


Queen Elizabeth II Conference Centre,  
London SW1  
Monday 14 May 2007, 2 pm

# AGM



Notice is hereby given that the eleventh Annual General Meeting of Centrica plc (the 'Company') will be held at the Queen Elizabeth II Conference Centre, Broad Sanctuary, Westminster, London SW1P 3EE on 14 May 2007, at 2 pm for the transaction of the following business:

To consider and, if thought fit, pass Resolutions 1 to 11 as Ordinary Resolutions and Resolutions 12 to 14 as Special Resolutions.

## Report and Accounts

1. To receive the Accounts and the Reports of the Directors and the Auditors for the year ended 31 December 2006.

## Remuneration Report

2. To approve the Remuneration Report for the year ended 31 December 2006.

*Note: The Remuneration Report forms pages 34 to 41 of the Annual Report & Accounts 2006. It sets out the Company's policy towards, and gives details of, Directors' remuneration and other relevant information. There is a summary of the Remuneration Report on pages 19 and 20 of the Annual Review 2006.*

## Dividend

3. That a final dividend of 8 pence per ordinary share be declared payable to shareholders on the register of members at the close of business on 27 April 2007.

*Note: Subject to shareholder approval, the final dividend of 8 pence per ordinary share will be paid on 13 June 2007.*

## Directors

*Note: The Company's Articles of Association require Directors to retire and submit themselves for election at the first AGM following their appointment and for re-election at least every three years thereafter.*

*Phil Bentley is standing for re-election as a Director.*

*Roger Carr is standing for re-election as a Director.*

*Sam Laidlaw is standing for election as a Director following his appointment to the Board on 1 July 2006.*

*Nick Luff is standing for election as a Director following his appointment to the Board on 1 March 2007.*

*The Board believes that each of the Directors standing for election or re-election has considerable and wide-ranging experience, which will be invaluable as the Company continues to grow its business both in the UK and overseas.*

4. That Phil Bentley be re-elected as a Director of the Company.

*Phil Bentley (48), Managing Director, British Gas, has a service contract with the Company with a 12-month notice period. He is a member of the Corporate Responsibility and Executive Committees. Phil Bentley joined Centrica plc as Group Finance Director in 2000, a position he held until the end of February 2007 when he was appointed Managing Director, British Gas. He was also Managing Director, Europe between July 2004 and September 2006. Formerly, he was Finance Director of UDV Guinness from 1999 and Group Treasurer and Director of Risk Management of Diageo plc from 1997. Previously, he spent 15 years with BP plc in various international oil and gas exploration roles. He is a Non-Executive Director and the Chairman of the audit committee of Kingfisher plc.*

5. That Roger Carr be re-elected as Director of the Company.

*As a Non-Executive Director, Roger Carr (60), Chairman, does not have a service contract, but his letter of appointment contains a six-month notice period. He is a member of the Nominations and Remuneration Committees. Roger Carr joined the Board as a Non-Executive Director in 2001 and was appointed Chairman in May 2004. He is Chairman of Mitchells & Butlers plc, Deputy Chairman of Cadbury Schweppes plc and a senior adviser to Kohlberg Kravis Roberts & Co Ltd.*

6. That Sam Laidlaw be elected as a Director of the Company.

*Sam Laidlaw (51), Chief Executive, has a service contract with an initial notice period of two years reducing to one year in July 2008. He is a member of the Disclosure, Executive and Nominations Committees. Sam Laidlaw joined Centrica plc as Chief Executive in July 2006. Between October 2006 and February 2007 he assumed direct responsibility for British Gas Residential. He was previously Executive Vice President of the Chevron Corporation, Chief Executive Officer at Enterprise Oil and President and Chief Operating Officer at Amerada Hess. He is a Non-Executive Director of Hanson plc, a Trustee of the medical charity RAFT and a Director of the Business Council for International Understanding.*

7. That Nick Luff be elected as a Director of the Company.

*Nick Luff (39), has a service contract with an initial notice period of two years reducing to one year in March 2009. He is a member of the Executive and Disclosure Committees. Nick Luff joined the Board as Group Finance Director on 1 March 2007. Previously, he was Chief Financial Officer of the P&O Group, a post to which he was appointed in May 2003. Prior to this, he was Chief Financial Officer of P&O Princess Cruises plc 2000-03 and Finance Director of the P&O Group 1999-2000. He originally joined P&O in 1991 from KPMG, where between 1987-1991, he trained and qualified as a chartered accountant. He is a Non-Executive Director and Chairman of the audit committee of QuinetiQ Group plc.*

#### Auditors

8. That PricewaterhouseCoopers LLP be reappointed Auditors of the Company, to hold office until the conclusion of the next General Meeting at which accounts are laid.

