Centrica Energy Investor Day

1 December 2011

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This presentation contains certain forward-looking statements with respect to the financial condition, results, operations and businesses of Centrica plc. These statements and forecasts involve risk and uncertainty because they relate to events and depend on circumstances that will occur in the future. There are a number of factors that could cause actual results or developments to differ materially from those expressed or implied by these forward-looking statements and forecasts.

Past performance is no guide to future performance and persons needing advice should consult an independent financial adviser.

Unless otherwise stated, operating profit includes JVs and associates before interest and taxation and is stated before depreciation of fair value uplifts to property, plant and equipment from Strategic Investments and exceptional items & certain re-measurements.

Mark Hanafin
Managing Director, Centrica Energy

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Sam Laidlaw
Chief Executive, Centrica

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Agenda

9:00am	**Main presentation**	
	• Introduction	Sam Laidlaw
	• Update on strategy and progress	Mark Hanafin
	• Financial overview	Andrew Le Poidevin
	• Q&A	
11:00am	**Business unit presentations**	
	• Upstream gas and oil	Jonathan Roger
	• Power	Sarwjit Sambhi
1:30pm	**Breakouts**	
	• Upstream I: Maximising asset value	
	• Upstream II: International growth	
	• Power: Offshore wind	

Our Strategic Priorities

1 Grow British Gas

. . . leading the transition to low carbon homes and businesses

2 Deliver value from our growing upstream business

. . . securing sustainable energy for our customers

3 Build an integrated North American business

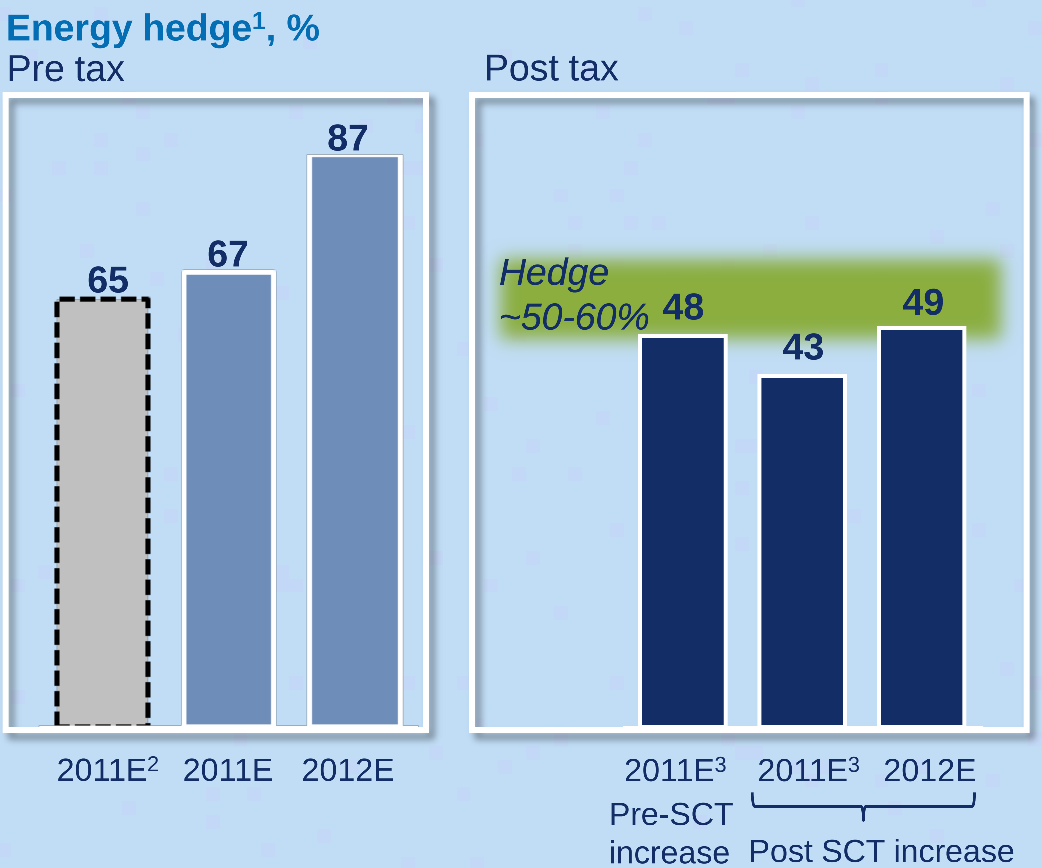
. . . with leading positions in deregulated markets

4 Drive superior financial returns

. . . through operating performance and our investment choices

Energy for a low carbon world

Centrica Energy provides an earnings hedge to the group while delivering growth and value



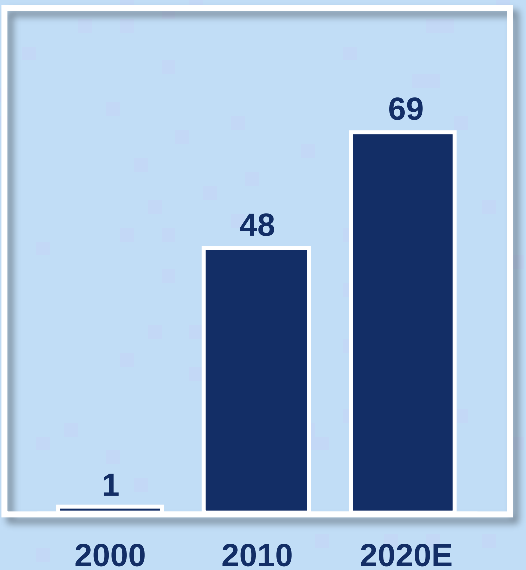
- Provide appropriate level of hedge to ensure competitive position
  - Norwegian asset acquisition restores post-tax hedge from 2012 onwards
- Generating attractive returns, strong cash flow and earnings growth
  - Maximising returns from existing assets
  - Deploying distinctive capabilities
  - Further investment for growth and value

1. Proportion of UK floating gas and power demand covered by own assets. Floating gas demand includes residential energy demand, Midstream I&C gas demand, power station fuel requirements and equivalent gas requirements to meet power demand in residential energy. Post tax hedge adjusts volumes by the applicable tax rates
2. As at preliminary results announcement, February 2010
3. Illustrative pro-forma impact on the post tax hedge of the increase in Upstream Supplementary Corporation Tax announced in the Government's budget in March 2011

Responding to the 'Energy Trilemma'

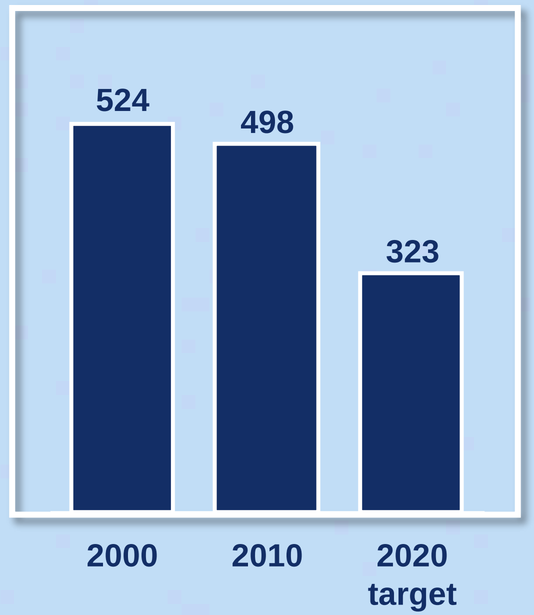
Security of supply

UK gas supply from imports[1], %



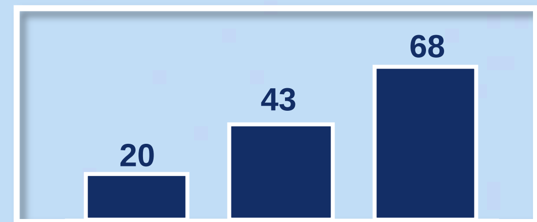
The decarbonisation agenda

Power carbon intensity[2], gCO_2/kWh

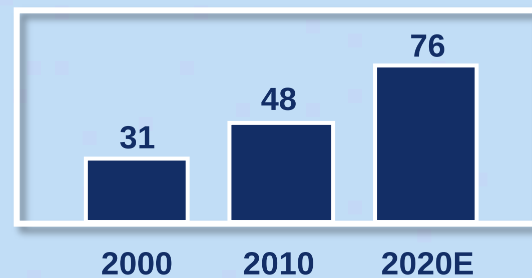


Affordability

Gas prices[3], p/th



Power prices[3], £/MWh



Centrica is well positioned for any landscape

1. National Grid
2. Climate Change Committee
3. DECC (real 2010)

Delivering value from our growing upstream business

Maximising returns from existing assets

- Performance improvement
- Cost efficiency
- Capital productivity across the asset base
- Delivering current investment pipeline
- ‘Dual fuel’ gas and power structural hedge

Deploying distinctive capabilities

- World-class asset stewardship
- Track-record of project delivery
- Ongoing exploration success
- Successful business development and partnerships

Further investment for growth and value

- Further attractive opportunities in gas, oil and offshore wind
- Options in new nuclear, biomass and CCGT
- Disciplined capital allocation across the Group to drive earnings growth and value creation

Diversified assets, distinctive capabilities, attractive investment opportunities

Mark Hanafin

Managing Director, Centrica Energy

Centrica Energy is delivering on its strategy

Consistent delivery in 2010 and 2011

Maximising returns from existing assets

- Strong HSE performance
- A top three gas producer on the UK continental shelf
- Focus on production output, asset reliability and cost
- Delivering current development projects
- Power generation further diversified

Deploying distinctive capabilities

- 8 new developments on stream
- 7 of 14 exploration wells successful
- Statoil, Trinidad & Tobago and Statfjord acquisitions
- Lincs on schedule

Further investment for growth and value

- Attractive project pipeline developed
- Expanding a profitable gas and oil portfolio
  - Statoil acquisition increases production by 25%
- Progressing further Round 2 offshore wind (Race Bank and Docking Shoal); awarded 4.2GW Round 3

Diversified assets, distinctive capabilities, attractive investment opportunities

The Centrica Energy leadership team

Mark Hanafin
Managing Director

Jonathan Roger
MD Upstream

Sarwjit Sambhi
MD Power

Andy Netemeyer
MD Midstream

Andrew Le Poidevin
Finance Director

Niels van Buuren
Strategy Director

Carol Frost
HR Director

David Isenegger
General Counsel

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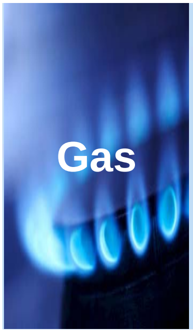
We are positioned to capitalise on opportunities in the changing global energy market

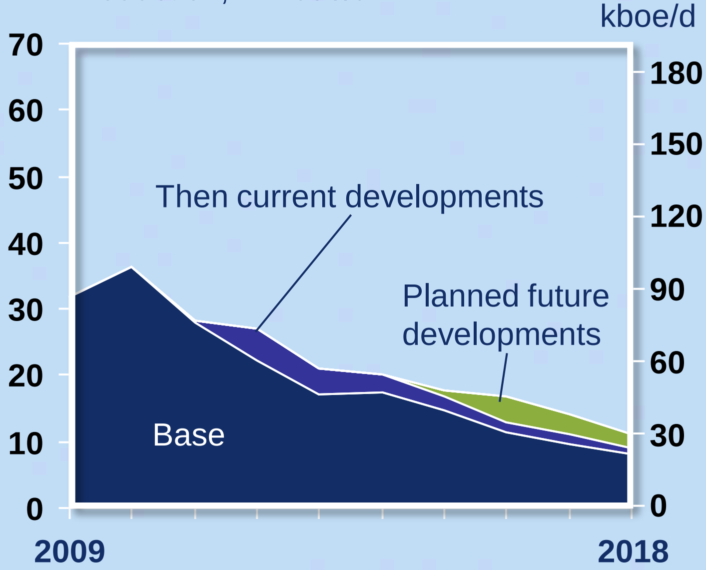
	Recent developments	How we expect the market to evolve
	• Fukushima and German nuclear closures • Asian LNG supply/demand balance • Shale gas (North America, EU) • Dwindling UKCS production	• Long-term UK and global prospects for gas are strong • Attractive returns available to disciplined gas producers
	• Low clean spark spreads • Electricity Market Reform • ROC banding review • Carbon price floor	• Mechanisms needed to incentivise investment in UK generation • Favourable regulatory environment for diversified, committed generators

Upstream gas and oil is delivering stable secure production

Maximising returns from existing assets
Deploying distinctive capabilities
Further investment for growth and value

2009: Assets in decline

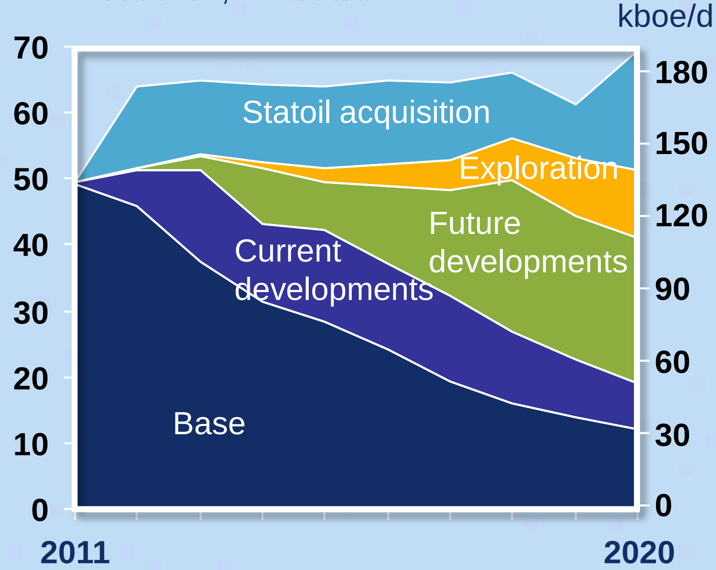
Production, mmboe/a



- Legacy assets in slow decline
- Limited development focus
- No reserve replacement

2011: Long-term sustainability[1]

Production, mmboe/a



- Maximising performance of hubs[2] and cornerstone assets
- Delivering development pipeline
- Focussed exploration
- Integrating acquisitions

1. Statoil acquisition volumes included from effective date of 1 Jan 2012, anticipated closing date 1 April 2012
2. Multiple producing fields and developments using common infrastructure

