Exhibit A-10
Principal Officers, Directors and Partners

The following is a current list of the Officers of Direct Energy Business, LLC:

Maura Clark
Director, President
1001 Liberty Avenue
Pittsburgh, PA 15222
412.804.5555

Badar Khan
Director
12 Greenway Plaza
Suite 600
Houston, TX 77046
713.877.3910

Lisa Delsante
Secretary
1001 Liberty Avenue
Pittsburgh, PA 15222
412.667.5151

Bray Dohrwardt
Vice-President
12 Greenway Plaza
Suite 600
Houston, TX 77046
713.877.3851

Eric Stephens
Vice-President
12 Greenway Plaza
Suite 600
Houston, TX 77046
713.877.3677

John Franciscus
Assistant Secretary
1001 Liberty Avenue
Pittsburgh, PA 15222
412.667.5270

Paul Dobson
Senior Vice-President, Finance
1001 Liberty Avenue
Pittsburgh, PA 15222
412.304.9830

Exhibit A-11
Corporate Structure

Direct Energy Business, LLC is a Delaware Limited Liability Company that is wholly owned by Direct Energy Services, LLC. Direct Energy Services, LLC is an indirect wholly owned subsidiary of Centrica plc. Direct Energy Business, LLC has no subsidiaries. Direct Energy Services, LLC, Direct Energy, LP, CPL Retail Energy, LP and WTU Retail Energy, LP are the only companies affiliated with Direct Energy Business, LLC that supply retail or wholesale electricity and/or natural gas to customers in North America. See also *Exhibit B-1 – Jurisdictions of Operation.*

Exhibit B-1
Jurisdictions of Operation – Direct Energy Business, LLC

	Name and Address	Issued by[1]	License Number	Date
1.	Direct Energy Business, LLC 1001 Liberty Avenue Pittsburgh, PA 15222	California	ESP #1351	May 1, 2000
2.	Direct Energy Business, LLC 1001 Liberty Avenue Pittsburgh, PA 15222	Connecticut	Docket No. 00-05-14	September 27, 2000
3.	Direct Energy Business, LLC 1001 Liberty Avenue Pittsburgh, PA 15222	Delaware[2]	Docket No. 99-400	August 18, 1999
4.	Direct Energy Business, LLC 1001 Liberty Avenue Pittsburgh, PA 15222	District of Columbia[2]	EA-04-4-4	May 11, 2004
5.	Direct Energy Business, LLC 1001 Liberty Avenue Pittsburgh, PA 1522	Illinois	Docket No. 04-0811	February 8, 2005
6.	Direct Energy Business, LLC 1001 Liberty Avenue Pittsburgh, PA 15222	Maryland	IR-437	March 27, 2002
7.	Direct Energy Business, LLC 1001 Liberty Avenue Pittsburgh, PA 15222	Massachusetts	CS-021	December 2, 1999
8.	Direct Energy Business, LLC 1001 Liberty Avenue Pittsburgh, PA 15222	Michigan	U-13609	November 7, 2002
9.	Direct Energy Business, LLC 1001 Liberty Avenue Pittsburgh, PA 15222	New Jersey	ESL-0027	August 18, 1999
10.	Direct Energy Business, LLC 1001 Liberty Avenue Pittsburgh, PA 15222	New York	Letter Dated 5/18/98	May 18, 1998
11.	Direct Energy Business, LLC 1001 Liberty Avenue Pittsburgh, PA 15222	Ohio	Certificate 00-005(5)	October 27, 2000
12.	Direct Energy Business, LLC 1001 Liberty Avenue Pittsburgh, PA 15222	Oregon[2]	Order 02-072	January 10, 2002

[1] State references are to Public Utility Commission or equivalent state agency.

[2] Direct Energy Business has licenses in Delaware and the District of Columbia, but is not currently supplying electricity in those states. Direct Energy Business relinquished its licenses in Oregon and Rhode Island.

Exhibit B-1
Jurisdictions of Operation – Direct Energy Business, LLC (fka Strategic Energy, LLC) (cont'd)

13.	Direct Energy Business, LLC 1001 Liberty Avenue Pittsburgh, PA 15222	Pennsylvania	A-110025	January 1, 1999
14.	Direct Energy Business, LLC 1001 Liberty Avenue Pittsburgh, PA 15222	Rhode Island[32]	D-96-6(2)	January 9, 1998
15.	Direct Energy Business, LLC 1001 Liberty Avenue Pittsburgh, PA 15222	Texas	Certificate 10011	February 20, 2001

[2] Direct Energy Business has a license in Delaware, District of Columbia and Rhode Island, but is not currently supplying electricity in those states. Direct Energy Business relinquished its license in Oregon.

Exhibit B-1
Jurisdictions of Operation – Direct Energy Services, LLC

Other states in which Direct Energy Services, LLC is now or has been engaged in the retail sale of electricity or natural gas and the names under which the Applicant is engaged in such business(s):

Name:	Direct Energy Services, LLC ("Direct Energy")
Business Address:	12 Greenway Plaza, Suite 600, Houston, TX 77046

States where Direct Energy is licensed and now engaged in the retail sale of electricity or gas:

License #/State of Issuance:	Docket # 06-03-06/Connecticut; Power
License #/State of Issuance:	Registration # 01-04/Connecticut; Natural Gas
License #/State of Issuance:	Order No. 13816/District of Columbia; Power
License #/State of Issuance:	Certificate No. 6790/Delaware; Power
License #/State of Issuance:	Docket # 05-0722/Illinois; Power
License #/State of Issuance:	Docket # 05-0086/Illinois; Natural Gas
License #/State of Issuance:	License CS-047/Massachusetts; Power
License #/State of Issuance:	License GS-028/Massachusetts; Natural Gas
License #/State of Issuance:	License IR-719/Maryland; Power
License #/State of Issuance:	Docket # 2005-479/Maine; Power
License #/State of Issuance:	Case No. U-14537/Michigan; Natural Gas
License #/State of Issuance:	Docket # EE05090787L/New Jersey; Power
License #/State of Issuance:	Letter Order of 11/2/2004/New York; Power & Natural Gas
License #/State of Issuance:	License 02-024(3)/Ohio; Natural Gas
License #/State of Issuance:	License A-110164/Pennsylvania; Power
License #/State of Issuance:	License A-125135/Pennsylvania; Natural Gas
License #/State of Issuance:	Docket # D-96-6(U2)/Rhode Island; Power
License #/State of Issuance:	Docket # 2379(T1)/Rhode Island; Natural Gas

States where Direct Energy is licensed but NOT engaged in the retail sale of electricity or gas:

License #/State of Issuance:	License IR-791/Maryland; Natural Gas
License #/State of Issuance:	Case No. U-14724/Michigan; Power
License #/State of Issuance:	License 00-0019(3)/Ohio; Power
License #/State of Issuance:	License GLS-0077/New Jersey; Natural Gas
License #/State of Issuance:	License 1342/Califonia; Power

Affiliate(s) other than a regulated electricity of natural gas utility engaged in the retail sale of electricity, or electricity supply services, or natural gas:

