) failure to provide adequate financial assurance for closure, (b) failure to comply with environmental, health and safety laws and regulations or permit conditions, (c) local community, political or other opposition and (d) executive, legislative or regulatory action.

Our inability to procure and comply with the permits and licenses required for our operations, or the cost to us of such procurement or compliance, could have a material adverse effect on us. In addition, new environmental legislation or regulations, if enacted, or changed interpretations of existing laws, may cause routine maintenance activities at our facilities to need to be changed in order to avoid violating applicable laws and regulations or elicit claims that historical routine maintenance activities at our facilities violated applicable laws and regulations. In addition to the possible imposition of fines in the case of any such violations, we may be required to undertake significant capital investments in emissions control technology and obtain additional operating permits or licenses, which could have a material adverse effect on us.

Comanche Peak Nuclear Generation Facility

The NRC may modify, suspend or revoke licenses and impose civil penalties for failure to comply with the Atomic Energy Act, the regulations under it or the terms of the licenses of nuclear generation facilities. Unless extended, as to which no assurance can be given, the NRC operating licenses for the two licensed operating units at the Comanche Peak Facility will expire in 2030 and 2033, respectively. Changes in regulations by the NRC, including potential regulation as a result of the NRC's ongoing analysis and response to the effects of the natural disaster on nuclear generation facilities in Japan in 2011, as well as any extension of our operating licenses, could require a substantial increase in capital expenditures or result in increased operating or decommissioning costs.

Luminant's Mining Permits

The RCT, which exercises broad authority to regulate mining reclamation activity, reviews on an ongoing basis whether Luminant is compliant with RCT rules and regulations and whether it has met all of the requirements of its mining permits. Any new rules and regulations adopted by the RCT or the OSM, which also regulates mining activity nationwide, or any changes in the interpretation of existing rules and regulations, could result in higher compliance costs or otherwise adversely affect our financial condition or cause a revocation of a mining permit. Any revocation of a mining permit would mean that Luminant would no longer be allowed to mine lignite at the applicable mine to serve its generation facilities. Any such event could have a material adverse effect on us.

REP Certification

The PUCT may at any time initiate an investigation into whether our retail operation complies with certain PUCT rules and whether we have met all of the requirements for REP certification, including financial requirements. Any removal or revocation of an REP certification would mean that we would no longer be allowed to provide electricity service to retail customers. Such decertification could have a material adverse effect on us. Moreover, any capital or other expenditures that we are required by the PUCT to undertake in order to achieve or maintain any such compliance could also have a material adverse effect on us.

6. Estimate of the amount spent during each of the last two fiscal years on research and development activities, and, if applicable, the extent to which the cost of such activities are borne directly by customers: The amount spent during each of the last two fiscal years on research and development activities is immaterial to the Company as a whole and the cost of such activities are not borne directly by customers.

7. Costs and effects of compliance with environmental laws (federal, state and local): Please see Item 8(B)(5)

8. Number of total employees and number of full-time employees:

	Total (a)	Full-Time
Employees as of December 31, 2016	4,435	4,427

(a) Includes 1,786 employees under collective bargaining agreements.

Item 9: Nature of products or services offered: Please see Items 8(A) and 8(B)

Vistra Energy is an energy company operating an integrated power business in Texas, which includes TXU Energy and Luminant. Our primary operations consist of electricity solutions, including retail sales of electricity and related products to end users, power generation (including operations and maintenance and outage and project management) and sales of electricity in the wholesale marketplace, asset optimization and commodity risk management performed on an integrated basis for our retail and wholesale positions, and fuel logistics and management. These operations work together on an integrated basis, which allows us to realize efficiencies and alignment in all aspects of the electricity generation and sales operation.

We operate solely in the growing ERCOT electricity market, which we view as one of the most attractive power markets in the US. As described in more detail below, ERCOT is an ISO that manages the flow of electricity to approximately 24 million Texas customers, representing approximately 90% of the state's load, and spanning approximately 75% of its geography, as of December 31, 2016.

Retail

Texas has one of the fastest growing populations of any state in the US and has a diverse economy, which has resulted in a significant and growing competitive retail electricity market. We are an active participant in the competitive ERCOT market and continue to be a market leader, which we believe is driven by, among other things, having one of the lowest customer complaint rates, according to the PUCT, having an integrated power generation operation that allows us to efficiently obtain the electricity needed to serve our customers at the lowest cost, and leveraging the experience of our wholesale commodity risk management operations to optimize our cost to procure electricity and other products on behalf of our customers. We provided electricity to approximately 24% and 18% of the residential and commercial customers in ERCOT, respectively, as of December 31, 2016. We believe we have differentiated ourselves by providing a distinctive customer experience predicated on delivering reliable and innovative power products and solutions to our customers, such as our Free Nights and Free Weekends residential plans, MyEnergy Dashboard℠, TXU Energy's iThermostat product and mobile solutions, the TXU Energy Rewards program, the TXU Energy Green UP℠ renewable energy credit program and a diverse set of solar options, which give our customers choice, convenience and control over how and when they use electricity and related services. We competitively market our retail electricity and related services to acquire, serve and retain both retail and wholesale customers. Our wholesale customers represent a cross section of industrial users, other competitive retail electric providers, municipalities, cooperatives and other end-users of electricity. We believe we are able to better serve our retail customers through our unique affiliation with our wholesale commodity risk management personnel who are able to structure products and contracts in a way that offers significant value compared to stand-alone retail electric providers. Additionally, our generation business protects our retail business from power price volatility, by allowing it to bypass bid-ask spread in the market (particularly for illiquid products and time periods), which results in significantly lower collateral costs for our retail business as compared to other, non-integrated retail electric providers. Moreover, our retail business reduces, to some extent, the exposure of our wholesale generation business to wholesale power price volatility. This is because the retail load requirements of our retail operations (primarily TXU Energy) provide a natural offset to the length of Luminant's generation portfolio thereby reducing the exposure to wholesale power price volatility as compared to a non-integrated pure-play independent power producer (IPP).

Generation

Our power generation fleet is diverse and flexible in terms of dispatch characteristics as our fleet includes baseload, intermediate/load-following and peaking generation. Our wholesale commodity risk management business is responsible for dispatching our generation fleet in response to market needs after implementing portfolio optimization strategies, thus linking and integrating the generation fleet production with our retail customer and wholesale sales opportunities. Market demand, also known as load, faced by an electric power system such as ERCOT varies from moment to moment as a result of changes in business and residential demand, much of which is driven by weather. Unlike most other commodities, the production and consumption of electricity must remain balanced on an instantaneous basis. There is a certain baseline demand for electricity across an electric power system that occurs throughout the day, which is typically satisfied by baseload generating units with low variable operating costs. Baseload generating units can also increase output to satisfy certain incremental demand and reduce output when demand is unusually low. Intermediate/load-following generating units, which can more efficiently change their output to satisfy increases in demand, typically satisfy a large proportion of changes in intraday load as they respond to daily increases in demand or unexpected changes in supply created by reduced generation from renewable resources or other generator outages. Peak daily loads are typically satisfied by peaking units. Peaking units are typically the most expensive to operate, but they can quickly start up and shut down to meet brief peaks in demand. In general, baseload units, intermediate/load-following units and peaking units are dispatched into the ERCOT grid in order from lowest to highest variable cost. Price formation in ERCOT, as with other competitive power markets in the US, is typically based on the highest variable cost unit that clears the market to satisfy system demand at a given point in time.

Our wholesale commodity risk management business also procures renewable energy credits from renewable generation to support our electricity sales to wholesale and retail customers to satisfy the increasing demand for renewable resources from such customers. As of December 31, 2016, we had long-term power purchase agreements to annually procure 390 MW of renewable energy. These renewable generation sources deliver electricity when conditions make them available, and, when on-line, they generally compete with baseload units. Because they cannot be relied upon to meet demand continuously due to their dependence on weather and time of day, these generation sources are categorized as non-dispatchable and create the need for intermediate/ load-following resources to respond to changes in their output.

Our generation resources, which represented approximately 17% of the installed generation capacity in ERCOT as of December 31, 2016, allow us to annually generate, procure and sell approximately 75-85 TWh of electricity to wholesale and retail customers from nuclear, natural gas, lignite, coal and renewable generation resources.

The ERCOT Market

ERCOT is an ISO that manages the flow of electricity from approximately 78,000 MW of capacity to 24 million Texas customers, representing 90% of the state's electric load and spanning approximately 75% of its geography, as of December 31, 2016. ERCOT is a highly competitive wholesale electricity market with historically above-average demand growth, limited import and export capacity and high wholesale price caps, and is the seventh-largest power market in the world, according to the US Energy Information Administration (EIA). Population growth in Texas is currently expanding at well above the national average rate, with a growth rate of 8.8% between July 2010 and July 2016, more than double the US population growth rate of 3.9% during the same period, according to the U.S. Census Bureau. ERCOT accounts for approximately 32% of the competitively served retail load in the US and residential consumers in the ERCOT market consume approximately 32% more electricity than the average US residential consumer according to the EIA. Total ERCOT power demand has grown at a compounded annual growth rate of approximately 1.5% from 2005 through 2014, compared to a range of -0.6% to 0.8% in other US markets, according to ERCOT and the EIA, respectively. ERCOT was formed in 1970 and became the first ISO in the US in September 1996.

As an energy-only market, ERCOT's market design is distinct from other competitive electricity markets in the United States. Other markets maintain a minimum reserve margin through regulated planning, resource adequacy requirements and/or capacity markets. In contrast, ERCOT's resource adequacy is predominately dependent on free-market processes and energy-market price signals. On June 1, 2014, ERCOT implemented the Operating Reserve Demand Curve (ORDC), pursuant to which wholesale electricity prices in the real-time electricity market increase automatically as available operating reserves decrease below defined threshold levels, creating a price adder. When operating reserves drop to 2,000 MW or less, the ORDC automatically adjusts power prices to the established value of lost load (VOLL), which is set at $9,000/MWh. Because ERCOT has limited excess generation capacity to meet high demand days due to its minimal import capacity, and peaking facilities have high operating costs, the marginal price of supply rapidly increases during periods of high demand. Historically, elevated temperatures in the summer months have driven high electricity demand in ERCOT. Many generators benefit from these sporadic periods of "scarcity pricing" in which real-time power prices may increase significantly, up to the current $9,000/MWh price cap.

Transactions in ERCOT take place in two key markets: the day-ahead market and the real-time market. The day-ahead market is a voluntary, forward electricity market conducted the day before each operating day in which generators and purchasers of electricity may bid for one or more hours of electricity supply or consumption. The real-time market is a spot market in which electricity may be sold in five-minute intervals. The day-ahead market provides market participants with visibility into where prices are expected to clear, and the prices are not impacted by subsequent events. Conversely, the real-time market exposes purchasers to the risk of transient operational events and price spikes. These two markets allow market participants to manage their risk profile by adjusting their participation in each market. In addition, ERCOT uses ancillary services to maintain system reliability, including regulation service - up, regulation service - down, responsive reserve service and non-spinning reserve service. Regulation service up and down are used to balance the grid in a near-instantaneous fashion when supply and demand fluctuate due to a variety of factors, such as weather, generation outages, renewable production intermittency and transmission outages. Non-spinning reserves are used by ERCOT to recover from system disturbances and when there is a temporary shortage of capacity available to be dispatched. Responsive reserves are used by ERCOT when the grid is at, near or recovering from a state of emergency due to inadequate generation. Because ERCOT has one of the highest concentrations of wind capacity generation among US markets, the ERCOT market is more susceptible to fluctuations in wholesale electricity supply due to intermittent wind production, making ERCOT more vulnerable to periods of generation scarcity.

Seasonality

The demand for and market prices of electricity and natural gas are affected by weather. As a result, our operating results may fluctuate on a seasonal basis, and more severe weather conditions such as heat waves or extreme winter weather may make such fluctuations more pronounced. The pattern of this fluctuation may change depending on, among other things, the retail load served and the terms of contracts to purchase or sell electricity.

Competition

Competition in ERCOT, as in other electricity markets, is impacted by electricity and fuel prices, congestion along the power grid, subsidies provided by state and federal governments for new generation facilities, new market entrants, construction of new generating assets, technological advances in power generation, the actions of environmental and other regulatory authorities and other factors. We primarily compete with other electricity generators and retailers based on our ability to generate electric supply, and market and sell electricity, at competitive prices and to efficiently utilize transportation from third-party pipelines and transmission from electric utilities and ISOs to deliver electricity to end-users. Competitors in the generation and retail power markets in which we participate include industrial companies, electric cooperative- and municipal utility-owned generators, competitive subsidiaries of regulated utilities, IPPs, REPs and other energy marketers.

Brand Value

Our TXU Energy™ brand, which has been used to sell electricity in the competitive retail electricity market in Texas for approximately 15 years, is registered and protected by trademark law and is the only intellectual property asset that we own. We value the TXU Energy™ brand at approximately $1.2 billion.

Item 10: Nature and extent of the issuer's facilities:

Luminant's generation fleet consists of 50 power generation units, all of which are wholly owned and operate within the ERCOT electricity market, with the location, fuel types, dispatch characteristics and total installed nameplate generation capacity for each generation facility shown in the table below:

Name	Location (all in the state of Texas)	Fuel Type	Dispatch Type	Installed Nameplate Generation Capacity (MW)	Number of Units
Comanche Peak	Somervell County	Nuclear	Baseload	2,300	2
Oak Grove	Robertson County	Lignite	Baseload	1,600	2
Sandow	Milam County	Lignite	Baseload	1,137	2
Big Brown	Freestone County	Lignite/Coal	Intermediate/Load Following	1,150	2
Martin Lake	Rusk County	Lignite/Coal	Intermediate/Load Following	2,250	3
Monticello	Titus County	Lignite/Coal	Intermediate/Load Following	1,880	3
Forney	Kaufman County	Natural Gas (CCGT)	Intermediate/Load Following	1,912	8
Lamar	Lamar County	Natural Gas (CCGT)	Intermediate/Load Following	1,076	6
Morgan Creek	Mitchell County	Natural Gas (CT)	Peaking	390	6
Permian Basin	Ward County	Natural Gas (CT)	Peaking	325	5
DeCordova	Hood County	Natural Gas (CT)	Peaking	260	4
Lake Hubbard	Dallas County	Natural Gas (Steam)	Peaking	921	2
Stryker Creek	Cherokee County	Natural Gas (Steam)	Peaking	685	2
Graham	Young County	Natural Gas (Steam)	Peaking	630	2
Trinidad	Henderson County	Natural Gas (Steam)	Peaking	244	1
Total				16,760	50

Fuel Supply

Nuclear — We operate two nuclear generation units at the Comanche Peak plant site, each of which is designed for a capacity of 1,150 MW. Comanche Peak Unit 1 and Unit 2 went into commercial operation in 1990 and 1993, respectively, and are generally operated at full capacity. Refueling (nuclear fuel assembly replacement) outages for each unit are scheduled to occur every eighteen months during the spring or fall off-peak demand periods. Every three years, the refueling cycle results in the refueling of both units during the same year, the latest of which occurred in 2014. We also expect to refuel both units during 2017. While one unit is undergoing a refueling outage, the remaining unit is intended to operate at full capacity. During a refueling outage, other maintenance, modification and testing activities are completed that cannot be accomplished when the unit is in operation. Over the last three years the refueling outage period per unit has ranged from 29 to 54 days. The Comanche Peak facility operated at a capacity factor of 105.7%, 99.0% and 92.5% in 2016, 2015 and 2014, respectively.

We have contracts in place for all our nuclear fuel requirements for 2017. We have contracts in place for the majority of our nuclear fuel requirements through 2018. As part of the Chapter 11 Cases, we terminated or renegotiated certain nuclear fuel contracts to provide for better economic or operational terms and conditions. We do not anticipate any significant difficulties in acquiring uranium and contracting for associated conversion, enrichment and fabrication services in the foreseeable future.

The nuclear industry has developed ways to store used nuclear fuel on site at nuclear generation facilities, primarily through the use of dry cask storage, since there are no facilities for reprocessing or disposal of used nuclear fuel currently in operation in the US. Luminant stores its used nuclear fuel on-site in storage pools or dry cask storage facilities and believes its on-site used nuclear fuel storage capability is sufficient for the foreseeable future.

Coal/Lignite — Our lignite/coal fueled generation fleet capacity totals 8,017 MW. Maintenance outages at these units are scheduled during the spring or fall off-peak demand periods. Over the last three years, the total annual scheduled and unscheduled outages per unit averaged approximately 33 days in duration. Our lignite/coal fueled generation fleet operated at a capacity factor of 77.1%, 59.5% and 69.6% in 2016, 2015 and 2014, respectively. This performance reflects increased economic backdown of the units and the seasonal suspension of certain units due to the persistent low wholesale power price environment in ERCOT.

We satisfy all of our fuel requirements at the Oak Grove and Sandow generation facilities with lignite that we mine. We meet our fuel requirements for the Big Brown and Martin Lake generation units by blending lignite we mine with coal purchased from multiple suppliers under contracts of various lengths and transported from the Powder River Basin to our generation plants by railcar. All fuel requirements for our Monticello generation units are met with coal supplied from the Powder River Basin. In 2016, approximately 39% of the fuel used at the Big Brown, Monticello and Martin Lake generation facilities and 65% of the fuel used at all of our lignite/coal fueled generation facilities was supplied from surface minable lignite reserves dedicated to our generation plants, which are located adjacent to the reserves.

As a result of projected mining development costs, current economic forecasts and regulatory uncertainty, in 2014, Luminant decided to transition the fuel plans at its Big Brown and Monticello generation facilities to be fully fueled with coal from the Powder River Basin. As a result, it plans to discontinue lignite mining operations at these sites once mining and reclamation of current mine sites is complete. The majority of reclamation activities at these facilities are expected to be completed by the end of 2020 unless economic forecasts and increased regulatory certainty justify additional mine development.

Natural Gas — Our natural gas-fueled generation fleet capacity totals 6,443 MW. In April 2016, we acquired La Frontera Holdings, LLC the indirect owner of two combined-cycle gas turbine (CCGT) natural gas fueled generation facilities located in ERCOT. The facility in Forney, Texas (8 units) has a capacity of 1,912 MW and the facility in Paris, Texas (6 units) has a capacity of 1,076 MW. The acquisition diversified our fuel mix and increased the dispatch flexibility in our fleet.

We also operate combustion turbine (CT) facilities at Morgan Creek (6 units), Permian Basin (5 units), DeCordova (4 units) plant sites and steam facilities at Lake Hubbard (2 units), Stryker Creek (2 units), Graham (2 units) and Trinidad (1 unit) plant sites. The CT and steam plants are peaking units which provide us the ability to meet increased demand from our retail customers during high market price intervals with available generation capacity and provide other wholesale opportunities.

We satisfy our fuel requirements at these facilities through a combination of spot market and near-term purchase contracts. Additionally, we have near-term natural gas transportation agreements in place for all of our sites to ensure reliable fuel supply.

Part D: Management Structure and Financial Information

Item 11: Name of chief executive officer, members of the board of directors, as well as control persons.

A. Officers and Directors

Directors

The directors of the Company, as well as certain information about them, are as follows:

Name	Position with Company	Number and class of Company's securities beneficially owned
Gavin R. Baiera	Director	Consists of 18,320,311 shares of common stock of the Company owned by Angelo, Gordon & Co. and its affiliates.
Jennifer Box	Director	Consists of 49,485,715 shares of common stock of the Company owned by Oaktree Capital Management and its affiliates. See Item 14.
Jeff Hunter	Director	10,000 shares of common stock of the Company
Cyrus Madon	Director	Consists of 66,370,568 shares of common stock of the Company owned by Brookfield Business Partners and its affiliates. See Item 14.
Curtis A. Morgan	President, CEO and Director	80,231 shares of common stock of the Company
Geoffrey Strong	Director	Consists of 52,922,793 shares of common stock of the Company owned by Apollo Management Holdings and its affiliates. See Item 14.

All correspondence to the Company's employee directors may be mailed to such employee director at the Company's corporate headquarters at 1601 Bryan Street, Dallas, Texas 75201. For privacy reasons, the business addresses of the Company's non-employee directors have been excluded from the above table. All correspondence to the Company's non-employee directors may be mailed to the Company's corporate headquarters at 1601 Bryan Street, Dallas, Texas 75201 and a member of management will see that it is delivered to the director.

The following information is provided regarding the Company's directors:

Gavin R. Baiera has served as a director since the Effective Date. Mr. Baiera is a managing director at Angelo, Gordon & Co. (Angelo) where he is the global head of the firm's corporate credit activities and portfolio manager for its distressed funds. Mr. Baiera is also a managing director and member of the firm's executive committee. Prior to joining Angelo, Gordon in 2008, Mr. Baiera was the co-head of the strategic finance group at Morgan Stanley, which was responsible for all origination, underwriting, and distribution of restructuring transactions. Prior to that, Mr. Baiera worked at General Electric Capital Corporation concentrating on underwriting and investing in restructuring transactions. Mr. Baiera began his career at GE Capital in its financial management program. Mr. Baiera has served on numerous boards of directors including, most recently, MACH Gen, Orbitz Worldwide, and Travelport Worldwide.

Jennifer Box has served as a director since the Effective Date. Ms. Box is a managing director at Oaktree Capital Management (Oaktree) where she is focused on investments in the shipping, power, energy, media and technology sectors. Prior to joining Oaktree in 2009, Ms. Box spent three and a half years as an investment analyst in the distressed debt group at The Blackstone Group. Prior to Blackstone, she was an associate consultant at the Boston Consulting Group. Ms. Box is a CFA charterholder. She serves on the board of Star Bulk Carriers.

Jeff Hunter has served as a director since the Effective Date. Mr. Hunter is currently Managing Director of Quinbrook Infrastructure Partners (Quinbrook) and a member of the Quinbrook Investment Committee where he is responsible for deal origination and asset management in North America. Between 2013 and 2016, he was a managing partner of Power Capital Partners, an energy focused investment firm. Prior to this, he was executive vice president and chief financial officer of US Power Generating Company (USPowerGen). Mr. Hunter has also held leadership positions at PA Consulting Group and El Paso Merchant Energy and was a consultant for MRP Generating Company, LLC. Mr. Hunter currently serves as the non-executive director on the board of directors of Texas Transmission Holdings.

Cyrus Madon has served as a director since the Effective Date. Mr. Madon is a senior managing partner and head of Brookfield's private equity group and chief executive officer of Brookfield Business Partners. Mr. Madon joined Brookfield in 1998 as chief financial officer of Brookfield's real estate brokerage business. During his tenure he has held a number of senior roles across the organization, including head of Brookfield's corporate lending business. Mr. Madon began his career at PricewaterhouseCoopers where he worked in corporate finance and recovery, both in Canada and the United Kingdom. Mr. Madon is on the board of the Junior Achievement of Canada Foundation.

Curtis A. Morgan has served as the President, Chief Executive Officer and Director of Vistra Energy since the Effective Date. Prior to joining Vistra Energy, he served as an Operating Partner with Energy Capital Partners, and prior to this position Mr. Morgan served as the Chief Executive Officer and President of EquiPower Resources Corp., a power generation company, since May 2010. Prior to joining EquiPower Resources Corp., he served as an Operating Partner of Energy Capital Partners from May 2009 to May 2010. Prior to joining Energy Capital partners, he served as President and Chief Executive Officer of FirstLight Power Enterprises from November 2006 to April 2009. Mr. Morgan has also held various leadership roles at NRG Energy, Mirant Corporation, Reliant Energy and Amoco Corporation.

Geoffrey Strong has served as a director since the Effective Date. Mr. Strong is a Senior Partner of Apollo Management (Apollo), where he focuses on investments in the energy sector for the firm's private equity funds. Prior to Apollo, Mr. Strong was an investor in the private equity group at Blackstone, where he also focused primarily on the energy sector. Before joining Blackstone, Mr. Strong was a vice president of Morgan Stanley Capital Partners, the private equity business within Morgan Stanley. In addition to Vistra Energy, Mr. Strong serves on the boards of directors of Apex Energy, Caelus Energy, Chisolm Oil and Gas, Double Eagle Energy I and Double Eagle Energy II.

Executive Officers

The executive officers of the Company, as well as certain information about them, are as follows:

Name	Position with Company	Number and class of Company's securities beneficially owned
Curtis A. Morgan	President and Chief Executive Officer	80,231 shares of common stock of the Company
James A. Burke	Executive Vice President and Chief Operating Officer	None
J. William Holden	Executive Vice President and Chief Financial Officer	None
Stephanie Zapata Moore	Executive Vice President and General Counsel	None
Carrie Lee Kirby	Executive Vice President and Chief Administrative Officer	None
Sara Graziano	Senior Vice President of Corporate Development and Strategy	None

The following information is provided regarding the Company's executive officers not already described herein:

James A. Burke*, Executive Vice President and Chief Operating Officer*, has served as the Executive Vice President and Chief Operating Officer of Vistra Energy since the Effective Date. Prior to joining Vistra Energy, he served as Executive Vice President of EFH Corp. since February 2013 and President and Chief Executive of TXU Energy, a subsidiary of Vistra Energy, since August 2005. Previously, Mr. Burke was Senior Vice President Consumer Markets of TXU Energy. Mr. Burke started his career with Deloitte Consulting, and held a variety of roles with The Coca-Cola Company, Reliant Energy and Gexa Energy prior to TXU Energy. Mr. Burke also serves on the board of directors of Marucci Sports.

J. William Holden*, Executive Vice President and Chief Financial Officer*, has served as the Executive Vice President and Chief Financial Officer of Vistra Energy since December 5, 2016. Prior to joining the Company, Mr. Holden served as an Executive Vice President and Senior Advisor at The Taffrail Group, LLC, an international strategic-advisory firm, from February 2013 until December 2016, where he advised a range of domestic and overseas clients on mergers, acquisitions and post-merger integration. From December 2010 until January 2013, Mr. Holden served as the Executive Vice President and Chief Financial Officer of GenOn Energy, Inc., where he was responsible for overseeing the accounting, finance, tax, risk control, human resources and information technology groups. Prior to serving in that role, he held various treasury, risk, operational, business development and international positions during his tenure at GenOn Energy, Inc./Mirant Corporation. Mr. Holden started his career with Southern Company and held various corporate finance roles over almost a decade at Southern.

***Stephanie Zapata Moore**, Executive Vice President and General Counsel,* has served as Executive Vice President and General Counsel of Vistra Energy since the Effective Date. Prior to joining Vistra Energy, she served as Vice President and General Counsel of Luminant, since April 2012. Previously, Ms. Moore was Senior Counsel of Luminant from March 2007 to April 2012 and Counsel of a predecessor to Luminant from November 2005 to March 2007. Prior to joining Luminant, she was an attorney at Gardere Wynne Sewell where she engaged in a corporate practice.

***Carrie Lee Kirby**, Executive Vice President and Chief Administrative Officer,* has served as the Executive Vice President and Chief Administrative Officer of Vistra Energy since the Effective Date. Prior to joining Vistra Energy, she served as Executive Vice President of Human Resources of EFH Corp. since February 2013. Previously, Ms. Kirby was Senior Vice President of Human Resources from April 2012 to February 2013 and Vice President of Human Resources of TXU Energy, a subsidiary of Vistra Energy, from October 2008 to April 2012.

***Sara Graziano**, Senior Vice President of Corporate Development and Strategy,* has served as the Senior Vice President of Corporate Development and Strategy of Vistra Energy since the Effective Date. Prior to joining Vistra Energy, she served as a Principal at Energy Capital Partners, a private equity firm focused on investing in North American energy infrastructure, where she worked since September 2011. Her experience prior to Energy Capital Partners includes leading the Strategies & Analysis group at FirstLight Power Enterprises and working as a consultant in the Energy & Environment practice at Charles River Associates.

Director Compensation

Vistra Energy is a newly created entity created in connection with Emergence, and the directors of Vistra Energy were appointed to such positions with effect as of the Effective Date. The table below sets forth information regarding the aggregate compensation earned by or paid to the members of the Board during the year ended December 31, 2016. Vistra Energy reimburses directors for reasonable expenses incurred in connection with their services as directors.

Director	Fees Earned or Paid in Cash	Stock Awards ($)	Total ($)
Gavin R. Baiera (a)(b)(d)	$48,750	$0	$48,750
Jennifer Box (a)(b)(d)	$48,750	$0	$48,750
Jeff Hunter (b)(c)	$28,750	$100,000	$128,750
Michael Liebelson (a)(b)(e)	$23,750	$100,000	$123,750
Cyrus Madon (a)(b)(d)	$48,750	$0	$48,750
Curtis A. Morgan	$0	$0	$0
Geoffrey Strong (a)(b)(d)	$48,750	$0	$48,750

(a) Members of the Board who are not officers of Vistra Energy and not Chair of the Audit Committee receive an annual board retainer of $80,000 and an annual committee retainer of $15,000.
(b) Members of the Board who are not officers of Vistra Energy receive an annual equity award in the amount of $100,000. Certain members of the Board elected to be paid in cash in lieu of their equity award.
(c) The Chair of the Audit Committee receives an annual board retainer of $90,000 and an annual committee retainer of $25,000.
(d) Fees were directly paid to entities affiliated with the employer of such director for firm use and not redirected to individual directors.
(e) Michael S. Liebelson resigned from the Board effective February 1, 2017, and in consideration of a General Release Agreement between the Company and Mr. Liebelson, he is entitled to a lump sum payment of $266,250 that was paid in February 2017. In addition, the restricted stock units (RSUs) held by Mr. Liebelson were fully vested in connection with his resignation.

Executive Compensation

The following table provides the aggregate compensation paid to our executive officers during the period from October 3, 2016 through December 31, 2016.

Name and Principal Position	Year	Salary ($)	Bonus ($)[1]	Stock Awards ($)[2]	Option Awards ($)[3]	Non-Equity Incentive Plan Compensation ($)[4]	Change in Pension Value and Non-qualified Deferred Compensation ($)	All Other Compensation ($)	Total ($)
Curtis A. Morgan President & CEO of Vistra Energy	2016	$233,846	$ —	$2,500,000	$2,500,000	$ 1,900,000	$ —	$ 17,056	$7,150,902
James A. Burke EVP and Chief Operating Officer of Vistra Energy	2016	184,615	1,000,000	2,000,000	2,000,000	1,228,907	—	2,529	$6,416,051
J. William Holden EVP and Chief Financial Officer of Vistra Energy	2016	45,385	150,000	1,250,000	1,250,000	—	—	3,166	$2,698,551
Carrie Lee Kirby EVP and Chief Administrative Officer of Vistra Energy	2016	105,846	200,000	800,000	800,000	539,939	—	2,529	$2,448,314
Sara Graziano SVP, Corporate Development and Strategy of Vistra Energy	2016	98,462	—	600,000	600,000	530,315	—	13,454	$1,842,231

(1) The amounts reported in this column for Mr. Burke and Ms. Kirby represent discretionary cash bonuses that the relevant executive officer earned in 2016. The amount reported in this column for Mr. Holden is an agreed upon amount pursuant to his employment agreement that was paid in lieu of EAIP for 2016.

(2) The amounts reported as "Stock Awards" represent the grant date fair value (as computed in accordance with ASC 718) of certain RSUs that were granted to our executive officers.

(3) The amounts reported as "Option Awards" represent the grant date fair value (as computed in accordance with ASC 718) of certain stock options that were granted to our executive officers.

(4) The amounts to be reported as "Non-Equity Incentive Plan Compensation" were earned by the respective executive officers in 2016 under the EAIP.

Employment Agreements

Each of Mr. Morgan, Mr. Burke, Ms. Kirby, Ms. Graziano and Ms. Moore entered into an employment agreement with Vistra Energy, effective as of October 4, 2016 and Mr. Holden entered into an employment agreement with Vistra Energy, effective as of December 5, 2016. The following is a summary of the material terms of each such employment agreement, along with certain related compensation arrangements for each such executive officer.

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 or her own personal benefit during the term of the employment agreement and 24 months after the employment agreement expires or is terminated.

Mr. Morgan's Employment Agreement — Mr. Morgan's employment agreement with Vistra Energy (the Morgan Agreement) has an initial term that ends on October 4, 2019, and thereafter, the Morgan Agreement provides for automatic one-year extensions, unless either Vistra Energy or Mr. Morgan gives 60 days' prior written notice electing not to extend the Morgan Agreement. Pursuant to the Morgan Agreement, Mr. Morgan will receive a base salary of no less than $950,000 per year, which may be increased (but not decreased) at the sole discretion of the Board. Mr. Morgan also will have the opportunity to earn an annual cash bonus (Annual Bonus) based upon the achievement of performance metrics approved by the Board and subject to the Board's full discretion. Mr. Morgan's target Annual Bonus opportunity is 100% of his base salary (Target Bonus), and his maximum Annual Bonus opportunity is 200% of the Target Bonus.

The Morgan Agreement also provides Mr. Morgan with equity compensation. On the Effective Date, the Board approved the grant of stock options and RSUs under the 2016 Incentive Plan to Mr. Morgan, which grant had an aggregate grant date fair value of $5,000,000. The grant consisted of 526,316 stock options and 152,905 RSUs which, on a grant date fair value basis, represented a grant of approximately 50% stock options and 50% RSUs. The exercise price for the stock options was determined by the Board in a manner compliant with Section 409A of the Internal Revenue Code.

Following October 4, 2017, the Morgan Agreement provides for annual equity awards, with the amount and form of each such equity award to be determined by the Board. All of the equity awards will be subject to the terms of the 2016 Incentive Plan. In addition to providing Mr. Morgan with equity compensation, the Morgan Agreement required Mr. Morgan to make a cash equity investment in Vistra Energy common stock equal to $1,250,000, with the timing to be determined in good faith by the Board and Mr. Morgan, and such obligation has been fulfilled.

The Morgan Agreement also entitles Mr. Morgan to participate in the benefit plans and programs, and receive such perquisites, in each case, as are provided by Vistra Energy from time to time to its senior executives generally, subject to the terms of such plans and programs and commensurate with Mr. Morgan's position. Additionally, Mr. Morgan is entitled to receive up to $15,000 per year towards his tax and financial planning.

Upon any termination of employment with Vistra Energy, Mr. Morgan will be entitled to (a) his accrued but unpaid base salary and any accrued but unused vacation as of the termination date, (b) any unreimbursed business expenses incurred through the termination date, and (c) any payments and benefits to which he may be entitled under any benefit plans, programs, or arrangements (collectively, Accrued Obligations).

If Mr. Morgan's employment with Vistra Energy is terminated by Vistra Energy without Cause (as defined in the Morgan Agreement) (and other than due to his death or disability), by Mr. Morgan for Good Reason (as defined in the Morgan Agreement) or due to Vistra Energy's non-renewal of the employment term, then in addition to the Accrued Obligations and subject to Mr. Morgan's execution and non-revocation of a general release of claims within the 60 days following his employment termination date, Mr. Morgan will be entitled to (a) an aggregate amount equal to two times the sum of (i) his base salary plus (ii) (x) the Target Bonus, if such termination occurs prior to October 4, 2018, or (y) the prior year's Annual Bonus, if such termination occurs on or after October 4, 2018, with such amount payable in 24 equal installments following the termination in accordance with Vistra Energy's normal payroll practices; (b) a pro-rated Annual Bonus in respect of the fiscal year of termination equal to the product of (i) the amount of the Annual Bonus that would have been payable to him had his employment not so terminated, based on actual performance measured through the fiscal year of termination, and (ii) a fraction, the numerator of which is the number of days elapsed in Vistra Energy's fiscal year in which the termination occurs through such termination and the denominator of which is the number of days in such fiscal year (Pro-Rated Bonus); (c) any accrued but unpaid Annual Bonus in respect of the fiscal year prior to the fiscal year of termination (Unpaid Annual Bonus); (d) up to 24 months of continued health insurance benefits under the terms of the applicable Vistra Energy benefit plans, subject to his payment of the employee-portion of the benefit premiums and terminable upon his eligibility for comparable coverage under another employer's benefit plans (with Vistra Energy having the alternative to pay the employer-portion of the COBRA continuation coverage premiums instead of providing coverage under its plans under certain circumstances) (Health Benefits); and (e) accelerated vesting of the portion of Mr. Morgan's outstanding equity awards that would have vested in the 12 months following termination had he remained employed (with fully vested options to remain exercisable for 90 days following termination or, if Mr. Morgan is subject to Section 16 of the Exchange Act as of the date of his termination, 180 days following termination (or until the option's regular expiration date, if shorter)).

If Mr. Morgan's employment is terminated within the 18-month period following a change of control of Vistra Energy, then in addition to the Accrued Obligations and subject to his execution and non-revocation of a general release of claims within the 60 days following his employment termination date, Mr. Morgan will be entitled to (a) an aggregate amount equal to 2.99 times the sum of (i) his base salary plus (ii) the Target Bonus, with such amount payable in a lump sum; (b) a pro-rated Annual Bonus in respect of the fiscal year of termination equal to the product of (i) the Target Bonus and (ii) a fraction, the numerator of which is the number of days elapsed in Vistra Energy's fiscal year in which the termination occurs through such termination and the denominator of which is the number of days in such fiscal year; (c) any Unpaid Annual Bonus; (d) up to 24 months of the Health Benefits; and (e) accelerated vesting of all of Mr. Morgan's equity awards that were outstanding as of the change of control.

If Mr. Morgan's employment with Vistra Energy is terminated due to his death or disability, then in addition to the Accrued Obligations, Mr. Morgan will be entitled to (a) the Pro-Rated Bonus; (b) any Unpaid Annual Bonus; and (c) accelerated vesting of the portion of Mr. Morgan's outstanding equity awards that would have vested in the 12 months following termination had he remained employed (with fully vested options to remain exercisable for one year following termination (or until the option's regular expiration date, if shorter)).

The Morgan Agreement subjects Mr. Morgan to perpetual confidentiality, assignment of inventions and non-disparagement provisions, as well as non-competition and non-solicitation provisions that apply during his employment and for the 24-month period thereafter.

Mr. Burke's Employment Agreement — Mr. Burke's employment agreement with Vistra Energy (the Burke Agreement) has an initial term that ends on October 4, 2019, and thereafter, the Burke Agreement provides for automatic one-year extensions, unless either Vistra Energy or Mr. Burke gives 60 days' prior written notice electing not to extend the Burke Agreement. Pursuant to the Burke Agreement, Mr. Burke will receive a base salary of no less than $750,000 per year, which may be increased (but not decreased) at the sole discretion of the Board. Mr. Burke also will have the opportunity to earn an Annual Bonus based upon the achievement of performance metrics approved by the Board and subject to the Board's full discretion. Mr. Burke's target Annual Bonus opportunity is 90% of his base salary (the Burke Target Bonus), and his maximum Annual Bonus opportunity is 200% of the Burke Target Bonus.

The Burke Agreement also provides Mr. Burke with equity compensation. On the Effective Date, the Board approved the grant of stock options and RSUs under the 2016 Incentive Plan to Mr. Burke, which grant had an aggregate grant date fair value of $4,000,000. The grant consisted of 421,053 stock options and 122,324 RSUs which, on a grant date fair value basis, represented a grant of approximately 50% stock options and 50% RSUs. The exercise price for the stock options was determined by Mr. Morgan in a manner compliant with Section 409A of the Internal Revenue Code.

Following October 4, 2017, the Burke Agreement provides for annual equity awards, with the amount and form of each such equity award to be determined by the Board. All of the equity awards will be subject to the terms of the 2016 Incentive Plan.

The Burke Agreement also entitles Mr. Burke to participate in the benefit plans and programs, and receive such perquisites, in each case, as are provided by Vistra Energy from time to time to its senior executives generally, subject to the terms of such plans and programs and commensurate with Mr. Burke's position. Additionally, Mr. Burke is entitled to receive up to $15,000 per year towards his tax and financial planning.

Upon any termination of employment with Vistra Energy, Mr. Burke will be entitled to the Accrued Obligations.

If Mr. Burke's employment with Vistra Energy is terminated by Vistra Energy without Cause (as defined in the Burke Agreement) (and other than due to his death or disability), by Mr. Burke for Good Reason (as defined in the Burke Agreement) or due to Vistra Energy's non-renewal of the employment term, then in addition to the Accrued Obligations and subject to Mr. Burke's execution and non-revocation of a general release of claims within the 60 days following his employment termination date, Mr. Burke will be entitled to (a) an aggregate amount equal to two times the sum of (i) his base salary plus (ii) (x) the Burke Target Bonus, if such termination occurs prior to October 4, 2018, or (y) the prior year's Annual Bonus, if such termination occurs on or after October 4, 2018, with such amount payable in 24 equal installments following the termination in accordance with Vistra Energy's normal payroll practices; (b) a pro-rated Annual Bonus in respect of the fiscal year of termination equal to the product of (i) the amount of the Annual Bonus that would have been payable to him had his employment not so terminated, based on actual performance measured through the fiscal year of termination, and (ii) the Pro-Rated Bonus; (c) any Unpaid Annual Bonus; (d) up to 24 months of continued the Health Benefits; and (e) accelerated vesting of the portion of Mr. Burke's outstanding equity awards that would have vested in the 12 months following termination had he remained employed (with fully vested options to remain exercisable for 90 days following termination or, if Mr. Burke is subject to Section 16 of the Exchange Act as of the date of his termination, 180 days following termination (or until the option's regular expiration date, if shorter)).

If Mr. Burke's employment is terminated within the 18-month period following a change of control of Vistra Energy, then in addition to the Accrued Obligations and subject to his execution and non-revocation of a general release of claims within the 60 days following his employment termination date, Mr. Burke will be entitled to (a) an aggregate amount equal to 2.99 times the sum of (i) his base salary plus (ii) the Burke Target Bonus, with such amount payable in a lump sum; (b) a pro-rated Annual Bonus in respect of the fiscal year of termination equal to the product of (i) the Burke Target Bonus and (ii) a fraction, the numerator of which is the number of days elapsed in Vistra Energy's fiscal year in which the termination occurs through such termination and the denominator of which is the number of days in such fiscal year; (c) any Unpaid Annual Bonus; (d) up to 24 months of the Health Benefits; and (e) accelerated vesting of all of Mr. Burke's equity awards that were outstanding as of the change of control.

If Mr. Burke's employment with Vistra Energy is terminated due to his death or disability, then in addition to the Accrued Obligations, Mr. Burke will be entitled to (a) the Pro-Rated Bonus; (b) any Unpaid Annual Bonus; and (c) accelerated vesting of the portion of Mr. Burke's outstanding equity awards that would have vested in the 12 months following termination had he remained employed (with fully vested options to remain exercisable for one year following termination (or until the option's regular expiration date, if shorter)).

The Burke Agreement subjects Mr. Burke to perpetual confidentiality, assignment of inventions and nondisparagement provisions, as well as non-competition and non-solicitation provisions that apply during his employment and for the 24-month period thereafter.

Mr. Holden's Employment Agreement — Mr. Holden's employment agreement with Vistra Energy (the Holden Agreement) has an initial term that ends on December 5, 2019, and thereafter, the Holden Agreement provides for automatic one-year extensions, unless either Vistra Energy or Mr. Holden gives 60 days' prior written notice electing not to extend the Holden Agreement. Pursuant to the Holden Agreement, Mr. Holden will receive a base salary of no less than $590,000 per year, which may be increased (but not decreased) at the sole discretion of the Board. Mr. Holden also will have the opportunity to earn an Annual Bonus based upon the achievement of performance metrics approved by the Board and subject to the Board's full discretion. Mr. Holden's target Annual Bonus opportunity is 90% of his base salary (the Holden Target Bonus), and his maximum Annual Bonus opportunity is 200% of the Holden Target Bonus.

The Holden Agreement also provides Mr. Holden with equity compensation. On December 5, 2016, the Board approved the grant of stock options and RSUs under the 2016 Incentive Plan to Mr. Holden, which grant had an aggregate grant date fair value of $2,500,000. The grant consisted of 281,532 stock options and 86,505 RSUs which, on a grant date fair value basis, represented a grant of approximately 50% stock options and 50% RSUs. The exercise price for the stock options was determined by Mr. Morgan in a manner compliant with Section 409A of the Internal Revenue Code.

Following December 5, 2017, the Holden Agreement provides for annual equity awards, with the amount and form of each such equity award to be determined by the Board. All of the equity awards will be subject to the terms of the 2016 Incentive Plan.

The Holden Agreement also entitles Mr. Holden to participate in the benefit plans and programs, and receive such perquisites, in each case, as are provided by Vistra Energy from time to time to its senior executives generally, subject to the terms of such plans and programs and commensurate with Mr. Holden's position. Additionally, Mr. Holden is entitled to receive up to $15,000 per year towards his tax and financial planning.

Upon any termination of employment with Vistra Energy, Mr. Holden will be entitled to the Accrued Obligations.

If Mr. Holden's employment with Vistra Energy is terminated by Vistra Energy without Cause (as defined in the Holden Agreement) (and other than due to his death or disability), by Mr. Holden for Good Reason (as defined in the Holden Agreement) or due to Vistra Energy's non-renewal of the employment term, then in addition to the Accrued Obligations and subject to Mr. Holden's execution and non-revocation of a general release of claims within the 60 days following his employment termination date, Mr. Holden will be entitled to (a) an aggregate amount equal to two times the sum of (i) his base salary plus (ii) (x) the Holden Target Bonus, if such termination occurs prior to December 5, 2018, or (y) the prior year's Annual Bonus, if such termination occurs on or after December 5, 2018, with such amount payable in 24 equal installments following the termination in accordance with Vistra Energy's normal payroll practices; (b) a pro-rated Annual Bonus in respect of the fiscal year of termination equal to the product of (i) the amount of the Annual Bonus that would have been payable to him had his employment not so terminated, based on actual performance measured through the fiscal year of termination, and (ii) the Pro-Rated Bonus; (c) any Unpaid Annual Bonus; (d) up to 24 months of the Health Benefits; and (e) accelerated vesting of the portion of Mr. Holden's outstanding equity awards that would have vested in the 12 months following termination had he remained employed (with fully vested options to remain exercisable for 90 days following termination or, if Mr. Holden is subject to Section 16 of the Exchange Act as of the date of his termination, 180 days following termination (or until the option's regular expiration date, if shorter)).

If Mr. Holden's employment is terminated within the 18-month period following a change of control of Vistra Energy, then in addition to the Accrued Obligations and subject to his execution and non-revocation of a general release of claims within the 60 days following his employment termination date, Mr. Holden will be entitled to (a) an aggregate amount equal to 2.99 times the sum of (i) his base salary plus (ii) the Holden Target Bonus, with such amount payable in a lump sum; (b) a pro-rated Annual Bonus in respect of the fiscal year of termination equal to the product of (i) the Holden Target Bonus and (ii) a fraction, the numerator of which is the number of days elapsed in Vistra Energy's fiscal year in which the termination occurs through such termination and the denominator of which is the number of days in such fiscal year; (c) any Unpaid Annual Bonus; (d) up to 24 months of the Health Benefits; and (e) accelerated vesting of all of Mr. Holden's equity awards that were outstanding as of the change of control.

If Mr. Holden's employment with Vistra Energy is terminated due to his death or disability, then in addition to the Accrued Obligations, Mr. Holden will be entitled to (a) the Pro-Rated Bonus; (b) any Unpaid Annual Bonus; and (c) accelerated vesting of the portion of Mr. Holden's outstanding equity awards that would have vested in the 12 months following termination had he remained employed (with fully vested options to remain exercisable for one year following termination (or until the option's regular expiration date, if shorter)).

The Holden Agreement subjects Mr. Holden to perpetual confidentiality, assignment of inventions and nondisparagement provisions, as well as non-competition and non-solicitation provisions that apply during his employment and for the 24-month period thereafter.

Ms. Kirby' Employment Agreement — Ms. Kirby's employment agreement with Vistra Energy (the Kirby Agreement) has an initial term that ends on October 4, 2019, and thereafter, the Kirby Agreement provides for automatic one-year extensions, unless either Vistra Energy or Ms. Kirby gives 60 days' prior written notice electing not to extend the Kirby Agreement. Pursuant to the Kirby Agreement, Ms. Kirby will receive a base salary of no less than $430,000 per year, which may be increased (but not decreased) at the sole discretion of the Board. Ms. Kirby also will have the opportunity to earn an Annual Bonus based upon the achievement of performance metrics approved by the Board and subject to the Board's full discretion. Ms. Kirby's target Annual Bonus opportunity is 70% of her base salary (the Kirby Target Bonus), and her maximum Annual Bonus opportunity is 200% of the Kirby Target Bonus.

The Kirby Agreement also provides Ms. Kirby with equity compensation. On the Effective Date, the Board approved the grant of stock options and RSUs under the 2016 Incentive Plan to Ms. Kirby, which grant had an aggregate grant date fair value of $1,600,000. The grant consisted of 168,421 stock options and 48,930 RSUs which, on a grant date fair value basis, represented a grant of approximately 50% stock options and 50% RSUs. The exercise price for the stock options was determined by Mr. Morgan in a manner compliant with Section 409A of the Internal Revenue Code.

Following October 4, 2017 , the Kirby Agreement provides for annual equity awards, with the amount and form of each such equity award to be determined by the Board. All of the equity awards will be subject to the terms of the 2016 Incentive Plan.

The Kirby Agreement also entitles Ms. Kirby to participate in the benefit plans and programs, and receive such perquisites, in each case, as are provided by Vistra Energy from time to time to its senior executives generally, subject to the terms of such plans and programs and commensurate with Ms. Kirby's position. Additionally, Ms. Kirby is entitled to receive up to $15,000 per year towards her tax and financial planning.

Upon any termination of employment with Vistra Energy, Ms. Kirby will be entitled to the Accrued Obligations.