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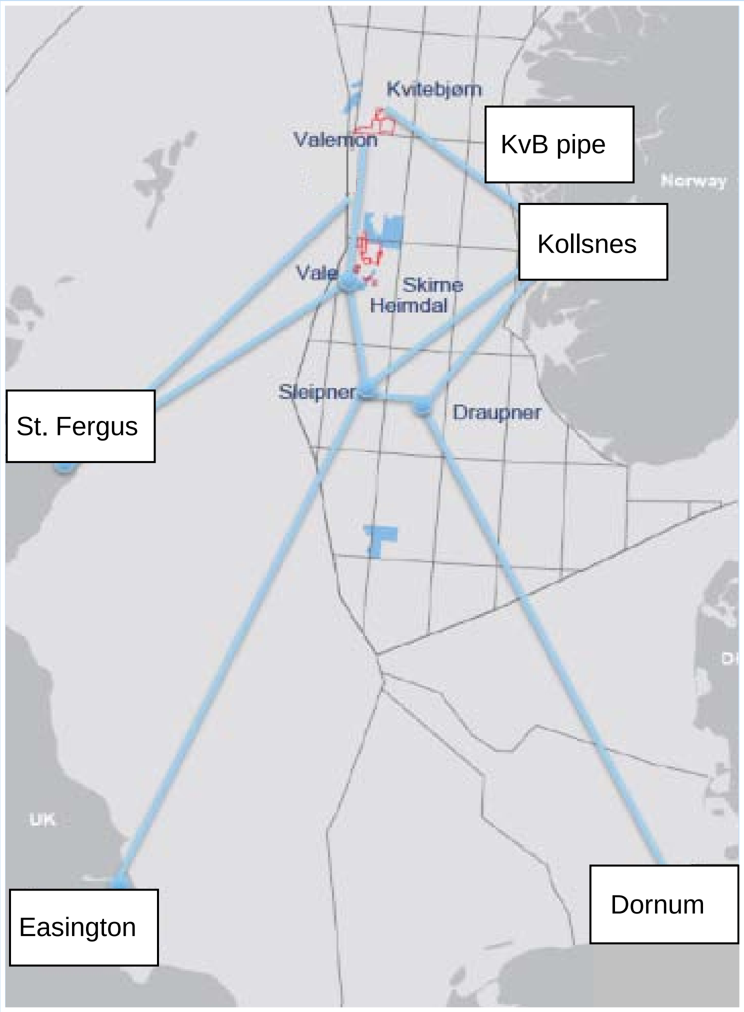
Our production has been lifted by the recent Statoil acquisition



Maximising returns from existing assets | Deploying distinctive capabilities | Further investment for growth and value

- $1,525m (£965m) transaction[1]
- Focused portfolio of producing operated and non-operated assets in the Norwegian sector
  - First operated production assets in Norway
  - Close proximity to current portfolio
- All production uncontracted
  - Kvitebjørn gas landed at Easington and Dornum (Germany)
  - All other gas routed to St Fergus

1. An additional payment of up to $100m (£63m) is contingent on future production performance of the Kvitebjørn asset

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Upstream performance is ahead of most industry benchmarks

Maximising returns from existing assets | Deploying distinctive capabilities | Further investment for growth and value

Upstream gas and oil performance metrics

	Centrica Energy	Industry benchmark
Exploration success rate 2009 – 2011YTD average[1]	**56%**	**30% – 40%**
Finding costs 2010, £/boe[2]	**2.70**	**4.64**
Reserve replacement ratio 2010[3]	**153%**	**100%**
Development costs (post FID) Current projects, £/boe[4]	**9.90**	**10.0 – 12.0**
Lifting costs 2011E[5]	**9.80**	**8.80**

- Centrica ahead of industry in most key metrics
- Lifting costs impacted by Morecambe shut-in in 2011

1. Benchmark: typical UKCS success rate, Oil and Gas UK 2011 Activity Report
2. Benchmark: WoodMackenzie UK average finding costs, 2010
3. Benchmark: stability target
4. Centrica Energy: weighted average post-FID development cost for the current and recent developments (Goosander, Annabel East, Cygnus, West Brae, Seven Seas, Rhyl, Kew, NW Seymour, York, Atla & Ensign), benchmark: average expected post-FID development cost for 2011, Oil & Gas UK 2011 Activity Report
5. Benchmark: Oil and Gas UK 2011 Activity Report

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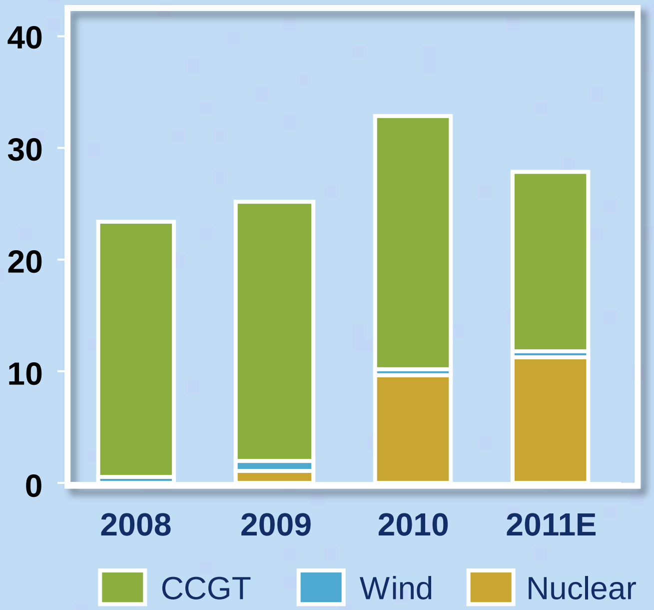
In Power we are investing in low carbon generation and improving the performance of our existing assets

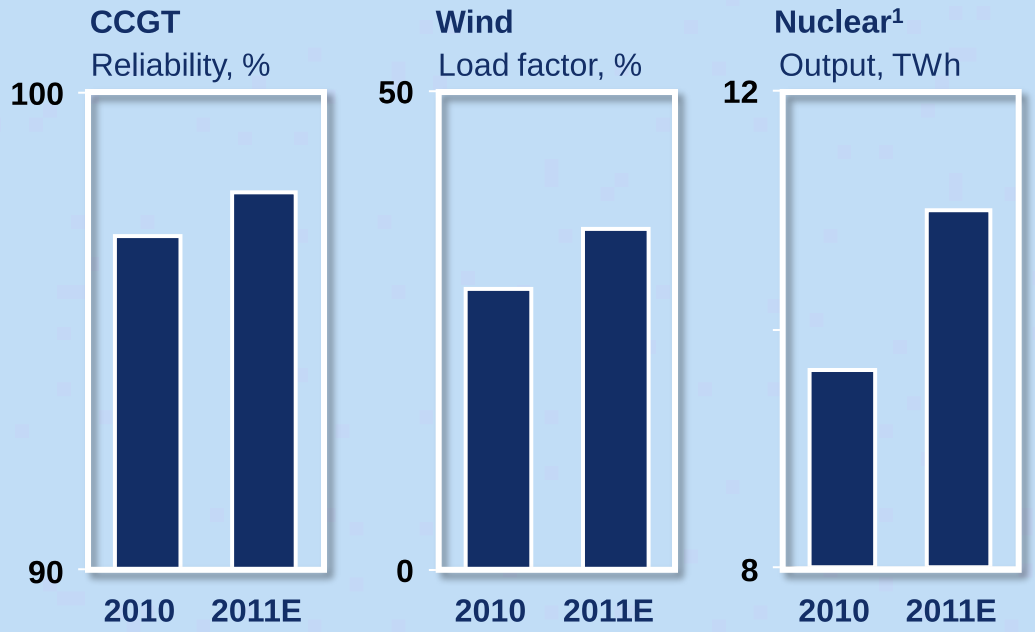
Maximising returns from existing assets | Deploying distinctive capabilities | Further investment for growth and value

Power production has been diversified

Production, TWh



Operational performance has improved

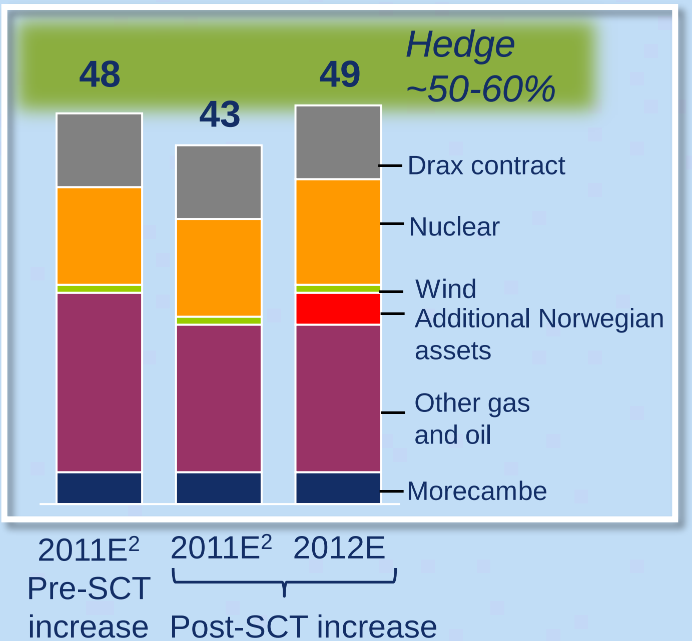


1. Centrica share

This is consistent with CE's role in providing an earnings hedge while delivering growth and value

Maximising returns from existing assets → Deploying distinctive capabilities → Further investment for growth and value

Post tax energy hedge[1] (%)



- Appropriate level of hedge to maintain competitive position
- Investments build on our distinctive capabilities and deliver value
- Upstream
  - Further strengthen existing portfolio with focus on production hubs to deliver sustainable production
  - Targeted blend of organic growth and acquisitions
  - Increase scale and geographic diversification
- Power generation
  - Progress power generation options across a range of technologies
  - Select opportunities with highest returns

Attractive returns, strong cash flow and earnings growth

1. Proportion of UK floating gas and power demand covered by own assets. Floating gas demand includes residential energy demand, Midstream I&C gas demand, power station fuel requirements and equivalent gas requirements to meet power demand in residential energy. Post tax hedge adjusts volumes by the applicable tax rates
2. Illustrative pro-forma impact on the post tax hedge of the increase in Upstream Supplementary Corporation Tax announced in the Government's budget in March 2011

We are deploying distinctive capabilities in Upstream

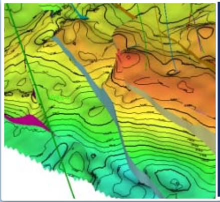
Maximising returns from existing assets | **Deploying distinctive capabilities** | Further investment for growth and value

World-class stewardship of production hubs

- Focus on HSE, maximising production and cost-efficiency
- Identification of growth opportunities

Delivering challenging mid-size capital projects

- Industry leading drilling and project management capability
- Efficient field development and innovative technical solutions



Targeted exploration in known basins and subsurface models

- Highly experienced teams focused on specific set of exploration plays
- Extensive expertise in tight gas reservoirs


Photo: Helge Hansen

Strategic acquisitions and partnerships

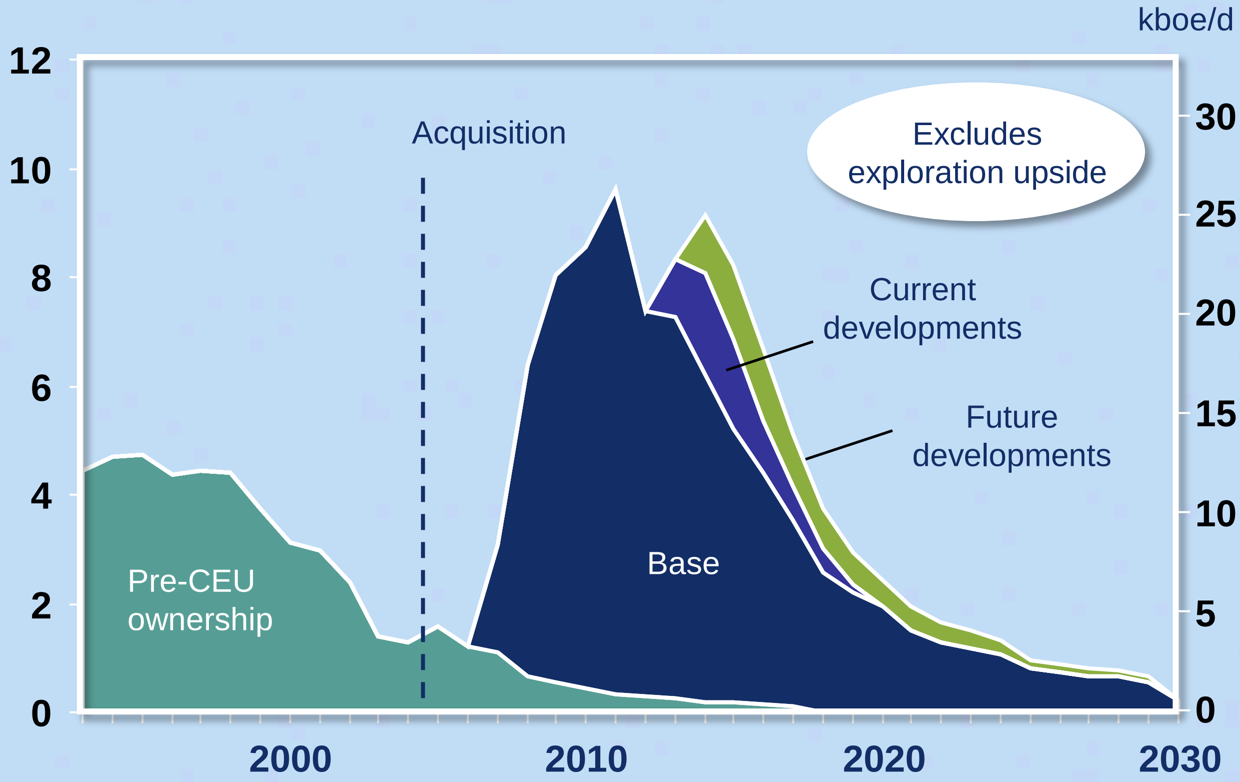
- Experienced M&A team with established reputation for strategic mid-size acquisitions
- Statoil partnership to bring further North Sea expertise

Our capabilities in Upstream are delivering value

Maximising returns from existing assets | Deploying distinctive capabilities | Further investment for growth and value

Case Study: Redeveloping the Greater Markham Area hub

Centrica share of production[1], mmboe/a



- ✓ Strategic acquisition
- ✓ Reserves unlocked through subsurface expertise
- ✓ Reserves developed quickly and efficiently
- ✓ High quality asset management

1. Markham hub production increased, post-acquisition, through the Chiswick and Grove developments

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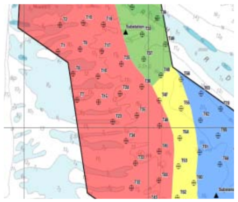
We are deploying leading capabilities across the wind value chain

Maximising returns from existing assets | **Deploying distinctive capabilities** | Further investment for growth and value



