

centrica

taking care of the essentials

Preliminary Results

Full Year 2001

21 February 2002

Investor Relations
Millstream
Maidenhead Road
Windsor
Berkshire
SL4 5GD

Phone: 01753 494900
Fax: 01753 494909

www.centrica.com
Email: IR@centrica.co.uk

This document is being distributed only to and is directed only at (a) persons who have professional experience in matters relating to investments falling within Article 19(1) of the Financial Services and Markets Act 2000 (Financial Promotion) Order 2001 (the “Order”) or (b) high net worth entities, and other persons to whom it may otherwise lawfully be communicated, falling within Article 49(1) of the Order (all such persons together being referred to as “relevant persons”). Any investment activity to which this presentation relates is available only to and will be engaged in only with relevant persons. Any person who is not a relevant person should not act or rely on this presentation or any of its contents.

These materials are not for distribution, directly or indirectly, in or into the United States. These materials are not an offer of the Centrica Shares for sale into the United States. The Centrica Shares have not been and will not be registered under the U.S. Securities Act of 1933 and may not be offered or sold in the United States unless they are registered or exempt from registration. There will be no public offer of Centrica Shares in the United States.

Roy Gardner

CHIEF EXECUTIVE

Results in Brief

£m	2nd half 2001	2nd half 2000 *	Full year 2001	Full year 2000 *
Sales	5,858	5,226	12,611	9,933
Operating profit **	242	122	679	526
Earnings **	150	40	482	406
Operating cash flow **	502	655	869	1,139
Dividend	1.9p	1.7p	3.1p	2.8p

- Earnings pre-excep & g'will up 29% pre-FRS 19, 19% post-FRS 19
- Second half operating profit up 98% on second half 2000
- Electricity operating profit up £147m on 2000
- AA Road and Personal Finance £74m profit, up 51%
- Full year contribution of £68m from North America
- Full year dividend growth of 11%

* as restated

** pre exceptional charges and goodwill

- At £150m, H2 earnings more than three times H2 2000, reflecting growing momentum, laying strong foundation for future growth.
- Electricity moved into profit, £40m for the full year, contributing to overall 23% increase in energy supply operating profit.
- North America contribution of £68m after investment for future growth.

Delivering the Strategy

Business highlights

- Strong organic turnover growth
 - Increasing product breadth
 - Leveraging & investing in our brands
 - Cross selling attractive propositions to customers we know
- Demonstrating financial scalability
 - Controlling costs, growing revenue, new channels
 - Synergies: gas/electricity, multiple home and finance products
- Acquisitions adding value
 - AA motoring, insurance, loans: all delivering returns
 - North America: operating profit up £60 million
- New Businesses for future growth
 - Communications, Goldfish
 - European energy

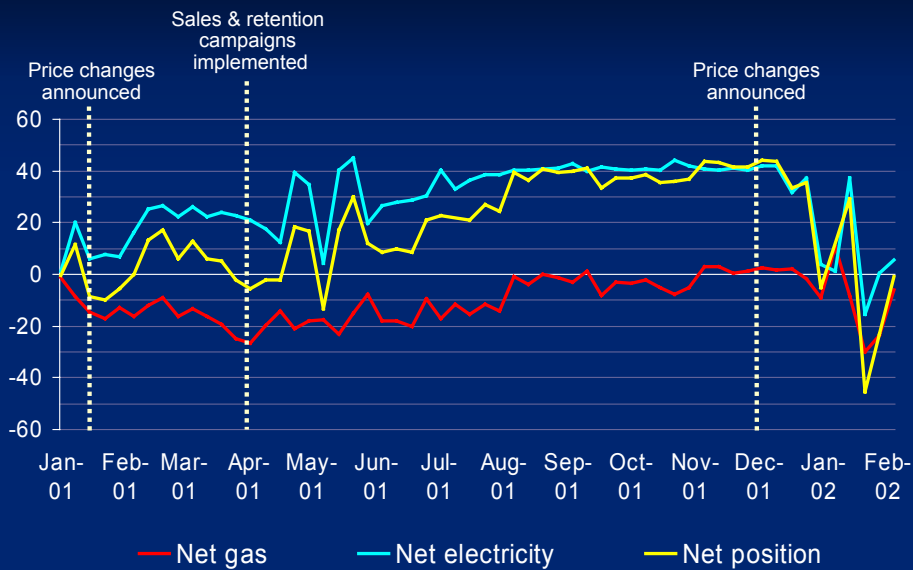
Funding Strategy

- Accelerated opportunities
- Financial flexibility
- Continued investment in organic growth

- Acquisition opportunities have accelerated, financial flexibility needed to take advantage of these.
- Profitable growth opportunities for companies with sufficient liquidity and management depth.
- Placing will give this financial flexibility.