If Ms. Kirby's employment with Vistra Energy is terminated by Vistra Energy without Cause (as defined in the Kirby Agreement) (and other than due to her death or disability), by Ms. Kirby for Good Reason (as defined in the Kirby Agreement) or due to Vistra Energy's non-renewal of the employment term, then in addition to the Accrued Obligations and subject to Ms. Kirby's execution and non-revocation of a general release of claims within the 60 days following her employment termination date, Ms. Kirby will be entitled to (a) an aggregate amount equal to two times the sum of (i) her base salary plus (ii) (x) the Kirby Target Bonus, if such termination occurs prior to October 4, 2018, or (y) the prior year's Annual Bonus, if such termination occurs on or after October 4, 2018, with such amount payable in 24 equal installments following the termination in accordance with Vistra Energy's normal payroll practices; (b) a pro-rated Annual Bonus in respect of the fiscal year of termination equal to the product of (i) the amount of the Annual Bonus that would have been payable to her had her employment not so terminated, based on actual performance measured through the fiscal year of termination, and (ii) the Pro-Rated Bonus; (c) any Unpaid Annual Bonus; (d) up to 24 months of continued the Health Benefits; and (e) accelerated vesting of the portion of Ms. Kirby's outstanding equity awards that would have vested in the 12 months following termination had she remained employed (with fully vested options to remain exercisable for 90 days following termination or, if Ms. Kirby is subject to Section 16 of the Exchange Act as of the date of her termination, 180 days following termination (or until the option's regular expiration date, if shorter)).

If Ms. Kirby's employment is terminated within the 18-month period following a change of control of Vistra Energy, then in addition to the Accrued Obligations and subject to her execution and non-revocation of a general release of claims within the 60 days following her employment termination date, Ms. Kirby will be entitled to (a) an aggregate amount equal to 2.99 times the sum of (i) her base salary plus (ii) the Kirby Target Bonus, with such amount payable in a lump sum; (b) a pro-rated Annual Bonus in respect of the fiscal year of termination equal to the product of (i) the Kirby Target Bonus and (ii) a fraction, the numerator of which is the number of days elapsed in Vistra Energy's fiscal year in which the termination occurs through such termination and the denominator of which is the number of days in such fiscal year; (c) any Unpaid Annual Bonus; (d) up to 24 months of the Health Benefits; and (e) accelerated vesting of all of Ms. Kirby's equity awards that were outstanding as of the change of control.

If Ms. Kirby's employment with Vistra Energy is terminated due to her death or disability, then in addition to the Accrued Obligations, Ms. Kirby will be entitled to (a) the Pro-Rated Bonus; (b) any Unpaid Annual Bonus; and (c) accelerated vesting of the portion of Ms. Kirby's outstanding equity awards that would have vested in the 12 months following termination had she remained employed (with fully vested options to remain exercisable for one year following termination (or until the option's regular expiration date, if shorter)).

The Kirby Agreement subjects Ms. Kirby to perpetual confidentiality, assignment of inventions and non-disparagement provisions, as well as non-competition and non-solicitation provisions that apply during her employment and for the 24-month period thereafter.

Ms. Graziano's Employment Agreement — Ms. Graziano's employment agreement with Vistra Energy (the Graziano Agreement) has an initial term that ends on October 4, 2019, and thereafter, the Graziano Agreement provides for automatic one-year extensions, unless either Vistra Energy or Ms. Graziano gives 60 days' prior written notice electing not to extend the Graziano Agreement. Pursuant to the Graziano Agreement, Ms. Graziano will receive a base salary of no less than $400,000 per year, which may be increased (but not decreased) at the sole discretion of the Board. Ms. Graziano also will have the opportunity to earn an Annual Bonus based upon the achievement of performance metrics approved by the Board and subject to the Board's full discretion. Ms. Graziano's target Annual Bonus opportunity is 70% of her base salary (the Graziano Target Bonus), and her maximum Annual Bonus opportunity is 200% of the Graziano Target Bonus.

The Graziano Agreement also provides Ms. Graziano with equity compensation. On the Effective Date, the Board approved the grant of stock options and RSUs under the 2016 Incentive Plan to Ms. Graziano, which grant had an aggregate grant date fair value of $1,200,000. The grant consisted of 126,316 stock options and 36,697 RSUs which, on a grant date fair value basis, represented a grant of approximately 50% stock options and 50% RSUs. The exercise price for the stock options was determined by Mr. Morgan in a manner compliant with Section 409A of the Internal Revenue Code.

Following October 4, 2017, the Graziano Agreement provides for annual equity awards, with the amount and form of each such equity award to be determined by the Board. All of the equity awards will be subject to the terms of the 2016 Incentive Plan.

The Graziano Agreement also entitles Ms. Graziano to participate in the benefit plans and programs, and receive such perquisites, in each case, as are provided by Vistra Energy from time to time to its senior executives generally, subject to the terms of such plans and programs and commensurate with Ms. Graziano's position. Additionally, Ms. Graziano is entitled to receive up to $15,000 per year towards her tax and financial planning.

Upon any termination of employment with Vistra Energy, Ms. Graziano will be entitled to the Accrued Obligations.

If Ms. Graziano's employment with Vistra Energy Corp. is terminated by Vistra Energy. without Cause (as defined in the Graziano Agreement) (and other than due to her death or disability), by Ms. Graziano for Good Reason (as defined in the Graziano Agreement) or due to Vistra Energy's non-renewal of the employment term, then in addition to the Accrued Obligations and subject to Ms. Graziano's execution and non-revocation of a general release of claims within the 60 days following her employment termination date, Ms. Graziano will be entitled to (a) an aggregate amount equal to two times the sum of (i) her base salary plus (ii) (x) the Graziano Target Bonus, if such termination occurs prior to October 4, 2018, or (y) the prior year's Annual Bonus, if such termination occurs on or after October 4, 2018, with such amount payable in 24 equal installments following the termination in accordance with Vistra Energy's normal payroll practices; (b) a pro-rated Annual Bonus in respect of the fiscal year of termination equal to the product of (i) the amount of the Annual Bonus that would have been payable to her had her employment not so terminated, based on actual performance measured through the fiscal year of termination, and (ii) the Pro-Rated Bonus; (c) any Unpaid Annual Bonus; (d) up to 24 months of the Health Benefits; and (e) accelerated vesting of the portion of Ms. Graziano's outstanding equity awards that would have vested in the 12 months following termination had he remained employed (with fully vested options to remain exercisable for 90 days following termination or, if Ms. Graziano is subject to Section 16 of the Exchange Act as of the date of her termination, 180 days following termination (or until the option's regular expiration date, if shorter)).

If Ms. Graziano's employment is terminated within the 18-month period following a change of control of Vistra Energy, then in addition to the Accrued Obligations and subject to her execution and non-revocation of a general release of claims within the 60 days following her employment termination date, Ms. Graziano will be entitled to (a) an aggregate amount equal to 2.99 times the sum of (i) her base salary plus (ii) the Graziano Target Bonus, with such amount payable in a lump sum; (b) a pro-rated Annual Bonus in respect of the fiscal year of termination equal to the product of (i) the Graziano Target Bonus and (ii) a fraction, the numerator of which is the number of days elapsed in Vistra Energy's fiscal year in which the termination occurs through such termination and the denominator of which is the number of days in such fiscal year; (c) any Unpaid Annual Bonus; (d) up to 24 months of the Health Benefits; and (e) accelerated vesting of all of Ms. Graziano's equity awards that were outstanding as of the change of control.

If Ms. Graziano's employment with Vistra Energy is terminated due to her death or disability, then in addition to the Accrued Obligations, Ms. Graziano will be entitled to (a) the Pro-Rated Bonus; (b) any Unpaid Annual Bonus; and (c) accelerated vesting of the portion of Ms. Graziano's outstanding equity awards that would have vested in the 12 months following termination had she remained employed (with fully vested options to remain exercisable for one year following termination (or until the option's regular expiration date, if shorter)).

The Graziano Agreement subjects Ms. Graziano to perpetual confidentiality, assignment of inventions and non-disparagement provisions, as well as non-competition and non-solicitation provisions that apply during her employment and for the 24-month period thereafter.

Ms. Moore's Employment Agreement — Ms. Moore's employment agreement with Vistra Energy (the Moore Agreement) has an initial term that ends on October 4, 2019, and thereafter, the Moore Agreement provides for automatic one-year extensions, unless either Vistra Energy or Ms. Moore gives 60 days' prior written notice electing not to extend the Moore Agreement. Pursuant to the Moore Agreement, Ms. Moore will receive a base salary of no less than $415,000 per year, which may be increased (but not decreased) at the sole discretion of the Board. Ms. Moore also will have the opportunity to earn an Annual Bonus based upon the achievement of performance metrics approved by the Board and subject to the Board's full discretion. Ms. Moore's target Annual Bonus opportunity is 70% of her base salary (the Moore Target Bonus), and her maximum Annual Bonus opportunity is 200% of the Moore Target Bonus.

The Moore Agreement also provides Ms. Moore with equity compensation. On the Effective Date, the Board approved the grant of stock options and RSUs under the 2016 Incentive Plan to Ms. Moore, which grant had an aggregate grant date fair value of $1,200,000. The grant consisted of 126,316 stock options and 36,697 RSUs which, on a grant date fair value basis, represented a grant of approximately 50% stock options and 50% RSUs. The exercise price for the stock options was determined by Mr. Morgan in a manner compliant with Section 409A of the Internal Revenue Code.

Following October 4, 2017, the Moore Agreement provides for annual equity awards, with the amount and form of each such equity award to be determined by the Board. All of the equity awards will be subject to the terms of the 2016 Incentive Plan.

The Moore Agreement also entitles Ms. Moore to participate in the benefit plans and programs, and receive such perquisites, in each case, as are provided by Vistra Energy from time to time to its senior executives generally, subject to the terms of such plans and programs and commensurate with Ms. Moore's position. Additionally, Ms. Moore is entitled to receive up to $15,000 per year towards her tax and financial planning.

Upon any termination of employment with Vistra Energy, Ms. Moore will be entitled to the Accrued Obligations.

If Ms. Moore's employment with Vistra Energy is terminated by Vistra Energy without Cause (as defined in the Moore Agreement) (and other than due to her death or disability), by Ms. Moore for Good Reason (as defined in the Moore Agreement) or due to Vistra Energy's non-renewal of the employment term, then in addition to the Accrued Obligations and subject to Ms. Moore's execution and non-revocation of a general release of claims within the 60 days following her employment termination date, Ms. Moore will be entitled to (a) an aggregate amount equal to two times the sum of (i) her base salary plus (ii) (x) the Moore Target Bonus, if such termination occurs prior to October 4, 2018, or (y) the prior year's Annual Bonus, if such termination occurs on or after October 4, 2018, with such amount payable in 24 equal installments following the termination in accordance with Vistra Energy's normal payroll practices; (b) a pro-rated Annual Bonus in respect of the fiscal year of termination equal to the product of (i) the amount of the Annual Bonus that would have been payable to her had her employment not so terminated, based on actual performance measured through the fiscal year of termination, and (ii) the Pro-Rated Bonus; (c) any Unpaid Annual Bonus; (d) up to 24 months of the Health Benefits; and (e) accelerated vesting of the portion of Ms. Moore's outstanding equity awards that would have vested in the 12 months following termination had she remained employed (with fully vested options to remain exercisable for 90 days following termination or, if Ms. Moore is subject to Section 16 of the Exchange Act as of the date of her termination, 180 days following termination (or until the option's regular expiration date, if shorter)).

If Ms. Moore's employment is terminated within the 18-month period following a change of control of Vistra Energy, then in addition to the Accrued Obligations and subject to her execution and non-revocation of a general release of claims within the 60 days following her employment termination date, Ms. Moore will be entitled to (a) an aggregate amount equal to 2.99 times the sum of (i) her base salary plus (ii) the Moore Target Bonus, with such amount payable in a lump sum; (b) a pro-rated Annual Bonus in respect of the fiscal year of termination equal to the product of (i) the Moore Target Bonus and (ii) a fraction, the numerator of which is the number of days elapsed in Vistra Energy Corp's fiscal year in which the termination occurs through such termination and the denominator of which is the number of days in such fiscal year; (c) any Unpaid Annual Bonus; (d) up to 24 months of the Health Benefits; and (e) accelerated vesting of all of Ms. Moore's equity awards that were outstanding as of the change of control.

If Ms. Moore's employment with Vistra Energy is terminated due to her death or disability, then in addition to the Accrued Obligations, Ms. Moore will be entitled to (a) the Pro-Rated Bonus; (b) any Unpaid Annual Bonus; and (c) accelerated vesting of the portion of Ms. Moore's outstanding equity awards that would have vested in the 12 months following termination had she remained employed (with fully vested options to remain exercisable for one year following termination (or until the option's regular expiration date, if shorter)).

The Moore Agreement subjects Ms. Moore to perpetual confidentiality, assignment of inventions and nondisparagement provisions, as well as non-competition and non-solicitation provisions that apply during her employment and for the 24-month period thereafter.

The foregoing descriptions of the employment agreements of Messrs. Morgan, Burke and Holden and Ms. Kirby, Graziano and Moore do not purport to be complete and are qualified in their entirety by reference to the full text of such agreements (see Item 18. Material Contracts).

2016 Incentive Plan

The Board adopted the 2016 Omnibus Incentive Plan (the 2016 Incentive Plan), effective as of the Effective Date, under which an aggregate of 22,500,000 shares of our common stock were reserved for issuance as equity-based awards to our non-employee directors, employees, and certain other persons. The Board or any committee duly authorized by the Board (the Committee) will administer the 2016 Incentive Plan and has broad authority under the 2016 Incentive Plan to, among other things: (a) select participants, (b) determine the types of awards that participants are to receive and the number of shares that are to be subject to such awards and (c) establish the terms and conditions of awards, including the price (if any) to be paid for the shares subject to the award. The types of awards that may be granted under the 2016 Incentive Plan include stock options, RSUs, restricted stock, performance awards and other forms of awards granted or denominated in shares of Vistra Energy common stock, as well as certain cash-based awards.

If any stock option or other stock-based award granted under the 2016 Incentive Plan expires, terminates or is canceled for any reason without having been exercised in full, the number of shares of Vistra Energy common stock underlying any unexercised award shall again be available for the purpose of awards under the 2016 Incentive Plan. If any shares of restricted stock, performance awards or other stock-based awards denominated in shares of Vistra Energy common stock awarded under the 2016 Incentive Plan are forfeited for any reason, the number of forfeited shares shall again be available for purposes of awards under the 2016 Incentive Plan. Any award under the 2016 Incentive Plan settled in cash shall not be counted against the maximum share limitation.

As is customary in incentive plans of this nature, each share limit and the number and kind of shares available under the 2016 Incentive Plan and any outstanding awards, as well as the exercise or purchase price of awards, and performance targets under certain types of performance-based awards, are subject to adjustment in the event of certain reorganizations, mergers, combinations, recapitalizations, stock splits, stock dividends or other similar events that change the number or kind of shares outstanding, and extraordinary dividends or distributions of property to the Vistra Energy stockholders.

B. Legal/Disciplinary History

None of the foregoing officers or directors have, in the last five years, been the subject of any of the following: (1) a conviction in a criminal proceeding or named as a defendant in a pending criminal proceeding (excluding traffic violations and other minor offenses); (2) the entry of an order, judgment or decree, not subsequently reversed, suspended or vacated, by a court of competent jurisdiction that permanently or temporarily enjoined, barred, suspended or otherwise limited such person's involvement in any type of business, securities, commodities or banking activities; (3) a finding or judgment by a court of competent jurisdiction (in a civil action), the SEC, the CFTC or a state securities regulator of a violation of federal or state securities or commodities law, which finding or judgment has not been reversed, suspended or vacated; or (4) the entry of an order by a self-regulatory organization that permanently or temporarily barred, suspended or otherwise limited such person's involvement in any type of business or securities activities.

C. Disclosure of Family Relationships

There are no family relationships (defined as any relationship by blood, marriage or adoption, not more remote than first cousin) among and between the Company's directors, officers, persons nominated or chosen by the Company to become directors or officers, or beneficial owners of more than five percent (5%) of any class of the Company's equity securities.

D. Disclosure of Related Party Transactions

In connection with the Emergence, we entered into agreements with certain of our affiliates and with parties who received shares of common stock and TRA Rights in exchange for their claims.

Registration Rights Agreement

Pursuant to the Plan of Reorganization, on the Effective Date, we entered into a Registration Rights Agreement (the Registration Rights Agreement) with certain selling stockholders providing for registration of the resale of the Vistra Energy common stock held by such selling stockholders.

In December 2016, we filed a Form S-1 registration statement with the SEC to register for resale the shares of Vistra Energy common stock held by certain significant stockholders pursuant to the Registration Rights Agreement. The registration statement was amended in February 2017. The registration statement has not yet been declared effective by the SEC. Among other things, under the terms of the Registration Rights Agreement:

- we will be required to use reasonable best efforts to convert the registration statement into a registration statement on Form S-3 as soon as reasonably practicable after we become eligible to do so and to have such Form S-3 declared effective as promptly as practicable (but in no event more than 30 days after it is filed with the SEC);
- if we propose to file certain types of registration statements under the Securities Act with respect to an offering of equity securities, we will be required to use our reasonable best efforts to offer the other parties to the Registration Rights Agreement the opportunity to register all or part of their shares on the terms and conditions set forth in the Registration Rights Agreement; and

- the selling stockholders received the right, subject to certain conditions and exceptions, to request that we file registration statements or amend or supplement registration statements, with the SEC for an underwritten offering of all or part of their respective shares of Vistra Energy common stock (a Demand Registration), and the Company is required to cause any such registration statement or amendment or supplement (a) to be filed with the SEC promptly and, in any event, on or before the date that is 45 days, in the case of a registration statement on Form S-1, or 30 days, in the case of a registration statement on Form S-3, after we receive the written request from the relevant selling stockholders to effectuate the Demand Registration and (b) to become effective as promptly as reasonably practicable and in any event no later than 120 days after it is initially filed.

All expenses of registration under the Registration Rights Agreement, including the legal fees of one counsel retained by or on behalf of the selling stockholders, will be paid by us.

The foregoing description of the Registration Rights Agreement is qualified in its entirety by reference to the full text of the Registration Rights Agreement, which was filed as Exhibit 18(G) to the Initial Disclosure Statement filed on October 4, 2016.

Stockholder's Agreements

Pursuant to the Plan of Reorganization, on the Effective Date, we entered into three separate stockholder's agreements with affiliates of each of Apollo Management Holdings L.P., Brookfield Asset Management Private Institutional Capital Adviser (Canada), L.P. and Oaktree Capital Management, L.P (Stockholder's Agreement). Pursuant to each Stockholder's Agreement, subject to the proper exercise of fiduciary duties of the Board, the applicable stockholder will, until the occurrence of a Termination Event (as defined below), be entitled to designate one person for nomination for election to the Board as a Class III director at (a) any meeting of our stockholders at which Class III directors are elected or (b) if our Charter no longer provides for the division of directors into three classes, any meeting of our stockholders at which directors are to be elected. Prior to the occurrence of a Termination Event, if a vacancy occurs because of the death, disability, disqualification, resignation or removal of the director nominee of an applicable stockholder, subject to the proper exercise of the fiduciary duties of the Board, the applicable stockholder will be entitled to designate such person's successor.

For purposes of this section, a Termination Event means that such stockholder, together with its affiliates and investment funds, funds or accounts that are advised, managed or controlled by such stockholder or its affiliates (other than the Company or any entity that is controlled by the Company), ceases to beneficially own, in the aggregate, for a period of 20 consecutive trading days, at least 22,500,000 shares of common stock of Vistra Energy that were owned by such stockholder on the date of the applicable Stockholder's Agreement. The rights of each stockholder under its applicable Stockholder's Agreement will terminate automatically upon a Termination Event.

The foregoing description of the Stockholders' Agreements is qualified in its entirety by reference to the full text of the form of Stockholder's Agreement, which was filed as Exhibit 18(H) to the Initial Disclosure Statement filed on October 4, 2016.

Tax Receivable Agreement

On the Effective Date, we entered into a tax receivable agreement (the TRA) with a transfer agent on behalf of certain former first lien creditors of TCEH. The TRA generally provides for the payment by us to holders of TRA Rights of 85% of the amount of cash savings, if any, in United States federal, state and local income tax that we realize in periods after Emergence as a result of (a) certain transactions consummated pursuant to the Plan of Reorganization (including any step-up in tax basis in our assets resulting from the PrefCo Preferred Stock Sale), (b) the tax basis of all assets acquired in connection with the Lamar and Forney Acquisition in April 2016 and (c) tax benefits related to imputed interest deemed to be paid by us as a result of payments under the TRA, plus interest accruing from the due date of the applicable tax return.

Pursuant to the TRA, we issued the TRA Rights to our Predecessor to be held in escrow for the benefit of the first lien secured creditors of our Predecessor entitled to receive such TRA Rights under the Plan of Reorganization. Such TRA Rights are subject to various transfer restrictions described in the TRA and are entitled to certain registration rights more fully described in the Registration Rights Agreement.

Further details concerning the terms of the TRA may be obtained by reviewing the TRA, which was filed as Exhibit 18(c) to the Initial Disclosure Statement filed on October 4, 2016.

The amount and timing of any payments under the TRA will vary depending upon a number of factors, including the amount and timing of the taxable income we generate in the future and the tax rate then applicable, our use of loss carryovers and the portion of our payments under the TRA constituting imputed interest.

The payments we will be required to make under the TRA could be substantial. Future transactions or events could change the timing and/or amount of the actual tax benefits realized and the corresponding TRA payments from these tax attributes.

In addition, although we are not aware of any issue that would cause the IRS to challenge the tax benefits that are the subject of the TRA, recipients of the payments under the TRA will not be required to reimburse us for any payments previously made if such tax benefits are subsequently disallowed. As a result, in such circumstances, Vistra Energy could make payments under the TRA that are greater than its actual cash tax savings and may not be able to recoup those payments, which could adversely affect our liquidity.

In addition, because Vistra Energy is a holding company with no operations of its own, its ability to make payments under the TRA is dependent on the ability of its subsidiaries to make distributions to it. Vistra Energy's future debt agreements may restrict the ability of its subsidiaries to make distributions to it, which could affect its ability to make payments under the TRA. To the extent that Vistra Energy is unable to make payments under the TRA because of restriction under its debt agreements, such payments will be deferred and will accrue interest until paid, which could adversely affect our results of operations and could also affect our liquidity in periods in which such payments are made.

Finally, the TRA provides that, in the event that Vistra Energy breaches any of its material obligations under the TRA, or upon certain mergers, asset sales, or other forms of business combination or certain other changes of control, the transfer agent under the TRA may treat such event as an early termination of the TRA, in which case Vistra Energy would be required to make an immediate payment to the holder of the TRA Rights equal to the present value (at a discount rate equal to LIBOR plus 100 basis points) of the anticipated future tax benefits based on certain assumptions. As a result, upon such a breach or change of control, Vistra Energy could be required to make a lump-sum payment under the TRA that is greater than the specified percentage of its actual cash tax savings and could have a substantial negative impact on our liquidity.

The foregoing description of the TRA is qualified in its entirety by reference to the full text of the TRA, which was filed as Exhibit 18(c) to the Initial Disclosure Statement filed on October 4, 2016.

Tax Matters Agreement

On the Effective Date, we entered into a Tax Matters Agreement (the Tax Matters Agreement), with EFH Corp. whereby the parties have agreed to take certain actions and refrain from taking certain actions in order to preserve the intended tax treatment of the Spin-Off and to indemnify the other parties to the extent a breach of such agreement results in additional taxes to the other parties.

Among other things, the Tax Matters Agreement allocates the responsibility for taxes for periods prior to the Spin-Off between EFH Corp. and us. For periods prior to the Spin-Off: (a) Vistra Energy is generally required to reimburse EFH Corp. with respect to any taxes paid by EFH Corp. that are attributable to us and (b) EFH Corp. is generally required to reimburse us with respect to any taxes paid by us that are attributable to EFH Corp.

We are also required to indemnify EFH Corp. against taxes, under certain circumstance, if the IRS or another taxing authority successfully challenges the amount of gain relating to the PrefCo Preferred Stock Sale or the amount or allowance of EFH Corp.'s net operating loss deductions.

Subject to certain exceptions, the Tax Matters Agreement prohibits us from taking certain actions that could reasonably be expected to undermine the intended tax treatment of the Spin-Off or to jeopardize the conclusions of the private letter ruling we obtained from the IRS or opinions of counsel received by us or EFH Corp., in each case, in connection with the Spin-Off. Certain of these restrictions apply for two years after the Spin-Off.

Under the Tax Matters Agreement, we may engage in an otherwise restricted action if (a) we obtain written consent from EFH Corp., (b) such action or transaction is described in or otherwise consistent with the facts in the private letter ruling we obtained from the IRS in connection with the Spin-Off, (c) we obtain a supplemental private letter ruling from the IRS, or (d) we obtain an unqualified opinion of a nationally recognized law or accounting firm that is reasonably acceptable to EFH Corp. that the action will not affect the intended tax treatment of the Spin-Off.

The foregoing description of the Tax Matters Agreement is qualified in its entirety by reference to the full text of the Tax Matters Agreement, which was filed as Exhibit 18(D) to the Initial Disclosure Statement filed on October 4, 2016.

Separation Agreement

Pursuant to the Plan of Reorganization, on the Effective Date, EFH Corp., Vistra Energy and Vistra Operations entered into a Separation Agreement (the Separation Agreement). Under the key terms of the Separation Agreement, on the Effective Date, EFH Corp. and certain other Debtors (including EFCH and TCEH) transferred to Vistra Energy certain assets and liabilities related to the TCEH Debtors' operations, including certain employee benefit plans specifically identified in the Separation Agreement, which Vistra Energy, in turn, transferred to Vistra Operations. Pursuant to the Separation Agreement, Vistra Operations accepted, assumed and agreed to faithfully perform, discharge and fulfill certain assumed liabilities. The Contribution was effected pursuant to the side-by-side operation of the Separation Agreement and the Plan of Reorganization.

The foregoing description of the Separation Agreement is qualified in its entirety by reference to the full text of the Separation Agreement, which was filed as Exhibit 18(b) to the Initial Disclosure Statement filed on October 4, 2016.

Transition Services Agreement

On the Effective Date and pursuant to the Plan of Reorganization, EFH Corp. and Vistra Operations entered into a Transition Services Agreement (the Transition Services Agreement). Pursuant to the Transition Services Agreement, among other things:

- Vistra Operations will provide certain services to EFH Corp., including business service administration, accounting, corporate secretary, tax, human resources, information technology, internal audit and Sarbanes-Oxley Act compliance, physical facilities and corporate security, treasury and legal services, (collectively, the Transition Services) until the earlier of (a) 12 months from the effective date for tax services and six months from the Effective Date for all other Transition Services and (b) the termination of all Transition Services, whether by EFH Corp. upon at least 30 days' prior written notice to Vistra Operations, mutual written consent of EFH Corp. and Vistra Operations or any other termination action permitted by the Transition Services Agreement; and

- EFH Corp. will pay Vistra Operations all reasonable and documented fees, costs and expenses (including employee-related, overhead and general and administrative expenses) incurred by Vistra Operations related directly to the Transition Services.

The foregoing description of the Transition Services Agreement is qualified in its entirety by reference to the full text of the Transition Services Agreement, which was filed as Exhibit 18(F) to the Initial Disclosure Statement filed on October 4, 2016.

Split Participant Agreement

On the Effective Date, pursuant to the Plan of Reorganization, and following the effectiveness of the Separation Agreement, Vistra Operations and Oncor entered into an Amended and Restated Split Participant Agreement (the Split Participant Agreement). Pursuant to the Split Participant Agreement, among other things, Oncor agreed to certain pension benefits to certain current and future retirees of EFH Corp., Vistra Operations and Oncor (or one of their direct or indirect subsidiaries) whose employment included service that has been allocated to both (a) Oncor (or one of its predecessor regulated electric transmission and distribution utility businesses) and (b) EFH Corp. (or one of its direct or indirect subsidiaries that is not a regulated electric transmission and distribution utility).

The foregoing description of the Split Participant Agreement is qualified in its entirety by reference to the full text of the Split Participant Agreement, which was filed as Exhibit 18(E) to the Initial Disclosure Statement filed on October 4, 2016.

E. Disclosure of Conflicts of Interests

None

Item 12: Annual financial statements.

REPORT OF INDEPENDENT REGISTERED PUBLIC ACCOUNTING FIRM

To the Board of Directors and Stockholders of
Vistra Energy Corp.
Dallas, TX

We have audited the accompanying consolidated balance sheet of Vistra Energy Corp. (the "Company") as of December 31, 2016 (Successor Company balance sheet) and 2015 (Predecessor Company balance sheet), and the related statements of consolidated income (loss), consolidated comprehensive income (loss), consolidated cash flows, and consolidated equity, for the period October 3, 2016 through December 31, 2016 (Successor Company operations), the period January 1, 2016 through October 2, 2016, and for each of the two years in the period ended December 31, 2015 (Predecessor Company operations). These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits 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 the financial statements are free of material misstatement. The Company is not required to have, nor were we engaged to perform, an audit of its internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Company's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As discussed in Note 2 to the financial statements, on August 29, 2016 the Bankruptcy Court entered an order confirming the plan of reorganization which became effective on October 3, 2016. Accordingly, the accompanying financial statements have been prepared in conformity with Accounting Standards Codification (ASC) Topic 852, *Reorganizations*, for the Successor Company as a new entity with assets, liabilities, and a capital structure having carrying values not comparable with prior periods as described in Note 1 to the financial statements.

In our opinion, the Successor Company financial statements present fairly, in all material respects, the financial position of Vistra Energy Corp. as of December 31, 2016, and the results of their operations and their cash flows for the period October 3, 2016 through December 31, 2016, in conformity with accounting principles generally accepted in the United States of America. Further, in our opinion, the Predecessor Company financial statements referred to above present fairly, in all material respects, the financial position of the Predecessor Company as of December 31, 2015, and the results of their operations and their cash flows for the period January 1, 2016 through October 2, 2016, and for each of the two years in the period ended December 31, 2015, in conformity with accounting principles generally accepted in the United States of America.

/s/ DELOITTE & TOUCHE LLP

Dallas, TX

March 30, 2017

VISTRA ENERGY CORP.
STATEMENTS OF CONSOLIDATED INCOME (LOSS)
(Millions of Dollars, Except Per Share Amounts)

	Successor	Predecessor		
	Period from October 3, 2016 through December 31, 2016	Period from January 1, 2016 through October 2, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Operating revenues	$ 1,191	$ 3,973	$ 5,370	$ 5,978
Fuel, purchased power costs and delivery fees	(720)	(2,082)	(2,692)	(2,842)
Net gain from commodity hedging and trading activities	—	282	334	11
Operating costs	(208)	(664)	(834)	(914)
Depreciation and amortization	(216)	(459)	(852)	(1,270)
Selling, general and administrative expenses	(208)	(482)	(676)	(708)
Impairment of goodwill (Note 7)	—	—	(2,200)	(1,600)
Impairment of long-lived assets (Note 8)	—	—	(2,541)	(4,670)
Operating income (loss)	(161)	568	(4,091)	(6,015)
Other income (Note 22)	9	16	17	16
Other deductions (Note 22)	—	(75)	(93)	(281)
Interest income	1	3	1	—
Interest expense and related charges (Note 11)	(60)	(1,049)	(1,289)	(1,749)
Impacts of Tax Receivable Agreement (Note 10)	(22)	—	—	—
Reorganization items (Note 4)	—	22,121	(101)	(520)
Income (loss) before income taxes	(233)	21,584	(5,556)	(8,549)
Income tax benefit (expense) (Note 9)	70	1,267	879	2,320
Net income (loss)	$ (163)	$ 22,851	$ (4,677)	$ (6,229)
Weighted average shares of common stock outstanding:				
Basic	427,560,620			
Diluted	427,560,620			
Net loss per weighted average share of common stock outstanding:				
Basic	$ (0.38)			
Diluted	$ (0.38)			
Dividend declared per share of common stock	$ 2.32			

See Notes to the Consolidated Financial Statements.

VISTRA ENERGY CORP.
STATEMENTS OF CONSOLIDATED COMPREHENSIVE INCOME (LOSS)
(Millions of Dollars)

	Successor	Predecessor		
	Period from October 3, 2016 through December 31, 2016	Period from January 1, 2016 through October 2, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Net income (loss)	$ (163)	$ 22,851	$ (4,677)	$ (6,229)
Effects related to pension and other retirement benefit obligations (net of tax expense of $3 million)	6	—	—	—
Other comprehensive income, net of tax effects – cash flow hedges derivative value net loss related to hedged transactions recognized during the period (net of tax benefit of $— in all periods)	—	1	2	1
Comprehensive income (loss)	$ (157)	$ 22,852	$ (4,675)	$ (6,228)

See Notes to the Consolidated Financial Statements.

VISTRA ENERGY CORP.
STATEMENTS OF CONSOLIDATED CASH FLOWS
(Millions of Dollars)

	Successor	Predecessor		
	Period from October 3, 2016 through December 31, 2016	Period from January 1, 2016 through October 2, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Cash flows — operating activities:				
Net income (loss)	$ (163)	$ 22,851	$ (4,677)	$ (6,229)
Adjustments to reconcile net income (loss) to cash provided by (used in) operating activities:				
Depreciation and amortization	285	532	995	1,440
Deferred income tax benefit, net	(76)	(1,270)	(883)	(2,406)
Impairment of goodwill (Note 7)	—	—	2,200	1,600
Impairment of long-lived assets (Note 8)	—	—	2,541	4,670
Write-off of intangible and other assets (Note 7)	—	45	84	263
Gain on extinguishment of liabilities subject to compromise (Note 4)	—	(24,344)	—	—
Net loss from adopting fresh start reporting (Note 4)	—	2,013	—	—
Contract claims adjustments (Note 4)	—	13	54	19
Adjustment to asbestos liability	—	11	—	—
Noncash adjustment for estimated allowed claims related to debt (Note 4)	—	—	896	—
Adjustment to intercompany claims pursuant to Settlement Agreement (Note 4)	—	—	(1,037)	—
Sponsor management agreement settlement (Note 20)	—	—	(19)	—
Fees paid for Predecessor DIP Facility (reported as financing activities)	—	—	9	92
Unrealized net (gain) loss from mark-to-market valuations of commodity positions	165	36	(119)	370
Unrealized net (gain) loss from mark-to-market valuations of interest rate swaps (Note 11)	11	—	—	(1,290)
Liability adjustment arising from termination of interest rate swaps (Note 17)	—	—	—	277
Noncash realized loss on termination of interest rate swaps (Note 11)	—	—	—	1,225
Noncash realized gain on termination of natural gas positions (Note 17)	—	—	—	(117)
Amortization of debt related costs, discounts, fair value discounts and losses on dedesignated cash flow hedges (Note 4)	—	—	—	88
Income tax benefit due to IRS audit resolutions (Note 9)	—	—	—	53
Impacts of Tax Receivables Agreement (Note 10)	22	—	—	—
Other, net	7	52	67	61
Changes in operating assets and liabilities:				
Affiliate accounts receivable/payable — net	—	31	(4)	11
Accounts receivable — trade	135	(216)	17	72
Inventories	3	71	34	(67)
Accounts payable — trade	(79)	26	40	94
Commodity and other derivative contractual assets and liabilities	(48)	29	27	(27)
Margin deposits, net	(193)	(124)	129	(192)
Accrued interest	32	(10)	2	493
Other — net assets	(2)	(3)	(22)	(67)

VISTRA ENERGY CORP.
STATEMENTS OF CONSOLIDATED CASH FLOWS
(Millions of Dollars)

	Successor	Predecessor		
	Period from October 3, 2016 through December 31, 2016	Period from January 1, 2016 through October 2, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Other — net liabilities	(18)	19	(97)	11
Cash provided by (used in) operating activities	81	(238)	237	444
Cash flows — financing activities:				
Borrowings under DIP Roll Facilities and DIP Facility (Note 13)	—	4,680	—	1,425
DIP Roll Facilities and DIP Facility financing fees	—	(112)	(9)	(92)
Repayments/repurchases of debt (Note 13)	—	(2,655)	(21)	(223)
Net proceeds from issuance of preferred stock (Note 3)	—	69	—	—
Payments to extinguish claims of TCEH first lien creditors (Note 3)	—	(486)	—	—
Payments to extinguish claims of TCEH unsecured creditors (Note 3)	—	(429)	—	—
Fees paid for credit facilities	—	(8)	—	—
Incremental Term Loan B Facility (Note 13)	1,000	—	—	—
Special Dividend (Note 15)	(992)	—	—	—
Other, net	(2)	—	—	1
Cash provided by (used in) financing activities	6	1,059	(30)	1,111
Cash flows — investing activities:				
Notes/advances due from affiliates	—	(41)	(37)	(34)
Lamar and Forney acquisition — net of cash acquired (Note 6)	—	(1,343)	—	—
Capital expenditures	(48)	(230)	(337)	(336)
Nuclear fuel purchases	(41)	(33)	(123)	(77)
Changes in restricted cash	48	233	(123)	42
Proceeds from sales of nuclear decommissioning trust fund securities (Note 22)	25	201	401	314
Investments in nuclear decommissioning trust fund securities (Note 22)	(30)	(215)	(418)	(331)
Other, net	1	8	(13)	(36)
Cash used in investing activities	(45)	(1,420)	(650)	(458)
Net change in cash and cash equivalents	42	(599)	(443)	1,097
Cash and cash equivalents — beginning balance	801	1,400	1,843	746
Cash and cash equivalents — ending balance	$ 843	$ 801	$ 1,400	$ 1,843

See Notes to the Consolidated Financial Statements.

VISTRA ENERGY CORP.
CONSOLIDATED BALANCE SHEETS
(Millions of Dollars)

	Successor	Predecessor
	December 31, 2016	December 31, 2015
ASSETS		
Current assets:		
Cash and cash equivalents	$ 843	$ 1,400
Restricted cash (Note 22)	95	519
Trade accounts receivable — net (Note 22)	612	533
Advances to parent and affiliates of Predecessor (Note 20)	—	34
Inventories (Note 22)	285	428
Commodity and other derivative contractual assets (Note 17)	350	465
Margin deposits related to commodity contracts	213	6
Other current assets	75	65
Total current assets	2,473	3,450
Restricted cash (Note 22)	650	507
Advances to parent and affiliates of Predecessor (Note 20)	—	20
Investments (Note 22)	1,064	962
Property, plant and equipment — net (Note 22)	4,443	9,349
Goodwill (Note 7)	1,907	152
Identifiable intangible assets — net (Note 7)	3,205	1,179
Commodity and other derivative contractual assets (Note 17)	64	10
Deferred income taxes (Note 9)	1,122	—
Other noncurrent assets	239	29
Total assets	$ 15,167	$ 15,658
LIABILITIES AND EQUITY		
Current liabilities:		
Borrowings under debtor-in-possession credit facility (Note 13)	$ —	$ 1,425
Long-term debt due currently (Note 13)	46	16
Trade accounts payable	479	394
Trade accounts and other payables to affiliates of Predecessor	—	120
Commodity and other derivative contractual liabilities (Note 17)	359	203
Margin deposits related to commodity contracts	41	152
Accrued income taxes payable to parent (Note 9)	—	11
Accrued taxes	31	—
Accrued taxes other than income	128	98
Accrued interest	33	120
Other current liabilities	387	273
Total current liabilities	1,504	2,812
Long-term debt, less amounts due currently (Note 13)	4,577	3
Liabilities subject to compromise (Note 5)	—	33,734
Commodity and other derivative contractual liabilities (Note 17)	2	1
Deferred income taxes (Note 9)	—	213
Tax Receivable Agreement obligation (Note 10)	596	—
Asset retirement obligations (Note 22)	1,671	764
Other noncurrent liabilities and deferred credits (Note 22)	220	1,015
Total liabilities	8,570	38,542
Commitments and Contingencies (Note 14)		

VISTRA ENERGY CORP.
CONSOLIDATED BALANCE SHEETS
(Millions of Dollars)

	Successor		Predecessor	
	December 31, 2016		December 31, 2015	
Equity (Note 15):				
Common stock		4		—
Additional paid-in-capital		7,742		—
Retained deficit		(1,155)		—
Accumulated other comprehensive income (loss)		6		—
Predecessor membership interests		—		(22,884)
Total equity	$	6,597	$	(22,884)
Total liabilities and equity	$	15,167	$	15,658

See Notes to the Consolidated Financial Statements.

VISTRA ENERGY CORP.
STATEMENTS OF CONSOLIDATED EQUITY
(Millions of Dollars, Except Per Share Amounts)

		Successor
		Period from October 3, 2016 through December 31, 2016
Shareholders' equity in Successor:		
Common stock (par value — $0.01; number of authorized shares — 1,800,000,000)		
Shares issued upon Emergence (number of shares issued: 427,500,000)	$	4
Other issuances (number of shares issued: 80,232)		—
Balance at end of period (number of shares outstanding: 427,580,232)		4
Additional paid-in capital:		
Amount resulting from Emergence		7,737
Effects of stock-based incentive compensation plans		4
Shares issued		1
Balance at end of period		7,742
Retained deficit:		
Balance at beginning of period		—
Net loss		(163)
Dividends declared on common stock ($2.32 per share)		(992)
Balance at end of period		(1,155)
Accumulated other comprehensive income (loss), net of tax effects:		
Balance at beginning of period		—
Pension and other postretirement employee benefit liability — change in funded status		6
Balance at end of period		6
Total shareholders' equity at end of period	$	6,597

VISTRA ENERGY CORP.
STATEMENTS OF CONSOLIDATED EQUITY
(Millions of Dollars, Except Per Share Amounts)

	Predecessor		
	Period from January 1, 2016 through October 2, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Membership interests in Predecessor:			
Capital account:			
Balance at beginning of period	$ (22,851)	$ (18,174)	$ (11,947)
Net income (loss) attributable to Predecessor	22,851	(4,677)	(6,229)
Effects of stock-based incentive compensation plans	—	—	2
Balance at end of period	—	(22,851)	(18,174)
Accumulated other comprehensive loss, net of tax effects:			
Balance at beginning of period	(33)	(35)	(36)
Cash flow hedges — change during period	33	2	1
Balance at end of period	—	(33)	(35)
Total Predecessor membership interests at end of period	—	(22,884)	(18,209)
Noncontrolling interests in subsidiaries of Predecessor:			
Balance at beginning of period	—	—	1
Investment in subsidiary by noncontrolling interests	—	—	1
Other	—	—	(2)
Noncontrolling interests in subsidiaries of Predecessor at end of period	—	—	—
Total membership interests at end of period	$ —	$ (22,884)	$ (18,209)

See Notes to the Consolidated Financial Statements.

VISTRA ENERGY CORP.
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. BUSINESS AND SIGNIFICANT ACCOUNTING POLICIES

Description of Business, Bankruptcy Proceedings and Emergence

References in this report to "we," "our," "us" and "the Company" are to Vistra Energy and/or its subsidiaries in the Successor period, and to TCEH and/or its subsidiaries in the Predecessor periods, as apparent in the context. See *Glossary* for defined terms.

On April 29, 2014 (the Petition Date), EFH Corp. and the substantial majority of its direct and indirect subsidiaries, including EFIH, EFCH and TCEH but excluding the Oncor Ring-Fenced Entities (collectively, the Debtors), filed voluntary petitions for relief (the Bankruptcy Filing) under Chapter 11 of the United States Bankruptcy Code (the Bankruptcy Code) in the United States Bankruptcy Court for the District of Delaware (the Bankruptcy Court).

On October 3, 2016 (the Effective Date), subsidiaries of TCEH that were Debtors in the Chapter 11 Cases (the TCEH Debtors) and certain EFH Corp. subsidiaries (the Contributed EFH Debtors) completed their reorganization under the Bankruptcy Code and emerged from the Chapter 11 Cases (Emergence) as subsidiaries of a newly-formed company, Vistra Energy (our Successor). On the Effective Date, Vistra Energy was spun-off from EFH Corp. in a tax-free transaction to the former first lien creditors of TCEH (Spin-Off). As a result, as of the Effective Date, Vistra Energy is a holding company for subsidiaries principally engaged in competitive electricity market activities including power generation, wholesale energy sales and purchases, commodity risk management and retail sales of electricity to end users. TCEH is the Predecessor to Vistra Energy. See Note 2 for further discussion regarding the Chapter 11 Cases.

Vistra Energy is a holding company operating an integrated power business in Texas. Through our Luminant and TXU Energy subsidiaries, we are engaged in competitive electricity market activities including power generation, wholesale energy sales and purchases, commodity risk management and retail sales of electricity to end users. Prior to the Effective Date, TCEH was a holding company for subsidiaries principally engaged in the same activities as Vistra Energy.

Subsequent to the Effective Date, Vistra Energy has two reportable segments: our Wholesale Generation segment, consisting largely of Luminant, and our Retail Electricity segment, consisting largely of TXU Energy. Prior to the Effective Date, there were no reportable business segments for our Predecessor. See Note 21 for further information concerning reportable business segments.

Basis of Presentation

As of the Effective Date, Vistra Energy applied fresh start reporting under the applicable provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 852, *Reorganizations* (ASC 852). Fresh start reporting includes (1) distinguishing the consolidated financial statements of the entity that was previously in restructuring (TCEH, or the Predecessor) from the financial statements of the entity that emerges from restructuring (Vistra Energy, or the Successor), (2) accounting for the effects of the Plan of Reorganization, (3) assigning the reorganized value of the Successor entity by measuring all assets and liabilities of the Successor entity at fair value, and (4) selecting accounting policies for the Successor entity. The financial statements of Vistra Energy for periods subsequent to the Effective Date are not comparable to the financial statements of TCEH for periods prior to the Effective Date, as those previous periods do not give effect to any adjustments to the carrying values of assets or amounts of liabilities that resulted from the Plan of Reorganization and the related application of fresh start reporting. The reorganization value of Vistra Energy was assigned to its assets and liabilities in conformity with the procedures specified by FASB ASC 805, *Business Combinations*, and the portion of the reorganization value that was not attributable to identifiable tangible or intangible assets was recognized as goodwill. See Note 3 for further discussion regarding fresh start reporting.

The consolidated financial statements of the Predecessor reflect the application of ASC 852 as it applies to entities that have filed a petition for bankruptcy under Chapter 11 of the Bankruptcy Code. As a result, the consolidated financial statements of the Predecessor have been prepared as if TCEH was a going concern and contemplated the realization of assets and liabilities in the normal course of business. During the Chapter 11 Cases, the Debtors operated their businesses as debtors-in-possession under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code. The guidance requires that transactions and events directly associated with the reorganization be distinguished from the ongoing operations of the business. In addition, the guidance provides for changes in the accounting and presentation of liabilities. Prior to the Effective Date, the Predecessor recorded the effects of the Plan of Reorganization in accordance with ASC 852. See Notes 4 and 5 for further discussion of these accounting and reporting changes.

The consolidated financial statements have been prepared in accordance with US GAAP. All intercompany transactions and balances have been eliminated in consolidation. All dollar amounts in the financial statements and tables in the notes are stated in millions of US dollars unless otherwise indicated. Subsequent events have been evaluated through March 30, 2017, the date these consolidated financial statements were issued.

Use of Estimates

Preparation of financial statements requires estimates and assumptions about future events that affect the reporting of assets and liabilities at the balance sheet dates and the reported amounts of revenue and expense, including fair value measurements, estimates of expected obligations, judgment related to the potential timing of events and other estimates. In the event estimates and/or assumptions prove to be different from actual amounts, adjustments are made in subsequent periods to reflect more current information.

Derivative Instruments and Mark-to-Market Accounting

We enter into contracts for the purchase and sale of electricity, natural gas, coal, uranium and other commodities and also enter into other derivative instruments such as options, swaps, futures and forwards primarily to manage commodity price and interest rate risks. If the instrument meets the definition of a derivative under accounting standards related to derivative instruments and hedging activities, changes in the fair value of the derivative are recognized in net income as unrealized gains and losses, unless the criteria for certain exceptions are met, and an offsetting derivative asset or liability is recorded in the consolidated balance sheets. This recognition is referred to as mark-to-market accounting. The fair values of our unsettled derivative instruments under mark-to-market accounting are reported in the consolidated balance sheets as commodity and other derivative contractual assets or liabilities. We report derivative assets and liabilities in the consolidated balance sheets without taking into consideration netting arrangements we have with counterparties. Margin deposits that contractually offset these assets and liabilities are reported separately in the consolidated balance sheets. When derivative instruments are settled and realized gains and losses are recorded, the previously recorded unrealized gains and losses and derivative assets and liabilities are reversed. See Notes 16 and 17 for additional information regarding fair value measurement and commodity and other derivative contractual assets and liabilities. Under the election criteria of accounting standards related to derivative instruments and hedging activities, we may elect the normal purchase and sale exemption. A commodity-related derivative contract may be designated as a normal purchase or sale if the commodity is to be physically received or delivered for use or sale in the normal course of business. If designated as normal, the derivative contract is accounted for under the accrual method of accounting (not marked-to-market) with no balance sheet or income statement recognition of the contract until settlement.

Because derivative instruments are frequently used as economic hedges, accounting standards related to derivative instruments and hedging activities allow for hedge accounting, which provides for the designation of such instruments as cash flow or fair value hedges if certain conditions are met. At December 31, 2016 and 2015, there were no derivative positions accounted for as cash flow or fair value hedges.