Name:	Direct Energy, LP
Business Address:	12 Greenway Plaza, Suite 600,, Houston, TX 77046
License #/State of Issuance:	Rep# 10040/Texas
Location (Utility Service Territory):	TXU, Centerpoint, Texas New Mexico, AEP Central, AEP Texas North
Name:	CPL Retail Energy, LP
Business Address:	12 Greenway Plaza, Suite 600,, Houston, TX 77046
License #/State of Issuance:	Rep# 10023/Texas
Location (Utility Service Territory):	TXU, Centerpoint, Texas New Mexico, AEP Central, AEP Texas North
Name:	WTU Retail Energy, LP
Business Address:	12 Greenway Plaza, Suite 600,, Houston, TX 77046
License #/State of Issuance:	Rep# 10022/Texas
Location (Utility Service Territory):	TXU, Centerpoint, Texas New Mexico, AEP Central, AEP Texas North

Exhibit B-2
Experience and Plans

Direct Energy Business serves over 3,000 mw of retail electric load. It has over 16,000 customers and 56,000 accounts, most of which are in the commercial and industrial rate classes. Direct Energy Business's retail electric customers are located in the following states: California, Connecticut, Illinois, Massachusetts, Michigan, New Jersey, New York, Maryland, Ohio, Pennsylvania and Texas. Direct Energy Business is also licensed to serve customers in Delaware and the District of Columbia.

Direct Energy Business does not own any generation. It purchases power in the open market from a variety of sellers. It schedules power for its retail customers through its 24-hour Power Coordination Center. The Power Coordinators schedule generation and transmission and satisfy the necessary grid protocols to deliver the generation portfolio to the load.

Direct Energy Business receives load history data from utilities in various electronic forms, depending on the utilities' capabilities. Likewise, Direct Energy Business submits customer enrollment data electronically to the host utility, preferably via EDI. The customers' monthly meter-read data is sent electronically from the utilities to Direct Energy Business. Computer programs create the customers' bills in Direct Energy Business's Pittsburgh office. Computer programs also forecast load for Direct Energy Business's customers for use by the Power Coordination Center. The Direct Energy Business Customer Relations department is also located in Pittsburgh.

Direct Energy Business meets all of the Ohio Commission's requirements as defined in Section 4928.10 of the Ohio Revised Code and meets its retail electric customers' expectations. Direct Energy Business provides our customers with adequate, accurate and understandable pricing terms and conditions of service by a document containing the terms and conditions of pricing and service, before that customer enters into the contract for service. Direct Energy Business adheres to the rules on the minimum content of customer bills which include, among other things, price disclosure, disclosure of total billing units for the billing period, and historical annual usage. Also, to the maximum extent practicable, Direct Energy Business provides a separate listing of each service component to enable a customer to recalculate its bill for accuracy and identifies the supplier of each service. Direct Energy Business also provides in its billing statement where and how payment may be made as well as our toll-free customer service number, where customers can direct inquiries and complaints. In addition, Direct Energy Business provides customers with the toll-free or local customer assistance and complaint numbers for the electric utility company and state agencies with available hours of operation. Direct Energy Business highlights and clearly explains, on each bill for two consecutive billing periods, any changes in rates, terms or conditions of service.

Following is the outline of Direct Energy Business's description and plan for handling customer inquiries and complaints pursuant to Section 4928.10 of the Ohio Revised Code.

Exhibit B-2
Experience and Plans

Customer Relations Department

1. Direct Energy Business's Customer Relations Representatives are available Monday through Friday, 8:00am to 5:00pm Eastern Time to answer customer inquiries regarding Direct Energy Business's bills, customer account balances, payment information, consolidated billing, and billing address or contact name changes.

2. Direct Energy Business's Customer Relations Representatives can be reached by calling 1.888.925.9115, emailing customerrelations@directenergy.com or through our feedback form on the company website at www.directenergybusiness.com.

3. Customer inquiries and complaints are directed to the Customer Relations Department, where they are responded to quickly and courteously by Direct Energy Business's Customer Relations Representatives. Representatives record and classify inquiries and complaints in Direct Energy Business's customer database.

4. Direct Energy Business's Customer Relations Representatives attempt to resolve customer inquiries on first contact.

5. If a customer needs additional assistance, Direct Energy Business's Customer Relations Representative will inform the Supervisor of Customer Relations, who will assist with the customer inquiry. This may also require that the Customer Relations Department work in conjunction with the sales team and/or billing department to resolve the inquiry or complaint.

6. Direct Energy Business's Customer Relations Representative will then follow-up with the customer by phone or fax within 72 hours of the initial customer inquiry.

7. The Supervisor of Customer Relations tracks customer inquiries on a weekly basis.

8. The customer has the right to terminate their contract with Direct Energy Business as outlined in Sections 16 and 17 of Direct Energy Business's Power Supply Coordination Agreement.

9. The customer has the responsibility to pay for Power Supply Coordination Services provided as outlined in sections 8, 9 and 10 of Direct Energy Business's Power Supply Coordination Agreement.

10. Direct Energy Business maintains customer account numbers, meter numbers and monthly usage as it is provided electronically by the customer's host utility.

11. Direct Energy Business does not disclose customer information to any third party unless Direct Energy Business receives a written request from the customer to release account information.

Exhibit B-3
Disclosure of Liabilities and Investigations

Direct Energy Business, LLC does not have any existing, pending or past rulings, judgments, contingent liabilities, revocation of authority, regulatory investigation, or any other matter that could adversely impact Direct Energy Business's financial or operations status or ability to provide the services it is seeking to provide. However, in the interest of full disclosure, Direct Energy Business, LLC is including the following document detailing past investigations/rulings involving any and all Direct Energy affiliate companies doing business in North America.

Summary of U.S. and Canadian Regulatory and Disciplinary Proceedings As of September 2010

Direct Energy Services, LLC ("Direct Energy") has never been the subject of regulatory or disciplinary proceedings; however, in the interest of full disclosure, certain affiliates of Direct Energy have been the subject of certain regulatory and disciplinary proceedings, which are detailed below.

Energy America, LLC ("Energy America") has been the subject of regulatory and disciplinary proceedings in New Jersey, Michigan, Georgia, and Texas. However, Energy America has paid fines to or entered into amicable agreements with the States identified to resolve the matters and has worked cooperatively with regulators to assure that they will not occur again.

In 2007, Energy America had a proceeding pending before the Federal Energy Regulatory Commission ("FERC"). However the underlying complaint was dismissed by the FERC with prejudice.

Direct Energy, LP has been the subject of regulatory and disciplinary proceedings in Texas.

Direct Energy Business, LLC (formerly known as Strategic Energy LLC) has been the subject of a regulatory proceeding with the California ISO.

Direct Energy Marketing Limited (Canada) has been the subject of regulatory and/or disciplinary proceedings in Alberta, British Columbia and Ontario, Canada.