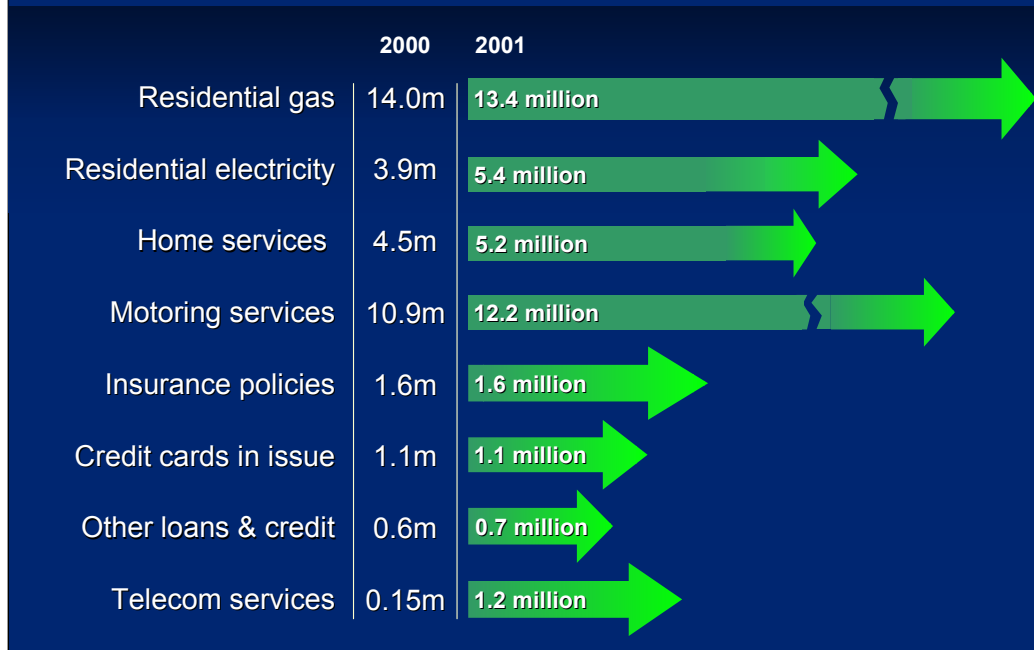
Residential Gas & Electricity Customers

Weekly movements ('000's)



- Raised residential gas prices from April 2001. Saw initial increase in gas customer losses, successfully implemented retention campaigns.
- In H2, average weekly losses were reduced, and gains increased, with net overall gains for several weeks in November and December.
- Since competition, nearly 3m gas customers have returned to British Gas, and gained over a further 1m new customers.
- Weekly electricity sales reached record levels - over H2 nearly doubled gains to around 40,000 customers a week on average.
- Noise in numbers in recent weeks reflecting 2002 gas price increase and Christmas holiday break. Pattern as expected, and initiatives planned to turn the position around.

Customer Product Relationships (UK)



- Customer & product relationships are at the heart of our business model.
- Now benefiting from more customer product relationships than ever.
- Achieved targets for both gas & electricity, ending year with 67% and 22% of the markets respectively.
- Became the largest supplier to the UK residential electricity market - entirely through organic growth.
- 3%pts increase in overall energy market share to 42%.
- Multi-product relationships with customers is a key part of the strategy.
- Customers taking 2 products are worth more than 2 customers each taking a single product as multi-product customers have a higher propensity to stay.
- AA motoring membership grew by over 10% to over 12 million, retention rates remain high at over 80%.
- 3.4m financial service relationships including insurance, credit cards, car & other loans.
- 1.2m active telecom services by year end. Strong presence in international calling market with nearly 18% of call minutes.

Product Breadth

- UK Energy: Gas to electricity; focus on B2B channel
- Home: CHI growth; plumbing & appliance cover
- AA Road: Vehicle inspection & service; sourcing; tyres
- AA Finance: Wider panel; record loans
- Goldfish: Card focus; new savings, loan, insurance
- Telecoms: Single-bill bundles; broadband service



- Expanding product breadth is a key enabler of customer numbers growth.
- Following success in residential energy, established separate B2B unit focusing on doing same in commercial market.
- Multi-product offering in Home Services is strong support for energy business and growth area in its own right.
- Revenue from Central Heating installations increased 21% year on year. Launched home electrical cover, over 140,000 contracts by year end.
- AA Road adding to product offerings within the "Motoring Continuum" - vehicle inspection and servicing, sourcing and financing new and used cars.
- AA Personal Finance bringing new members onto insurance panel, negotiating better deals with existing panel members. Demand for loans at record level.
- Goldfish focus on maximising value and use of Goldfish Credit Card. Obtained banking licence. Launched Home insurance. Later Q1 plan to launch travel insurance and a guarantee savings bond. Savings product due Q2. Personal loans summer 2002.
- Telecoms become well established in just over a year. Offer fixed mobile and internet services on a single bill. Broadband services should add to growth in the future.

