

Strategy update

27 February 2013



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Sam Laidlaw
Chief Executive

Progress against previous strategic priorities

Strategic priorities

Grow British Gas



Strategy delivery over past 3 years

- ✓ Stable BGR profit and market share
- ✓ BGS profit up 34%
- ✓ Leadership in systems, online and smart

Deliver value from our growing upstream business



- ✓ 2P reserves up 50%, production up 50%
- ✓ Established significant Norwegian business
- ✓ Strong nuclear output and life extensions

Build an integrated North American business



- ✓ US customer numbers up 75%, DEB power volumes up 54%
- ✓ Multi-state services capability
- ✓ Gas and liquids production up 50%, resource base trebled

Drive superior financial returns



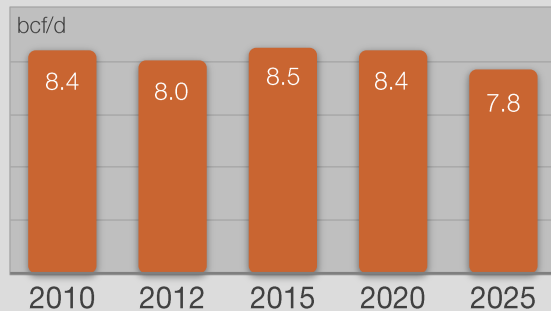
- ✓ EPS up 25%
- ✓ DPS up 28%
- ✓ TSR 36% (FTSE 100: 21%)

The external environment is evolving

- **Gas** continues to play a major but changing role in UK and US energy supplies
 - the **UK** is increasingly reliant on imports. LNG will intensify the link between the UK and global gas markets
 - in **North America**, growing shale production has resulted in low prices and is opening an opportunity for exports
- In **UK power generation**, new investment depends on regulatory outcomes
- **Downstream** trends differ in our markets
 - in the **UK**, affordability is high on the political agenda and energy efficiency and technology are key to managing energy bills
 - in contrast, in **North America** bills are decreasing and the market environment is improving

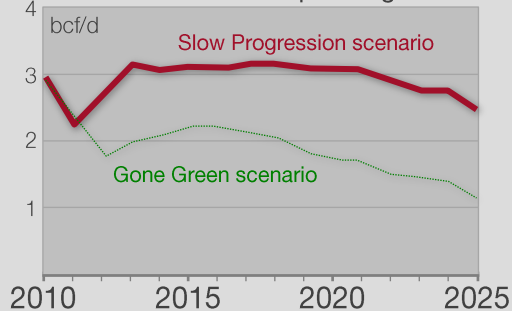
Gas has an important role to play in the US and UK

Forecast UK gas demand

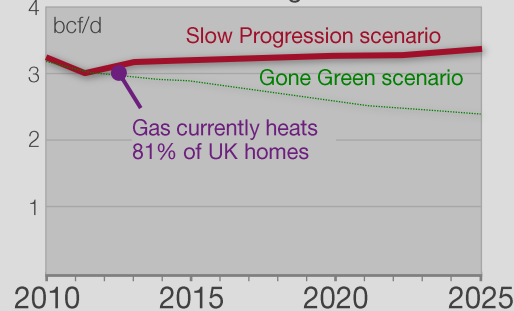


UK - continuing role for gas

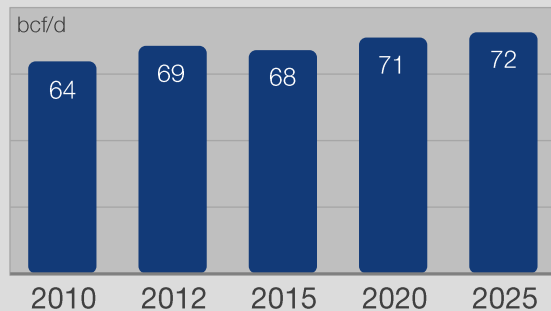
Forecast demand for power generation



Forecast residential gas demand

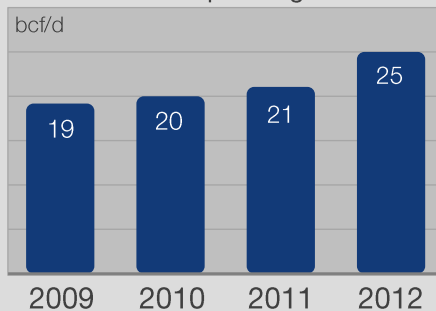


Forecast US gas demand



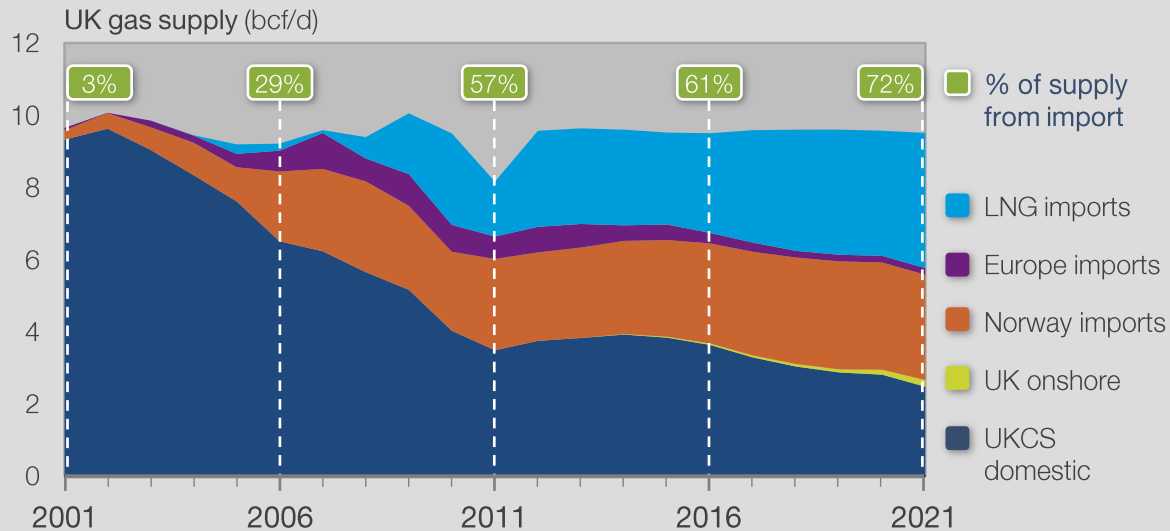
US - new sources of demand

Gas demand for power generation



- Coal to gas switching in power
- Lower CO₂ emissions
- Potential additional industrial demand growth
- Scope for gas exports

UK more reliant on gas imports

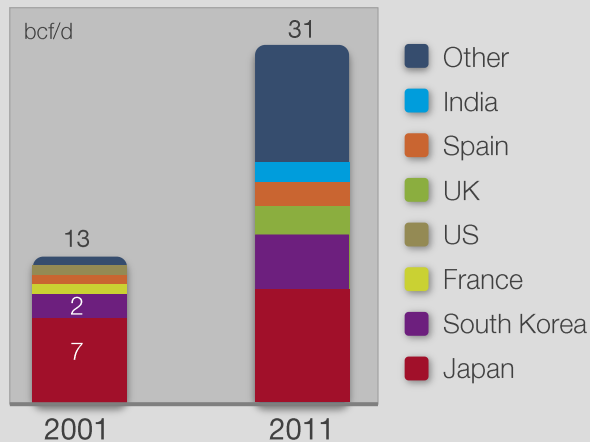


- Traditional supplies declining
- LNG increasing
- UK shale may contribute in the longer-term



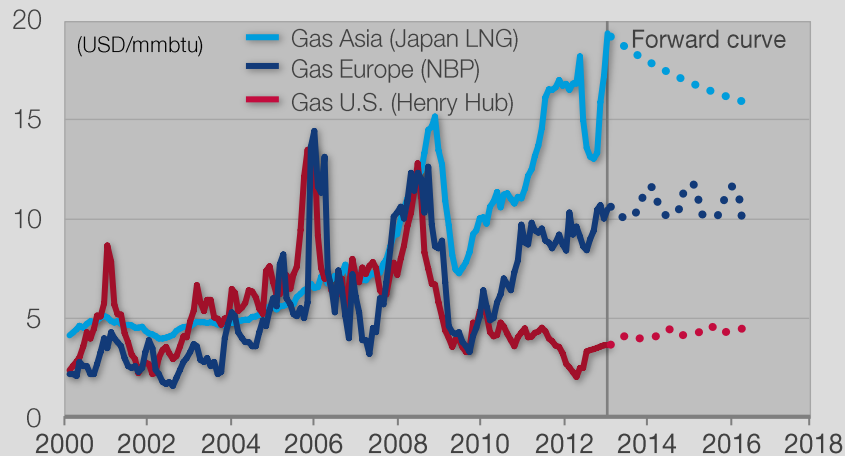
LNG intensifies link between UK and global markets

Growing global LNG demand



- UK competing for supply in a global LNG market
- 25 countries importing LNG in 2011 (12 in 2001)
- Spot LNG increased from 6% to 25% of traded volume between 2005 and 2012

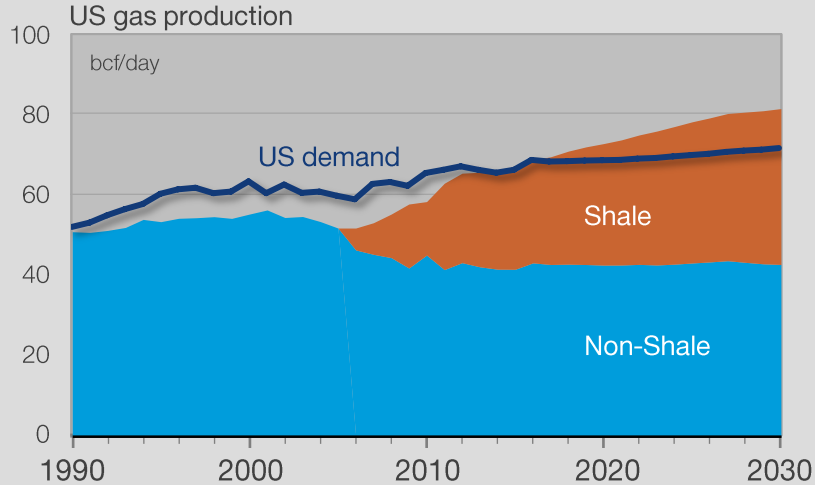
Regional pricing with high volatility



- Regional price spreads are driven by
 - North America: abundance of gas
 - Asia: oil indexation and growing demand
 - Europe: tension between oil indexed and gas-on-gas pricing