Effective project development and partnerships

- Identifying and acquiring advantaged sites
- Well developed pipeline of projects
- Established partnering approach

Successful project delivery

- In-house turnkey capability
- Proven track record (LID[1] on time and budget, Lincs on track)
- Innovative technical solutions
- Benefits of increasing scale

Efficient asset operation

- Significant operations and maintenance experience
- Operational insights fed back into design and construction of wind farms

1. Lynn and Inner Dowsing

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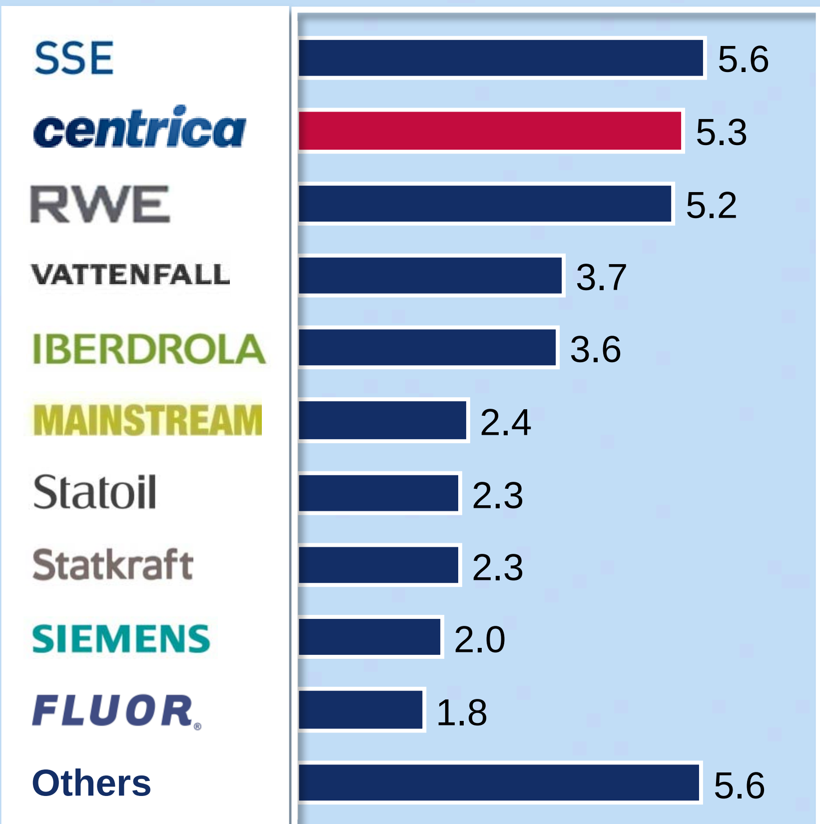
We have a strong pipeline of new wind capacity

Maximising returns from existing assets | Deploying distinctive capabilities | Further investment for growth and value

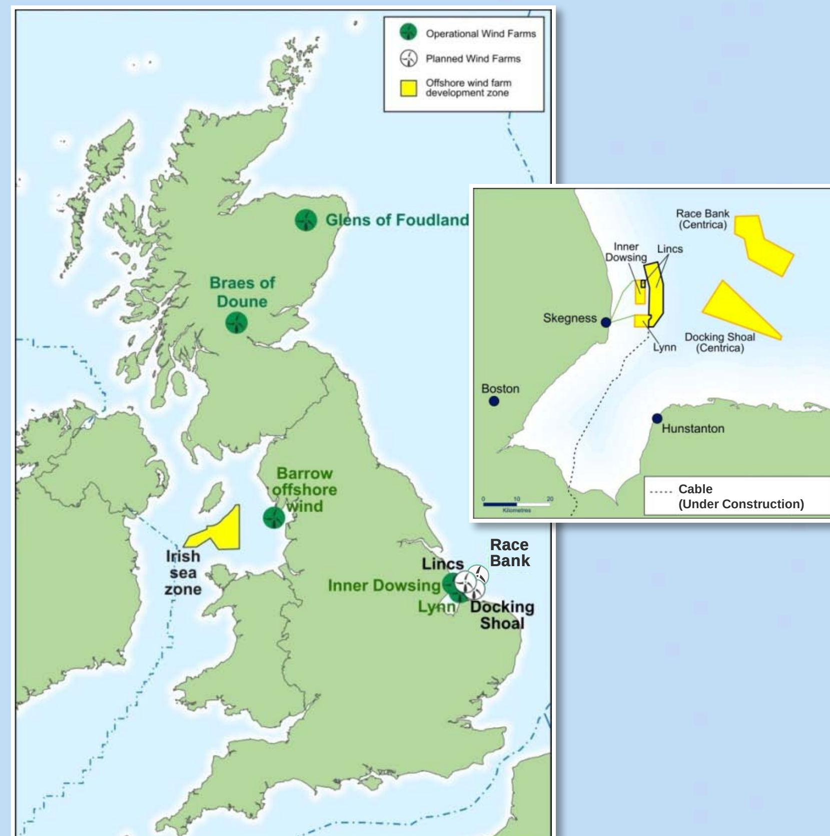
UK offshore wind development pipeline

GW, excluding sites under construction



Source: Centrica

Our wind generation locations



CE's five-year growth strategy: Upstream

Maximising returns from existing assets | Deploying distinctive capabilities | Further investment for growth and value

Further investment for growth and value

Grow upstream production to 75 mmboe/a in the next 3-5 years

Grow offshore wind capacity by 300% to 560MW by 2016; Options in new nuclear, biomass and CCGT

- Grow upstream production to reach 75 mmboe/a in the next 3-5 years
  - Delivering additional value from upstream, building on our distinctive capabilities
  - Maintaining an appropriate level of our energy hedge
- Targeted blend of organic growth and acquisition
  - Production, exploration and development opportunities to ensure a balanced, sustainable reserve base
  - Focus on the Atlantic Basin

CE's five-year growth strategy: Power

Maximising returns from existing assets → Deploying distinctive capabilities → Further investment for growth and value

Further investment for growth and value

Grow upstream production to 75 mmboe/a in the next 3-5 years

Grow offshore wind capacity by 300% to 560MW[1] by 2016;
Options in new nuclear, biomass and CCGT

Offshore wind

- Deliver Lincs first power second half of 2012 (135MW[1])
- Complete the construction of Race Bank (290MW[1]), FID 2012, first power 2015/16
- FID on Docking Shoal or the most attractive Round 3 development project
- Continue pre-FID development for other options in our offshore wind pipeline

Further growth options

- New nuclear – FID for up to 4 reactors, subject to target returns, permissions and confidence in delivery capability
- Biomass – over 200MW of development options
- CCGT – options to construct up to 2 new plants

1. Centrica share assuming 50% equity

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Building on our established business model

CE's five year strategy

Maximising returns from existing assets

- Strong portfolio of assets, reflecting disciplined investment strategy
- Ability to deliver sustainable value through current investment programme
  - Maintaining gas and oil production
  - Delivering existing wind projects
- Continued focus on HSE

Deploying distinctive capabilities

- World-class asset stewardship
- Track-record of project delivery
- Ongoing exploration success
- Successful business development and partnerships

Further investment for growth and value

- Grow upstream production to 75 mmboe/a in the next 3-5 years
- Grow offshore wind capacity by 300% to 560MW by 2016[1]
- Options in new nuclear, biomass and CCGT if conditions are met

Deploying capital to drive earnings growth and value

1. Centrica share assuming 50% equity

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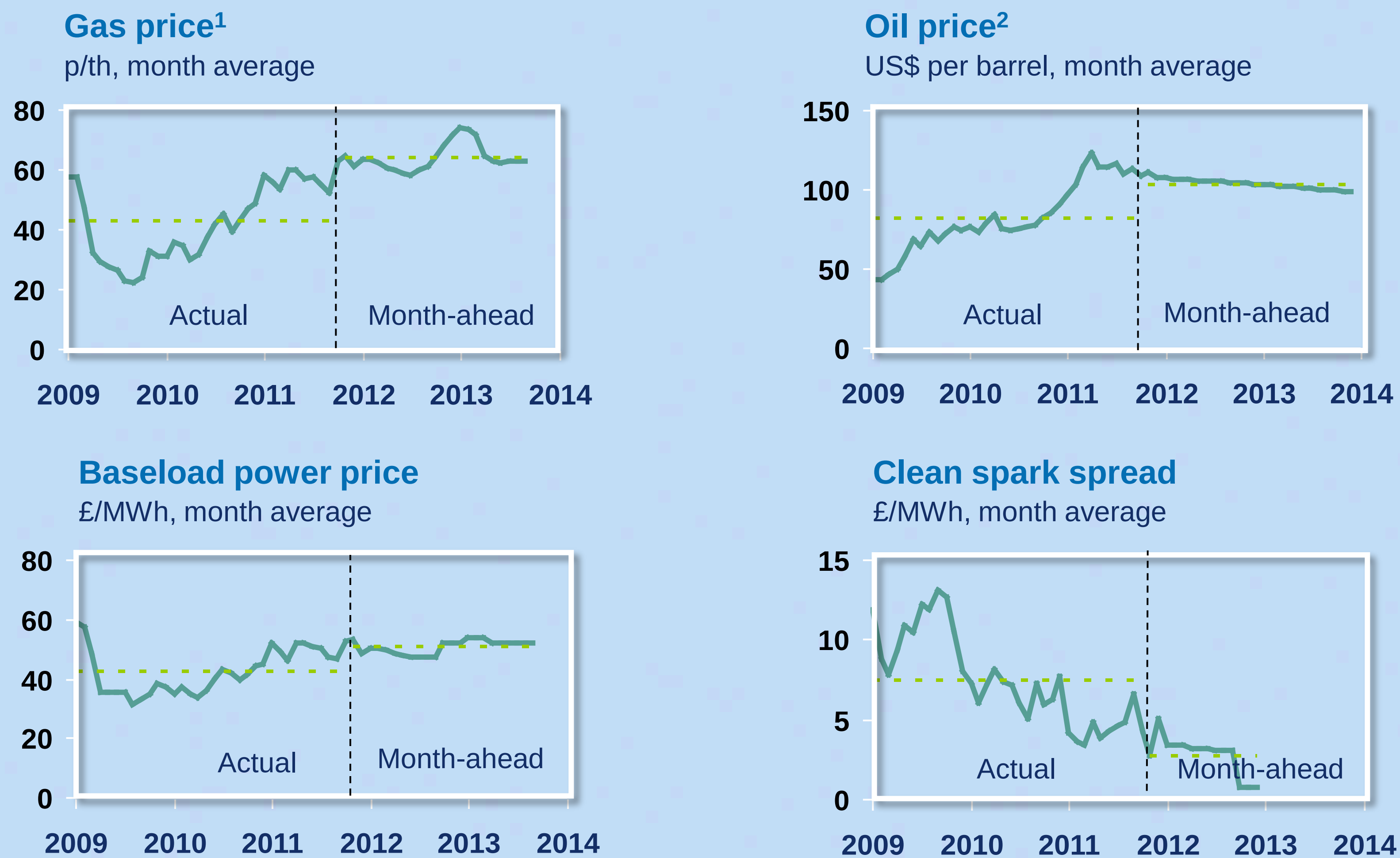
Andrew Le Poidevin

Finance Director, Centrica Energy

Forward markets indicate a higher commodity price environment



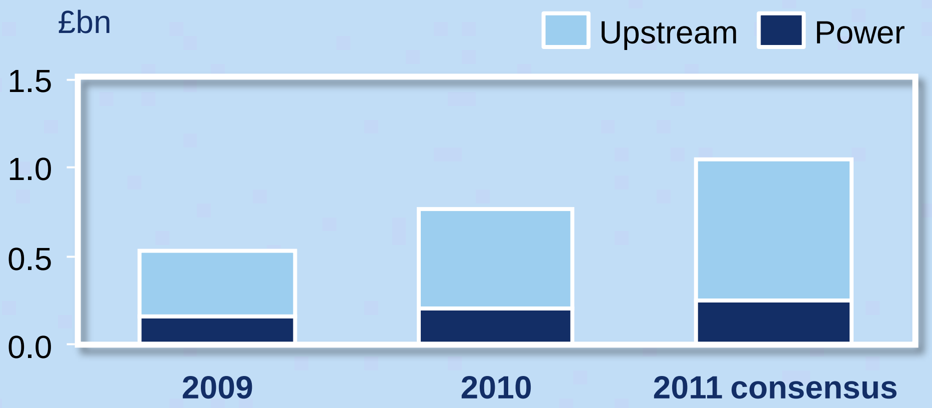
1. NBP. Most Upstream gas is sold at UK NBP (or linked price) apart from Trinidad & Tobago which is sold at a Henry Hub linked price
2. Brent. Upstream oil and liquids are sold at prices linked to Brent

Source: ICE, Argus, Heren Index, Market forward curves as at 24 November 2011

CE has seen significant recent growth and is well positioned to capture future upside

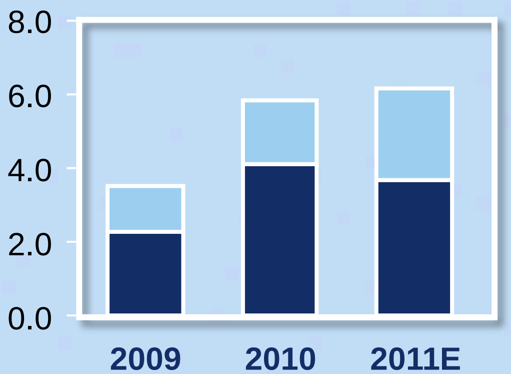
Operating profit

£bn



Total capital employed

£bn



Pre-productive capital employed

£bn

Maximising returns from existing assets

- Sustainable production outlook
- Active cost base management
- Declining production from highly-taxed PRT fields

Investing for value

- Strong cash generation from base assets
- Significant contribution as investments become productive in near-term
- Disciplined capital investment

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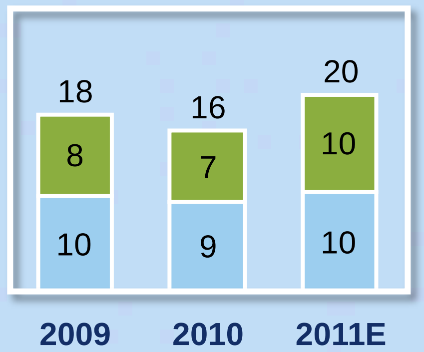
We are actively managing our cost base

Upstream costs increasing but managed

Other[1]
Lifting Costs
DD&A

Total production costs, £bn

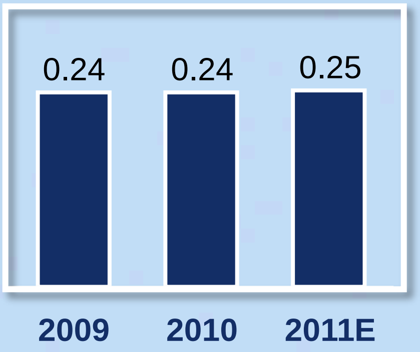
Average unit cost, £/boe



- Industry trend toward higher cost production
- Cost management initiatives in progress