Operations

- UK Energy: Electricity profitable; gas margins to improve
- Home: Benefits of scale; growing engineer force
- AA Road: Callout efficiency; reduced waiting time
- AA Finance: Further productivity gains; online service
- Goldfish: Maximise card value; new marketing
- Telecoms: Customer value; One.Tel technology & synergies; regulatory change



- Electricity business moved into profit. In gas supply look forward to seeing positive impact from the 5.3% price rise.
- Home Services benefits of scale from growing product line. Need to continue to increase engineering workforce.
- AA Road increasing productivity as membership growing - increasing number of service calls per average staff day whilst also reducing average customer waiting time.
- AA Personal Finance also increasing efficiency and improving customer retention. TheAA.com website generating new motor insurance business - online quotes increased from 26% to 43% over 2001. Total website sales of £60m.
- Gained full control of Goldfish Credit Card business on 3rd September. Recent brand tracking showing increased awareness of Goldfish in target markets further strengthening the brand through TV advertising.
- One.Tel integration progressing well. Realising synergy benefits e.g. billing and direct marketing - enhanced technology, efficiency and profitability.
- Frustrated by the slow pace of regulatory change but encouraged by OfTel's price control proposals for BT. Still lobbying for necessary changes to carrier pre-selection process.
- Until regulatory change takes effect, value-enhancing volume growth will remain difficult. Continuing to increase value of our customer base by introducing more products targetted at higher value customers.

Customer Relationship Management

- Customer data warehouse providing building block to real time capability in CRM
- Partnership with Accenture
- Investing £340m over 5 years
- Scale and cross selling skills enable a return on investment, over £100m per annum within British Gas
 - Customer service, operating costs, e-business



- Seen benefits from applying customer intelligence - high sales, reduced marketing costs and increased productivity of the sales force.
- Now able to analyse customer data across all UK brands to gain better understanding of customer value.
- Now making significant investment in delivering next generation CRM to the frontline.
- Working with Accenture investing £340m over 5 years to deliver greater capability to sell and service multi-products and superior customer service. Invested around £60m in 2001.
- Anticipate benefit of over £100m per annum by the end of the project from increased efficiency, reduced operating costs and business growth.
- Initially system will be delivered across the British Gas brand - architecture and systems will be transportable.

Investments & Acquisitions

- UK Energy: Enron Direct customers, upstream assets
- Home: National Homecare & Trolhurst engineers
- AA Road: Halfords garages; car sourcing with Inchcape
- AA Finance: Growing loan book; Golf England
- Goldfish: Significant banking platform infrastructure
- Telecoms: Revenue & infrastructure investment

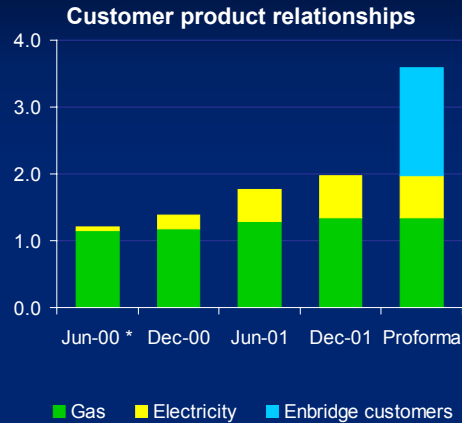


- Continue to invest to generate organic growth and good contributions from acquisitions.
- Nearly doubled size of UK commercial business segment by buying customers of Enron Direct. In this sector on average each customer uses around 5 times the energy consumed by a residential customer.
- Increased deliverability and reserves at Morecambe and acquired additional interests in equity reserves. Acquired power generation capability to provide source flexibility for peak time electricity.
- Home Services secured workforce capacity through acquisitions of National Homecare and Trolhurst Ltd.
- Acquired Halfords Garages, being rebranded AA Service Centres and invested with Inchcape to create AA branded car sourcing service.
- Invested in Golf England - A smart card and credit card venture.
- Investment in Goldfish Financial Services infrastructure of £32m in 2001.
- Telecoms revenue investment of £64m in 2001

North America

Existing business & market context

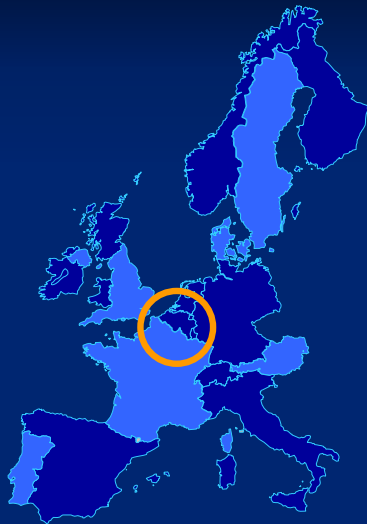
- Growth in Canada, Ontario electricity opens May 2002
- Operating in Texas
- Planning market entry where deregulation commitment exists in other key states
- Acquisitions complement organic growth
- Enbridge services



