

Centrica AGM



Notice of Annual General Meeting of Centrica plc

Queen Elizabeth II Conference Centre
London SW1
Monday 11 May 2009 at 2.00 pm

This document is important and requires your immediate attention. If you are in any doubt as to the action you should take, you should consult your professional adviser immediately.

If you have sold or otherwise 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.

Notice is hereby given that the thirteenth 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 11 May 2009, at 2.00 pm for the transaction of the following business:

To consider and, if thought fit, pass Resolutions 1 to 12 as Ordinary Resolutions and Resolutions 13 to 15 as Special Resolutions.

Please complete and submit a proxy form in accordance with the instructions printed thereon, whether or not you propose to attend the Annual General Meeting (AGM). The proxy form must be received no later than 48 hours before the start of the meeting.

Report and Accounts

1. To receive the Accounts and the Reports of the Directors and the Auditors for the year ended 31 December 2008.

Remuneration Report

2. To approve the Remuneration Report for the year ended 31 December 2008.

Note: The Remuneration Report forms pages 44 to 55 of the Annual Report 2008. It sets out the Company's policy for, and gives details of, Directors' remuneration and other relevant information. There is a summary of the Remuneration Report on pages 25 to 27 of the Annual Review 2008.

Dividend

3. That a final dividend of 8.73 pence per ordinary share be paid on 10 June 2009 to shareholders on the register of members at the close of business on 24 April 2009.

Directors

4. That Mark Hanafin be reappointed as a Director of the Company.

Mark Hanafin (49) joined Centrica as Managing Director, Centrica Energy and Europe in July 2008. He has a service contract with the Company with an initial notice period of two years reducing to one year in July 2010. He is a member of the Executive Committee. He was previously president and chief executive officer of Shell Energy North America in Houston. He began his career with Shell in 1986 in the UK, holding positions in sales, trading and commercial management. In 1999, he joined the team that created the global LPG business for Shell and went on to manage the new global LPG Supply and Trading division. Prior to joining Shell, he worked for General Electric Company.

5. That Sam Laidlaw be reappointed as a Director of the Company.

Sam Laidlaw (53) joined Centrica as Chief Executive in July 2006 and has a service contract with the Company with a 12-month notice period. He is a member of the Corporate Responsibility and Nominations Committees and Chairman of the Executive Committee and the Disclosure Committee.

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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. In January 2008, he was appointed a non-executive director of HSBC Holdings plc. Until August 2007, he was a non-executive director of Hanson plc. He is a trustee of the medical charity RAFT.

6. That Andrew Mackenzie be reappointed as a Non-Executive Director of the Company.

Andrew Mackenzie (52) joined the Board in September 2005. He is a member of the Audit, Corporate Responsibility, Nominations and Remuneration Committees. He does not have a service contract with the Company. In November 2007, he was appointed group executive and chief executive non ferrous at BHP Billiton, a position he took up in November 2008. From 2004, he was with Rio Tinto, latterly as chief executive diamonds and minerals. Previously, he spent 22 years with BP plc in a range of senior technical and engineering positions, and ultimately as group vice president, BP Petrochemicals. From 2005 to 2007, he was chairman of the board of trustees of the think tank, Demos, and he remained a trustee until June 2008.

7. That Helen Alexander be reappointed as a Non-Executive Director of the Company.

Helen Alexander (52) joined the Board in January 2003. She is a member of the Audit and Nominations Committees and is Chairman of the Remuneration Committee. She does not have a service contract with the Company. She is a vice-president of the CBI, a senior adviser of Bain Capital and a non-executive director of Rolls-Royce plc. She is a trustee of the Tate Gallery and an honorary fellow of Hertford College, Oxford. Until July 2008, she was chief executive of the Economist Group. Formerly, she was a non-executive director of BT Group plc and Northern Foods plc.