Power generation costs controlled

Generation cost, £bn



CCGT generation cost[2], £/MWh

- Total power generation costs flat since 2009
- CCGT unit costs impacted by fall in volume due to low spark spread environment
- Restructuring CCGT cost base through closures and modification of operating regimes

1. Exploration and pre-productive costs and overheads; 2. Excluding fuel

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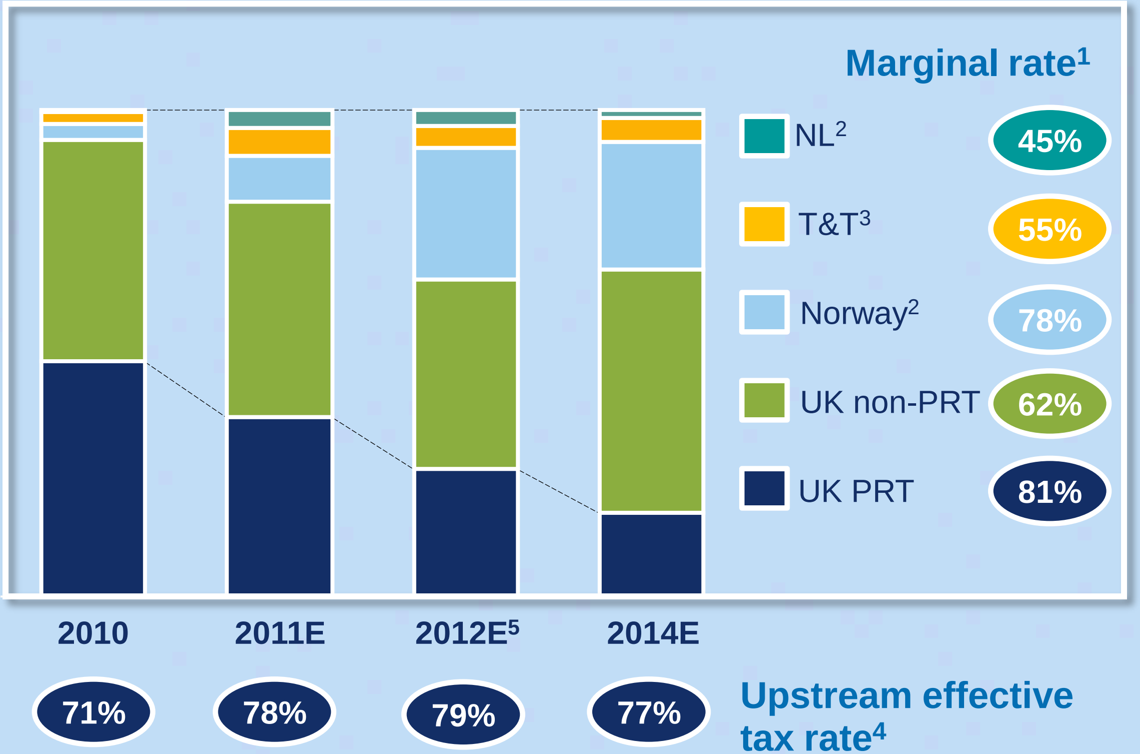
Our production mix will drive tax rates

Oil and gas production by tax regime

% by volume



- Supplementary Corporation Tax (SCT) on all UK fields was raised unexpectedly in March 2011 from 20% to 32%
- UK non-PRT fields growing in significance 2011 - 2014
- Increasing significance of Norway

1. Headline tax rate
2. For operational purposes Centrica reports certain UK taxed production within the Norway and NL business units
3. Production sharing contract
4. Weighted average tax rate for Centrica's Upstream business, after taking account of items such as non-deductible expenses and field-specific allowances
5. Norwegian acquisition volumes included from effective date of 1 Jan 2012; anticipated closing date 1 Apr 2012

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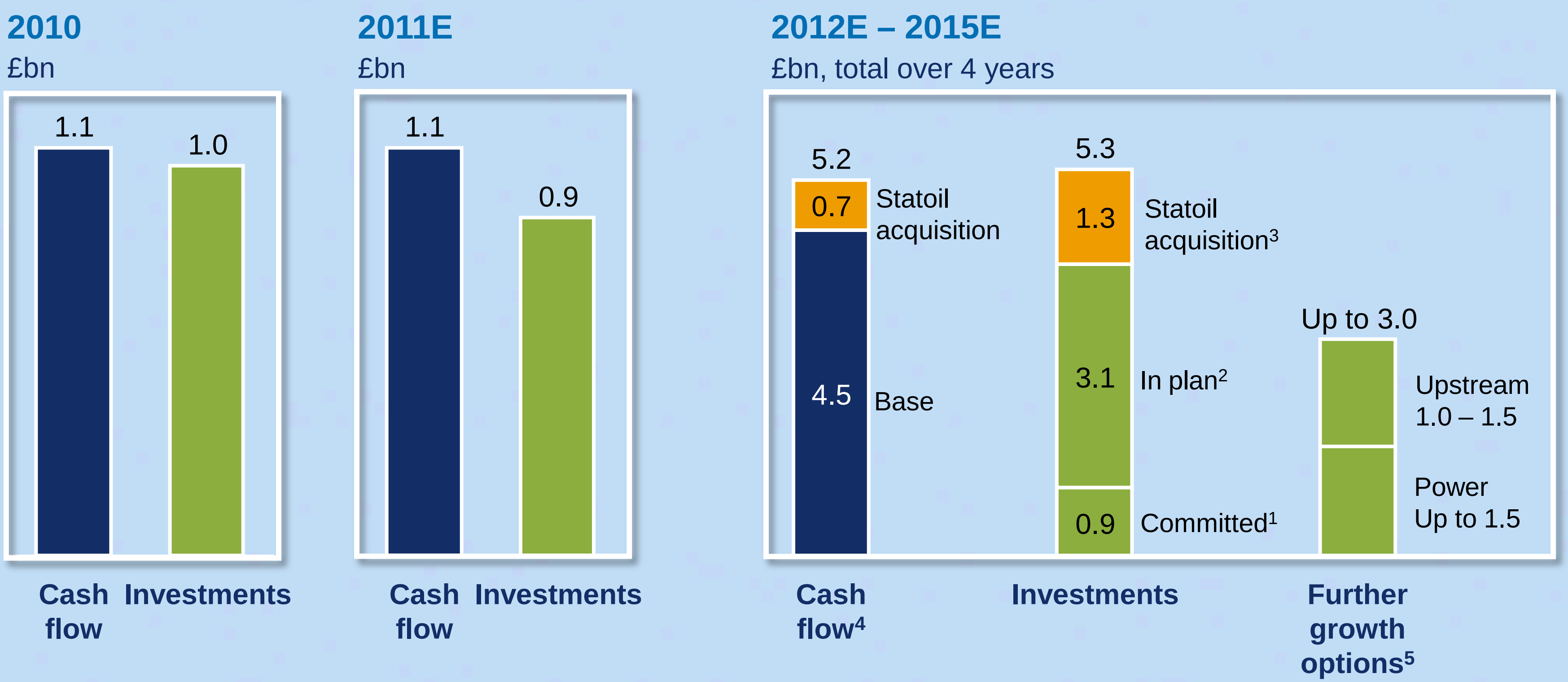
Significant internal cash generation is available to fund growth

Centrica Energy cash flow and investments



1. Maintenance, current sanctioned developments and pre-FID new nuclear
2. Major projects not yet committed including Cygnus, Trinidad development, further exploration, Race Bank, pre-FID Docking Shoal and pre-FID Round 3 offshore wind
3. Includes acquisition and expected development capex
4. Before capex
5. Further growth options, 2012E-2015E, comprising potential upstream gas and oil acquisition and development capex and initial spend on potential power generation projects (new nuclear, biomass, CCGT)

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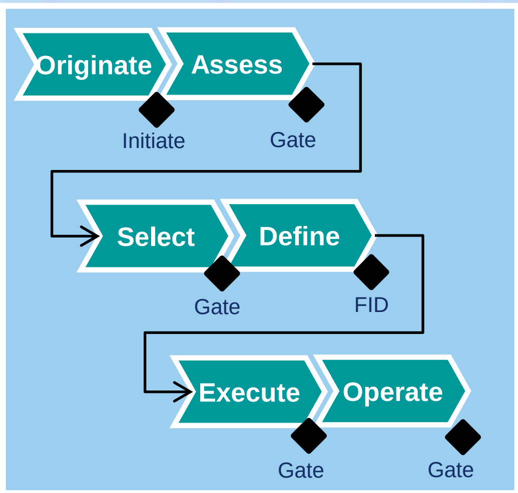
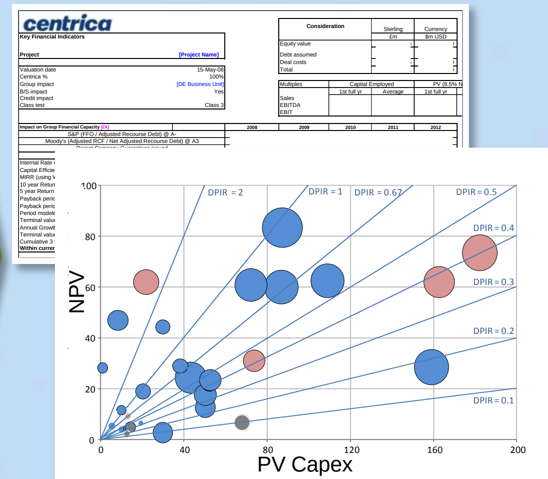
Each project is subject to a disciplined capital approval and project management process

Strict project governance



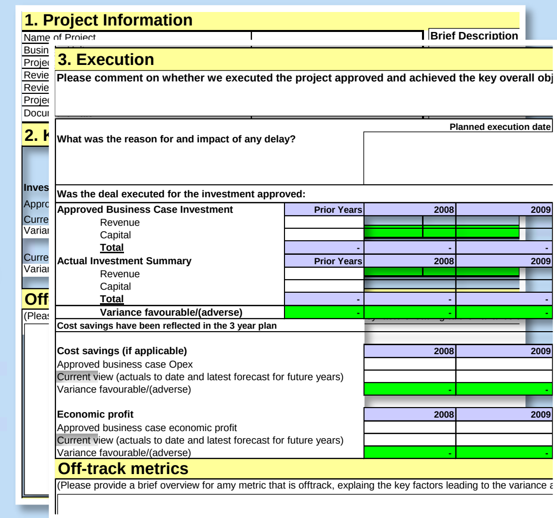
- Defined stage-gates
- Clear accountabilities in phase
- Challenging peer reviews
- Detailed progress reporting
- Risk mitigation
- Re-approval of significant changes

Capital allocation framework



- Projects reviewed as a portfolio
- Standard criteria applied:
  - Strategic fit
  - Financial profile, hurdle rates, KFIs
  - Risk profile
  - Resource availability

Continuous Improvement

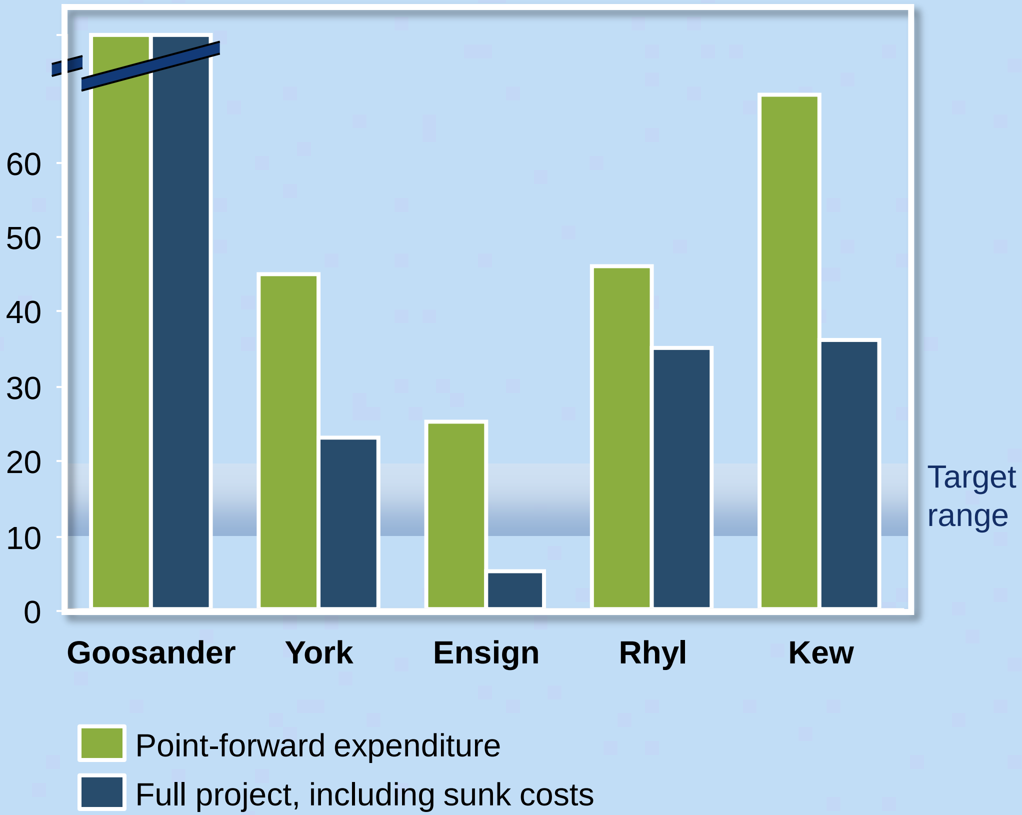


- Post investment reviews
  - All projects > £10m
  - Operational and financial
  - Reported to Board
- Project lessons translated into best practice sharing
- Independent audit

High return projects approved in 2010 and 2011

Upstream development projects approved, 2010 - 2011

IRR at FID[1], %



- Exploration-led developments benefitting from deep regional sub-surface knowledge
- Rapid cycle times, with typical FID to first gas/oil in 14 – 24 months
- Leveraging owned infrastructure

1. Post-tax, unlevered

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Sam Laidlaw
Chief Executive, Centrica

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Building on our established business model

CE's five year strategy

Maximising returns from existing assets

- Strong portfolio of assets, reflecting disciplined investment strategy
- Ability to deliver sustainable value through current investment programme
  - Maintaining gas and oil production
  - Delivering new wind capacity

Deploying distinctive capabilities

- World-class asset stewardship
- Track-record of project delivery
- Ongoing exploration success
- Successful business development and partnerships