* pre-Centrica acquisition

- Using valuable experience in Britain to export our multi-product business model.
- Supplying over 1.3m gas customers in NA more than 600k have signed up to take electricity from us when Ontario market opens.
- Texas power market opened in January giving access to potential market of over 5m households with peak electricity demand at nearly 80% of UK levels. Energy America now signing up customers on 3 year contracts at around 1,000 a day - over 25,000 already.
- Deregulation progress on state-by-state basis is variable. Focusing our resources on states which are more advanced - up to 20m households.
- Organic growth will be complemented with acquisitions.
- Timing of the Enbridge opportunity was such that it necessitated the acquisition of physical assets. Our balance sheets strength gave us the ability to take advantage of the opportunity, and to refinance these assets at the right pace to maximise value.

Europe



- First European energy customers through Luminus in Belgium, over 750,000 customers from mid 2003
- Platform in the EU
 - energy deregulation directive under review
 - Barcelona summit of Heads of Government in May

- Luminus has provided access to customer base without networks. Will have over 750k energy customer relationships when residential market opens in 2003.
- Continuing our lobby for liberalisation across Europe. Hope to see progress and commitment to timescales during the Spanish Presidency of the EU.
- Target remains to achieve 5m customer product relationships in Europe.

Summary

- Sustain organic growth
- Realise further financial scalability
- Acquisitions continue to add value
- New businesses for future growth

Phil Bentley

GROUP FINANCE DIRECTOR

Financial Highlights

£m	2001	2000 *	Growth
Turnover	12,611	9,933	19% ¹
Gross profit	2,387	2,012	19%
Operating profit ²	679	526	29%
Interest	(43)	(28)	(54%)
Tax	(164)	(92)	(78%)
Minority interests	10	-	-
Earnings ²	482	406	19%
Operating cash flow ²	869	1,139	(24%)

¹ Excluding Accord

² All figures before exceptional charges & goodwill

*as restated

- Full year turnover increase (ex Accord) of 19%, 14% for H2.
- Gross profit up 19% whilst operating profit pre-exceptionals & goodwill up 29% reflecting financial scalability of business growing from controlled cost base. Operating profit margin excluding trading activities also up slightly, to 7.3%.
- High interest charges, £43m reflects acquisitions leading to higher net debt.
- Increase tax to £164m from £92m due to higher upstream profits.
- Adopted FRS19, recognise a greater proportion of deferred tax assets on our balance sheet. Earnings pre-exceptionals and goodwill were up 19% to £482m, would have been up 29% to £503m on pre-FRS19 basis.
- FRS17 not adopted. Impact in 2001 would have been incremental charge to earnings of £16m and reduction in net assets of £117m.
- Operating cash flow down to £869m, due to first PRT cash payment, £191m, for South Morecambe.

Operating Profit Analysis

(including JV's & Associates, pre exceptionals & goodwill amortisation)

£m	2nd half 2001	2nd half 2000 *	Full year 2001	Full year 2000 *
UK Gas Production	216	218	552	309
UK Residential Gas	(55)	(11)	3	294
UK Non-residential Gas	21	10	41	55
UK Electricity	21	(62)	40	(107)
Accord	6	(9)	16	(20)
Total UK Energy Supply	209	146	652	531
British Gas Home Services	25	17	36	26
AA Road Services	15	7	37	25
AA Personal Finance	21	9	37	24
North America	39	8	68	8
Goldfish Financial Services	(10)	(9)	(32)	(15)
Telecommunications	(45)	(39)	(97)	(49)
Other Activities	(12)	(17)	(22)	(24)
Total continuing operations	242	122	679	526

* as restated

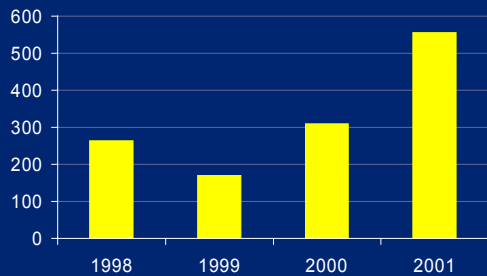
- UK Energy, Home Services, The AA and North America all made substantial contributions to the 29% operating profit increase.
- Strong improvements in Energy Supply, up 23%, improvements in electricity and gas production more than offset virtual elimination of residential gas margin.
- H2 operating profit nearly doubled to £242m compared to H2 2000 due to improvement in Electricity, The AA and inclusion of North America for the full six months.
- Starting to see higher proportion of profit from non-UK energy businesses. For full year The AA, British Gas Home Services and North America contributed £178m, over a quarter of total operating profit compared to 16% in 2000.

