Form 1.3

Rule 1.26/ 1.54

The Insolvency Act 1986

Notice to Registrar of Companies of Supervisor's Abstract of Receipts and Payments

Pursuant to Rule 1.26(2)(b) or Rule 1.54 of the Insolvency Rules 1986

R.1.26(2)(b)/ R.1.54

For Official Use

To the Registrar of Companies

Company Number

03505836

Name of Company

TXU Europe Limited

I / We

John David Thomas Milsom
15 Canada Square
London
E14 5GL

James Robert Tucker
15 Canada Square
London
E14 5GL

supervisor(s) of a voluntary arrangement taking effect on

31 March 2005

present overleaf my/our abstract of receipts and payments for the period from

31 March 2019

to

30 March 2020

Number of continuation sheets (if any) attached

Signed ______________________ Date 2 April 2020

KPMG LLP
15 Canada Square
London
E14 5GL

Ref: U049482/JEM/PJL

THURSDAY

A92LB2YR

A08 09/04/2020 #57

COMPANIES HOUSE

RECEIPTS	£
Brought forward from previous Abstract (if any)	952,396,364.45
Carried forward to * continuation sheet / next abstract	952,396,364.45

* Delete as appropriate

PAYMENTS	£
Brought forward from previous Abstract (if any)	952,396,364.45
Carried forward to * continuation sheet / next abstract	952,396,364.45

* Delete as appropriate

Note - The receipts and payments must severally be added up at the foot of each sheet and the totals carried forward from one abstract to another without any intermediate balance so that the gross totals shall represent the total amounts received and paid by the supervisor since he was appointed.

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

Supervisors Progress Report to Creditors – see the Notice on page 4

Prepared for the period 31 March 2019 to 30 March 2020

Glossary

CVA	Company Voluntary Arrangement
EGO BV	Energy Group Overseas BV
EH3	Energy Holdings (No.3) Limited
EY	Ernst & Young
Holding Companies	TXUEL and those subsidiaries for which CVAs were approved on 31 March 2005
KPMG	KPMG LLP
Operating Companies	TXUEG and its subsidiaries
The Companies	The companies listed in Appendix 1
TEG	The Energy Group Limited
TXUEG	TXU Europe Group plc
TXUEL	TXU Europe Limited
TXU UK	TXU (UK) Limited
Direct Sales	TXU Direct Sales Limited
BTL CVA	TXUEG and its subsidiaries
TXUEL Group	TXUEL and its subsidiaries
BTL Companies	TXUEG and its subsidiaries
BTL administrators	EY
ATL Companies	TXUEL and its subsidiaries

Contents

Notice: about this report

This report has been prepared by the Supervisors of TXUEL and the subsidiaries listed in Appendix 1 (together "the Companies"). solely to comply with their statutory duties to report to creditors under Rule 1.26(2) of the Insolvency Rules 1986. Its purpose is to provide creditors with an update on the progress of the CVAs for the period 31 March 2019 to 30 March 2020, and for no other purpose. It is not suitable to be relied upon by any other person, or for any other purpose, or in any other context.

This report has not been prepared in contemplation of it being used, and is not suitable to be used, to inform any investment decision in relation to the debt of or any financial interest in TXUEL or any other company in the TXUEL Group.

Any estimated outcomes for creditors included in this Report are illustrative only and cannot be relied upon as guidance to the actual outcomes for creditors

Any person who chooses to rely on this Report for any purpose or in any context other than under Rule 1.26(2) of the Insolvency Rules 1986 does so at their own risk. To the fullest extent permitted by law, the Supervisors assume no responsibility and accept no liability in respect of this Report to any such person.

The appointments of the Supervisors are personal to them and, to the fullest extent permitted by law, KPMG LLP assumes no responsibility and accepts no liability to any person in respect of this Report or the conduct of the CVAs.