Energy America: New Jersey

In December 1999, Energy America, was a respondent in a proceeding before the New Jersey Board of Public Utilities, docket number ES99110852U. A Consent Order was issued in February 2000 resolving claims that Energy America has improperly marketed to New Jersey customers. Prior to the Consent Order being issued Energy America met certain conditions, including submitting all agent training materials to the Board of Public Utilities staff for review, providing Board of Public Utilities Staff with a dress rehearsal of its revised sales presentation, submitting its third party verification program for review and receiving approval from the Board of Public Utilities and the Division of Consumer Affairs to resume marketing. As part of the Consent Order Energy America agreed to continue its practice of allowing consumers to cancel their contracts at no cost and to contact all New Jersey customers enrolled with Energy America by mail and provide them with an opt-out letter and return postage paid envelope. While Energy America did not admit to any acts which violated any New Jersey laws or regulations, Energy America agreed to make payment to the State of New Jersey for the purposes of further consumer education and funding future investigative and enforcement activities and to pay attorneys' fees and costs incurred by the Board of Public Utilities and the Division of Consumer Affairs in connection with this matter.

Energy America: Georgia

In July 2000, Energy America was a respondent in a proceeding before the Georgia Public Service Commission, docket number 12126-U. The proceeding resolved claims that Energy America had enrolled door-to-door customers without appropriate authorizations. Energy America did not admit to any acts which violated any Georgia laws or regulations. However, Energy America did agree to a stipulation implementing certain measures including establishing an energy fund to assist low income and elderly customers and paying costs and expenses to the Georgia PSC.

In July 2003, Energy America was a respondent in a proceeding before the Georgia Public Services Commission, docket number 16602-U. The proceeding resolved claims that Energy America had enrolled customers without the appropriate authorizations. Energy America did not admit to any acts which violated any Georgia laws or regulations. Pursuant to a stipulation, Energy America agreed to credit the accounts of complaining customers and to contribute to Georgia's Low-Income Heating Assistance Program.

On January 6, 2004, the Georgia Public Service Commission approved a Stipulation between Energy America and the staff of Georgia Public Service Commission to resolve a matter arising out of the Energy America's inadvertent failure to timely pay its provider of mailbox services (docket number 9557-U). Consistent with applicable rules, Energy America had maintained a mailbox, as among other things, the primary mailing address for certain payments, including Low Income Home Energy Assistance Program ("LIHEAP") payments, and other correspondence from Energy America's customers in the State. As a result of Energy America's inadvertent failure to pay the vendor, payments sent to Energy America at the mailbox address were not forwarded to Energy America resulting in the disconnection of service to several customers. In resolution of these issues, Energy America agreed to reinstate the accounts of all affected customers and made a voluntary contribution to the LIHEAP fund.

Energy America: Michigan

In July 2002, Energy America entered into an Assurance of Voluntary Compliance with the Michigan Attorney General's office to resolve alleged violations of the Michigan Consumer Protection Act. The assurance expired in August 2004 as Energy America had met all substantive terms of the Assurance. In the Assurance Energy America agreed to de-enroll any consumers that alleged they did not authorize the company to enroll them for natural gas service unless Energy America could establish by clear and convincing evidence the consumers allegations were invalid, to not make any false or misleading representations to consumers, to comply with written or verbal requests by consumers to stop soliciting them and to verify future consumer enrollments through taped third party verification or by sending confirmation letters. Energy America did not admit to any acts which violated any Michigan laws or regulations. As part of the Assurance, Energy America paid costs and expenses to the Michigan Attorney General's office.

Energy America: Federal Energy Regulatory Commission

On March 15, 2007, the Illinois Attorney General filed a complaint with the Federal Energy Regulatory Commission ("FERC"), alleging that (i) certain electricity suppliers engaged in price manipulation in an auction that Commonwealth Edison Company and the Ameren Companies held in September 2006 and (ii) that the resulting prices are unjust and unreasonable. Energy America was a participant in the auction and was named as a defendant along with fourteen other energy providers. On October 4, 2007, the FERC dismissed the complaint with prejudice.

Direct Energy, LP: Texas

On December 10, 2002, the Public Utility Commission of Texas ("PUCT") issued Notices of Violation ("NOVs") to 25 different Retail Electric Providers ("REPs") who missed the requisite 21-day timeframe for responding to customer complaints forwarded by the PUCT. In addition, there were a number of alleged violations for failing to provide sufficient documentation related to a complaint. Many of these cases were resolved through settlement agreements, which were subsequently approved by the PUCT. Republic Power, LP (d/b/a/ Energy America), now operating under the certificated name, Direct Energy, LP, received two NOVs and worked with PUCT Staff to reach a settlement in both cases. The settlements, which included recommended administrative penalties totaling $25,650, were filed on Aug. 18, 2003; however, the settlements were never placed on the PUCT's agenda for final orders. On March 9, 2007, and after first advising Direct Energy of the PUCT's plans to close out the cases, the PUCT Staff filed proposed final orders, which were subsequently approved by the PUCT on March 29, 2007.

Direct Energy, LP: Texas

On December 22, 2003, Republic Power (d/b/a Energy America) entered into a Stipulation and Settlement Agreement with the Public Utility Commission of Texas ("PUCT"), docket number 28306, to resolve certain technical violations of the Texas Commission's rules relating to the selection or changes of retail electric providers ("REP"). A Notice of Violation ("NOV") issued by the PUCT had alleged that (i) a pre-checked box on the Company's internet customer enrollment form failed to properly "provide a statement with a box that must be checked by the customer to indicate that the customer has read and agrees to select the REP to provide electric service and the time and date of the customer's enrollment"; (ii) the Company's "Term of Service" document did not contain a required "Electricity Facts Label"; and that (iii) the enrollment package e-mailed by the company to new customers enrolled via the internet failed to include a document entitled "Your Rights As A Customer." Republic Power acknowledged its technical violation of the checkbox requirement and, in fact, had corrected the technical violation prior to the NOV. No customer complaints were received by the PUCT regarding the violation.

The Stipulation and Settlement Agreement also addressed certain complaints that arose out of Republic Power's telemarketing efforts, as conducted by several third party telemarketing firms. It was learned that in violation of Republic Power's instructions, the telemarketing firms had switched certain customers without obtaining proper approval or without making certain required disclosures required by PUCT rules. Republic Power addressed this situation by suspending telemarketing activities, terminating relationships with these vendors, and implementing a number of controls and compliance measures before resuming telemarketing activities. Pursuant to the Stipulation and Settlement Agreement, in consideration of an administrative penalty of $750,000, all matters that were the subject of the NOV and customer switching related complaints the occurred on or before August 31, 2003 were deemed fully resolved. As part of the settlement, the PUCT staff and Republic Power acknowledged that customer confusion about the restructured retail electric market may have been a contributing factor to the lodging of some customer complaints. The parties pledged to work together cooperatively to identify and expeditiously resolve any further problems.

These violations were technical and inadvertent in nature or the result of actions of third parties. Applicant resolved these issues in a responsible and reasonable manner and worked cooperatively with regulators to prevent their re-occurrence.