*Note: The Company is required to appoint Auditors at each General Meeting at which accounts are laid, to hold office until the conclusion of the next such meeting. The Company's Audit Committee has recommended the reappointment of PricewaterhouseCoopers LLP.*

9. That the Directors be authorised to determine the Auditors' remuneration.

*Note: This Resolution authorises the Directors, in accordance with standard practice, to determine the remuneration of the Auditors. The Audit Committee will approve the audit fees, in principle, for recommendation to the Board.*

#### Political donations

10. That in accordance with section 347C of the Companies Act 1985 the Company be authorised:

- a) to make donations to EU political organisations, as defined in section 347A of the Companies Act 1985, not exceeding £125,000 in total; and
- b) to incur EU political expenditure, as defined in section 347A of the Companies Act 1985, not exceeding £125,000 in total,

during the period beginning with the date of the passing of this Resolution and ending on 13 August 2008 or, if earlier, the conclusion of the AGM to be held in 2008.

*Note: The Company has a policy that it does not make donations to, or incur expenditure on behalf of, political parties. However, the Companies Act 1985 contains restrictions on companies making donations or incurring EU political expenditure and it defines these terms very widely, such that activities that form part of the normal relationship between the Company and bodies concerned with policy review, law reform and other business matters affecting the Company may be included. Such activities, which are in the shareholders' interests for the Company to conduct, are not designed to support, or implement support for, a particular political party.*

*The Company believes that the authority proposed under this Resolution is necessary to ensure that it does not commit any technical breach that could arise from the uncertainty generated by the wide definitions contained within the Companies Act 1985 when carrying out activities in the furtherance of its legitimate business interests.*

*The Company neither made political donations nor incurred political expenditure in 2006.*

#### Electronic Communications

11. That the Company may serve any notice or send or supply any other document or information to a member by making the notice, document or information available on a website.

*Note: This Resolution will permit the Company to use its corporate website as its primary means of communication with its shareholders, in accordance with the Companies Act 2006. This change recognises that there are benefits to both shareholders and the Company from using web-based communication rather than paper. Use of the corporate website provides shareholders with Company information as at date of publication whilst at the same time allowing the Company to offer a more cost-effective and environmentally friendly service.*

*Shareholders remain entitled to elect to receive notices and certain other documents and information in hard copy.*

#### Authority to allot shares

12. That the authority conferred on the Directors to allot relevant securities by Article 13.3 of the Company's Articles of Association be renewed for the period ending on the date of the 2008 AGM or on 13 August 2008, whichever is the earlier, and the maximum amount of relevant securities which the Directors may allot during this period shall be £48,869,957.

*Note: Under section 80 of the Companies Act 1985, the Directors of the Company may only allot relevant securities if authorised to do so. The Articles of Association give a general authority to the Directors to allot relevant securities, but that authority is subject to renewal by the shareholders each year. This Resolution proposes that the Directors' authority be renewed, giving the power to allot relevant securities up to a nominal value of £48,869,957 (the unissued share capital), which is equal to approximately 21.61 per cent of the issued ordinary share capital of the Company as at 5 March 2007. As at 5 March 2007, the Company did not hold any treasury shares. This authority, if renewed, will terminate at the conclusion of the 2008 AGM or on 13 August 2008, whichever is the earlier. The Directors have no present intention of issuing any relevant securities other than pursuant to existing rights under employee share schemes; however, the Directors may consider issuing relevant securities if they believe it would be appropriate to do so in respect of business opportunities consistent with the Company's strategic objectives.*

#### Authority to disapply pre-emption rights

13. That, subject to the passing of Resolution 12 set out in this notice, the power conferred on the Directors by Article 13.5 of the Company's Articles of Association be renewed for the period ending on the date of the 2008 AGM or on 13 August 2008, whichever is the earlier, and for such period the maximum amount of equity securities which the Directors may so allot (other than in connection with a rights issue as defined in Article 13.7) under that power shall be £11,306,502.

*Note: Under section 89(1) of the Companies Act 1985, if the Directors wish to allot any of the unissued shares for cash (other than in connection with an employee share scheme) they must in the first instance offer them to existing shareholders in proportion to their holdings (a pre-emption offer). There may be occasions, however, when the Directors will need the flexibility to finance business opportunities by the issue of ordinary shares without a pre-emption offer to existing shareholders.*

*The Articles of Association give a general authority to the Board to disapply this pre-emption requirement for allotments of shares for cash up to a specific amount or up to any amount pursuant to a rights issue as defined in Article 13.7 of the Company's Articles*

of Association. This general authority is subject to annual renewal by shareholders.