Realized and unrealized gains and losses from transacting in energy-related derivative instruments are primarily reported in the statements of consolidated income (loss) in either operating revenues or fuel, purchased power costs and delivery fees in the Successor period depending on the type of derivative instrument and net gain (loss) from commodity hedging and trading activities in the Predecessor period. Further, realized and unrealized gains and losses associated with interest rate swap transactions are reported in the statements of consolidated income (loss) in interest expense for both the Predecessor and Successor.

Revenue Recognition

We record revenue from electricity sales under the accrual method of accounting. Revenues are recognized when electricity is provided to customers on the basis of periodic cycle meter readings and include an estimated accrual for the revenues earned from the meter reading date to the end of the period (unbilled revenue).

In the statements of consolidated income (loss), we report physically delivered commodity sales and related hedging activity in operating revenues and physically delivered purchases and related hedging activity in fuel, purchased power costs and delivery fees for the Successor period, whereas hedging activity was reported as net gain (loss) from commodity hedging and trading activities in the Predecessor period. Volumes under bilateral purchase and sales contracts, including contracts intended as hedges, are not scheduled as physical power with ERCOT. Accordingly, unless the volumes represent physical deliveries to customers or purchases from counterparties, such contracts are reported in operating revenues, for the Successor, and in net gain (loss) from commodity hedging and trading activities, for the Predecessor. If volumes delivered to our retail and wholesale customers are less than our generation volumes (as determined on a daily settlement basis), we record net bilateral activity as wholesale revenues, and if volumes delivered to our retail and wholesale customers exceed our generation volumes, we record net bilateral activity as purchased costs in the Successor period. The additional wholesale revenues or purchased power costs were offset in net gain (loss) from commodity hedging and trading activities in the Predecessor period.

Advertising Expense

We expense advertising costs as incurred and include them within selling, general and administrative expenses. Advertising expenses totaled $9 million, $35 million, $44 million and $42 million for the Successor period from October 3, 2016 through December 31, 2016 and the Predecessor period from January 1, 2016 through October 2, 2016 and the years ended December 31, 2015 and 2014, respectively.

Impairment of Long-Lived Assets

We evaluate long-lived assets (including intangible assets with finite lives) for impairment whenever indications of impairment exist. The carrying value of such assets is deemed to be impaired if the projected undiscounted cash flows are less than the carrying value. If there is such impairment, a loss would be recognized based on the amount by which the carrying value exceeds the fair value. Fair value is determined primarily by discounted cash flows, supported by available market valuations, if applicable. See Note 8 for discussion of impairments of certain long-lived assets recorded by the Predecessor.

Finite-lived intangibles identified as a result of fresh start reporting are amortized over their estimated useful lives based on the expected realization of economic effects. See Note 7 for details of intangible assets with indefinite lives, including discussion of fair value determinations.

Goodwill and Intangible Assets with Indefinite Lives

As part of fresh start reporting, reorganization value is generally allocated, first, to identifiable tangible assets, identifiable intangible assets and liabilities, then any remaining excess reorganization value is allocated to goodwill (see Note 3). We evaluate goodwill and intangible assets with indefinite lives for impairment at least annually, or when indications of impairment exist. As part of fresh start reporting, we have established October 1 as the date we evaluate goodwill and intangible assets with indefinite lives for impairment. The Predecessor's annual evaluation date was December 1. See Note 7 for details of goodwill, including discussion of fair value determinations and our Predecessor's goodwill impairments.

Nuclear Fuel

Nuclear fuel is capitalized and reported as a component of our property, plant and equipment in our consolidated balance sheets. Amortization of nuclear fuel is calculated on the units-of-production method and is reported as a component of fuel, purchased power costs and delivery fees in our statements of consolidated income (loss).

Major Maintenance Costs

Major maintenance costs incurred by the Successor during generation plant outages are deferred and amortized into operating costs over the period between the major maintenance outages for the respective asset. Other costs of maintenance activities are charged to expense as incurred and reported as operating costs in our statements of consolidated income (loss). The Predecessor charged major and other maintenance activities to expense as incurred.

Defined Benefit Pension Plans and OPEB Plans

On the Effective Date, EFH Corp. transferred sponsorship of certain employee benefit plans (including related assets), programs and policies to a subsidiary of Vistra Energy. Certain health care and life insurance benefits are offered to eligible employees and their dependents upon the retirement of such employee from the company and also offer pension benefits to eligible employees under collective bargaining agreements based on either a traditional defined benefit formula or a cash balance formula. Effective January 1, 2017, the OPEB plan was amended to discontinue the life insurance benefits for active employees. Costs of pension and OPEB plans are dependent upon numerous factors, assumptions and estimates.

Prior to the Effective Date, our Predecessor bore a portion of the costs of the EFH Corp. sponsored pension and OPEB plans and accounted for the arrangement under multiemployer plan accounting.

See Note 18 for additional information regarding pension and OPEB plans.

Stock-Based Compensation

Stock-based compensation is accounted for in accordance with ASC 718, *Compensation - Stock Compensation.* The fair value of our non-qualified stock options is estimated on the date of grant using the Black-Scholes option-pricing model. Forfeitures are recognized as they occur. We recognize compensation expense for graded vesting awards on a straight-line basis over the requisite service period for the entire award. See Note 19 for additional information regarding stock-based compensation.

Sales and Excise Taxes

Sales and excise taxes are accounted for as a "pass through" item on the consolidated balance sheets with no effect on the statements of consolidated income (loss) (i.e., the tax is billed to customers and recorded as trade accounts receivable with an offsetting amount recorded as a liability to the taxing jurisdiction).

Franchise and Revenue-Based Taxes

Unlike sales and excise taxes, franchise and gross receipt taxes are not a "pass through" item. These taxes are imposed on us by state and local taxing authorities, based on revenues or kWh delivered, as a cost of doing business and are recorded as an expense. Rates we charge to customers are intended to recover our costs, including the franchise and gross receipt taxes, but we are not acting as an agent to collect the taxes from customers. We report franchise and revenue-based taxes in SG&A expense in our statements of consolidated income (loss).

Income Taxes

Subsequent to the Effective Date, Vistra Energy will file a consolidated US federal income tax return. Prior to the Effective Date, EFH Corp. filed a consolidated US federal income tax return that included the results of our Predecessor; however, our Predecessor's income tax expense and related balance sheet amounts were recorded as if it filed separate corporate income tax returns.

Deferred income taxes are provided for temporary differences between the book and tax basis of assets and liabilities as required under accounting rules. See Note 9.

We report interest and penalties related to uncertain tax positions as current income tax expense. See Note 9.

Accounting for Contingencies

Our financial results may be affected by judgments and estimates related to loss contingencies. Accruals for loss contingencies are recorded when management determines that it is probable that an asset has been impaired or a liability has been incurred and that such economic loss can be reasonably estimated. Such determinations are subject to interpretations of current facts and circumstances, forecasts of future events and estimates of the financial impacts of such events. See Note 14 for a discussion of contingencies.

Cash and Cash Equivalents

For purposes of reporting cash and cash equivalents, temporary cash investments purchased with a remaining maturity of three months or less are considered to be cash equivalents.

Restricted Cash

The terms of certain agreements require the restriction of cash for specific purposes. See Notes 13 and 22 for more details regarding restricted cash.

Property, Plant and Equipment

In connection with fresh start reporting, carrying amounts of property, plant and equipment were adjusted to estimated fair values as of the Effective Date (see Note 3). Significant improvements or additions to our property, plant and equipment that extend the life of the respective asset are capitalized at cost, while other costs are expensed when incurred. The cost of self-constructed property additions includes materials and both direct and indirect labor and applicable overhead, including payroll-related costs. Interest related to qualifying construction projects and qualifying software projects is capitalized in accordance with accounting guidance related to capitalization of interest cost. See Note 11.

Depreciation of our property, plant and equipment (except for nuclear fuel) is calculated on a straight-line basis over the estimated service lives of the properties. Depreciation expense is calculated on an asset-by-asset basis. Estimated depreciable lives are based on management's estimates of the assets' economic useful lives. See Note 22.

Asset Retirement Obligations (ARO)

A liability is initially recorded at fair value for an asset retirement obligation associated with the legal obligation associated with law, regulatory, contractual or constructive retirement requirements of tangible long-lived assets in the period in which it is incurred if a fair value is reasonably estimable. At initial recognition of an ARO obligation, an offsetting asset is also recorded for the long-lived asset that the liability corresponds with, which is subsequently depreciated over the estimated useful life of the asset. These liabilities primarily relate to our 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. Over time, the liability is accreted for the change in present value and the initial capitalized costs are depreciated over the remaining useful lives of the assets. Generally, changes in estimates related to ARO obligations are recorded as increases to the liability and related asset as information becomes available. See Note 22.

Inventories

Inventories consist of materials and supplies, fuel stock and natural gas in storage. Materials and supplies inventory is valued at weighted average cost and is expensed or capitalized when used for repairs/maintenance or capital projects, respectively. Fuel stock and natural gas in storage are reported at the lower of cost (on a weighted average basis) or market. We expect to recover the value of inventory costs in the normal course of business.

Investments

Investments in a nuclear decommissioning trust fund are carried at current market value in the consolidated balance sheets. Assets related to employee benefit plans represent investments held to satisfy deferred compensation liabilities and are recorded at current market value. See Note 22 for discussion of these and other investments.

Changes in Accounting Standards

In February 2016, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update 2016-02 (ASU 2016-02), *Leases*. The ASU amends previous GAAP to require the recognition of lease assets and liabilities for operating leases. The ASU will be effective for fiscal years beginning after December 15, 2018, including interim periods within those years. Retrospective application to comparative periods presented will be required in the year of adoption. We are currently evaluating the impact of this ASU on our financial statements.

In May 2016, the FASB issued Accounting Standards Update 2016-09, *Revenue from Contracts with Customers (Topic 606)*, which was further amended through various updates issued by the FASB thereafter. The guidance under Topic 606 provides the core principle and key steps in determining the recognition of revenue and expands disclosure requirements related to revenue recognition. We intend to adopt the new standard on January 1, 2018 using the modified retrospective method and expect to elect the practical expedient available under Topic 606 for measuring progress toward complete satisfaction of a performance obligation and for disclosure requirements of remaining performance obligations. The practical expedient allows an entity to recognize revenue in the amount to which the entity has the right to invoice such that the entity has a right to the consideration in an amount that corresponds directly with the value to the customer for performance completed to date by the entity. In 2016, we continued to assess the new standard, including the expanded disclosure requirements. We do not anticipate that the adoption of the standard will have a material effect on our results of operations, cash flows or financial condition.

In June 2016, the FASB issued ASU 2016-13, *Financial Instruments - Credit Losses (Topic 326): Measurement of Credit Losses on Financial Instruments* (ASU 2016-13). The ASU provides for a new impairment model which requires measurement and recognition of expected credit losses for most financial assets held. The ASU is effective for public companies for annual periods, and interim periods within those annual periods, beginning after December 15, 2019. We do not anticipate ASU 2016-13 to have a material impact on our financial statements.

In January 2017, the FASB issued ASU 2017-04, *Intangibles - Goodwill and Other (Topic 350): Simplifying the Test for Goodwill Impairment* (ASU 2017-04). The ASU provides for the elimination of Step 2 from the goodwill impairment test. If impairment charges are recognized, the amount recorded will be the amount by which the carrying amount exceeds the reporting unit's fair value with certain limitations. The ASU is effective for public companies for annual periods, and interim periods within those annual periods, beginning after December 15, 2019. Early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017 and the adoption should be applied prospectively. We expect to early adopt this standard in 2017. We do not currently anticipate ASU 2017-04 to have a material impact on our financial statements.

2. EMERGENCE FROM CHAPTER 11 CASES

On the Petition Date, EFH Corp. and the substantial majority of its direct and indirect subsidiaries, including EFIH, EFCH and TCEH but excluding the Oncor Ring-Fenced Entities, filed voluntary petitions for relief under Chapter 11 of the United States Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware. On the Effective Date, the TCEH Debtors and the Contributed EFH Debtors completed their reorganization under the Bankruptcy Code and emerged from the Chapter 11 Cases as subsidiaries of Vistra Energy.

Separation of Vistra Energy from EFH Corp. and its Subsidiaries

Upon the Effective Date, Vistra Energy separated from EFH Corp. pursuant to a tax-free spin-off transaction that was part of a series of transactions that included a taxable component. The taxable portion of the transaction generated a taxable gain that resulted in no regular tax liability due to available net operating loss carryforwards of EFH Corp. The transaction did result in an alternative minimum tax liability of approximately $14 million payable by EFH Corp. to the IRS. Vistra Energy has an obligation to reimburse EFH Corp. 50% of such alternative minimum tax, approximately $7 million, pursuant to the Tax Matters Agreement. The spin-off transaction resulted in Vistra Energy, including the TCEH Debtors and the Contributed EFH Debtors, no longer being an affiliate of EFH Corp. and its subsidiaries. In addition to the Plan of Reorganization, the separation was effectuated, in part, pursuant to the terms of a separation agreement, a transition services agreement and a tax matters agreement.

Separation Agreement

On the Effective Date, EFH Corp., Vistra Energy and a subsidiary of Vistra Energy entered into a separation agreement that provides for, among other things, the transfer of certain assets and liabilities by EFH Corp., EFCH and TCEH to Vistra Energy. Among other things, EFH Corp., EFCH and/or TCEH, as applicable, (a) transferred the TCEH Debtors and certain contracts and assets (and related liabilities) primarily related to the business of the TCEH Debtors to Vistra Energy, (b) transferred sponsorship of certain employee benefit plans (including related assets), programs and policies to a subsidiary of Vistra Energy and (c) assigned certain employment agreements from EFH Corp. and certain of the Contributed EFH Debtors to a subsidiary of Vistra Energy.

Tax Matters Agreement

On the Effective Date, Vistra Energy and EFH Corp. entered into a tax matters agreement (the Tax Matters Agreement), which provides for the allocation of certain taxes among the parties and for certain rights and obligations related to, among other things, the filing of tax returns, resolutions of tax audits and preserving the tax-free nature of the spin-off. See Note 9 for further information about the Tax Matters Agreement.

Settlement Agreement

The Debtors, the Sponsor Group, certain settling TCEH first lien creditors, certain settling TCEH second lien creditors, certain settling TCEH unsecured creditors and the official committee of unsecured creditors of the TCEH Debtors entered into a settlement agreement (the Settlement Agreement) in August 2015 (as amended in September 2015 and approved by the Bankruptcy Court in December 2015) to settle, among other things, (a) intercompany claims among the Debtors, (b) claims and causes of actions against holders of first lien claims against TCEH and the agents under the TCEH Senior Secured Facilities, (c) claims and causes of action against holders of interests in EFH Corp. and certain related entities and (d) claims and causes of action against each of the Debtors' current and former directors, the Sponsor Group, managers and officers and other related entities.

Tax Matters

In July 2016, EFH Corp. received a private letter ruling from the IRS in connection with our emergence from bankruptcy, which provides, among other things, for certain rulings regarding the qualification of (a) the transfer of certain assets and ordinary course operating liabilities to Vistra Energy and (b) the distribution of the equity of Vistra Energy, the cash proceeds from Vistra Energy debt, the cash proceeds from the sale of preferred stock in a newly-formed subsidiary of Vistra Energy, and the right to receive payments under a tax receivables agreement, to holders of TCEH first lien claims, as a reorganization qualifying for tax-free treatment.

Pre-Petition Claims

On the Effective Date, the TCEH Debtors (together with the Contributed EFH Debtors) emerged from the Chapter 11 Cases and discharged approximately $33.8 billion in LSTC. Distributions for the settled claims related to the funded debt of the TCEH Debtors commenced subsequent to the Effective Date. With respect to remaining claims related to the TCEH Debtors, as of December 31, 2016, the TCEH Debtors have approximately $54 million in escrow to allocate among and resolve the remaining claims, which consist primarily of remaining trade payable and legal claims, including asbestos claims. The Bankruptcy code allows up to 180 days from the Effective Date to resolve these claims. These remaining claims and the related escrow balance for the claims are recorded in Vistra Energy's consolidated balance sheet as other current liabilities and restricted cash, respectively.

3. FRESH START REPORTING

As of the Effective Date, Vistra Energy applied fresh start reporting under the applicable provisions of ASC 852. In order to apply fresh-start reporting, ASC 852 requires two criteria to be satisfied: (1) that total post-petition liabilities and allowed claims immediately before the date of confirmation of the Plan of Reorganization be in excess of reorganization value and (2) that holders of our Predecessor's voting shares immediately before confirmation of the Plan receive less than 50% of the voting shares of the emerging entity. Vistra Energy met both criteria. Under ASC 852, application of fresh start reporting is required on the date on which a plan of reorganization is confirmed by a bankruptcy court and all material conditions to the plan of reorganization are satisfied. All material conditions to the Plan of Reorganization were satisfied on the Effective Date, including the execution of the Spin-Off.

Reorganization Value

A third-party valuation specialist submitted a report to the Bankruptcy Court in July 2016 assuming an emergence from bankruptcy as of December 31, 2016. This report provided an estimated value range for the total Vistra Energy enterprise. Management selected an enterprise value within that range of $10.5 billion. The enterprise value submitted by the valuation specialist was based upon:

- historical financial information of our Predecessor for recent years and interim periods;
- certain internal financial and operating data of our Predecessor;
- certain financial, tax and operational forecasts of Vistra Energy;
- certain publicly available financial data for comparable companies to the operating business of Vistra Energy;
- the Plan of Reorganization and related documents;
- certain economic and industry information relevant to the operating business, and
- other studies, analyses and inquiries.

The valuation analysis for Vistra Energy included (i) a discounted cash flow calculation and (ii) peer group company analysis. Equal weighting was assigned to the two methodologies, before adding the value of the tax basis step-up resulting from certain transactions pursuant to the Plan of Reorganization, which was valued separately. The estimated future cash flows included annual forecasts through 2021. A terminal value was included in the discounted cash flow calculation using an exit multiple approach based on the cash flows of the final year of the forecast period.

The valuation analysis used a discount rate of approximately 7%. The determination of the discount rate takes into consideration the capital structure, credit ratings and current debt yields of comparable publicly traded companies as well as an estimate of return on equity that reflects historical market returns and current market volatility for the industry.

Although the Company believes the assumptions and estimates used by the valuation specialist to develop the enterprise value are reasonable and appropriate, different assumption and estimates could materially impact the analysis and resulting conclusions.

Under ASC 852, reorganization value is generally allocated, first, to identifiable tangible assets, identifiable intangible assets and liabilities, then any remaining excess reorganization value is allocated to goodwill. Vistra Energy estimates its reorganization value of assets at approximately $15.161 billion as of October 3, 2016, which consists of the following:

Business enterprise value	$	10,500
Cash excluded from business enterprise value		1,594
Deferred asset related to prepaid capital lease obligation		38
Current liabilities, excluding short-term portion of debt and capital leases		1,123
Noncurrent, non-interest bearing liabilities		1,906
Vistra Energy reorganization value of assets	$	15,161

Consolidated Balance Sheet

The adjustments to TCEH's October 3, 2016 consolidated balance sheet below include the impacts of the Plan of Reorganization and the adoption of fresh start reporting.

	October 3, 2016									
	TCEH (Predecessor) (1)		Reorganization Adjustments (2)			Fresh Start Adjustments			Vistra Energy (Successor)	
ASSETS										
Current assets:										
Cash and cash equivalents	$	1,829	$	(1,028)	(3)	$	—		$	801
Restricted cash		12		131	(4)		—			143
Trade accounts receivable — net		750		4			—			754
Advances to parents and affiliates of Predecessor		78		(78)			—			—
Inventories		374		—			(86)	(17)		288
Commodity and other derivative contractual assets		255		—			—			255
Margin deposits related to commodity contracts		42		—			—			42
Other current assets		47		17			3			67
Total current assets		3,387		(954)			(83)			2,350
Restricted cash		650		—			—			650
Advance to parent and affiliates of Predecessor		17		(21)			4			—
Investments		1,038		1			9	(18)		1,048
Property, plant and equipment — net		10,359		53			(5,970)	(19)		4,442
Goodwill		152		—			1,755	(27)		1,907
Identifiable intangible assets — net		1,148		4			2,256	(20)		3,408
Commodity and other derivative contractual assets		73		—			(14)			59
Deferred income taxes		—		320	(5)		730	(21)		1,050
Other noncurrent assets		51		38			158	(22)		247
Total assets	$	16,875	$	(559)		$	(1,155)		$	15,161

	October 3, 2016						
	TCEH (Predecessor) (1)	Reorganization Adjustments (2)		Fresh Start Adjustments		Vistra Energy (Successor)	
LIABILITIES AND EQUITY							
Current liabilities:							
Long-term debt due currently	$ 4	$ 5		$ (1)		$ 8	
Trade accounts payable	402	145	(6)	3		550	
Trade accounts and other payables to affiliates of Predecessor	152	(152)	(6)	—		—	
Commodity and other derivative contractual liabilities	125	—		—		125	
Margin deposits related to commodity contracts	64	—		—		64	
Accrued income taxes	12	12		—		24	
Accrued taxes other than income	119	4		—		123	
Accrued interest	110	(109)	(7)	—		1	
Other current liabilities	243	170	(8)	5		418	
Total current liabilities	1,231	75		7		1,313	
Long-term debt, less amounts due currently	—	3,476	(9)	151	(23)	3,627	
Borrowings under debtor-in-possession credit facilities	3,387	(3,387)	(9)	—		—	
Liabilities subject to compromise	33,749	(33,749)	(10)	—		—	
Commodity and other derivative contractual liabilities	5	—		3		8	
Deferred income taxes	256	(256)	(11)	—		—	
Tax Receivable Agreement obligation	—	574	(12)	—		574	
Asset retirement obligations	809	—		854	(24)	1,663	
Other noncurrent liabilities and deferred credits	1,018	117	(13)	(900)	(25)	235	
Total liabilities	40,455	(33,150)		115		7,420	
Equity:							
Common stock	—	4	(14)	—		4	
Additional paid-in-capital	—	7,737	(15)	—		7,737	
Accumulated other comprehensive income (loss)	(32)	22		10	(26)	—	
Predecessor membership interests	(23,548)	24,828	(16)	(1,280)	(26)	—	
Total equity	(23,580)	32,591		(1,270)		7,741	
Total liabilities and equity	$ 16,875	$ (559)		$ (1,155)		$ 15,161	

(1) Represents the consolidated balance sheet of TCEH as of October 3, 2016.

Reorganization adjustments

(2) Includes the addition of certain assets and liabilities associated with the Contributed EFH Entities. Also includes EFH Corp.'s contribution of liabilities associated with certain employee benefit plans to Vistra Energy.

(3) Net adjustments to cash, which represent distributions made or funding provided to an escrow account, classified as restricted cash, under the Plan of Reorganization, as follows:

Sources (uses):		
Net proceeds from PrefCo preferred stock sale	$	69
Addition of cash balances from the Contributed EFH Debtors		22
Payments to TCEH first lien creditors, including adequate protection		(486)
Payment to TCEH unsecured creditors (including $73 million to escrow)		(502)
Payment of administrative claims to TCEH creditors		(53)
Payment of legal fees, professional fees and other costs (including $52 million to escrow)		(78)
Net use of cash	$	(1,028)

(4) Increase in restricted cash primarily reflects amounts placed in escrow to satisfy certain secured claims, unsecured claims and professional fee obligations associated with the bankruptcy.

(5) Reflects the deferred income tax impact of the Plan of Reorganization implementation, including cancellation of debts and adjustment of tax-basis for certain assets of PrefCo that issued mandatorily redeemable preferred stock as part of the Spin-Off.

(6) Primarily reflects the reclassification of transmission and distribution service payables to Oncor from payables with affiliates to trade payables with third parties pursuant to the separation of Vistra Energy from EFH Corp. and payment of accrued professional fees and unsecured claimant obligations incurred in conjunction with Emergence.

(7) Primarily reflects the payment of accrued interest and adequate protection to the TCEH first lien creditors on the Effective Date.

(8) Primarily reflects the following:

- Reclassification of $82 million from LSTC related to secured and unsecured claims and $16 million in accrued professional fees from accounts payable to other current liabilities.

- Additional accruals for $23 million of change-in-control obligations and $26 million in success fees triggered by Emergence, $7 million in professional fees, and $28 million of accrued liabilities related to the Contributed EFH Entities.

- Payment of $12 million in professional fees.

(9) Reflects the conversion of the TCEH DIP Roll Facilities of $3.387 billion to the Vistra Operations Credit Facilities at Emergence, the issuance and sale of mandatorily redeemable preferred stock of PrefCo for $70 million, and the obligation related to a corporate office space lease contributed to Vistra Energy pursuant to the Plan of Reorganization. See Note 13 for additional details.

(10) Reflects the elimination of TCEH's liabilities subject to compromise pursuant to the Plan of Reorganization (see Note 5). Liabilities subject to compromise were settled as follows in accordance with the Plan of Reorganization:

Notes, loans and other debt	$	31,668
Accrued interest on notes, loans and other debt		646
Net liability under terminated TCEH interest rate swap and natural gas hedging agreements		1,243
Trade accounts payable and other expected allowed claims		192
Third-party liabilities subject to compromise		33,749
LSTC from the Contributed EFH Entities		8
Total liabilities subject to compromise		33,757
Fair value of equity issued to TCEH first lien creditors		(7,741)
TRA Rights issued to TCEH first lien creditors		(574)
Cash distributed and accruals for TCEH first lien creditors		(377)
Cash distributed for TCEH unsecured claims		(502)
Cash distributed and accruals for TCEH administrative claims		(60)
Settlement of affiliate balances		(99)
Net liabilities of contributed entities and other items		(60)
Gain on extinguishment of LSTC	$	24,344

(11) Reflects the deferred income tax impact of the Plan of Reorganization implementation, including cancellation of debts and adjustment of tax basis of certain assets of PrefCo.

(12) Reflects the estimated present value of the TRA obligation. See Note 10 for further discussion of the TRA obligation valuation assumptions.

(13) Primarily reflects the following:

- Addition of $122 million in liabilities primarily related to benefit plan obligations associated with a pension plan and a health and welfare plan assumed by Vistra Energy pursuant to the Plan of Reorganization. See Note 18 for further discussion of the benefit plan obligations.

- Payment of $7 million in settlements related to split life insurance costs with a prior affiliate entity.

(14) Reflects the issuance of approximately 427,500,000 shares of Vistra Energy common stock, par value of $0.01 per share, to the TCEH first lien creditors. See Note 15.

(15) Reflects adjustments to present Vistra Energy equity value at approximately $7.741 billion based on a reconciliation from the $10.5 billion enterprise value described above under *Reorganization Value* as depicted below:

Enterprise value	$	10,500
Vistra Operations Credit Facility – Initial Term Loan B Facility		(2,871)
Vistra Operations Credit Facility – Term Loan C Facility		(655)
Accrual for post-Emergence claims satisfaction		(181)
Tax Receivable Agreement Obligation		(574)
Preferred stock of PrefCo		(70)
Other items		(2)
Cash and cash equivalents		801
Restricted cash		793
Equity value at Emergence	$	7,741
Common stock at par value	$	4
Additional paid-in capital		7,737
Equity value	$	7,741
Shares outstanding at October 3, 2016 (in millions)		427.5
Per share value	$	18.11

(16) Membership Interest impact of Plan of Reorganization are shown below:

Gain on extinguishment of LSTC	$	24,344
Elimination of accumulated other comprehensive income		(22)
Change in control payments		(23)
Professional fees		(33)
Other items		(14)
Pretax gain on reorganization adjustments (Note 4)		24,252
Deferred tax impact of the Plan of Reorganization and Spin-off		576
Total impact to membership interests	$	24,828

Fresh start adjustments

(17) Reflects the reduction of inventory to fair value, including (1) adjustment of fuel inventory to current market prices, and (2) an adjustment to the fair value of materials and supplies inventory primarily used in our lignite/coal fueled generation assets and related mining operations.

(18) Reflects the $12 million increase in the fair value of certain real property assets and $3 million reduction of the fair value for other investments.

(19) Reflects the change in fair value of property, plant and equipment related primarily to generation and mining assets as detailed below:

Property, Plant and Equipment		Adjustment	Fair Value
Generation plants and mining assets	$	(6,057) $	3,698
Land		140	490
Nuclear Fuel		(23)	157
Other equipment		(30)	97
Total	$	(5,970) $	4,442

We engaged a third-party valuation specialist to assist in preparing the values for our property, plant and equipment. For our generation plants and related mining assets, an income approach was utilized in valuing those assets based on discounted cash flow models that forecast the cash flows of the related assets over their respective useful lives. Significant estimates and assumptions utilized in those models include (1) long-term wholesale power price forecasts, (2) fuel cost forecasts, (3) expected generation volumes based on prevailing forecasts and expected maintenance outages, (4) operations and maintenance costs, (5) capital expenditure forecasts and (6) risk adjusted discount rates based on the cash flows produced by the specific generation asset. The fair value of the generation plants and mining assets is based upon Level 3 inputs utilized in the income approach.

The fair value estimates for land and nuclear fuel utilized the market approach, which included utilizing recent comparable sales information and current market conditions for similarly situated land. Nuclear fuel values were determined by utilizing market pricing information for uranium. The fair value of land and nuclear fuel are based upon Level 3 inputs.

(20) Reflects the adjustment in fair value of $2.256 billion to identifiable intangible assets, including $1.636 billion increase related to retail customer relationships, $270 million increase related to the retail trade name, $190 million increase related to an electricity supply contract, $164 million increase related to retail and wholesale contracts and $4 million decrease related to other intangible assets (see Note 7).

Also reflects the reduction of fair value of $476 million to identifiable intangible liabilities, including a reduction of $525 million related to an electricity supply contract and an increase of $49 million to wholesale contracts.

(21) Reflects the deferred income tax impact of fresh-start adjustments to property, plant, and equipment, inventory, intangibles and debt issuance costs.

(22) Primarily reflects the following:

- Addition of $197 million regulatory asset related to the deficiency of the nuclear decommissioning trust investment as compared to the nuclear generation plant retirement obligation. Pursuant to Texas regulatory provisions, the trust fund for decommissioning our nuclear generation facility is funded by a fee surcharge billed to REPs by Oncor, as a collection agent, and remitted monthly to Vistra Energy.
- Adjustment to remove $26 million of unamortized debt issuance costs to reflect the Vistra Operations Credit Facilities at fair market value.

(23) Reflects the increase in fair value of the Vistra Operations Credit Facilities in the amount of $151 million based on the quoted market prices of the facilities.

(24) Increase in fair value of asset retirement obligation related to the plant retirement, mining and reclamation retirement, and coal combustion residuals. See Note 22 for further discussion of our asset retirement obligations.

(25) Reflects the following:

- Reduction in fair value of unfavorable contracts related to wholesale contracts and a portion of an electricity supply contract in the amount of $476 million. See footnote (20) above for further detail.

- Reduction of $465 million related to reduction in liability that represented excess amounts in the nuclear decommissioning trust above the carrying value of the asset retirement obligation related to our nuclear generation plant decommissioning.

- Increase in fair value of obligations related to leased property in the amount of $29 million.

- Increase in fair value of Pension and OPEB obligations in the amount of $12 million.

(26) Reflects the extinguishment of Predecessor membership interest and accumulated other comprehensive loss per the Plan of Reorganization.

(27) Reflects increase in goodwill balance to present final goodwill as the reorganization value in excess of the identifiable tangible assets, intangible assets, and liabilities at Emergence.

Business enterprise value	$	10,500
Add: Fair value of liabilities excluded from enterprise value		3,030
Less: Fair value of tangible assets		(8,215)
Less: Fair value of identified intangible assets		(3,408)
Vistra Energy goodwill	$	1,907

4. PREDECESSOR REORGANIZATION ITEMS

Expenses and income directly associated with the Chapter 11 Cases are reported separately in the statements of consolidated loss as reorganization items as required by ASC 852, *Reorganizations*. Reorganization items also included adjustments to reflect the carrying value of LSTC at their estimated allowed claim amounts, as such adjustments were determined. For the period from January 1, 2016 through October 2, 2016, reorganization items include the gain from extinguishing LSTC and the impacts of fresh start reporting. The following table presents reorganization items as reported in the statements of consolidated loss:

	Predecessor		
	Period from January 1, 2016 through October 2, 2016	Year Ended December 31, 2015	Post-Petition Period Ended December 31, 2014
Gain on reorganization adjustments (Note 3)	$ (24,252)	$ —	$ —
Loss from the adoption of fresh start reporting	2,013	—	—
Expenses related to legal advisory and representation services	55	141	65
Expenses related to other professional consulting and advisory services	39	69	67
Contract claims adjustments	13	54	19
Noncash adjustment for estimated allowed claims related to debt	—	896	—
Adjustment to affiliate claims pursuant to Settlement Agreement (Note 20)	—	(635)	—
Gain on settlement of debt held by affiliates (Note 20)	—	(382)	—
Gain on settlement of interest on debt held by affiliates	—	(20)	—
Sponsor management agreement settlement (Notes 2 and 20)	—	(19)	—
Contract assumption adjustments	—	(14)	—
Fees associated with extension/completion of the DIP Facility	—	9	92
Noncash liability adjustment arising from termination of interest rate swaps	—	—	277
Other	11	2	—
Total reorganization items	$ (22,121)	$ 101	$ 520

5. PREDECESSOR LIABILITIES SUBJECT TO COMPROMISE (LSTC)

On the Effective Date, the TCEH Debtors (together with the Contributed EFH Debtors) emerged from the Chapter 11 Cases and discharged substantially all of the $33.8 billion in LSTC, which includes approximately $8 million of claims from the Contributed EFH Entities (see Note 3).

The amounts classified as LSTC reflected the Predecessor's estimate of pre-petition liabilities and other expected allowed claims to be addressed in the Chapter 11 Cases. Amounts classified as LSTC did not include pre-petition liabilities that were fully collateralized by letters of credit, cash deposits or other credit enhancements. The following table presents LSTC as reported in the consolidated balance sheet at December 31, 2015:

	Predecessor
	December 31, 2015
Notes, loans and other debt per the following table	$ 31,668
Accrued interest on notes, loans and other debt	646
Net liability under terminated TCEH interest rate swap and natural gas hedging agreements (Note 17)	1,243
Trade accounts payable, advances and other payables to affiliates and other expected allowed claims	177
Total liabilities subject to compromise	$ 33,734

Pre-Petition Notes, Loans and Other Debt Reported as LSTC

Amounts presented below represent principal amounts of pre-petition notes, loans and other debt reported as LSTC at December 31, 2015.

		Predecessor
		December 31, 2015
Senior Secured Facilities		
TCEH Floating Rate Term Loan Facilities due October 10, 2014	$	3,809
TCEH Floating Rate Letter of Credit Facility due October 10, 2014		42
TCEH Floating Rate Revolving Credit Facility due October 10, 2016		2,054
TCEH Floating Rate Term Loan Facilities due October 10, 2017		15,691
TCEH Floating Rate Letter of Credit Facility due October 10, 2017		1,020
11.5% Fixed Senior Secured Notes due October 1, 2020		1,750
15% Fixed Senior Secured Second Lien Notes due April 1, 2021		336
15% Fixed Senior Secured Second Lien Notes due April 1, 2021, Series B		1,235
10.25% Fixed Senior Notes due November 1, 2015		1,833
10.25% Fixed Senior Notes due November 1, 2015, Series B		1,292
10.50% /11.25% Senior Toggle Notes due November 1, 2016		1,749
Pollution Control Revenue Bonds		
Brazos River Authority:		
5.40% Fixed Series 1994A due May 1, 2029		39
7.70% Fixed Series 1999A due April 1, 2033		111
7.70% Fixed Series 1999C due March 1, 2032		50
8.25% Fixed Series 2001A due October 1, 2030		71
8.25% Fixed Series 2001D-1 due May 1, 2033		171
6.30% Fixed Series 2003B due July 1, 2032		39
6.75% Fixed Series 2003C due October 1, 2038		52
5.40% Fixed Series 2003D due October 1, 2029		31
5.00% Fixed Series 2006 due March 1, 2041		100
Sabine River Authority of Texas:		
6.45% Fixed Series 2000A due June 1, 2021		51
5.20% Fixed Series 2001C due May 1, 2028		70
5.80% Fixed Series 2003A due July 1, 2022		12
6.15% Fixed Series 2003B due August 1, 2022		45
Trinity River Authority of Texas:		
6.25% Fixed Series 2000A due May 1, 2028		14
Other		1
Total TCEH consolidated notes, loans and other debt	$	31,668

TCEH Letter of Credit Facility Activity

Borrowings under the TCEH Letter of Credit Facility had been recorded by TCEH as restricted cash that supported issuances of letters of credit. At December 31, 2015, the restricted cash related to the pre-petition TCEH Letter of Credit Facility totaled $507 million, and there were no outstanding letters of credit related to the pre-petition TCEH Letter of Credit Facility. Pursuant to the confirmation of the Plan of Reorganization in August 2016 with respect to the TCEH Debtors and the Contributed EFH Debtors, the restricted cash was released to TCEH and reclassified to cash and cash equivalents.

6. LAMAR AND FORNEY ACQUISITION

In April 2016, Luminant purchased all of the membership interests in La Frontera Holdings, LLC (La Frontera), the indirect owner of two combined-cycle gas turbine (CCGT) natural gas fueled generation facilities representing nearly 3,000 MW of capacity located in ERCOT, from a subsidiary of NextEra Energy, Inc. (the Lamar and Forney Acquisition). The facility in Forney, Texas has a capacity of 1,912 MW and the facility in Paris, Texas has a capacity of 1,076 MW. The acquisition diversified our fuel mix and increased the dispatch flexibility in our generation fleet. The aggregate purchase price was approximately $1.313 billion, which included the repayment of approximately $950 million of existing project financing indebtedness of La Frontera at closing, plus approximately $236 million for cash and net working capital. The purchase price was funded by cash-on-hand and additional borrowings under our Predecessor's DIP Facility totaling $1.1 billion. After completing the acquisition, we repaid approximately $230 million of borrowings under our Predecessor's DIP Revolving Credit Facility primarily utilizing cash acquired in the transaction. La Frontera and its subsidiaries were subsidiary guarantors under our Predecessor's DIP Roll Facilities and, on the Effective Date, became subsidiary guarantors under the Vistra Operations Credit Facilities (see Note 13).

Predecessor Purchase Accounting

The Lamar and Forney Acquisition was accounted for in accordance with ASC 805, *Business Combinations* (ASC 805), with identifiable assets acquired and liabilities assumed recorded at their estimated fair values on the acquisition date.

To fair value the acquired property, plant and equipment, we used a discounted cash flow analysis, classified as Level 3 within the fair value hierarchy levels (see Note 16). This discounted cash flow model was created for each generation facility based on its remaining useful life. The discounted cash flow model included gross margin forecasts for each power generation facility determined using forward commodity market prices obtained from long-term forecasts. We also used management's forecasts of generation output, operations and maintenance expense, SG&A and capital expenditures. The resulting cash flows, estimated based upon the age of the assets, efficiency, location and useful life, were then discounted using plant specific discount rates of approximately 9%.

The following table summarizes the consideration paid and the allocation of the purchase price to the fair value amounts recognized for the assets acquired and liabilities assumed related to the Lamar and Forney Acquisition as of the acquisition date. During the three months ended September 30, 2016, the working capital adjustment included in the purchase price was finalized between the parties, and the purchase price allocation was completed.

Cash paid to seller at close	$	603
Net working capital adjustments		(4)
Consideration paid to seller		599
Cash paid to repay project financing at close		950
Total cash paid related to acquisition	$	1,549
Cash and cash equivalents	$	210
Property, plant and equipment — net		1,316
Commodity and other derivative contractual assets		47
Other assets		44
Total assets acquired		1,617
Commodity and other derivative contractual liabilities		53
Trade accounts payable and other liabilities		15
Total liabilities assumed		68
Identifiable net assets acquired	$	1,549

The Lamar and Forney Acquisition did not result in the recording of goodwill since the purchase price did not exceed the fair value of the net assets acquired.

Unaudited Pro Forma Financial Information

The following unaudited pro forma financial information for the Predecessor periods indicated assumes that the Lamar and Forney Acquisition occurred on January 1, 2015. The unaudited pro forma financial information is provided for information purposes only and is not necessarily indicative of the results of operations that would have occurred had the Lamar and Forney Acquisition been completed on January 1, 2015, nor are they indicative of future results of operations.

	Predecessor	
	Period from January 1, 2016 through October 2, 2016	December 31, 2015
Revenues	$ 4,116	$ 6,133
Net income (loss)	$ 22,835	$ (4,671)

The unaudited pro forma financial information includes adjustments for incremental depreciation as a result of the fair value determination of the net assets acquired and interest expense on borrowings under our Predecessor's DIP Roll Facilities in lieu of interest expense incurred prior to the acquisition.

7. GOODWILL AND IDENTIFIABLE INTANGIBLE ASSETS

Goodwill

The following table provides information regarding the carrying value of goodwill. The goodwill of the Successor arose in connection with fresh start reporting that was applied at Emergence and was allocated to the Retail Electric segment (see Note 3). Of the goodwill recorded at Emergence, $1.686 billion is considered purchased goodwill and is deductible for tax purposes over 15 years on a straight-line basis. The goodwill of our Predecessor arose in connection with accounting for the Merger.

	Successor	Predecessor	
	Period from October 3, 2016 through December 31, 2016	Period from January 1, 2016 through October 2, 2016	Year Ended December 31, 2015
Balance at beginning of period	$ 1,907	$ 152	$ 2,352
Noncash impairment charges	—	—	(2,200)
Balance at end of period (a)	$ 1,907	$ 152	$ 152

(a) At December 31, 2016, all goodwill related to the Retail Electricity segment. Predecessor periods are net of accumulated impairment charges totaling $18.170 billion.

Predecessor Goodwill Impairments

Goodwill and intangible assets with indefinite useful lives are required to be tested for impairment at least annually or whenever events or changes in circumstances indicate an impairment may exist.

During the fourth quarter of 2015, our Predecessor performed a goodwill impairment analysis as of its annual testing date of December 1. Further, during the fourth quarter of 2015, there were significant declines in the market values of several similarly situated peer companies with publicly traded equity, which indicated our Predecessor's overall enterprise value should be reassessed. Our Predecessor's testing resulted in an impairment of goodwill of $800 million at December 1, 2015.

During the first nine months of 2015, our Predecessor experienced impairment indicators related to decreases in forward wholesale electricity prices when compared to those prices reflected in its December 1, 2014 goodwill impairment testing analysis. As a result, the likelihood of goodwill impairments had increased, and our Predecessor initiated further testing of goodwill. Our Predecessor's testing of goodwill for impairment during the first nine months of 2015 resulted in impairment charges totaling $1.4 billion.

Identifiable Intangible Assets

Identifiable intangible assets, including the impact of fresh start reporting (see Note 3), are comprised of the following:

Identifiable Intangible Asset	Successor December 31, 2016 Gross Carrying Amount	Successor December 31, 2016 Accumulated Amortization	Successor December 31, 2016 Net	Predecessor December 31, 2015 Gross Carrying Amount	Predecessor December 31, 2015 Accumulated Amortization	Predecessor December 31, 2015 Net
Retail customer relationship	$ 1,648	$ 152	$ 1,496	$ 463	$ 442	$ 21
Software and other technology-related assets	147	9	138	385	224	161
Electricity supply contract	190	2	188	—	—	—
Retail and wholesale contracts	164	38	126	—	—	—
Other identifiable intangible assets (a)	30	2	28	72	35	37
Total identifiable intangible assets subject to amortization (b)	$ 2,179	$ 203	1,976	$ 920	$ 701	219
Retail trade names (not subject to amortization)			1,225			955
Mineral interests (not currently subject to amortization)			4			5
Total identifiable intangible assets			$ 3,205			$ 1,179

(a) Includes favorable purchase and sales contracts, environmental allowances and credits and mining development costs. See discussion below regarding impairment charges recorded in the year ended December 31, 2015 related to other identifiable intangible assets.

(b) Amounts related to fully amortized assets that are expired, or of no economic value, have been excluded from both the gross carrying and accumulated amortization amounts.

Amortization expense related to finite-lived identifiable intangible assets (including the classification in the statements of consolidated income (loss)) consisted of:

Identifiable Intangible Asset	Statements of Consolidated Income (Loss) Line	Successor: Remaining useful lives at December 31, 2016 (weighted average in years)	Successor: Period from October 3, 2016 through December 31, 2016	Predecessor: Period from January 1, 2016 through October 2, 2016	Predecessor: Year Ended December 31, 2015	Predecessor: Year Ended December 31, 2014
Retail customer relationship	Depreciation and amortization	4	$ 152	$ 9	$ 17	$ 23
Software and other technology-related assets	Depreciation and amortization	4	9	44	60	59
Electricity supply contract	Operating revenues	22	2	—	—	—
Retail and wholesale contracts	Operating revenues/ fuel, purchased power costs and delivery fees	2	38	—	—	—
Other identifiable intangible assets	Operating revenues/ fuel, purchased power costs and delivery fees/depreciation and amortization	5	2	6	30	88
Total amortization expense (a)			$ 203	$ 59	$ 107	$ 170

(a) Amounts recorded in depreciation and amortization totaled $162 million, $58 million, $85 million and $116 million for the Successor period from October 3, 2016 through December 31, 2016, the Predecessor period from January 1, 2016 through October 2, 2016 and the years ended December 31, 2015 and 2014, respectively.

Following is a description of the separately identifiable intangible assets. In connection with fresh start reporting (see Note 3), the intangible assets were adjusted based on their estimated fair value as of the Effective Date, based on observable prices or estimates of fair value using valuation models.

- *Retail customer relationship* – Retail customer relationship intangible asset represents the fair value of our non-contracted retail customer base, including residential and business customers, and is being amortized using an accelerated method based on historical customer attrition rates and reflecting the expected pattern in which economic benefits are realized over their estimated useful life.

- *Retail trade names* – Our retail trade name intangible asset represents the fair value of the TXU Energy™ and 4Change Energy™ trade names, and was determined to be an indefinite-lived asset not subject to amortization. This intangible asset is evaluated for impairment at least annually in accordance with accounting guidance related to goodwill and other indefinite-lived intangible assets. Significant assumptions included within the development of the fair value estimate include TXU Energy's and 4Change Energy's estimated gross margins for future periods and implied royalty rates.

- *Electricity supply contract* – The electricity supply contract represents a long-term fixed-price supply contract for the sale of electricity from one of our generation facilities that was measured at fair value at Emergence. The value of this contract under our Predecessor was recorded as an unfavorable liability due to prevailing market prices of electricity when the contract was established at the Merger. Significant assumptions included in the fair value measurement for this contract include long-term wholesale electricity price forecasts and operating cost forecasts for the respective generation facility.

- *Retail and wholesale contracts* – These intangible assets represent the favorable value of various retail and wholesale contracts (both purchase and sale contracts) that were measured at fair value by utilizing prevailing market prices for commodities or services compared to the fixed prices contained in these agreements. The value of these contracts is being amortized using a method that is based on the monthly value of each contract measured at Emergence.

Successor Estimated Amortization of Identifiable Intangible Assets

As of December 31, 2016, the estimated aggregate amortization expense of identifiable intangible assets for each of the next five fiscal years is as shown below.

Year	Estimated Amortization Expense	
2017	$	523
2018	$	365
2019	$	267
2020	$	191
2021	$	143

Predecessor Intangible Impairments

The impairments of generation facilities in 2015 (see Note 8) resulted in the impairment of the SO_2 allowances under the Clean Air Act's acid rain cap-and-trade program that are associated with those facilities to the extent they are not projected to be used at other sites. The fair market values of the SO_2 allowances were estimated to be de minimis based on Level 3 fair value estimates (see Note 16). Our Predecessor also impaired certain of its SO_2 allowances under the Cross-State Air Pollution Rule (CSAPR) related to the impaired generation facilities. Accordingly, in the year ended December 31, 2015, our Predecessor recorded noncash impairment charges of $55 million (before deferred income tax benefit) in other deductions (see Note 22) related to its existing environmental allowances and credits intangible asset. SO_2 emission allowances granted under the acid rain cap-and-trade program were recorded as intangible assets at fair value in connection with purchase accounting related to the Merger in 2007. Additionally, the impairments of generation and related mining facilities in September 2015 resulted in recording noncash impairment charges of $19 million (before deferred income tax benefit) in other deductions (see Note 22) related to mine development costs (included in other identifiable intangible assets in the table above) at the facilities.

During the three months ended March 31, 2015, our Predecessor determined that certain intangible assets related to favorable power purchase contracts should be evaluated for impairment. That conclusion was based on further declines in wholesale electricity prices in ERCOT experienced during the three months ended March 31, 2015. The fair value measurement was based on a discounted cash flow analysis of the contracts that compared the contractual price and terms of the contract to forecasted wholesale electricity and renewable energy credit (REC) prices in ERCOT. As a result of the analysis, our Predecessor recorded a noncash impairment charge of $8 million (before deferred income tax benefit) in other deductions (see Note 22).

During the fourth quarter of 2014, our Predecessor determined that certain intangible assets related to favorable power purchase contracts should be evaluated for impairment. That conclusion was based on the combination of (1) the review of contracts for rejection as part of the Chapter 11 Cases, which could result in termination of contracts before the end of their estimated useful life and (2) declines in wholesale electricity prices. The fair value measurement was based on a discounted cash flow analysis of the contracts that compared the contractual price and terms of the contract to forecasted wholesale electricity and REC prices in ERCOT. As a result of the analysis, TCEH recorded a noncash impairment charge of $183 million (before deferred income tax benefit) in other deductions (see Note 22).