Direct Energy, LP: Texas

On August 24, 2007, Direct Energy and the Staff of the Public Utility Commission of Texas ("PUCT" or "Commission") filed a Settlement Agreement and Report to the Commission (Docket No. 34671) to resolve a matter related to differing interpretations of the existing PUCT rules for renewal of electric service with respect to small commercial customers. Direct Energy's renewal practice for small commercial customers was to send renewal notices to its customers whose contracts were about to expire. The notices offered to renew the contracts for another 24-month term, and would be effective if the customer did not take action by a specific, disclosed date. The notices included the appropriate disclosures of the renewal product's terms, including notice of an early cancellation fee. Each small commercial customer was also provided the opportunity to contact the Company to decline the renewal offer without penalty. This renewals approach allowed Direct Energy's customers to continue receiving service with the Company on a product comparable to their existing contract without taking any further action. Direct Energy believes that this approach provided a valuable and desirable service to customers and that this renewals practice is not prohibited by the PUCT's rules.

After investigating Direct Energy's renewal practices, the PUCT Staff concluded that Direct Energy and Staff interpreted the existing rules related to renewals differently and that Direct Energy's interpretation was incorrect. Specifically, the PUCT Staff believes that renewing customers for a time period greater than 31 days requires the customer's affirmative consent; however, it was explicitly noted in the Settlement Agreement that:

- Direct Energy and the PUCT Staff interpreted the PUCT rules "differently, and although Staff contends that the Company's interpretation of this rule was incorrect, Staff found no evidence of any willful or negligent violation."

- "Direct Energy fully cooperated with Staff's investigation."

- "After being notified of Staff's concerns regarding Direct Energy's contract renewal practices, the Company voluntarily modified its contract renewal practices to address the issues raised by Staff."

Direct Energy strongly believes that it correctly interpreted and adhered to the renewal rules in the Texas market and that its customers thought so as well. Approximately 5,200 small commercial customer renewals occurred during the period covered by the PUCT's investigation – of these, 25% elected to exercise their option to select another supplier; the other 75% remained with Direct Energy. It is important to note that the PUCT received only 3 customer complaints, with 2 of those arriving after publicity surrounding a settlement by another provider on the same issue.

On December 14, 2007, the Commission issued a Final Order approving a revised Settlement Agreement between Commission Staff and Direct Energy, in which Direct Energy agreed to: 1) provide notice to all affected customers that they are no longer subject to a term commitment and may choose another service plan or provider without being charged a cancellation fee; 2) provide refunds of early cancellation penalties that may have been levied; and 3) expend $695,000 to fund the development and presentation of an education program regarding the retail electric market in the Electric Reliability Council of Texas targeted to small commercial customers in lieu of paying an administrative penalty.

Direct Energy, LP: Texas

Prior to April 2009, Direct Energy, LP failed to render monthly bills to some of its Texas customers in accordance with PUCT rules as a result of the transition of its previous billing system to a comprehensive customer information and billing system. In response to the delayed billings, Direct Energy self-reported the issue to Commission Staff and worked to keep Staff informed of its progress to resolve the issue and work with impacted customers.

Commission Staff initiated an investigation in the matter and informed Direct Energy of same. Direct Energy fully cooperated with the investigation. Direct Energy developed and instituted corrective action plans related to its billing system which are designed to ensure that the billing system renders timely bills. In addition, Direct Energy prepared its call center to be responsive to customer needs; set up a special toll-free phone number dedicated to answering customer questions and working with customers on deferred payment plans; conducted an outreach program to contact affected customers to advise them of the issue and to assure them that Direct Energy would work with them on extended payment arrangements once the customers received their bills; and set letters to impacted customers with a gift card.

On June 19, 2009, Direct Energy and Commission Staff filed an Agreement resolving the violation. On August 14, 2009, the PUCT issued a Final Order approving the Settlement Agreement, in which Direct Energy agreed pay an administrative penalty of $200,000 for the violations of PUCT rules regarding customer billing. The agreement stipulated that Direct Energy complied with PUCT rules relating to bill payments and adjustments while resolving the issues presented, and that those actions ameliorated the impact on the small percentage of Direct Energy's customers who were impacted by the transition complications. In addition, the agreement acknowledged Direct Energy's efforts to conform to the Customer Protection Rules in good faith, and that there was no evidence of Direct Energy's willful violation of those rules, and that Direct Energy worked aggressively to resolve the problem and manage customer impacts.

Direct Energy Business, LLC: California ISO

On August 22, 2008, the California ISO ("CAISO") issued a $93,364 penalty against Strategic Energy, LLC (n/k/a Direct Energy Business, LLC) in connection with a failure by our contracting partner San Diego Gas & Electric to adequately report load meter data for the April 27 – May 28, 2007 trading days. Strategic Energy quickly realized this error and promptly self-reported it to the CAISO; however, pursuant to the CAISO's tariff, which is approved by the FERC, a penalty is mandatory. Strategic Energy has worked with its Wholesale Compliance team to develop procedures to prevent future occurrences of this nature.

Direct Energy Marketing Limited: Alberta, Canada

One of Direct Energy's Canadian affiliates is Direct Energy Marketing Limited, which operates a business unit in Alberta called Direct Energy Regulated Services (DERS). DERS is a regulated retail provider of natural gas and electricity. As such DERS is often involved in regulatory proceedings in the natural course of operating a regulated business. In addition, DERS is also subject to regular regulatory investigations and audits as required by Alberta legislation. None of these investigations or audits has resulted in any negative findings against DERS or its affiliates.

On April 23, 2009, Direct Energy Marketing Limited ("DEML") executed a Consent Undertaking with the Director of the Fair Trading Act of Alberta. Through this Undertaking, the Director informed DEML that he has reason to believe that between April 7, 2007 and January 19, 2009, some of DEML's sales agents engaged in sales presentations that did not clearly distinguish between Direct Energy Marketing Limited as a competitive retailer and Direct Energy Regulated Services as its registered business unit. The Director asserted that he had reason to believe that these acts or practices may have constituted breaches of Section 6(4)(a) of the Fair Trading Act and Section 19(2)(d) of the Energy Marketing Regulation. On September 30, 2009, Direct Energy implemented an action plan that addressed the Director's concerns. While DEML was not fined, DEML did pay the Director, $5000.00, an amount that represents a portion of the costs associated with investigating the matter.

Direct Energy Marketing Limited: Ontario, Canada

Direct Energy's Canadian affiliate, Direct Energy Marketing Limited, also operates as a retail energy supplier business in Ontario, doing business as Direct Energy. On June 19, 2003 the Ontario Energy Board ("OEB") issued a Notice of Administrative Penalty ("Notice") against Direct Energy ("DE"). The Notice was based on a finding that in 21 instances customer contracts had been forged and that, as a consequence, DE had breached its retailer licenses by requesting a customer enrollment without the customer's written authorization to do so. A penalty totaling CDN$157,500 ($7,500 per instance) was imposed. Those incidents were addressed as follows:

- Offending sales agents were terminated on confirmation of the allegations and reported to the local police and OEB.
- All affected DE customer were notified, their contracts cancelled and they were reimbursed for any energy charges they incurred.
- All other customers enrolled by the offending sales agent were notified and given the opportunity to cancel their contracts and were fully reimbursed

In addition, strong internal controls were put in place to help prevent future instance.