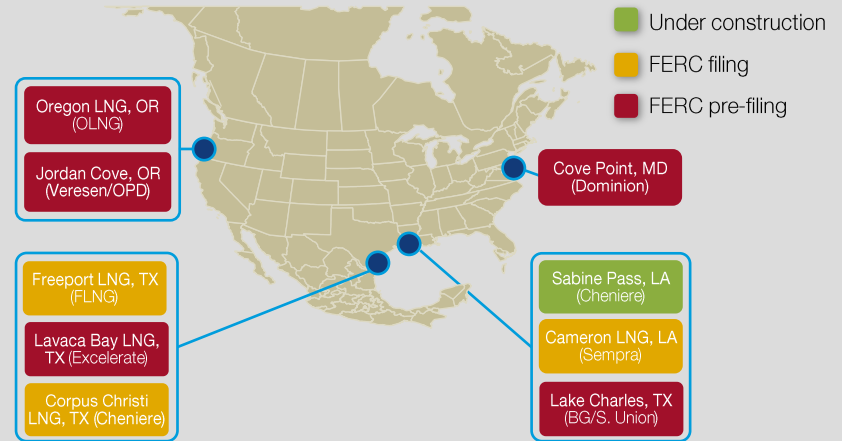
Shale gas has transformed the US energy outlook

Shale increasing gas production



- Greater certainty about scale and enduring nature of shale gas in the US given technology developments

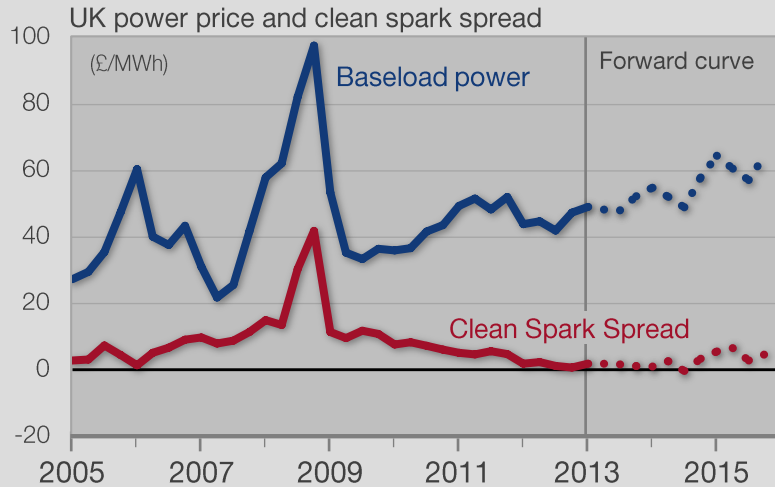
LNG export projects are planned



- >20 LNG export projects under consideration
- UK a potential future market for US gas

UK Power investments depend on regulatory support

Gas fired generation



- Spark spreads remain low
- Reserve margins expected to fall for next three years, leading to market tightening
- Attraction of new investment will depend on capacity payments, which remain uncertain

Renewables

Average offshore wind project characteristics

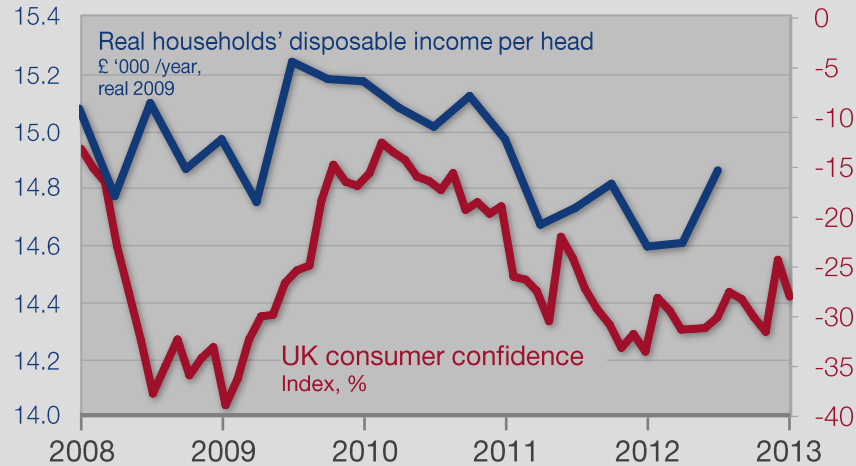
	Average size (MW)	Distance to shore (km)	Average water depth (m)
Round 1	~100	8	9
Round 2	~500	25	15
Round 3	~1,000 ¹	60	45

1. R3 zones are c.3,500MW but actual projects are likely to be divided into smaller sizes

- Projects are becoming larger and more complex
- Regulatory uncertainty remains
 - CfD design and strike price
- Few equity investors able to take construction risk
- Fixed price will no longer provide a hedge for downstream volatility

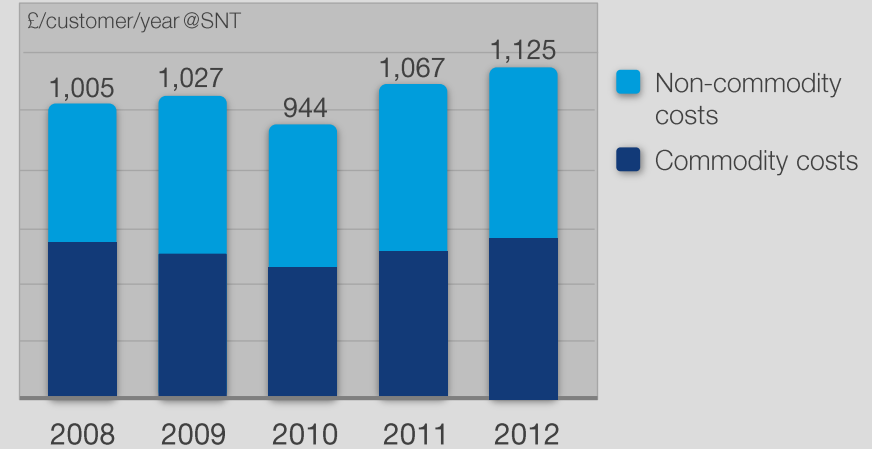
Downstream: emphasis on affordability in the UK

Challenging economy, pressure on spending



Energy bills increasing

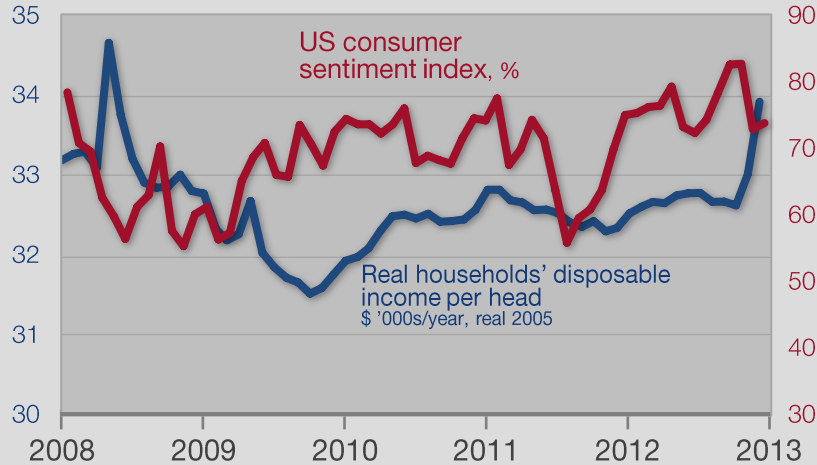
British Gas residential dual fuel energy bill



- Regulatory scrutiny of pricing and product transparency
 - building trust a key issue
- Energy efficiency more important for customers and Government
 - underlying gas consumption down 15% since 2008
 - cost of carbon abatement increasing

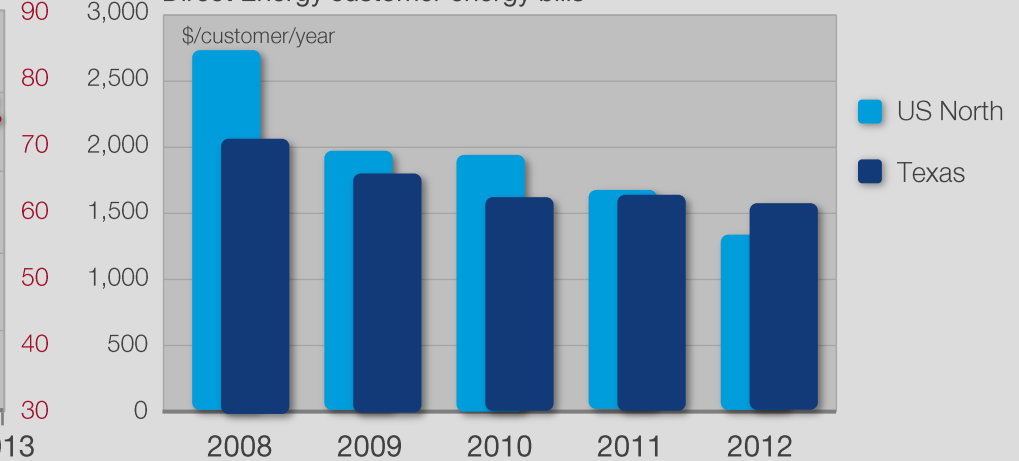
Downstream: favourable environment in NA

Income and sentiment improving



Energy bills decreasing

Direct Energy customer energy bills



- Improving market environment
 - regulators welcoming competition
 - ~8m new residential competitive retail customers since 2008 (up 64%)
- Businesses interested in demand response and energy management services

Our strategic priorities

1. Innovate

to drive growth and service excellence

2. Integrate

our natural gas business, linked to our core markets

3. Increase

our returns through efficiency and continued capital discipline

The leading integrated energy company
with customers at its core

What these priorities mean

1. Innovate

to drive growth and service excellence

Share technology and new propositions across the Atlantic, leveraging our leading positions. Grow in B2B, services and North American residential

2. Integrate

our natural gas business, linked to our core markets

Invest for value in E&P, notably in North America, and limit capital employed in power. Increase our presence in LNG and grow optimisation activities

3. Increase

our returns through efficiency and continued capital discipline

Drive operational and cost efficiency across the Group, deploy balance sheet capacity where we see value, return surplus capital to shareholders

New organisational structure

International Downstream

- Leverage scale benefits in sales operations, billing and customer service
- Share best practice in competitive energy retailing
- Share innovations and new products e.g. connected homes
- Deploy expertise across the Atlantic e.g. B2B and services