As a result of the CSAPR, which became effective on January 1, 2015, and other new or proposed EPA rules, our Predecessor projected that as of December 31, 2014 it had excess SO_2 emission allowances under the Clean Air Act's existing acid rain cap-and-trade program. In addition, the impairments of the Monticello, Martin Lake and Sandow 5 generation facilities (see Note 8) resulted in the impairment of the SO_2 allowances associated with those facilities to the extent they are not projected to be used at other sites. The fair market values of the SO_2 allowances were estimated to be de minimis based on Level 3 fair value estimates (see Note 16). Accordingly, a noncash impairment charge of $80 million (before deferred income tax benefit) was recorded in other deductions related to its existing environmental allowances and credits intangible asset in 2014. SO_2 emission allowances previously granted were recorded as intangible assets at fair value in connection with purchase accounting related to the Merger in 2007.

8. PREDECESSOR IMPAIRMENT OF LONG-LIVED ASSETS

Impairment of Lignite/Coal Fueled Generation and Mining Assets

We evaluated our generation assets for impairment during 2015 as a result of impairment indicators related to the continued decline in forecasted wholesale electricity prices in ERCOT. Our evaluations concluded that impairments existed, and the carrying values at our Big Brown, Martin Lake, Monticello, Sandow 4 and Sandow 5 generation facilities and related mining facilities were reduced in total by $2.541 billion.

Our fair value measurement for these assets was determined based on an income approach that utilized probability-weighted estimates of discounted future cash flows, which were Level 3 fair value measurements (see Note 16). Key inputs into the fair value measurement for these assets included current forecasted wholesale electricity prices in ERCOT, forecasted fuel prices, capital and operating expenditure forecasts and discount rates.

9. INCOME TAXES

EFH Corp. files a US federal income tax return that includes the results of EFCH, EFIH, Oncor Holdings and, prior to the Effective Date, TCEH. Prior to the Effective Date, EFH Corp. was the corporate parent of the EFH Corp. consolidated group, while each of EFIH, Oncor Holdings, EFCH and TCEH were classified as a disregarded entity for US federal income tax purposes. Pursuant to applicable US Treasury regulations and published guidance of the IRS, corporations that are members of a consolidated group have joint and several liability for the taxes of such group. Subsequent to the Effective Date, the TCEH Debtors and the Contributed EFH Debtors are no longer included in the consolidated federal income tax return of EFH Corp. and will be included in Vistra Energy's consolidated federal income tax return.

Prior to the Effective Date, EFH Corp. and certain of its subsidiaries (including EFCH, EFIH, and TCEH, but not including Oncor Holdings and Oncor) were parties to a Federal and State Income Tax Allocation Agreement, which provided, among other things, that any corporate member or disregarded entity in the EFH Corp. group is required to make payments to EFH Corp. in an amount calculated to approximate the amount of tax liability such entity would have owed if it filed a separate corporate tax return. Pursuant to the Plan of Reorganization, the TCEH Debtors and the Contributed EFH Debtors rejected this agreement on the Effective Date. See Notes 2 and 10 for a discussion of the Tax Matters Agreement that was entered into on the Effective Date between EFH Corp. and Vistra Energy. Additionally, since the date of the Settlement Agreement, no further cash payments among the Debtors were made in respect of federal income taxes. The Settlement Agreement did not alter the allocation and payment for state income taxes, which continued to be settled prior to the Effective Date.

Income Tax Expense (Benefit)

The components of our income tax expense (benefit) are as follows:

	Successor	Predecessor		
	Period from October 3, 2016 through December 31, 2016	Period from January 1, 2016 through October 2, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Current:				
US Federal	$ —	$ (6)	$ (17)	$ 30
State	6	9	21	28
Total current	6	3	4	58
Deferred:				
US Federal	(75)	(1,234)	(811)	(2,361)
State	(1)	(36)	(72)	(17)
Total deferred	(76)	(1,270)	(883)	(2,378)
Total	$ (70)	$ (1,267)	$ (879)	$ (2,320)

Reconciliation of income taxes computed at the US federal statutory rate to income tax benefit recorded:

	Successor	Predecessor		
	Period from October 3, 2016 through December 31, 2016	Period from January 1, 2016 through October 2, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Income (loss) before income taxes	$ (233)	$ 21,584	$ (5,556)	$ (8,549)
Income taxes at the US federal statutory rate of 35%	(82)	7,554	(1,945)	(2,992)
Nondeductible TRA accretion	5	—	—	—
IRS audit and appeals settlements	—	—	—	53
Nondeductible goodwill impairment	—	—	770	560
Texas margin tax, net of federal benefit	3	(21)	—	10
Lignite depletion allowance	—	—	(8)	(14)
Interest accrued for uncertain tax positions, net of tax	—	—	(2)	—
Nondeductible interest expense	—	12	21	21
Nondeductible debt restructuring costs	2	38	64	42
Valuation allowance	—	(210)	210	—
Nontaxable gain on extinguishment of LSTC	—	(8,593)	—	—
Other	2	(47)	11	—
Income tax benefit	$ (70)	$ (1,267)	$ (879)	$ (2,320)
Effective tax rate	30.0%	(5.9)%	15.8%	27.1%

Deferred Income Tax Balances

Deferred income taxes provided for temporary differences based on tax laws in effect at December 31, 2016 and 2015 are as follows:

	Successor		Predecessor	
	December 31, 2016		December 31, 2015	
Noncurrent Deferred Income Tax Assets				
Alternative minimum tax credit carryforwards	$	—	$	22
Net operating loss (NOL) carryforwards		8		440
Unfavorable purchase and sales contracts		—		193
Commodity contracts and interest rate swaps		—		125
Property, plant and equipment		943		—
Intangible assets		29		—
Debt extinguishment gains		52		1,109
Employee benefit obligations		84		51
Other		6		55
Total deferred tax assets		1,122		1,995
Noncurrent Deferred Income Tax Liabilities				
Property, plant and equipment		—		1,541
Identifiable intangible assets		—		320
Accrued interest		—		138
Total deferred tax liabilities		—		1,999
Valuation allowance		—		209
Net Deferred Income Tax (Asset) Liability	$	(1,122)	$	213

Successor

At December 31, 2016, we had total deferred tax assets of approximately $1.1 billion that was substantially comprised of book and tax basis differences related to our generation and mining property, plant and equipment. As of December 31, 2016, we assessed the need for a valuation allowance related to our deferred tax asset and considered both positive and negative evidence related to the likelihood of realization of the deferred tax assets. In connection with that analysis, we concluded that it is more likely than not that the deferred tax assets would be fully utilized by future taxable income, and thus, no valuation allowance was recognized.

At December 31, 2016, we had $21 million in net operating loss (NOL) carryforwards for federal income tax purposes that will expire in 2037. At December 31, 2016, we had no alternative minimum tax (AMT) credit carryforwards available.

The income tax effects of the components included in accumulated other comprehensive income totaled a net deferred tax liability of $3 million at December 31, 2016.

Predecessor

At December 31, 2015 our Predecessor had $1.257 billion in net operating loss (NOL) carryforwards for federal income tax purposes that will expire between 2035 and 2036. Audit settlements reached in 2013 resulted in the elimination of substantially all NOL carryforwards generated through 2013 and available AMT credits. The NOL carryforwards can be used to offset future taxable income. Our Predecessor believed that it was more likely than not that the full tax benefit from the NOLs would not be realized. In recognition of this risk, our Predecessor recorded a valuation allowance of $209 million on the net deferred tax assets balance at December 31, 2015. In assessing the need for the valuation allowance, our Predecessor considered both positive and negative evidence related to the likelihood of realization of the deferred tax assets. As a result of our Predecessor's assessment, it was concluded that there was uncertainty as to whether the current deferred tax assets (other than our Predecessor's indefinite lived deferred tax assets) would be fully utilized by future reversals of existing taxable temporary differences.

During 2015, our Predecessor's deferred tax liabilities related to property, plant and equipment were significantly reduced due to impairment charges on certain long-lived assets recorded in those periods. See Note 8 for a discussion of impairment charges. Additionally, our deferred tax liabilities related to debt fair value discounts were eliminated due to the write-off of unamortized deferred debt issuance and extension costs, premiums and discounts previously classified as LSTC.

The income tax effects of the components included in accumulated other comprehensive income totaled a net deferred tax asset of $18 million at December 31, 2015.

Liability for Uncertain Tax Positions

Accounting guidance related to uncertain tax positions requires that all tax positions subject to uncertainty be reviewed and assessed with recognition and measurement of the tax benefit based on a "more-likely-than-not" standard with respect to the ultimate outcome, regardless of whether this assessment is favorable or unfavorable.

Successor

Vistra Energy and its subsidiaries file income tax returns in US federal and state jurisdictions and are expected to be subject to examinations by the IRS and other taxing authorities. Vistra Energy is not currently under audit for any period, and we have no uncertain tax positions at December 31, 2016.

Predecessor

EFH Corp. and its subsidiaries file or have filed income tax returns in US Federal, state and foreign jurisdictions and are subject to examinations by the IRS and other taxing authorities. Examinations of income tax returns filed by EFH Corp. and any of its subsidiaries for the years ending prior to January 1, 2015 are complete. The IRS chose not to audit the tax return filed by EFH Corp. for the 2015 tax year, and the federal income tax return for the 2016 tax year has not yet been filed. Texas franchise and margin tax return examinations have been completed.

In September 2016, EFH Corp. entered into a settlement agreement with the Texas Comptroller of Public Accounts (Comptroller) whereby the Comptroller agreed to release all claims and liabilities related to the EFH Corp. consolidated group's state taxes, including sales tax, gross receipts utility tax, franchise tax and direct pay tax, through the agreement date, in exchange for a release of all refund claims and a one-time payment of $12 million. This settlement was entered and approved by the Bankruptcy Court in September 2016. As a result of the settlement, our Predecessor reduced the liability for uncertain tax positions by $27 million.

In July 2016, EFH Corp. executed a Revenue Agent Report (RAR) with the IRS for the 2010 through 2013 tax years. As a result of the RAR, our Predecessor reduced the liability for uncertain tax positions by $1 million, resulting in a reclassification to the accumulated deferred income tax liability. Total cash payment to be assessed by the IRS for tax years 2010 through 2013, but not expected to be paid during the pendency of the Chapter 11 Cases of the EFH Debtors, is approximately $15 million, plus any interest that may be assessed.

In March 2016, EFH Corp. signed a RAR with the IRS for the 2014 tax year. No financial statement impacts resulted from the signing of the 2014 RAR.

In June 2015, EFH Corp. signed a RAR with the IRS for the 2008 and 2009 tax years. The Bankruptcy Court approved EFH Corp.'s signing of the RAR in July 2015. As a result of EFH Corp. signing this RAR, our Predecessor reduced the liability for uncertain tax positions by $22 million, resulting in a $18 million increase in noncurrent inter-company tax payable to EFH Corp., a $2 million reclassification to the accumulated deferred income tax liability and the recording of a $2 million income tax benefit. Total cash payment to be assessed by the IRS for tax years 2008 and 2009, but not paid during the pendency of the Chapter 11 Cases of the EFH Debtors, is approximately $15 million, plus any interest that may be assessed.

In 2014, the IRS filed a claim with the Bankruptcy Court for open tax years through 2013 that was consistent with the settlement EFH Corp. reached with IRS Appeals for tax years 2003-2006. Also in 2014, EFH Corp. signed a final RAR with the IRS and associated documentation for the 2007 tax year. As a result of these events, EFH Corp. effectively settled the 2003-2007 open tax years, and our Predecessor reduced the liability for uncertain tax positions related to such years by $123 million, resulting in a $119 million reclassification to the accumulated deferred income tax liability and the recording of a $4 million income tax benefit reflecting the settlement of certain positions.

In recording the 2014 impacts, our Predecessor identified approximately $85 million of income tax expense related to 2013 which was recorded in December 2014. The impact of recording this expense was not material to the financial statements in 2013 or 2014.

Our Predecessor classified interest and penalties related to uncertain tax positions as current income tax expense. Ongoing accruals of interest after the IRS settlements were not material in 2015 and 2014.

Noncurrent liabilities of our Predecessor included a total of $4 million in accrued interest at December 31, 2015. The federal income tax benefit on the interest accrued on uncertain tax positions was recorded as accumulated deferred income taxes.

The following table summarizes the changes to the uncertain tax positions, reported in other noncurrent liabilities in the consolidated balance sheets, during the Predecessor period from January 1, 2016 through October 2, 2016 and the years ended December 31, 2015 and 2014, respectively:

	Predecessor		
	Period from January 1, 2016 through October 2, 2016	Year Ended December 31,	
		2015	2014
Balance at beginning of period, excluding interest and penalties	$ 36	$ 65	$ 184
Additions based on tax positions related to prior years	—	—	55
Reductions based on tax positions related to prior years	(1)	(11)	(155)
Additions based on tax positions related to the current year	—	—	—
Settlements with taxing authorities	(35)	(18)	(19)
Balance at end of period, excluding interest and penalties	$ —	$ 36	$ 65

Tax Matters Agreement

On the Effective Date, we entered into a Tax Matters Agreement (the Tax Matters Agreement), with EFH Corp. whereby the parties have agreed to take certain actions and refrain from taking certain actions in order to preserve the intended tax treatment of the Spin-Off and to indemnify the other parties to the extent a breach of such agreement results in additional taxes to the other parties.

Among other things, the Tax Matters Agreement allocates the responsibility for taxes for periods prior to the Spin-Off between EFH Corp. and us. For periods prior to the Spin-Off: (a) Vistra Energy is generally required to reimburse EFH Corp. with respect to any taxes paid by EFH Corp. that are attributable to us and (b) EFH Corp. is generally required to reimburse us with respect to any taxes paid by us that are attributable to EFH Corp.

We are also required to indemnify EFH Corp. against taxes, under certain circumstance, if the IRS or another taxing authority successfully challenges the amount of gain relating to the PrefCo Preferred Stock Sale or the amount or allowance of EFH Corp.'s net operating loss deductions.

Subject to certain exceptions, the Tax Matters Agreement prohibits us from taking certain actions that could reasonably be expected to undermine the intended tax treatment of the Spin-Off or to jeopardize the conclusions of the private letter ruling we obtained from the IRS or opinions of counsel received by us or EFH Corp., in each case, in connection with the Spin-Off. Certain of these restrictions apply for two years after the Spin-Off.

Under the Tax Matters Agreement, we may engage in an otherwise restricted action if (a) we obtain written consent from EFH Corp., (b) such action or transaction is described in or otherwise consistent with the facts in the private letter ruling we obtained from the IRS in connection with the Spin-Off, (c) we obtain a supplemental private letter ruling from the IRS, or (d) we obtain an unqualified opinion of a nationally recognized law or accounting firm that is reasonably acceptable to EFH Corp. that the action will not affect the intended tax treatment of the Spin-Off.

10. TAX RECEIVABLE AGREEMENT OBLIGATION

On the Effective Date, Vistra Energy entered into a tax receivable agreement (the TRA) with a transfer agent on behalf of certain former first lien creditors of TCEH. The TRA generally provides for the payment by us to holders of TRA Rights of 85% of the amount of cash savings, if any, in United States federal and state income tax that we realize in periods after Emergence as a result of (a) certain transactions consummated pursuant to the Plan of Reorganization (including any step-up in tax basis in our assets resulting from the PrefCo Preferred Stock Sale), (b) the tax basis of all assets acquired in connection with the Lamar and Forney Acquisition in April 2016 and (c) tax benefits related to imputed interest deemed to be paid by us as a result of payments under the TRA, plus interest accruing from the due date of the applicable tax return.

Pursuant to the TRA, we issued the TRA Rights for the benefit of the first lien secured creditors of our Predecessor entitled to receive such TRA Rights under the Plan. Such TRA Rights are subject to various transfer restrictions described in the TRA and are entitled to certain registration rights more fully described in the Registration Rights Agreement.

The estimate of fair value of $574 million for the Tax Receivable Agreement Obligation on the Effective Date was the discounted amount of projected payments under the TRA, based on certain assumptions, including but not limited to:

- the amount of tax basis step-up resulting from the PrefCo Preferred Stock Sale, which is expected to be approximately $5.5 billion, and the allocation of such tax basis step-up among the assets subject thereto;

- the depreciable lives of the assets subject to such tax basis step-up, which generally is expected to be 15 years for most of such assets;

- a federal corporate income tax rate of 35%;

- the Company will generally generate sufficient taxable income so as to be able to utilize the deductions arising out of (i) the tax basis step-up attributable to the PrefCo Preferred Stock Sale, (ii) the entire tax basis of the assets acquired as a result of the Lamar and Forney Acquisition (as defined herein), and (iii) tax benefits related to imputed interest deemed to be paid by us as a result of payments under the TRA in the tax year in which such deductions arise, and

- a discount rate of 15%, which represents our view of the rate that a market participant would use based on the risk associated with the uncertainty in the amount and timing of the cash flows. The aggregate amount of undiscounted payments under the TRA is estimated to be approximately $2.1 billion, with more than 90% of such amount expected to be attributable to the first 15 tax years following Emergence, and the final payment expected to be made approximately 40 years following Emergence (assuming that the TRA is not terminated earlier pursuant to its terms).

The fair value of the obligation at the Emergence Date is being accreted to the amount of the gross expected obligation using the effective interest method. Changes in the amount of this obligation resulting from changes to either the timing or amount of cash flows are recognized in the period of change and measured using the discount rate inherent in the initial fair value of the obligation. During the period from October 3, 2016 to December 31, 2016, the Impacts of Tax Receivable Agreement on the statement of consolidated income (loss) was $22 million, which represents accretion expense for the period, and the balance at December 31, 2016 totaled $596 million.

Under the Internal Revenue Code, a corporation's ability to utilize certain tax attributes, including depreciation, may be limited following an ownership change if the corporation's overall asset tax basis exceeds the overall fair market value of its assets (after making certain adjustments). The Spin-Off resulted in an ownership change and it is expected that the overall tax basis of our assets may have exceeded the overall fair market value of our assets at such time. As a result, there may be a limitation on our ability to claim a portion of our depreciation deductions for a five-year period. This limitation could have a material impact on our tax liabilities and on our obligations under the TRA Rights. In addition, any future ownership change of Vistra Energy following Emergence could likewise result in additional limitations on our ability to use certain tax attributes existing at the time of any such ownership change and have an impact on our tax liabilities and on our obligations with respect to the TRA Rights under the TRA.

11. INTEREST EXPENSE AND RELATED CHARGES

	Successor	Predecessor		
	Period from October 3, 2016 through December 31, 2016	Period from January 1, 2016 through October 2, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Interest paid/accrued post-Emergence	$ 51	$ —	$ —	$ —
Interest paid/accrued on debtor-in-possession financing	—	76	63	37
Adequate protection amounts paid/accrued	—	977	1,233	828
Interest paid/accrued on pre-petition debt (a)	—	1	4	878
Noncash realized net loss on termination of interest rate swaps (offset in unrealized net gain) (Note 17)	—	—	—	1,225
Unrealized mark-to-market net (gain) loss on interest rate swaps	11	—	—	(1,290)
Amortization of debt issuance, amendment and extension costs and premiums/discounts	(1)	4	—	86
Dividends on mandatorily redeemable preferred stock	2	—	—	—
Capitalized interest	(3)	(9)	(11)	(17)
Other	—	—	—	2
Total interest expense and related charges	$ 60	$ 1,049	$ 1,289	$ 1,749

(a) Includes amounts related to interest rate swaps totaling $193 million for the year ended December 31, 2014. Of the $193 million, $127 million is included in the liability arising from the termination of TCEH interest swaps as discussed in Note 17.

Predecessor

Interest expense for the Predecessor period from January 1, 2016 through October 2, 2016, the year ended December 31, 2015 and the post-petition period ended December 31, 2014 reflects interest paid and accrued on debtor-in-possession financing (see Note 13), adequate protection amounts paid and accrued, as approved by the Bankruptcy Court in June 2014 for the benefit of secured creditors of (a) $22.616 billion principal amount of outstanding borrowings from the TCEH Senior Secured Facilities, (b) $1.750 billion principal amount of outstanding TCEH Senior Secured Notes and (c) the $1.243 billion net liability related to the TCEH first lien interest rate swaps and natural gas hedging positions terminated shortly after the Bankruptcy Filing (see Note 2), in exchange for their consent to the senior secured, super-priority liens contained in the DIP Facility and any diminution in value of their interests in the pre-petition collateral from the Petition Date. The interest rates applicable to the adequate protection amounts paid/accrued was 4.95%, 4.69% and 4.65% (one-month LIBOR plus 4.50%) for the Predecessor period from January 1, 2016 through October 2, 2016, the year ended December 31, 2015 and the post-petition period ended December 31, 2014, respectively. As of the Effective Date, amounts of adequate protection payments were re-characterized as payments of principal.

The Bankruptcy Code generally restricts payment of interest on pre-petition debt, subject to certain exceptions. Other than amounts ordered or approved by the Bankruptcy Court, effective on the Petition Date, our Predecessor discontinued recording interest expense on outstanding pre-petition debt classified as LSTC. The table below shows contractual interest amounts, which were amounts due under the contractual terms of the outstanding debt, including debt subject to compromise during the Chapter 11 Cases. Interest expense reported in the statements of consolidated income (loss) does not include contractual interest on pre-petition debt classified as LSTC totaling $640 million, $897 million and $604 million for the Predecessor period from January 1, 2016 through October 2, 2016, the year ended December 31, 2015 and the post-petition period ended December 31, 2014, respectively, which had been stayed by the Bankruptcy Court effective on the Petition Date. Adequate protection paid/accrued presented below excludes interest paid/accrued on the TCEH first-lien interest rate and commodity hedge claims (see Note 17) totaling $47 million, $60 million and $40 million for the Predecessor period from January 1, 2016 through October 2, 2016, the year ended December 31, 2015 and the post-petition period ended December 31, 2014, respectively, as such amounts are not included in contractual interest amounts below. All adequate protection payments ceased as of the Emergence Date.

	Predecessor		
	Period from January 1, 2016 through October 2, 2016	Year Ended December 31, 2015	Post-Petition Period Ended December 31, 2014
Contractual interest on debt classified as LSTC	$ 1,570	$ 2,070	$ 1,392
Adequate protection amounts paid/accrued	930	1,173	788
Contractual interest on debt classified as LSTC not paid/accrued	$ 640	$ 897	$ 604

12. EARNINGS PER SHARE

Basic earnings per share available to common shareholders are based on the weighted average number of common shares outstanding during the period. Diluted earnings per share is calculated using the treasury stock method. Due to the net loss for the Successor period from October 3, 2016 through December 31, 2016, the application of the treasury stock method would be antidilutive and all shares of stock options and restricted stock units (see Note 19) were excluded from the calculation of diluted net loss available for common stock presented below.

	Successor		
	Period from October 3, 2016 through December 31, 2016		
	Net Loss	Shares	Per Share Amount
Net loss available for common stock — basic	$ (163)	427,560,620	$ (0.38)
Net loss available for common stock — diluted	$ (163)	427,560,620	$ (0.38)

13. LONG-TERM DEBT

Successor

Amounts in the table below represent the categories of long-term debt obligation incurred by the Successor.

	Successor
	December 31, 2016
Vistra Operations Credit Facilities (a)	$ 4,515
Mandatorily redeemable preferred stock (b)	70
8.82% Building Financing due semiannually through February 11, 2022 (c)	36
Capital lease obligations	2
Total long-term debt including amounts due currently	4,623
Less amounts due currently	(46)
Total long-term debt less amounts due currently	$ 4,577

(a) Borrowings under the Vistra Operations Credit Facilities in the consolidated balance sheet include debt premiums of $25 million, debt discounts of $2 million and debt issuance costs of $8 million.

(b) Shares of mandatorily redeemable preferred stock in PrefCo issued as part of the spin-off of Vistra Energy from EFH Corp. (see Note 2). This subsidiary's preferred stock is accounted for as a debt instrument under relevant accounting guidance.

(c) Obligation related to a corporate office space capital lease contributed to Vistra Energy pursuant to the Plan of Reorganization. This obligation will be funded by amounts held in an escrow account and reflected in other noncurrent assets on the consolidated balance sheet at December 31, 2016.

Vistra Operations Credit Facilities — As of the Effective Date, the Vistra Operations Credit Facilities initially consisted of up to $4.250 billion in senior secured, first lien financing consisting of a revolving credit facility of up to $750 million, including a $500 million letter of credit sub-facility (Initial Revolving Credit Facility), a term loan facility of up to $2.850 billion (Initial Term Loan B Facility) and a term loan letter of credit facility of up to $650 million (Term Loan C Facility).

In December 2016, we incurred $1 billion of incremental term loans (Incremental Term Loan B Facility, and together with the Initial Term Loan B Facility, the Term Loan B Facility) and $110 million of incremental revolving credit commitments (Incremental Revolving Credit Facility, and together with the Initial Revolving Credit Facility, the Revolving Credit Facility). The letter of credit sub-facility was also increased from $500 million to $600 million. Proceeds from the Incremental Term Loan B Facility were used to fund the special cash dividend in the aggregate amount of $1 billion that was approved by Vistra Energy's board of directors and paid in December 2016 (see Note 15).

The Vistra Operations Credit Facilities and related available capacity at December 31, 2016 are presented below.

		December 31, 2016		
Vistra Operations Credit Facilities	**Maturity Date**	**Facility Limit**	**Cash Borrowings**	**Available Credit Capacity**
Revolving Credit Facility (a)	August 4, 2021	$ 860	$ —	$ 860
Initial Term Loan B Facility (b)	August 4, 2023	2,850	2,850	—
Incremental Term Loan B Facility (c)	December 14, 2023	1,000	1,000	—
Term Loan C Facility (d)	August 4, 2023	650	650	131
Total Vistra Operations Credit Facilities		$ 5,360	$ 4,500	$ 991

(a) Facility to be used for general corporate purposes.
(b) Facility used to repay all amounts outstanding under the Predecessor's DIP Facility and issuance costs for the DIP Roll Facilities, with the remaining balance used for general corporate purposes.
(c) Facility used to fund a special cash dividend paid in December 2016 (see Note 15).
(d) Facility used for issuing letters of credit for general corporate purposes. Borrowings under this facility were funded to collateral accounts that are reported as restricted cash in the consolidated balance sheet. At December 31, 2016, the restricted cash supported $519 million in letters of credit outstanding (see Note 22), leaving $131 million in available letter of credit capacity.

As of December 31, 2016, amounts borrowed under the Revolving Credit Facility would bear interest based on applicable LIBOR rates plus 3.25%, and there were no outstanding borrowings at December 31, 2016. As of December 31, 2016, amounts borrowed under the Initial Term Loan B Facility and the Term Loan C Facility bear interest based on applicable LIBOR rates, subject to a 1% floor, plus 4%, and the interest rate on outstanding borrowings was 5% at December 31, 2016. Amounts borrowed under the Incremental Term Loan B Facility bear interest based on applicable LIBOR rates, subject to a 0.75% floor, plus 3.25%, and the rate outstanding on outstanding borrowings was 4% at December 31, 2016. The Vistra Operation Credit Facilities also provides for certain additional fees payable to the agents and lenders, as well as availability fees payable with respect to any unused portions of the available Vistra Operations Credit Facilities.

In February 2017, certain pricing terms for the Vistra Operations Credit Facility were amended. Any amounts borrowed under the Revolving Credit Facility will bear interest based on applicable LIBOR rates plus 2.75%. Amounts borrowed under the Initial Term Loan B Facility and the Term Loan C Facility will bear interest based on applicable LIBOR rates, subject to a 0.75% floor, plus 2.75%.

We are required to make scheduled quarterly payments on the Term Loan B Facility in annual amounts equal to 1% of the original principal amount of the Term Loan B Facility with the balance paid at maturity. The first repayment will be made on March 31, 2017.

Obligations under the Vistra Operations Credit Facilities are secured by a lien covering substantially all of Vistra Energy's consolidated assets, rights and properties, subject to certain exceptions set forth in the Vistra Operations Credit Facilities.

The Vistra Operations Credit Facilities also permit certain hedging agreements to be secured on a pari-passu basis with the Vistra Operations Credit Facilities in the event those hedging agreements met certain criteria set forth in the Vistra Operations Credit Facilities.

The Vistra Operation Credit Facilities provide for affirmative and negative covenants applicable to Vistra Energy, including affirmative covenants requiring us to provide financial and other information to the agents under the Vistra Operations Credit Facilities and to not change our lines of business, and negative covenants restricting Vistra Energy's ability to incur additional indebtedness, make investments, dispose of assets, pay dividends, grant liens or take certain other actions, in each case except as permitted in the Vistra Operation Credit Facilities. Vistra Energy's ability to borrow under the Vistra Operations Credit Facilities is subject to the satisfaction of certain customary conditions precedent set forth therein.

The Vistra Operations Credit Facilities provide for certain customary events of default, including events of default resulting from non-payment of principal, interest or fees when due, material breaches of representations and warranties, material breaches of covenants in the Vistra Operations Credit Facilities or ancillary loan documents, cross-defaults under other agreements or instruments and the entry of material judgments against Vistra Energy. Solely with respect to the Revolving Credit Facility, and solely during a compliance period (which, in general, is applicable when the aggregate revolving borrowings and issued revolving letters of credit (in excess of $100 million) exceed 30% of the revolving commitments), the agreement includes a covenant that requires the consolidated first lien net leverage ratio, which is based on the ratio of net first lien debt compared to an EBITDA calculation defined under the terms of the facilities, not exceed 4.25 to 1.00. Although we had no borrowings under the Revolving Credit Facility as of December 31, 2016, we would have been in compliance with this financial covenant if it were required to be tested. Upon the existence of an event of default, the Vistra Operations Credit Facilities provides that all principal, interest and other amounts due thereunder will become immediately due and payable, either automatically or at the election of specified lenders.

Maturities — Long-term debt maturities at December 31, 2016 are as follows:

	Successor
	December 31, 2016
2017	$ 46
2018	44
2019	44
2020	44
2021	45
Thereafter	4,380
Unamortized premiums, discounts and debt issuance costs	20
Total long-term debt including amounts due currently	$ 4,623

Interest Rate Swaps — In the Successor period from October 3, 2016 through December 31, 2016, we entered into $3.0 billion notional amount of interest rate swaps to hedge our exposure to our variable rate debt. The interest rate swaps, which become effective in January 2017, expire in July 2023 and, when taking into consideration the amended pricing on the Vistra Operations Credit Facilities discussed above, effectively fix the interest rates between 4.67% and 4.91%.

The interest rate swaps are secured by a first lien secured interest on a pari-passu basis with the Vistra Operations Credit Facilities.

Predecessor

DIP Roll Facilities — In August 2016, the Predecessor entered into the DIP Roll Facilities. The facilities provided for up to $4.250 billion in senior secured, super-priority financing consisting of a revolving credit facility of up to $750 million (DIP Roll Revolving Credit Facility), a term loan letter of credit facility of up to $650 million (DIP Roll Letter of Credit Facility) and a term loan facility of up to $2.850 billion (DIP Roll Term Loan Facility). The DIP Roll Facilities were senior, secured, super-priority debtor-in-possession credit agreements by and among the TCEH Debtors, the lenders that were party thereto from time to time and an administrative and collateral agent. The maturity date of the DIP Roll Facilities was the earlier of (a) October 31, 2017 or (b) the Effective Date. On the Effective Date, the DIP Roll Facilities converted to the Vistra Operations Credit Facilities discussed above.

Net proceeds from the DIP Roll Facilities totaled $3.465 billion and were used to repay $2.65 billion outstanding under the former DIP Facility, fund a $650 million collateral account used to backstop the issuances of letters of credit and pay $107 million of issuance costs. The remaining balance was used for general corporate purposes. Additionally, $800 million of cash from collateral accounts under the former DIP Facility that was used to backstop letters of credit was released to the Predecessor to be used for general corporate purposes.

DIP Facility — The DIP Facility provided for up to $3.375 billion in senior secured, super-priority financing consisting of a revolving credit facility of up to $1.950 billion (DIP Revolving Credit Facility) and a term loan facility of up to $1.425 billion (DIP Term Loan Facility). The DIP Facility was a senior, secured, super-priority credit agreement by and among the TCEH Debtors, the lenders that were party thereto and an administrative and collateral agent. At December 31, 2015, all $1.425 billion of the DIP Term Loan Facility were borrowed at an interest rate of 3.75%. Of this amount, $800 million represented amounts that supported issuances of letters of credit that were funded to a collateral account. Of the collateral account at December 31, 2015, $281 million was reported as cash and cash equivalents and $519 million was reported as restricted cash, which represented the amounts of outstanding letters of credit. At December 31, 2015, no amounts were borrowed under the DIP Revolving Credit Facility. As discussed above, in August 2016 all amounts under the DIP Facility were repaid using proceeds from the DIP Roll Facilities, and the $800 million of cash that was funded to the collateral account was released to TCEH to be used for general corporate purposes.

Other Long-Term Debt — Amounts in the Predecessor period represent pre-petition liabilities of the Predecessor that were not subject to compromise due to the debt being fully collateralized or specific orders from the Bankruptcy Court approving repayment of the debt.

	Predecessor	
	December 31, 2015	
7.48% Fixed Secured Facility Bonds with amortizing payments through January 2017 (a)	$	13
Capital lease and other obligations		6
Total		19
Less amounts due currently		(16)
Total long-term debt not subject to compromise	$	3

(a) Debt issued by trust and secured by assets held by the trust.

14. COMMITMENTS AND CONTINGENCIES

Contractual Commitments

At December 31, 2016, we had contractual commitments under energy-related contracts, leases and other agreements as follows.

	Coal purchase and transportation agreements	Pipeline transportation and storage reservation fees	Nuclear Fuel Contracts	Other Contracts
2017	$ 338	$ 30	$ 72	$ 128
2018	—	21	91	55
2019	—	22	39	57
2020	—	22	43	54
2021	—	22	49	36
Thereafter	—	161	222	350
Total	$ 338	$ 278	$ 516	$ 680

Amounts in other contracts include certain long-term service and maintenance contracts related to our generation assets. The table above excludes TRA and pension and OPEB plan payments due to the uncertainty in the timing of those payments.

Expenditures under our coal purchase and coal transportation agreements totaled $109 million, $139 million, $218 million and $348 million for the Successor period from October 3, 2016 through December 31, 2016 and the Predecessor period from January 1, 2016 through October 2, 2016 and the years ended December 31, 2015 and 2014, respectively.

At December 31, 2016, future minimum lease payments under both capital leases and operating leases are as follows:

	Capital Leases	Operating Leases (a)
2017	$ 2	$ 25
2018	—	17
2019	—	14
2020	—	12
2021	—	9
Thereafter	—	153
Total future minimum lease payments	2	$ 230
Less amounts representing interest	—	
Present value of future minimum lease payments	2	
Less current portion	(2)	
Long-term capital lease obligation	$ —	

(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 $20 million, $39 million, $55 million and $54 million for the Successor period from October 3, 2016 through December 31, 2016 and the Predecessor period from January 1, 2016 through October 2, 2016 and the years ended December 31, 2015 and 2014, respectively.

Guarantees

We have entered into contracts that contain guarantees to unaffiliated parties that could require performance or payment under certain conditions. As of December 31, 2016, there are no material outstanding claims related to our guarantee obligations, and we do not anticipate we will be required to make any material payments under these guarantees.

Letters of Credit

At December 31, 2016, we had outstanding letters of credit under the Vistra Operations Credit Facilities totaling $519 million as follows:

- $363 million to support commodity risk management and trading collateral requirements in the normal course of business, including over-the-counter and exchange-traded hedging transactions and collateral postings with ERCOT;
- $70 million to support executory contracts and insurance agreements;
- $55 million to support our REP financial requirements with the PUCT, and
- $31 million for other credit support requirements.

Litigation

Litigation Related to EPA Reviews — In June 2008, the EPA issued an initial request for information to Luminant under the EPA's authority under Section 114 of the Clean Air Act (CAA). The stated purpose of the request is to obtain information necessary to determine compliance with the CAA, including New Source Review standards and air permits issued by the TCEQ for the Big Brown, Monticello and Martin Lake generation facilities. In April 2013, Luminant received an additional information request from the EPA under Section 114 related to our Big Brown, Martin Lake and Monticello facilities as well as an initial information request related to our Sandow 4 generation facility.

In July 2012, the EPA sent Luminant a notice of violation alleging noncompliance with the CAA's New Source Review standards and the air permits at our Martin Lake and Big Brown generation facilities. In August 2013, the US Department of Justice, acting as the attorneys for the EPA, filed a civil enforcement lawsuit against Luminant in federal district court in Dallas, alleging violations of the CAA, including its New Source Review standards, at our Big Brown and Martin Lake generation facilities. In August 2015, the district court granted Luminant's motion to dismiss seven of the nine claims asserted by the EPA in the lawsuit. In August 2016, the EPA filed an amended complaint, eliminating one of the two remaining claims and withdrawing with prejudice a request for civil penalties in the other remaining claim. The EPA also filed a motion for entry of final judgment so that it could seek to appeal the district court's dismissal decision. In September 2016, Luminant filed a response opposing the EPA's motion for entry of final judgment. In October 2016, the district court denied the EPA's motion for entry of final judgment and agreed that the remaining claim must be fully adjudicated at the district court or withdrawn with prejudice before the EPA may appeal the dismissal decision. In January 2017, the EPA dismissed its two remaining claims with prejudice and the district court entered final judgment in our favor. In March 2017, the EPA appealed the final judgment to the Fifth Circuit Court and Luminant filed a motion in the district court to recover its attorney fees and costs. We believe that we and Luminant have complied with all requirements of the CAA and intend to vigorously defend against the remaining allegations. The lawsuit requests the maximum civil penalties available under the CAA to the government of up to $32,500 to $37,500 per day for each alleged violation, depending on the date of the alleged violation, and injunctive relief, including an order requiring the installation of best available control technology at the affected units. An adverse outcome could require substantial capital expenditures that cannot be determined at this time or retirement of the plants at issue and could possibly require the payment of substantial penalties. We cannot predict the outcome of these proceedings, including the financial effects, if any.

Greenhouse Gas Emissions

In August 2015, the EPA finalized rules to address greenhouse gas (GHG) emissions from new, modified and reconstructed and existing electricity generation units, referred to as the Clean Power Plan. The rule for existing facilities would establish state-specific emissions rate goals to reduce nationwide CO_2 emissions related to affected units by over 30% from 2012 emission levels by 2030. A number of parties, including Luminant, filed petitions for review in the US Court of Appeals for the District of Columbia Circuit (D.C. Circuit Court) for the rule for new, modified and reconstructed plants. In addition, a number of petitions for review of the rule for existing plants were filed in the D.C. Circuit Court by various parties and groups, including challenges from twenty-seven different states opposed to the rule as well as those from, among others, certain power generating companies, various business groups and some labor unions. Luminant also filed its own petition for review. In January 2016, a coalition of states, industry (including Luminant) and other parties filed applications with the US Supreme Court (Supreme Court) asking that the Supreme Court stay the rule while the D.C. Circuit Court reviews the legality of the rule for existing plants. In February 2016, the Supreme Court stayed the rule pending the conclusion of legal challenges on the rule before the D.C. Circuit Court and until the Supreme Court disposes of any subsequent petition for review. Oral argument on the merits of the legal challenges to the rule were heard in September 2016 before the entire D.C. Circuit Court. In March 2017, President Trump issued an Executive Order entitled *Promoting Energy Independence and Economic Growth* (Order). The Order covers a number of matters, including the Clean Power Plan. Among other provisions, the Order directs the EPA to review the Clean Power Plan and, if appropriate, suspend, revise or rescind the rules on existing and new, modified and reconstructed generating units. In addition, the Department of Justice has filed motions seeking to abate those cases until the EPA concludes its review of the rules, including any new rulemaking that results from that review. While we cannot predict the outcome of these rulemakings and related legal proceedings, or estimate a range of reasonably probable costs, if the rules are ultimately implemented or upheld as they were issued, they could have a material impact on our results of operations, liquidity or financial condition.

In August 2015, the EPA proposed model rules and federal plan requirements for states to consider as they develop state plans to comply with the rules for GHG emissions. A federal plan would then be finalized for a state if a state fails to submit a state plan by the deadlines established in the Clean Power Plan for existing plants or if the EPA disapproves a submitted state plan. Luminant filed comments on the federal plan proposal and model rules in January 2016. The Executive Order issued in March 2017, directed the EPA to review this proposed rule for consistency with the policies in the Order and, if appropriate, to revise or withdraw the proposed rule. While we cannot predict the timing or outcome of this rulemaking and related legal proceedings, or estimate a range of reasonably possible costs, they could have a material impact on our results of operations, liquidity or financial condition.

Cross-State Air Pollution Rule (CSAPR)

In July 2011, the EPA issued the CSAPR, compliance with which would have required significant additional reductions of SO_2 and NO_x emissions from our fossil fueled generation units. In February 2012, the EPA released a final rule (Final Revisions) and a proposed rule revising certain aspects of the CSAPR, including increases in the emissions budgets for Texas and our generation assets as compared to the July 2011 version of the rule. In June 2012, the EPA finalized the proposed rule (Second Revised Rule).

The CSAPR became effective January 1, 2015. In July 2015, following a remand of the case from the Supreme Court to consider further legal challenges, the D.C. Circuit Court unanimously ruled in favor of Luminant and other petitioners, holding that the CSAPR emissions budgets over-controlled Texas and other states. The D.C. Circuit Court remanded those states' budgets to the EPA for prompt reconsideration. While Luminant planned to participate in the EPA's reconsideration process to develop increased budgets for the 1997 ozone standard that do not over-control Texas, the EPA instead responded to the remand by proposing a new rulemaking that created new NO_X ozone season budgets for the 2008 ozone standard without addressing the over-controlling budgets for the 1997 standard. Comments on the EPA's proposal were submitted by Luminant in February 2016. In August 2016, the EPA disapproved Texas's 2008 ozone SIP submittal and imposed a FIP in its place in October 2016. Texas filed a petition in the Fifth Circuit Court challenging the SIP disapproval and Luminant has intervened in support of Texas's challenge. The State of Texas and Luminant have also both filed challenges in the D.C. Circuit Court challenging the EPA's FIP and those cases are currently pending before that court. With respect to Texas's SO_2 emission budgets, in June 2016, the EPA issued a memorandum describing the EPA's proposed approach for responding to the D.C. Circuit Court's remand for reconsideration of the CSAPR SO_2 emission budgets for Texas and three other states that had been remanded to the EPA by the D.C. Circuit Court. In the memorandum, the EPA stated that those four states could either voluntarily participate in the CSAPR by submitting a State Implementation Plan (SIP) revision adopting the SO_2 budgets that had been previously held invalid by the D.C. Circuit Court and the current annual NOx budgets or, if the state chooses not to participate in the CSAPR, the EPA could withdraw the CSAPR Federal Implementation Plan (FIP) by the fall of 2016 for those states and address any interstate transport and regional haze obligations on a state-by-state basis. Texas has not indicated that it intends to adopt the over-controlling budgets and, in November 2016, the EPA proposed to withdraw the CSAPR FIP for Texas. Because the EPA has not finalized its proposal to remove Texas from the annual CSAPR programs, these programs will continue to apply to Texas and Texas sources. At this time, the EPA has not populated the allowance accounts for Texas sources with 2017 annual CSAPR program allowances. While we cannot predict the outcome of future proceedings related to the CSAPR, including the EPA's recent actions concerning the CSAPR annual emissions budgets for affected states and participating in the CSAPR program, based upon our current operating plans we do not believe that the CSAPR itself will cause any material operational, financial or compliance issues to our business or require us to incur any material compliance costs.

Regional Haze — Reasonable Progress and Long-Term Strategies

The Regional Haze Program of the CAA establishes "as a national goal the prevention of any future, and the remedying of any existing, impairment of visibility in mandatory Class I federal areas, like national parks, which impairment results from man-made pollution." There are two components to the Regional Haze Program. First, states must establish goals for reasonable progress for Class I federal areas within the state and establish long-term strategies to reach those goals and to assist Class I federal areas in neighboring states to achieve reasonable progress set by those states towards a goal of natural visibility by 2064. In February 2009, the TCEQ submitted a SIP concerning regional haze (Regional Haze SIP) to the EPA. In December 2011, the EPA proposed a limited disapproval of the Regional Haze SIP due to its reliance on the Clean Air Interstate Rule (CAIR) instead of the EPA's replacement CSAPR program that the EPA proposed in July 2011. In August 2012, Luminant filed a petition for review in the Fifth Circuit Court challenging the EPA's limited disapproval of the Regional Haze SIP on the grounds that the CAIR continued in effect pending the D.C. Circuit Court's decision in the CSAPR litigation. In September 2012, Luminant filed a petition to intervene in a case filed by industry groups and other states and private parties in the D.C. Circuit Court challenging the EPA's limited disapproval and issuance of a FIP regarding the regional haze BART program. The Fifth Circuit Court case has since been transferred to the D.C. Circuit Court and consolidated with other pending BART program regional haze appeals. Briefing in the D.C. Circuit Court was completed in March 2017.

In June 2014, the EPA issued requests for information under Section 114 of the CAA to Luminant and other generators in Texas related to the reasonable progress program. After releasing a proposed rule in November 2014 and receiving comments from a number of parties, including Luminant and the State of Texas in April 2015, the EPA released a final rule in January 2016 approving in part and disapproving in part Texas' SIP for Regional Haze and issuing a FIP for Regional Haze. In the rule, the EPA asserts that the Texas SIP does not show reasonable progress in improving visibility for two areas in Texas and that its long-term strategy fails to make emission reductions needed to achieve reasonable progress in improving visibility in the Wichita Mountains of Oklahoma. The EPA's proposed emission limits in the FIP assume additional control equipment for specific lignite/coal-fueled generation units across Texas, including new flue gas desulfurization systems (scrubbers) at seven electricity generating units and upgrades to existing scrubbers at seven electricity generating units. Specifically, for Luminant, the EPA's FIP is based on new scrubbers at Big Brown Units 1 and 2 and Monticello Units 1 and 2 and scrubber upgrades at Martin Lake Units 1, 2 and 3, Monticello Unit 3 and Sandow Unit 4. Luminant is continuing to evaluate the requirements and potential financial and operational impacts of the rule, but new scrubbers at the Big Brown and Monticello units necessary to achieve the emission limits required by the FIP (if those limits are possible to attain), along with the existence of low wholesale electricity prices in ERCOT, would likely challenge the long-term economic viability of those units. Under the terms of the rule, the scrubber upgrades will be required by February 2019, and the new scrubbers will be required by February 2021.

In March 2016, Luminant and a number of other parties, including the State of Texas, filed petitions for review in the US Fifth Circuit Court challenging the FIP's Texas requirements. Luminant and other parties also filed motions to stay the FIP while the court reviews the legality of the EPA's action. In July 2016, the Fifth Circuit Court denied the EPA's motion to dismiss Luminant's challenge to the FIP and denied the EPA's motion to transfer the challenges Luminant, the other industry petitioners and the State of Texas filed to the D.C. Circuit Court. In addition, the Fifth Circuit Court granted the motions to stay filed by Luminant, the other industry petitioners and the State of Texas pending final review of the petitions for review. The case was abated until the end of November 2016 in order to allow the parties to pursue settlement discussions. Settlement discussions were unsuccessful, and in December 2016 the EPA filed a motion seeking a voluntary remand of the rule back to the EPA for further consideration of Luminant's pending request for administrative reconsideration. Luminant and some of the other petitioners filed a response opposing the EPA's motion to remand and filed a cross motion for vacatur of the rule in December 2016. In March 2017, the Fifth Circuit Court remanded the rule back to the EPA for reconsideration in light of the Court's prior determination that we and the other petitioners demonstrated a substantial likelihood that the EPA exceeded its statutory authority and acted arbitrarily and capriciously, but the Court denied all of the other pending motions. The stay of the rule (and the emission control requirements) remains in effect. In addition, the Fifth Circuit Court denied the EPA's motion to lift the stay as to parts of the rule implicated in the EPA's subsequent BART proposal and the Court is retaining jurisdiction of the case and requiring the EPA to file status reports on its reconsideration every 15 days. While we cannot predict the outcome of the rulemaking and legal proceedings, or estimate a range of reasonably possible costs, the result may have a material impact on our results of operations, liquidity or financial condition.

Regional Haze — Best Available Retrofit Technology

The second part of the Regional Haze Program subjects electricity generation units built between 1962 and 1977, to best available retrofit technology (BART) standards designed to improve visibility if such units cause or contribute to impairment of visibility in a federal class I area. BART reductions of SO_2 and NO_X are required either on a unit-by-unit basis or are deemed satisfied by state participation in an EPA-approved regional trading program such as the CSAPR. In response to a lawsuit by environmental groups, the D.C. Circuit Court issued a consent decree in March 2012 that required the EPA to propose a decision on the Regional Haze SIP by May 2012 and finalize that decision by November 2012. The consent decree requires a FIP for any provisions that the EPA disapproves. The D.C. Circuit Court has amended the consent decree several times to extend the dates for the EPA to propose and finalize a decision on the Regional Haze SIP. The consent decree was modified in December 2015 to extend the deadline for the EPA to finalize action on the determination and adoption of requirements for BART for electricity generation. Under the amended consent decree, the EPA had until December 2016 to propose, and has until September 2017 to finalize, a FIP for BART for Texas electricity generation sources if the EPA determines that BART requirements have not been met. The EPA issued its proposed BART FIP for Texas in December 2016. The EPA's proposed emission limits assume additional control equipment for specific lignite/coal-fueled generation units across Texas, including new flue gas desulfurization systems (scrubbers) at 12 electric generation units and upgrades to existing scrubbers at four electric generation units. Specifically, for Luminant, the EPA's emission limitations are based on new scrubbers at Big Brown Units 1 and 2 and Monticello Units 1 and 2 and scrubber upgrades at Martin Lake Units 1, 2 and 3 and Monticello Unit 3. Luminant is continuing to evaluate the requirements and potential financial and operational impacts of the proposed rule, but new scrubbers at the Big Brown and Monticello units necessary to achieve the emission limits required by the FIP (if those limits are possible to attain), along with the existence of low wholesale power prices in ERCOT, would likely challenge the long-term economic viability of those units. Under the terms of the rule, the scrubber upgrades will be required within three years of the effective date of the final rule and the new scrubbers will be required within five years of the effective date of the final rule. We anticipate submitting comments on the proposed FIP when those are due in May 2017. While we cannot predict the outcome of the rulemaking and potential legal proceedings, or estimate a range of reasonably possible costs, the result may have a material impact on our results of operations, liquidity or financial condition.