Note: The Company's Articles of Association require Directors to retire and submit themselves for reappointment by shareholders at the first AGM following their appointment and for reappointment at least every three years. Non-Executive Directors are initially appointed for a three-year term and, subject to review and reappointment by shareholders, can serve up to a maximum of three such terms. Upon the recommendation of the Nominations Committee, Mark Hanafin, Sam Laidlaw and Andrew Mackenzie are proposed for reappointment, each to serve a three-year term. The Combined Code on Corporate Governance (2006) states that any length of service beyond six years for a Non-Executive Director should be subject to particularly rigorous review and should take into account the need for progressive refreshing of the Board. In view of this, Helen Alexander is, and will in future, seek reappointment to the Board on an annual basis. The Board believes that each of the Directors standing for reappointment has considerable and wide ranging experience, which will be invaluable as the Company continues to grow its business both in the UK and overseas. Each of the Non-Executive Directors has given an assurance to the Board that they remain committed to their role as Non-Executive Directors and will ensure that they devote sufficient time to it, including attendance at Board and Committee meetings. The Board has determined that, other than the Chairman, each of the Non-Executive Directors (including Helen Alexander and Andrew Mackenzie) is independent.

Auditors

8. That PricewaterhouseCoopers LLP be reappointed as 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 to the Board 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 366 of the Companies Act 2006, the Company and any company which is, or becomes, a subsidiary of the Company during the period to which this resolution relates are authorised:
 - a) to make donations to political parties or independent election candidates, as defined in sections 363 and 364 of the Companies Act 2006, not exceeding £80,000 in total;
 - b) to make donations to political organisations other than political parties, as defined in sections 363 and 364 of the Companies Act 2006, not exceeding £80,000 in total; and
 - c) to incur political expenditure, as defined in section 365 of the Companies Act 2006, not exceeding £80,000 in total,during the period commencing on the date of the passing of this Resolution and ending at the close of business on 30 June 2010 or, if earlier, the date of the Company's AGM to be held in 2010.

Note: The Company has a policy that it does not make donations to, or incur expenditure on behalf of, political parties, other political organisations or independent election candidates. However, the Companies Act 2006 contains restrictions on companies making political donations or incurring 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, other political organisation or independent election candidate. 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 2006 when carrying out activities in the furtherance of its legitimate business interests. The Company neither made political donations nor incurred political expenditure in 2008.

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Increase in authorised share capital

11. That the authorised share capital of the Company be increased to £555,655,555 divided into 9,000,000,000 ordinary shares of 6¹⁴/₈₁ pence each and 100,000 cumulative redeemable preference shares of £1 each by the creation of 2,000,000,000 additional ordinary shares of 6¹⁴/₈₁ pence each forming a single class with the existing ordinary shares of 6¹⁴/₈₁ pence each in the Company.

Note: This Resolution proposes that the authorised share capital of the Company be increased from £432,198,765 to £555,655,555 by the creation of a further 2,000,000,000 ordinary shares of 6¹⁴/₈₁ pence each, representing a percentage increase of approximately 28.57%. This increase is being sought in order to give the Company sufficient authorised share capital to take full advantage of the ability to allot ordinary shares under the authorities proposed in Resolution 12.

Authority to allot shares

12. That the Directors be authorised to allot relevant securities (as defined in the Companies Act 1985):

- (a) up to a nominal amount of £105,092,036; and
- (b) comprising equity securities (as defined in the Companies Act 1985) up to a nominal amount of £210,184,073 (after deducting from such limit any relevant securities allotted under paragraph (a) above) in connection with an offer by way of a rights issue to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter,

such authorities to apply until the conclusion of the 2010 AGM (or, if earlier, until the close of business on 30 June 2010) but, in each case, so that the Company may make offers and enter into agreements during this period which would, or might, require relevant securities to be allotted after the authority ends and the Directors may allot relevant securities under any such offer or agreement as if the authority had not ended.

Note: Under section 80 of the Companies Act 1985, the Directors of the Company may only allot relevant securities if authorised to do so. Paragraph (a) of this Resolution would give the Directors the authority to allot shares up to an aggregate nominal amount equal to £105,092,036 (representing 1,702,490,996 ordinary shares of 6¹⁴/₈₁ pence each). This amount represents approximately one-third of the issued ordinary share capital of the Company as at 27 February 2009, the latest practicable date prior to publication of this Notice. In line with recent guidance issued by the Association of British Insurers, paragraph (b) of this Resolution would give the Directors authority to allot shares in connection with a rights issue in favour of ordinary shareholders up to an aggregate nominal amount equal to £210,184,073 (representing 3,404,981,992 ordinary shares), as reduced by the nominal amount of any shares issued under paragraph (a) of this Resolution. This amount (before any reduction) represents approximately two-thirds of the issued ordinary share capital of the Company as at 27 February 2009, the last practicable date prior to