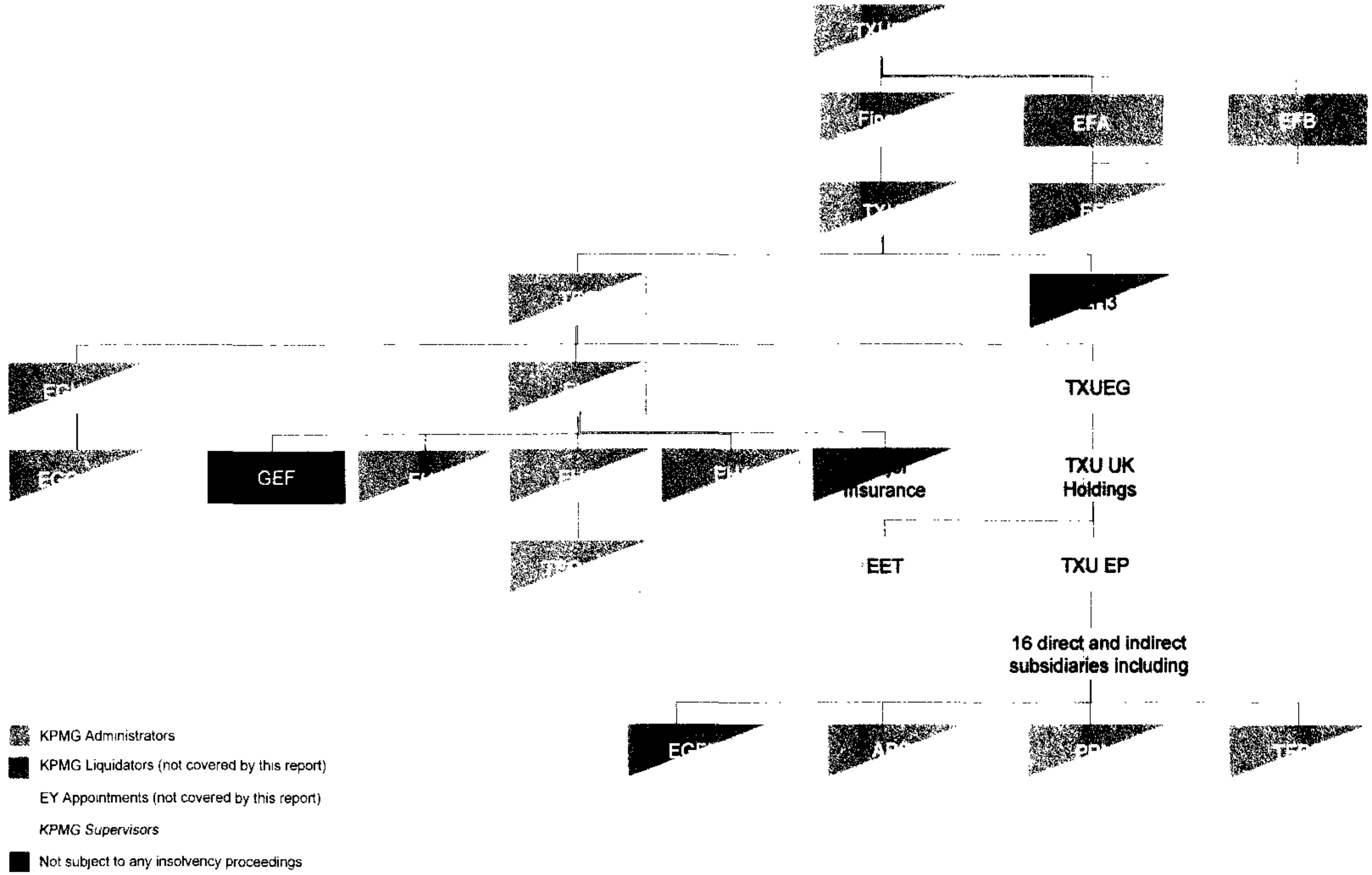
John David Thomas Milsom and James Robert Tucker are authorised to act as Insolvency Practitioners by the Institute of Chartered Accountants in England and Wales

We are bound by the Insolvency Code of Ethics

The officeholders are Data Controllers of personal data as defined by the Data Protection Act 2018. Personal data will be kept and processed only for matters relating to the appointment. For further information, please see our Privacy policy at – home.kpmg.com/uk/en/home/misc/privacy-policy-insolvency-court-appointments.html

Group structure

Simplified group structure for the companies covered by this report



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Document Classification: KPMG Confidential

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Introduction and summary update

Introduction and summary update

Background

- This report covers the progress made in the CVAs of those Companies listed in Appendix 1 for the period 31 March 2019 to 30 March 2020.