Summary of U.S. and Canadian Regulatory and Disciplinary Proceedings
As of September 2010

Direct Energy Marketing Limited: Ontario, Canada

On April 23, 2009, the Ontario Energy Board ("OEB") issued a Notice of Administrative Penalty ("Notice") against Direct Energy Marketing Limited ("DE"). The Notice was based on a finding that a DE door-to-door agent was found to have made a false, misleading or deceptive statement to a consumer. The OEB determined that DE contravened section 88.4(2) of the Act, in that it engaged in an unfair practice as defined in section 2 of Ontario Regulation 200/02. The OEB also determined that DE contravened section 2.1 of the Code of Conduct for Gas Marketers.

The OEB made an Order on May 5, 2009, under subsection 112.5 of the *Ontario Energy Board Act, 1998* (the "Act") requiring Direct Energy Marketing Limited ("DE") to pay an administrative penalty in the amount of $15,000 for contravening an enforceable provision of the Act and the Code of Conduct for Gas Marketers.

Direct Energy Marketing Limited: British Columbia, Canada

On April 1, 2008, the British Columbia Utilities Commission (Commission) issued Order G-63-08 in which it fined Direct Energy $6,000 for breaches of Articles 9, 15 and 29 of the Code of Conduct for Gas Marketers (Code). There are two components to the fine:

1. A fine of $1,000 was for breaches of Articles 9 and 15 of the Code which contain sales agent behavior prohibitions such as creating confusion, providing misleading or misrepresenting information, applying undue pressure and exploiting a lack of customer knowledge.

2. The second component of the penalty, $5,000, is for a breach of Article 29 of the Code which requires licensed marketers to be accountable for their sales agents' behavior.

In response to the Order DE changed its agent tracking process and re-trained all sales agents to ensure a thorough understanding of the Code requirements.

On April 30, 2008, DE requested a reconsideration of Order G-63-08 pursuant to sections 99 and 100 of the Utilities Commission Act. DE is of the view that the Commission erred both in law and in fact in the Order and the claim or error is substantiated on a prima facia basis. DE contends that there is not sufficient reliable evidence to support the Commission's findings of a breach of Articles 9 and 15, and that there is no evidence to support the Commission's finding of a breach of Article 29 of the Code.

As of the present date, DE continues to await a decision from the Commission on whether or not the request for reconsideration will advance to the second phase of the process.

Exhibit C-1
Annual Reports

The corporate owner of Direct Energy Business, LLC is Direct Energy Services, LLC, an indirect wholly owned subsidiary of Centrica plc. The Annual Report and other relevant filings of Centrica plc are too voluminous to be reproduced herein. As such, Annual Review and Summary Financial Statements for the years 2008 and 2009 are included as part of Exhibit C-1. In addition, the full Annual Reports of Centrica plc can be accessed at the following web pages:

2008: http://www.centrica.com/files/reports/2008ar/files/Centrica_Annual_Report_2008.pdf

2009: http://www.centrica.com/files/reports/2009ar/files/pdf/Centrica_Annual_Report_2009.pdf centrica

energy

from **start** to **finish**

Annual Review and Summary Financial Statements 2008


wesourceit
wegenerateit
weprocessit
westoreit
wetradeit
wesaveit
wesupplyit
weserviceit

As an integrated energy company we're investing more now than ever in new sources of gas and power.

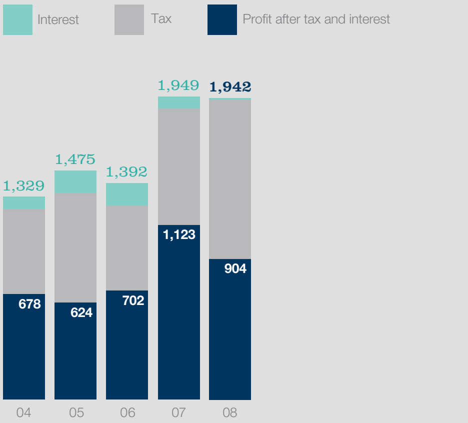
Energy expertise. Energy efficiency. For now, and for future generations.

www.centrica.com/report2008

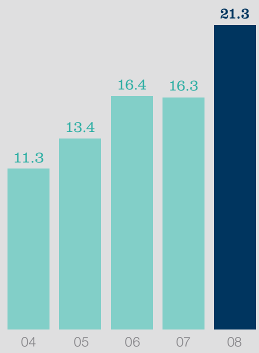
Financial Highlights

Our performance

Operating profit[1][2] £m



Group revenue[1] £bn



Dividend per share[3] pence

Centrica's main operations are in the UK, North America and Europe. We have two types of business – downstream and upstream.

Downstream:
- supplies energy to homes and to businesses
- provides home and energy services

Downstream businesses include:
- British Gas
- Direct Energy in North America
- retail operations in Europe

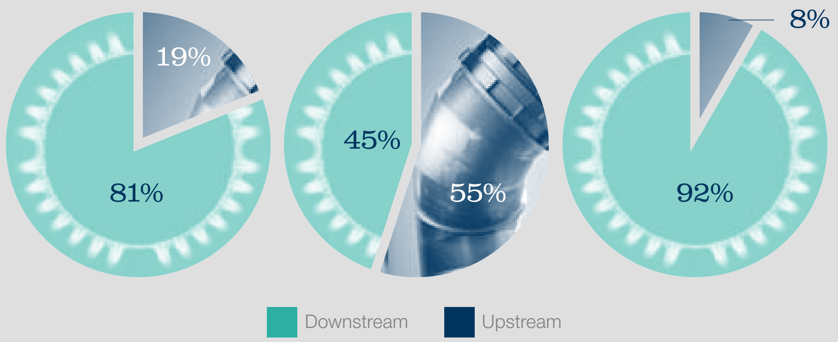
Upstream:
- generates electricity and produces gas
- buys, stores and sells energy internationally

Upstream businesses include:
- Centrica Energy in the UK, Norway, Nigeria and Trinidad
- Centrica Storage in the UK
- Direct Energy in North America
- assets and trading operations in Europe

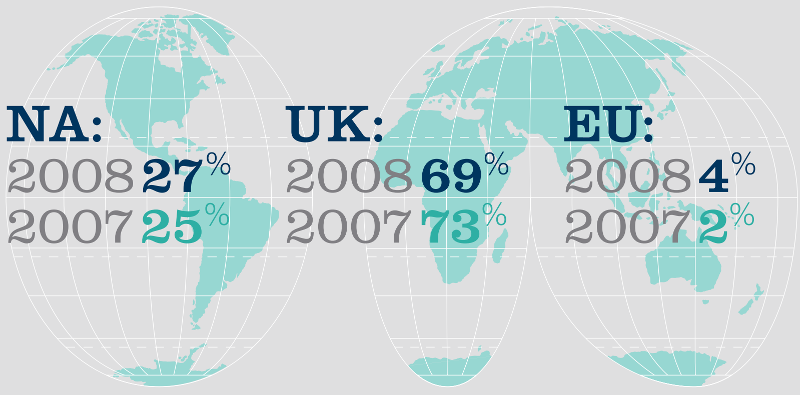
The pie charts on the right highlight the contributions made by our upstream and downstream operations.

The map on the right illustrates how much revenue each of the regions contributed to the Group's total.