Intersection of the CSAPR and Regional Haze Programs

Historically the EPA has considered compliance with a regional trading program, such as the CSAPR, as satisfying a state's obligations under the BART portion of the Regional Haze Program. However, in the reasonable progress FIP, the EPA diverged from this approach and did not treat Texas' compliance with the CSAPR as satisfying its obligations under the BART portion of the Regional Haze Program. The EPA concluded that it would not be appropriate to finalize that determination given the remand of the CSAPR budgets. As described above, the EPA has now proposed to remove Texas from the annual CSAPR trading programs. If Texas were in the CSAPR annual trading programs, the EPA would have no basis for its BART FIP because it has made a determination for Texas and all other states that participate in the CSAPR annual trading programs that such participation satisfies their BART obligations. We do not believe that EPA's proposal to remove Texas from the CSAPR annual trading programs satisfies the D.C. Circuit Court's mandate to the EPA to develop non-over-controlling budgets for Texas and we submitted comments on the EPA's proposed rule to remove Texas from the CSAPR annual trading programs. While we cannot predict the outcome of these matters, or estimate a range of reasonably possible costs, the result may have a material impact on our results of operations, liquidity or financial condition.

Affirmative Defenses During Malfunctions

In February 2013, in response to a petition for rulemaking filed by the Sierra Club, the EPA proposed a rule requiring certain states to replace SIP exemptions for excess emissions during malfunctions with an affirmative defense. Texas was not included in that original proposal since it already had an EPA-approved affirmative defense provision in its SIP that was found to be lawful by the Fifth Circuit Court in 2013. In 2014, as a result of a D.C. Circuit Court decision striking down an affirmative defense in another EPA rule, the EPA revised its 2013 proposal to extend the EPA's proposed findings of inadequacy to states that have affirmative defense provisions, including Texas. The EPA's revised proposal would require Texas to remove or replace its EPA-approved affirmative defense provisions for excess emissions during startup, shutdown and maintenance events. In May 2015, the EPA finalized the proposal. In June 2015, Luminant filed a petition for review in the Fifth Circuit Court challenging certain aspects of the EPA's final rule as they apply to the Texas SIP. The State of Texas and other parties have also filed similar petitions in the Fifth Circuit Court. In August 2015, the Fifth Circuit Court transferred the petitions that Luminant and other parties filed to the D.C. Circuit Court, and in October 2015 the petitions were consolidated with the pending petitions challenging the EPA's action in the D.C. Circuit Court. Briefing in the D.C. Circuit Court on the challenges was completed in October 2016 and oral argument is set for May 2017. We cannot predict the timing or outcome of this proceeding, or estimate a range of reasonably possible costs, but implementation of the rule as finalized may have a material impact on our results of operations, liquidity or financial condition.

SO_2 Designations for Texas

In February 2016, the EPA notified Texas of the EPA's preliminary intention to designate nonattainment areas for counties surrounding our Big Brown, Monticello and Martin Lake generation plants based on modeling data submitted to the EPA by the Sierra Club. Such designation would potentially require the implementation of various controls or other requirements to demonstrate attainment. Luminant submitted comments challenging the use of modeling data rather than data from actual air quality monitoring equipment. In November 2016, the EPA finalized its proposed designations for Texas including finalizing the nonattainment designations for the areas referenced above. In doing so, the EPA ignored contradictory modeling that we submitted with our comments. The final designation mandates would be for Texas to begin the multi-year process to evaluate what potential emission controls or operational changes, if any, may be necessary to demonstrate attainment. In February 2017, the State of Texas and Luminant filed challenges to the nonattainment designations in the Fifth Circuit Court and protective petitions in the D.C. Circuit Court. In March 2017, the EPA filed a motion to transfer or dismiss our Fifth Circuit Court petition. In addition, Luminant has filed a request with the EPA to reconsider the rule and immediately stay its effective date. While we cannot predict the outcome of this matter, or estimate a range of reasonably possible costs, the result may have a material impact on our results of operations, liquidity or financial condition.

Other Matters

We are involved in various legal and administrative proceedings in the normal course of business, the ultimate resolutions of which, in the opinion of management, are not anticipated to have a material effect on our results of operations, liquidity or financial condition.

Labor Contracts

We employ certain personnel who are represented by labor unions, the terms of whose employment are governed by collective bargaining agreements. During 2015, all collective bargaining agreements covering bargaining unit personnel engaged in lignite mining operations, lignite-, coal- and nuclear-fueled generation operations and some of our natural gas-fueled generation operations were extended to March 2017. While we cannot predict the outcome of labor contract negotiations, we do not expect any changes in collective bargaining agreements to have a material adverse effect on our results of operations, liquidity or financial condition.

Nuclear Insurance

Nuclear insurance includes nuclear liability coverage, property damage, decontamination and accidental premature decommissioning coverage and accidental outage and/or extra expense coverage. We maintain nuclear insurance that meets or exceeds requirements promulgated by Section 170 (Price-Anderson) of the Atomic Energy Act (the Act) and Title 10 of the Code of Federal Regulations. We intend to maintain insurance against nuclear risks as long as such insurance is available. We are 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. Any such self-insured losses could have a material adverse effect on our results of operations, liquidity or financial condition.

With regard to liability coverage, the Act provides for 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 $13.4 billion and requires nuclear generation plant operators to provide financial protection for this amount. However, the United States Congress could impose revenue-raising measures on the nuclear industry to pay claims that exceed the $13.4 billion limit for a single incident. As required, we insure against a possible nuclear incident at our Comanche Peak facility resulting in public nuclear-related bodily injury and property damage through a combination of private insurance and an industry-wide retrospective payment plan known as the Secondary Financial Protection (SFP).

Under the SFP, in the event of any single nuclear liability loss in excess of $375 million at any nuclear generation facility in the United States, each operating licensed reactor in the United States is subject to an annual assessment of up to $127.3 million. This approximately $127.3 million maximum assessment is subject to increases for inflation every five years, with the next expected adjustment scheduled to occur in September 2018. Assessments are currently limited to $19 million per operating licensed reactor per year per incident. As of December 31, 2016, our maximum potential assessment under the industry retrospective plan would be approximately $254.6 million per incident but no more than $37.9 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. For losses after January 1, 2017, the potential assessment applies in excess of $450 million.

The United States Nuclear Regulatory Commission (NRC) requires that nuclear generation plant license holders maintain at least $1.06 billion of nuclear decontamination and property damage insurance, and requires that the proceeds thereof be used to place a plant in a safe and stable condition, to decontaminate a plant pursuant to a plan submitted to, and approved by, the NRC prior to using the proceeds for plant repair or restoration, or to provide for premature decommissioning. We maintain nuclear decontamination and property damage insurance for our Comanche Peak facility in the amount of $2.25 billion and non-nuclear related property damage in the amount of $1.75 billion (subject to a $5 million deductible per accident except for natural hazards which are subject to a $9.5 million deductible per accident), above which we are self-insured.

We also maintain Accidental Outage insurance to cover the additional costs of obtaining replacement electricity from another source if one or both of the units at our Comanche Peak facility are out of service for more than 20 weeks as a result of covered direct physical damage. Such coverage provides for weekly payments per unit of up to $5.25 million for the first 52 weeks, up to $4.35 million for the next 35 weeks and up to $3.6 million for the remaining 36 weeks, after the initial waiting period. The total maximum coverage is $393 million for non-nuclear accidents and $555 million for nuclear accidents. 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.

15. EQUITY

Successor Shareholders' Equity

Equity Issuances — As of December 31, 2016, 427,580,232 shares of Vistra Energy common stock were outstanding. On the Effective Date, 427,500,000 shares were issued pursuant to the Plan of Reorganization (see Note 2).

Dividends Declared — In December 2016, the board of directors of Vistra Energy approved the payment of a special cash dividend (Special Dividend) in the aggregate amount of approximately $1 billion ($2.32 per share of common stock) to holders of record of our common stock on December 19, 2016. The dividend was funded using borrowings under the Vistra Operations Credit Facilities (see Note 13).

Dividend Restrictions — The agreement governing the Vistra Operations Credit Facilities generally restricts our ability to make distributions or loans to any of our parent companies or their subsidiaries unless such distributions or loans were expressly permitted under the agreement governing such facility.

Under applicable Delaware General Corporate Law, we are prohibited from paying any distribution to the extent that immediately following payment of such distribution, we would be insolvent.

Accumulated Other Comprehensive Income — During the period from October 3, 2016 through December 31, 2016, we recorded a $6 million change in the funded status of our pension and other postretirement employee benefit liability; there were no amounts reclassified from accumulated other comprehensive income.

Predecessor Membership Interests

TCEH paid no dividends in the period from January 1, 2016 through October 2, 2016 nor the years ended December 31, 2015 and 2014.

16. 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 willing 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, some of our derivatives are NYMEX or the IntercontinentalExchange (ICE, an electronic commodity derivative exchange) futures and swaps transacted through clearing brokers for which prices are actively quoted.

- Level 2 valuations use inputs that, in the absence of actively quoted market prices, 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 mathematical 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 with values derived from pricing models that utilize multiple inputs to the valuations, including inputs that are not observable or easily corroborated through other means. See further discussion below.

Our valuation policies and procedures were developed, maintained and validated by a centralized risk management group that reports to the Vistra Energy Chief Financial Officer.

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 (generally non-binding) that are active in the 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.

Probable loss from default by either us or our counterparties is considered in determining the fair value of derivative assets and liabilities. These non-performance risk adjustments take into consideration credit enhancements and the credit risks associated with our credit standing and the credit standing of our counterparties (see Note 17 for additional information regarding credit risk associated with our derivatives). We utilize credit ratings and default rate factors in calculating these fair value measurement adjustments.

Certain derivatives and financial instruments are valued utilizing option pricing models that take into consideration multiple inputs including, but not limited to, commodity prices, volatility factors, discount rates and other market based factors. Additionally, when there is not a sufficient amount of observable market data, valuation models are developed that incorporate proprietary views of market factors. Significant unobservable inputs used to develop the valuation models include volatility curves, correlation curves, illiquid pricing locations and credit/non-performance risk assumptions. Those valuation models are generally used in developing long-term forward price curves for certain commodities, in particular, long-term ERCOT wholesale power prices. 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.

The significant unobservable inputs and valuation models are developed by employees trained and experienced in market operations and fair value measurements and validated by the company's risk management group, which also further analyzes any significant changes in Level 3 measurements. Significant changes in the unobservable inputs could result in significant upward or downward changes in the fair value measurement.

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.

Assets and liabilities measured at fair value on a recurring basis consisted of the following at the respective balance sheet dates shown below:

	Successor				
	December 31, 2016				
	Level 1	Level 2	Level 3 (a)	Reclassification (b)	Total
Assets:					
Commodity contracts	$ 167	$ 131	$ 98	$ —	$ 396
Interest rate swaps	—	5	—	13	18
Nuclear decommissioning trust – equity securities (c)	425	—	—	—	425
Nuclear decommissioning trust – debt securities (c)	—	340	—	—	340
Subtotal	$ 592	$ 476	$ 98	$ 13	1,179
Assets measured at net asset value (d):					
Nuclear decommissioning trust - equity securities (c)					247
Total assets					$ 1,426
Liabilities:					
Commodity contracts	$ 302	$ 15	$ 15	$ —	$ 332
Interest rate swaps	—	16	—	13	29
Total liabilities	$ 302	$ 31	$ 15	$ 13	$ 361

	Predecessor				
	December 31, 2015				
	Level 1	Level 2	Level 3 (a)	Reclassification (b)	Total
Assets:					
Commodity contracts	$ 385	$ 41	$ 49	$ —	$ 475
Nuclear decommissioning trust – equity securities (c)	380	—	—	—	380
Nuclear decommissioning trust – debt securities (c)	—	319	—	—	319
Subtotal	$ 765	$ 360	$ 49	$ —	1,174
Assets measured at net asset value (d):					
Nuclear decommissioning trust – equity securities (c)					219
Total assets					$ 1,393
Liabilities:					
Commodity contracts	$ 128	$ 64	$ 12	$ —	$ 204
Total liabilities	$ 128	$ 64	$ 12	$ —	$ 204

(a) See table below for description of Level 3 assets and liabilities.
(b) Fair values are determined on a contract basis, but certain contracts result in a current asset and a noncurrent liability, or vice versa, as presented in the consolidated balance sheets.
(c) The nuclear decommissioning trust investment is included in the investments line in the condensed consolidated balance sheets. See Note 22.
(d) Certain investments measured at fair value using the net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this line are intended to permit reconciliation of the fair value hierarchy to the amounts presented in the condensed consolidated balance sheets.

Commodity contracts consist primarily of natural gas, electricity, fuel oil, uranium and coal agreements and include financial instruments entered into for hedging purposes as well as physical contracts that have not been designated normal purchases or sales. See Note 17 for further discussion regarding derivative instruments.

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

The following tables present the fair value of the Level 3 assets and liabilities by major contract type and the significant unobservable inputs used in the valuations at December 31, 2016 and 2015:

Successor						
December 31, 2016						
	Fair Value					
Contract Type (a)	Assets	Liabilities	Total	Valuation Technique	Significant Unobservable Input	Range (b)
Electricity purchases and sales	$ 32	$ —	$ 32	Valuation Model	Hourly price curve shape (d)	$0 to $35/ MWh
					Illiquid delivery periods for ERCOT hub power prices and heat rates (e)	$30 to $70/ MWh
Electricity congestion revenue rights	42	(6)	36	Market Approach (f)	Illiquid price differences between settlement points (g)	$0 to $10/ MWh
Other (h)	24	(9)	15			
Total	$ 98	$ (15)	$ 83			

Predecessor						
December 31, 2015						
	Fair Value					
Contract Type (a)	Assets	Liabilities	Total	Valuation Technique	Significant Unobservable Input	Range (b)
Electricity purchases and sales	$ 1	$ (1)	$ —	Valuation Model	Illiquid pricing locations (c)	$15 to $35/ MWh
					Hourly price curve shape (d)	$15 to $45/ MWh
Electricity congestion revenue rights	39	(4)	35	Market Approach (f)	Illiquid price differences between settlement points (g)	$0 to $10/ MWh
Other (h)	9	(7)	2			
Total	$ 49	$ (12)	$ 37			

(a) Electricity purchase and sales contracts include power and heat rate hedging positions in ERCOT regions. Electricity options contracts consist of physical electricity options and spread options. Electricity congestion revenue rights contracts consist of forward purchase contracts (swaps and options) used to hedge electricity price differences between settlement points within ERCOT.
(b) The range of the inputs may be influenced by factors such as time of day, delivery period, season and location.
(c) Based on the historical range of forward average monthly ERCOT hub and load zone prices.
(d) Based on the historical range of forward average hourly ERCOT North Hub prices.
(e) Based on historical forward ERCOT power price and heat rate variability.
(f) While we use the market approach, there is insufficient market data to consider the valuation liquid.
(g) Based on the historical price differences between settlement points within ERCOT hubs and load zones.
(h) Other includes contracts for ancillary services, natural gas, electricity options and coal options.

There were no significant transfers between Level 1 and Level 2 of the fair value hierarchy for the Successor period from October 3, 2016 through December 31, 2016 or the Predecessor period from January 1, 2016 through October 2, 2016 and the years ended December 31, 2015 and 2014. See the table of changes in fair values of Level 3 assets and liabilities below for discussion of transfers between Level 2 and Level 3 for the Successor period from October 3, 2016 through December 31, 2016 and the Predecessor period from January 1, 2016 through October 2, 2016 and the years ended December 31, 2015 and 2014. During the Predecessor period from January 1, 2016 through October 2, 2016, in conjunction with the Lamar and Forney Acquisition, we acquired certain electricity spread options that are classified in Level 3 of the fair value hierarchy.

The following table presents the changes in fair value of the Level 3 assets and liabilities for the Successor period from October 3, 2016 through December 31, 2016, the Predecessor period from January 1, 2016 through October 2, 2016 and the years ended December 31, 2015 and 2014.

	Successor	Predecessor		
	Period from October 3, 2016 through December 31, 2016	Period from January 1, 2016 through October 2, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Net asset (liability) balance at beginning of period (a)	$ 81	$ 37	$ 35	$ (973)
Total unrealized valuation gains (losses)	31	122	27	(97)
Purchases, issuances and settlements (b)				
Purchases	15	37	49	63
Issuances	(7)	(20)	(13)	(5)
Settlements	(30)	(51)	(48)	1,053
Transfers into Level 3 (c)	3	1	1	—
Transfers out of Level 3 (c)	(10)	1	(14)	(6)
Net liabilities assumed in the Lamar and Forney Acquisition (Note 6) (d)	—	(30)	—	—
Net change (e)	2	60	2	1,008
Net asset balance at end of period	$ 83	$ 97	$ 37	$ 35
Unrealized valuation gains (losses) relating to instruments held at end of period	$ 28	$ 98	$ 18	$ (5)

(a) The beginning balance for the Successor period reflects a $16 million adjustment to the fair value of certain Level 3 assets driven by power prices utilized by the Successor for unobservable delivery periods.

(b) Settlements reflect reversals of unrealized mark-to-market valuations. Purchases and issuances reflect option premiums paid or received, respectively.

(c) Includes transfers due to changes in the observability of significant inputs. All Level 3 transfers during the periods presented are in and out of Level 2.

(d) Includes fair value of Level 3 assets and liabilities as of the purchase date and any related rolloff between the purchase date and the period ended October 2, 2016.

(e) Activity excludes changes in fair value in the month the positions settled as well as amounts related to positions entered into and settled in the same quarter. For the Successor period, substantially all changes in values of commodity contracts are reported in the statements of consolidated income (loss) in operating revenues or fuel, purchased power costs and delivery fees. For the Predecessor period, substantially all changes in values of commodity contracts (excluding net liabilities assumed in the Lamar and Forney Acquisition) are reported in the statements of consolidated income (loss) in net gain from commodity hedging and trading activities.

17. COMMODITY AND OTHER DERIVATIVE CONTRACTUAL ASSETS AND LIABILITIES

Strategic Use of Derivatives

We transact in derivative instruments, such as options, swaps, futures and forward contracts, to manage commodity price and interest rate risk. See Note 16 for a discussion of the fair value of derivatives.

Commodity Hedging and Trading Activity — We utilize natural gas derivatives as hedging instruments 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 from our generation assets. In ERCOT, the wholesale price of electricity has generally moved with the price of natural gas. We also enter into derivatives, including electricity, natural gas, fuel oil, uranium, emission and coal instruments, generally for short-term fuel hedging and other purposes. Unrealized gains and losses arising from changes in the fair value of hedging and trading instruments as well as realized gains and losses upon settlement of the instruments are reported in the statements of consolidated income (loss) in operating revenues and fuel, purchased power costs and delivery fees in the Successor period and net gain from commodity hedging and trading activities in the Predecessor periods.

Interest Rate Swaps — Interest rate swap agreements are used to reduce exposure to interest rate changes by converting floating-rate interest rates to fixed rates, thereby hedging future interest costs and related cash flows. Unrealized gains and losses arising from changes in the fair value of the swaps as well as realized gains and losses upon settlement of the swaps are reported in the statements of consolidated income (loss) in interest expense and related charges.

Termination of Predecessor's Commodity Hedges and Interest Rate Swaps — Commodity hedges and interest rate swaps entered into prior to the Petition Date are deemed to be forward contracts under the Bankruptcy Code. The Bankruptcy Filing constituted an event of default under these arrangements, and in accordance with the contractual terms, counterparties terminated certain positions shortly after the Bankruptcy Filing. The positions terminated consisted almost entirely of natural gas hedging positions and interest rate swaps that were secured by a first-lien interest in the same assets of TCEH on a pari passu basis with the TCEH Senior Secured Facilities and the TCEH Senior Secured Notes.

Entities with a first-lien security interest included counterparties to both our Predecessor's natural gas hedging positions and interest rate swaps, which had entered into master agreements that provided for netting and setoff of amounts related to these positions. Additionally, certain counterparties to only our Predecessor's interest rate swaps hold the same first-lien security interest. The total net liability of $1.243 billion as of December 31, 2015 was reported in the consolidated balance sheets as a liability subject to compromise. Additionally, prior to the Effective Date, counterparties associated with the net liability were allowed, and had been receiving, adequate protection payments related to their claims as permitted by TCEH's cash collateral order approved by the Bankruptcy Court (see Note 11).

Financial Statement Effects of Derivatives

Substantially all derivative contractual assets and liabilities are accounted for under mark-to-market accounting consistent with accounting standards related to derivative instruments and hedging activities. The following tables provide detail of derivative contractual assets and liabilities as reported in the consolidated balance sheets at December 31, 2016 and 2015. Derivative asset and liability totals represent the net value of the contract, while the balance sheet totals represent the gross value of the contract.

	Successor				
	December 31, 2016				
	Derivative Assets		Derivative Liabilities		
	Commodity contracts	Interest rate swaps	Commodity contracts	Interest rate swaps	Total
Current assets	$ 350	$ —	$ —	$ —	$ 350
Noncurrent assets	46	17	—	1	64
Current liabilities	—	(12)	(330)	(17)	(359)
Noncurrent liabilities	—	—	(2)	—	(2)
Net assets (liabilities)	$ 396	$ 5	$ (332)	$ (16)	$ 53

	Predecessor				
	December 31, 2015				
	Derivative Assets		Derivative Liabilities		
	Commodity contracts	Interest rate swaps	Commodity contracts	Interest rate swaps	Total
Current assets	$ 465	$ —	$ —	$ —	$ 465
Noncurrent assets	10	—	—	—	10
Current liabilities	—	—	(203)	—	(203)
Noncurrent liabilities	—	—	(1)	—	(1)
Net assets (liabilities)	$ 475	$ —	$ (204)	$ —	$ 271

At December 31, 2016 and 2015, there were no derivative positions accounted for as cash flow or fair value hedges.

The following table presents the pretax effect of derivatives on net income (gains (losses)), including realized and unrealized effects:

	Successor	Predecessor		
	Period from October 3, 2016 through December 31, 2016	Period from January 1, 2016 through October 2, 2016	Year Ended December 31,	
Derivative (statements of consolidated income (loss) presentation)			2015	2014
Commodity contracts (Operating revenues) (a)	$ (92)	$ —	$ —	$ —
Commodity contracts (Fuel, purchased power costs and delivery fees) (a)	21	—	—	—
Commodity contracts (Net gain (loss) from commodity hedging and trading activities) (a)	—	194	380	17
Interest rate swaps (Interest expense and related charges) (b)	(11)	—	—	(128)
Interest rate swaps (Reorganization items) (Note 4)	—	—	—	(277)
Net gain (loss)	$ (82)	$ 194	$ 380	$ (388)

(a) Amount represents changes in fair value of positions in the derivative portfolio during the period, as realized amounts related to positions settled are assumed to equal reversals of previously recorded unrealized amounts.
(b) Includes unrealized mark-to-market net gain (loss) as well as the net realized effect on interest paid/accrued, both reported in *Interest Expense and Related Charges* (see Note 11).

The pretax effect (all losses) on net income and other comprehensive income (OCI) of derivative instruments previously accounted for as cash flow hedges were immaterial in the Predecessor period from January 1, 2016 through October 2, 2016 and the years ended December 31, 2015 and 2014. There were no amounts recognized in OCI for the Successor period from October 3, 2016 through December 31, 2016 and the Predecessor period from January 1, 2016 through October 2, 2016 and the years ended December 31, 2015 and 2014.

Accumulated other comprehensive income related to cash flow hedges at December 31, 2015 totaled $33 million in net losses (after-tax), substantially all of which related to interest rate swaps previously accounted for as cash flow hedges. In conjunction with fresh start reporting (see Note 3), the balances in accumulated other comprehensive income were eliminated from the consolidated balance sheet on the Effective Date.

Balance Sheet Presentation of Derivatives

Consistent with elections under US GAAP to present amounts on a gross basis, we report derivative assets and liabilities in the consolidated balance sheets without taking into consideration netting arrangements we have with counterparties to those derivatives. We may enter into offsetting positions with the same counterparty, resulting in both assets and liabilities. Volatility in underlying commodity prices can result in significant changes in derivative assets and liabilities presented from period to period.

Margin deposits that contractually offset these derivative instruments are reported separately in the condensed consolidated balance sheets. Margin deposits received from counterparties are either used for working capital or other general corporate purposes or, if there are restrictions on the use of cash, amounts are deposited in a separate restricted cash account. At December 31, 2016 and 2015, essentially all margin deposits held were unrestricted.

We maintain standardized master netting agreements with certain counterparties that allow for the netting of positive and negative exposures. These agreements contain credit enhancements that allow for the right to offset assets and liabilities and collateral received in order to reduce credit exposure between us and the counterparty. These agreements contain specific language related to margin requirements, monthly settlement netting, cross-commodity netting and early termination netting, which is negotiated with the contract counterparty.

The following tables reconcile our derivative assets and liabilities as presented in the condensed consolidated balance sheets to net amounts after taking into consideration netting arrangements with counterparties and financial collateral:

	Successor				Predecessor			
	December 31, 2016				December 31, 2015			
	Amounts Presented in Balance Sheet	Offsetting Instruments (a)	Financial Collateral (Received) Pledged (b)	Net Amounts	Amounts Presented in Balance Sheet	Offsetting Instruments (a)	Financial Collateral (Received) Pledged (b)	Net Amounts
Derivative assets:								
Commodity contracts	$ 396	$ (193)	$ (20)	$ 183	$ 475	$ (145)	$ (147)	$ 183
Interest rate swaps	5	—	—	5	—	—	—	—
Total derivative assets	401	(193)	(20)	188	475	(145)	(147)	183
Derivative liabilities:								
Commodity contracts	(332)	193	136	(3)	(204)	145	6	(53)
Interest rate swaps	(16)	—	—	(16)	—	—	—	—
Total derivative liabilities	(348)	193	136	(19)	(204)	145	6	(53)
Net amounts	$ 53	$ —	$ 116	$ 169	$ 271	$ —	$ (141)	$ 130

(a) Amounts presented exclude trade accounts receivable and payable related to settled financial instruments.
(b) Financial collateral consists entirely of cash margin deposits.

Derivative Volumes

The following table presents the gross notional amounts of derivative volumes at December 31, 2016 and 2015:

	Successor	Predecessor	
	December 31, 2016	December 31, 2015	
Derivative type	Notional Volume	Notional Volume	Unit of Measure
Natural gas (a)	1,282	1,489	Million MMBtu
Electricity	75,322	58,022	GWh
Congestion Revenue Rights (b)	126,573	106,260	GWh
Coal	12	10	Million US tons
Fuel oil	34	35	Million gallons
Uranium	25	75	Thousand pounds
Interest rate swaps — Floating/Fixed (c)	$ 3,000	$ —	Million US dollars

(a) Represents gross notional forward sales, purchases and options transactions, locational basis swaps and other natural gas transactions.
(b) Represents gross forward purchases associated with instruments used to hedge electricity price differences between settlement points within ERCOT.
(c) Successor period includes notional amounts of interest rate swaps that become effective in January 2017 and have maturity dates through July 2023.

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 these agreements require the posting of collateral if our credit rating is downgraded by one or more credit rating agencies.

At December 31, 2016 and 2015, the fair value of liabilities related to derivative instruments under agreements with credit risk-related contingent features that were not fully collateralized totaled $13 million and $58 million, respectively. The liquidity exposure associated with these liabilities was reduced by cash and letter of credit postings with counterparties totaling $1 million and $31 million at December 31, 2016 and 2015, respectively. If all the credit risk-related contingent features related to these derivatives had been triggered, including cross-default provisions, remaining liquidity requirements would be immaterial at both December 31, 2016 and 2015.

In addition, certain derivative agreements include 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. At December 31, 2016 and 2015, the fair value of derivative liabilities subject to such cross-default provisions totaled $18 million and $1 million, respectively. At December 31, 2016 and 2015, no cash collateral or letters of credit were posted with these counterparties, and the liquidity exposure associated with these liabilities totaled $17 million and zero at December 31, 2016 and 2015, respectively.

As discussed immediately above, the aggregate fair values of liabilities under derivative agreements with credit risk-related contingent features, including cross-default provisions, totaled $31 million and $59 million at December 31, 2016 and 2015, respectively. These amounts are before consideration of cash and letter of credit collateral posted, net accounts receivable and derivative assets under netting arrangements and assets subject to 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

We have concentrations of credit risk with the counterparties to our derivative contracts. At December 31, 2016, total credit risk exposure to all counterparties related to derivative contracts totaled $555 million (including associated accounts receivable). The net exposure to those counterparties totaled $306 million at December 31, 2016 after taking into effect netting arrangements, setoff provisions and collateral, with the largest net exposure to a single counterparty totaling $88 million. At December 31, 2016, the credit risk exposure to the banking and financial sector represented 59% of the total credit risk exposure and 39% of the net exposure.

Exposure to banking and financial sector counterparties is considered to be within an acceptable level of risk tolerance because all of this exposure is with counterparties with investment grade credit ratings. However, this concentration increases the risk that a default by any of these counterparties would have a material 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 authorize specific risk mitigation tools including, but not limited to, use of standardized master 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 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. PENSION AND OTHER POSTRETIREMENT EMPLOYEE BENEFITS (OPEB) PLANS

On the Effective Date, the EFH Retirement Plan was transferred to Vistra Energy pursuant to a separation agreement between Vistra Energy and EFH Corp. As of the Effective Date, Vistra Energy is the plan sponsor of the Vistra Retirement Plan (the Retirement Plan), which provides benefits to eligible employees of its subsidiaries. Oncor is a participant in the Retirement Plan. As Vistra Energy accounts for its interests in the Retirement Plan as a multiple employer plan, only Vistra Energy's share of the plan assets and obligations are reported in the pension benefit information presented below. After amendments in 2012, employees in the Retirement Plan now consist entirely of active and retired collective bargaining unit employees. 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. Under the Cash Balance Formula, future increases in earnings will not apply to prior service costs. It is our policy to fund the Retirement Plan assets only to the extent deductible under existing federal tax regulations.

Vistra Energy offers other postretirement employee benefits (OPEB) in the form of health care and life insurance to eligible employees of its subsidiaries and their eligible dependents upon the retirement of such employees. Vistra Energy is the sponsor of an OPEB plan that EFH Corp. participates in, and Oncor is the sponsor of an OPEB plan that Vistra Energy participates in. As Vistra Energy accounts for its interest in these OPEB plans as multiple employer plans, only Vistra Energy's share of the plan assets and obligations are reported in postretirement benefits other than pension information presented below. 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.

Pension and OPEB Costs

	Successor	Predecessor		
	Period from October 3, 2016 through December 31, 2016	Period from January 1, 2016 through October 2, 2016	Year Ended December 31,	
			2015	2014
Pension costs	$ 2	$ 4	$ 8	$ 7
OPEB costs	2	—	3	5
Total benefit costs recognized as expense	$ 4	$ 4	$ 11	$ 12

Market-Related Value of Assets Held in Postretirement Benefit Trusts

We use the calculated value method to determine the market-related value of the assets held in the trust for purposes of calculating pension costs. 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 a December 31, 2016 measurement date:

		Successor
		Period from October 3, 2016 through December 31, 2016
Assumptions Used to Determine Net Periodic Pension Cost:		
Discount rate		3.79%
Expected return on plan assets		4.89%
Expected rate of compensation increase		3.50%
Components of Net Pension Cost:		
Service cost	$	2
Interest cost		1
Expected return on assets		(1)
Net periodic pension cost	$	2
Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income:		
Net gain	$	(4)
Total recognized in net periodic benefit cost and other comprehensive income	$	(2)
Assumptions Used to Determine Benefit Obligations:		
Discount rate		4.31%
Expected rate of compensation increase		3.50%

		Successor
		Period from October 3, 2016 through December 31, 2016
Change in Pension Obligation:		
Projected benefit obligation at beginning of period	$	154
Service cost		2
Interest cost		1
Actuarial gain		(12)
Benefits paid		(1)
Projected benefit obligation at end of year	$	144
Accumulated benefit obligation at end of year	$	136
Change in Plan Assets:		
Fair value of assets at beginning of period	$	124
Actual loss on assets		(6)
Benefits paid		(1)
Fair value of assets at end of year	$	117
Funded Status:		
Projected pension benefit obligation	$	(144)
Fair value of assets		117
Funded status at end of year	$	(27)
Amounts Recognized in Accumulated Other Comprehensive Income Consist of:		
Net gain	$	4

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.

	Successor	
	December 31, 2016	
Pension Plans with PBO and ABO in Excess Of Plan Assets:		
Projected benefit obligations	$	144
Accumulated benefit obligation	$	136
Plan assets	$	117

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. Fixed income securities held primarily consist of corporate bonds from a diversified range of companies, US Treasuries and agency securities and money market instruments. Equity securities are held to enhance returns 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 markets.

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

Asset Category:	Target Allocation Ranges
Fixed income	74% - 86%
US equities	8% - 14%
International equities	6% - 12%

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	6.4%
International equity securities	7.0%
Fixed income securities	4.2%
Weighted average	4.9%

Fair Value Measurement of Pension Plan Assets

At December 31, 2016, pension plan assets measured at fair value on a recurring basis consisted of the following:

Asset Category:		Successor December 31, 2016
Level 2 valuations (see Note 16):		
Interest-bearing cash	$	(4)
Fixed income securities:		
Corporate bonds (a)		54
US Treasuries		30
Other (b)		6
Total assets categorized as Level 2		86
Assets measured at net asset value (c):		
Interest-bearing cash		2
Equity securities:		
US		14
International		9
Fixed income securities:		
Corporate bonds (a)		6
Total assets measured at net asset value		31
Total assets	$	117

(a) Substantially all corporate bonds are rated investment grade by a major ratings agency such as Moody's.
(b) Other consists primarily of municipal bonds.
(c) Certain investments measured at fair value using the net asset value per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this line are intended to permit reconciliation of the fair value hierarchy to total Vistra Retirement Plan assets.

Detailed Information Regarding Postretirement Benefits Other Than Pensions

The following OPEB information is based on a December 31, 2016 measurement date:

	Successor
	Period from October 3, 2016 through December 31, 2016
Assumptions Used to Determine Net Periodic Benefit Cost:	
Discount rate (Vistra Energy Plan)	4.00%
Discount rate (Oncor Plan)	3.69%
Components of Net Postretirement Benefit Cost:	
Service cost	$ 1
Interest cost	1
Plan amendments (a)	(4)
Net periodic OPEB cost	$ (2)
Other Changes in Plan Assets and Benefit Obligations Recognized in Other Comprehensive Income:	
Net gain	$ (5)
Total recognized in net periodic benefit cost and other comprehensive income	$ (7)
Assumptions Used to Determine Benefit Obligations at Period End:	
Discount rate (Vistra Energy Plan)	4.11%
Discount rate (Oncor Plan)	4.18%

(a) Curtailment gain recognized as other income in the statements of consolidated income (loss) as a result of discontinued life insurance benefits for active employees.

	Successor
	Period from October 3, 2016 through December 31, 2016
Change in Postretirement Benefit Obligation:	
Benefit obligation at beginning of year	$ 97
Service cost	1
Interest cost	1
Participant contributions	1
Plan amendments (a)	(4)
Actuarial gain	(5)
Benefits paid	(3)
Benefit obligation at end of year	$ 88
Change in Plan Assets:	
Fair value of assets at beginning of year	$ —
Employer contributions	1
Participant contributions	1
Benefits paid	(2)
Fair value of assets at end of year	$ —
Funded Status:	
Benefit obligation	$ 88
Funded status at end of year	$ 88
Amounts Recognized on the Balance Sheet Consist of:	
Other current liabilities	$ 5
Other noncurrent liabilities	83
Net liability recognized	$ 88
Amounts Recognized in Accumulated Other Comprehensive Income Consist of:	
Net gain	$ 5
Net amount recognized	$ 5

(a) Curtailment gain recognized as other income in the statements of consolidated income (loss) as a result of discontinued life insurance benefits for active employees.

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

	Successor
	December 31, 2016
Assumed Health Care Cost Trend Rates-Not Medicare Eligible:	
Health care cost trend rate assumed for next year	5.80%
Rate to which the cost trend is expected to decline (the ultimate trend rate)	5.00%
Year that the rate reaches the ultimate trend rate	2024
Assumed Health Care Cost Trend Rates-Medicare Eligible:	
Health care cost trend rate assumed for next year	5.70%
Rate to which the cost trend is expected to decline (the ultimate trend rate)	5.00%
Year that the rate reaches the ultimate trend rate	2024

	1-Percentage Point Increase	1-Percentage Point Decrease
Sensitivity Analysis of Assumed Health Care Cost Trend Rates:		
Effect on accumulated postretirement obligation	$ (5)	$ 4
Effect on postretirement benefits cost	$ —	$ —

Fair Value Measurement of OPEB Plan Assets

At December 31, 2016, the Vistra Energy OPEB plan had no plan assets.

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 Aon Hewitt AA Above Median yield curve, which is based on corporate bond yields and at December 31, 2016 consisted of 489 corporate bonds with an average rating of AA using Moody's, Standard & Poor's Rating Services and Fitch Ratings, Ltd. ratings.

Amortization in 2017

We estimate amortization of the net actuarial gain for the defined benefit pension plan from accumulated other comprehensive income into net periodic benefit cost will be immaterial. We estimate amortization of the net actuarial gain and prior service credit for the OPEB plan from accumulated other comprehensive income into net periodic benefit cost will be immaterial.

Contributions

No contributions are expected to be made to the pension plan in 2017. OPEB plan funding in the period from October 3, 2016 through December 31, 2016 totaled $1 million, and funding in 2017 is expected to total $5 million.

In September 2016, a cash contribution totaling $2 million was made to the EFH Retirement Plan, all of which was contributed by our Predecessor. In December 2015, a cash contribution totaling $67 million was made to the EFH Retirement Plan assets, of which $51 million was contributed by Oncor and $16 million was contributed by our Predecessor. Each of these contributions resulted in the Retirement Plan being fully funded as calculated under the provisions of ERISA. As a result of the Bankruptcy Filing, participants in the EFH Retirement Plan who chose to retire would not be eligible for the lump sum payout option under the EFH Retirement Plan unless the EFH Retirement Plan was fully funded. OPEB plan funding in the period from January 1, 2016 through October 2, 2016 totaled $3 million.

Future Benefit Payments

Estimated future benefit payments to beneficiaries are as follows:

	2017	2018	2019	2020	2021	2022-26
Pension benefits	$ 6	$ 6	$ 7	$ 8	$ 8	$ 53
OPEB	$ 5	$ 5	$ 5	$ 6	$ 6	$ 32

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 20% of their regular salary or wages. Employer matching contributions are also made in an amount equal to 100% (75% for employees covered under the Traditional Retirement Plan Formula) of the first 6% of employee contributions. Employer matching contributions are made in cash and may be allocated by participants to any of the plan's investment options.

Employer contributions to the Thrift Plan totaled $5 million, $16 million, $21 million and $21 million for the Successor period from October 3, 2016 through December 31, 2016 and the Predecessor period from January 1, 2016 through October 2, 2016 and the years ended December 31, 2015 and 2014, respectively.

19. STOCK-BASED COMPENSATION

Vistra Energy 2016 Omnibus Incentive Plan

On the Effective Date, the Vistra Energy board of directors (Board) adopted the 2016 Omnibus Incentive Plan (2016 Incentive Plan), under which an aggregate of 22,500,000 shares of our common stock were reserved for issuance as equity-based awards to our non-employee directors, employees, and certain other persons. The Board or any committee duly authorized by the Board will administer the 2016 Incentive Plan and has broad authority under the 2016 Incentive Plan to, among other things: (a) select participants, (b) determine the types of awards that participants are to receive and the number of shares that are to be subject to such awards and (c) establish the terms and conditions of awards, including the price (if any) to be paid for the shares of the award. The types of awards that may be granted under the 2016 Incentive Plan include stock options, RSUs, restricted stock, performance awards and other forms of awards granted or denominated in shares of Vistra Energy common stock, as well as certain cash-based awards.

If any stock option or other stock-based award granted under the 2016 Incentive Plan expires, terminates or is canceled for any reason without having been exercised in full, the number of shares of Vistra Energy common stock underlying any unexercised award shall again be available for the purpose of awards under the 2016 Incentive Plan. If any shares of restricted stock, performance awards or other stock-based awards denominated in shares of Vistra Energy common stock awarded under the 2016 Incentive Plan are forfeited for any reason, the number of forfeited shares shall again be available for purposes of awards under the 2016 Incentive Plan. Any award under the 2016 Incentive Plan settled in cash shall not be counted against the maximum share limitation.

As is customary in incentive plans of this nature, each share limit and the number and kind of shares available under the 2016 Incentive Plan and any outstanding awards, as well as the exercise or purchase price of awards, and performance targets under certain types of performance-based awards, are required to be adjusted in the event of certain reorganizations, mergers, combinations, recapitalizations, stock splits, stock dividends or other similar events that change the number or kind of shares outstanding, and extraordinary dividends or distributions of property to the Vistra Energy stockholders.

Stock-based compensation expense is reported as SG&A in the statement of consolidated net income (loss) as follows:

	Successor
	Period from October 3, 2016 through December 31, 2016
Total stock-based compensation expense	$ 3
Income tax benefit	(1)
Stock based-compensation expense, net of tax	$ 2

Stock Options

The table below summarizes information about stock options granted during the the Successor period from October 3, 2016 through December 31, 2016. The fair value of each stock option is estimated on the date of grant using a Black-Scholes option-pricing model. The risk-free interest rate used in the option valuation model was based on yields available on the grant dates for US Treasury Strips with maturity consistent with the expected life assumption. The expected term of the option represents the period of time that options granted are expected to be outstanding and is based on the SEC Simplified Method (midpoint of average vesting time and contractual term). Expected volatility is based on an average of the historical, daily volatility of a peer group selected by Vistra Energy over a period consistent with the expected life assumption ending on the grant date. We assumed no dividend yield in the valuation of the options. These options may be exercised over a four year graded vesting period and will expire ten years from the grant date. The 2016 Incentive Plan includes an anti-dilutive provision that requires any outstanding option awards to be adjusted for the effect of equity restructurings. In March 2017, the board of directors of Vistra Energy declared that the exercise price of each outstanding option be reduced by $2.32, the amount per share of common stock related to the Special Dividend (see Note 15). Stock options outstanding at December 31, 2016 are all held by current employees. The weighted average assumptions used to value grant options are detailed below:

	Stock Options (in thousands)	Weighted Average Exercise Price	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in millions)
Total outstanding at beginning of period	—	$ —	—	$ —
Granted	7,379	$ 15.81	9.81	$ —
Forfeited or expired	(22)	$ 15.58	9.81	$ —
Total outstanding at end of period	7,357	$ 15.81	9.81	$ —
Expected to vest	7,357	$ 15.81	9.81	$ —

At December 31, 2016, $32 million of unrecognized compensation cost related to unvested stock options granted under the 2016 Incentive Plan are expected to be recognized over a weighted average period of 3.8 years.

Restricted Stock Units

We granted 2.165 million restricted stock units to employees in the Successor period from October 3, 2016 through December 31, 2016.

	Restricted Stock Units (in thousands)	Weighted Average Grant Date Fair Value	Weighted Average Remaining Contractual Term (Years)	Aggregate Intrinsic Value (in millions)
Total outstanding at beginning of period	—	$ —	—	$ —
Granted	2,165	$ 15.79	2.3	$ 33.6
Forfeited or expired	(6)	$ 15.58	2.3	$ (0.1)
Total outstanding at end of period	2,159	$ 15.79	2.3	$ 33.5
Expected to vest	2,159	$ 15.79	2.3	$ 33.5

At December 31, 2016, $32 million of unrecognized compensation cost related to unvested restricted stock units granted under the 2016 Incentive Plan are expected to be recognized over a weighted average period of 3.8 years.

20. RELATED-PARTY TRANSACTIONS

Successor

In connection with Emergence, we entered into agreements with certain of our affiliates and with parties who received shares of common stock and TRA Rights in exchange for their claims.

Registration Rights Agreement

Pursuant to the Plan of Reorganization, on the Effective Date, we entered into a Registration Rights Agreement (the Registration Rights Agreement) with certain selling stockholders providing for registration of the resale of the Vistra Energy common stock held by such selling stockholders.

In December 2016, we filed a Form S-1 registration statement with the SEC to register for resale the shares of Vistra Energy common stock held by certain significant stockholders pursuant to the Registration Rights Agreement. The registration statement was amended in February 2017. The registration statement has not yet been declared effective by the SEC. Among other things, under the terms of the Registration Rights Agreement:

- we will be required to use reasonable best efforts to convert the Form S-1 registration statement into a registration statement on Form S-3 as soon as reasonably practicable after we become eligible to do so and to have such Form S-3 declared effective as promptly as practicable (but in no event more than 30 days after it is filed with the SEC);

- if we propose to file certain types of registration statements under the Securities Act with respect to an offering of equity securities, we will be required to use our reasonable best efforts to offer the other parties to the Registration Rights Agreement the opportunity to register all or part of their shares on the terms and conditions set forth in the Registration Rights Agreement; and

- the selling stockholders received the right, subject to certain conditions and exceptions, to request that we file registration statements or amend or supplement registration statements, with the SEC for an underwritten offering of all or part of their respective shares of Vistra Energy common stock (a Demand Registration), and the Company is required to cause any such registration statement or amendment or supplement (a) to be filed with the SEC promptly and, in any event, on or before the date that is 45 days, in the case of a registration statement on Form S-1, or 30 days, in the case of a registration statement on Form S-3, after we receive the written request from the relevant selling stockholders to effectuate the Demand Registration and (b) to become effective as promptly as reasonably practicable and in any event no later than 120 days after it is initially filed.

All expenses of registration under the Registration Rights Agreement, including the legal fees of one counsel retained by or on behalf of the selling stockholders, will be paid by us. There were no legal fee expenses paid or accrued by Vistra Energy on behalf of the selling stockholders during the Successor period from October 3, 2016 through December 31, 2016.

Tax Receivable Agreement

On the Effective Date, Vistra Energy entered into the TRA with a transfer agent on behalf of certain former first lien creditors of TCEH. See Note 10 for discussion of the TRA.

Predecessor

See Note 2 for a discussion of certain agreements entered into on the Effective Date between EFH Corp. and Vistra Energy with respect to the separation of the entities, including a separation agreement, a transition services agreement, a tax matters agreement and a settlement agreement.

The following represent our Predecessor's significant related-party transactions. As of the Effective Date, pursuant to the Plan of Reorganization, the Sponsor Group, EFH Corp., EFIH, Oncor Holdings and Oncor ceased being affiliates of Vistra Energy and its subsidiaries, including the TCEH Debtors and the Contributed EFH Debtors.

- Our retail operations (and prior to the Effective Date, our Predecessor) pay Oncor for services it provides, principally the delivery of electricity. Expenses recorded for these services, reported in fuel, purchased power costs and delivery fees, totaled approximately $700 million, $955 million and $971 million for the Predecessor period from January 1, 2016 through October 2, 2016 and the years ended December 31, 2015 and 2014, respectively. The consolidated balance sheet at December 31, 2015 reflected amounts due currently to Oncor totaling $118 million (included in trade accounts and other payables to affiliates) largely related to these electricity delivery fees.

- Contributions to the EFH Corp. retirement plan by both Oncor and TCEH in 2014, 2015 and 2016 resulted in the EFH Corp. retirement plan being fully funded as calculated under the provisions of the Employee Retirement Income Security Act of 1974, as amended (ERISA). In September 2016, a cash contribution totaling $2 million was made to the EFH Corp. retirement plan, all of which was contributed by TCEH, which resulted in the EFH Retirement Plan continuing to be fully funded as calculated under the provisions of ERISA. The balance of the advance totaled $24 million at December 31, 2015, with $6 million recorded as a current asset and $18 million recorded as a noncurrent asset. On the Effective Date, the EFH Retirement Plan was transferred to Vistra Energy pursuant to a separation agreement between Vistra Energy and EFH Corp., and the advance was settled as part of fresh-start reporting.

- Receivables from affiliates were measured at historical cost and primarily consisted of notes receivable for cash loaned by our Predecessor to EFH Corp. for debt principal and interest payments and other general corporate purposes of EFH Corp. as discussed above. Our Predecessor reviewed economic conditions, counterparty credit scores and historical payment activity to assess the overall collectability of its affiliated receivables. There were no credit loss allowances at December 31, 2015.

- A former subsidiary of EFH Corp. billed our subsidiaries for information technology, financial, accounting and other administrative services at cost. These charges, which are largely settled in cash and primarily reported in SG&A expenses, totaled $157 million, $205 million and $204 million for the Predecessor period from January 1, 2016 through October 2, 2016 and the years ended December 31, 2015 and 2014, respectively. These amounts included allocated expense, which totaled $10 million for the year ended December 31, 2014, for management fees owed and paid by EFH Corp. to the Sponsor Group. Effective with the Petition Date, EFH Corp. suspended allocations of such fees to TCEH. Fees accrued as of the Petition Date were classified as LSTC and were eliminated in December 2015 as part of the Settlement Agreement.