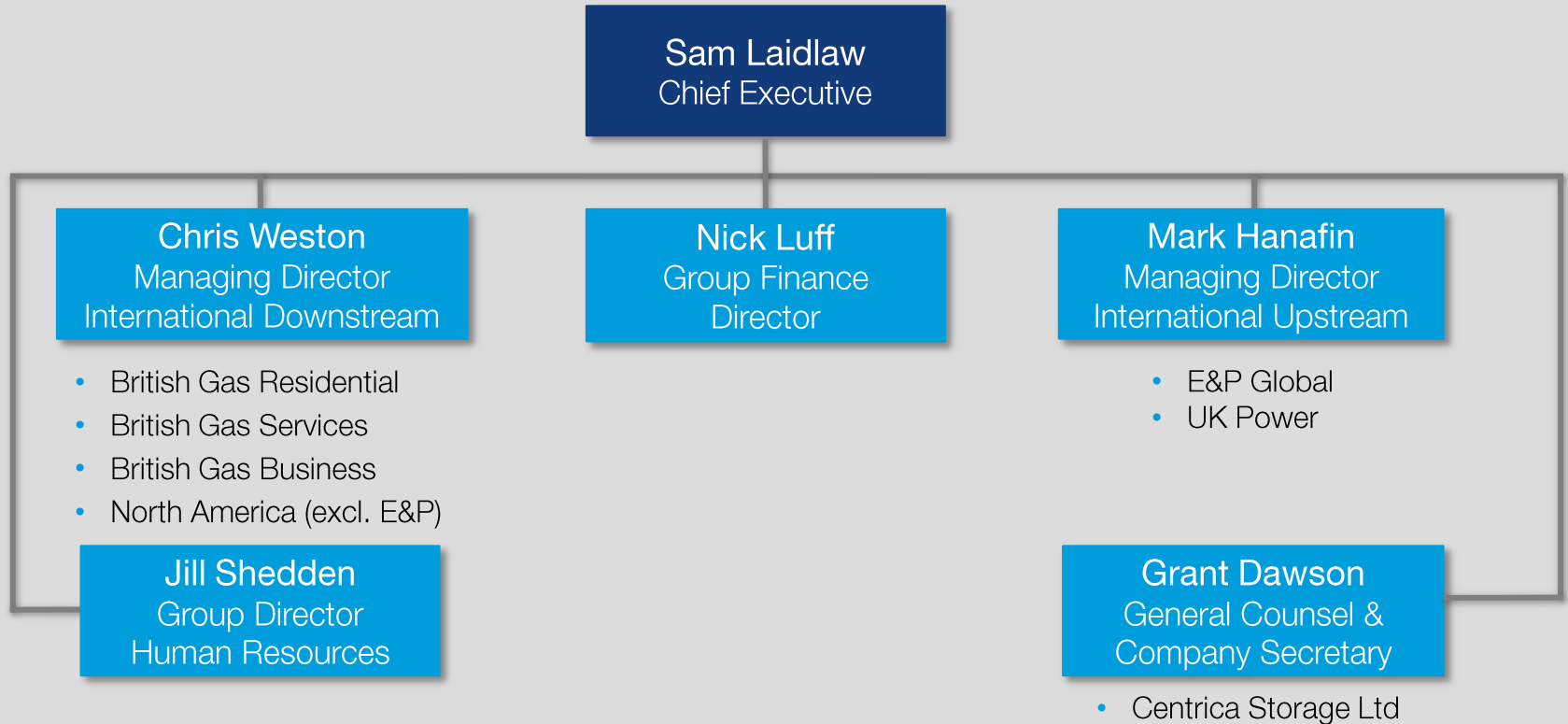
International Upstream

- Leverage technology, reservoir and geoscience expertise
- Harness project management capability
- Explore options for North American exports to UK as well as to US customers
- Optimise midstream and arbitrage opportunities

International functional organisation

- Leverage scale, systems and technology in the UK and North America
- Share best practice across the Atlantic
- Deliver best in class safety and environmental performance
- Reduce cost

New organisational structure



Our strategic priorities

1. Innovate

to drive growth and service excellence

- Lead with great service and efficient operations
 - Enable our customers to control their energy use in a simpler, smarter, more efficient way
 - Grow in selected markets, building on our leading capabilities
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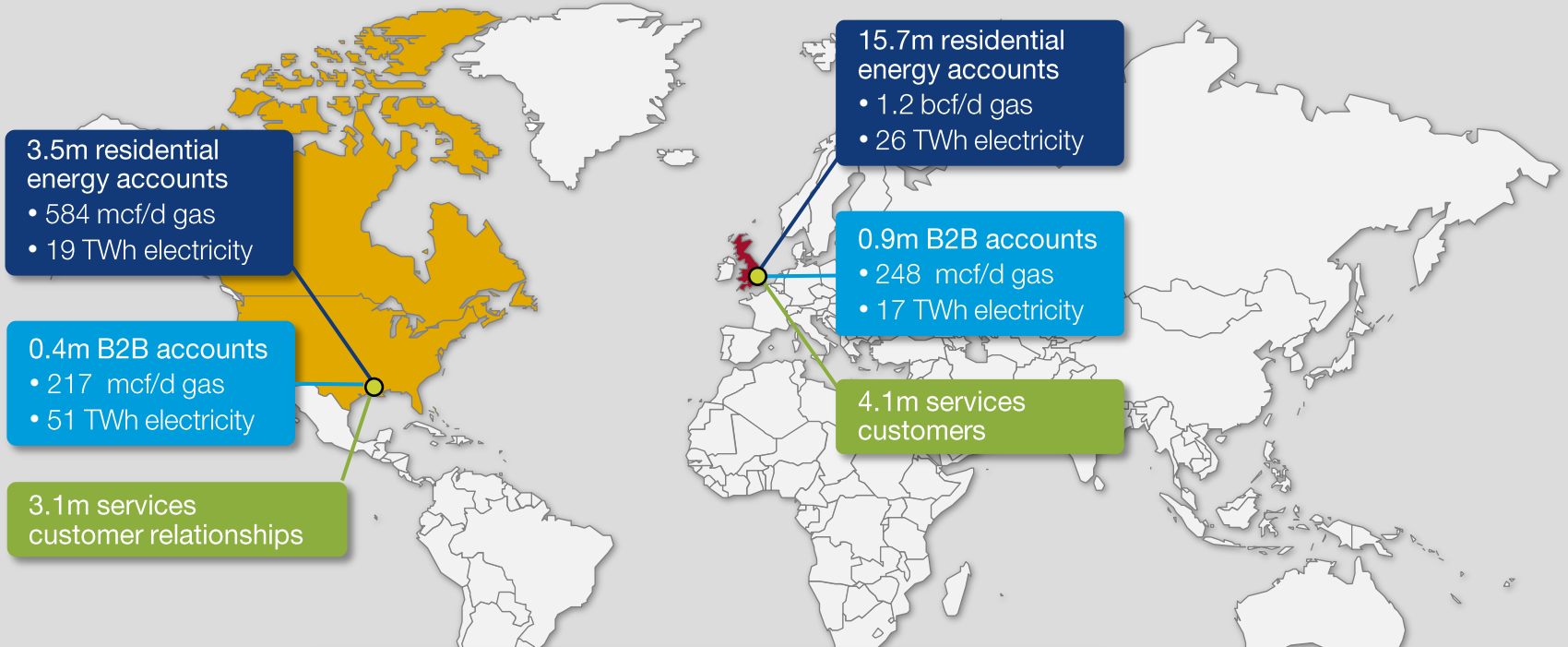
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Our downstream business



Benefits of scale in sales operations, billing and customer service

Distinctive capabilities across downstream

Customer service and efficiency

- 'Five star' UK customer service rating from Consumer Focus
- Same day service promise in NA and UK
- IT platforms driving scale efficiencies

Home and business services

- UK base of over 11,000 highly trained engineers
- Presence in 78 of top 100 US metropolitan areas – 1,900 US employee licensed technicians and 1,600 franchisees

Innovation

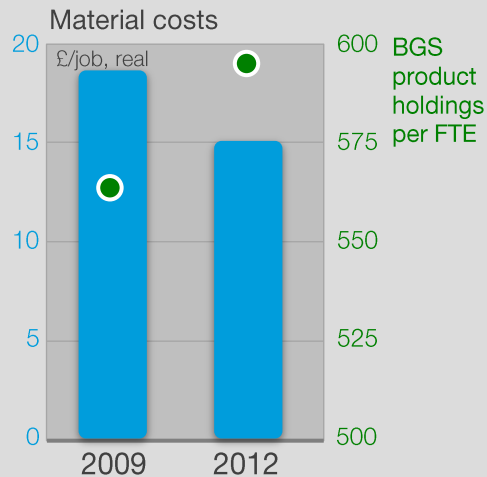
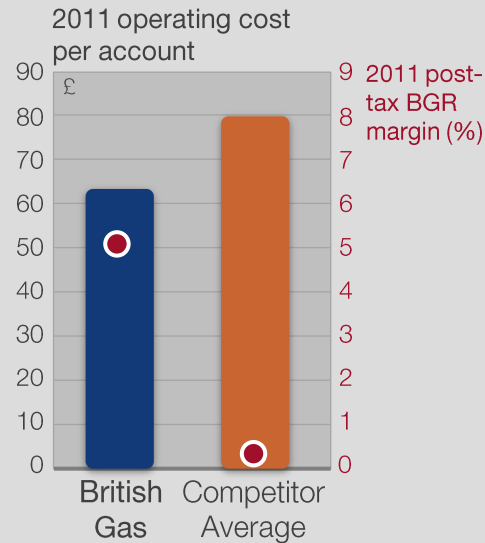
- No. 1 UK website, 30% of customers registered online
- Innovative US 'Free Power Saturdays' and 'Power-to-Go' propositions
- Highly rated connected home products and applications

Great brands

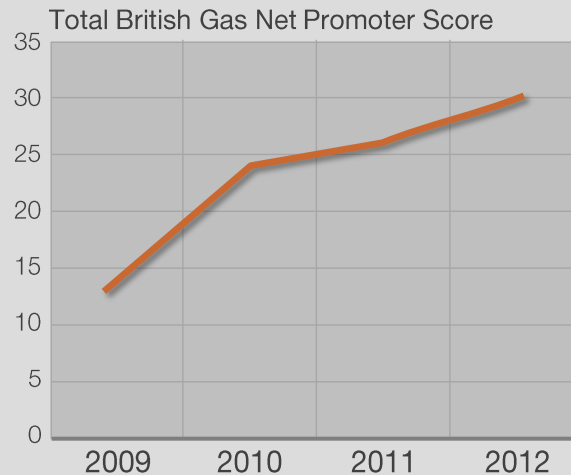


UK: great service and efficient operations

Efficiency in energy and services has improved . . .