UK Gas Production

(including JV's & Associates, pre exceptionals & goodwill amortisation)

£m	2nd half 2001	Change 2000	Full year 2001	Change 2000
Equity production (m therms)	1,654	(25%)	4,287	(6%)
Operating profit	216	(1%)	552	79%

Operating Profit (£m)



- Full year production near 2000 record, wholesale prices increased margin
- Invested £60m improving deliverability and reserves
- Adding value through processing agreements

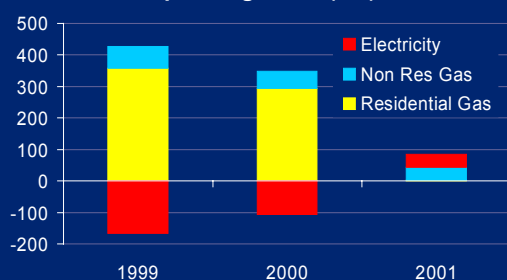
- Gas production down 6%, H2 down 25%. Higher market prices for gas (nearly 50%) led to profit up 79% to £552m.
- Although production at Morecambe has peaked, production in 2002 likely to fall by similar amount year-on-year as in 2001.
- Year end UK gas reserves of 2.7 TCFs.

UK Energy Supply

(including JV's & Associates, pre exceptionals & goodwill amortisation)

£m	2nd half 2001	Change 2000	Full year 2001	Change 2000
Total WACOG (p/therm)	20.5	12%	20.5	25%
Gas turnover	2,279	(1%)	5,410	4%
Gas operating profit	(34)	(33)	44	(305)
Total WACOE (p/kWh)	2.6	(18%)	2.6	(19%)
Electricity turnover	714	56%	1,242	57%
Electricity operating profit	21	83	40	147

Operating Profit (£m)



- Residential gas margins eliminated in 2001; price increases to assist in 2002
- Electricity profitable, sales up 57% in 2001 and rising
- 42% share of energy market; 67% gas, 22% electricity

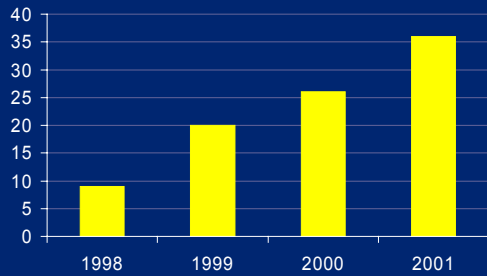
- Gas turnover up year on year, April price rise offset 3% fall in market share and lower volumes from warm weather in Q4.
- Electricity turnover up 57% reflecting increased market share. Operating profit improvement of £147m after £66m revenue investment.
- Weighted average cost of electricity fell 19% reflecting reduction in market prices under NETA and our trading & demand forecasting expertise.

British Gas Home Services

(including JV's & Associates, pre exceptionals & goodwill amortisation)

£m	2nd half 2001	Change 2000	Full year 2001	Change 2000
Turnover	383	15%	722	14%
Operating profit	25	47%	36	38%
Operating margin	6.5%	+ 1.4% pts	5.0%	+ 0.9% pts

Operating Profit (£m)



- Business scalability being demonstrated
- 15% growth in Central heating installations; 6% growth in revenue per installations
- £62m revenue from products introduced in the last three years

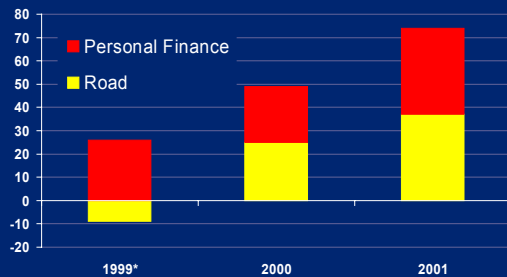
- Home Services demonstrates growth in new products and scalability providing improved profit.
- Year on year turnover increased 14% to £722m whilst operating profit up 38%.
- Growth in all contract offerings, nearly 9% of year's turnover from products introduced in the past three years.
- New products such as Home Electrical Cover and Plumbing and Drains Cover driving margins higher towards long term aim of 8-10%.

AA Road & Personal Finance

(including JV's & Associates, pre exceptionals & goodwill amortisation)

£m	Road Services		Personal Finance	
	2001	△2000	2001	△2000
Turnover	486	9%	141	10%
Operating profit	37	48%	37	54%
Operating margin	7.6%	+ 2.0% pts	26.2%	+ 7.5% pts

Operating Profit (£m)



*acquired by Centrica Sept 1999

- Good turnover growth
- Margin improvements
- Continue to broaden range of services
- Good take-up of complementary payment plans

- The AA demonstrates acquisitions paying off, and on target to deliver the £85m net profit improvement by 2003.
- Record Road membership & higher patrol productivity drove operating margins up 2%pts, despite high callouts Q1.
- Personal Finance operating margins benefited from increase in commissions and e-commerce investments payback, starting to reduce cost to serve.