- Under Texas regulatory provisions, the trust fund for decommissioning the Comanche Peak nuclear generation facility is funded by a delivery fee surcharge billed to REPs by Oncor, as collection agent, and remitted monthly to a subsidiary of Vistra Energy (and prior to the Effective Date, our Predecessor) for contribution to the trust fund with the intent that the trust fund assets, reported in investments in the consolidated balance sheets, will ultimately be sufficient to fund the future decommissioning liability, reported in noncurrent liabilities in the consolidated balance sheets. The delivery fee surcharges remitted to our Predecessor totaled $15 million, $17 million and $17 million for the Predecessor period from January 1, 2016 through October 2, 2016 and the years ended December 31, 2015 and 2014, respectively. Income and expenses associated with the trust fund and the decommissioning liability incurred by a subsidiary of Vistra Energy (and prior to the Effective Date, our Predecessor) are offset by a net change in a receivable/payable that ultimately will be settled through changes in Oncor's delivery fee rates. At December 31, 2015, the excess of the trust fund balance over the decommissioning liability resulted in a payable totaling $409 million and is reported in noncurrent liabilities.

- EFH Corp. files consolidated federal income tax and Texas state margin tax returns that included our results prior to the Effective Date; however, under a Federal and State Income Tax Allocation Agreement, our federal income tax and Texas margin tax expense and related balance sheet amounts, including income taxes payable to or receivable from EFH Corp., were recorded as if our Predecessor filed its own corporate income tax return. As of December 31, 2015, our Predecessor had current income tax liabilities due to EFH Corp. of $11 million. Our Predecessor made tax payments to EFH Corp. of $22 million, $29 million and $31 million for the Predecessor period from January 1, 2016 through December 31, 2016 and the years ended December 31, 2015 and 2014, respectively. In 2015, $609 million of income tax liability was eliminated under the terms of the Settlement Agreement. See Note 9 for discussion of cessation of payment of federal income taxes pursuant to the Settlement Agreement.

- 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 each member of the Sponsor Group have from time to time engaged in commercial banking transactions with TCEH and/or provided financial advisory services to TCEH, in each case in the normal course of business.

- Affiliates of GS Capital Partners were parties to certain commodity and interest rate hedging transactions with our Predecessor in the normal course of business.

- Affiliates of the Sponsor Group sold or acquired debt or debt securities issued by our Predecessor in open market transactions or through loan syndications.

- As a result of debt repurchase and exchange transactions in 2009 through 2011, EFH Corp. and EFIH held TCEH debt securities at December 31, 2014 as shown below (principal amounts). The $382 million in notes payable as of the Petition Date was classified as LSTC. The amounts of TCEH debt held by EFIH or EFH Corp. were eliminated as a result of the Settlement Agreement approved by the Bankruptcy Court in December 2015 (see Note 2). In conjunction with the Settlement Agreement approved by the Bankruptcy Court in December 2015, EFH Corp. and EFIH waived their rights to the claims associated with these debt securities resulting in a gain recorded in reorganization items (see Note 4).

		Principal Amount
TCEH Senior Notes:		
Held by EFH Corp.	$	284
Held by EFIH		79
TCEH Term Loan Facilities:		
Held by EFH Corp.		19
Total	$	382

Interest expense on the notes totaled $1 million and $13 million for the years ended December 31, 2015 and 2014, respectively. Contractual interest, not paid or recorded, totaled $37 million and $25 million for the years ended December 31, 2015 and 2014, respectively. See Note 11.

21. SEGMENT INFORMATION

The operations of Vistra Energy are aligned into two reportable business segments: Wholesale Generation and Retail Electricity. Our chief operating decision maker reviews the results of these two segments separately and allocates resources to the respective segments as part of our strategic operations. These two business units offer different products or services and involve different risks.

The Wholesale Generation segment is engaged in electricity generation, wholesale energy sales and purchases, commodity risk management activities, fuel production and fuel logistics management, all largely in the ERCOT market. These activities are substantially all conducted by Luminant.

The Retail Electricity segment is engaged in retail sales of electricity and related services to residential, commercial and industrial customers, all largely in the ERCOT market. These activities are substantially all conducted by TXU Energy.

Corporate and Other represents the remaining non-segment operations consisting primarily of general corporate expenses, interest, taxes and other expenses related to our support functions that provide shared services to our Wholesale Generation and Retail Electricity segments.

The accounting policies of the business segments are the same as those described in the summary of significant accounting policies in Note 1. Our chief operating decision maker uses more than one measure to assess segment performance, including reported segment operating income and segment net income (loss), which is the measure most comparable to consolidated net income (loss) prepared based on GAAP. We account for intersegment sales and transfers as if the sales or transfers were to third parties, that is, at current market prices or regulated rates. Certain shared services costs are allocated to the segments.

	Successor
	Period from October 3, 2016 through December 31, 2016
Operating revenues (a)	
Wholesale Generation	$ 450
Retail Electricity	912
Eliminations	(171)
Consolidated operating revenues	$ 1,191
Depreciation and amortization	
Wholesale Generation	$ 53
Retail Electricity	153
Corporate and Other	11
Eliminations	(1)
Consolidated depreciation and amortization	$ 216
Operating income (loss)	
Wholesale Generation	$ (255)
Retail Electricity	111
Corporate and Other	(17)
Consolidated operating income (loss)	$ (161)
Interest expense and related charges	
Wholesale Generation	$ (1)
Retail Electricity	—
Corporate and Other	66
Eliminations	(5)
Consolidated interest expense and related charges	$ 60
Income tax benefit (all Corporate and Other)	$ 70
Net income (loss)	
Wholesale Generation	$ (251)
Retail Electricity	114
Corporate and Other	(26)
Consolidated net income (loss)	$ (163)
Capital expenditures	
Wholesale Generation	$ 84
Retail Electricity	5
Consolidated capital expenditures	$ 89

(a) Includes third-party unrealized net losses from mark-to-market valuations of commodity positions of $182 million recorded to the Wholesale Generation segment and $6 million recorded to the Retail Electricity segment. In addition, an unrealized net loss with affiliate of $113 million was recorded to the Wholesale Generation segment which is eliminated in the consolidated results.

	Successor
	December 31, 2016
Total assets	
Wholesale Generation	$ 6,952
Retail Electricity	5,753
Corporate and Other and Eliminations	2,462
Consolidated total assets	$ 15,167

Prior to the Effective Date, our Predecessor's chief operating decision maker reviewed the retail electricity, wholesale generation and commodity risk management activities together. Consequently, there were no reportable business segments for TCEH.

22. SUPPLEMENTARY FINANCIAL INFORMATION

Other Income and Deductions

	Successor	Predecessor		
	Period from October 3, 2016 through December 31, 2016	Period from January 1, 2016 through October 2, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Other income:				
Office space sublease rental income (a)	$ 2	$ —	$ —	$ —
Curtailment gain on employee benefit plans (a)	4	—	—	—
Mineral rights royalty income (b)	1	3	4	4
Insurance settlement	—	9	—	—
All other	2	4	13	12
Total other income	$ 9	$ 16	$ 17	$ 16
Other deductions:				
Adjustment to asbestos liability	$ —	$ 11	$ —	$ —
Write-off of generation equipment	—	45	—	—
Fees associated with DIP Roll Facilities	—	5	—	—
Impairment of favorable purchase contracts (Note 7)	—	—	8	183
Impairment of emission allowances (Note 7)	—	—	55	80
Impairment of mining development costs (Note 7)	—	—	19	—
All other	—	14	11	18
Total other deductions	$ —	$ 75	$ 93	$ 281

(a) Corporate and Other nonsegment (Successor period only).
(b) Wholesale Generation segment (Successor period only).

Restricted Cash

	Successor		Predecessor	
	December 31, 2016		December 31, 2015	
	Current Assets	Noncurrent Assets	Current Assets	Noncurrent Assets
Amounts related to the Vistra Operations Credit Facilities (Note 13)	$ —	$ 650	$ —	$ —
Amounts related to the DIP Facility (Note 13)	—	—	519	—
Amounts related to TCEH's pre-petition Letter of Credit Facility (Note 5)	—	—	—	507
Amounts related to restructuring escrow accounts	90	—	—	—
Other	5	—	—	—
Total restricted cash	$ 95	$ 650	$ 519	$ 507

Trade Accounts Receivable

	Successor	Predecessor
	December 31, 2016	December 31, 2015
Wholesale and retail trade accounts receivable	$ 622	$ 542
Allowance for uncollectible accounts	(10)	(9)
Trade accounts receivable — net	$ 612	$ 533

Gross trade accounts receivable at December 31, 2016 and 2015 included unbilled revenues of $225 million and $231 million, respectively.

Allowance for Uncollectible Accounts Receivable

	Successor	Predecessor		
	Period from October 3, 2016 through December 31, 2016	Period from January 1, 2016 through October 2, 2016	Year Ended December 31,	
			2015	2014
Allowance for uncollectible accounts receivable at beginning of period	$ —	$ 9	$ 15	$ 14
Increase for bad debt expense	10	20	34	38
Decrease for account write-offs	—	(16)	(40)	(37)
Allowance for uncollectible accounts receivable at end of period	$ 10	$ 13	$ 9	$ 15

Inventories by Major Category

	Successor	Predecessor
	December 31, 2016	December 31, 2015
Materials and supplies	$ 173	$ 226
Fuel stock	88	170
Natural gas in storage	24	32
Total inventories	$ 285	$ 428

Investments

	Successor	Predecessor
	December 31, 2016	December 31, 2015
Nuclear plant decommissioning trust	$ 1,012	$ 918
Land	49	36
Miscellaneous other	3	8
Total investments	$ 1,064	$ 962

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 by Vistra Energy (and prior to the Effective Date, a subsidiary of TCEH) in the trust fund. Income and expense associated with the trust fund and the decommissioning liability are offset by a corresponding change in a receivable/payable (currently a payable reported in noncurrent liabilities) that will ultimately be settled through changes in Oncor's delivery fees rates. The nuclear decommissioning trust fund was not a debtor in the Chapter 11 Cases. A summary of investments in the fund follows:

	Successor			
	December 31, 2016			
	Cost (a)	Unrealized gain	Unrealized loss	Fair market value
Debt securities (b)	$ 333	$ 10	$ (3)	$ 340
Equity securities (c)	309	368	(5)	672
Total	$ 642	$ 378	$ (8)	$ 1,012

	Predecessor			
	December 31, 2015			
	Cost (a)	Unrealized gain	Unrealized loss	Fair market value
Debt securities (b)	$ 310	$ 11	$ (2)	$ 319
Equity securities (c)	291	315	(7)	599
Total	$ 601	$ 326	$ (9)	$ 918

(a) Includes realized gains and losses on 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 Investors Services, Inc. The debt securities are heavily weighted with municipal bonds. The debt securities had an average coupon rate of 3.56% and 3.68% at December 31, 2016 and 2015, respectively, and an average maturity of 9 years and 8 years at December 31, 2016 and 2015, 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 at December 31, 2016 mature as follows: $102 million in one to five years, $90 million in five to ten years and $148 million after ten years.

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

	Successor	Predecessor		
	Period from October 3, 2016 through December 31, 2016	Period from January 1, 2016 through October 2, 2016	Year Ended December 31,	
			2015	2014
Realized gains	$ 1	$ 3	$ 1	$ 11
Realized losses	$ —	$ (2)	$ (1)	$ (2)
Proceeds from sales of securities	$ 25	$ 201	$ 401	$ 314
Investments in securities	$ (30)	$ (215)	$ (418)	$ (331)

Property, Plant and Equipment

	Successor
	December 31, 2016
Successor	
Wholesale Generation:	
Generation and mining	$ 3,997
Retail Electricity	3
Corporate and Other	107
Total	4,107
Less accumulated depreciation	(54)
Net of accumulated depreciation	4,053
Nuclear fuel (net of accumulated amortization of $31 million)	166
Construction work in progress:	
Wholesale Generation	210
Retail Electricity	6
Corporate and Other	8
Total construction work in progress	224
Property, plant and equipment — net	$ 4,443

	Predecessor
	December 31, 2015
Predecessor	
Generation and mining	$ 10,886
Other assets	546
Total	11,432
Less accumulated depreciation	(2,654)
Net of accumulated depreciation	8,778
Nuclear fuel (net of accumulated amortization of $1.383 billion)	248
Construction work in progress	323
Property, plant and equipment — net	$ 9,349

Depreciation expense totaled $54 million, $401 million, $767 million and $1.154 billion for the Successor period from October 3, 2016 through December 31, 2016 and the Predecessor period from January 1, 2016 through October 2, 2016 and the years ended December 31, 2015 and 2014, respectively.

Our property, plant and equipment consists of our power generation assets, related mining assets, information system hardware, capitalized corporate office lease space and other leasehold improvements. At December 31, 2016, the capital lease for the building totaled $64 million with accumulated depreciation of less than $1 million. The estimated remaining useful lives range from 3 to 37 years for our property, plant and equipment.

Asset Retirement and Mining Reclamation Obligations (ARO)

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 changes in the nuclear plant decommissioning liability, as all costs are recoverable through the regulatory process as part of delivery fees charged by Oncor. As part of fresh start reporting, new fair values were established for all AROs for the Successor.

At December 31, 2016, the current value of our ARO related to our nuclear generation plant decommissioning totaled $1.2 billion, which exceeds the fair value of the assets contained in the nuclear decommissioning trust. Since the costs to ultimately decommission that plant are recoverable through the regulatory rate making process as part of Oncor's delivery fees, a corresponding regulatory asset has been recorded to our consolidated balance sheet of $188 million in other noncurrent assets.

The following tables summarize the changes to these obligations, reported in other current liabilities and other noncurrent liabilities and deferred credits in the consolidated balance sheets for the Successor period ended December 31, 2016, and the Predecessor periods ended October 2, 2016 and December 31, 2015:

Successor:	Nuclear Plant Decommissioning	Mining Land Reclamation	Other	Total
Fair value of liability established at October 3, 2016	$ 1,192	$ 374	$ 152	$ 1,718
Additions:				
Accretion — October 3, 2016 through December31, 2016	8	5	1	14
Reductions:				
Payments — October 3, 2016 through December31, 2016	—	(4)	(2)	(6)
Liability at December 31, 2016	1,200	375	151	1,726
Less amounts due currently	—	(53)	(2)	(55)
Noncurrent liability at December 31, 2016	$ 1,200	$ 322	$ 149	$ 1,671

Predecessor:	Nuclear Plant Decommissioning	Mining Land Reclamation	Other	Total
Liability at January 1, 2015	$ 413	$ 165	$ 36	$ 614
Additions:				
Accretion	25	20	6	51
Adjustment for new cost estimate (a)	70	—	—	70
Incremental reclamation costs (b)	—	84	69	153
Reductions:				
Payments	—	(54)	(4)	(58)
Liability at December 31, 2015 (c)	508	215	107	830
Additions:				
Accretion — January 1, 2016 through October 2, 2016	22	16	5	43
Adjustment for new cost estimate	—	—	1	1
Incremental reclamation costs	—	14	12	26
Reductions:				
Payments — January 1, 2016 through October 2, 2016	—	(37)	(3)	(40)
Liability at October 2, 2016	530	208	122	860
Less amounts due currently	—	(50)	(1)	(51)
Noncurrent liability at October 2, 2016	$ 530	$ 158	$ 121	$ 809

(a) The adjustment for nuclear plant decommissioning resulted from a new cost estimate completed in 2015. Under applicable accounting standards, the liability is remeasured when significant changes in the amount or timing of cash flows occurs, and PUCT rules require a new cost estimate at least every five years. The increase in the liability was driven by increased security and fuel-handling costs.

(b) The adjustment for other asset retirement obligations resulted from the effect on our estimated retirement obligation related to coal combustion residual facilities at our lignite/coal fueled generation facilities that arose from the Disposal of Coal Combustion Residuals from Electric Utilities rule.

(c) Includes $66 million recorded to other current liabilities in the consolidated balance sheet of the Predecessor.

Other Noncurrent Liabilities and Deferred Credits

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

	Successor		Predecessor	
	December 31, 2016		December 31, 2015	
Unfavorable purchase and sales contracts	$	46	$	543
Nuclear decommissioning fund excess over asset retirement obligation (Note 20)		—		409
Uncertain tax positions, including accrued interest		—		41
Other, including retirement and other employee benefits		174		22
Total other noncurrent liabilities and deferred credits	$	220	$	1,015

Unfavorable Purchase and Sales Contracts — The amortization of unfavorable purchase and sales contracts totaled $3 million, $18 million, $23 million and $23 million for the Successor period from October 3, 2016 through December 31, 2016, the Predecessor period from January 1, 2016 through October 2, 2016 and the years ended December 31, 2015 and 2014, respectively. See Note 7 for intangible assets related to favorable purchase and sales contracts.

Fair Value of Debt

	Successor				Predecessor			
	December 31, 2016				December 31, 2015			
Debt:	Carrying Amount		Fair Value		Carrying Amount		Fair Value	
Long-term debt under the Vistra Operations Credit Facilities (Note 13)	$	4,515	$	4,552	$	—	$	—
Other long-term debt, excluding capital lease obligations (Note 13)	$	36	$	32	$	14	$	15
Mandatorily redeemable preferred stock (Note 13)	$	70	$	70	$	—	$	—
Borrowings under debtor-in-possession or senior secured exit facilities (Note 13)	$	—	$	—	$	1,425	$	1,411

We determine fair value in accordance with accounting standards as discussed in Note 16, and at December 31, 2016, our debt fair value represents Level 2 valuations. We obtain security pricing from an independent party who uses broker quotes and third-party pricing services to determine fair values. Where relevant, these prices are validated through subscription services such as Bloomberg. The fair value estimates of Predecessor pre-petition notes, loans and other debt reported as liabilities subject to compromise have been excluded from the table above.

Supplemental Cash Flow Information

	Successor	Predecessor		
	Period from October 3, 2016 through December 31, 2016	Period from January 1, 2016 through October 2, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Cash payments related to:				
Interest paid (a)	$ 19	$ 1,064	$ 1,298	$ 1,252
Capitalized interest	(3)	(9)	(11)	(17)
Interest paid (net of capitalized interest) (a)	$ 16	$ 1,055	$ 1,287	$ 1,235
Reorganization items (b)	$ —	$ 104	$ 224	$ 93
Income taxes paid (refund)	$ (2)	$ 22	$ 29	$ 31
Noncash investing and financing activities:				
Construction expenditures (c)	$ 1	$ 53	$ 75	$ 108
Contribution to membership interests	$ —	$ —	$ —	$ 2

(a) This amount includes amounts paid for adequate protection. Net of amounts received under interest rate swap agreements in 2014.

(b) Represents cash payments for legal and other consulting services, including amounts paid on behalf of third parties pursuant to contractual obligations approved by the Bankruptcy Court.

(c) Represents end-of-period accruals for ongoing construction projects.

Item 13: Similar financial information for such part of the two preceding fiscal years as the issuer or its predecessor has been in existence.

Not applicable

Item 14: Beneficial owners.

The following table sets forth information, as of March 24, 2017, concerning the equity ownership of all persons or groups known by the Company to be the beneficial owners of 5% or more of its outstanding Common Stock:

PRINCIPAL BENEFICIAL OWNERS OF SHARES

Name	Address	Amount and Nature of Beneficial Ownership
Apollo Funds (a)	91 Manhattanville Rd., #201, Purchase, NY 10577	52,922,793 shares of common stock
Brookfield Asset Management Inc. Managed Entities (b)	250 Vesey Street, 15th Floor, New York, NY 10281	66,370,568 shares of common stock
Opps VIIb TCEH Holdings, LLC (c)	333 S. Grand Ave., 28th Floor, Los Angeles, CA 90071	49,485,715 shares of common stock
HBK Master Fund L.P. (d)	2101 Cedar Springs Road, Suite 700, Dallas, TX 75201	26,626,487 shares of common stock
Seismic Holding LLC (e)	Q-Tel Tower, 8th Floor, Diplomatic Area Street, West Bay, P.O. Box 23224, Doha, State of Qatar	22,880,381 shares of common stock

(a) Represents shares of our common stock held of record by various entities (collectively, the Apollo Funds) for which affiliates of Apollo Principal Holdings II, L.P. (Principal Holdings II), Apollo Principal Holdings III, L.P. (Principal Holdings III) and Apollo Principal Holdings VII, L.P. (Principal Holdings VII), respectively, serve as investment advisors, and in some cases as general partners of certain of the Apollo Funds. Apollo Principal Holdings II GP, LLC (Principal Holdings II GP) is the general partner of Principal Holdings II, Apollo Principal Holdings III GP, Ltd. (Principal Holdings III GP) is the general partner of Principal Holdings III and Apollo Principal Holdings VII GP, Ltd (Principal Holdings VII GP) is the general partner of Principal Holdings VII. Also includes shares of our common stock held of record by certain of the Apollo Funds for which affiliates of Apollo Management Holdings, L.P. (Management Holdings) serve as investment managers. The general partner of Management Holdings is Apollo Management Holdings GP, LLC (Management Holdings GP). Leon Black, Joshua Harris and Marc Rowan are the managers of Principal Holdings II GP and the directors of Principal Holdings III GP and Principal Holdings VII GP, and the managers, as well as executive officers, of Management Holdings GP, and as such may be deemed to have voting and dispositive control over the shares of common stock held by the Apollo Funds. The address of Principal Holdings II and Principal Holdings II GP is One Manhattanville Road, Suite 201, Purchase, New York 10577. The address of each of Principal Holdings III, Principal Holdings III GP, Principal Holdings VII and Principal Holdings VII GP is c/o Intertrust Corporate Services (Cayman) Limited, 190 Elgin Street, George Town, KY1-9005 Grand Cayman, Cayman Islands. The address of each of Management Holdings and Management Holdings GP, and Messrs. Black, Harris and Rowan, is 9 West 57th Street, 43rd Floor, New York, New York 10019.

(b) Reflects shares of common stock held by entities affiliated with and/or with accounts managed by affiliates of Brookfield Asset Management Inc.. The registered holders of shares include BCP Titan Aggregator, L.P., BCP Titan Sub Aggregator, L.P., Brookfield Titan Holdings LP, 11 co-investment limited partnership vehicles of which Titan Co-Investment GP, LLC is the general partner, Longhorn Capital GS LP and Seismic Holding LLC (collectively, the investment vehicles).

The following Brookfield entities, which do not themselves hold any shares of common stock but which are controlling entities of certain of the investment vehicles, may be deemed to constitute a "group" with the investment vehicles within the meaning of Section 13(d)(3) under the Exchange Act and Rule 13d-5(b)(1) thereunder and each member of the "group" may be deemed to beneficially own all shares of common stock held by all members of the "group" set forth in the table above: Brookfield Asset Management Inc., Partners Limited, Brookfield Private Equity Inc., Brookfield US Corporation, Brookfield Private Equity Holdings LLC, Brookfield Private Equity Direct Investments Holdings LP, Titan Co-Investment GP, LLC, Brookfield Private Equity Group Holdings LP, Brookfield Capital Partners Ltd., Brookfield Holdings Canada Inc., Brookfield Private Funds Holdings Inc., Brookfield Canada Adviser and Brookfield Asset Management Private Institutional Capital Adviser (Canada), L.P. (BAMPIC).

By virtue of various agreements and arrangements with Seismic Holding LLC, Brookfield Asset Management Inc. and certain of the investment vehicles share beneficial ownership of shares beneficially owned by Seismic Holding LLC. See footnote (e) to this table.

Each of the investment vehicles expressly disclaims, to the extent permitted by applicable law, beneficial ownership of any shares of common stock held by each of the other investment vehicles and the existence of a "group" involving the other investment vehicles or other Brookfield affiliates set forth in this footnote.

The numbers above include certain shares held in reserve by the Company's transfer agent upon Emergence, pending release following the resolution of intercreditor arrangements in connection with the Plan of Reorganization.

The address of each Brookfield-managed entity (other than Seismic Holding LLC) is c/o BAMPIC, 250 Vesey Street, 15th Floor, New York, New York 10281.

(c) Includes 34,719,812 common shares of the Issuer directly held by certain funds, accounts and special purpose entities managed by Oaktree Capital Management, L.P. or its affiliates. The general partner of Oaktree Capital Management, L.P. is Oaktree Holdings, Inc. The sole shareholder of Oaktree Holdings, Inc. is Oaktree Capital Group, LLC. The duly elected manager of Oaktree Capital Group, LLC is Oaktree Capital Group Holdings GP, LLC (OCGH GP). OCGH GP is managed by an executive committee consisting of Howard S. Marks, Bruce A. Karsh, Jay S. Wintrob, John B. Frank, David M. Kirchheimer and Sheldon M. Stone. The address for all of the entities and individuals identified above is 333 S. Grand Avenue, 28th Floor, Los Angeles, CA 90071

(d) HBK Master Fund L.P., HBK Master SOF II L.P., and HBK Loan I LLC are subject to the investment discretion of HBK Investments L.P. (and its affiliated subadvisors, including HBK Services LLC, to which it has delegated discretion to vote and dispose of investments), all of whose address is 2101 Cedar Springs Road, Suite 700, Dallas, Texas 75201. The registered address for each of HBK Master Fund L.P. and HBK Master SOF II L.P. is c/o CO Services Cayman Limited, P.O. Box 10008, Willow House, Cricket Square, Grand Cayman, KY1-1001, Cayman Islands. The registered address for HBK Loan I LLC is c/o National Corporate Research, Ltd., 850 New Burton Road, Suite 201, Dover, DE 19904.

(e) Seismic Holding LLC holds 15,900,080 shares (including 107,025 shares held in reserve by the Company's transfer agent upon Emergence, pending release following the resolution of intercreditor arrangements in connection with the Plan of Reorganization).

In addition, Seismic Holding may be deemed to have beneficial ownership of all the shares held by entities affiliated with Brookfield Asset Management Inc. set forth in footnote (b) to this table, by virtue of various agreements and arrangements that may be deemed to grant Seismic Holding LLC voting power and/or investment power with respect to the shares held by such entities, including the shares held by Longhorn Capital GS LP, of which Seismic Holding LLC is a limited partner with powers that may be deemed to constitute voting power and/or investment power with respect to the shares held by the limited partnership.

Each of Seismic Holding LLC and its controlling persons expressly disclaims, to the extent permitted by applicable law, the existence of a "group" (within the meaning of Section 13(d)(3) under the Exchange Act and Rule 13d-5(b)(1) thereunder) involving such Brookfield entities and beneficial ownership of any shares of common stock held by any of the Brookfield entities (including Longhorn Capital GS LP), with the exception of the 6,980,301 shares held by Longhorn Capital GS LP in which Seismic Holding LLC has a pecuniary interest. Seismic Holding LLC is 100% indirectly owned by Qatar Investment Authority. The address of Seismic Holding LLC is Q-Tel Tower, 8th Floor, Diplomatic Area Street, West Bay, P.O. Box 23224, Doha, State of Qatar.

Item 15: Name, address, telephone number, and email address of certain outside providers that advise the issuer on matters relating to operations, business development and disclosure

A. Investment Banker

None

B. Promoters

None

C. Counsel

Sidley Austin LLP
2021 McKinney Avenue
Suite 2000
Dallas, Texas 75201
Telephone: (214) 981-3418
Attention: William D. Howell
Email: bhowell@sidley.com

D. Accountant or Auditor

Auditor contact information:

Deloitte & Touche LLP
2200 Ross Avenue
Dallas, Texas 75201
Telephone: (214) 840-7000
www.deloitte.com

E. Public Relations Consultant

None

F. Investor Relations Consultant

None

G. Any other advisor(s) that assisted, advised, prepared or provided information with respect to this disclosure statement

None

Item 16: Management's Discussion and Analysis.

As described in Note 1 to the Financial Statements, Vistra Energy is considered a new reporting entity for accounting purposes as of the Effective Date, and its financial statements reflect the application of fresh start reporting. The financial statements of Vistra Energy (the Successor) for periods subsequent to the Effective Date are not comparable to the financial statements of TCEH (the Predecessor) for periods prior to the Effective Date, as those previous periods do not give effect to any adjustments to the carrying values of assets or amounts of liabilities that resulted from the Plan of Reorganization, and the related application of fresh start reporting, which includes accounting policies implemented by Vistra Energy that may differ from the Predecessor. See Note 3 to the Financial Statements for further discussion regarding fresh start reporting.

The following discussion and analysis of our financial condition and results of operations for the Successor period from October 3, 2016 through December 31, 2016 and the Predecessor period from January 1, 2016 through October 2, 2016 and the years ended December 31, 2015 and 2014 should be read in conjunction with the consolidated financial statements and the notes to those statements. Results are impacted by the effects of fresh start reporting, the Bankruptcy Filing and the application of Financial Accounting Standards Board Accounting Standards Codification (ASC) 852, *Reorganizations.*

All dollar amounts in the tables in the following discussion and analysis are stated in millions of US dollars unless otherwise indicated.

Business

Vistra Energy is a holding company operating an integrated power business in Texas. Through our Luminant and TXU Energy subsidiaries, we are engaged in competitive electricity market activities including power generation, wholesale energy sales and purchases, commodity risk management and retail sales of electricity and related services to end users. Prior to the Effective Date, TCEH was a holding company for subsidiaries principally engaged in the same activities as Vistra Energy.

Operating Segments

Subsequent to the Effective Date, Vistra Energy has two reportable segments: the Wholesale Generation segment, consisting largely of Luminant, and the Retail Electricity segment, consisting largely of TXU Energy. Prior to the Effective Date, there were no reportable business segments for TCEH. See Note 21 to the Financial Statements for further information concerning reportable business segments.

Significant Activities and Events and Items Influencing Future Performance

Chapter 11 Cases and Emergence — On April 29, 2014 (the Petition Date), EFH Corp. and the substantial majority of its direct and indirect subsidiaries, including EFIH, EFCH and TCEH but excluding the Oncor Ring-Fenced Entities (collectively, the Debtors), filed voluntary petitions for relief (the Bankruptcy Filing) under Chapter 11 of the United States Bankruptcy Code (the Bankruptcy Code) in the United States Bankruptcy Court for the District of Delaware (the Bankruptcy Court).

On October 3, 2016 (the Effective Date), subsidiaries of TCEH that were Debtors in the Chapter 11 Cases (the TCEH Debtors) and certain EFH Corp. subsidiaries (the Contributed EFH Debtors) completed their reorganization under the Bankruptcy Code and emerged from the Chapter 11 Cases as subsidiaries of a newly-formed company, Vistra Energy (Emergence). On the Effective Date, Vistra Energy was spun-off from EFH Corp. in a tax-free transaction to the former first lien creditors of TCEH (Spin-Off). As a result, as of the Effective Date, Vistra Energy is a holding company for subsidiaries principally engaged in competitive electricity market activities including power generation, wholesale energy sales and purchases, commodity risk management and retail sales of electricity and related services to end users. See Note 2 to the Financial Statements for further discussion regarding the Chapter 11 Cases and Emergence.

Support Cost Reductions — In October 2016, we began executing a plan to reduce support costs across our business by focusing on organizational structures of support functions and reducing costs associated with third-party service providers. As part of that plan, we reduced our workforce by approximately 500 people to better align our cost structure to current market conditions. These market conditions include persistently low wholesale power prices, environmental regulatory pressure and a highly competitive retail market. As part of these reductions, we incurred severance costs of approximately $43 million, which were primarily recorded to selling, general and administrative expenses and operating costs during the period. Additionally, in October 2016 we began renegotiating and amending certain service contracts with providers to further reduce our support costs.

Lamar and Forney Acquisition — In April 2016, Luminant purchased all of the membership equity interests in La Frontera Holdings, LLC, the indirect owner of two natural gas fueled generation facilities representing nearly 3,000 MW of capacity located in ERCOT, from a subsidiary of NextEra Energy, Inc. The facility in Forney, Texas has a capacity of 1,912 MW and the facility in Paris, Texas has a capacity of 1,076 MW. The aggregate purchase price was approximately $1.313 billion, which included the repayment of approximately $950 million of existing project financing indebtedness, plus approximately $236 million for cash and net working capital subject to final settlement. The purchase price was funded by cash-on-hand and additional borrowings under the Predecessor's DIP Facility totaling $1.1 billion. After completing the acquisition, the Predecessor repaid approximately $230 million of borrowings under the Predecessor's DIP Facility primarily utilizing cash acquired in the transaction. See Note 6 to the Financial Statements for further discussion of the acquisition.

Conversion of TCEH DIP Roll Facilities to Vistra Operations Credit Facilities — In August 2016, our Predecessor entered into the TCEH DIP Roll Facilities. Prior to the Effective Date, the TCEH DIP Roll Facilities provided for up to $4.250 billion in senior secured, super-priority financing consisting of a revolving credit facility of up to $750 million, a term loan letter of credit facility of up to $650 million and a term loan facility of up to $2.850 billion. Prior to the Effective Date, approximately $3.5 billion was outstanding under the Predecessor's TCEH DIP Roll Facilities, approximately $2.65 billion of which was used to repay all amounts outstanding under the Predecessor's DIP Facility, and the balance of which was used for general business purposes. Upon the Effective Date, the TCEH DIP Roll Facilities were converted into the Vistra Operations Credit Facilities with maturity dates of August 2021 for the revolving credit facility and August 2023 for the term loan facilities. The Vistra Operations Credit Facilities initially consisted of up to $4.250 billion in senior secured, first lien financing consisting of a revolving credit facility of up to $750 million, a term loan facility of up to $2.850 billion and a term loan letter of credit facility of up to $650 million.

In December 2016, we incurred approximately $1 billion of incremental term loans with a maturity date of December 2023 and $110 million of incremental revolving credit commitments under the Vistra Operations Credit Facility. Proceeds from the incremental term loan facility were used to fund the Special Dividend (see Note 15 to the Financial Statements) in the aggregate amount of approximately $1 billion that was approved by Vistra Energy's board of directors and paid in December 2016. As of December 31, 2016, approximately $4.5 billion was outstanding under the Vistra Operations Credit Facilities.

In February 2017, certain pricing terms for the Vistra Operations Credit Facility were amended. Any amounts borrowed under the Revolving Credit Facility will bear interest based on applicable LIBOR rates plus 2.75%. Amounts borrowed under the Initial Term Loan B Facility and the Term Loan C Facility will bear interest based on applicable LIBOR rates, subject to a 0.75% floor, plus 2.75%.

See Note 13 to the Financial Statements for details of the Vistra Operations Credit Facilities, the DIP Roll Facilities and the DIP Facility.

Environmental Matters — See Note 14 to Financial Statements for a discussion of greenhouse gas emissions, the CSAPR, regional haze, state implementation plan and other recent EPA actions as well as related litigation.

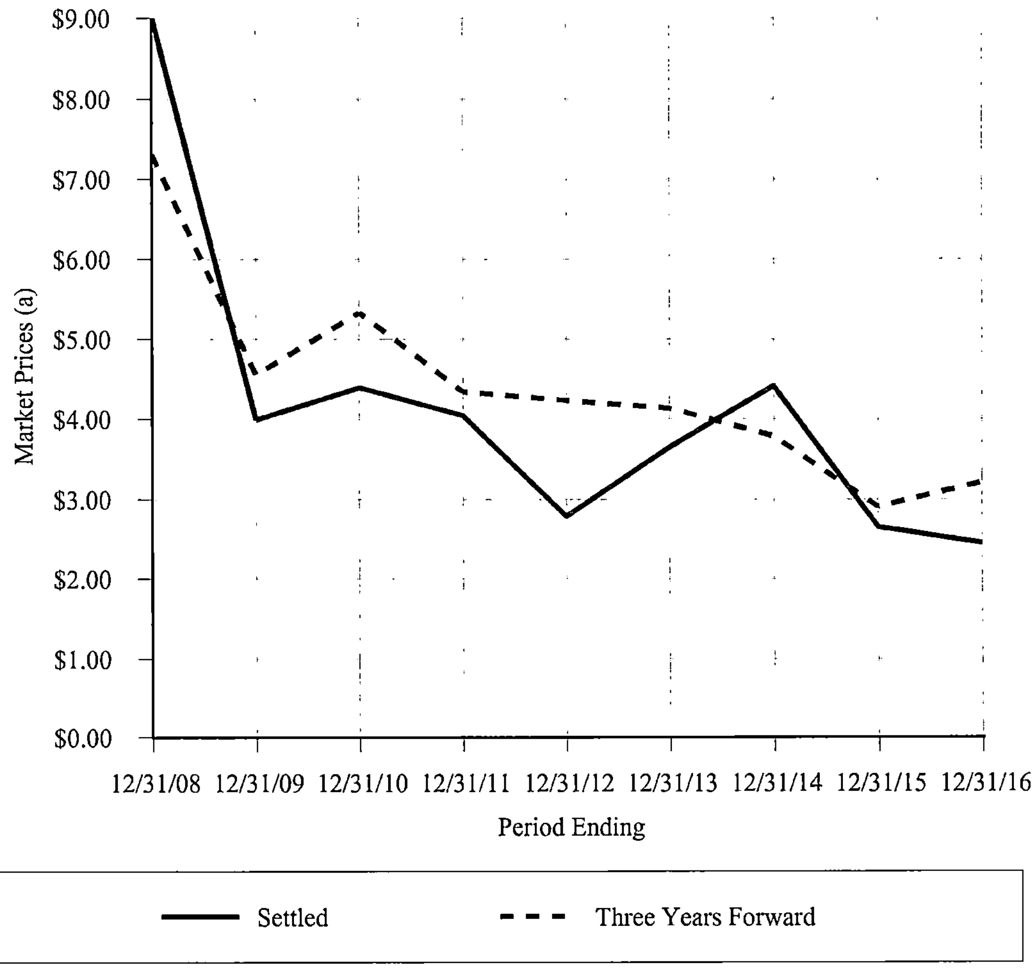
Key Risks and Challenges

Following is a discussion of key risks and challenges facing management and the initiatives currently underway to manage such challenges. These matters involve risks that could have a material effect on our results of operations, liquidity or financial condition.

Natural Gas Price and Market Heat Rate Exposure

The price of power in the ERCOT market is typically set by natural gas-fueled generation facilities, with wholesale prices generally tracking increases or decreases in the price of natural gas. In recent years, natural gas supply has outpaced demand primarily as a result of development and expansion of hydraulic fracturing in natural gas extraction; the supply/demand imbalance has resulted in historically low natural gas prices, and such prices have historically been volatile. The table below shows the general decline in forward natural gas prices over the last several years (amounts are per MMBtu.)

Decline of Settled and Forward Natural Gas Prices Since 2008



(a) Settled prices represent the average of NYMEX Henry Hub monthly settled prices of financial contracts for the year ending on the date presented. Forward prices represent the three-year average of NYMEX Henry Hub monthly forward prices at the date presented. Three year forward prices are presented as such period is generally deemed to be a liquid period.

In contrast to our natural gas fueled generation facilities, changes in natural gas prices have no significant effect on the cost of generating power at our nuclear-, lignite- and coal-fueled facilities, which represent the substantial majority of our generation capacity. Consequently, all other factors being equal, these nuclear-, lignite- and coal-fueled generation assets increase or decrease in value as natural gas prices and market heat rates rise or fall, respectively, because of the effect on our operating margins from changes in wholesale electricity prices in ERCOT. A persistent decline in the price of natural gas, and the corresponding decline in the price of power in the ERCOT market, would likely have a material adverse effect on our results of operations, liquidity and financial condition, predominantly related to the production of power generation volumes in excess of the volumes utilized to service our retail customer load requirements.

The wholesale market price of electricity divided by the market price of natural gas represents the market heat rate. Market heat rate can be affected by a number of factors, including generation availability, mix of assets and the efficiency of the marginal supplier (generally natural gas-fueled generation facilities) in generating electricity. Our market heat rate exposure is impacted by changes in the availability of generation resources, such as additions and retirements of generation facilities, and mix of generation assets in ERCOT. For example, increasing renewable (wind and solar) generation capacity generally depresses market heat rates. Our heat rate exposure is also impacted by the potential economic backdown of our generation assets. Decreases in market heat rates decrease the value of our generation assets because lower market heat rates generally result in lower wholesale electricity prices, and vice versa. However, even though market heat rates have generally increased over the past several years, wholesale electricity prices have declined due to the greater effect of falling natural gas prices.

As a result of our exposure to the variability of natural gas prices and market heat rates in ERCOT, retail sales and hedging activities are critical to our operating results and maintaining consistent cash flow levels.

Our integrated power generation and retail electricity business provides us opportunities to hedge our generation position utilizing retail electricity markets as a sales channel. In addition, our approach to managing electricity price risk focuses on the following:

- employing disciplined, liquidity-efficient hedging and risk management strategies through physical and financial energy-related contracts intended to partially hedge gross margins;
- continuing focus on cost management to better withstand gross margin volatility;
- following a retail pricing strategy that appropriately reflects the value of our product offering to customers, the magnitude and costs of commodity price, liquidity risk and retail demand variability, and
- improving retail customer service to attract and retain high-value customers.

We have engaged in natural gas hedging activities to mitigate the risk of lower wholesale electricity prices that have corresponded to declines in natural gas prices. While current and forward natural gas prices are currently depressed, we continue to seek opportunities to manage our wholesale power price exposure through hedging activities, including forward wholesale and retail electricity sales.

Taking together forward wholesale, retail electricity sales and other retail customer considerations and all other hedging positions, at March 1, 2017, we had effectively hedged an estimated 92% and 52% of the natural gas price exposure related to our overall business for 2017 and 2018, respectively. Additionally, taking into consideration our overall heat rate exposure and related hedging positions at March 1, 2017, we had effectively hedged 85% and 35% of the heat rate exposure to our overall business for 2017 and 2018, respectively.

The following sensitivity table provides approximate estimates of the potential impact of movements in natural gas prices and market heat rates on realized pretax earnings (in millions) on the hedge positions noted in the paragraph above for the periods presented. The estimates related to price sensitivity are based on our expected generation and retail positions, related hedges and forward prices as of March 1, 2017.

	Balance 2017 (a)		2018	
$0.50/MMBtu increase in natural gas price (b)(c)	$	~40	$	~190
$0.50/MMBtu decrease in natural gas price (b)(c)	$	~(5)	$	~(160)
1.0/MMBtu/MWh increase in market heat rate (d)	$	~40	$	~190
1.0/MMBtu/MWh decrease in market heat rate (d)	$	~(15)	$	~(150)

(a) Balance of 2017 is from March 1, 2017 through December 31, 2017.
(b) Assumes conversion of generation positions based on market heat rates and an estimate of natural gas generally being on the margin 70% to 90% of the time in the ERCOT market.
(c) Based on Houston Ship Channel natural gas prices at March 1, 2017.
(d) Based on ERCOT North Hub around-the-clock heat rates at March 1, 2017.

Competitive Retail Markets and Customer Retention

Competitive retail activity in ERCOT has resulted in retail customer churn as customers switch retail electricity providers for various reasons. Based on numbers of meters, our total retail customer counts declined approximately 1% in 2016, less than 1% in 2015 and 1% in 2014. Based upon 2016 results discussed below in *Results of Operations*, a 1% decline in residential customers would result in a decline in annual revenues of approximately $27 million. In responding to the competitive landscape in the ERCOT market, we have attempted to reduce overall customer losses by focusing on the following key initiatives:

- Maintaining competitive pricing initiatives on residential service plans;

- Actively competing for new customers in areas open to competition within ERCOT, while continuing to strive to enhance the experience of our existing customers; we are focused on continuing to implement initiatives that deliver world-class customer service and improve the overall customer experience;

- Establishing and leveraging our TXU Energy™ brand in the sale of electricity to residential and commercial customers, as the most innovative retailer in the ERCOT market by continuing to develop tailored product offerings to meet customer needs, and

- Focusing market initiatives largely on programs targeted at retaining the existing highest-value customers and to recapturing customers who have switched REPs, including maintaining and continuously refining a disciplined contracting and pricing approach and economic segmentation of the business market to enhance targeted sales and marketing efforts and to more effectively deploy our direct-sales force; tactical programs we have initiated include improved customer service, aided by an enhanced customer management system, new product price/service offerings and a multichannel approach for the small business market.

Exposures Related to Nuclear Asset Outages

Our nuclear assets are comprised of two generation units at the Comanche Peak facility, each with an installed nameplate generation capacity of 1,150 MW. As of December 31, 2016, these units represented approximately 14% of our total generation capacity. The nuclear generation units represent our lowest marginal cost source of electricity. Assuming both nuclear generation units experienced an outage at the same time, the unfavorable impact to pretax earnings is estimated (based upon forward electricity market prices for 2017 at December 31, 2016) to be approximately $1 million per day before consideration of any costs to repair the cause of such outages or receipt of any insurance proceeds. Also see discussion of nuclear facilities insurance in Note 14 to the Financial Statements.

The inherent complexities and related regulations associated with operating nuclear generation facilities result in environmental, regulatory and financial risks. The operation of nuclear generation facilities is subject to continuing review and regulation by the NRC, including potential regulation as a result of the NRC's ongoing analysis and response to the effects of the natural disaster on nuclear generation facilities in Fukushima, Japan in 2010, covering, among other things, operations, maintenance, emergency planning, security, and environmental and safety protection. The NRC may implement changes in regulations that result in increased capital or operating costs and may require extended outages, modify, suspend or revoke operating licenses and impose fines for failure to comply with its existing regulations and the provisions of the Atomic Energy Act. In addition, an unplanned outage at another nuclear generation facility could result in the NRC taking action to shut down our Comanche Peak units as a precautionary measure.

We participate in industry groups and with regulators to keep current on the latest developments in nuclear safety, operation and maintenance and on emerging threats and mitigating techniques. These groups include, but are not limited to, the NRC, the Institute of Nuclear Power Operations (INPO) and the Nuclear Energy Institute (NEI). We also apply the knowledge gained through our continuing investment in technology, processes and services to improve our operations and to detect, mitigate and protect our nuclear generation assets. The Comanche Peak plant has not experienced an extended unplanned outage, and management continues to focus on the safe, reliable and efficient operations at the facility.

Cyber Security and Infrastructure Protection Risk

A breach of cyber/data security measures that impairs our information technology infrastructure could disrupt normal business operations and affect our ability to control our generation assets, access retail customer information and limit communication with third parties. Any loss of confidential or proprietary data through a breach could materially affect our reputation, including our TXU Energy™ brand, expose the company to legal claims or impair our ability to execute on business strategies.

We participate in industry groups and with regulators to remain current on emerging threats and mitigating techniques. These groups include, but are not limited to, the US Cyber Emergency Response Team, the National Electric Sector Cyber Security Organization, the NRC and NERC.

While the company has not experienced a cyber event causing any material operational, reputational or financial impact, we recognize the growing threat within the general market place and our industry, and are proactively making strategic investments in our perimeter and internal defenses, cyber security operations center and regulatory compliance activities. We also apply the knowledge gained through industry and government organizations to continuously improve our technology, processes and services to detect, mitigate and protect our cyber assets.

Application of Critical Accounting Policies

Our significant accounting policies are discussed in Note 1 to the Financial Statements. We follow accounting principles generally accepted in the US. Application of these accounting policies in the preparation of our consolidated financial statements requires management to make estimates and assumptions about future events that affect the reporting of assets and liabilities at the balance sheet dates and revenues and expenses during the periods covered. The following is a summary of certain critical accounting policies that are impacted by judgments and uncertainties and under which different amounts might be reported using different assumptions or estimation methodologies.

Accounting in Reorganization and Fresh-Start Reporting

The consolidated financial statements of our Predecessor reflect the application of ASC 852. During the Chapter 11 Cases, the Debtors, including our Predecessor and its subsidiaries, operated their businesses as debtors-in-possession under the jurisdiction of the Bankruptcy Court and in accordance with the applicable provisions of the Bankruptcy Code. ASC 852 applies to entities that have filed a petition for bankruptcy under Chapter 11 of the Bankruptcy Code. The guidance requires that transactions and events directly associated with the reorganization be distinguished from the ongoing operations of the business. In addition, the guidance provides for changes in the accounting and presentation of liabilities. Expenses and income directly associated with the Chapter 11 Cases are reported separately in the statements of consolidated income (loss) as reorganization items. Reorganization items also include adjustments to reflect the carrying value of liabilities subject to compromise (LSTC) at their estimated allowed claim amounts, as such adjustments are determined. See Notes 4 and 5 to the Financial Statements.

As of the Effective Date, Vistra Energy applied fresh-start reporting under the applicable provisions of ASC 852. Fresh-start reporting includes (1) distinguishing the consolidated financial statements of the entity that was previously in restructuring from the consolidated financial statements of the entity that emerges from restructuring, (2) assigning the reorganized value of the successor entity by measuring all assets and liabilities of the successor entity at fair value, and (3) selecting accounting policies for the successor entity. The effects from emerging from bankruptcy, including the extinguishment of liabilities, as well as the fresh start reporting adjustments are reported in the Predecessor's statement of consolidated income (loss). The consolidated financial statements of Vistra Energy for periods subsequent to the Effective Date are not comparable to the financial statements of our Predecessor for periods prior to the Effective Date, as those previous periods do not give effect to any adjustments to the carrying values of assets or amounts of liabilities, nor any differences in accounting policies that were a consequence of the Plan of Reorganization or the related application of fresh-start reporting. See Note 3 to the Financial Statements.

Derivative Instruments and Mark-to-Market Accounting

We enter into contracts for the purchase and sale of energy-related commodities, and also enter into other derivative instruments such as options, swaps, futures and forwards primarily to manage commodity price and interest rate risks. Under accounting standards related to derivative instruments and hedging activities, these instruments are subject to mark-to-market accounting, and the determination of market values for these instruments is based on numerous assumptions and estimation techniques.