. . . while Net Promoter Score has been increasing



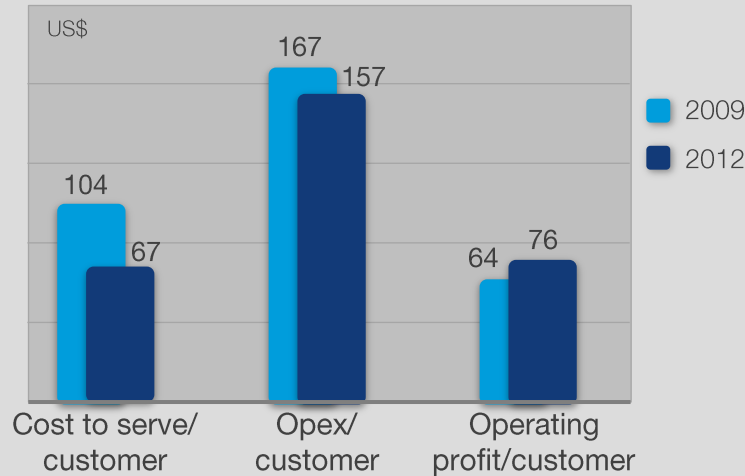
- Relentless focus on costs, enabled by leading systems and efficiencies
- Energy customer churn 3pp below industry average

Great service and efficient operations

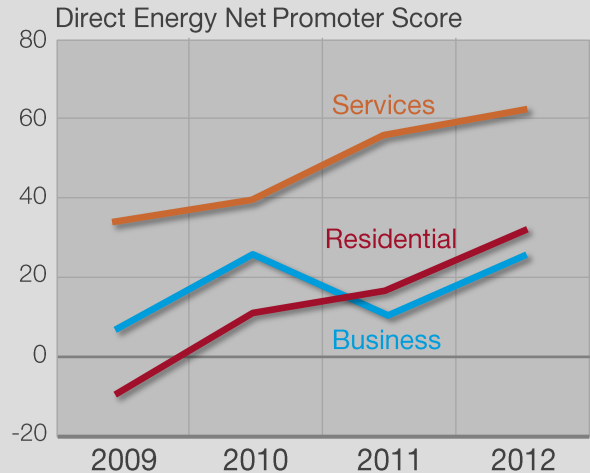
US: great service and efficient operations

Operational efficiency is increasing...

DE operating metrics



... as are Net Promoter Scores



- Call centre consolidation reduced costs but maintained service
- Investment in customer information platforms to improve first call resolution

Simpler, smarter, more efficient energy

Opportunities to differentiate in residential

- Additional opportunities in connected homes driven by
 - smart meter roll-out
 - energy efficiency
- Good fit with our digital presence and services capabilities


- Target attractive customer segments bundling products, services and energy
- Aid customer retention differentiates British Gas and Direct Energy from competitors
- Material contribution to future operating profit

Remote Heating Control



Stuff GADGET AWARDS 2012 WINNER

Free Power Saturdays



LEARN MORE

GET FREE ELECTRICITY ON SATURDAY, EVERY SATURDAY

Smart phone application



Smart Energy Report



British Gas Looking after your world

Power-To-Go



- 1 Day: Sign up for Direct Energy Power-To-GoSM and receive enrollment confirmation email or SMS text.
- 1 Day: Make your payment immediately after receiving your payment number to activate your account.
- 3-7 Days: Electricity service from Direct Energy Power-To-GoSM starts.
- Ongoing: Get reminders via text or email to add money to your account.

Opportunities to differentiate in B2B

Improving energy performance in UK

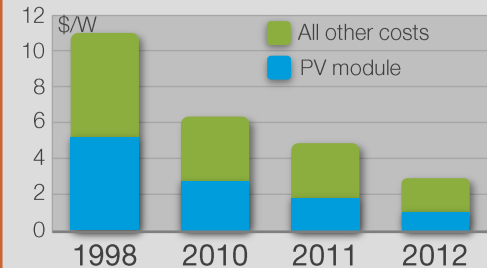
- EPCs – partnering with major organisations to fund energy saving measures, paid via energy bill reduction
- 7 UK partnerships from standing start
 - 5-10 year contracts
 - growing book, 5-10% net margin
- BGB Services 2012 revenue up 12%

Demand response is already material in US

- Customers modify electricity consumption in response to electricity prices
- Large and growing US market: from 15GW in 2007 to >30GW in 2012
- Creates a 'virtual generation' asset at lower capital and operational risk than peaking plants

Distributed generation poised for growth

Average Installed Price of Distributed Solar PV ¹



- Energy management – potential for >15 GW of commercial solar by 2016 in DEB's footprint

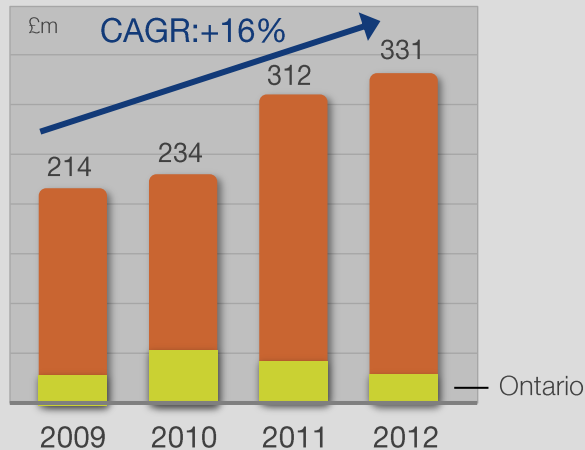
Reducing churn and improving margins through additional B2B services

Grow in selected markets

A market leading position in North America

Strong growth track record

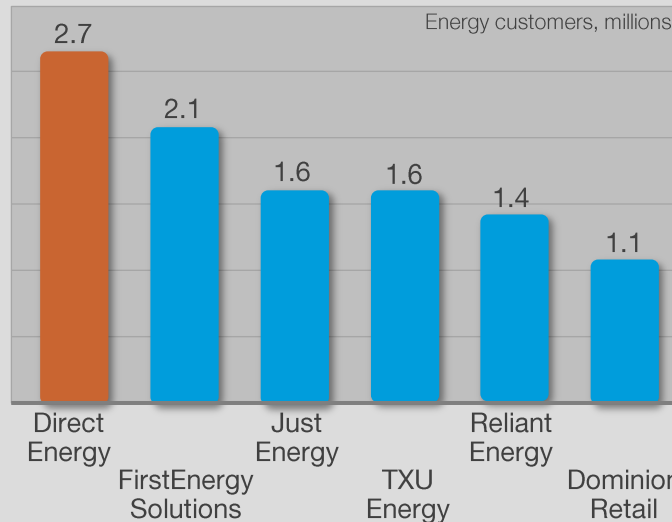
Direct Energy
underlying operating profit



- DE downstream ROACE up from 9% to 13% since 2009

Market leading position

North America competitive
residential energy retailers



- 400,000 DEB accounts
 - small business segment operating profit has grown 8x since 2009

Grow in selected markets

North America: growth in residential

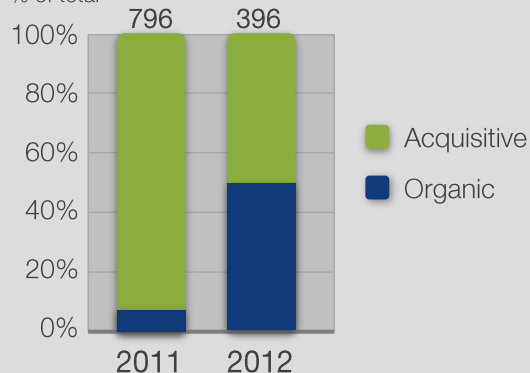
Integration of bolt-on acquisitions

2011 acquisitions	Cost	IRR (latest view)
Gateway	\$90m	15%
Vectren	\$39m	17%
First Choice Power	\$270m	12%

- Platform standardisation and staff consolidation to deliver synergies
- Flexible integration approach to identify opportunity above investment case
- Identify and retain best practices (e.g. targeted sales strategies)

Organic customer base growth

Residential energy net customer additions ('000)¹
% of total



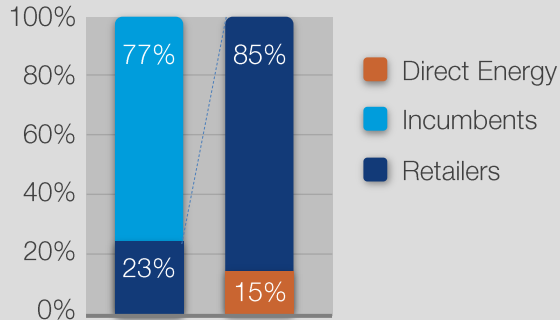
- Product differentiation and effective sales channel management delivering higher organic growth
 - USNE customer base now 1.4m
- New sales channels including improved digital platform

Grow in selected markets

Positioned for further growth in North America

Large residential energy market with room for growth . . .

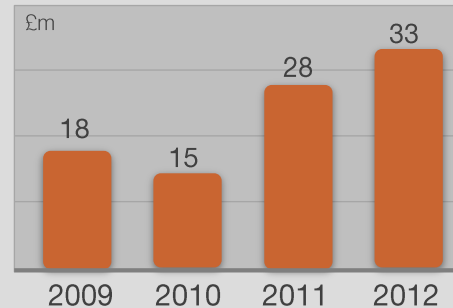
Residential Energy market share % of total (2012)



- 50m homes in deregulated markets in the US
- Realise scale benefits and portfolio diversity
- Leverage smart opportunity

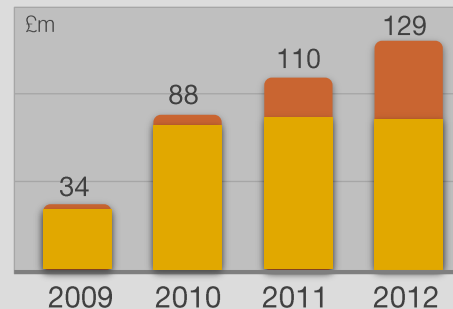
. . . supported by growth in Services and B2B

Services DE Services operating profit



- 13% p.a. growth in customer relationships (2009-12)
- Strengthen services platform and build protection plan business

B2B DE Business operating profit



- Target growth in small business and through new offerings (e.g. demand response)

Small Business
C&I

centrica

Growth prospects in downstream

Operating profit



- BGR**
- Operational efficiency and great service to remain competitive

maintain stable margins

- BGS**
- **New segments** (e.g. landlords), affinity partnerships, and smart meter enabled sales
 - **Connected homes and businesses** to contribute ~£50m and underpin core propositions

high single digit growth

- BGB**
- Near term challenging
 - Growth supported by **business services**

mid single digit growth over time



- Organic growth in DER, DEB and DES: customer loyalty in DER and differentiated products and services
- Bolt-on acquisitions: leveraging our integration expertise
- Attractive adjacencies: leverage our existing customer base and core capabilities

double in the next 3-5 years (downstream)

centrica

International downstream in summary

1. Innovate to drive growth and service excellence

Great service and
efficient operations

Lead with great service and relentless focus on costs, utilising our unique scale, systems and services capabilities

Simpler, smarter, more
efficient energy

Enable our customers to control their energy use with innovative new products and services

Growth in selected
markets

Apply our leading capabilities in services and B2B in the UK and US, build scale in US NE and Texas residential

Our strategic priorities

1. Innovate

to drive growth and service excellence

2. Integrate

our natural gas business, linked to our core markets

- Grow and diversify our E&P portfolio for value
 - Develop our midstream business to integrate along the value chain
 - Maintain a low carbon power hedge and invest where we see value
-