Group revenue[1] | Operating profit[1][2] | Employment workforce



Our markets and proportion of group revenue[1]



① from continuing operations

② including joint ventures and associates stated net of interest and taxation, and before exceptional items and certain re-measurements

③ restated to reflect the bonus element of the Rights Issue

\+ excludes special dividend of 25 pence

Chairman's Statement

Performing well in a difficult year

"We remain focused on delivering stability and growth in Centrica for the benefit of our customers, employees and shareholders."

Centrica performed well in 2008, during what was a very difficult year for energy supply businesses, with unprecedented levels of volatility in wholesale gas and power prices. Oil prices rose to almost $150 per barrel and then fell to below $50 as the high levels of global oil demand reversed quite rapidly, due to the recessionary impact of the global financial crisis. Against this backdrop Centrica's financial performance in the year was good, with higher upstream profits providing a partial hedge to the inevitable decline in retail profits. The sharp rises in world energy prices necessitated two retail price increases for UK consumers. We concentrated on providing some protection for our customers by reducing our operating costs through efficiency improvements, by transforming the level of service we offer and increasing the support we provide to our vulnerable customers.

In September we entered into a Memorandum of Understanding with EDF to acquire a 25% stake in the British Energy business. This potential investment is intended to provide a long-term hedge against volatile commodity prices and a platform for longer-term growth through involvement in new nuclear power generation. We made further acquisitions of gas reserves in the North Sea and in North America, and also announced our intention to build new gas storage facilities in the UK which will help provide important additional security of supply. In the year we delivered excellent results in our growth businesses. British Gas Business and British Gas Services once again reported strong growth in revenue and operating profit. In North America the economic climate proved challenging but the business held up well and also delivered a good performance.

In Europe we strengthened our presence by acquiring a controlling interest in SPE in Belgium. However in The Netherlands, where the market continues to favour integrated incumbents, Oxxio did not perform well and we have written down its carrying value.

Dividend

The Board of Directors is proposing a final dividend of 8.73 pence per share to be paid in June 2009, bringing our full year dividend to 12.2 pence, an increase of 5.4%. This is in line with our policy of delivering sustained real growth in the ordinary dividend.

Board changes

In March we announced the appointment of Mark Hanafin as Managing Director Centrica Energy and Europe, replacing Jake Ulrich. I would like to thank Jake for the dedication he has shown since the formation of Centrica in 1997 and the material contribution he has made in building our portfolio of gas, power and storage assets. Mark joined us from Shell where he was president and chief executive officer of Shell Energy North America.

In February 2009 we announced some changes to the business and management structure. We have combined our British Gas operations into a single retail organisation to be headed by Phil Bentley. Deryk King, President and CEO of Direct Energy has decided to retire and will leave Direct Energy in July 2009. Deryk has built a very successful business for Centrica in North America over the last eight years. He will be succeeded by Chris Weston from British Gas Services who will also join the Board. Paul Walsh, a Non-Executive Director of Centrica will step down from the Board at the 2009 AGM.

Our employees

In February 2009, British Gas was recognised by The Sunday Times as one of the '20 Best Big Companies to Work For' which is a significant achievement. Our employees remain central to the success of Centrica, particularly during these times of great uncertainty and change. I want to thank them for the dedication, commitment, loyalty and professionalism which they continue to display.

The future

The economic landscape, dominated by the global financial squeeze, continues to worsen and Centrica is not immune to the effects of this. Energy markets remain volatile and erratic, placing pressure on parts of our business and on our customers.

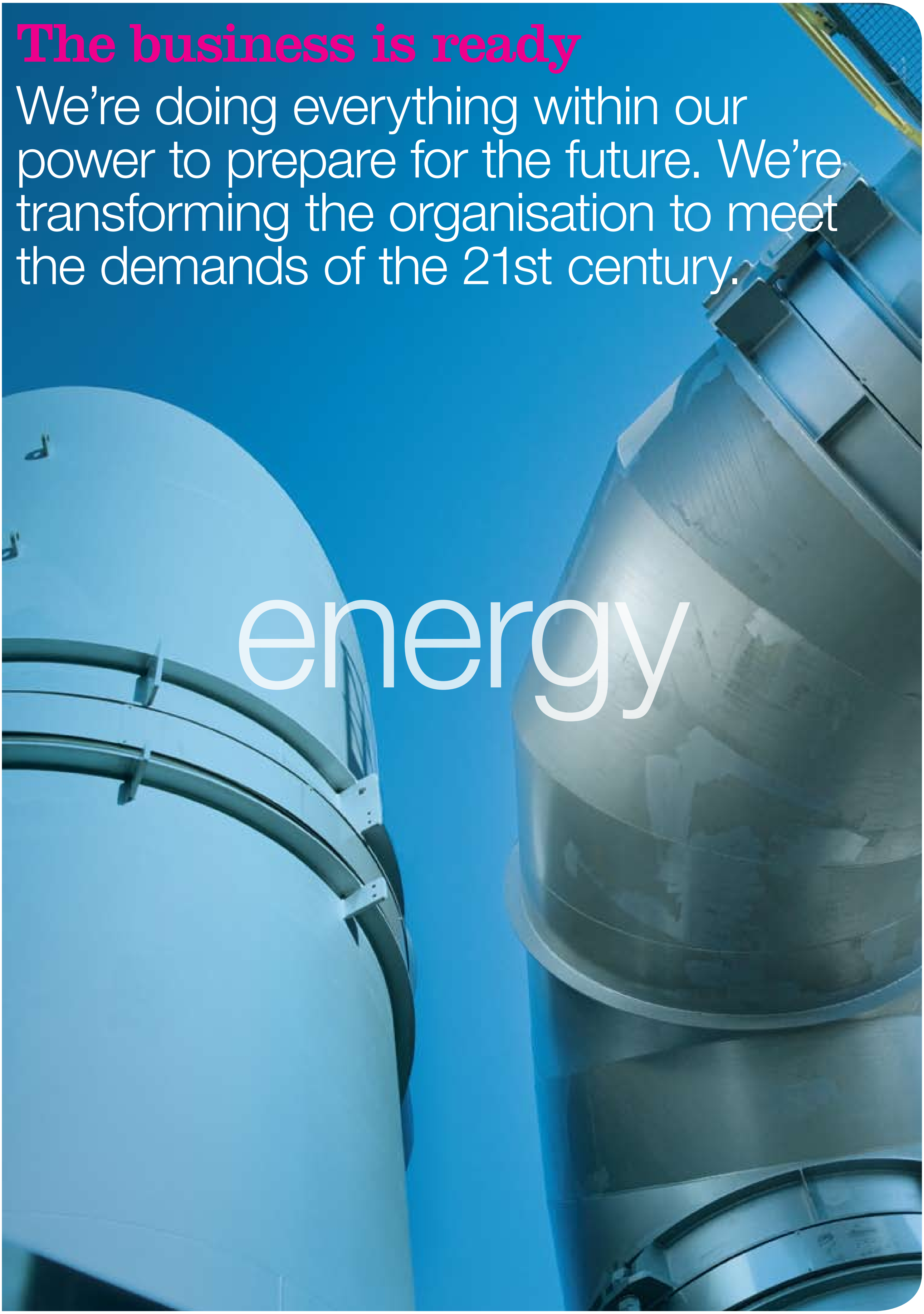
In these challenging conditions the task of management will be to ensure we provide good service and competitive prices to all, support for the most vulnerable, a fair return for our shareholders and long-term environmentally friendly sources of energy supply for the countries that we serve.