Outstanding matters and recent developments

- Realisations by Holding Companies are now largely derived from distributions made by TXUEG, principally to TEG. The last distribution declared and paid by the BTL Companies including TXUEG was in August 2013 when TEG received £75.6 million.
- We are advised that a final distribution will be made by the BTL Companies including TXUEG following the resolution of the remaining issues in the BTL CVAs. Those issues comprise:
  - Finalising the treatment of potential contingent asbestos claims in TXU UK a "below the line" company which is a subsidiary of TXUEG and controlled by the BTL administrators;
  - Adjudicating claims received by TXU UK from certain former Eastern Electricity employees who are members of the Electricity Supply Pension Scheme; and
  - Agreeing the position regarding £16.7 million currently ring-fenced at TXUEG relating to distributions received from TXU UK and Direct Sales.
- The history of the TXU UK officeholders estimate of future potential uninsured asbestos liabilities and the claims experience to date are outlined in our previous reports to creditors. These claims relate to industrial injuries suffered by former employees of Eastern Electricity. We understand that the TXU UK officeholder's most recent estimate of uninsured potential future claims has reduced to between £5 million and £15.7 million. The reduction results from the relatively low number of claims received since the previous actuarial review in May 2016. The Insurance Industry working group estimate future asbestos claims could potentially continue to be received until 2050.
- In the seventeen years the TXU UK officeholders have been in office TXU UK has been called upon to pay a total of £425,000 in respect of the uninsured element of the 16 agreed and paid claims.
- The dual track approach, outlined in our January 2018 report, for dealing with TXU UK and the potential contingent asbestos claims is currently on hold pending the outcome of the issue set out below.
- In January 2018 the TXU UK officeholders received notice of potential claims from a group of former Eastern Electricity employees who are members of the Electricity Supply Pension Scheme following the formal insolvency of their then current employer. The TXU UK officeholders subsequently received claims from in excess of 270 individuals.
- The former Eastern Electricity employees have protected persons status entitling them to look to certain successor companies (including TXU UK) to fund their pension benefits.
- We understand that Eastern Power Networks has recently accepted that it is a successor company under the Protected Persons Regulations and that is has taken over responsibility for the TXU members who have transferred to the UK Power Networks Electricity Supply Pension Scheme.

Introduction and summary update (cont.)

Outstanding matters and recent developments

- Following this development the TXU UK officeholders are taking steps to ascertain any residual obligations to the former Eastern Electricity employees. They have also developed a step plan for dealing with the remaining issues, which if successfully implemented will lead to the conclusion of the "below the line" proceedings and the distribution of surplus funds by TXUEG.
- If successful, this will enable further distributions by the Supervisors of the Holding Companies and the conclusion of the various insolvency proceedings.
- The funds held in the BTL estates total approximately £71.5 million.
- We continue to be in regular discussions with the BTL officeholders regarding the progress of the issues.

Realisations and distributions to creditors

- The Holding Companies have to date received £470 million from TXUEG.
- TEG will be due further funds from the final TXUEG liquidation distribution subject to the resolution of the issues mentioned above, the agreement of the BTL officeholders' costs and tax clearance. The total funds held by the BTL Companies amount to approximately £71.5 million. It is unclear at present when the final TXUEG distribution will take place, although, given the progress made, outlined above, and in the event the "below the line" steps are completed as envisaged it is anticipated this could be within the next 12 months.
- The total amount distributed by the Supervisors of the Holding Companies to external (non-group) creditors is £883.4 million. In the CVA proposal the estimated total distribution to external (non-group) creditors was £569 million and further distributions of significant value are still to be made.
- Details of the distributions paid to date and future estimated distributions assuming TEG receives the surplus funds from TXUEG, are shown on page 10 of this report.