Further investment for growth and value

- Grow upstream production by 50% to 75 mmboe/a in the next 3-5 years
- Grow offshore wind capacity by 300% to 560MW by 2016[1]
- Options in new nuclear, biomass and CCGT if conditions are met

Deploying capital to drive earnings growth and value

1. Centrica share assuming 50% equity

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Q&A

Jonathan Roger

Managing Director, Centrica Energy Upstream

Centrica Energy Upstream

We have made significant progress in 2010 and 2011

UK and NL

- Top three gas producer on UKCS
- Most active exploration and appraisal drilling programme
- Largest net acreage in 2010; 7 blocks in 26th round

Norway

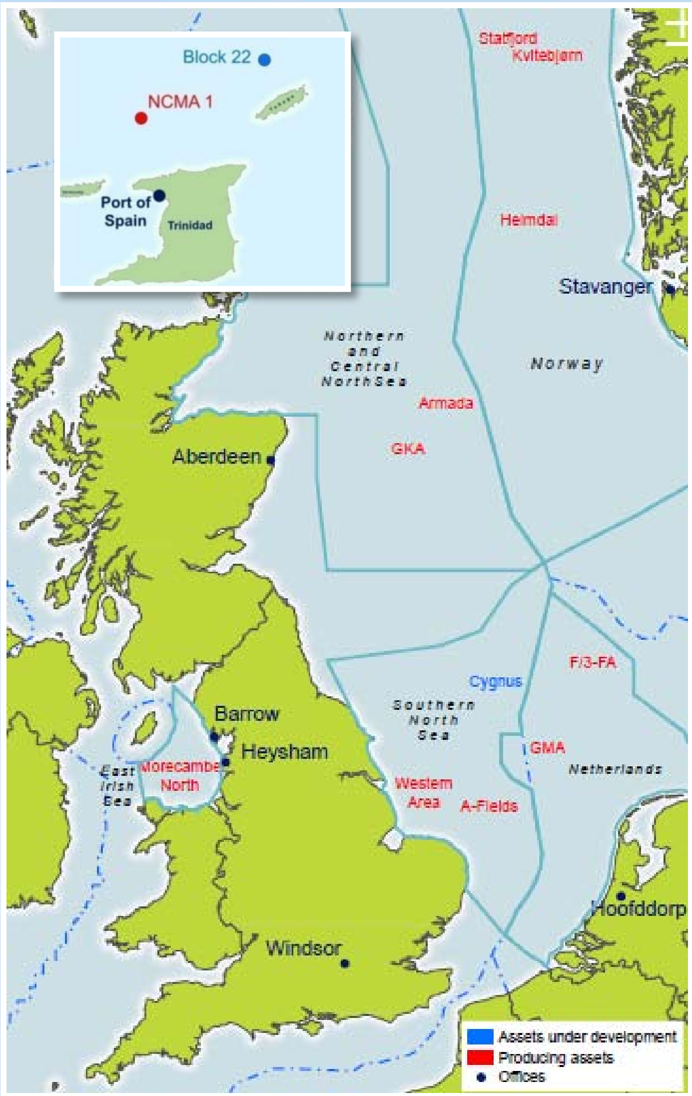
- Acquired Shell interests in Statfjord
- Statoil partnership and Statoil acquisition
- Three operated exploration discoveries

Trinidad & Tobago

- 2010 entry through Suncor acquisition
- NCMA-4 block in 2010 licensing round
- Progressing Block 22 options

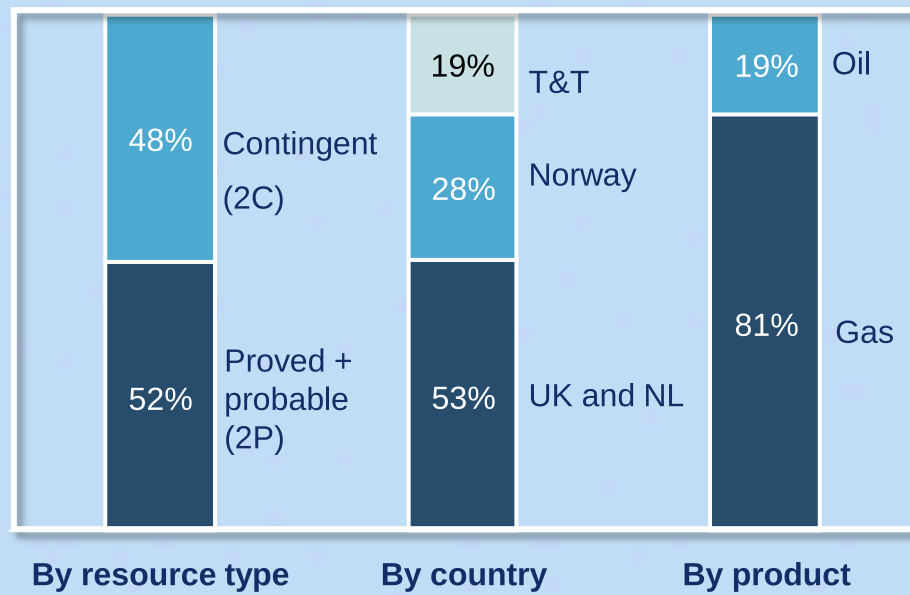
Production targets met with 8 new developments on stream; resource additions replace production with 7 discoveries

Centrica Energy Upstream
We are creating a large, diversified business



We now have ~1.0bn boe reserves and resources

Net resources at end-2010[1]



1. Estimated reserves and resource base on Centrica Energy 2010 YE booked reserves and resources, plus 2011 acquisitions. Excludes Rough cushion gas and North America

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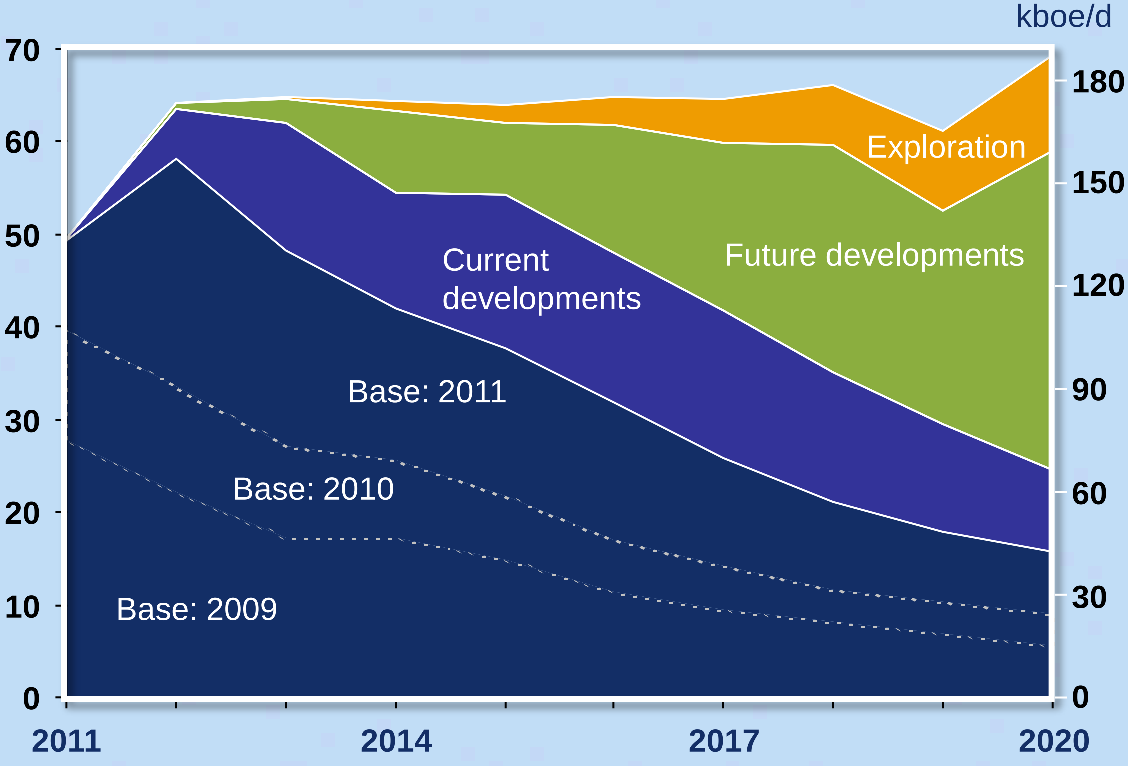
Centrica Energy Upstream
Our portfolio delivers a sustainable 60 – 70mmboe/a

Upstream oil and gas production profile
Production volume, mmboe[1]



- Sustainable 60 - 70mmboe/a to 2020
- Track-record of growing the base
- Strong development and exploration portfolio

1. Base: Producing assets; Current developments: Approved projects, Cygnus; Future developments: In-plan, pre-FID; Exploration: Risked production from exploration programs; Excludes North America.; Statoil acquisition volumes included from effective date of 1 Jan 2012, anticipated closing date 1 Apr 2012

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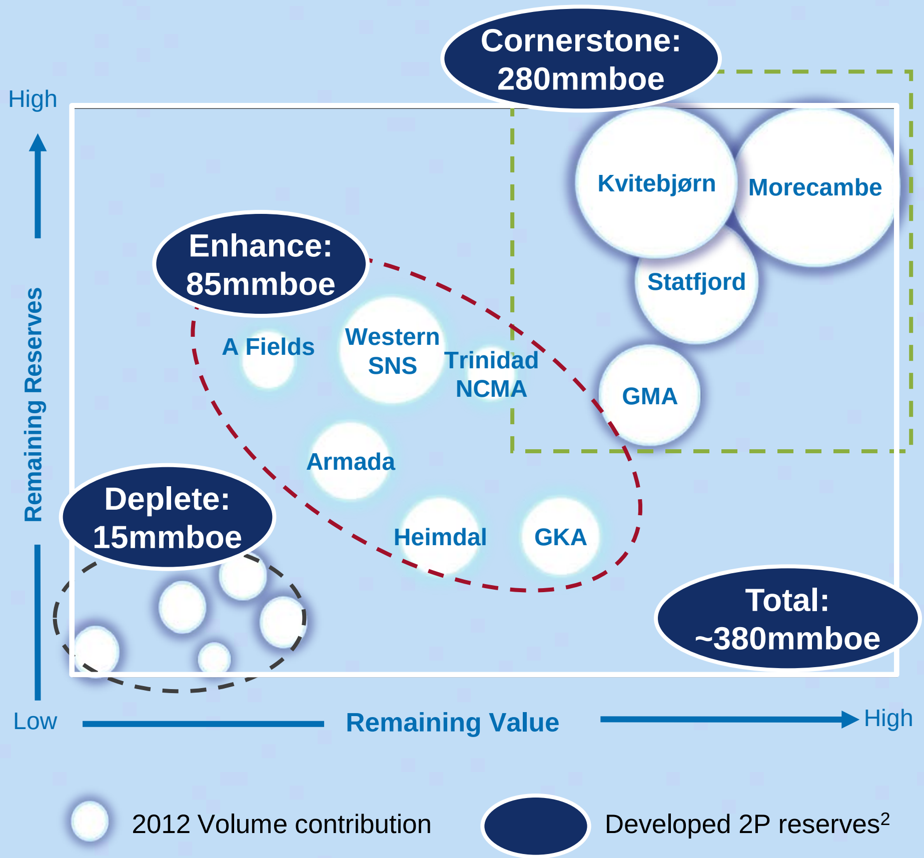
Base production
We have world-class stewardship of production hubs

Production hub[1] characterisation and strategy



Cornerstone – maximise value:
- Manage unit costs
- Enhance production performance
- Identify growth opportunities

Enhance – extend field life:
- Near-field exploration
- Development tie-ins
- Third party business

Deplete – manage production decline:
- Cost initiatives
- Decommissioning
- Disposals where appropriate

1. Multiple producing fields and developments using common infrastructure
2. 2010 YE booked reserves plus 2011 acquisitions. Excludes development projects, Rough cushion gas and North America

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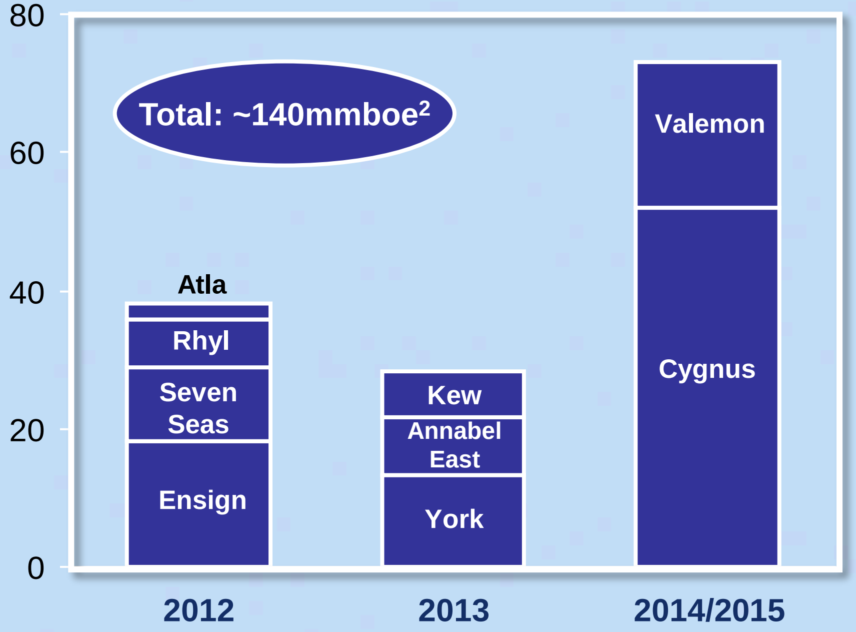
Current developments
We are delivering challenging mid-size capital projects

Delivering significant near-term reserves into production[1]

