



TXU Europe Limited and certain subsidiaries (in administration and/or liquidation and under voluntary arrangements) ('the Companies')

Update report to creditors

18 June 2007

ADVISORY

Notice: About this Report

- This report has been prepared by the Joint Administrators/Liquidators and Supervisors of TXU Europe Limited ('TXUEL') and certain subsidiaries solely to provide creditors with additional information concerning the conduct of the administrations and liquidations. Nothing in this report should be relied upon for any purpose including, without limitation, in connection with any investment decision in relation to the debt, securities or any other financial interest of any member of the TXU group including for the avoidance of doubt any decision to buy or sell or not to buy or sell any debt, securities or other financial interest. Any parties making such investment decisions should rely on their own enquiries prior to making such decisions and none of the administrators, supervisors, liquidators, KPMG LLP, its partners, members, employees, professional advisors or agents accept any liability or assume any duty of care to any party seeking to rely on this report for that purpose.
- The information contained in this report has been prepared by the Administrators/Liquidators and Supervisors of TXUEL and certain subsidiaries in their capacities as such. In preparing this report, the Administrators/Liquidators and Supervisors of TXUEL and certain subsidiaries have relied upon information obtained from the group's records and information provided by the Administrators/ Liquidators and Supervisors of TXU Europe Group Plc ('TXUEG') and its subsidiaries. Although the Administrators/Liquidators have no reason to doubt the accuracy of that information, they are unable to warrant or represent that it, or any information provided by any third party, is accurate. The Administrators/Liquidators and Supervisors act at all times solely as agents of TXUEL and certain subsidiaries without personal liability.
- The estimated outcomes described in this report are provided as illustrations only and do not represent the actual distributions which will be paid to creditors. A number of assumptions have been made to arrive at these figures, some or all of which may prove to be incorrect. The actual distributions received by creditors will depend on a number of factors including:
 1. the actual realisations of each CVA company; and
 2. the actual liabilities of each CVA company.
- An increase or decrease in the asset realisations and/or an increase or decrease in the aggregate liabilities of any CVA company may significantly impact, either positively or negatively, the final outcome for creditors of that company and other companies within the group. In particular, the outcome for the Holding Companies depends on distributions resulting from the claims of four Holding Companies against TXUEG, and TXUEG's realisations depend upon the distributions which it receives from its subsidiaries.
- Estimated outcomes for each company with third party creditors are shown in this report on a Realistic Basis and on a Pessimistic Basis. The meaning of these terms is:
 1. Realistic Basis: subject to the caveats contained in this report, the realistic outcomes have been prepared on the basis of the Joint Administrators'/liquidators current views of the realistic ultimate realisations of assets together with their current views of the realistic ultimate level of CVA claims that will be admitted to rank for dividend against each Holding Company; and
 2. Pessimistic Basis: subject to the caveats contained in this report, the pessimistic outcomes have been prepared on the basis that the remaining assets to be realised achieve realisations at a lower value than the realistic outcomes.
- The Realistic Basis for the Holding Companies is also based upon the estimated outcome for the inter-company balances owed by TXUEG to TXU Acquisitions Limited, The Energy Group Limited, Energy Holdings (No3) Limited and TEG (Head Office) Limited on a Realistic Basis in the Operating Companies' CVAs (see section 2.2 of the Explanatory Statement dated 10 January 2005 for the Operating Companies' CVAs as updated in Ernst & Young's report dated 9 August 2006). The Pessimistic Basis for the Holding Companies is calculated in a similar manner using the Pessimistic Basis in the Operating Companies' CVAs.
- The Administrators/Liquidators and Supervisors are under no obligation to update the information contained in this report.

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- The Supervisors of TXU Europe Limited and certain subsidiaries paid a fourth distribution to those creditors with allowed claims on 5 April 2007. The only disputed claims remaining are in respect of a number of TXU Acquisitions Loan note holders and funds have been set aside to pay dividends on these claims as and when they are agreed.
- On 24 May 2007, the Ernst & Young administrators of TXUEG and its subsidiaries provided revised estimated outcomes to creditors of those companies (subject to the caveats and disclaimers set out in that report). A copy of this is available at www.txuinfo.co.uk. Accordingly, set out below are revised estimated outcomes for the principal creditor groups of the Holding Companies, which represent the vast majority of creditors of the Holding Companies. Numerous issues remain outstanding in both the Operating Company and Holding Company estates.

Fourth distribution and indicative future distributions for principal creditor groups						
	First, second and third distributions p in the £	Fourth distribution (05-Apr-07) p in the £	Estimated future distributions Realistic p in the £	Estimated total distributions Realistic p in the £	Estimated future distributions Pessimistic p in the £	Estimated total distributions Pessimistic p in the £
EFC bonds						
US Dollar denominated (\$650 million 6.45% due 2005)	14.3	0.9	5.4	20.6	3.1	18.3
US Dollar denominated (\$500 million 6.75% due 2009)	14.4	0.9	5.4	20.7	3.1	18.4
Sterling denominated (£275 million 7.25% due 2030)	15.6	1.0	5.8	22.4	3.4	20.0
Euro denominated (€500 million/£301 million 35 Put 5 resettables due 2035)	16.3	1.1	6.1	23.5	3.6	21.0
EGO BV bonds (\$200 million 7.425% due 2017)	62.8	7.8	29.3	99.9	18.8	89.4
EGO BV bonds (\$300 million 7.5% due 2027)	62.8	7.8	29.3	99.9	18.8	89.4
RCF Banks	18.5	1.0	5.9	25.4	3.4	22.9
Holders of TXU Acquisitions Loan Notes	11.5	1.3	7.3	20.1	4.2	17.0

Source: Office holder records

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- Set out below is the current estimated distribution profile for all companies with external creditors, excluding the claims of the RCF banks and bondholders referred to on the previous page.