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Creditors and Distributions

Creditors and Distributions

- Claims received and agreed or rejected pursuant to the CVA, their values as at 19 November 2002 and 7 January 2005 and the amounts distributed in respect of such claims are set out in the table below. The differences in the values of claims as at 19 November 2002 and 7 January 2005 relate to movements in foreign currency exchange rates and capitalised interest. Some claims are set at 19 November 2002 values because of their particular nature.

Distributions, estimated future distributions and estimated outcome range

£m	Claims 19 November 2002	Claims 7 January 2005	Distributions paid to date	Range of Estimated future distributions		Range of Estimated total outcome	
				Best	Worst	Best	Worst
Agreed claims							
EGO BV Bonds	329.8	335.1	329.8	-	-	329.8	329.8
EFC Bonds	1,376.9	1,487.4	324.8	27.1	14.5	351.9	339.3
Revolving Credit Facility	693.5	825.6	169.3	14.4	7.9	183.7	177.2
Holders of TXU Acquisition Loan Notes	19.1	20.5	4.2	0.4	0.2	4.6	4.4
Barcap Claim	19.4	21.6	19.4	-	-	19.4	19.4
TXU Europe Ltd other creditors	111.2	120.6	25.8	2.2	1.2	28.0	27.0
TXU Eastern Funding Company	3.3	3.3	-	-	-	-	-
TXU Acquisitions Ltd other creditors	3.3	3.3	0.7	0.1	-	0.8	0.7
The Energy Group Ltd other creditors	3.3	3.3	0.5	0.1	-	0.6	0.5
Energy Group Overseas BV other creditors	3.3	3.3	0.4	0.1	-	0.5	0.4
Energy Holdings (No2) Ltd other creditors	6.7	6.7	3.4	0.4	0.2	3.8	3.6
Energy Holdings (No3) Ltd other creditors	5.3	6.1	2.7	-	-	2.7	2.7
Energy Holdings (No5) Ltd	6.6	6.6	2.4	0.3	0.2	2.7	2.6
Total	**2,581.7**	**2,843.4**	**883.4**	**45.1**	**24.2**	**928.5**	**907.6**

We make the following observations in relation to the table above:

- There remains considerable uncertainty regarding the level of future realisations from the BTL companies due to the impact of the contingent asbestos claims and pension claims in TXU UK on the funds available for distribution to TEG. We have therefore calculated the future distributions on a best and worst case scenario. In the worst case, which is considered to be unlikely, there will be no further funds to be distributed.
- The above estimated outcome is illustrative only and should not be relied upon as guidance as to the actual outcomes for creditors. The EGO BV bonds have received a total of 100p in the £ as a result of their claims at EGO BV, TXUEL and EH3. Similarly the Barcap Claim has received a total of 100p in the £ on its claim as a result of its claims at EH3 and TXUEL.
- It is likely that there will be at least two further payments to creditors; when funds are received by the Holding Companies from the Operating Companies and when the issues which remain to be dealt with within the TXUEL Group have been resolved.
- The final distribution will be contingent upon receipt of tax clearance from HM Revenue & Customs.
- Due to the complex matrix of intercompany indebtedness distributions are made with the assistance of the model which reflects the terms regarding distributions set out in the CVAs. The gross intercompany distributions calculated by the model are considerably inflated due to its iterative nature. The figures shown represent the output from the model for external third party creditors.

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Contacts

The contacts at KPMG in connection with this report are:

John Milsom
Partner, KPMG LLP
Tel: +44 (0)20 7694 3096
Fax: +44 (0)20 7694 3011
john.milsom@kpmg.co.uk

Jim Tucker
Partner, KPMG LLP
Tel: +44 (0)20 7694 1812
Fax: +44 (0)20 7694 3011
jim.tucker@kpmg.co.uk

Paul Liversidge
Manager, KPMG LLP
Tel: +44 (0)20 7694 3312
Fax: +44 (0)20 7694 3011
paul.liversidge@kpmg.co.uk

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