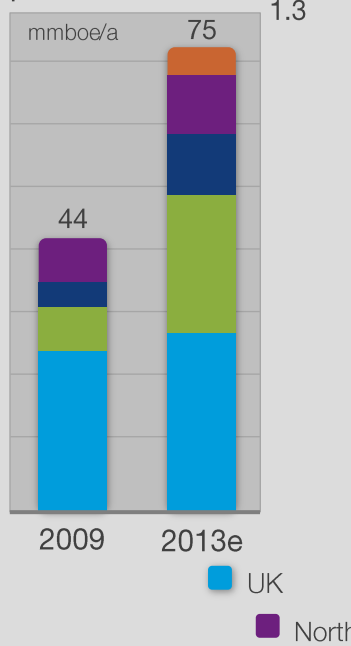
3. Increase

our returns through efficiency and continued capital discipline

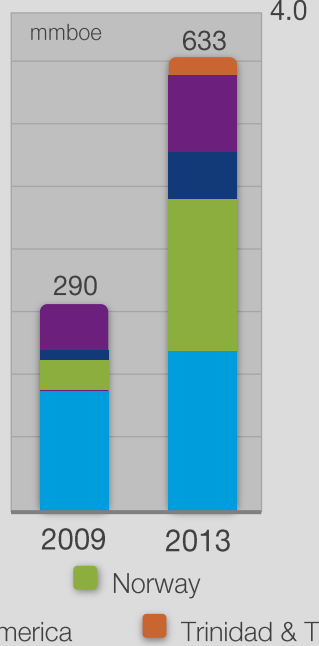
Grow and diversify our E&P portfolio for value

Delivering on our strategy

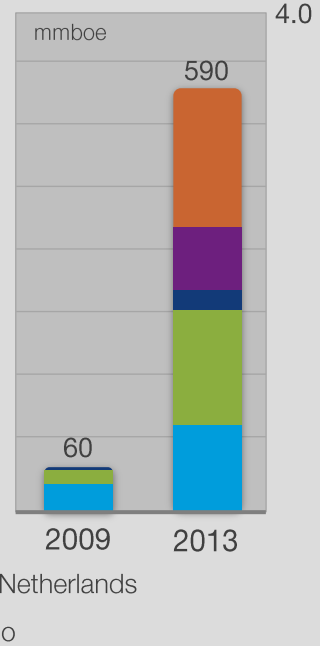
Global oil & gas production



2P reserves ^{1,2}



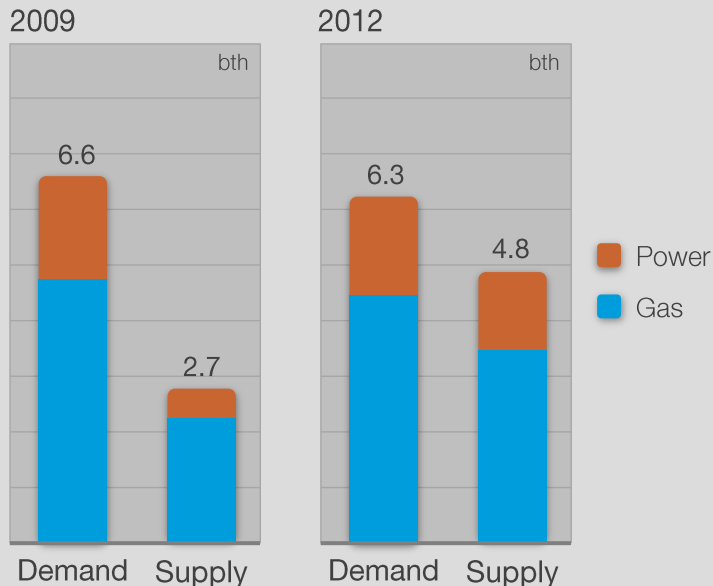
2C resources ¹



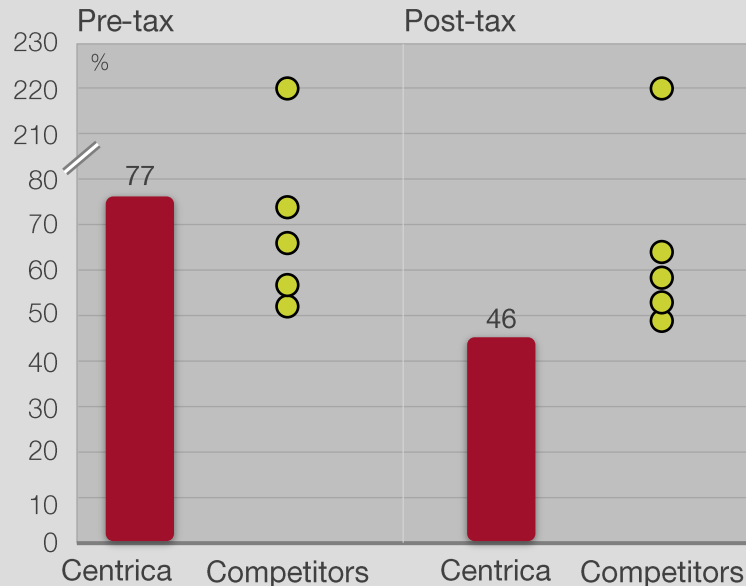
- Larger, more diverse portfolio
- 30 operated fields compared to 6 at the start of 2009
- Sustainable mix of producing, development and exploration assets
- Good progress towards existing production target
 - ~75mmboe/a in 2013 including 10mmboe/a in North America
- 208% Production Replacement Ratio for 2009-12

Our UK hedge is now in line with our competitors

Centrica's changing energy balance¹



Centrica hedge ratio vs competitors



Residential pre-tax energy hedge:

42%

77%

Residential post-tax energy hedge:

26%

46%

¹ Demand includes residential energy demand, power station gas requirements and gas required to generate power demand not covered by own gas-fired generation. Supply includes non-US gas and oil production and the gas equivalent of power generated from non-gas sources (wind power, nuclear power and coal linked purchase contracts).

Distinctive capabilities underpin recent success

Distinctive capabilities

Asset stewardship

Delivering mid-sized projects

Exploration in known subsurfaces

Strategic acquisitions and partnerships

Recent achievements

- Morecambe field life extended beyond 2025
 - Wildcat Hills redevelopment commenced in 2012
 - Hydraulic fracturing of tight sands in Southern North Sea
-
- Ensign, Seven Seas and Atla fields brought into production
 - Cygnus FID taken, supported by new £500m tax allowance, peak production ~110 mmcf/d
 - Innovative but proven solutions (e.g. F3-FA self-installing platform)
-
- 40% 2010-12 exploration success rate, £3.5/boe finding costs
 - 22 awards in latest UK and Norwegian license rounds
 - Discoveries at Butch, Maria and Rodriguez
-
- Norwegian assets acquired from Statoil for c.£1bn, alongside partnership agreement on gas exploration opportunities
 - Statfjord share increased to ~35%
 - North American reserves up 65% over 3 years

Grow and diversify our E&P portfolio for value

Norway – a successful growth story



Production: fastest growing entrant since 2000

- 4 acquisitions between 2008 and 2012
- Statoil and Statfjord acquisitions outperforming double-digit IRR acquisition cases
- ~65kboe/d in 2013 from Statfjord, Kvitebjørn and Heimdal hubs



Development: capturing upside from our acquisitions

- Portfolio of 8 development assets (5 operated)
- Can sustain current production until at least 2020
- Self-funding from 2013

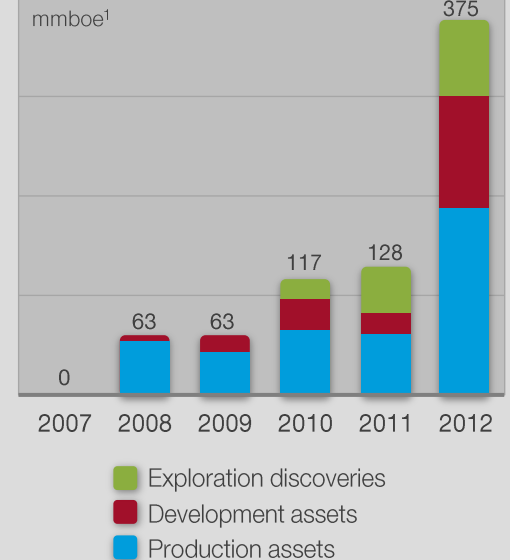


Exploration: outstanding success

- 37 licences awarded – 95% success rate
- 10 wells drilled, with 60% success rate
- Average finding costs of £2.4/boe
- 10 further exploration wells identified

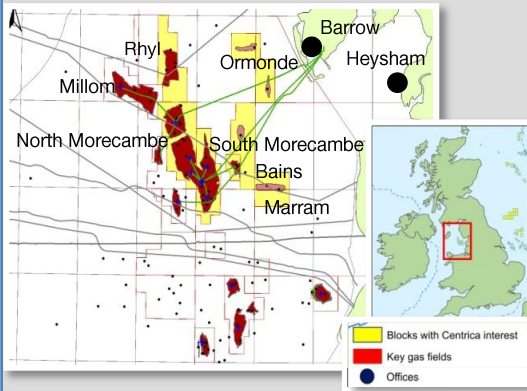
From entry to successful mid-scale E&P in 5 years

2P + C



Morecambe – extracting value from a mature asset

A highly strategic asset



- One of UK's largest gas fields
- First gas 1985, peak gas 2000
- 100% owned and operated
- Low operating cost

Production: managing performance and cost

- FEED underway on Barrow terminal optimisation project – potential for field life extension
- Ongoing terminal reliability and maintenance programmes

Development: adding new reserves

- Rhyl - first Centrica gas development in the East Irish Sea in over 10 years (13mmboe, 80bcf)
- First gas expected Q1 2013, reserves doubled since sanction
- Whitehaven exploration well successful, may add up to 20bcf to reserves

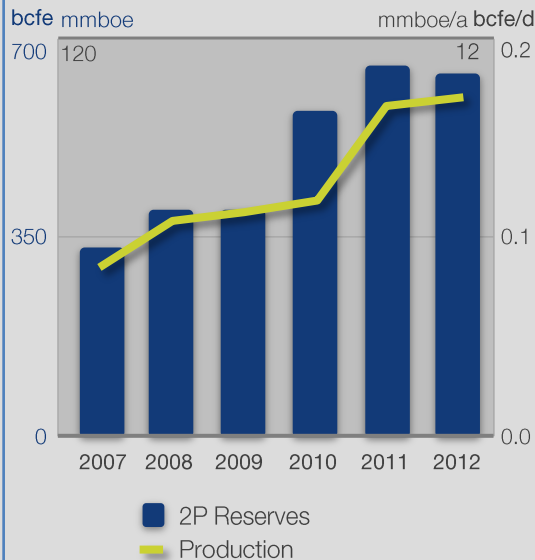
Exploration: adding new resources

- 3D seismic survey completed in January, first in region since 1993
- Identifying deep pre-Triassic targets under the current reservoir
- First deep exploration well expected 2014