North America

(including JV's & Associates, pre exceptionals & goodwill amortisation)

£m	1st half 2001	2nd half 2001	Change H1/H2	Full Year 2001
Turnover	432	336	(22%)	768
Revenue investment	(14)	(14)	-	(28)
Operating profit	29	39	34%	68
Operating margin	6.7%	11.6%	+ 4.9% pts	8.9%

- H2/H1 turnover reduction due to lower commodity prices
- Wholesale market volatility mitigated by hedges, fixed contracts
- Operating profit of £68m; revenue and infrastructure investments continue
- Continuing growth to 3.6m customer product relationships
- H2/H1 profit up due to more customers, higher ASPs

- Operating profit of £39m in H2 compared to £29m in H1.
- Developing integration plans and stretching the targets for synergy delivery for new acquisitions.
- With 3.6m customer product relationships, achieved critical mass from which we can grow, both organically, and through value creating acquisitions.

Investing for Growth

Goldfish

- From 3 September, card revenue of £34m, operating profit of £5m - after £2m advertising
- Anticipate returns in 2003 following cost reductions, card growth, new products
- Receivables book at £677m, with tier-1 capital of £120m

Telecoms

- Migrating to enhanced technology platform
- £97m loss after £64m revenue investment
- 2002 focus on growth in customer value
- ARPU of £13.50 in H2, up ~20% over H1
- Plan 2003 break-even

- Investing to grow UK Telecoms and Goldfish.
- In period from 3 September when gained complete control of Goldfish Credit Card to year end, Card generated £34m revenue and £5m operating profit after £2m marketing expenses.
- In 2002 expect to see increased profitability of Goldfish Credit Card, offset by continuing development expenditure of the Goldfish Bank platform, leading to anticipated results at similar level to 2001.
- As new products roll-out and Credit Card grows, expect division to break even in 2003.
- In Telecoms considerable benefits from One.Tel acquisition. Strong technology platform being rolled out into British Gas Communications.
- Since acquisition One.Tel has delivered £4m operating profit. Expect to see continued improvement in both our aggregate ARPU and reduced churn.
- In 2002 we will continue to grow sales, from a controlled cost base. Lower revenue investment will lead to substantially lower losses in 2002, with breakeven our objective in 2003.

Financial Value Drivers

- Strong organic turnover growth
 - Electricity up 57%; Home up 14%; AA up 6% & 10%

- Demonstrating financial scalability

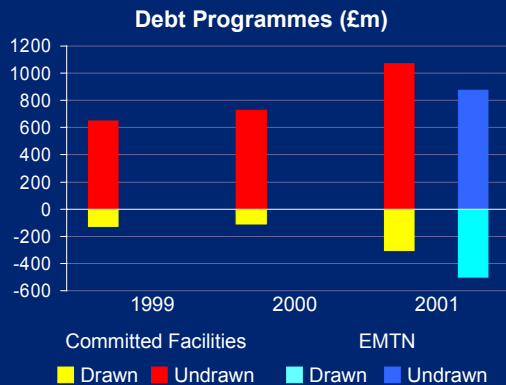
Op Margin	Electricity	Home	AA Road	AA Finance	N.America
2000	-14%	4%	6%	19%	3%
2001	3%	5%	8%	26%	9%

- Acquisitions paying off
 - Operating profit: AA Road & Personal Finance at £74m; N America up £60m
- New businesses for future growth
 - Goldfish £(32)m; Telecoms £(97)m; Europe

- Delivering top line growth throughout our businesses and will continue in 2002.
- Financial scalability is driving operating margin improvements.
- Acquisitions continue to play key role in delivering strategy - those completed are performing above our expectations.
- Have the confidence and financial strength to invest behind new businesses to drive future growth.

Capital Structure

£m	Full year 2001	Full year 2000
EBITDA / (Net interest & div.)	6.1x	6.1x
Debt (ex Goldfish) / book cap	22%	8%
Debt (ex Goldfish) / EBITDA	0.4x	0.1x



- Prudent capital structure fund working capital swing
- Strong balance sheet allows us to seize profitable growth opportunities
- Debt facilities and equity placing to support organic investment and acquisitions

- In past 3 years have bought a number of businesses, financed mainly through own cash flow generation with some minimal debt.
- Debt to book capitalisation and interest coverage ratios strong. Look to maintain our A2/A long term rating enabling us to access the US CP market to fund seasonal working capital swing.
- Strong balance sheet has enabled us to seize profitable growth opportunities when they have arisen. Existing debt facilities, combined with proposed cash placement, provide sufficient headroom to meet both near-in opportunities, as well as our stretching targets without further reverting to the equity market.
- On a pro-forma basis post the acquisition, cash placing restores our balance sheet ratio's to year end levels.

Solid Platform for Value Growth

- Top-line & earnings growth in chosen markets
- Continuing investment in organic growth opportunities
- Balance sheet strength & management depth to sustain market leadership, seize profitable opportunities
- Ability & credibility to succeed in uncertain times
- Acquisitions in line with strategic and financial goals; successful record of value extraction

- Will continue to invest both organically and via acquisition. Believe further opportunities will arise for well capitalised companies such as Centrica, with focused strategies and speed of execution.
- Ready to move forward to next phase of our development.