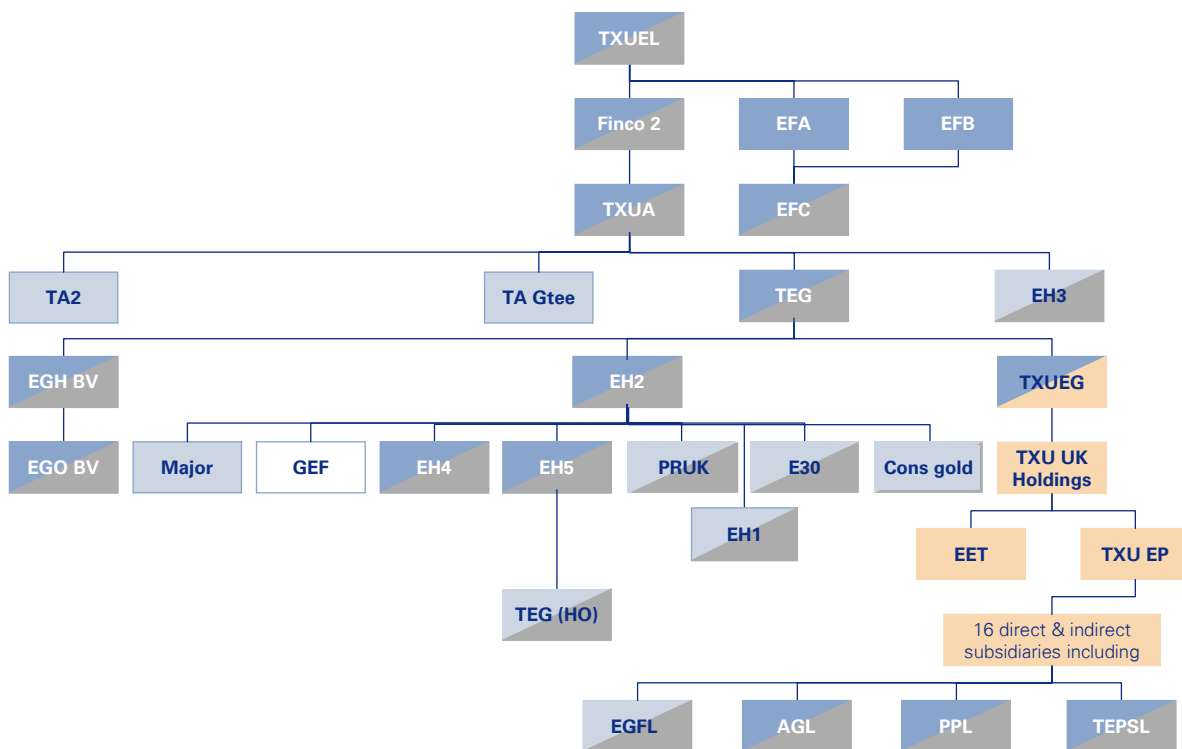
Updated estimated outcomes by company for external creditors (excluding RCF banks and bonds)			
	Distribution paid to date p in the £	Future estimated outcome on the Realistic Basis p in the £	Estimated future outcome on the Pessimistic Basis p in the £
TXU Europe Limited	13.3 – 16.1	4.9 – 6.0	2.9 – 3.5
TXU Eastern Funding Company	0.3	0.0	0.0
TXU Acquisitions Limited	12.3 – 12.7	7.0 – 7.3	4.0 – 4.2
The Energy Group Limited	4.6	7.1	3.8
TEG (Head Office) Limited	74.1	9.8	9.2
Energy Group Overseas BV	4.2	7.1	3.9
Energy Holdings (No 2) Limited	22.7	19.9	12.2
Energy Holdings (No 3) Limited	51.3 – 55.1	17.3 – 19.1	11.7 – 12.5
Energy Holdings (No 5) Limited	13.3	19.4	10.6

Note: Holding Companies in the TXU Group that have entered voluntary arrangements but do not have external creditors have been excluded from the above list.

Source: Office holder records

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Simplified group structure



- KPMG Administrators
- KPMG Liquidators
- EY Appointments
- KPMG Supervisors

- AGL** Anglian Power Generators Limited
- Alliedhike** Alliedhike Limited
- Cons gold** Consolidated Gold Fields Limited
- E30** Energy (No 30) Limited
- EET** TXU Europe Energy Trading Limited
- EFA** TXU Eastern Finance (A) Limited
- EFB** TXU Eastern Finance (B) Limited
- EFC** TXU Eastern Funding Company
- EGFL** Eastern Group Finance Limited
- EGH BV** Energy Group Holdings BV
- EGO BV** Energy Group Overseas BV
- EH1** Energy Holdings (No1) Limited
- EH2** Energy Holdings (No2) Limited
- EH3** Energy Holdings (No 3) Limited
- EH4** Energy Holdings (No4) Limited
- EH5** Energy Holdings (No5) Limited
- Finco 2** TXU Finance (No2) Limited
- Major** Major Bermuda
- GEF** Global Energy Finance LLC
- PPL** Peterborough Power Limited
- PRUK** Peabody Resources (UK) Limited
- TA2** TA (No 2) Limited
- TA Gtee** TA (Guarantee) Limited
- TEG** The Energy Group Limited
- TEG (HO)** TEG (Head Office) Limited
- TEPSL** TXU Europe Power Services Limited
- TXUA** TXU Acquisitions Limited
- TXU UK Holdings** TXU UK Holdings Limited
- TXUEG** TXU Europe Group plc
- TXUEL** TXU Europe Limited
- TXU EP** TXU Europe Power Limited