Mark-to-market accounting recognizes changes in the fair value of derivative instruments in the financial statements as market prices change. Such changes in fair value are accounted for as unrealized mark-to-market gains and losses in net income with an offset to derivative assets and liabilities. The availability of quoted market prices in energy markets is dependent on the type of commodity (e.g., natural gas, electricity, etc.), time period specified and delivery point. In computing fair value for derivatives, each forward pricing curve is separated into liquid and illiquid periods. The liquid period varies by delivery point and commodity. Generally, the liquid period is supported by exchange markets, broker quotes and frequent trading activity. For illiquid periods, fair value is estimated based on forward price curves developed using modeling techniques that take into account available market information and other inputs that might not be readily observable in the market. We estimate fair value as described in Note 16 to the Financial Statements.

Accounting standards related to derivative instruments and hedging activities allow for *normal* purchase or sale elections and hedge accounting designations, which generally eliminate or defer the requirement for mark-to-market recognition in net income and thus reduce the volatility of net income that can result from fluctuations in fair values. Normal purchases and sales are contracts that provide for physical delivery of quantities expected to be used or sold over a reasonable period in the normal course of business and are not subject to mark-to-market accounting if the election as *normal* is made.

We report derivative assets and liabilities in the consolidated balance sheets without taking into consideration netting arrangements that we have with counterparties. Margin deposits that contractually offset these assets and liabilities are reported separately in the consolidated balance sheets.

See Note 17 to the Financial Statements for further discussion regarding derivative instruments.

Accounting for Income Taxes

EFH Corp. files a United States federal income tax return that includes the results of EFCH, EFIH, Oncor Holdings and, prior to the Effective Date, TCEH. EFH Corp. is the corporate parent of the EFH Corp. consolidated group, while each of EFIH, Oncor Holdings, EFCH and, prior to the effective date, TCEH were classified as a disregarded entity for United States federal income tax purposes. Pursuant to applicable United States Treasury regulations and published guidance of the IRS, corporations that are members of a consolidated group have joint and several liability for the taxes of such group. Subsequent to the Effective Date, the TCEH Debtor and the Contributed EFH Debtors are no longer be included in the EFH Corp. consolidated group and are included in a consolidated group of which Vistra Energy is the corporate parent.

Prior to the Effective Date, EFH Corp. and certain of its subsidiaries (including EFCH, EFIH, and TCEH, but not including Oncor Holdings and Oncor) were parties to a Federal and State Income Tax Allocation Agreement, which provided, among other things, that any corporate member or disregarded entity in the EFH Corp. group is required to make payments to EFH Corp. in an amount calculated to approximate the amount of tax liability such entity would have owed if it filed a separate corporate tax return. Pursuant to the Plan of Reorganization, the TCEH Debtors and Contributed EFH Debtors rejected this agreement on the Effective Date. See Notes 2 and 10 to the Financial Statements for a discussion of the Tax Matters Agreement that was entered on the Effective Date between EFH Corp. and Vistra Energy. Additionally, since the date of the Settlement Agreement, no further cash payments among the Debtors were made in respect of federal income taxes. EFH Corp. has elected to continue to allocate federal income taxes among the entities that are parties to the Federal and State Income Tax Allocation Agreement. The Settlement Agreement did not alter the allocation and payment for state income taxes, which continued to be settled prior to the Effective Date.

Our income tax expense and related consolidated balance sheet amounts involve significant management estimates and judgments. Amounts of deferred income tax assets and liabilities, as well as current and noncurrent accruals, involve estimates and judgments of the timing and probability of recognition of income and deductions by taxing authorities. In assessing the likelihood of realization of deferred tax assets, management considers estimates of the amount and character of future taxable income. Actual income taxes could vary from estimated amounts due to the future impacts of various items, including changes in income tax laws, our forecasted financial condition and results of operations in future periods, as well as final review of filed tax returns by taxing authorities. Income tax returns are regularly subject to examination by applicable tax authorities. In management's opinion, the liability recorded pursuant to income tax accounting guidance related to uncertain tax positions reflects future taxes that may be owed as a result of any examination.

See Notes 1 and 9 to the Financial Statements for discussion of income tax matters.

Accounting for Tax Receivable Agreement

On the Effective Date, we entered into a tax receivable agreement (the TRA) with American Stock Transfer & Trust Company, LLC, as the transfer agent. Pursuant to the TRA, we issued beneficial interests in the rights to receive payments under the TRA (the TRA Rights) to the first lien creditors of our Predecessor to be held in escrow for the benefit of the first lien creditors of our Predecessor entitled to receive such TRA Rights under the Plan. As part of Emergence, Vistra Energy reflected the obligation associated with TRA Rights at fair value in the amount of $574 million related to these future payment obligations. This estimate of fair value is the discounted amount of estimated payments to be made each year under the TRA, based on certain assumptions, including but not limited to:

- the amount of tax basis step-up resulting from the PrefCo Preferred Stock Sale (which is estimated to be approximately $5.5 billion) and the allocation of such tax basis step-up among the assets subject thereto;
- the depreciable lives of the assets subject to such tax basis step-up, which generally is expected to be 15 years for most of such assets;
- a federal corporate income tax rate in all future years of 35%;

- the Company generally expects to generate sufficient taxable income to be able to utilize the deductions arising out of (i) the tax basis step up attributable to the PrefCo Preferred Stock Sale, (ii) the entire tax basis of the assets acquired as a result of the Lamar and Forney Acquisition, and (iii) tax benefits related to imputed interest deemed to be paid by us as a result of payments under the TRA in the tax year in which such deductions arise; and

- a discount rate of 15%, which represents our view of the rate that a market participant would use based on the risk associated with the uncertainty in the amount and timing of the cash flows.

We expect to recognize accretion expense over the life of the TRA Rights liability as the present value of the initially established liability is accreted up over the life of the liability. This noncash accretion expense is reported in the statements of consolidated income (loss) as Impacts of Tax Receivable Agreement. Further, there may be significant changes, which may be material, to the estimate of the related liability due to various reasons including changes in corporate tax law, changes in estimates of future taxable income of Vistra Energy and its subsidiaries and other items. We expect that changes in those estimates will be recognized as adjustments to the related TRA Rights liability, with offsetting impacts recorded in the statements of consolidated income (loss) as Impacts of Tax Receivable Agreement.

Impairment of Goodwill and Other Long-Lived Assets

We evaluate long-lived assets (including intangible assets with finite lives) for impairment, in accordance with accounting standards related to impairment or disposal of long-lived assets, whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. For our generation assets, possible indications include an expectation of continuing long-term declines in natural gas prices and/or market heat rates or an expectation that "more likely than not" a generation asset will be sold or otherwise disposed of significantly before the end of its estimated useful life. The determination of the existence of these and other indications of impairment involves judgments that are subjective in nature and may require the use of estimates in forecasting future results and cash flows related to an asset or group of assets. Further, the unique nature of our property, plant and equipment, which includes a fleet of generation assets with a diverse fuel mix and individual generation units that have varying production or output rates, requires the use of significant judgments in determining the existence of impairment indications and the grouping of assets for impairment testing. We generally utilize an income approach measurement to derive fair values for our long-lived generation assets. The income approach involves estimates of future performance that reflect assumptions regarding, among other things, forward natural gas and electricity prices, market heat rates, the effects of environmental rules, generation plant performance, forecasted capital expenditures and forecasted fuel prices. Any significant change to one or more of these factors can have a material impact on the fair value measurement of our long-lived assets. As a result of the decrease in forecasted wholesale electricity prices, potential effects from environmental regulations and changes to our Predecessor's operating plans in 2015 and 2014, our Predecessor evaluated the recoverability of its generation assets. See Note 8 to the Financial Statements for a discussion of the impairment charges related to certain of those assets. Additional material impairments related to these or other of our generation facilities may occur in the future if forward wholesale electricity prices in ERCOT continue to decline or if additional environmental regulations increase the cost of producing electricity at our generation facilities.

Goodwill and intangible assets with indefinite useful lives, such as the intangible asset related to the TXU Energy™ brand, are required to be tested for impairment at least annually (as of the Effective Date, we have selected October 1 as our annual test date) or whenever events or changes in circumstances indicate an impairment may exist, such as the indicators used to evaluate impairments to long-lived assets discussed above or declines in values of comparable public companies in our industry. Accounting guidance requires goodwill to be allocated to our reporting units, and at December 31, 2016 all goodwill was allocated to our Retail Electricity segment. Goodwill impairment testing is performed at the reporting unit level. Under this goodwill impairment analysis, if at the assessment date, a reporting unit's carrying value exceeds its estimated fair value (enterprise value), the estimated enterprise value of the reporting unit is compared to the estimated fair values of the reporting unit's assets (including identifiable intangible assets) and liabilities at the assessment date, and the resultant implied goodwill amount is then compared to the recorded goodwill amount. Any excess of the recorded goodwill amount over the implied goodwill amount is written off as an impairment charge.

The determination of enterprise value involves a number of assumptions and estimates. We use a combination of fair value measurements to estimate enterprise values of our reporting units including: internal discounted cash flow analyses (income approach), and comparable publicly traded company values (market approach). The income approach involves estimates of future performance that reflect assumptions regarding, among other things, forward natural gas and electricity prices, market heat rates, the effects of environmental rules, generation plant performance, forecasted capital expenditures and retail sales volume trends, as well as determination of a terminal value. Another key variable in the income approach is the discount rate, or weighted average cost of capital, applied to the forecasted cash flows. The determination of the discount rate takes into consideration the capital structure, credit ratings and current debt yields of comparable publicly traded companies as well as an estimate of return on equity that reflects historical market returns and current market volatility for the industry. The market approach involves using trading multiples of EBITDA of those selected publicly traded companies to derive appropriate multiples to apply to the EBITDA of our reporting units. Critical judgments include the selection of publicly traded comparable companies and the weighting of the value metrics in developing the best estimate of enterprise value.

See Note 7 to the Financial Statements for additional discussion of the Predecessor's goodwill impairment charges.

Results of Operations

Vistra Energy Consolidated Financial Results — Period from October 3, 2016 through December 31, 2016

	Successor			
	Period from October 3, 2016 through December 31, 2016			
	Wholesale Generation	Retail Electricity	Eliminations / Corporate and Other	Vistra Energy Consolidated
Operating revenues	$ 450	$ 912	$ (171)	$ 1,191
Fuel, purchased power costs and delivery fees	(376)	(515)	171	(720)
Operating costs	(205)	(3)	—	(208)
Depreciation and amortization	(53)	(153)	(10)	(216)
Selling, general and administrative expenses	(71)	(130)	(7)	(208)
Operating income (loss)	(255)	111	(17)	(161)
Other income	3	3	4	10
Interest expense and related charges	1	—	(61)	(60)
Impacts of Tax Receivables Agreement	—	—	(22)	(22)
Income (loss) before income taxes	(251)	114	(96)	(233)
Income tax benefit (expense)			70	70
Net income (loss)			$ (26)	$ (163)

Consolidated operating loss totaled $161 million for the period from October 3, 2016 through December 31, 2016. Results were driven by:

- Our Wholesale Generation segment had an operating loss of approximately $255 million for the period which was primarily driven by unrealized mark-to-market losses totaling approximately $273 million for the period (including $113 million of unrealized losses on positions with the Retail Electricity segment). The unrealized losses were driven by increases in forward natural gas prices during the period. Please see the discussion of Wholesale Generation below for further details.
- Our Retail Electricity segment had operating income of $111 million for the period which was the result of favorable profit margins, including $113 million of unrealized gains in purchased power costs on positions with the Wholesale Generation segment. Please see the discussion of Retail Electricity below for further details.
- Net operating expense related to Eliminations and Corporate and Other activities totaled $17 million and primarily reflected $7 million in amortization of intangible assets and $4 million in post-Emergence restructuring fees.

Interest expense and related charges totaled $60 million and reflected $47 million of interest expense incurred on the Vistra Operations Credit Facilities and $11 million of unrealized mark-to-market net losses on interest rate swaps. See Note 11 to the Financial Statements.

See Note 10 to the Financial Statements for discussion of the impacts of the Tax Receivable Agreement Obligation.

Income tax expense totaled $70 million. The effective tax rate was 30.0%. See Note 9 to the Financial Statements for reconciliation of this effective rate to the US federal statutory rate.

Operating Income

We evaluate our segment performance using operating income as an earnings metric. We believe operating income is useful in evaluating our core business activities and is one of the metrics used by our chief operating decision maker and leadership to evaluate segment results. Operating income excludes interest income, interest expense and related charges, impacts of the Tax Receivables Agreement and income tax expense as these activities are managed at the corporate level.

Operating Statistics — Period from October 3, 2016 through December 31, 2016

	Successor
	Period from October 3, 2016 through December 31, 2016
Sales volumes:	
Retail electricity sales volumes (GWh):	
Residential	4,485
Business markets	4,430
Total retail electricity sales volumes	8,915
Wholesale electricity sales volumes (a)(b)	13,806
Production volumes (GWh):	
Nuclear facilities	5,373
Lignite and coal facilities	13,654
Natural gas facilities	3,138
Capacity factors:	
Nuclear facilities	105.7%
Lignite and coal facilities	77.1%
CCGT facilities	47.0%
Market pricing:	
Average ERCOT North power price ($/MWh)	$ 26.52

(a) Upon settlement, physical derivative commodity contracts that we mark-to-market in net income, such as certain electricity sales and purchase agreements and coal purchase contracts, wholesale electricity revenues and fuel and purchased power costs are reported at approximated market prices, as required by accounting rules, rather than contract price.
(b) Includes net amounts related to sales and purchases of balancing energy in the ERCOT real-time market.

Wholesale Generation Segment Financial Results — Period from October 3, 2016 through December 31, 2016

Wholesale electricity revenues totaled $450 million and reflected:

- $274 million in third-party wholesale electricity revenues, which included $456 million in electricity sales to third parties, partially offset by $182 million in unrealized losses from hedging activities reflecting an increase in forward natural gas prices and a reversal of previously recorded unrealized gains on settled positions, and
- $171 million in affiliated sales to the Retail Electricity segment, which included $284 million in sales for the period, partially offset by $113 million in unrealized losses on affiliate positions due to increases in forward commodity prices.

	Successor
	Period from October 3, 2016 through December 31, 2016
Wholesale electricity sales	$ 456
Unrealized net losses on hedging activities	(182)
Sales to affiliates	284
Unrealized net losses with affiliates	(113)
Other revenues	5
Total wholesale electricity revenues	$ 450

Fuel, purchased power costs and delivery fees totaled $376 million and reflected $398 million in fuel and purchased power costs, ancillary and other costs, including $7 million of severance expense associated with the October 2016 workforce reduction. Results also included $22 million in unrealized gains from hedging activities reflecting gains on coal and diesel hedges due to increases in forward prices.

	Successor	
	Period from October 3, 2016 through December 31, 2016	
Fuel for nuclear facilities	$	31
Fuel for lignite and coal facilities		229
Fuel for natural gas facilities and purchased power costs		97
Unrealized gains from hedging activities		(22)
Ancillary and other costs		41
Total fuel and purchased power costs	$	376

Operating costs totaled $205 million and reflected operations and maintenance expenses for power generation facilities and salaries and benefits for facilities personnel. Costs included $10 million of severance expense associated with the October 2016 workforce reduction.

Depreciation and amortization expenses totaled $53 million and reflected $51 million of depreciation on power generation and mining property, plant and equipment and $2 million of amortization expense related to finite-lived identifiable intangible assets. Depreciation and amortization expense for the period reflects fresh start reporting adjustments to fair value of property, plant and equipment and identifiable intangible assets (see Note 3 to the Financial Statements).

SG&A totaled $71 million and reflected $52 million of functional group service costs allocated from Corporate and Other activities, $8 million of severance expense associated with the October 2016 workforce reduction, $7 million of employee compensation and benefit costs and $4 million of legal and other professional services costs.

Retail Electricity Segment Financial Results — Period from October 3, 2016 through December 31, 2016

Retail electricity revenues totaled $912 million and included $907 million related to 8,915 GWh in sales volumes. Sales volumes for the period were evenly split between residential and business market customers. Revenues for the period included $36 million in amortization expense of identifiable intangible assets related to retail contracts (see Note 7 to the Financial Statements).

Purchased power costs, delivery fees and other costs totaled $515 million and reflected the following:

	Successor	
	Period from October 3, 2016 through December 31, 2016	
Purchases from affiliates	$	284
Unrealized net gains with affiliates		(113)
Delivery fees		320
Other costs		24
Purchased power costs and delivery fees	$	515

Depreciation and amortization expenses totaled $153 million and primarily reflected amortization expense related to the retail customer relationship intangible asset (see Note 7 to the Financial Statements).

SG&A totaled $130 million and reflected $33 million of functional group service costs allocated from Corporate and Other activities, $28 million of employee compensation and benefit costs, $23 million of marketing-related expenses, $22 million of revenue based taxes and $18 million of legal and professional services costs, franchise taxes and bad debt. SG&A for the Retail Electricity segment also included $5 million of severance expense associated with the October 2016 workforce reduction.

Predecessor Consolidated Financial Results

	Predecessor		
	Period from January 1, 2016 through October 2, 2016	Year Ended December 31,	
		2015	2014
Operating revenues	$ 3,973	$ 5,370	$ 5,978
Fuel, purchased power costs and delivery fees	(2,082)	(2,692)	(2,842)
Net gain from commodity hedging and trading activities	282	334	11
Operating costs	(664)	(834)	(914)
Depreciation and amortization	(459)	(852)	(1,270)
Selling, general and administrative expenses	(482)	(676)	(708)
Impairment of goodwill	—	(2,200)	(1,600)
Impairment of long-lived assets	—	(2,541)	(4,670)
Operating income (loss)	568	(4,091)	(6,015)
Other income	16	17	16
Other deductions	(75)	(93)	(281)
Interest income	3	1	—
Interest expense and related charges	(1,049)	(1,289)	(1,749)
Reorganization items	22,121	(101)	(520)
Loss before income taxes	21,584	(5,556)	(8,549)
Income tax benefit (expense)	1,267	879	2,320
Net loss	$ 22,851	$ (4,677)	$ (6,229)

Predecessor — Operating Statistics

	Predecessor			% Change
	Period from January 1, 2016 through October 2, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014	2015 versus 2014
Operating revenues:				
Retail electricity revenues	3,154	4,449	4,413	0.8 %
Wholesale electricity revenues and other operating revenues (a)(b)	819	921	1,565	(41.2)%
Total operating revenues	$ 3,973	$ 5,370	$ 5,978	(10.2)%
Fuel, purchased power costs and delivery fees:				
Fuel for nuclear facilities	$ 92	$ 146	$ 147	(0.7)%
Fuel for lignite and coal facilities	548	736	784	(6.1)%
Fuel for natural gas facilities and purchased power costs (a)	310	252	316	(20.3)%
Other costs	108	166	267	(37.8)%
Delivery fees	1,024	1,392	1,328	4.8 %
Total	$ 2,082	$ 2,692	$ 2,842	(5.3)%
Sales volumes:				
Retail electricity sales volumes (GWh):				
Residential	16,619	21,923	21,910	0.1 %
Business markets	14,354	19,289	16,601	16.2 %
Total retail electricity	30,973	41,212	38,511	7.0 %
Wholesale electricity sales volumes (b)	25,563	23,533	32,965	(28.6)%
Total sales volumes	56,536	64,745	71,476	(9.4)%
Production volumes (GWh):				
Nuclear facilities	15,005	19,954	18,636	7.1 %
Lignite and coal facilities (c)	31,865	41,817	48,878	(14.4)%
Natural gas facilities	8,539	709	816	(13.1)%
Capacity factors:				
Nuclear facilities	99.2%	99.0%	92.5%	7.0 %
Lignite and coal facilities (c)	60.5%	59.5%	69.6%	(14.5)%
CCGT facilities	65.2%	—%	—%	— %
Market pricing:				— %
Average ERCOT North power price ($/MWh)	$ 20.78	$ 23.78	$ 36.44	(34.7)%

(a) Upon settlement, physical derivative commodity contracts that we mark-to-market in net income, such as certain electricity sales and purchase agreements and coal purchase contracts, wholesale electricity revenues and fuel and purchased power costs are reported at approximated market prices, as required by accounting rules, rather than contract price. The offsetting differences between contract and market prices are reported in net gain from commodity hedging and trading activities.

(b) Includes net amounts related to sales and purchases of balancing energy in the ERCOT real-time market.

(c) Includes the estimated effects of economic backdown (including seasonal operations) of lignite/coal fueled units totaling 14,420 GWh, 19,900 GWh and 15,770 GWh for the Predecessor period from January 1, 2016 through October 2, 2016 and the years ended December 31, 2015 and 2014, respectively.

Predecessor Financial Results — Predecessor Period from January 1, 2016 through October 2, 2016

Income before income taxes totaled $21.584 billion and included a $24.252 billion gain on reorganization adjustments and a $2.013 billion loss for the net impacts from the adoption of fresh start reporting (see Notes 3 and 4 to the Financial Statements). Results also reflected the effect of declining average electricity prices on operating revenues, $977 million in adequate protection interest expense paid/accrued on pre-petition debt and $116 million in reorganization items associated with the Chapter 11 Cases.

Operating revenues totaled $3.973 billion. Retail electricity revenues totaling $3.154 billion were negatively impacted by declining average prices and reduced electricity usage reflecting milder than normal weather in 2016. Wholesale revenues totaling $649 million were positively impacted by increases in generation volumes (approximately 8,048 GWh) driven by the Lamar and Forney Acquisition in April 2016 (see Note 6 to the Financial Statements), partially offset by lower average wholesale electricity prices.

Following is an analysis of amounts reported as net gain from commodity hedging and trading activities. Results are primarily related to natural gas and power hedging activity.

	Predecessor
	Period From January 1, 2016 through October 2, 2016
Realized net gains	$ 320
Unrealized net gains (losses)	(38)
Total	$ 282

The negative impacts of declining average prices on operating revenues were partially offset by realized net gains reflecting settled gains on derivatives due to declining market prices. These gains were primarily related to natural gas positions.

Net unrealized gains (losses) were primarily impacted by reversals of previously recorded unrealized net gains on settled positions.

Fuel, purchased power costs and delivery fees totaled $2.082 billion and reflected the impact of declining electricity prices on purchased power costs, partially offset by incremental natural gas fuel costs associated with the Lamar and Forney Acquisition (see Note 6 to the Financial Statements).

Operating costs totaled $664 million and primarily reflect maintenance expense for our generation assets, including nuclear maintenance costs due to a spring nuclear refueling outage and incremental operation and maintenance costs associated with the Lamar and Forney Acquisition.

Depreciation and amortization expenses totaled $459 million and reflected the effect of noncash impairments of certain long-lived assets recorded in 2015, partially offset by incremental depreciation expense associated with the Lamar and Forney Acquisition.

SG&A expenses totaled $482 million and reflected administrative and general salaries, employee benefits, marketing costs related to retail electricity activity and other administrative costs.

Results for the period also include $32 million of severance expense, primarily reported in fuel, purchased power and delivery fees and operating costs, associated with certain actions taken to reduce costs related to mining and lignite/coal generation operations.

Interest expense and related charges totaled $1.049 billion and reflected $977 million in adequate protection payments approved by the Bankruptcy Court for the benefit of TCEH secured creditors and $76 million in interest expense on debtor-in-possession financing.

Income tax benefit totaled $1.267 billion. See Note 9 to the Financial Statements for reconciliation of this effective rate to the US federal statutory rate.

Predecessor Financial Results — Year Ended December 31, 2015 Compared to Year Ended December 31, 2014

Loss before income taxes decreased $2.993 billion in 2015 from 2014 to a loss of $5.556 billion. The decrease primarily reflected the larger noncash impairment charges of certain long-lived assets in 2014 and the decrease in interest expense, the decrease in depreciation and amortization expense and a decrease in reorganization items expense in 2015.

Operating revenues decreased $608 million in 2015 from 2014, as a result of a decrease in wholesale electricity revenues, partially offset by an increase in retail electricity revenues. Wholesale electricity revenues decreased $587 million in 2015 from 2014 reflecting a $362 million decrease in sales volumes and a $225 million decrease due to lower average wholesale electricity prices. The decrease in wholesale electricity sales volumes was driven by lower generation volumes from increased economic backdown (including seasonal operations) at our lignite and coal generation facilities, which was driven by a 35% decline in average wholesale electricity prices, driven by lower natural gas prices. Retail electricity revenues increased $36 million in 2015 from 2014 primarily reflecting a $310 million increase due to sales volumes driven by an increase in business sales volumes, partially offset by a $274 million decrease due to lower average prices primarily for business markets customers.

Fuel, purchased power costs and delivery fees decreased $150 million in 2015 from 2014. Fuel for lignite and coal facilities decreased $48 million in 2015 from 2014 due to a 14% decrease in generation volumes, partially offset by higher lignite mining costs and more western coal in the fuel blend. Fuel for natural gas facilities and purchased power costs decreased $64 million in 2015 from 2014 driven by a 28% decrease in purchased power volumes, lower natural gas prices and a 13% decrease in generation volumes from natural gas generation units. Other costs decreased $101 million in 2015 from 2014, reflecting a $49 million decrease in natural gas purchases for resale and $34 million decrease in amortization of favorable purchase contracts due to impairments recorded at the end of 2014. Delivery fees increased $64 million in 2015 from 2014, primarily reflecting higher retail volumes.

Following is an analysis of amounts reported as net gain from commodity hedging and trading activities. The results are primarily related to natural gas and power hedging activity.

	Predecessor		
	Year Ended December 31,		
	2015	2014	Change
Realized net gains	$ 217	$ 387	$ (170)
Unrealized net gains (losses)	117	(376)	493
Total	$ 334	$ 11	$ 323

Realized net gains on hedging and trading positions decreased $170 million, or 43.9%, in 2015 from 2014, reflecting lower gains due to the 2014 termination of our favorable long-term natural gas hedging program, partially offset by other realized gains from declining market prices in 2015.

The $493 million favorable change in unrealized net gains in 2015 from 2014 primarily reflected the 2014 reversal of previously recorded unrealized gains related to the favorable pricing of our long-term natural gas hedging program that terminated in 2014 along with favorable unrealized gains in 2015 due to the impact of declining natural gas prices on our hedging positions.

Operating costs decreased $80 million in 2015 from 2014, driven by $55 million in lower nuclear maintenance costs, reflecting a spring refueling in 2014 that was absent in 2015, as well as lower lignite and coal facilities operating costs reflecting lower generation.

Depreciation and amortization expenses decreased $418 million in 2015 from 2014, primarily reflecting reduced depreciation expense resulting from the effect of noncash impairments of certain long-lived assets recorded at the end of 2014 and during 2015.

Interest expense and related charges decreased $460 million in 2015. The decrease reflected:

- $874 million in lower interest expense on pre-petition debt due to the discontinuance of interest due to the Chapter 11 Cases, and
- $86 million in lower amortization of pre-petition debt issuances, amendment and extension costs and discounts due to reclassification of such amounts to liabilities subject to compromise in 2014,

partially offset by

- $405 million in higher expense related to adequate protection payments approved by the Bankruptcy Court for the benefit of TCEH secured creditors in the year ended December 31, 2015 as compared to the post-petition period ended December 31, 2014;
- $65 million in mark-to-market net gains on interest rate swaps in 2014, and
- $26 million in higher interest expense on debtor-in-possession financing in the year ended December 31, 2015 as compared to the post-petition period ended December 31, 2014.

Income tax benefit totaled $879 million and $2.320 billion on pretax losses in 2015 and 2014, respectively. The effective tax rate was 15.8% in 2015 and 27.1% in 2014. See Note 9 to the Financial Statements for reconciliation of this effective rate to the US federal statutory rate.

See Note 7 to the Financial Statements for details of noncash impairments of goodwill. See Note 22 to the Financial Statements for details of other income and deductions. See Note 8 to the Financial Statements for details of noncash impairments of certain long lived assets. See Note 4 to the Financial Statements for details of reorganization items.

Energy-Related Commodity Contracts and Mark-to-Market Activities

The table below summarizes the changes in commodity contract assets and liabilities for the periods presented. The net change in these assets and liabilities, excluding "other activity" as described below, reflects $166 million in unrealized net losses, $38 million in unrealized net losses, $117 million in unrealized net gains and $368 million in unrealized net losses for the Successor period from October 3, 2016 through December 31, 2016, the Predecessor period from January 1, 2016 through October 2, 2016 and the years ended December 31, 2015 and 2014, respectively, arising from mark-to-market accounting for positions in the commodity contract portfolio.

	Successor	Predecessor		
	Period from October 3, 2016 through December 31, 2016	Period from January 1, 2016 through October 2, 2016	Year Ended December 31, 2015	Year Ended December 31, 2014
Commodity contract net asset at beginning of period	$ 181	$ 271	$ 180	$ 525
Settlements/termination of positions (a)	(95)	(232)	(263)	(385)
Changes in fair value of positions in the portfolio (b)	(71)	194	380	17
Other activity (c)	49	(35)	(26)	23
Commodity contract net asset at end of period	$ 64	$ 198	$ 271	$ 180

(a) Represents reversals of previously recognized unrealized gains and losses upon settlement/termination (offsets realized gains and losses recognized in the settlement period). Includes reversal of $90 million in previously recorded unrealized gains related to Vista Energy beginning balances. Excludes changes in fair value in the month the position settled as well as amounts related to positions entered into and settled in the same month.
(b) Represents unrealized net gains (losses) recognized, reflecting the effect of changes in fair value. Excludes changes in fair value in the month the position settled as well as amounts related to positions entered into and settled in the same month.
(c) These amounts do not represent unrealized gains or losses. Includes initial values of positions involving the receipt or payment of cash or other consideration, generally related to options purchased/sold. The Predecessor period from January 1, 2016 through October 2, 2016 includes fair value of acquired commodity contracts as of the date of the Lamar and Forney Acquisition (see Note 6 to the Financial Statements).

Maturity Table — The following table presents the net commodity contract asset arising from recognition of fair values at December 31, 2016, scheduled by the source of fair value and contractual settlement dates of the underlying positions.

	Successor				
	Maturity dates of unrealized commodity contract net asset at December, 2016				
Source of fair value	Less than 1 year	1-3 years	4-5 years	Excess of 5 years	Total
Prices actively quoted	$ (134)	$ 1	$ (2)	$ —	$ (135)
Prices provided by other external sources	108	8	—	—	116
Prices based on models	48	35	—	—	83
Total	$ 22	$ 44	$ (2)	$ —	$ 64

Financial Condition

Operating Cash Flows

Successor Period from October 3, 2016 through December 31, 2016 — Cash provided by operating activities totaled $81 million and was primarily driven by cash earnings from our business of approximately $251 million after taking into consideration depreciation and amortization and unrealized mark-to-market losses on derivatives, offset by a net use of cash of approximately $170 million in working capital primarily driven by cash utilized in margin postings related to derivative contracts.

Predecessor Period from January 1, 2016 through October 2, 2016 — Cash used in operating activities totaled $238 million and was primarily driven by cash used by for margin deposit postings and other working capital utilization.

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014 — Cash provided by operating activities totaled $237 million in 2015 compared to cash provided by operating activities of $444 million in 2014. The decrease of $207 million was driven by higher cash used to pay for reorganization costs and higher cash interest payments.

Financing Cash Flows

Successor Period from October 3, 2016 through December 31, 2016 — Cash provided by financing activities totaled $6 million and related to the net impacts of the Incremental Term Loan B borrowings and the Special Dividend paid to shareholders.

Predecessor Period from January 1, 2016 through October 2, 2016 — Cash provided by financing activities totaled $1.059 billion and primarily reflected $2.040 billion in net borrowings under the DIP Roll Facilities and the DIP Facility, including $870 million in net borrowings to fund the Lamar and Forney Acquisition (see Note 6 to the Financial Statements), and $69 million from the issuance of preferred stock, partially offset by $915 million in payments to extinguish claims under the Plan of Reorganization and $112 million in fees related to the issuance of the DIP Roll Facilities.

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014 — Cash used in financing activities totaled $30 million in 2015 compared to cash provided by financing activities of $1.111 billion in 2014. Activity in 2015 reflected the repayments of certain debt principal and fees. Activity in 2014 reflected $1.425 billion in borrowings from the DIP Facility, partially offset by $223 million in principal payments for pollution control revenue bonds and $92 million in fees associated with establishment of the DIP Facility.

Investing Cash Flows

Successor Period from October 3, 2016 through December 31, 2016 — Cash used in investing activities totaled $45 million and was primarily driven by capital expenditures of $48 million and purchases of nuclear fuel of $41 million, partially offset by a reduction in restricted cash balances of $48 million.

Capital expenditures, including nuclear fuel, in the period from October 3, 2016 through December 31, 2016 totaled $89 million and consisted of:

- $18 million primarily for our generation operations;
- $22 million for environmental expenditures related to generation units;
- $41 million for nuclear fuel purchases, and
- $8 million for information technology and other corporate investments.

Predecessor Period from January 1, 2016 through October 2, 2016 — Cash used in investing activities totaled $1.420 billion. Cash used reflected payments of $1.343 billion related to the Lamar and Forney Acquisition net of cash acquired (see Note 6 to the Financial Statements) and capital expenditures (including nuclear fuel purchases) totaling $263 million, partially offset by a $233 million decrease in restricted cash used to backstop letters of credit.

Capital expenditures, including nuclear fuel, in the period from January 1, 2016 through October 2, 2016 totaled $263 million and consisted of:

- $171 million primarily for our generation operations;
- $40 million for environmental expenditures related to generation units;
- $33 million for nuclear fuel purchases, and
- $19 million for information technology and other corporate investments.

Year Ended December 31, 2015 Compared to Year Ended December 31, 2014 — Cash used in investing activities totaled $650 million and $458 million in 2015 and 2014, respectively. Cash used in 2015 reflected capital expenditures (including nuclear fuel purchases) totaling $460 million and a $123 million increase in restricted cash largely for supporting letters of credit issued under the DIP Facility. Cash used in 2014 reflected capital expenditures (including nuclear fuel purchases) totaling $413 million and a $350 million increase in restricted cash supporting letters of credit issued under the DIP Facility, partially offset by $392 million in restricted cash released from an escrow account when certain letters of credit were drawn.

Capital expenditures, including nuclear fuel, in 2015 totaled $460 million and consisted of:

- $230 million primarily for our generation operations;
- $82 million for environmental expenditures related to generation units;
- $123 million for nuclear fuel purchases, and
- $25 million for information technology and other corporate investments.

Debt Activity

See Note 13 to the Financial Statements for details of the Vistra Operations Credit Facilities, the DIP Roll Facilities, the DIP Facility and other long-term debt.

Available Liquidity

The following table summarizes changes in available liquidity for the years ended December 31, 2016 and 2015:

	Successor	Predecessor	
	December 31, 2016	October 2, 2016	December 31, 2015
Cash and cash equivalents (a)	$ 843	$ 1,829	$ 1,400
Vistra Operations Credit Facilities — Revolving Credit Facility	860	—	—
Vistra Operations Credit Facilities — Term Loan C Facility (b)	131	—	—
DIP Roll Revolving Credit Facility	—	750	—
DIP Revolving Credit Facility	—	—	1,950
Total liquidity	$ 1,834	$ 2,579	$ 3,350

(a) Cash and cash equivalents at December 31, 2016, October 3, 2016 and December 31, 2015 exclude $650 million, $650 million and $1.026 billion, respectively, of restricted cash held for letter of credit support (see Note 22 to the Financial Statements).

(b) The Term Loan C Facility is used for issuing letters of credit for general corporate purposes. Borrowings totaling $650 million under this facility were funded to collateral accounts that are reported as restricted cash in the consolidated balance sheet. At December 31, 2016, the restricted cash supported $519 million in letters of credit outstanding, leaving $131 million in available letter of credit capacity (see Note 13 to the Financial Statements).

Available liquidity totaled $1.834 billion at December 31, 2016 and reflects cash on hand, the undrawn balance of the Revolving Credit Facility, along with $110 million of incremental revolving credit commitments under the Vistra Operations Credit Facilities entered into in December 2016.

The decrease in available liquidity of $771 million in the Predecessor period from January 1, 2016 through October 3, 2016 was primarily driven by $2.040 billion in net borrowings under the DIP Roll Facilities and the DIP Facility, including $870 million in net borrowings to fund the Lamar and Forney Acquisition (see Note 6 to the Financial Statements) $1.064 billion in cash interest payments (including adequate protection payments), $263 million in capital expenditures (including nuclear fuel purchases) and $104 million of cash used to pay for reorganization expenses.

Based upon our current internal financial forecasts, we believe that we will have sufficient amounts available under the Vistra Operations Credit Facilities, plus cash generated from operations, to fund our anticipated cash requirements through at least the next 12 months.

Capital Expenditures

Estimated capital expenditures and nuclear fuel purchases for 2017 are expected to total approximately $307 million and include:

- $192 million for investments in generation and mining facilities, including approximately:
  - $161 million primarily for our generation operations and
  - $31 million for environmental expenditures;
- $65 million for nuclear fuel purchases; and
- $50 million for information technology and other corporate investments.

Pension and OPEB Plan Funding

See Note 18 to the Financial Statements.

Liquidity Effects of Commodity Hedging and Trading Activities

We have entered into commodity hedging and trading transactions that require us to post collateral if the forward price of the underlying commodity moves such that the hedging or trading instrument we hold has declined in value. We use cash, letters of credit and other forms of credit support to satisfy such collateral posting obligations. See Note 13 to the Financial Statements for discussion of the Vistra Operations Credit Facilities.

Exchange cleared transactions typically require initial margin (i.e., the upfront cash and/or letter of credit posted to take into account the size and maturity of the positions and credit quality) in addition to variation margin (i.e., the daily cash margin posted to take into account changes in the value of the underlying commodity). The amount of initial margin required is generally defined by exchange rules. Clearing agents, however, typically have the right to request additional initial margin based on various factors, including market depth, volatility and credit quality, which may be in the form of cash, letters of credit, a guaranty or other forms as negotiated with the clearing agent. Cash collateral received from counterparties is either used for working capital and other business purposes, including reducing borrowings under credit facilities, or is required to be deposited in a separate account and restricted from being used for working capital and other corporate purposes. With respect to over-the-counter transactions, counterparties generally have the right to substitute letters of credit for such cash collateral. In such event, the cash collateral previously posted would be returned to such counterparties, which would reduce liquidity in the event the cash was not restricted.

At December 31, 2016, we received or posted cash and letters of credit for commodity hedging and trading activities as follows:

- $213 million in cash has been posted with counterparties as compared to $6 million posted at December 31, 2015;
- $41 million in cash has been received from counterparties as compared to $152 million received at December 31, 2015;
- $363 million in letters of credit have been posted with counterparties as compared to $230 million posted at December 31, 2015, and
- $10 million in letters of credit have been received from counterparties as compared to $3 million received at December 31, 2015.

Income Tax Matters

EFH Corp files a U.S. federal income tax return that, prior to the Effective Date, included the results of our Predecessor, which was classified as a disregarded entity for US federal income tax purposes. Subsequent to the Effective Date, the TCEH Debtors and the Contributed EFH Debtors are no longer included in the EFH Corp. consolidated group and will be included in a consolidated group of which Vistra Energy is the corporate parent. Prior to the Effective Date, EFH Corp. and certain of its subsidiaries (including EFCH and TCEH) were parties to a Federal and State Income Tax Allocation Agreement, which provided, among other things, that any corporate member or disregarded entity in the EFH Corp. group was required to make payments to EFH Corp. in an amount calculated to approximate the amount of tax liability such entity would have owed if it filed a separate corporate tax return. Pursuant to the Plan of Reorganization, the TCEH Debtors and the Contributed EFH Debtors rejected this agreement on the Effective Date. Additionally, since the date of the Settlement Agreement, no further cash payments among the Debtors were made in respect of federal income taxes. EFH Corp. has elected to continue to allocate federal income taxes among the entities that are parties to the Federal and State Income Tax Allocation Agreement. The Settlement Agreement did not alter the allocation and payment for state income taxes, which continued to be settled prior to the Effective Date.

The TCEH Debtors and the Contributed EFH Debtors emerged from the Chapter 11 Cases on the Effective Date in a tax-free spin-off from EFH Corp that was part of a series of transactions that included a taxable component, which generated a taxable gain that will be offset with available net operating losses (NOLs) of EFH Corp., substantially reducing the NOLs available to EFH Corp. in the future. As a result of the use of the NOLs, the taxable portion of the transaction resulted in no regular tax liability due and approximately $14 million of alternative minimum tax, payable to the IRS by EFH Corp. Vistra Energy has an obligation to reimburse EFH Corp. 50% of the alternative minimum tax, approximately $7 million, generated from this transaction pursuant to the Tax Matters Agreement.

We believe that neither Vistra Energy nor any corporate subsidiary of Vistra Energy is a US real property holding corporation (USRPHC) or has been a USRPHC during the applicable period specified. We do not anticipate that either Vistra Energy or any corporate subsidiary of Vistra Energy will become a USRPHC in the foreseeable future. Generally, a corporation is a USRPHC only if the fair market value of its US real property interests equals or exceeds 50% of the sum of the fair market value of its worldwide real property interests plus its other assets used or held for use in a trade or business. There can be no assurance regarding the USRPHC status of Vistra Energy or the corporate subsidiaries of Vistra Energy for the current year or future years, however, because USRPHC status is based on the composition of our assets at the time and on certain rules whose application is uncertain.

Income Tax Payments — In the next twelve months, income tax payments related to Texas margin tax are expected to total approximately $19 million, and $7 million in payment of federal income taxes are expected. We received an income tax refund totaling $2 million in the Successor period from October 3, 2016 through December 31, 2016, and made income tax payments totaling $22 million, $29 million and $31 million in the Predecessor period from January 1, 2016 through October 2, 2016 and the years ended December 31, 2015 and 2014, respectively.

Capitalization

At December 31, 2016, our capitalization ratios consisted of 41% borrowing under the Vistra Energy Operations Facilities and other long-term debt (less amounts due currently) and 59% shareholders' equity. Total borrowings under the Vistra Energy Operations Facilities and other long-term debt to capitalization was 41% at December 31, 2016.

Financial Covenants

The agreement governing the Vistra Operation Credit Facilities includes a covenant, solely with respect to the Revolving Credit Facility and solely during a compliance period (which, in general, is applicable when the aggregate revolving borrowings and issued revolving letters of credit (in excess of $100 million) exceed 30% of the revolving commitments), that requires the consolidated first lien net leverage ratio not exceed 4.25 to 1.00. Although we had no borrowings under the Revolving Credit Facility as of December 31, 2016, we would have been in compliance with this financial covenant if it was required to be tested at such date.

See Note 13 to the Financial Statements for discussion of other covenants related to the Vistra Operations Credit Facilities.

Collateral Support Obligations

The RCT has rules in place to assure that parties can meet their mining reclamation obligations. In September 2016, the RCT agreed to a collateral bond of up to $975 million to support Luminant's reclamation obligations. The collateral bond is effectively a first lien on all of Vistra Operations' assets (which ranks pari passu with the Vistra Operations Credit Facilities) that contractually enables the RCT to be paid (up to $975 million) before the other first lien lenders in the event of a liquidation of our assets. Collateral support relates to land mined or being mined and not yet reclaimed as well as land for which permits have been obtained but mining activities have not yet begun and land already reclaimed but not released from regulatory obligations by the RCT, and includes cost contingency amounts.

The PUCT has rules in place to assure adequate creditworthiness of each REP, including the ability to return customer deposits, if necessary. Under these rules, at December 31, 2016, Vistra Energy has posted letters of credit in the amount of $55 million with the PUCT, which is subject to adjustments.

ERCOT has rules in place to assure adequate creditworthiness of parties that participate in the day-ahead, real-time and congestion revenue rights markets operated by ERCOT. Under these rules, Vistra Energy has posted collateral support, in the form of letters of credit, totaling $110 million at December 31, 2016 (which is subject to daily adjustments based on settlement activity with ERCOT).

Material Cross Default/Acceleration Provisions

Certain of our contractual arrangements contain provisions that could result in an event of default if there were a failure under financing arrangements to meet payment terms or to observe covenants that could or does result in an acceleration of payments due. Such provisions are referred to as "cross default" or "cross acceleration" provisions.

A default by Vistra Energy or any of its restricted subsidiaries in respect of certain specified indebtedness in an aggregate amount in excess of $300 million may result in a cross default under the Vistra Operations Credit Facilities. Such a default would allow the lenders to accelerate the maturity of outstanding balances ($4.5 billion at December 31, 2016) under such facilities.

Each of Vistra Energy's commodity hedging agreements and interest rate swap agreements that are secured with a lien on its assets on a pari passu basis with the Vistra Operations Credit Facilities lenders contains a cross default provision. An event of a default by Vistra Energy or any of its subsidiaries relating to indebtedness in excess of $300 million that results in the acceleration of such debt, would give each counterparty under these hedging agreements the right to terminate its hedge or interest rate swap agreement with Vistra energy and require all outstanding obligations under such agreement to be settled.

Additionally, we enter into energy-related physical and financial contracts, the master forms of which contain provisions whereby an event of default or acceleration of settlement would occur if we were to default under an obligation in respect of borrowings in excess of thresholds, which may vary by contract.

Contractual Obligations and Commitments

The following table summarizes the amounts and related maturities of our contractual cash obligations at December 31, 2016 (see Notes 13 and 14 to the Financial Statements for additional disclosures regarding these debts and noncancellable purchase obligations).

Contractual Cash Obligations:	**Less Than One Year**	**One to Three Years**	**Three to Five Years**	**More Than Five Years**	**Total**
Debt – principal, including capital leases (a)	$ 46	$ 88	$ 89	$ 4,380	$ 4,603
Debt – interest	223	442	433	374	1,472
Operating leases	25	31	21	153	230
Obligations under commodity purchase and services agreements (b)	637	341	248	733	1,959
Total contractual cash obligations	$ 931	$ 902	$ 791	$ 5,640	$ 8,264

(a) Includes $4.5 billion of borrowings under the Vistra Operations Credit Facility and $103 million principal amount of long-term debt, including mandatorily redeemable preferred stock and capital leases. Excludes unamortized premiums, discounts and debt costs.

(b) Includes a long-term service and maintenance contract related to our generation assets, capacity payments, nuclear fuel and natural gas take-or-pay contracts, coal contracts, business services and nuclear related outsourcing and other purchase commitments. Amounts presented for variable priced contracts reflect the year-end 2016 price for all periods except where contractual price adjustment or index-based prices are specified.

The following are not included in the table above:

- the TRA obligation (see Note 10 to the Financial Statements);
- arrangements between affiliated entities and intercompany debt (see Note 20 to the Financial Statements);
- individual contracts that have an annual cash requirement of less than $1 million (however, multiple contracts with one counterparty that are more than $1 million on an aggregated basis have been included);
- contracts that are cancellable without payment of a substantial cancellation penalty, and
- employment contracts with management

Guarantees

See Note 14 to the Financial Statements for discussion of guarantees.

Off–Balance Sheet Arrangements

We do not have any off-balance sheet arrangements.

Commitments and Contingencies

See Note 14 to the Financial Statements for discussion of commitments and contingencies and legal proceedings.

Changes in Accounting Standards

See Note 1 to the Financial Statements for discussion of changes in accounting standards.

Quantitative and Qualitative Disclosures About Market Risk

Market risk is the risk that in the normal course of business we may experience a loss in value as a result of changes in market conditions that affect economic factors such as commodity prices, interest rates and counterparty credit. Our exposure to market risk is affected by a number of factors, including the size, duration and composition of our energy and financial portfolio, as well as the volatility and liquidity of markets. Instruments used to manage this exposure include interest rate swaps to hedge debt costs, as well as exchange-traded, over-the-counter contracts and other contractual arrangements to hedge commodity prices.

Risk Oversight

We manage the commodity price, counterparty credit and commodity-related operational risk related to the competitive energy business within limitations established by senior management and in accordance with overall risk management policies. Interest rate risk is managed centrally by our treasury function. Market risks are monitored by risk management groups that operate independently of the wholesale commercial operations, utilizing defined practices and analytical methodologies. These techniques measure the risk of change in value of the portfolio of contracts and the hypothetical effect on this value from changes in market conditions and include, but are not limited to, position reporting and review, Value at Risk (VaR) methodologies and stress test scenarios. Key risk control activities include, but are not limited to, transaction review and approval (including credit review), operational and market risk measurement, transaction authority oversight, validation of transaction capture, market price validation and reporting, and portfolio valuation and reporting, including mark-to-market valuation, VaR and other risk measurement metrics.

Vistra Energy has a risk management organization that enforces applicable risk limits, including the respective policies and procedures to ensure compliance with such limits, and evaluates the risks inherent in our businesses.

Commodity Price Risk

Our business is subject to the inherent risks of market fluctuations in the price of electricity, natural gas and other energy-related products it markets or purchases. We actively manage the portfolio of generation assets, fuel supply and retail sales load to mitigate the near-term impacts of these risks on results of operations. Similar to other participants in the market, we cannot fully manage the long-term value impact of structural declines or increases in natural gas and power prices.

In managing energy price risk, we enter into a variety of market transactions including, but not limited to, short- and long-term contracts for physical delivery, exchange-traded and over-the-counter financial contracts and bilateral contracts with customers. Activities include hedging, the structuring of long-term contractual arrangements and proprietary trading. We continuously monitor the valuation of identified risks and adjust positions based on current market conditions. We strive to use consistent assumptions regarding forward market price curves in evaluating and recording the effects of commodity price risk.