I am confident that under Sam Laidlaw's leadership the management team will remain focused on delivering stability and growth in Centrica for the benefit of our customers, employees and shareholders.

Roger Carr
Chairman
26 February 2009

The business is ready

We're doing everything within our power to prepare for the future. We're transforming the organisation to meet the demands of the 21st century.



Investing in new power generation

We've invested £400 million in building the first new power station in the UK for almost five years. The 885MW gas-fired power station in Devon will be one of the UK's cleanest fossil-fuelled power plants.

We're supplying US industry

The acquisition of Strategic Energy has made Direct Energy the third largest supplier of energy to industry in North America.

future

Small is beautiful.

The European Renewables Directive will bind the UK to a 15% renewables target by 2020. No single technology can deliver that. So we have responded by developing a range of microgeneration solutions.

We're securing our supply

Investing in new energy production, finding new ways of importing gas and new places to store it, are vital to the future of the Company and the UK. **We're doing all three.**

A year in the energy industry

"Centrica once again delivered a good financial performance in a year which provided a severe test for the business."

It has been a year of extraordinary turbulence in the commodity markets. During the first half of the year we experienced volatile and rapidly rising global oil and gas prices driven primarily by growing demand in Asia. In the second half the sharp contraction of credit markets caused a collapse of worldwide oil demand and the oil price. By the end of the year this started to feed through into a softening of the wholesale gas price. Although Centrica has navigated well through this market upheaval our profitability has been impacted with the upstream benefiting at the expense of downstream margins.

Only five years ago the energy environment in which we operate was very different to the one that we are in today. Then, wholesale gas markets were reasonably stable, security of supply was a distant concern with the UK self-sufficient in gas and exporting its excess to the continent – and new nuclear power was not universally welcome.

A great deal has changed.

Even though energy prices have softened as a result of the recession, the long-term trend remains upwards driven by the industrialisation of Asia, the increased costs of oil and gas extraction, political uncertainties surrounding sources of supply and the need to decarbonise our economies to meet the challenge of climate change. In the UK, domestic oil and gas production continues to decline and our import dependency is growing sharply. The power generation fleet is ageing and needs replacing with low-carbon technologies. In the US the new Obama administration has placed a high priority on meeting the challenge of climate change which, as in Europe, will place an additional but necessary cost on the consumer.

Taken together the triple challenges of ensuring security of supply, minimising climate change and providing affordable energy pose profound questions for the whole of the energy industry. There are no easy – or cheap – answers, although energy efficiency has a vital role to play. What is clear is that unprecedented levels of investment will be required over the next two decades to meet these challenges.

Gas

The UK is increasingly reliant on imports. Some 35% of UK gas was imported in 2008, and it is estimated that 70% will be imported by 2015. Demand for gas remains at high levels globally, despite the economic recession and the UK has to compete in the global marketplace. So Centrica is investing in new gas assets in the British and Norwegian sectors of the North Sea.

We are also investing in contracts and UK infrastructure to enable us to import increasing amounts of liquefied natural gas (LNG). In January 2009, we received the largest shipment of LNG ever delivered to the UK. But LNG is also a global product and the UK and Europe are competing with Asia and North America for LNG supplies.

Going forward, as additional LNG production comes on-stream and an increasing number of players enter the market, we will be pursuing a range of sourcing strategies.

Price volatility and supply constraints can be eased through storing gas bought during periods of low demand. The UK has relatively limited storage – we have around 16 days of gas storage compared to about 77 in Germany and 88 in France – and so this is another area in which Centrica is investing.

Power

The European Union and national governments are imposing strict limits on CO_2 emissions and stretching targets for the use of renewable energy. The European Renewables Directive, for example, will bind the UK to a 15% renewables target by 2020. The UK Government has suggested that this is likely to mean up to 30–35% of electricity could come from renewable sources compared with less than 5% today. According to the Government, this will require around £100 billion of investment.

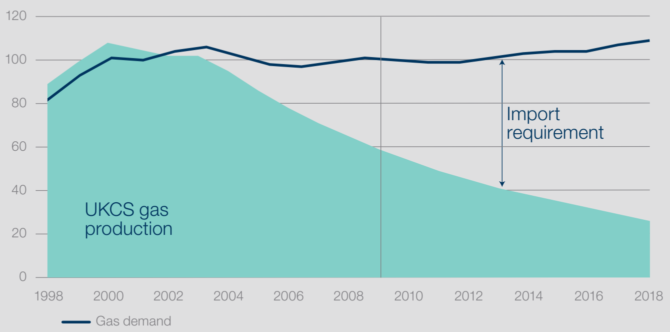
However, renewables alone will not be able to fill the medium-term supply gap. The alternatives are gas, coal or nuclear power stations.

We are close to completing the first gas-fired power station to be built in the UK for almost five years, at a cost of £400 million and expect this to begin commercial operation later in 2009. We also

Know more about our year

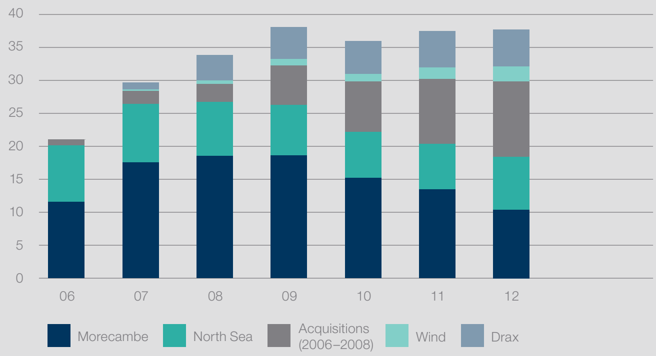
Visit our Annual Report online
www.centrica.com/report2008

UK gas supply/demand 1998–2018



Source: Office of National Statistics, DECC, National Grid

Energy hedge ratio %



firmly believe that a vital longer-term contributor to energy security in a low-carbon world is new nuclear capacity. Much of the existing nuclear generation fleet will be retired over the next 15 years, and the replacement process has a very long lead time so decisions need to be made today. Our Rights Issue in December has provided the resources to enable us to be actively involved in this market.

Centrica's strategy needs to be able to address the complex issues that the industry faces, and to do so in ways that can deliver sustainable value for our shareholders. This requires us to manage all of the risks and opportunities we are facing with a clear vision and an understanding of where our corporate responsibilities lie. Our strategy must be able to respond appropriately to the needs of our vulnerable customers, to ensure the health and safety of our customers and employees, as well as meeting the challenges of security of supply and climate change.

I believe that it can, and that in seeking to create an integrated energy company, operating upstream by developing new sources of gas and power, and downstream with strong brands and innovative propositions, we have a robust approach to meeting the challenges ahead.