2P reserves, mmboe; planned year of first-production

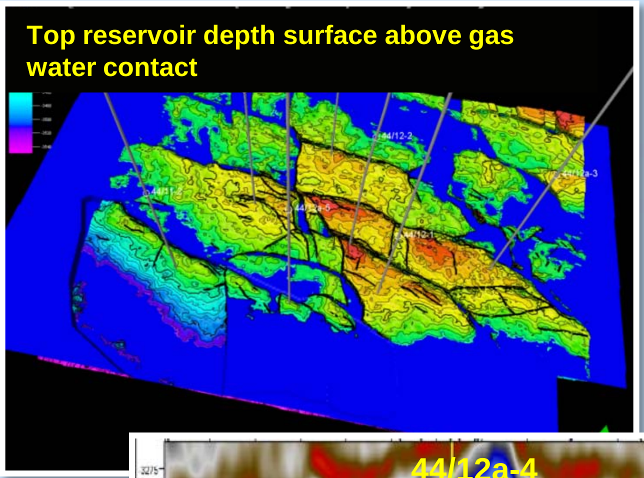


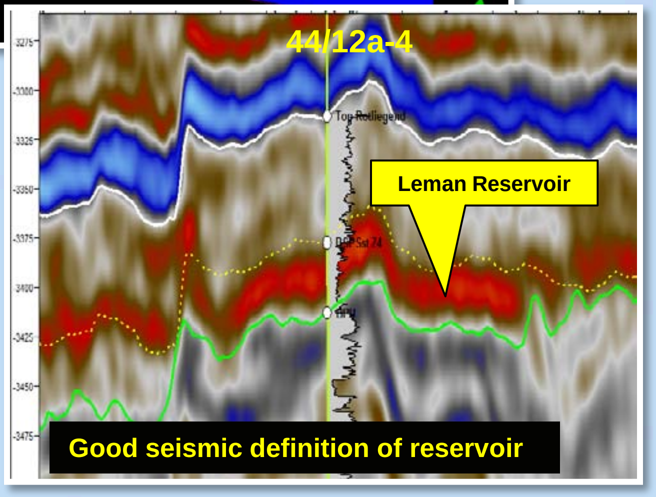
Utilising strong capabilities in project delivery

- Technical innovation and supplier management focus, e.g. F3-FA marginal gas field solution
- Efficient field development and sub-sea tiebacks, e.g. Goosander Crestal delivered under-budget and ahead of schedule in 2011
- Deploying lessons learned from past projects, e.g. practices used on Chiswick now applied to Ensign, Kew, Annabel East

1. All current developments are Centrica operated with the exception of Atla, Cygnus and Valemon
2. 2010 YE booked reserves plus 2011 acquisition for current development projects

Current developments
Cygnus – one of the largest undeveloped UK gas fields





- ~100mmboe gross of recoverable reserves
- Located 160km offshore the Norfolk coast in Blocks 44/11 and 44/12a
- Centrica has the largest working interest at 48.7%, with GDF operator
- Discovered in 1988 by Marathon
- Fully appraised in 2009 after increase in Centrica working interest
- Centrica to create a new production hub, with FID expected in 2012 and first gas expected 2014/2015

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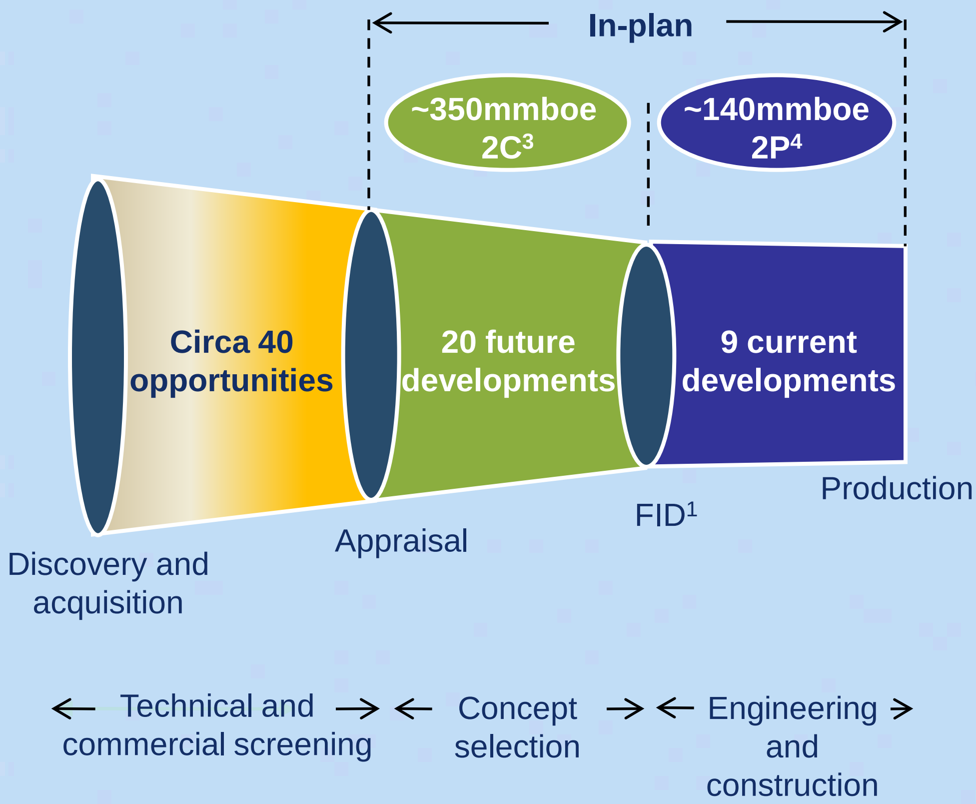
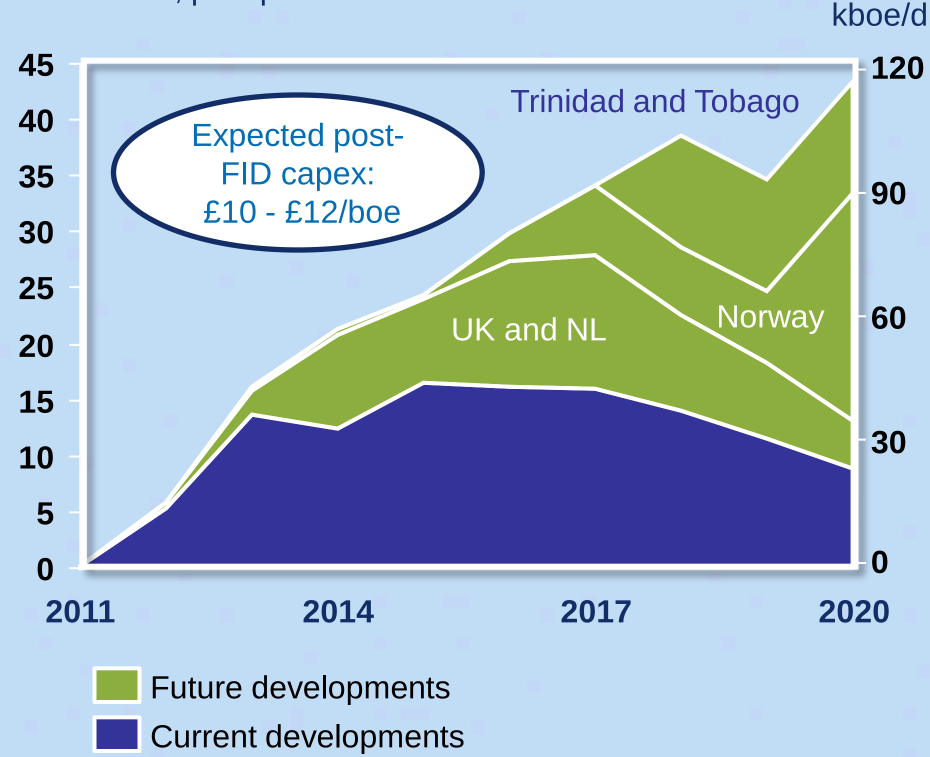
Future developments
We have a broad portfolio of medium-term options

Our development funnel is healthy



We plan to add significant production through future developments[2]

mmboe, plan production

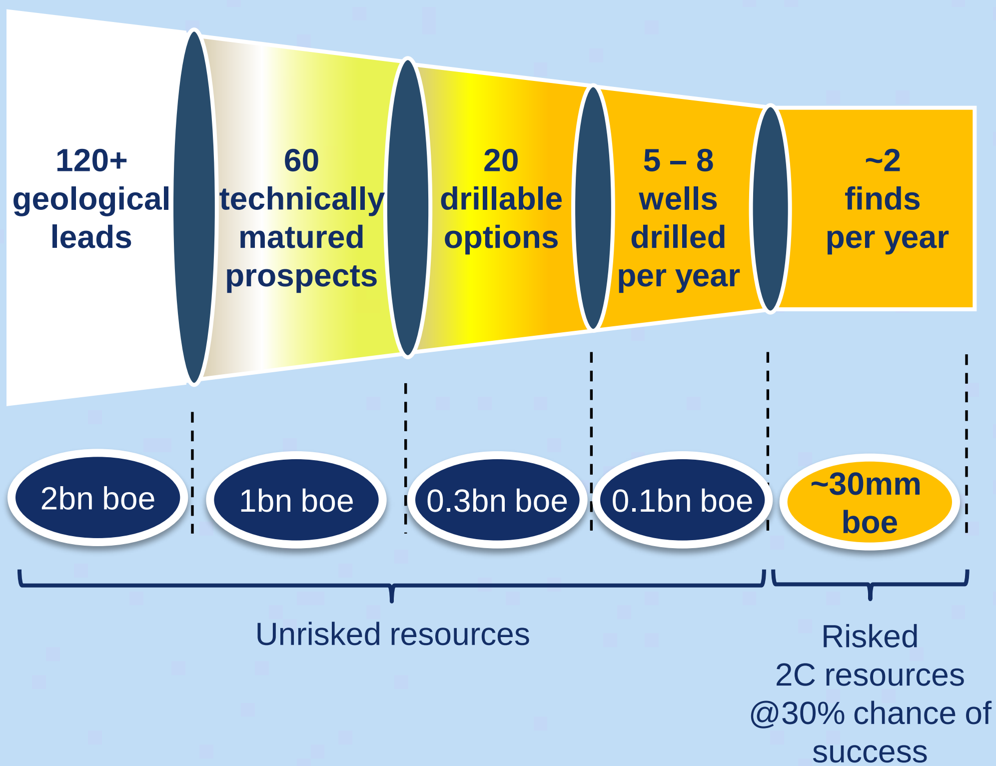


1. Cygnus and Valemon are included in current developments
2. Statoil acquisition volumes included from effective date of 1 Jan 2012, anticipated closing date 1 Apr 2012
3. 2010 YE booked resources plus 2011 acquisition for future development projects
4. 2010 YE booked reserves plus 2011 acquisition for current development projects

Exploration
A stable programme supports long-term production

We expect to add 30mmboe/a of 2C by exploration

Maturation funnel, exploration spend of £100m per year

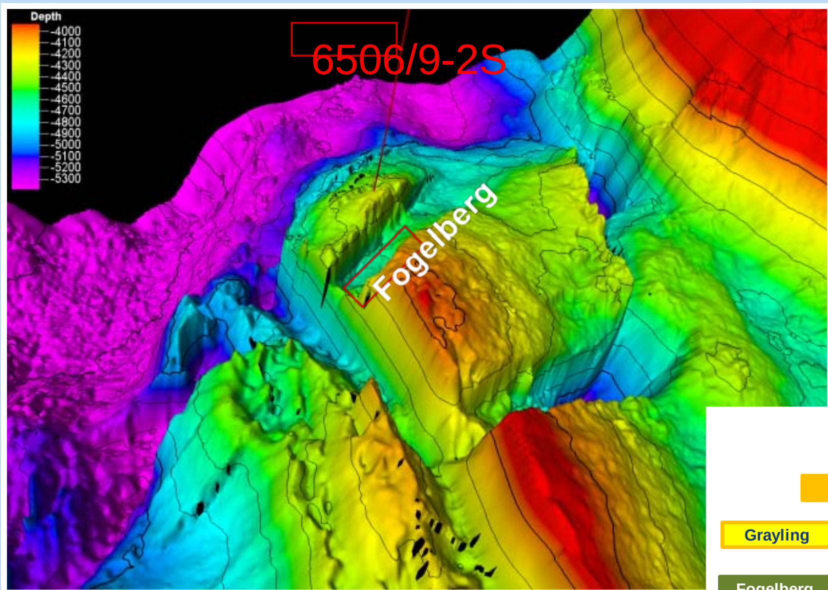


Leveraging our capabilities and commitment

- Extensive knowledge of key basins and plays, including tight gas
- Successful track-record
  - 56% success rate 2009 – 2011
  - 2010 finding costs of £2.67/boe
  - Rhyl and Atla due on stream in 2012
- Ongoing commitment
  - Planned seismic and exploration drilling investment of ~£100m/a
  - Large inventory of prospects
  - Balance of short-term/near-field and higher-risk/higher-reward prospects
  - Increasing international focus

Exploration

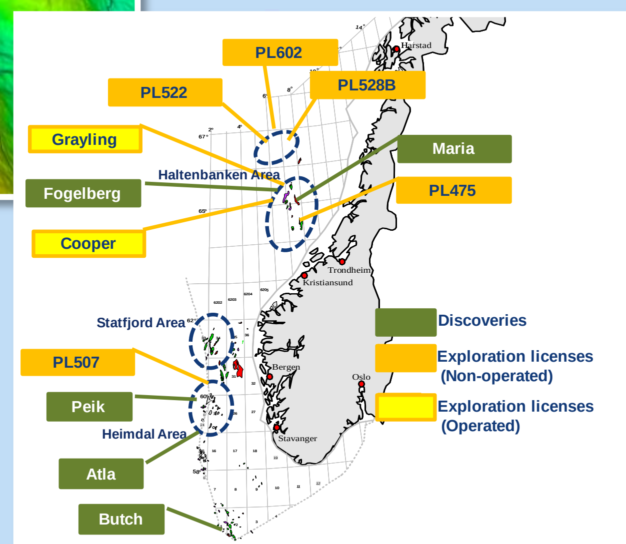
Fogelberg - our exploration strategy in action



- Gas/condensate field
- P50 gross contingent resources: 68 mmboe
- Centrica operated, 28% working interest
- Possible sub-sea development to Åsgard B or Heidrun

Deploying our capabilities

- Fogelberg used our subsurface knowledge of the Jurassic Brent formation developed at Statfjord and Heimdal
- Development could establish a new operated production hub
  - 2010 Maria discovery in same region
  - Additional prospects in region