Proposed Placement Details

- The offering: cash placing of 200m new ordinary shares
- Listing: Official UKLA list, traded on LSE
- Shares to be placed via accelerated book build
- Settlement T+3
- Ranking: Fully *pari passu* with existing ordinary shares
- No further equity fundraising for foreseeable future

- Aim to place some 200m ordinary shares of 5 5/9 pence each.
- The Placing will be at a price established through an accelerated book building process - books to close no later than noon 22 February 2002.
- Placing shares will be credited as fully paid, *pari passu* with existing ordinary shares, and will be cum-dividend.
- Agents: Cazenove & Co, and Hoare Govett Ltd

Financial Discipline

- Aim to achieve upper quartile TSR
- Value-based target setting for strategic planning
- Competition for capital
- Performance Management processes
- Risk management framework
- Ratings modelling

- Will continue to set stretching targets & aim to achieve upper quartile TSR.
- Value based targets are embodied in our strategic plans.
- Competition for Capital set by reference to the value-creation opportunity, as well as strategic fit, size, and ease of implementation.
- Structured Business Performance Management process to ensure targets are delivered and strategy linked closely to execution.
- Within risk management, set limits across all trading exposures.
- Credit-rating models used in-house to ensure appropriate headroom to execute business plans.
- Placing will provide optimum funding capacity to meet stretching targets.

Outlook

- Excellent progress since demerger
- Still targeting top quartile returns
- Outlook for improved gas and electricity supply profit
- Increased profit contribution from new businesses
- Business model working
- Using UK experience to deliver value internationally
- Financial & management capability to deliver our vision

Appendices

Turnover

£m	2nd half 2001	2nd half 2000	Full year 2001	Full year 2000
UK Residential Gas	1,659	1,757	4,029	4,078
UK Non-residential Gas	620	536	1,381	1,110
UK Gas Production/Accord	1,673	1,550	3,650	2,410
UK Electricity	714	457	1,242	792
Total UK Energy Supply	4,666	4,300	10,302	8,390
British Gas Home Services	383	333	722	636
AA Road Services	253	221	486	447
AA Personal Finance	72	68	141	128
North America	336	267	768	267
Goldfish Financial Services	22	-	22	-
Telecommunications	88	1	102	1
Other Activities	38	36	68	64
Total continuing operations	5,858	5,226	12,611	9,933

Summary Profit & Loss Account

£m	2nd half 2001	2nd half 2000 *	Full year 2001	Full year 2000 *
Turnover	5,858	5,226	12,611	9,933
Gross margin	1,158	893	2,387	2,012
Operating costs	(950)	(781)	(1,755)	(1,504)
Operating profit including associates & joint ventures	242	122	679	526
Net interest	(23)	(11)	(43)	(28)
Taxation	(73)	(71)	(164)	(92)
Minority interest	4	-	10	-
Underlying earnings	150	40	482	406
Goodwill & exceptionals	(106)	(44)	(159)	(71)
Earnings	44	(4)	323	335
EPS (adjusted basic pence)	3.8	1.0	12.1	10.2
DPS (pence)	1.9	1.7	3.1	2.8

* as restated

Operating Profit* Causal Track

£m

Year to December 2000 (as restated)	526
Higher gas input costs	(305)
Increased electricity customers, lower input costs	147
Increase in gas production sales price	243
Energy trading	36
Full year contribution from North America	60
AA Road Services & Personal Finance	25
Telecoms	(48)
Other	(5)
Year to December 2001	679

*Including JV's & associates, before exceptional charges & goodwill amortisation

Impact of FRS 19

£m	2001	2000 ²
P & L ¹		
Underlying earnings pre-FRS 19	503	389
Tax from FRS 19	(21)	17
Underlying earnings post FRS 19	482	406
Balance Sheet		
Net assets pre-FRS 19	1,452	1,193
Net deferred tax assets	84 ³	105
Net assets post FRS 19	1,536	1,298

¹ Before exceptional charges & goodwill amortisation

² As restated at half year for mark to market accounting

³ Includes £6m in respect of joint venture investments

Impact of FRS 17

Proforma, had the standard been adopted in 2001

£m	FRS 17	SSAP 24	Change
P & L			
Amount charged to operating profit	107	54	53
Amount charged to net finance income	(37)	-	(37)
Net charge to profit & loss	70	54	16
Balance sheet			
Total pension assets	2,193		2,193
Present value of pension liabilities	(2,526)		(2,526)
Deficit in schemes	(333)		(333)
Related deferred tax assets	100		100
Net pension liability	(233)	(116)	(117)