Grow and diversify our E&P portfolio for value

Western Canada – capabilities in onshore E&P

Transforming our business



Production: building scale

- Doubled our 2P reserves and production
- Taking advantage of low gas prices to acquire long-life assets for value



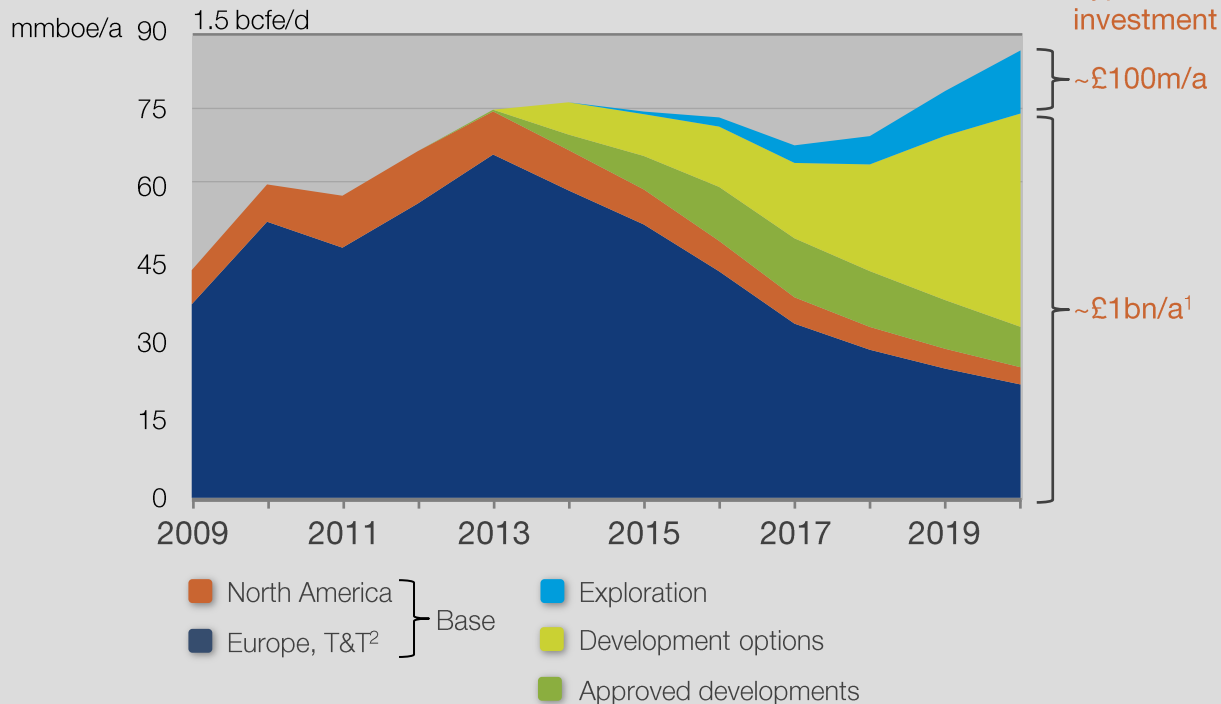
Development: capabilities in horizontal wells

- Shifted focus from shallow gas and coal bed methane to more valuable liquids-rich gas and oil
 - average well length increased from ~0.8km to ~ 3km
 - drilling programme from 95% vertical wells to 80% horizontal wells
- Unit costs decreased from \$5.5/mcf to under \$4/mcf
- Well positioned for further growth in North America

Grow and diversify our E&P portfolio for value

Diversified portfolio with stable production outlook

Global gas & oil production outlook



- Increasing diversification: UK <25% of production by 2020
- Four developments approved: Cygnus, Valemon, Kew, Grove
- Development options represent over 0.5bn boe of 2C resources
- Targeting double-digit returns from developments

Deploying further capital in E&P for value

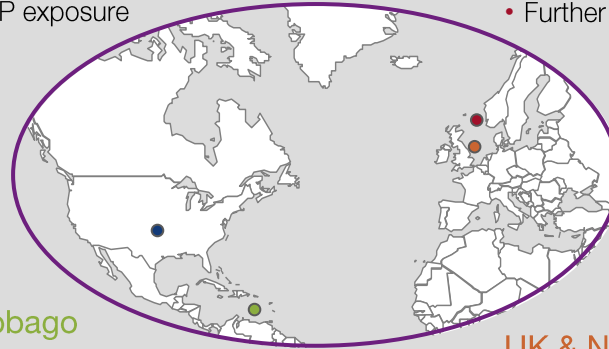
- Consider upstream growth only where we see value
- Apply rigorous capital discipline
- North America currently an attractive market for further investment
 - good value opportunities
 - our gas production is only ~20% of our NA gas demand

North America

- Opportunity to acquire position in conventional and unconventional plays
- Scalable with the potential for exports
- Diversifies NBP exposure

Norway

- Scale and longevity - exploration potential
- Further acquisitions around hubs



Trinidad & Tobago

- Opportunities to deliver value from our existing positions
- Further exploration potential

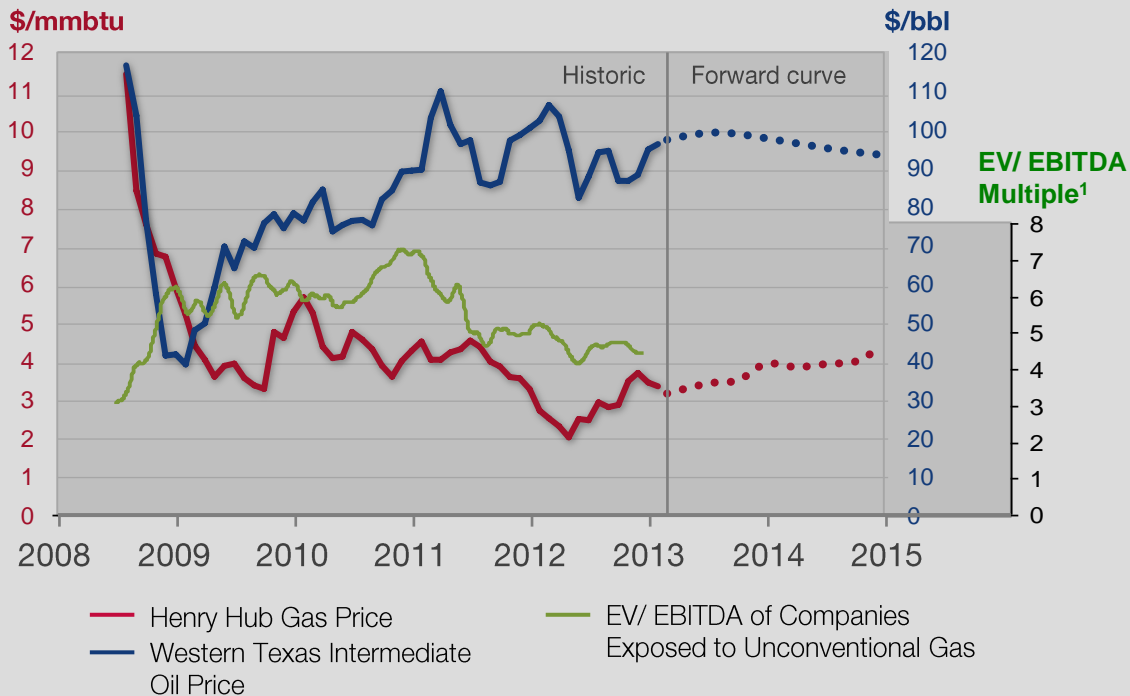
UK & Netherlands

- Mature assets, declining resources
- Focus on existing hubs
- Bolt-on acquisitions and divestments to high-grade portfolio

Opportunity to step up from 75mmboe/a towards 100mmboe/a production globally

Grow and diversify our E&P portfolio for value

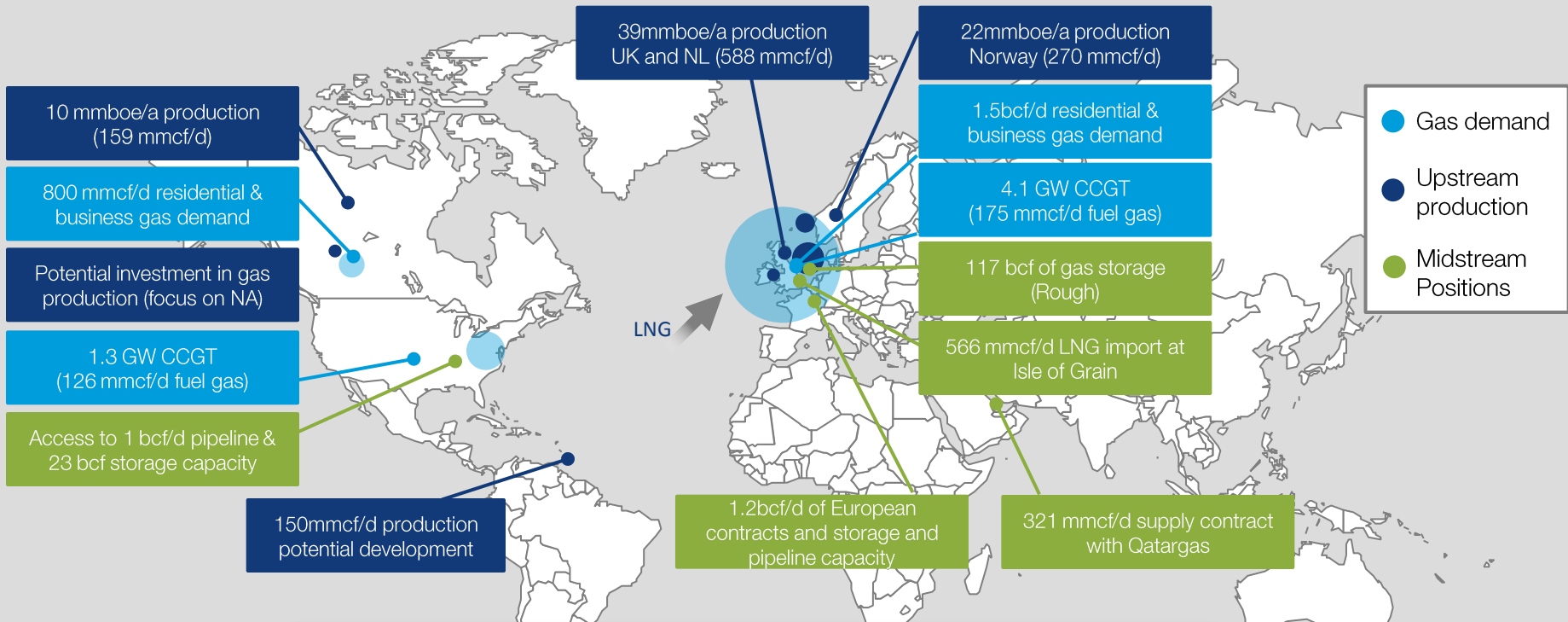
Value is emerging in US unconventional



- Natural gas prices recovering as demand grows and production adjusts
- Asset prices now more realistic
- Technological advances have de-risked unconventional resources and increased well productivity

