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2007 Performance Review

- Strong set of financial results
- Volatility in gas & power prices
- Global energy issues
 - Oil prices
 - Rising energy demand in Asia & Far East
 - Increasing levels of imported gas to UK
- Large wholesale gas price swings in 2007

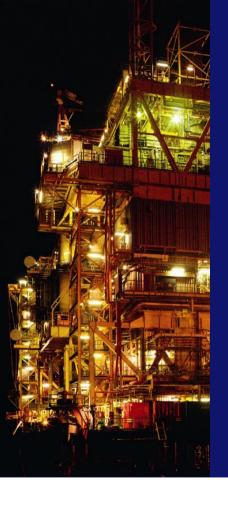


British Gas — Restored to Viable Profit Margins

- Rise in customer numbers during 2007
- Further investment essential to provide future energy supplies for our customers
- January 2008 price rise driven by rising wholesale prices
- Leadership position in supporting fuel poor customers







Upstream Investments

- Increasing proportion of gas & power sourced from our own assets
- Newfield acquisition September 2007
- Langage power station operational in 2009









Integrated Energy Company

- Transform British Gas
- Sharpen the organisation and reduce costs
- Reduce risk through increased integration
- Build on our growth platforms

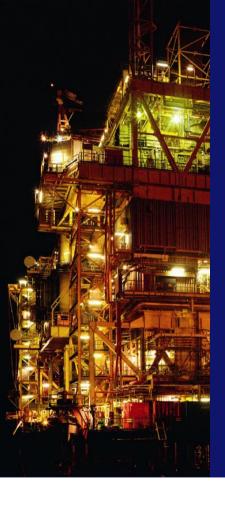




Changing Energy Markets

- Sharp increases in wholesale gas and power prices
- Percentage of gas imported to the UK is increasing
- UK prices now subject to global issues





2007 Performance

- Strong overall performance
 - Operating profit up 40%
 - Earnings up 60%
- A year of two distinct halves
- Volatility in wholesale gas and power markets





British Gas Residential

- Performance impacted by wholesale prices
- Led retail price reductions, cutting by 20% in spring 2007
- Wholesale price increases from April 2007 reduced second half margins
- Price increase in January 2008



British Gas Residential

- 2007 Cost reduction programme of £139 million
- Further £60m savings in 2008
- Improved customer service
- Competitive pricing
- Industry leading fuel poverty programmes





Business Highlights

- Strong Centrica Energy performance
- Record profits in British Gas Services, British Gas Business, Direct Energy and Centrica Storage
- Significant investment in new sources of gas and power







Gas – New Fields and New Contracts

- Reduce exposure to volatile energy markets
- Gas & power resources, renewables and possibly new nuclear





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Growth Businesses

- Build on strong 2007 performance
 - British Gas Services
 - North America
 - British Gas Business



Delivering Value For Customers And Investors

- Continued investment in new sources of gas and low carbon power generation
- Energy efficiency initiatives to help manage fuel bills
- Remain focused on our chosen strategy