Subject to the passing of Resolution 12, this Resolution proposes that this authority be renewed, limited to the issue of new shares up to a nominal value of £11,306,502 other than in connection with a rights issue, representing five per cent of the issued ordinary share capital as at 5 March 2007.

For the purposes of this Resolution, allotments and issues of shares include sales of treasury shares – see the note to Resolution 14 for further details. This authority, if renewed, will terminate at the conclusion of the 2008 AGM or on 13 August 2008, whichever is the earlier.

#### Authority to purchase own shares

14. That, pursuant to Article 10 of the Company's Articles of Association, the Company be generally and unconditionally authorised to make market purchases (within the meaning of section 163(3) of the Companies Act 1985) of ordinary shares of 6<sup>14</sup>/<sub>81</sub> pence each in the Company ('ordinary shares') provided that:

- a) the maximum number of ordinary shares hereby authorised to be purchased is 366,330,669;
- b) the minimum price which may be paid for each such ordinary share is 6<sup>14</sup>/<sub>81</sub> pence;
- c) the maximum price which may be paid for each such ordinary share is the higher of: (i) an amount equal to 105 per cent of the average of the middle market quotations for an ordinary share in the Company as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the share is contracted to be purchased; and (ii) an amount equal to the higher of the price of the last independent trade of an ordinary share and the highest current independent bid for an ordinary share as derived from the London Stock Exchange Trading System; and
- d) this authority shall expire at the conclusion of the 2008 AGM or on 13 August 2008, whichever is the earlier (except in relation to a purchase of such shares, the contract for which was concluded before such time and which will or may be executed wholly or partly after such time).

*Note: In certain circumstances, it may be advantageous for the Company to purchase its own shares. The Directors will only exercise this authority after considering the effects on earnings per share and the benefits for shareholders generally. Other investment opportunities, appropriate gearing levels and the overall position of the Company will be taken into account before deciding upon this course of action. Save to the extent purchased pursuant to the treasury shares provisions of the Companies Act 1985, any shares purchased in this way will be automatically cancelled and the number of shares will be reduced accordingly.*

*Shares purchased by the Company as treasury shares are permitted to be held and dealt with by the Company (including selling the shares or transferring them for the purposes of share incentive schemes or cancelling them) subject to certain limitations. It is the Company's current intention to satisfy the requirements of its share schemes, in a method best suited to the interests of the Company, either by acquiring shares in the market or, subject to institutional guidelines, issuing new shares or using shares held in treasury.*

*For the period 1 January 2006 to 5 March 2007, 8,950,000 shares had been repurchased and cancelled for a consideration, including expenses, of £23 million.*

*This Resolution specifies the maximum number of shares that may be acquired (10 per cent of the Company's issued ordinary share capital as at 5 March 2007) and the maximum and minimum prices at which they may be bought. The total number of options to subscribe for ordinary shares that were outstanding as at 5 March 2007 was 78,204,255 representing approximately 2.13 per cent of the issued share capital of the Company at that date (approximately 2.37 per cent if the authority to purchase shares under this Resolution is used in full).*

The Board confirms that in its opinion, the Resolutions numbered 1 to 14 are in the best interests of the shareholders as a whole and unanimously recommends shareholders to vote in favour of them. The Directors intend to do so in respect of their own beneficial interests, except with regard to Resolution 2 (Remuneration Report) on which they will not vote as interested parties and any Director in respect of his own election or re-election (Resolutions 4 to 7 inclusive).

By order of the Board



**Grant Dawson**

General Counsel and Company Secretary

Dated 9 March 2007

Registered office:  
Millstream, Maidenhead Road  
Windsor, Berkshire SL4 5GD  
Registered in England and Wales No. 3033654

**A proxy form is enclosed with this Notice and instructions for its completion and return by post are shown on the form. You can also vote online at [www.sharevote.co.uk](http://www.sharevote.co.uk).**

#### Important Notes

The following notes explain your general rights as a shareholder and your right to attend and vote at this Meeting or to appoint someone else to vote on your behalf.

1. A shareholder entitled to attend and vote at the Meeting is entitled to appoint one or more proxies to attend, and on a poll, vote instead of him or her. A proxy need not be a shareholder. Appointing a proxy will not prevent a shareholder from attending in person and voting at the Meeting.
2. You may register your proxy appointment or voting directions electronically by visiting the [www.sharevote.co.uk](http://www.sharevote.co.uk) website, where full details of the procedure are given (see note 3 for deadlines). If you return more than one proxy appointment, either by paper or electronic communication, that received last by the registrar before the latest time for the receipt of proxies will take precedence. You are advised to read the terms and conditions of use carefully. Electronic communication facilities are open to all shareholders and those who use them will not be disadvantaged.
3. The appointment of a proxy, and the original or duly certified copy of the power of attorney or other authority (if any) under which it is signed or authenticated, should be (a) deposited with the Company's registrar, at the address shown on the proxy form or received via the sharevote website, not later than 2 pm on 12 May 2007, or 48 hours before the time for holding any adjourned Meeting or (in the case of a poll not taken on the same day as the Meeting or adjourned Meeting) for the taking of the poll at which it is to be used, or (b) lodged using the CREST proxy voting service – see note 8 below.