Develop our midstream business to integrate along the value chain

Significant positions along the gas value chain



Opportunities to link and optimise our positions along the value chain

Deploying our midstream capabilities

Our capabilities

Asset-backed optimisation

- Managing price risk, shape, intermittency and seasonal swing
- Track record in gas and power asset optimisation
- Assets and positions in UK, North America, Norway and Benelux across E&P, power, storage and logistics

Opportunities

Grow our optimisation business, linking our positions along the gas value chain

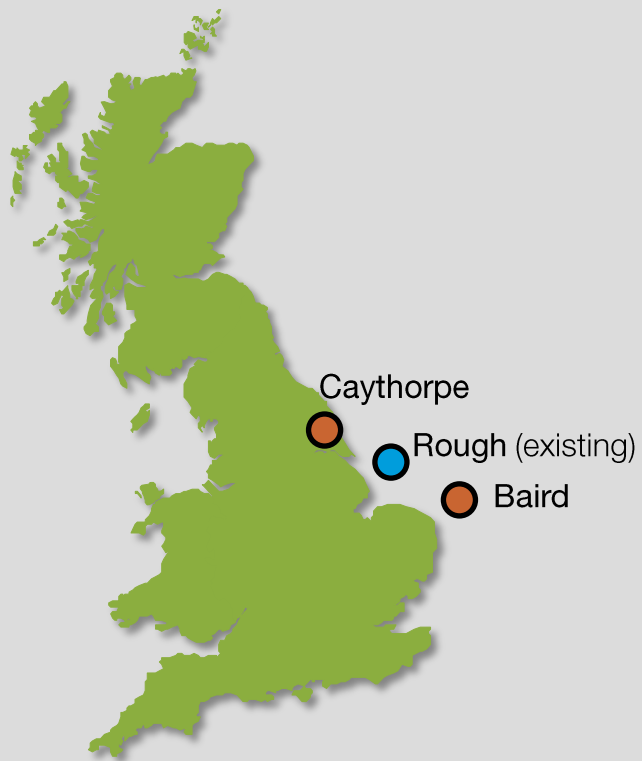
Procurement and contracting

- Strategic partnerships
 - 0.5 bcf/d supply contract with Statoil alongside a £1bn upstream asset acquisition
 - 2.4mmtpa (0.3 bcf/d) supply contract with Qatargas; MoU with QPI
- Market insights from participation across gas value chain

Increase our presence in LNG contracting, securing energy for our customers

Develop our midstream business to integrate along the value chain

Expertise and options in UK storage



		Projects	
	Rough	Caythorpe	Baird
% owned by Centrica	100%	100%	70%
Working gas (bcf)	117	4.9	108
Injection/withdrawal (days)	190/90	26/30	90/95

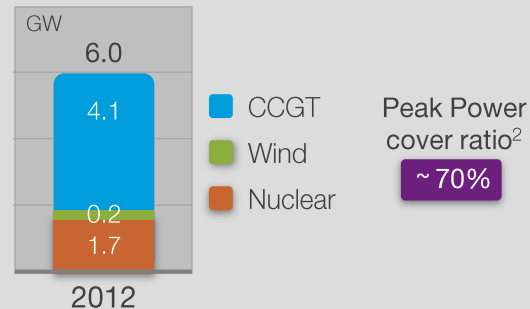
- UK has relatively low seasonal storage capacity
- Volatility in gas price may increase with more wind on the system
- Strong Asian demand may limit LNG imports
- Floor price may be required to promote investment and provide insurance

Maintain a low carbon hedge and invest in power where we see value

Maximising value from our existing UK power assets

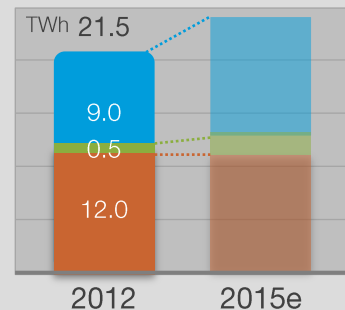
Flexible, low carbon generation capacity

Centrica Energy UK equity generation capacity¹



Expected increase from existing fleet

Centrica Energy UK equity generation output



- **CCGT:** managing the fleet for market recovery
 - higher utilisation expected by 2015
 - turbine blade upgrade at South Humber and potential Kings Lynn replant
 - ongoing portfolio restructuring
- **Nuclear:** focus on reliability and life extension
 - good performance
 - seven year average life extension now assumed
- **Wind:** management of asset and maintain new options
 - Lincs into production and financing complete

1. Includes Spalding tolling contract

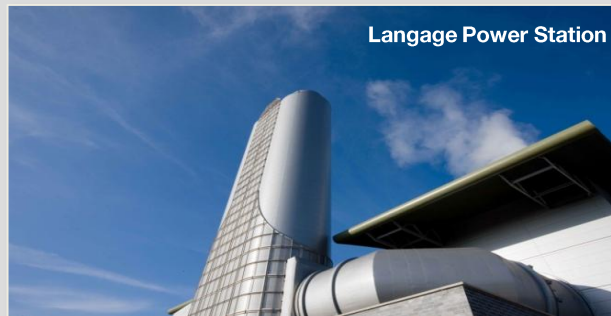
2. Peak power demand from BGR and BGB / maximum CCGT, nuclear and contract power generation capacity

Maintain a low carbon hedge and invest in power where we see value

Options to invest if we see value

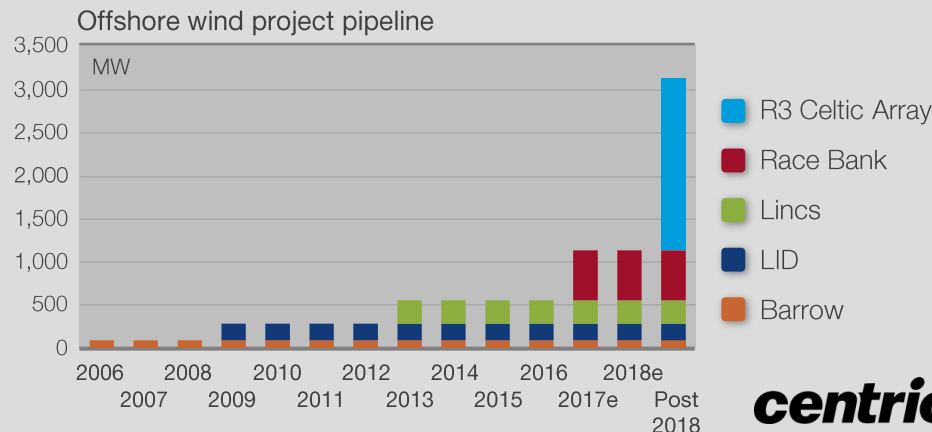
CCGT

- New build options maintained at least cost
- Investment decision subject to improvements in market outlook and capacity payment outcome
 - Kings Lynn 2 (1 GW)
 - other sites being considered



Offshore wind

- Pipeline of development opportunities but challenging environment. Investment requires:
 - regulatory certainty around revenues
 - steady, predictable timelines
 - fast capital cycling
 - availability of partners
- Seeking to progress Race Bank to FID
- R3 'Celtic Array' next in pipeline, following successful Race Bank



International upstream in summary

2. Integrate

our natural gas business, linked to our core markets

Grow and diversify our E&P portfolio for value

- Strong near term growth and good development pipeline
- Build and optimise our portfolio: moving towards 100mmboe/a, investing only for value
- Greater focus on North America

Develop our midstream business to integrate along the value chain

- Grow our midstream activities to integrate along the gas value chain and across the Atlantic
 - focus on LNG, storage, and asset optimisation

Maintain a low carbon power hedge and invest where we see value

- Further investment in offshore wind with limited capital employed
- Maintain new build CCGT options at least cost
 - higher output and margins as market conditions improve



Nick Luff
Group Finance Director

Our strategic priorities

1. Innovate

to drive growth and service excellence

2. Integrate

our natural gas business, linked to our core markets

3. Increase

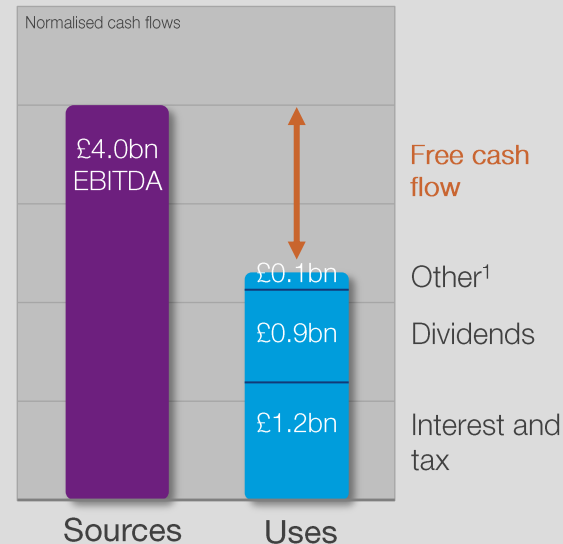
our returns through efficiency and continued capital discipline

- Further develop organisational capability
- Continuously focus on safety
- Deliver value to shareholders

Cash generation

- Highly cash generative business model
 - ~£1.8bn free cash flow p.a.
- Significant flexibility in investment choices across the Group
- Opportunities benchmarked against returns to shareholders