Gas

Volumes, Pricing & Input Cost

£m	2nd half 2001	2nd half 2000	Full year 2001	Full year 2000
Turnover	2,279	2,293	5,410	5,188
Operating profit (overall)	(34)	(1)	44	349
Operating margin %	(1.5%)	-	0.8%	6.7%
Residential sales				
Turnover (£m)	1,659	1,757	4,029	4,078
Volume (m therms)	3,594	3,995	9,029	9,235
Price (p/therm)	45.3	43.1	43.5	43.4
UK Non-residential sales				
Turnover (£m)	620	536	1,381	1,110
Volume (m therms)	2,617	2,608	5,772	5,567
Price (p/therm)	23.7	20.4	23.9	19.9
UK Total WACOG (p/therm)	20.5	18.3	20.5	16.3

Electricity

Volumes, Pricing & Input Cost

£m	2nd half 2001	2nd half 2000	Full year 2001	Full year 2000
Operating profit	21	(62)	40	(107)
Operating margin %	2.9%	(13.6%)	3.2%	(13.5%)
UK Sales				
Turnover (£m)	714	457	1,242	792
Volume (GWh)	11,818	7,392	20,621	12,782
Price (p/kWh)	6.0	6.2	6.2	6.2
UK Total WACOE (p/kWh)	2.6	3.2	2.6	3.1
UK Equity generation (GWh)	2,964	-	3,268	-

WACOE = Weighted average cost of electricity. Excludes transmission costs

Goldfish

£m

Acquisition of credit card

Receivables	692
Purchase of customers	86
Total consideration (£68m to pay in 2002)	778
Receivables acquired	692
Net liabilities acquired	(57)
	635
Goodwill	143

- Goodwill will be amortised over 10 years
- As at 31 December 2001, receivables stood at £677m of which £610m was financed by a Lloyds TSB working capital facility

Cash Flow before Financing

£m	Full year 2001	Full year 2000 *
Operating cash flow	869	1,139
Capital expenditure	(337)	(165)
Tax, interest & dividends rec'd	(108)	(150)
sub-total	424	824
Acquisitions (net of disposals)	(607)	(590)
Exceptional payments	(44)	(76)
Dividends	(115)	(103)
Total	(342)	55
Net debt excluding Goldfish	(433)	(117)
Total net debt	(1,043)	(117)

* as restated

Capital Expenditure

£m	2nd half 2001	2nd half 2000	Full year 2001	Full year 2000
British Gas Energy supply	(119)	(47)	(157)	(82)
British Gas Home Services	(14)	(6)	(18)	(11)
AA Road Services	(8)	(1)	(9)	(4)
AA Personal Finance	(2)	-	(3)	-
Energy Supply North America	(34)	(6)	(50)	(6)
Goldfish Financial Services	(18)	-	(18)	-
Telecommunications	(13)	(9)	(19)	(18)
Other Activities	(52)	(19)	(63)	(19)
Total	(260)	(88)	(337)	(140)

Exceptionals & Goodwill

£m	2nd half 2001	2nd half 2000	Full year 2001	Full year 2000
AA integration restructuring	(8)	(11)	(21)	(14)
Exposure to Enron	(37)		(37)	
LPG impairment	(8)		(8)	
Telecom billing system	(14)		(14)	
Total exceptionals	(67)	(11)	(80)	(14)
Goldfish	(5)		(5)	
Energy Supply	(1)		(1)	
Road Services	(17)	(18)	(35)	(36)
AA Personal Finance	(6)	(7)	(14)	(14)
Telecoms	(2)		(2)	
North America	(14)	(10)	(29)	(10)
Total goodwill	(46)	(35)	(86)	(60)
Total exceptionals & goodwill	(113)	(46)	(166)	(74)
Associates goodwill	(2)		(2)	
Tax benefit	9	2	9	3
Total net exceptionals & goodwill	(106)	(44)	(159)	(71)

Transactions - First half 2001

- Energy America - Completion - US energy supply
- Agreement with The First Resort Limited
- Greensource - Home servicing business Canada
- National Homecare - UK Electrical Servicing business
- Humber Power - 750MW Capacity power station

Transactions - 2nd Half 2001

- One.Tel - UK Telecoms provider
- Luminus - Joint Venture with Belgian Municipal Utilities
- Halfords garages - To be branded AA Service Centres
- Power Stations - King's Lynn & Peterborough
- Credit/Loyalty card - In partnership with the English Golf Union & AdvancedWave Limited
- Customers of Enron Direct
- Trolhurst - Gas servicing company
- Partnership with Inchcape - car sourcing

Acquisition Payments

£m	
First Half 2001	(103)
Second Half 2001	
Subsidiary undertakings	(1,071)
Joint Ventures	(43)
Deferred consideration	(8)
Cash acquired	17
Overdraft acquired	4
Draw down on Goldfish working cap facility	590
Proceeds from disposal	7
subtotal	(504)
Total 2001	(607)