4. The following documents are available for inspection during normal business hours at the registered office of the Company on any business day and may also be inspected at the Queen Elizabeth II Conference Centre from 1 pm on the day of the Meeting until the conclusion of the Meeting:
  - a) copies of Directors' service contracts with the Company;
  - b) copies of the Non-Executive Directors' letters of appointment;
  - c) copies of the Directors' deeds of indemnity entered into in connection with the indemnification of Directors provisions of the Company's Articles of Association;
  - d) the register of interests of the Directors in the share capital of the Company; and
  - e) a copy of the Company's Memorandum and Articles of Association.
5. The Company, pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders listed in the register of members of the Company as at 2 pm on 12 May 2007 (or, if the Meeting is adjourned, 48 hours before the time fixed for the adjourned Meeting) shall be entitled to attend or vote at the AGM in respect of the number of shares registered in their name at that time. In each case, changes to entries on the register of members after such time shall be disregarded in determining the rights of any person to attend or vote at the Meeting.
6. As soon as practicable following the AGM, the results of the voting at the meeting and the numbers of proxy votes cast for and against and the number of votes actively withheld in respect of each of the Resolutions will be announced via a Regulatory Information Service and also placed on the Company's website [www.centrica.com](http://www.centrica.com). Also, a summary of the business transacted will be available, on written request, from the Company Secretary at the Company's registered office.
7. If you have sold or transferred all your shares, this Notice and the accompanying proxy form should be passed to the person through whom the sale or transfer was made for transmission to the purchaser or transferee.

#### Electronic proxy appointment through CREST

8. CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so for the AGM to be held on 14 May 2007 and any adjournment(s) thereof by following the procedures described in the CREST Manual.

All messages relating to the appointment of a proxy or an instruction to a previously-appointed proxy, which are to be transmitted through CREST, must be received by Lloyds TSB Registrars (ID 7RA01) no later than 2 pm on 12 May 2007, or, if the Meeting is adjourned, 48 hours before the time fixed for the adjourned Meeting.

#### Alternative formats

If you would like this Notice in an appropriate alternative format, such as large print, Braille, audio or digital (text CD or floppy disk), you can request these in the following ways:

**Telephone:** 0191 438 6063  
**Text phone:** 0191 438 1122

Please note that these numbers should be used to order copies of alternative formats only. For general shareholder enquiries, please use the shareholder helpline 0870 600 3985.

### Directions to the Annual General Meeting



The doors will open at 1 pm and you may wish to arrive by 1.30 pm to enable you to take your seat in good time. Tea, coffee and biscuits will be available before and after the meeting. Arrangements have been made to help shareholders with disabilities. Individual induction loops will be available at the registration desk for people with hearing difficulties and sign language interpretation will be provided in the auditorium. Anyone accompanying a shareholder who is in a wheelchair or otherwise in need of assistance will be admitted to the Meeting.

### Electronic Communications

Recent changes in legislation mean that, subject to the necessary authority being passed at the forthcoming AGM, Centrica is now able to offer shareholders the opportunity to receive shareholder documentation via its website. These changes, introduced by the Government, recognise the increasing role that the internet plays in timely communications.

You may now choose either to:

- ▶ receive shareholder documentation by website communication by providing us with an email address (to do this, please go online to [www.centrica.com/ecomms](http://www.centrica.com/ecomms)); or
- ▶ continue to receive shareholder documentation in hard copy (to do this, please complete and return the personalised prepaid form of election attached to the enclosed AGM proxy card so that it is received no later than 30 June 2007). If you do not return this form you will be taken, subject to the necessary authority being passed at the AGM, to have agreed to receive shareholder documentation via the website.

Shareholders who receive shareholder documentation from Centrica electronically can in future:

- ▶ view the annual report on the day it is published;
- ▶ have access to significantly greater volumes of information about Centrica;
- ▶ cast their AGM vote electronically; and
- ▶ access details of their individual shareholding quickly and securely online.

This new legislation helps Centrica to reduce both its costs and its impact on the environment and provides shareholders with the opportunity to access information in a timely manner.