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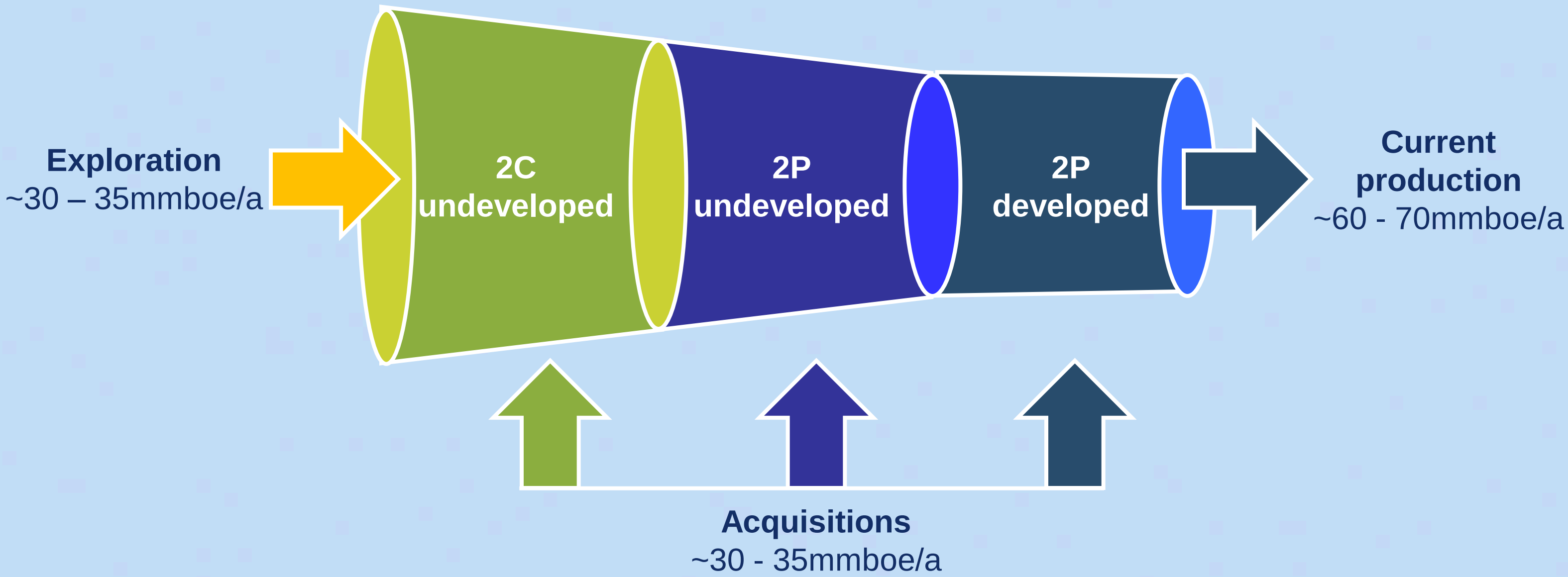
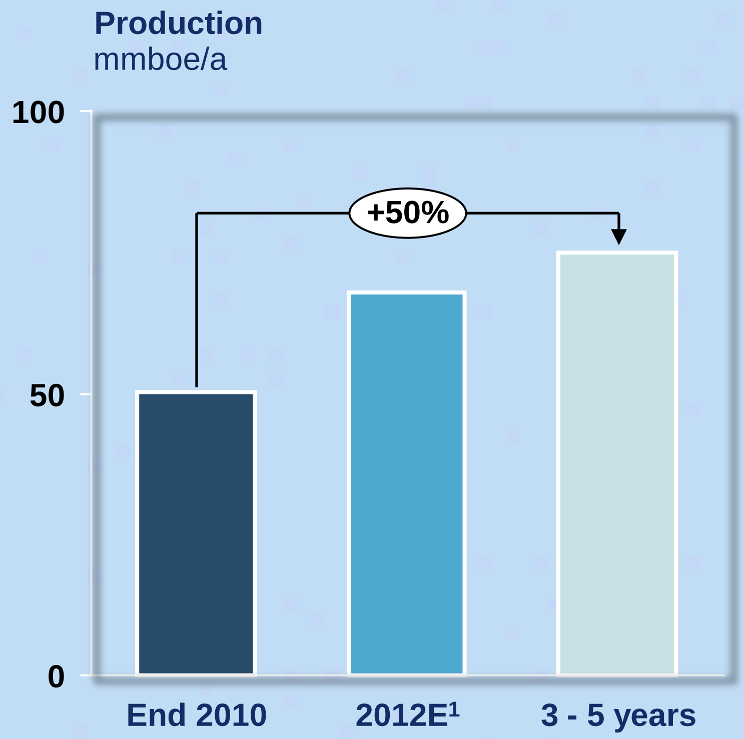
We plan a balanced approach to reserve replacement

Our current model is a targeted blend of organic and inorganic growth



Balanced replacement of production by exploration and acquisitions of 2C, undeveloped and developed 2P

Centrica Energy Upstream
Statoil acquisition moves us towards our strategic goal



- We have established a production target of 75mmboe/a over the next three years
- The Statoil acquisition moves us significantly towards our target
- Any further acquisitions will be made in accordance with our strategy:
  - Provides attractive returns, cashflow and earnings
  - Leverages distinctive capabilities
  - Provides a balance of prospective, 2C and 2P opportunities
  - Focus on Atlantic Basin

Centrica Energy Upstream
Our strategy builds on our established business model

CE's five year strategy

Maximising returns from existing assets

- Strong portfolio of assets, reflecting disciplined investment strategy
- Ability to deliver sustainable value through current investment programme
- Focus on safe and efficient asset operation

Deploying distinctive capabilities

- World-class asset stewardship
- Track-record of project delivery
- Ongoing exploration success
- Targeted, strategic acquisitions and partnerships

Further investment for growth and value

- Grow upstream production to 75 mmboe/a in the next 3-5 years
- Expand international operations

Deploying capital to drive earnings growth and value

Sarwjit Sambhi

Managing Director, Centrica Energy Power

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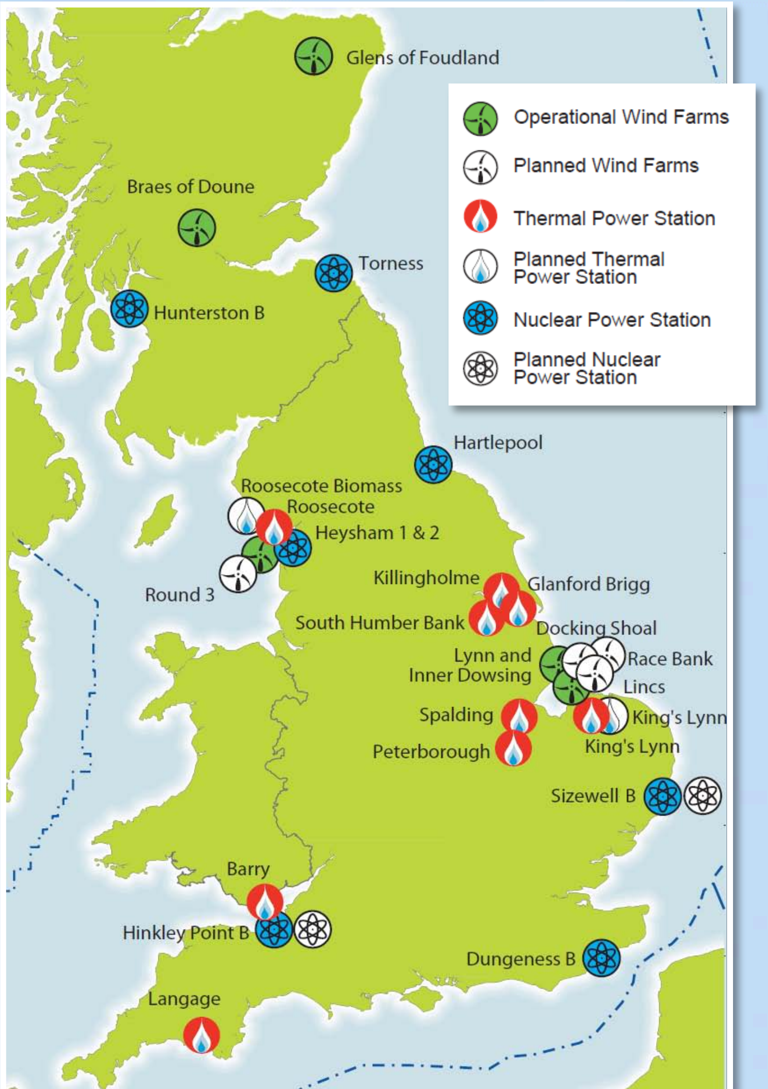
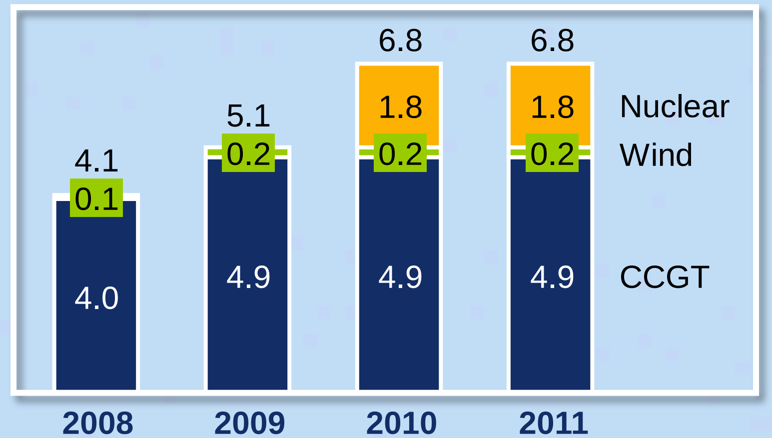
Centrica Energy Power

Our power business has been transformed since 2008



Generation capacity has grown and diversified

Year-end capacity, Centrica share, GW



- **CCGT:** Langage completed 2009, 885 MW
- **Wind:** LID completed 2009, 90 MW[2;] Lincs under construction, 135 MW[3]
- **Nuclear:** 20% of British Energy acquired 2010, 1.8 GW existing nuclear fleet

1. Includes Spalding CCGT tolling capacity
2. Equity share, total operated capacity 180MW
3. Equity share, total capacity under construction 270MW

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Centrica Energy Power

We are benefitting from our diversified portfolio

Base-load clean spark spreads are low
£/MWh, month average

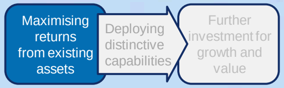
CCGT profitability reduced…

However, base-load power prices are high
£/MWh, month average

…compensated by nuclear and wind

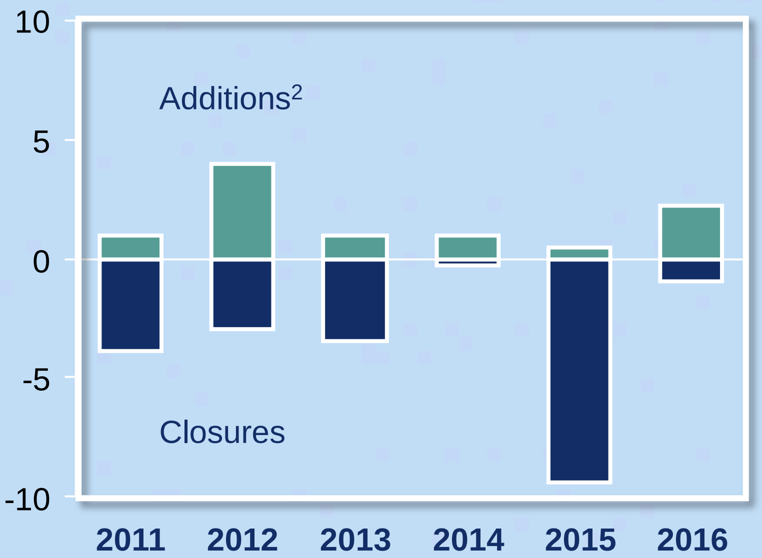
Source: Heren Index; Market forward curves as at 24 November 2011

CCGT
However over-supply will remain a challenge for CCGT



We expect marked capacity withdrawal from 2015

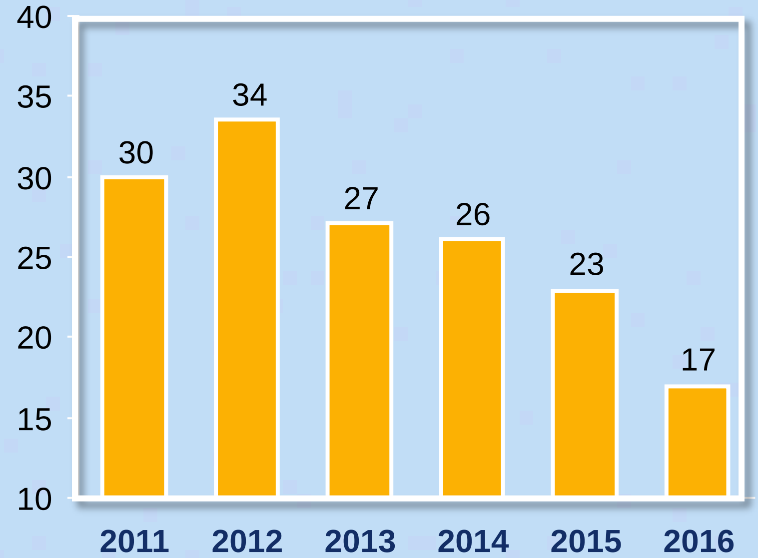
Expected change in capacity, GW



- Of all new build capacity, half is wind
- Closure of coal, oil and marginal CCGT

With short-term oversupply to persist

Peak system margin, %



- Healthy reserve margin to 2014
- Tightening reserve margin expected from 2015 following final LCPD[1] closures

1. Large combustion plant directive
2. New wind included at 35% of peak capacity

Source: Centrica estimates

CCGT
Given these challenges we are restructuring the portfolio

Maximising returns from existing assets | Deploying distinctive capabilities | Further investment for growth and value

	Plant	Start Year	MW
Operate Modern, large, efficient plants	Langage	2010	885
	Humber	1997/9	1260
	Killingholme	1994	652
Preserve optionality Retain subject to market developments or STOR[1] contract	Peterborough	1993	360
	Brigg	1993	240
	Roosecote	1991	229
Proposed closure Uneconomic plants	Barry	1998	230
	Kings Lynn	1994	325

1. Short-term Operating Reserve: balancing contracts with National Grid

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Biomass and CCGT
Further growth options are being developed

Roosecote biomass project

- Option on 80 MW of dedicated biomass capacity
- Feedstock from UK and imports
- IPC submission 2012, FID 2013, earliest first-power 2016
- Final investment decision subject to planning consent, satisfactory construction and feedstock supply contracts, regulatory support
- Other developments under review could provide ~200MW of additional capacity

Kings Lynn CCGT

- Up to 1,020 MW capacity
- Consent granted in February 2009
- Earliest first power 2016
- Utilising best practices from Langage
- Final investment decision subject to target returns and satisfactory capacity payments