VaR Methodology — A VaR methodology is used to measure the amount of market risk that exists within the portfolio under a variety of market conditions. The resultant VaR produces an estimate of a portfolio's potential for loss given a specified confidence level and considers, among other things, market movements utilizing standard statistical techniques given historical and projected market prices and volatilities.

A Monte Carlo simulation methodology is used to calculate VaR and is considered by management to be the most effective way to estimate changes in a portfolio's value based on assumed market conditions for liquid markets. The use of this method requires a number of key assumptions, such as use of (i) an assumed confidence level; (ii) an assumed holding period (i.e., the time necessary for management action, such as to liquidate positions); and (iii) historical estimates of volatility and correlation data. The tables below detail certain VaR measures related to various portfolios of contracts.

VaR for Energy-Related Contracts Subject to Mark-to-Market (MtM) Accounting — This measurement estimates the potential loss in fair value, due to changes in market conditions, of all contracts marked-to-market in net income, based on a 95% confidence level and an assumed holding period of 60 days.

	Successor	Predecessor
	December 31, 2016	December 31, 2015
Month-end average MtM VaR:	$ 65	$ 68
Month-end high MtM VaR:	$ 119	$ 97
Month-end low MtM VaR:	$ 30	$ 49

The increase in the month-end high MtM VaR risk measure reflected increased price volatility.

Interest Rate Risk

The following table provides information concerning our financial instruments at December 31, 2016 and 2015 that are sensitive to changes in interest rates. Debt amounts of the Successor consist of the Vistra Operations Credit Facilities. Debt amounts of the Predecessor consist of debtor-in-possession financing and pre-petition obligations that were fully secured and other obligations that were allowed to be paid as ordered by the Bankruptcy Court. Other pre-petition obligations (i.e., obligations incurred or accrued prior to the Bankruptcy Filing) were administered by the Bankruptcy Court and are excluded from the Predecessor debt amounts presented below due to the uncertainty related to when those obligations would mature. See Note 13 to the Financial Statements for further discussion of these financial instruments.

	Successor								Predecessor	
	Expected Maturity Date (millions of dollars, except percentages)									
	2017	2018	2019	2020	2021	There-after	2016 Total Carrying Amount	2016 Total Fair Value	2015 Total Carrying Amount	2015 Total Fair Value
Long-term debt, including current maturities (a):										
Variable rate debt amount	$ 39	$ 39	$ 39	$ 39	$ 39	$ 4,305	$ 4,500	$ 4,552	$1,425	$ 1,411
Average interest rate (b)	4.75%	4.75%	4.75%	4.75%	4.75%	4.78%	4.78%		3.75%	
Debt swapped to fixed (c):										
Notional amount	$ —	$ —	$ —	$ —	$ —	$ 3,000	$ 3,000			
Average pay rate	5.82%	5.82%	5.82%	5.82%	5.82%	5.82%	5.82%			
Average receive rate	4.52%	4.52%	4.52%	4.52%	4.52%	4.52%	4.52%			

(a) Capital leases, mandatorily redeemable preferred stock and the effects of unamortized premiums and discounts are excluded from the table.
(b) The weighted average interest rate presented is based on the rates in effect at December 31, 2016.
(c) Successor period includes interest rate swaps that become effective in January 2017 and have maturity dates through July 2023.

Credit Risk

Credit risk relates to the risk of loss associated with nonperformance by counterparties. We maintain credit risk policies with regard to our counterparties to minimize overall credit risk. These policies prescribe practices for evaluating a potential counterparty's financial condition, credit rating and other quantitative and qualitative credit criteria and authorize specific risk mitigation tools including, but not limited to, use of standardized master agreements that allow for netting of positive and negative exposures associated with a single counterparty. We have processes for monitoring and managing credit exposure of our businesses including methodologies to analyze counterparties' financial strength, measurement of current and potential future exposures and contract language that provides rights for netting and setoff. Credit enhancements such as parental guarantees, letters of credit, surety bonds, margin deposits and customer deposits are also utilized. Additionally, individual counterparties and credit portfolios are managed to assess overall credit exposure.

Credit Exposure — Our gross exposure to credit risk associated with trade accounts receivable (retail and wholesale) and net asset positions (before collateral) arising from commodity contracts and hedging and trading activities totaled $798 million at December 31, 2016. The components of this exposure are discussed in more detail below.

Assets subject to credit risk at December 31, 2016 include $439 million in retail trade accounts receivable before taking into account cash deposits held as collateral for these receivables totaling $48 million. The risk of material loss (after consideration of bad debt allowances) from nonperformance by these customers is unlikely based upon historical experience. Allowances for uncollectible accounts receivable are established for the potential loss from nonpayment by these customers based on historical experience, market or operational conditions and changes in the financial condition of large business customers.

The remaining credit exposure arises from wholesale trade receivables and amounts associated with derivative instruments related to hedging and trading activities. Counterparties to these transactions include energy companies, financial institutions, electric utilities, independent power producers, oil and gas producers, local distribution companies and energy marketing companies. At December 31, 2016, the exposure to credit risk from these counterparties totaled $359 million consisting of accounts receivable of $153 million and net asset positions related to commodity contracts of $206 million, after taking into account the netting provisions of the master agreements described above but before taking into account $50 million in collateral (cash, letters of credit and other credit support). The net exposure (after collateral) of $309 million increased $95 million in the year ended December 31, 2016.

Of this $309 million net exposure, 95% is with investment grade customers and counterparties, as determined by our internal credit evaluation process which includes publicly available information including major rating agencies' published ratings as well as internal credit methodologies and credit scoring models. The company routinely monitors and manages credit exposure to these customers and counterparties based on, but not limited to, the assigned credit rating, margining and collateral management.

The following table presents the distribution of credit exposure at December 31, 2016. This credit exposure largely represents wholesale trade accounts receivable and net asset positions related to commodity contracts and hedging and trading activities recognized as derivative assets in the condensed consolidated balance sheets, after taking into consideration netting provisions within each contract, setoff provisions in the event of default and any master netting contracts with counterparties. Credit collateral includes cash and letters of credit, but excludes other credit enhancements such as liens on assets. See Note 17 to the Financial Statements for further discussion of portions of this exposure related to activities marked-to-market in the financial statements.

	Exposure Before Credit Collateral	Credit Collateral	Net Exposure
Investment grade	$ 331	$ 38	$ 293
Below investment grade or no rating	28	12	16
Totals	$ 359	$ 50	$ 309
Investment grade	92.2%		94.8%
Below investment grade or no rating	7.8%		5.2%

In addition to the exposures in the table above, contracts classified as "normal" purchase or sale and non-derivative contractual commitments are not marked-to-market in the financial statements. Such contractual commitments may contain pricing that is favorable considering current market conditions and therefore represent economic risk if the counterparties do not perform. Nonperformance could have a material impact on future results of operations, liquidity and financial condition.

Significant (10% or greater) concentration of credit exposure exists with three counterparties, which represented 26%, 18% and 15% of the $309 million net exposure. We view exposure to these counterparties to be within an acceptable level of risk tolerance due to the counterparties' credit ratings, each of which is rated as investment grade, the counterparties' market role and deemed creditworthiness and the importance of our business relationship with the counterparties. An event of default by one or more counterparties could subsequently result in termination-related settlement payments that reduce available liquidity if amounts such as margin deposits are owed to the counterparties or delays in receipts of expected settlements owed to us. While the potential concentration of risk with these counterparties is viewed to be within an acceptable risk tolerance, the exposure to hedge counterparties is managed through the various ongoing risk management measures described above.

Forward-Looking Statements

This report and other presentations made by us contain "forward-looking statements." All statements, other than statements of historical facts, that are included in this report, or made in presentations, in response to questions or otherwise, that address activities, events or developments that may occur in the future, including such matters as activities related to our financial or operational projections, capital allocation, capital expenditures, liquidity, dividend policy, business strategy, competitive strengths, goals, future acquisitions or dispositions, development or operation of power generation assets, market and industry developments and the growth of our businesses and operations (often, but not always, through the use of words or phrases such as "intends," "plans," "will likely," "unlikely," "expected," "anticipated," "estimated," "should," "may," "projection," "target," "goal," "objective" and "outlook"), are forward-looking statements. Although we believe that in making any such forward-looking statement our expectations are based on reasonable assumptions, any such forward-looking statement involves uncertainties and risks and is qualified in its entirety by reference to the discussion under Item 16, *Management's Discussion and Analysis* in this report and the following important factors, among others, that could cause results to differ materially from those projected in or implied by such forward-looking statements:

- the actions and decisions of regulatory authorities;
- prohibitions and other restrictions on our operations due to the terms of our agreements;
- prevailing governmental policies and regulatory actions, including those of the Texas Legislature, the Governor of Texas, the US Congress, the FERC, the NERC, the TRE, the PUCT, the RCT, the NRC, the EPA, the TCEQ, the US Mine Safety and Health Administration and the CFTC, with respect to, among other things:
    - allowed prices;
    - industry, market and rate structure;
    - purchased power and recovery of investments;
    - operations of nuclear generation facilities;
    - operations of fossil fueled generation facilities;
    - operations of mines;
    - acquisition and disposal of assets and facilities;
    - development, construction and operation of facilities;
    - decommissioning costs;
    - present or prospective wholesale and retail competition;
    - changes in tax laws and policies;
    - changes in and compliance with environmental and safety laws and policies, including National Ambient Air Quality Standards, the CSAPR, the MATS, regional haze program implementation and GHG and other climate change initiatives, and
    - clearing over-the-counter derivatives through exchanges and posting of cash collateral therewith;
- legal and administrative proceedings and settlements;
- general industry trends;
- economic conditions, including the impact of an economic downturn;
- weather conditions, including drought and limitations on access to water, and other natural phenomena, and acts of sabotage, wars or terrorist or cyber security threats or activities;
- our ability to collect trade receivables from counterparties;
- our ability to attract and retain profitable customers;
- our ability to profitably serve our customers;
- restrictions on competitive retail pricing;
- changes in wholesale electricity prices or energy commodity prices, including the price of natural gas;
- changes in prices of transportation of natural gas, coal, fuel oil and other refined products;
- changes in the ability of vendors to provide or deliver commodities as needed;
- changes in market heat rates in the ERCOT electricity market;
- our ability to effectively hedge against unfavorable commodity prices, including the price of natural gas, market heat rates and interest rates;
- population growth or decline, or changes in market supply or demand and demographic patterns, particularly in ERCOT;
- access to adequate transmission facilities to meet changing demands;
- changes in interest rates, commodity prices, rates of inflation or foreign exchange rates;
- changes in operating expenses, liquidity needs and capital expenditures;
- commercial bank market and capital market conditions and the potential impact of disruptions in US and international credit markets;
- access to capital, the attractiveness of the cost and other terms of such capital and the success of financing and refinancing efforts, including availability of funds in capital markets;

- our ability to maintain prudent financial leverage;
- our ability to generate sufficient cash flow to make principal and interest payments in respect of, or refinance, our debt obligations:
- competition for new energy development and other business opportunities;
- inability of various counterparties to meet their obligations with respect to our financial instruments;
- changes in technology (including large scale electricity storage) used by and services offered by us;
- changes in electricity transmission that allow additional power generation to compete with our generation assets;
- our ability to attract and retain qualified employees;
- significant changes in our relationship with our employees, including the availability of qualified personnel, and the potential adverse effects if labor disputes or grievances were to occur;
- changes in assumptions used to estimate costs of providing employee benefits, including medical and dental benefits, pension and OPEB, and future funding requirements related thereto, including joint and several liability exposure under ERISA;
- hazards customary to the industry and the possibility that we may not have adequate insurance to cover losses resulting from such hazards;
- the impact of our obligations under the TRA, and
- actions by credit rating agencies.

Any forward-looking statement speaks only at the date on which it is made, and except as may be required by law, we undertake no obligation to update any forward-looking statement to reflect events or circumstances after the date on which it is made or to reflect the occurrence of unanticipated events or circumstances. New factors emerge from time to time, and it is not possible for us to predict them. In addition, we may be unable to assess the impact of any such event or condition or the extent to which any such event or condition, or combination of events or conditions, may cause results to differ materially from those contained in or implied by any forward-looking statement. As such, you should not unduly rely on such forward-looking statements.

Market for Our Common Stock

Currently, our common stock is quoted on the OTCQX US market under the symbol "VSTE". The market for our common stock is limited and we cannot assure that a larger market will ever be developed or maintained. Securities quoted on the OTCQX US market may experience low trading volumes. As a result, investors may find it difficult to dispose of, or to obtain accurate quotations of the price of, our securities. This may limit the liquidity of the common stock, and may adversely affect the market price of our common stock. Further, the purchase or sale of a relatively small number of securities could result in significant price fluctuations and it may be difficult for holders to sell their securities without depressing the market price for such securities.

Industry and Market Information

Certain industry and market data and other statistical information used throughout this report are based on independent industry publications, government publications, reports by market research firms or other published independent sources, including certain data published by ERCOT, the PUCT and NYMEX. We did not commission any of these publications, reports or other sources. Some data is also based on good faith estimates, which are derived from our review of internal surveys, as well as the independent sources listed above. Industry publications, reports and other sources generally state that they have obtained information from sources believed to be reliable, but do not guarantee the accuracy and completeness of such information. While we believe that each of these studies and publications, reports and other sources is reliable, we have not independently investigated or verified the information contained or referred to therein and make no representation as to the accuracy or completeness of such information. Forecasts are particularly likely to be inaccurate, especially over long periods of time, and we do not know what assumptions were used in preparing such forecasts. Statements regarding industry and market data and other statistical information used throughout this report involve risks and uncertainties and are subject to change based on various factors.

Part E: Issuance History

Item 17: List of securities offerings and shares issued for services in the past two years.

The following information sets forth any events that resulted in changes in total shares outstanding by the Company (a) within the two-year period ending on the last day of the issuer's most recent fiscal year and (b) since the last day of the issuer's most recent fiscal year:

A. Private Offering of Securities – October 3, 2016

i. Nature of offering: Section 1145 of the Bankruptcy Code

ii. Jurisdiction(s) where the offering was registered or qualified: Exempt from registration.

iii. Number of shares offered: 427,500,000

iv. Number of shares sold: 427,500,000

v. Price at which the shares were offered, and the amount actually paid to the Company: N/A.

vi. Trading status of shares: Unrestricted, except with respect to certain stockholders whose ownership levels cause them to be classified as affiliates of Vistra Energy

vii. Whether the certificates or other documents that evidence the shares contain a legend (1) stating that the shares have not been registered under the Securities Act and (2) setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act: No

viii Identity of persons who purchased securities: The Company's common stock was issued to the first lien creditors of our Predecessor pursuant to the Plan of Reorganization. Please see Item 14 for (a) the identity of each natural person beneficially owning, directly or indirectly, more than five (5%) percent of any class of equity securities of such entity and (b) to the extent not otherwise disclosed, the identify of each natural person who controlled or directed, directly or indirectly, the purchase of such securities for such entity.

B. Private Offering of Securities – October 25, 2016

i. Nature of offering: Private placement pursuant to the terms of employment agreement.

ii. Jurisdiction(s) where the offering was registered or qualified: N/A

iii. Number of shares offered: 80,231

iv. Number of shares sold: 80,231

v. Price at which the shares were offered, and the amount actually paid to the Company: $15.58.

vi. Trading status of shares: Restricted

vii. Whether the certificates or other documents that evidence the shares contain a legend (1) stating that the shares have not been registered under the Securities Act and (2) setting forth or referring to the restrictions on transferability and sale of the shares under the Securities Act: No

viii Identity of persons who purchased securities: Curtis A. Morgan

Part F: Exhibits

Item 18: Material contracts.

(a) Registration Rights Agreement, by and among TCEH Corp. (now known as Vistra Energy Corp.) and the Holders party thereto, dated as of October 3, 2016. See Exhibit 18(G) in the Company's Initial Disclosure Statement, filed October 4, 2016, which is incorporated herein by reference.

(b) Credit Agreement, by and among TEX Intermediate Company LLC (now known as Vistra Intermediate Company LLC), TEX Operations Company LLC (now known as Vistra Operations LLC) and its subsidiary guarantors named therein, the lenders party thereto from time to time, and Deutsche Bank AG, New York Branch, as administrative and collateral agent, dated as of October 3, 2016. See Exhibit 18(A) in the Company's Initial Disclosure Statement, filed October 4, 2016, which is incorporated herein by reference.

(c) Amendment to Credit Agreement, dated December 14, 2016. See Exhibit 1 in the Company's Current Report, filed December 15, 2016, which is incorporated herein by reference.

(d) Second Amendment to Credit Agreement, dated February 1, 2017. See Exhibit 1 in the Company's Current Report, filed February 10, 2017, which is incorporated herein by reference.

(e) Third Amendment to Credit Agreement, dated February 28, 2017 (which is included as an attachment to this Annual Report).

(f) Collateral Trust Agreement, by and among TEX Operations Company LLC (now known as Vistra Operations LLC), the Grantors from time to time thereto, Railroad Commission of Texas, as first-out representative, and Deutsche Bank AG, New York Branch, as senior credit agreement representative, dated as of October 3, 2016. See Exhibit 10.3 in the Company's Registration Statement on Form S-1 (file no. 333-215288), dated December 23, 2016, which is incorporated herein by reference.

(g) 2016 Omnibus Incentive Plan. See Exhibit 18(I) in the Company's Initial Disclosure Statement, filed October 4, 2016, which is incorporated herein by reference.

(h) Form of Option Award Agreement (Management) for 2016 Omnibus Incentive Plan. See Exhibit 18(J) in the Company's Initial Disclosure Statement, filed October 4, 2016, which is incorporated herein by reference.

(i) Form of Restricted Stock Unit Award Agreement (Management) for 2016 Omnibus Incentive Plan. See Exhibit 10.6 in the Company's Registration Statement on Form S-1 (file no. 333-215288), dated December 23, 2016, which is incorporated herein by reference.

(j) Vistra Energy Corp Executive Annual Incentive Plan. See Exhibit 10.8 in the Company's Amendment No. 1 to Registration Statement on Form S-1 (file no. 333-215288), dated February 14, 2017, which is incorporated herein by reference.

(k) Stockholder's Agreement, by and between TCEH Corp. (now known as Vistra Energy Corp.) and Apollo Management Holdings, L.P., dated as of October 3, 2016. See Exhibit 10.7 in the Company's Registration Statement on Form S-1 (file no. 333-215288), dated December 23, 2016, which is incorporated herein by reference.

(l) Stockholder's Agreement, by and between TCEH Corp. (now known as Vistra Energy Corp.) and Brookfield Asset Management Private Institutional Capital Adviser (Canada), dated as of October 3, 2016. See Exhibit 10.8 in the Company's Registration Statement on Form S-1 (file no. 333-215288), dated December 23, 2016, which is incorporated herein by reference.

(m) Stockholder's Agreement, by and between TCEH Corp. (now known as Vistra Energy Corp.) and Oaktree Capital Management, L.P. and certain of its affiliated entities, dated as of October 3, 2016. See Exhibit 10.9 in the Company's Registration Statement on Form S-1 (file no. 333-215288), dated December 23, 2019, which is incorporated herein by reference.

(n) Tax Receivable Agreement, by and between TEX Energy LLC (now known as Vistra Energy Corp.) and American Stock Transfer & Trust Company, as transfer agent, dated as of October 3, 2016. See Exhibit 18(C) in the Company's Initial Disclosure Statement, filed October 4, 2016, which is incorporated herein by reference.

(o) Tax Matters Agreement, by and among TEX Energy LLC (now known as Vistra Energy Corp.), Energy Future Holdings Corp., Energy Future Intermediate Holding Company LLC, EFI Finance Inc. and EFH Merger Co. LLC, dated as of October 3, 2016. See Exhibit 18(D) in the Company's Initial Disclosure Statement, filed October 4, 2016, which is incorporated herein by reference.

(p) Transition Services Agreement, by and between Energy Future Holdings Corp. and TEX Operations Company LLC (now known as Vistra Operations Company LLC), dated as of October 3, 2016. See Exhibit 18(F) in the Company's Initial Disclosure Statement, filed October 4, 2016, which is incorporated herein by reference.

(q) Separation Agreement, by and between Energy Future Holdings Corp., TEX Energy LLC (now known as Vistra Energy Corp.) and TEX Operations Company LLC (now known as Vistra Operations LLC), dated as of October 3, 2016. See Exhibit 18(B) in the Company's Initial Disclosure Statement, filed October 4, 2016, which is incorporated herein by reference.

(r) Purchase and Sale Agreement, dated as of November 25, 2015, by and between La Frontera Ventures, LLC and Luminant Holding Company LLC. See Exhibit 10.14 in the Company's Registration Statement on Form S-1 (file no. 333-215288), dated December 23, 2016, which is incorporated herein by reference.

(s) Amended and Restated Split Participant Agreement, by and between Oncor Electric Delivery Company LLC (f/k/a TXU Electric Delivery Company) and TEX Operations Company LLC (now known as Vistra Operations Company LLC), dated as of October 3, 2016. See the Exhibit 18(E) in the Company's Initial Disclosure Statement, filed October 4, 2016, which is incorporated herein by reference.

(t) Employment Agreement between Curtis A. Morgan and Vistra Energy Corp., effective as of October 4, 2016. See Exhibit 18(K) in the Company's Initial Disclosure Statement, filed October 4, 2016, which is incorporated herein by reference.

(u) Stock Purchase Agreement between Curtis A. Morgan and Vistra Energy Corp., effective as of October 25, 2016. See Item 7 of the Company's quarterly report filed on November 14, 2016, which is incorporated herein by reference.

(v) Employment Agreement between James A. Burke and Vistra Energy Corp., effective as of October 4, 2016. See Exhibit 18(L) in the Company's Initial Disclosure Statement, filed October 4, 2016, which is incorporated herein by reference.

(w) Employment Agreement between William Holden and Vistra Energy Corp., effective as of December 5, 2016. See Exhibit 1 in the Company's Current Report, filed December 5, 2016, which is incorporated herein by reference.

(x) Employment Agreement between Stephanie Zapata Moore and Vistra Energy Corp., effective as of October 4, 2016. See Exhibit 18(M) in the Company's Initial Disclosure Statement, filed October 4, 2016, which is incorporated herein by reference.

(y) Employment Agreement between Carrie Lee Kirby and Vistra Energy Corp., effective as of October 4, 2016. See Exhibit 10.22 in the Company's Amendment No. 1 to Registration Statement on Form S-1 (file no. 333-215288), dated February 14, 2017, which is incorporated herein by reference.

(z) Employment Agreement between Sara Graziano and Vistra Energy Corp., effective as of October 4, 2016. See Exhibit 10.23 in the Company's Amendment No. 1 to Registration Statement on Form S-1 (file no. 333-215288), dated February 14, 2017, which is incorporated herein by reference.

(aa) General Release Agreement, dated as of January 31, 2017, by and between Michael Liebelson and Vistra Energy Corp. See Exhibit 10.24 in the Company's Amendment No. 1 to Registration Statement on Form S-1 (file no. 333-215288), dated February 14, 2017, which is incorporated herein by reference.

(ab) Form of indemnification agreement with directors. See Exhibit 10.20 in the Company's Registration Statement on Form S-1, dated December 23, 2016, which is incorporated herein by reference.

(ac) Lease Agreement, dated February 14, 2002, between State Street Bank and Trust Company of Connecticut, National Association, an owner trustee of ZSF/Dallas Tower Trust, a Delaware grantor trust, as lessor and EFH Properties Company (now known as Vistra EP Properties Company), as Lessee (Energy Plaza Property). See Exhibit 10.21 in the Company's Registration Statement on Form S-1, dated December 23, 2016, which is incorporated herein by reference.

(ad) First Amendment, dated June 1, 2007, to Lease Agreement, dated February 14, 2002. See Exhibit 10.22 in the Company's Registration Statement on Form S-1, dated December 23, 2016, which is incorporated herein by reference.

Item 19: Certificate of incorporation and bylaws.

Please see Exhibit 19(a) to the Initial Disclosure Statement filed on October 4, 2016 and Exhibit 8(a) to the Interim Report for the Quarter Ended September 30, 2016 filed on November 14, 2016 for copies of the Company's certificate of incorporation and its amendment, respectively. Please see Exhibit 8(b) to the Interim Report for the Quarter Ended September 30, 2016 filed on November 14, 2016 for a copy of the Company's bylaws.

Item 20: Purchases of Equity Securities by the Issuer and Affiliated Purchasers.

Other than issuances of the Company's common stock pursuant to the Plan of Reorganization and the purchase of shares by our chief executive officer pursuant to the terms of an employment agreement (see Item 17), there have been no purchases made by or on behalf of the Company or any Affiliated Purchaser of shares or other units of any class of the Company's equity securities. For purposes of this Item 20, Affiliated Purchaser is defined as (a) a person acting, directly or indirectly, in concert with the issuer for the purpose of acquiring the issuer's securities or (b) an affiliate who, directly or indirectly, controls the issuer's purchases of such securities, whose purchases are controlled by the issuer, or whose purchases are under common control with those of the issuer; *provided, however*, that Affiliated Purchaser shall not include a broker, dealer or other person solely by reason of such broker, dealer or other person effecting purchases on behalf of the issuer or for its account, and shall not include an officer or director of the issuer solely by reason of that officer or director's participation in the decision to authorize purchases by or on behalf of the issuer.

Item 21: Issuer's Certifications.

Certification of Chief Executive Officer

I, Curtis A. Morgan, certify that:

1. I have reviewed this annual report of Vistra Energy Corp. (the Company);

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this annual report.

Date: March 30, 2017

/s/ Curtis A. Morgan
By: Curtis A. Morgan
Title: Director, President and Chief Executive Officer of Vistra Energy Corp.

Certification of Chief Financial Officer

I, J. William Holden, certify that:

1. I have reviewed this annual report of Vistra Energy Corp. (the Company);

2. Based on my knowledge, this annual report does not contain any untrue statement of a material fact or omit to state a material fact necessary to make the statements made, in light of the circumstances under which such statements were made, not misleading with respect to the period covered by this annual report; and

3. Based on my knowledge, the financial statements, and other financial information included or incorporated by reference in this annual report, fairly present in all material respects the financial condition, results of operations and cash flows of the Company as of, and for, the periods presented in this annual report.

Date: March 30, 2017

/s/ J. William Holden
By: J. William Holden
Title: Executive Vice President and Chief
Financial Officer of Vistra Energy Corp.

EXHIBIT 18(e)

THIRD AMENDMENT TO CREDIT AGREEMENT

THIS THIRD AMENDMENT TO CREDIT AGREEMENT is dated as of February 28, 2017 (this "Third Amendment"), and entered into by and among Vistra Operations Company LLC (formerly known as TEX Operations Company LLC), a Delaware limited liability company (the "Borrower"), Vistra Intermediate Company LLC (formerly known as TEX Intermediate Company LLC), a Delaware limited liability company ("Holdings"), the Term Letter of Credit Issuers (as defined in the Credit Agreement referred to below) party hereto and Deutsche Bank AG New York Branch, as Administrative Agent and Collateral Agent.

RECITALS:

WHEREAS, reference is hereby made to the Credit Agreement, dated as of October 3, 2016 (as amended, restated, supplemented and/or otherwise modified from time to time prior to the Third Amendment Effective Date referred to below, the "Credit Agreement"), among Holdings, the Borrower, the Lenders and Letter of Credit Issuers party thereto, the Administrative Agent, the Collateral Agent and the other parties named therein (capitalized terms used but not defined herein having the meaning provided in the Credit Agreement (as amended hereby));

WHEREAS, the Borrower may appoint a new Term Letter of Credit Issuer with the consent of the Administrative Agent as provided in Section 3.6(a) of the Credit Agreement; and

WHEREAS, Section 13.1 of the Credit Agreement provides that the Administrative Agent, the Collateral Agent, the relevant Letter of Credit Issuer(s) and the relevant Credit Parties may amend, supplement or modify any provision of Section 3 of the Credit Agreement (or any defined term as used therein or any underlying definition thereto) to make technical, ministerial or operational changes (or any other amendments, supplements or modifications which impact such consenting Letter of Credit Issuer) without the consent of any other Lender so long as such amendments do not adversely affect the Lenders;

NOW, THEREFORE, in consideration of the premises and agreements, provisions and covenants herein contained, the parties hereto agree as follows:

A. Provisions Related to Term Letters of Credit.

1. Additional Term Letter of Credit Issuer. The Borrower hereby appoints Natixis, New York Branch as a Term Letter of Credit Issuer as contemplated by Section 3.6(a) of the Credit Agreement (and Natixis, New York Branch hereby accepts such appointment), on the terms and subject to the conditions below. Each of the Borrower, the Administrative Agent, the Collateral Agent and Natixis, New York Branch agrees that, on and after the Third Amendment Effective Date, Natixis, New York Branch (and its Affiliates) will become a Term Letter of Credit Issuer for all purposes under the Credit Agreement (as amended hereby) and the other Credit Documents, and shall be subject to and bound by the terms thereof, and shall perform all the obligations, and shall have all the rights and powers, of a Term Letter of Credit Issuer thereunder.

2. Amendments to the Credit Agreement. On the Third Amendment Effective Date, the Credit Agreement is hereby amended as follows:

(i) The definition of "**Term C Loan Collateral Account**" in Section 1.1 of the Credit Agreement is hereby amended and restated in its entirety as follows:

"**Term C Loan Collateral Account**" shall mean one or more cash collateral accounts or securities accounts established pursuant to, and subject to the terms of, Section 3.9 for the purpose of cash collateralizing the Term L/C Obligations in respect of Term Letters of Credit, including the Deutsche Bank Term C Loan

Collateral Account, the Barclays Term C Loan Collateral Account, the Natixis Term C Loan Collateral Account and the Citibank Term C Loan Collateral Account.

(ii) The definition of "**Term Letter of Credit Issuer**" in Section 1.1 of the Credit Agreement is hereby amended and restated in its entirety as follows:

"**Term Letter of Credit Issuer**" shall mean (a) Deutsche Bank AG New York Branch and any of its Affiliates (in the case of such Affiliates, solely to the extent reasonably acceptable to the Borrower), (b) Barclays Bank PLC and any of its Affiliates (in the case of such Affiliates, solely to the extent reasonably acceptable to the Borrower), (c) Natixis, New York Branch and any of its Affiliates (in the case of such Affiliates, solely to the extent reasonably acceptable to the Borrower), (d) each issuer of a DIP Term Letter of Credit listed on Schedule 1.1(b) and (e) at any time such Person who shall become a Term Letter of Credit Issuer pursuant to Section 3.6 (it being understood that if any such Person ceases to be a Lender hereunder, such Person will remain a Term Letter of Credit Issuer with respect to any Term Letters of Credit issued by such Person that remained outstanding as of the date such Person ceased to be a Lender). Any Term Letter of Credit Issuer may, in its discretion, arrange for one or more Term Letters of Credit to be issued by Affiliates of such Term Letter of Credit Issuer reasonably acceptable to the Borrower, and in each such case the term "Term Letter of Credit Issuer" shall include any such Affiliate or Lender with respect to Term Letters of Credit issued by such Affiliate or Lender. References herein and in the other Credit Documents to the Term Letter of Credit Issuer shall be deemed to refer to the Term Letter of Credit Issuer in respect of the applicable Term Letter of Credit or to all Term Letter of Credit Issuers, as the context requires.

(iii) Section 1.1 of the Credit Agreement is hereby further amended by adding the following definitions in appropriate alphabetical order:

"**Natixis Term C Loan Collateral Account**" shall mean the Term C Loan Collateral Account established with Natixis, New York Branch or any Affiliate thereof (which Affiliate is consented to by the Borrower (such consent not to be unreasonably withheld)) as Depositary Bank for the purpose of cash collateralizing the Term L/C Obligations in respect of Term Letters of Credit issued by Natixis, New York Branch (or any of its Affiliates) as Term Letter of Credit Issuer.

"**Natixis Term Letters of Credit**" shall mean Term Letters of Credit issued by Natixis, New York Branch, any of its affiliates or replacement or successor pursuant to Section 3.6(a).

"**Third Amendment**" shall mean that certain Third Amendment to Credit Agreement, dated as of February 28, 2017, among Holdings, the Borrower, the Administrative Agent, the Collateral Agent and each Term Letter of Credit Issuer.

"**Third Amendment Effective Date**" shall have the meaning provided in the Third Amendment.

(iv) The definition of "Specified Term Letter of Credit Commitment" in Section 1.1 of the Credit Agreement is hereby amended by deleting the text "on the date hereof" and inserting the text "on the Third Amendment Effective Date" in lieu thereof.

(v) Section 3.9 of the Credit Agreement is hereby amended by deleting said Section in its entirety and inserting the following text in lieu thereof:

"On the Closing Date or the Third Amendment Effective Date, as applicable, the Borrower established a Term C Loan Collateral Account for the benefit of each Term Letter of Credit Issuer (including the Deutsche Bank Term C Loan Collateral Account, the Barclays Term C Loan Collateral Account, the Natixis Term C Loan Collateral Account and the Citibank Term C Loan Collateral Account) for the purpose of cash collateralizing the Borrower's obligations (including Term L/C Obligations) to such Term Letter of Credit Issuer in respect of the Term Letters of Credit issued or to be issued by such Term Letter of Credit Issuer. On the Closing Date, the proceeds of the Term C Loans, together with other funds (if any) provided by the Borrower, were deposited into the applicable Term C Loan Collateral Accounts such that the Term C Loan Collateral Account Balance of the Term C Loan Collateral Account established for the benefit of each Term Letter of Credit Issuer equaled at least the Term Letters of Credit Outstanding of such Term Letter of Credit Issuer. After the Conversion Date, the Borrower may establish additional Term C Loan Collateral Accounts for the benefit of any additional Term Letter of Credit Issuer for the purpose of cash collateralizing the Borrower's obligations to such Term Letter of Credit Issuer in respect of the Term Letters of Credit issued or to be issued by such Term Letter of Credit Issuer, and may transfer all or any portion of the funds in any Term C Loan Collateral Account to any other Term C Loan Collateral Account (including between the Deutsche Bank Term C Loan Collateral Account, the Barclays Term C Loan Collateral Account, the Natixis Term C Loan Collateral Account and the Citibank Term C Loan Collateral Account), subject to the satisfaction (or waiver) of the conditions set forth in this Section 3.9 (and each Term Letter of Credit Issuer and the Collateral Agent agrees to (or shall instruct the Collateral Trustee to) instruct the applicable Depositary Bank to transfer such funds at the discretion of the Borrower within one Business Day after the Borrower has provided notice to make such transfer); provided that each Term Letter of Credit Issuer may require that the Depositary Bank for the Term C Loan Collateral Account corresponding to its Term L/C Obligations is such Term Letter of Credit Issuer or an Affiliate thereof. The Borrower agrees that at all times, and shall immediately cause additional funds to be deposited and held in the Term C Loan Collateral Accounts from time to time in order that (A) the Term C Loan Collateral Account Balance for all Term C Loan Collateral Accounts shall at least equal the Term Letters of Credit Outstanding with respect to all Term Letters of Credit and (B) the Term C Loan Collateral Account Balance of each Term C Loan Collateral Account established for the benefit of a Term Letter of Credit Issuer shall equal at least the Term Letters of Credit Outstanding of such Term Letter of Credit Issuer (the "**Term L/C Cash Coverage Requirement**"); provided that in the case of clause (B), such requirement shall be deemed to have been met at such time if the Borrower shall have instructed that funds held in one Term C Loan Collateral Account be transferred to the Term C Loan Collateral Account established for the benefit of another Term Letter of Credit Issuer so long as after giving effect to such transfer, the Term L/C Cash Coverage Requirement shall have been met. The Borrower hereby grants to the Collateral Representative, for the benefit of all Term Letter of Credit Issuers, a security interest in the Term C Loan Collateral Accounts and all cash and balances therein and all proceeds of the foregoing, as security for the Term L/C Obligations (including the Term Letter of Credit Reimbursement Obligations) (and, in addition, grants a security interest therein, for the benefit of the Secured Parties as collateral security for the RCT Reclamation Obligations and the other First Lien Obligations; provided that (v) amounts on deposit in the Citibank Term C Loan Collateral Account shall be applied, first, to repay the Term L/C Obligations (including any Term Letter of Credit Reimbursement Obligations) in respect of Citibank Term Letters of Credit, second, to repay the Term L/C Obligations in respect of all other Term Letters of Credit and, then, to repay the RCT Obligations and all other First Lien Obligations as provided in Section 11.12, (w) amounts on deposit in the Deutsche Bank Term C Loan Collateral Account shall be applied, first, to repay the Term L/C Obligations in respect of Deutsche Bank Term Letters of Credit, second, to repay the Term L/C Obligations in respect of all other Term Letters of Credit and, then, to repay the RCT Obligations and all other First Lien Obligations as provided in Section 11.12, (x) amounts on deposit in the Barclays Term C Loan Collateral Account shall be applied, first, to repay the Term L/C Obligations in respect of Barclays Term Letters of Credit, second, to repay the Term L/C Obligations in respect of all other Term Letters of Credit and, then, to repay the RCT Obligations and all other First Lien Obligations as provided in Section 11.12, (y) amounts on deposit in the Natixis Term C Loan Collateral Account shall be applied, first, to repay the Term L/C Obligations in respect of Natixis Term Letters of Credit, second, to repay the Term L/C Obligations in respect of all other Term Letters of Credit and, then, to repay the RCT Obligations and all other First Lien Obligations as provided in Section 11.12 and (z) amounts on deposit in any other Term C Loan Collateral Account shall be applied, first, to repay the corresponding Term L/C Obligations (including Term Letter of Credit Reimbursement Obligations) owing to the applicable Term Letter of Credit Issuer, second, to repay the Term L/C Obligations in respect of all other Term Letters of Credit and, then, to repay the RCT Obligations and all other First Lien Obligations as provided in Section 11.12). Except as expressly provided herein or in any other Credit Document, no Person shall have the right to make any withdrawal from any Term C Loan Collateral Account or to exercise any right or power with respect thereto; provided that at any time the Borrower shall fail to reimburse any Term Letter of Credit Issuer for any Unpaid Drawing in accordance with Section3.4(a), the Borrower hereby absolutely, unconditionally and irrevocably agrees that the Collateral Agent shall be entitled to instruct (and shall be entitled to instruct the Collateral Trustee to instruct) the applicable depositary bank (each, a "**Depositary Bank**") of the applicable Term C Loan Collateral Account to withdraw therefrom and pay to such Term Letter of Credit Issuer amounts equal to such Unpaid Drawings. Amounts in any Term C Loan Collateral Account shall be invested by the applicable Depositary Bank in Term L/C Permitted Investments (and as reasonably agreed by the applicable Depositary Bank under the applicable depositary agreement) in the manner instructed by the Borrower (and agreed to by such Depositary Bank) (and returns shall accrue for the benefit of the Borrower); provided, however, that the applicable Depositary Bank shall determine such investments in Term L/C Permitted Investments during the existence of any Event of Default as long as made in Term L/C Permitted Investments, it being understood and agreed that neither the Borrower nor the applicable Depositary Bank nor any other Person may direct the investment of funds in any Term C Loan Collateral Account in any assets other than Term L/C Permitted Investments. The Borrower shall bear the risk of loss of principal with respect to any investment in any Term C Loan Collateral Account. So long as no Event of Default shall have occurred and be continuing and subject to the satisfaction of the Term L/C Cash Coverage Requirement for each Term Letter of Credit Issuer after giving effect to any such release, upon at least three Business Days' prior written notice to the Collateral Agent and the Administrative Agent, the Borrower may, at any time and from time to time, request release of and payment to the Borrower of (and the Collateral Agent hereby agrees to instruct (or to instruct the Collateral Trustee to instruct) the applicable Depositary Bank to release and pay to the Borrower) any amounts on deposit in the Term C Loan Collateral Accounts (as reduced by the aggregate amounts, if any, withdrawn by the Term Letter of Credit Issuers and not subsequently deposited by the Borrower) in excess of the Term Letter of Credit Commitment at such time (provided that the Collateral Agent shall have received prior confirmation of the amount of such excess from the Administrative Agent). In addition, the Collateral Agent hereby agrees to instruct (or to instruct the Collateral Trustee to instruct) the Depositary Bank to release and pay to the Borrower amounts (if any) remaining on deposit in the Term C Loan Collateral Accounts after the termination or cancellation of all Term Letters of Credit, the termination of the Term Letter of Credit Commitment and the repayment in full of all outstanding Term C Loans and Term L/C Obligations."

(vi) The section of Schedule 1.1(a) to the Credit Agreement entitled "Specified Term Letter of Credit Commitments" is hereby amended and restated in its entirety as follows:

Specified Term Letter of Credit Commitments

Term Letter of Credit Issuer	Specified Term Letter of Credit Commitment
Natixis, New York Branch	46.153846154%
Deutsche Bank AG New York Branch	26.923076923%
Barclays Bank PLC	26.923076923%
TOTAL	**100%**

B. Conditions Precedent. This Third Amendment shall become effective as of the first date (the "Third Amendment Effective Date") when each of the conditions set forth in this Section B shall have been satisfied:

1. The Administrative Agent shall have received duly executed counterparts hereof that, when taken together, bear the signatures of (a) the Borrower, (b) Holdings, (c) the Administrative Agent, (d) the Collateral Agent and (e) each Term Letter of Credit Issuer.

2. The Administrative Agent shall have received a control agreement (in form and substance reasonably satisfactory to the Collateral Agent, Natixis, New York Branch, the Borrower and the Collateral Trustee) with respect to the Natixis Term C Loan Collateral Account, executed and delivered by (a) the Borrower, (b) the Collateral Trustee, (c) the Collateral Agent and (d) Natixis, New York Branch, as Depositary Bank with respect to the Natixis Term C Loan Collateral Account.

C. Other Terms.

1. Credit Party Certifications. By execution of this Third Amendment, each of Holdings and the Borrower hereby certifies, on behalf of itself and not in his/her individual capacity, that as of the Third Amendment Effective Date:

(i) each of Holdings and the Borrower has the corporate or other organizational power and authority to execute and deliver this Third Amendment and carry out the terms and provisions of this Third Amendment and the Credit Agreement (as modified hereby) and has taken all necessary corporate or other organizational action to authorize the execution and delivery of this Third Amendment and performance of this Third Amendment and the Credit Agreement (as modified hereby);

(ii) each of Holdings and the Borrower has duly executed and delivered this Third Amendment and each of this Third Amendment and the Credit Agreement (as modified hereby) constitutes the legal, valid and binding obligation of such Credit Party enforceable in accordance with its terms, subject to the effects of bankruptcy, insolvency, fraudulent conveyance, reorganization and other similar laws relating to or affecting creditors' rights generally and general principles of equity (whether considered in a proceeding in equity or law) (provided that, with respect to the creation and perfection of security interests with respect to Indebtedness, Stock and Stock Equivalents of Foreign Subsidiaries, only to the extent the creation and perfection of such obligation is governed by the Uniform Commercial Code);

(iii) none of the execution and delivery by Holdings or the Borrower of this Third Amendment, the performance by Holdings or the Borrower of this Third Amendment and the Credit Agreement (as modified hereby) or the compliance with the terms and provisions hereof or thereof or the consummation of the transactions contemplated hereby will (a) contravene any applicable provision of any material Applicable Law (including material Environmental Laws) other than any contravention which would not reasonably be expected to result in a Material Adverse Effect, (b) result in any breach of any of the terms, covenants, conditions or provisions of, or constitute a default under, or result in the creation or imposition of any Lien upon any of the property or assets of Holdings, the Borrower or any Restricted Subsidiary (other than Liens created under the Credit Documents, Permitted Liens or Liens subject to an intercreditor agreement permitted hereby or the Collateral Trust Agreement) pursuant to the terms of any material indenture, loan agreement, lease agreement, mortgage, deed of trust or other material debt agreement or instrument to which Holdings, the Borrower or any Restricted Subsidiary is a party or by which it or any of its property or assets is bound other than any such breach, default or Lien that would not reasonably be expected to result in a Material Adverse Effect, or (c) violate any provision of the Organizational Documents of Holdings or the Borrower; and

(iv) no Default or Event of Default has occurred and is continuing or would result from the consummation of the transactions contemplated hereby.

2. Amendment, Modification and Waiver. This Third Amendment may not be amended, modified or waived except by an instrument or instruments in writing signed and delivered on behalf of each of the parties hereto and in accordance with the provisions of Section 13.1 of the Credit Agreement.

3. Entire Agreement. This Third Amendment, the Credit Agreement (as modified hereby) and the other Credit Documents constitute the entire agreement among the parties with respect to the subject matter hereof and thereof and supersede all other prior agreements and understandings, both written and verbal, among the parties or any of them with respect to the subject matter hereof.

4. GOVERNING LAW. THIS THIRD AMENDMENT AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES HEREUNDER SHALL BE GOVERNED BY, CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAWS OF THE STATE OF NEW YORK.

5. Severability. Any term or provision of this Third Amendment which is invalid or unenforceable in any jurisdiction shall, as to that jurisdiction, be ineffective to the extent of such invalidity or unenforceability without rendering invalid or unenforceable the remaining terms and provisions of this Third Amendment or affecting the validity or enforceability of any of the terms or provisions of this Third Amendment in any other jurisdiction. If any provision of this Third Amendment is so broad as to be unenforceable, the provision shall be interpreted to be only so broad as would be enforceable.

6. Counterparts. This Third Amendment may be executed in counterparts, each of which shall be deemed to be an original, but all of which shall constitute one and the same agreement.

Delivery of a counterpart to this Third Amendment by electronic means shall be as effective as delivery of an original counterpart hereof.

7. Submission to Jurisdiction. Each party hereto irrevocably and unconditionally:

(i) submits for itself and its property in any legal action or proceeding relating to this Third Amendment and the other Credit Documents to which it is a party, or for recognition and enforcement of any judgment in respect thereof, to the exclusive general jurisdiction of the courts of the State of New York, the courts of the United States of America for the Southern District of New York and appellate courts from any thereof;

(ii) consents that any such action or proceeding may be brought in such courts and waives any objection that it may now or hereafter have to the venue of any such action or proceeding in any such court or that such action or proceeding was brought in an inconvenient court and agrees not to plead or claim the same;

(iii) agrees that service of process in any such action or proceeding may be effected by mailing a copy thereof by registered or certified mail (or any substantially similar form of mail), postage prepaid, to such Person at such address of which the Administrative Agent shall have been notified pursuant to Section 13.2 of the Credit Agreement;

(iv) agrees that nothing herein shall affect the right to effect service of process in any other manner permitted by law or shall limit the right to sue in any other jurisdiction;

(v) subject to the last paragraph of Section 13.5 of the Credit Agreement, waives, to the maximum extent not prohibited by Applicable Law, any right it may have to claim or recover in any legal action or proceeding referred to in this Section C(7) any special, exemplary, punitive or consequential damages; and

(vi) agrees that a final judgment in any action or proceeding shall be conclusive and may be enforced in other jurisdictions by suit on the judgment or in any other manner provided by Applicable Law.

8. Waiver of Jury Trial. EACH PARTY HERETO HEREBY IRREVOCABLY AND UNCONDITIONALLY WAIVES (TO THE EXTENT PERMITTED BY APPLICABLE LAW) TRIAL BY JURY IN ANY LEGAL ACTION OR PROCEEDING RELATING TO THIS THIRD AMENDMENT AND FOR ANY COUNTERCLAIM THEREIN.

9. Notice. For purposes of the Credit Agreement (as modified hereby), the initial notice address of Natixis, New York Branch in its capacity as a Term Letter of Credit Issuer shall be as set forth below its signature below.

10. Miscellaneous. This Third Amendment shall constitute a Credit Document for all purposes of the Credit Agreement (as modified hereby) and the other Credit Documents. The provisions of this Third Amendment are deemed incorporated as of the Third Amendment Effective Date into the Credit Agreement as if fully set forth therein. Except as specifically amended by this Amendment, (i) the Credit Agreement and the other Credit Documents shall remain in full force and effect and (ii) the execution, delivery and performance of this Amendment shall not constitute a waiver of any provision of, or operate as a waiver of any right, power or remedy of any Agent or Lender under, the Credit Agreement or any of the other Credit Documents.

IN WITNESS WHEREOF, each of the undersigned has caused its duly authorized officer to execute and deliver this Third Amendment as of the date first set forth above.

VISTRA OPERATIONS COMPANY LLC, as Borrower

By: ______________________________
Name: David D. Faranetta
Title: Senior Vice President and Treasurer

VISTRA INTERMEDIATE COMPANY LLC, as Holdings

By: ______________________________
Name: David D. Faranetta
Title: Senior Vice President and Treasurer

DEUTSCHE BANK AG NEW YORK BRANCH,
as Administrative Agent, Collateral Agent and a Term Letter of Credit Issuer

By: ______________________
Name: Marcus Tarkington
Title: Director

By: ______________________
Name: **Anca Trifan**
Title: **Managing Director**

[Signature Page to Vistra Operations Company Third Amendment to Credit Agreement]

BARCLAYS BANK PLC, as a Term Letter of Credit Issuer

By: ______________________________

Name: Graeme Palmer
Title: Assistant Vice President

NATIXIS, NEW YORK BRANCH, as a Term Letter of Credit Issuer

By: Guillaume de Parscau
Name: Managing Director
Title:

By:
Name: Ronald Lee
Title: Director

Notice Address in its capacity as a Term Letter of Credit Issuer:

Natixis, New York Branch
1251 Avenue of the Americas
New York, NY 10020
Attention: Wilbert Velazquez
Telephone: 212-872-5051
Facsimile: 201-761-6936, 201-761-6936
Email: letter_of_credit@us.natixis.com