publication of this Notice. The authorities sought under paragraphs (a) and (b) of this Resolution will expire at the earlier of 30 June 2010 (the last date by which the Company must hold an AGM in 2010) or the conclusion of the 2010 AGM. As at 27 February 2009, the Company did not hold any treasury shares. The Directors have no present intention of issuing any unissued shares other than pursuant to existing rights under employee share schemes; however, the Directors may consider issuing unissued shares if they believe it would be appropriate to do so in respect of business opportunities that may arise consistent with the Company's strategic objectives.

Authority to disapply pre-emption rights

13. That, subject to the passing of Resolution 12 set out above, the Directors be given power to allot equity securities (as defined in the Companies Act 1985) for cash under the authority given by that Resolution and/or where the allotment constitutes an allotment of equity securities by virtue of section 94(3A) of the Companies Act 1985, as if section 89(1) of the Companies Act 1985 did not apply to any such allotment, provided that such power be limited:

- (a) to the allotment of equity securities in connection with an offer of equity securities (but in the case of the authority granted under paragraph (b) of Resolution 12 set out above, by way of rights issue only) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and
- (b) in the case of the authority granted under paragraph (a) of Resolution 12 set out above, to the allotment (otherwise than under paragraph (a) of this Resolution) of equity securities up to a nominal amount of £15,765,382,

such power to apply until the conclusion of the 2010 AGM (or, if earlier, until the close of business on 30 June 2010), save that during this period the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted after the power ends and the Directors may allot equity securities under any such offer or agreement as if the power had not ended.

Note: This Resolution, and Resolutions 14 and 15, will be proposed as Special Resolutions, which require a 75% majority of the votes to be cast in favour. Under section 89(1) of the Companies Act 1985, if the Directors wish to allot any unissued shares for cash (other than in connection with any employee share scheme) they must in the first instance offer them to existing shareholders in proportion to their holdings (a pre-emptive 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-emptive offer to existing shareholders. The Articles of Association provide that the Board must take account of the provisions of the legislation relating to pre-emption rights. This Resolution would give the Directors the authority to allot ordinary shares (or sell any ordinary shares which the Company elects to hold in treasury) for cash without first offering them to existing shareholders in proportion to their existing holdings.

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This authority would be limited to allotments or sales in connection with pre-emptive offers, or otherwise up to an aggregate nominal amount of £15,765,382 (representing 255,399,189 ordinary shares). This aggregate nominal amount represents approximately 5% of the issued ordinary share capital of the Company as at 27 February 2009, the latest practicable date prior to publication of this Notice. In respect of this aggregate nominal amount, the Board does not intend to issue more than 7.5% of the issued share capital of the Company in any rolling three-year period. For the purposes of this Resolution, allotments and issues of shares include sales of treasury shares – see the note to Resolution 12 for further details. This authority will expire at the conclusion of the 2010 AGM or on 30 June 2010, whichever is the earlier.

Authority to purchase own shares

14. That, pursuant to the Company's Articles of Association as in force from time to time, 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 6¹⁴/₈₁ pence each in the Company (ordinary shares) provided that:

- a) the maximum number of ordinary shares hereby authorised to be purchased is 510,798,378;
- b) the minimum price which may be paid for each such ordinary share is 6¹⁴/₈₁ pence;
- c) the maximum price which may be paid for each such ordinary share is the higher of: (i) an amount equal to 105% 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 2010 AGM or at close of business on 30 June 2010, 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 employee share 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. No shares were repurchased and cancelled during the period 1 January 2008 to 27 February 2009.

This Resolution specifies the maximum number of shares that may be acquired (10% of the Company's issued ordinary share capital as at 27 February 2009) and the maximum and minimum prices at which they may be bought. The total number of options and awards over ordinary shares that were outstanding as at 27 February 2009 was 89,460,289 representing approximately 1.75% of the issued share capital of the Company at that date (approximately 1.95% if the authority to purchase shares under this Resolution is used in full).