Artist's impression of Roosecote biomass plant

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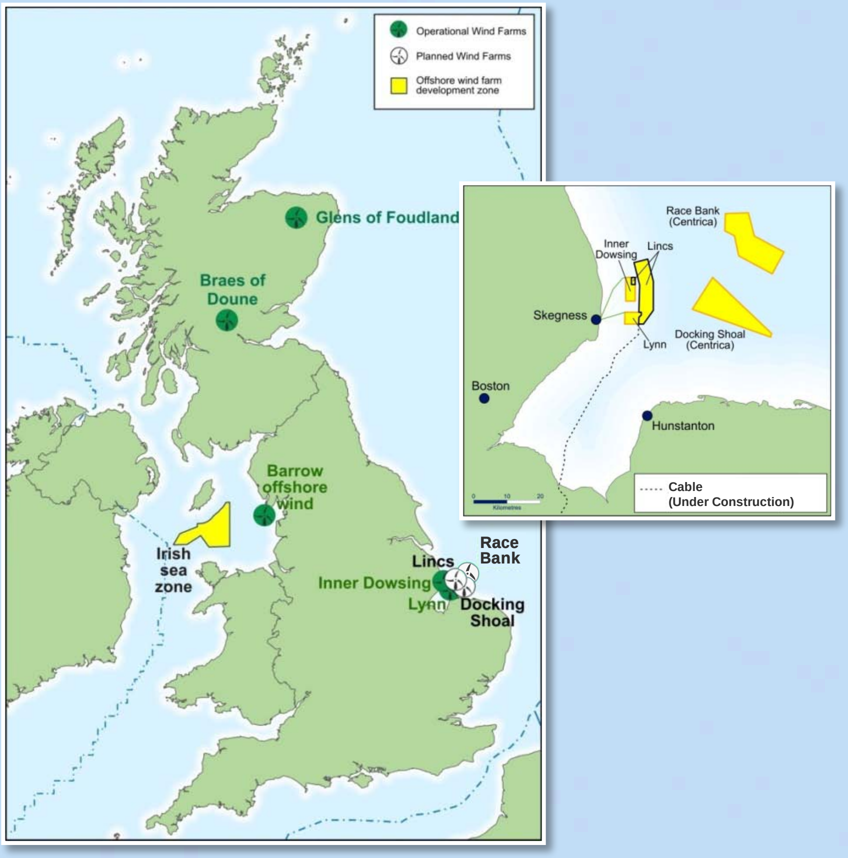
Offshore Wind
Our track record demonstrates strong capabilities

Maximising returns from existing assets | **Deploying distinctive capabilities** | Further investment for growth and value



Effective project development and partnering

- Identifying and acquiring advantaged sites
- Well developed pipeline of projects
- Established partnering approach

Successful project delivery

- In-house turnkey capability
- Proven track record (LID on time and on budget, Lincs on track)
- Innovative technical solutions
- Benefits of increasing scale

Efficient asset operation

- Significant operations and maintenance experience
- Operational insights fed back into design and construction of wind farms

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Offshore Wind
Lincs is progressing well

Maximising returns from existing assets | **Deploying distinctive capabilities** | Further investment for growth and value

Turbines
Installation commencing Spring 2012

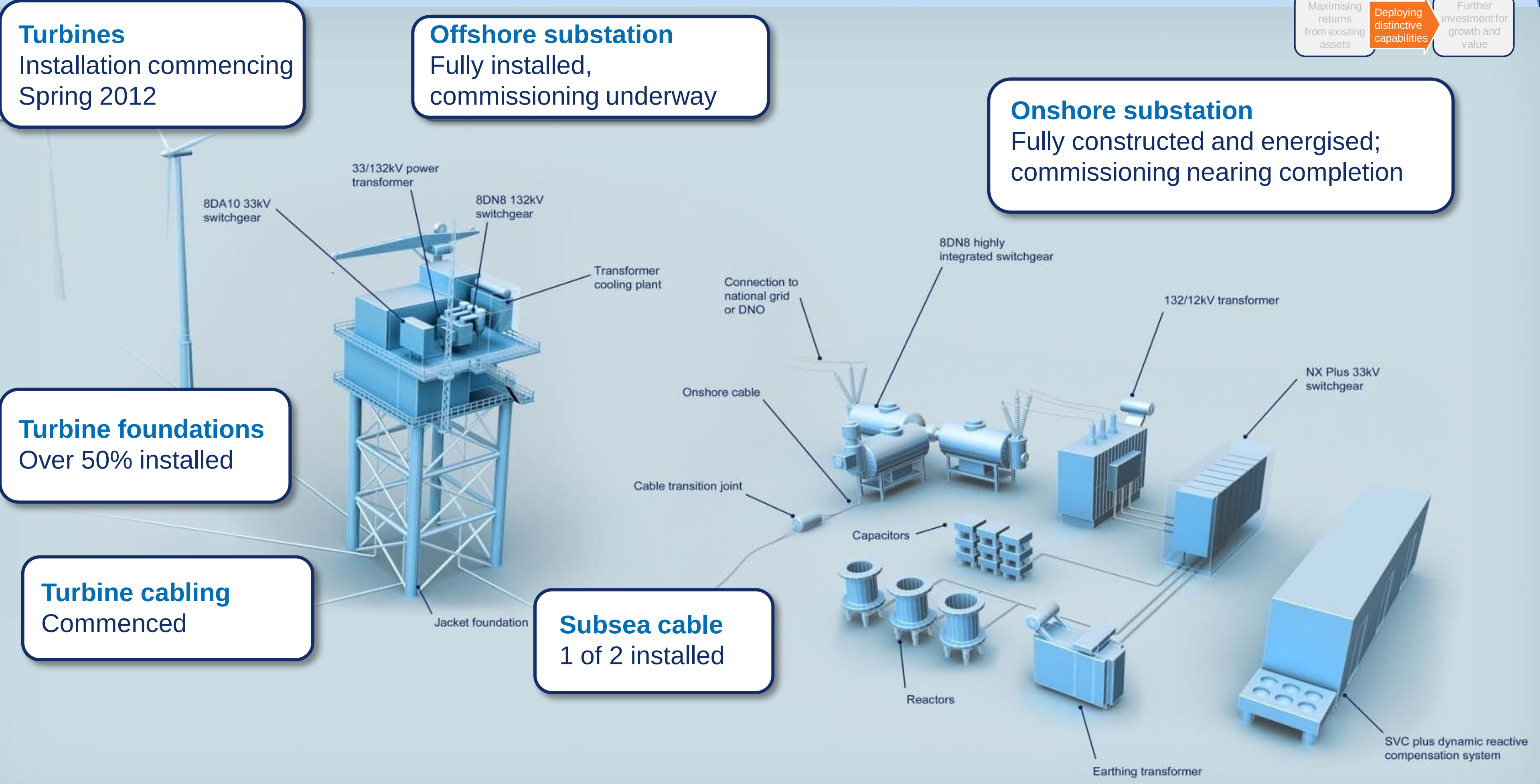
Offshore substation
Fully installed, commissioning underway

Onshore substation
Fully constructed and energised; commissioning nearing completion

Turbine foundations
Over 50% installed

Turbine cabling
Commenced

Subsea cable
1 of 2 installed



Siemens

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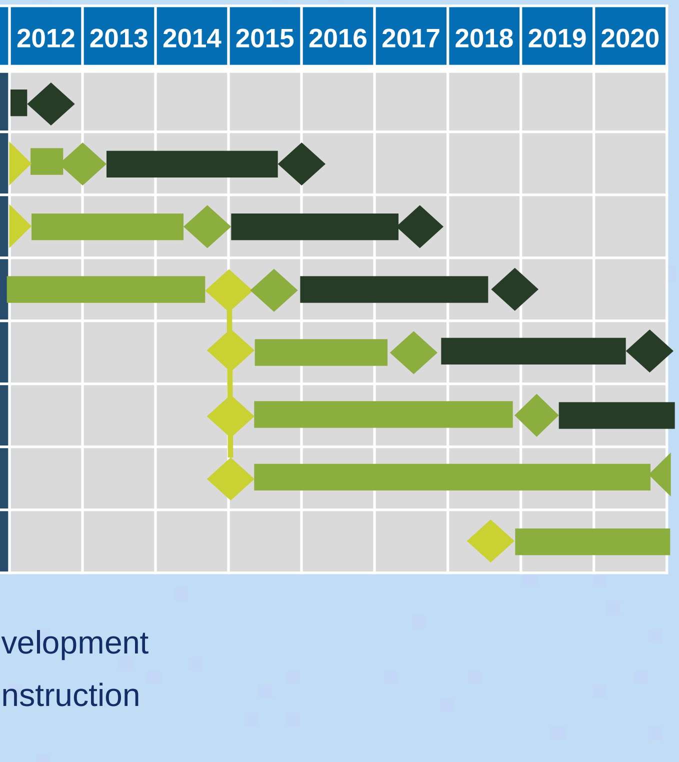
Offshore Wind
We have a large, advantaged development pipeline

Maximising returns from existing assets → Deploying distinctive capabilities → **Further investment for growth and value**

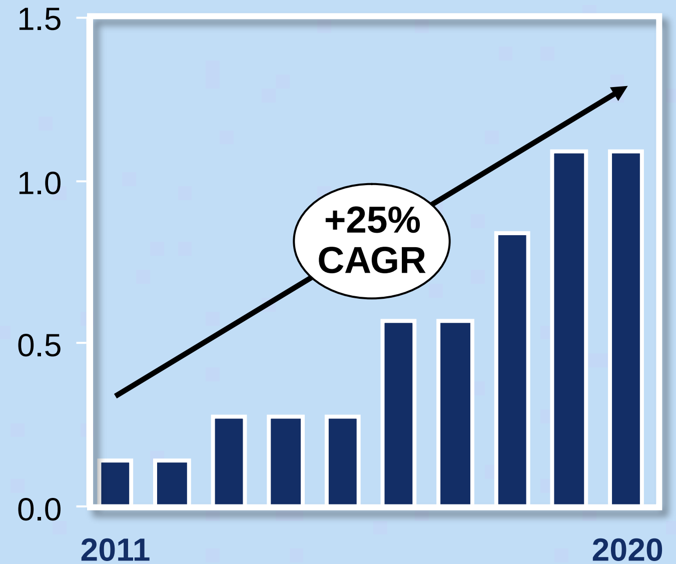
Large wind development pipeline

	MW[1]
Lincs	270
Race Bank	580
Docking Shoal	540
Irish Sea #1	500
Irish Sea #2	500
Irish Sea #3	500
Irish Sea #4	500
Irish Sea Area 2	2,000



Significant offshore wind growth[2]

Equity capacity, GW



1. 100%. Total Irish Sea development could be up to 4.2GW
2. Assumes 50% sell-down of Docking Shoal and R3 projects

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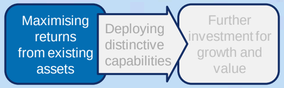
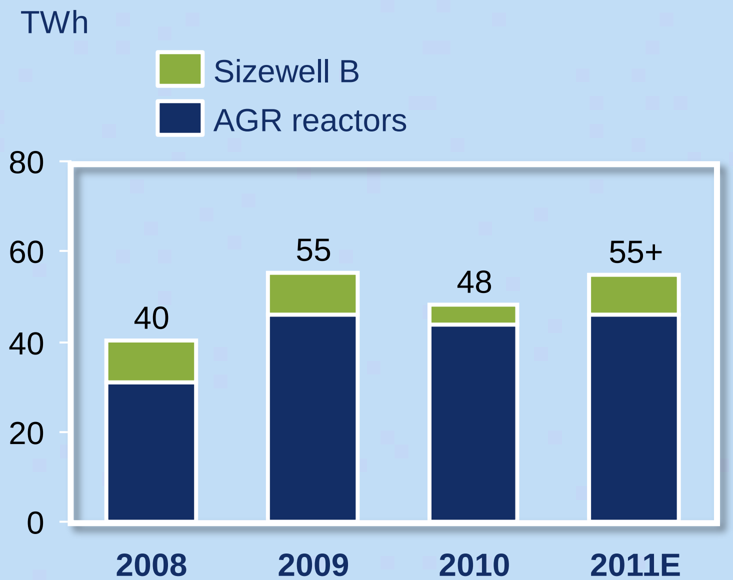
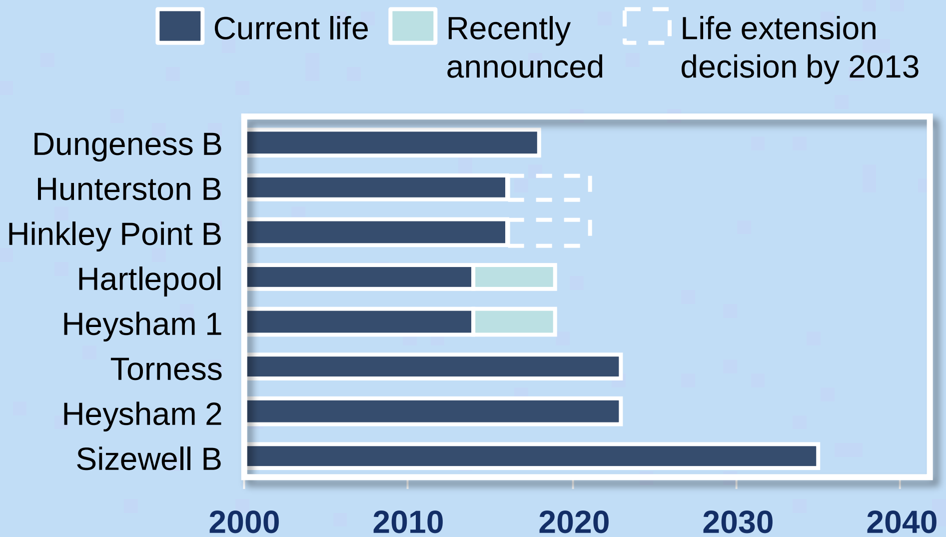
Nuclear
Strong performance from EDF existing nuclear fleet



Strong nuclear performance in 2011 YTD



Upside potential from life extensions



- Strong performance in H1 2011 followed by extensive outage programme in H2
- Improved output at Heysham 1 R2 following Hot Box Dome plant modifications, output ~95%

- 5 year life extensions at Hartlepool and Heysham 1 announced in Q4 2010
- EDF targeting average of 5 years life extensions across the AGR fleet and 20 years for Sizewell B

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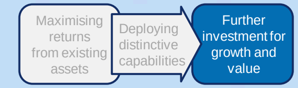
Nuclear
We will only invest in new nuclear if conditions are met



Key milestones to FID

Requirements

Target IRR met

- Robust CfD[1] including appropriate strike price
- High confidence in cost and schedule
- Funded decommissioning plan

Necessary permissions granted

- Generic design approval
- IPC planning approval
- Nuclear site licence award

Confidence in delivery capability

- World class project management capabilities and processes in place
- Lessons learned from other EPR nuclear new build projects

1. Contract for Difference

Centrica Energy Power

Our strategy builds on our established business model

CE's five year strategy

Maximising returns from existing assets

- Responding to challenging market conditions through programme of rationalisation and consolidation
- Continuous improvement for reliability and costs
- Delivering new wind capacity at Lincs

Deploying distinctive capabilities

- Successful business development and partnerships
- Track-record of project delivery
- Managing capital productivity

Further investment for growth and value

- Grow offshore wind capacity by 300% to 560MW by 2016
- Options in new nuclear, biomass and CCGT if conditions are met

Deploying capital to drive earnings growth and value