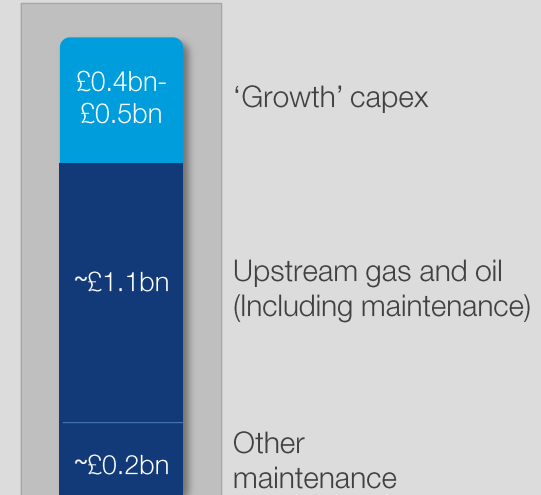
Sources and uses



Capex profile

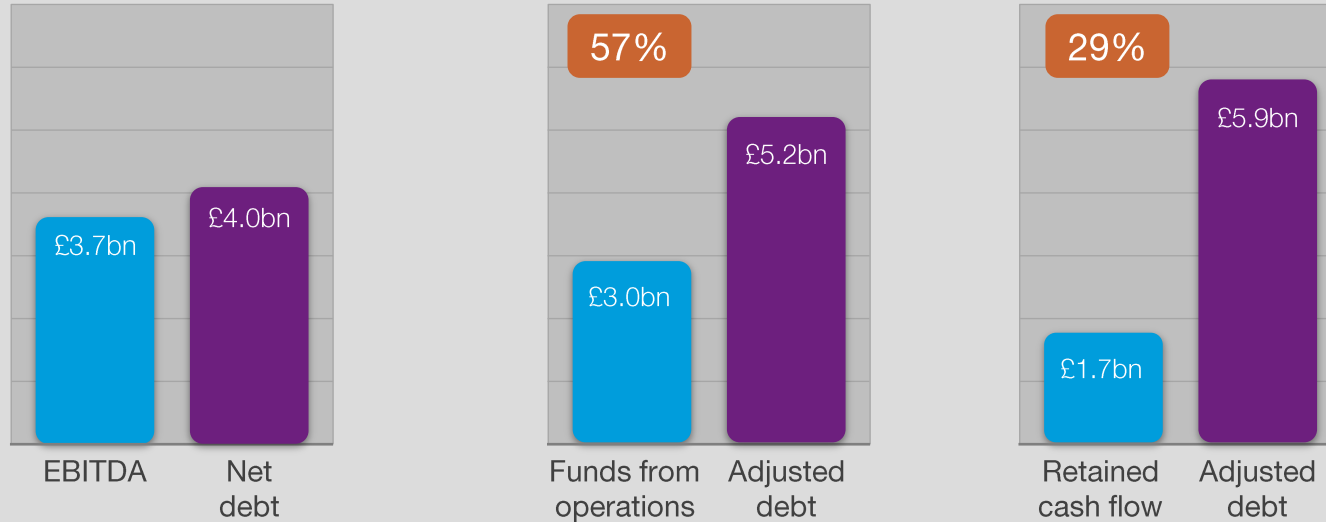
- ~£200m p.a. maintenance capex
- ~£1.1bn p.a. to maintain and sustain production
 - bring gas and oil projects onstream
 - enhance production from existing assets
 - includes ~£100m p.a. exploration spend
- ~£400m-£500m p.a. available for ‘growth’ investment choices, broadly maintaining current levels of net debt
 - including additional upstream investment, offshore wind, new-build CCGT, gas storage, bolt-on acquisitions

Annualised
capex profile 2013-15



Credit headroom

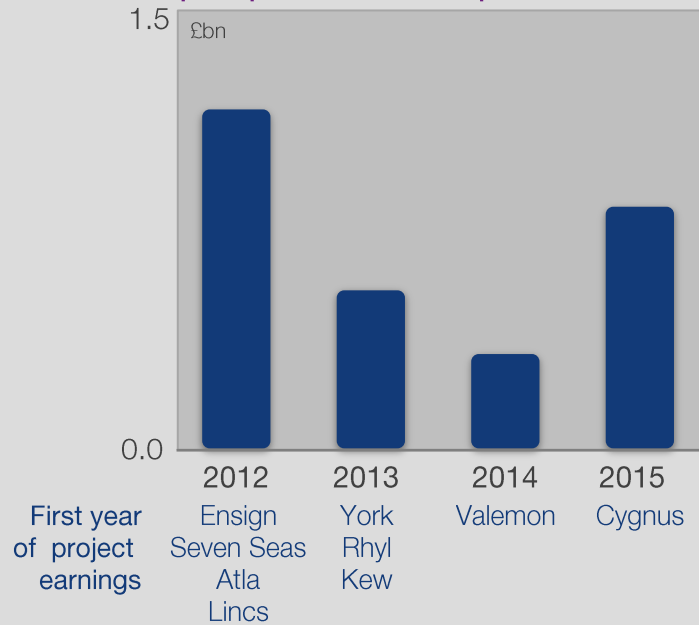
For the year ended 31 December 2012



- Maintain commitment to A3 / A- credit ratings
- Comfortable 2012 metrics, expected to improve in 2013
- Headroom for value-adding acquisitions

Bringing projects on stream

Capital moving from
pre-productive to productive



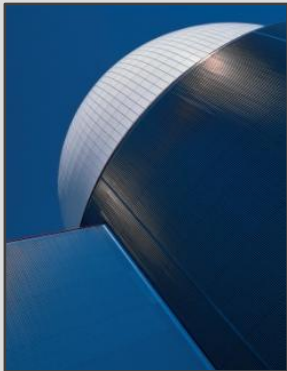
- Bringing £1.5bn of major new projects onstream between 2013-2015
- Track record of bringing resources into production
 - Rhyl discovery in 2009, first gas due early 2013
 - York appraisal in 2010, first gas due early 2013
- Balanced portfolio of exploration, development and production assets
 - high grading portfolio through investment choices

Case studies – organic investment decisions



Cygnus

- Strong strategic fit – cornerstone asset
 - acquired through Venture Production acquisition
 - largest discovery in Southern North Sea for 25 years, £1.4bn total investment
 - Centrica share of 2P reserves of 53mmboe
 - deploying our expertise through 48.75% non-operated interest
- Shallow field allowance improves full cycle returns to ~10% level and point forward IRR to >20%



New nuclear

- Potentially attractive option acquired as part of BE acquisition in 2009
- £200m pre FID investment
 - good progress in a number of key areas
- Strict financial discipline, decision not to proceed
 - increased costs, extended timeline for return on capital
 - CFD structure does not provide hedge against downstream price volatility
 - existing nuclear JV performing well

Case studies - acquisitions



Statoil strategic partnership

- Delivered step change in scale of Norwegian activities, trebling 2P reserves
 - £1bn investment for 117mmboe 2P reserves (including 90mmboe producing Kvitebjørn field and 21mmboe Valemon development asset)
 - building on existing Norwegian position
 - leveraging our relationship with Statoil
 - specially tailored package - upside through development and exploration
- Broader partnership, including supply contract and exploration MoU
- ~10% IRR, production ahead of investment case



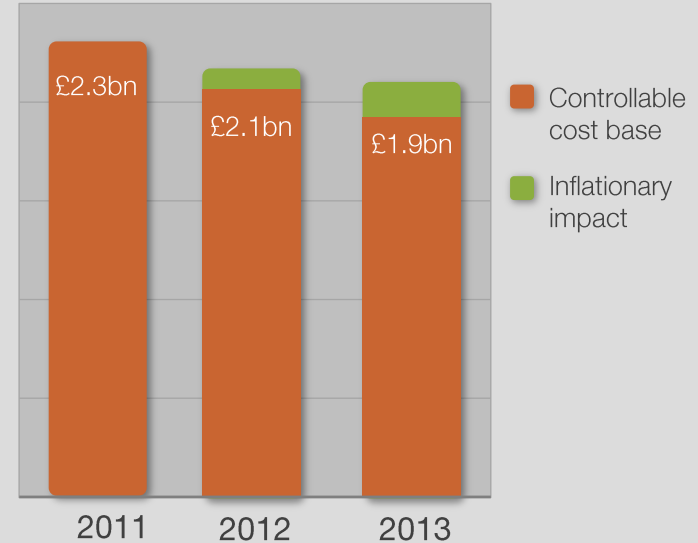
First Choice Power

- Added 200,000 customers in core Texas market, increasing our scale by one third
 - high consumption, low-churn incumbent customer base
- Double digit IRR investment case; accretive in first year; five-year payback period
 - integration into existing platform completed ahead of plan, delivering synergies
 - lower churn

Operational excellence

- Strong health and safety record
 - process and personal safety a core priority
- Strong track record of cost reduction
 - on track to deliver £500m Group-wide cost reduction programme, ensuring we remain competitive
 - half of savings achieved in 2012
 - 3,000 roles removed
 - 5% reduction in underlying British Gas costs in 2012
 - improved levels of customer service
- Continuous focus on operational efficiency and cost reduction

Controllable operating cost base¹

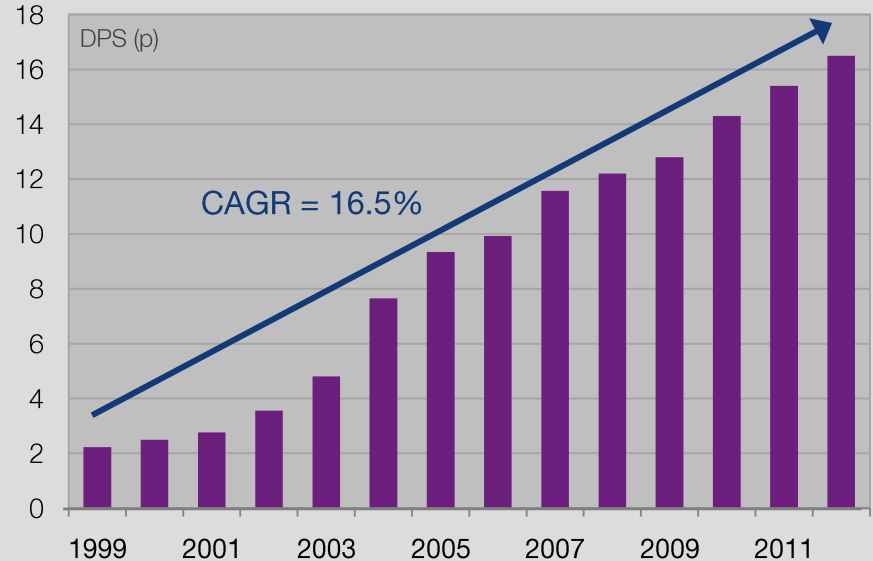


1. Excludes exploration, bad debt, depreciation, additional investment in growth areas and the impact of acquisitions

A further £100m of cost savings are targeted within cost of sales

Dividend growth

- Strong track record of real dividend growth
- £500m share buy back announced in February 2013
- All investments benchmarked against returns to shareholders
- TSR of 36% over past 3 years





Sam Laidlaw
Chief Executive

Our five year vision for a leading integrated energy company with customers at its core

Upstream

- Sustainable and high-grade portfolio in the North Sea
- Significant upstream position in North America e.g. unconventional gas
- Efficient power plants in the UK and North America, maintaining an appropriate hedge

Midstream

- Growing Midstream business in North America and Europe, with emerging presence in LNG
- Increase linkage between our gas supply and demand positions, maximising value through midstream optimisation

Downstream

- Strong and stable UK retail business, with growth in services and adjacent sectors
- More material energy retail and services businesses in North America

The next 3-5 years

1. Innovate

to drive growth and service excellence

- Stable profits in BGR, growth in BGS and BGB
- Build capabilities in connected homes and businesses
- Double operating profit in North America downstream through organic growth and acquisition

2. Integrate

our natural gas business, linked to our core markets

- Invest for value across our international portfolio, delivering annual production in the range 75mboe to 100mboe
- Link our positions along the gas value chain, emerging presence in LNG
- Options to invest in UK power generation if we see value, with partners to share equity risk

3. Increase

our returns through efficiency and continued capital discipline

- Drive cost efficiency across the Group
- Stay focused on health, safety and environmental performance
- Deploy capital where we see value
- Return surplus capital to shareholders