Notice of general meetings

15. That a general meeting other than an annual general meeting may be called on not less than 14 clear days' notice.

Note: It is intended that the Shareholder Rights Directive be implemented in the UK in August 2009. One of the requirements of the Directive is that all general meetings must be held on 21 days' notice unless shareholders agree to a shorter notice period. Under the Companies Act 2006, the Company is permitted to call general meetings (other than an annual general meeting) on 14 days' notice. The Company is therefore seeking authority under this resolution to continue to hold general meetings on 14 days' notice after the Directive is implemented. This approval will be effective until the Company's next annual general meeting, when it is intended that a similar resolution will be proposed. The Company will also need to meet the requirements for electronic voting under the Directive before it can call a general meeting on 14 days' notice after August 2009.

The Board confirms that in its opinion all of the Resolutions 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 the Remuneration Report (Resolution 2) on which they will not vote as interested parties, and any Director in respect of his or her own reappointment (Resolutions 4 to 7 inclusive).

By order of the Board



Grant Dawson

General Counsel & Company Secretary
3 March 2009

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.

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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, speak and vote instead of him or her provided that each proxy is appointed to attend, speak and vote in respect of a different share or shares. A proxy need not be a shareholder. Appointing a proxy will not prevent a shareholder from attending in person and voting at the Meeting. If a share is held by joint shareholders and more than one of the joint shareholders votes (including by way of proxy), the only vote that will count is the vote of the person whose name is listed before the other voters on the Register for the share.
2. You may register your proxy appointment or voting directions electronically by visiting www.sharevote.co.uk, where full details of the procedure are given (see note 3 below for deadlines). If you return more than one proxy appointment, either by paper or electronic communication, that which is 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 advantaged or 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, no later than 2.00 pm on 9 May 2009, 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 12.
4. Voting by multiple corporate representatives will be facilitated at the meeting in accordance with Appendix B of the ICSA Guidance on Proxies and Corporate Representatives at General Meetings dated February 2008 and available from www.icsa.org.uk.
5. Any person to whom this Notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a Nominated Person) may, under an agreement between him or her and the shareholder by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
6. The statement of the rights of shareholders in relation to the appointment of proxies in notes 1 and 2 above does not apply to Nominated Persons. The rights described in these notes can only be exercised by shareholders of the Company.
7. 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 1.00 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; and
 - d) a copy of the Company's Memorandum and Articles of Association.
8. The Company, pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those shareholders listed on the Register as at 2.00 pm on 9 May 2009 (or, if the Meeting is adjourned, 48 hours before the time fixed for the adjourned Meeting) shall be entitled to attend and 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 after such time shall be disregarded in determining the rights of any person to attend or vote at the Meeting.
9. 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. Also, a summary of the business transacted will be available, on written request, from the Company Secretary at the Company's registered office.
10. As at 27 February 2009 (being the last practicable date prior to the publication of this Notice) the Company's issued share capital consists of 5,107,983,787 ordinary shares, carrying one vote each. Therefore, the total voting rights in the Company as at 27 February 2009 are 5,107,983,787.
11. Copies of this Notice of Meeting, the Annual Report 2008 and Annual Review 2008 are available on the Centrica website at www.centrica.com.

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Electronic proxy appointment through CREST

12. 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 11 May 2009 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 our Registrars, Equiniti, (ID RA19) no later than 2.00 pm on 9 May 2009, or, if the Meeting is adjourned, 48 hours before the time fixed for the adjourned Meeting. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.
13. CREST members and, where applicable, their CREST sponsors, or voting service providers should note that CRESTCo does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that his CREST sponsor or voting service provider(s) take(s) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.
14. The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

Directions to the Annual General Meeting

Queen Elizabeth II Conference Centre

London SW1

Monday 11 May 2009 at 2.00 pm



The doors will open at 1.00 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.

Alternative formats

If you would like this Notice in an appropriate alternative format, such as large print, Braille or on CD, you can request these in the following ways:

Telephone 0800 111 4371

Textphone 18001 0800 111 4371

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

0871 384 2985 (calls to this number are charged at 8 pence per minute from a BT landline. Other providers' telephony costs may vary).