We have continued to operate the business in line with the strategic priorities we set at the end of 2006, and report on those over the next pages. In short the increasing extent of vertical integration in Centrica, the emphasis on operational excellence, the reduction of our cost base and the improvement in our customer service meant that we ended 2008 with a stronger business and momentum for the future.

PRIORITY 1 – TRANSFORM BRITISH GAS

British Gas Residential is the core of our business, and it needs to deliver consistently high levels of service and profitability if we are to succeed.

The transformation, therefore, aims to:

- **improve our price competitiveness, service levels and product offer**
- **reduce our costs through 'best-in-class' productivity while remaining a great place to work**
- **achieve long-term margins of 6–7%**

The progress we've made

During 2008 our customer service improved significantly. Average time to answer and to handle calls reduced further and our proportion of industry complaint levels fell by nearly a third over the year. Compared to 2007 we also increased the percentage of customer enquiries which were resolved on the first call and substantially reduced the transactional exceptions associated with the new billing system. These service improvements enabled further progress to be made on our cost reduction initiatives. Our operating cost base in 2008 was over £200 million lower than in 2006.

In October Ofgem published the initial findings of its probe into the energy supply industry in Britain. The report concluded that effective competition exists between the major suppliers. However, it did make recommendations to reduce certain retail price differentials, particularly relating to former incumbent electricity suppliers who charge different prices for in-area and out-of-area customers. It also suggested a reduction in tariffs for those customers with a prepayment meter, to more accurately reflect the additional cost involved in supplying those customers. British Gas complied with this recommendation in a matter of a few weeks.

What's next

We have created a strong foundation here over the last two years and now is the time to take British Gas to the next stage of its evolution. Building on our already strong brand in the UK we are seeking to deepen the customer relationship by combining the energy and services propositions. This will offset the gradual decline over time in the use of gas by consumers in the UK as we move to a lower carbon economy, and take full advantage of the increasing demand for energy efficient products and services. To best achieve this we will combine British Gas Residential, British Gas Business and British Gas Services into a single customer-focused organisation. This will enable us to launch new bundled products under the British Gas brand, products that customers want, to increase customer loyalty, to further reduce costs and to target even more efficiently the substantial support we already provide for our vulnerable customers. Phil Bentley, the current Managing Director of British Gas Energy, will run this new organisation. Chris Weston, current Managing Director of British Gas Services, will take over leadership of the Direct Energy business from Deryk King in July 2009.

Our strategic priorities

Transform British Gas	Sharpen the organisation and reduce costs	Reduce risk through integration	Build on our growth platforms
• New billing system complete • Service levels dramatically improved • Removed over £200m of costs since 2006 • Popular fixed-price and online propositions • Essentials tariff for vulnerable customers	• New senior management structure • Like-for-like Group operating costs reduced by £40 million • Becoming increasingly efficient	• First major UK power station for almost five years • Completed world's largest offshore wind farm development • Acquired more gas assets and received first LNG shipment • Announced two major new storage projects in 2008	• Strong customer growth in BGB • Increase in sale of BGS secondary products • Upstream and downstream acquisitions in North America

PRIORITY 2 – SHARPEN THE ORGANISATION AND REDUCE COSTS

We operate in a highly competitive market – for customers at national level and for global sources of energy.

In order to compete in the long term, our organisation has to be as lean and efficient as possible, with the people and structures that enable us to make the best use of the skills and resources we have.

The progress we've made

In July Mark Hanafin joined Centrica as Managing Director Centrica Energy and Europe. This further strengthened the executive team. Various initiatives in the year across the Group meant that we finished 2008 as a leaner organisation without affecting our ability to grow. This helped to reduce our Group like-for-like operating costs by £40 million, despite the inflationary pressures, particularly in the offshore services environment.

What's next

We have a strong leadership team in place and improved capital allocation, risk management and cost control processes, which will enable us to drive superior financial and operational performance. Going forward, we consider operating cost advantage to be a key competitive differentiator for Centrica and we will be relentless in the pursuit of further cost reductions, while enabling growth across the business.

PRIORITY 3 – REDUCE RISK THROUGH INTEGRATION

We need to produce more of the energy that we sell. In the UK, we are only able to supply 29% of our gas requirements from our own gas fields and 58% of our peak electricity demand from our own generation facilities. The remainder has to be bought in highly volatile world markets.

The progress we've made

During the year, we made good progress. We acquired additional gas assets in the British and Norwegian sectors of the North Sea. In March we increased our equity stake in the assets originally acquired from Newfield in 2007 and in October we completed our acquisition of assets in the Heimdal area of the North Sea. At the end of the year we announced an agreement to acquire an additional interest in the Peik gas field in the UK and in January 2009 we agreed to take additional equity in the York gas field. These deals provided us with both producing gas assets and valuable exploration and development prospects.

During the year Centrica Storage announced two important potential gas storage projects. In March we began engineering studies to explore the potential to convert the Bains gas field in the Morecambe Bay area into a storage field with a capacity of up to 20 billion cubic feet (bcf). In September we acquired the Caythorpe onshore gas field and began the process of converting it into a storage field capable of holding up to 7.5bcf of stored gas. In February 2009 we announced our intention to create an additional 60bcf gas storage field in the UK North Sea following the acquisition of a 70% share in the Baird gas field.

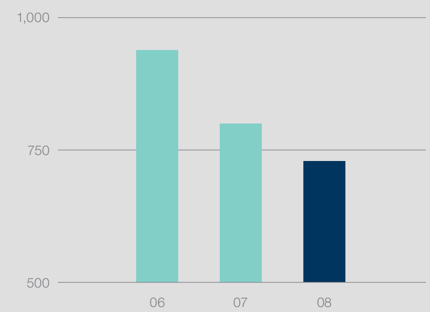
In power generation we completed the Lynn and Inner Dowsing wind farm development off the Lincolnshire coast, the largest operational offshore wind farm development in the world. In Devon, the construction of the Langage gas-fired power station continued, although the contractor has experienced some delays and we now expect the station to become operational towards the end of 2009.

In September we announced the signing of a Memorandum of Understanding with EDF to acquire a 25% share in the British Energy business. This would add significantly to our upstream position and provide us with a long-term hedge against volatile wholesale power prices, with access to power where the price is not impacted by the cost of oil and gas, and an opportunity to grow through new build nuclear construction in the UK.

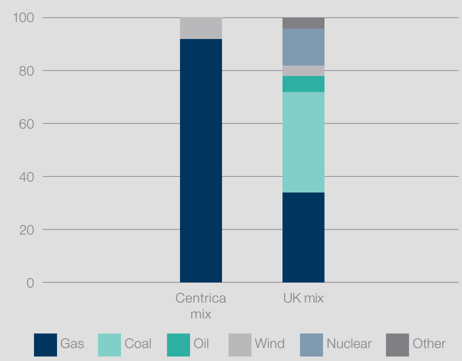
The proceeds from the successful £2.16 billion Rights Issue towards the end of the year provide us with the capital required to complete the British Energy transaction and make further material progress in increasing the upstream asset base and reducing risk.


Far left: In January 2009, we received the largest shipment of LNG ever delivered to the UK.
Middle: Centrica's UK headquarters in Berkshire.
Left: Our Direct Energy business in North America.

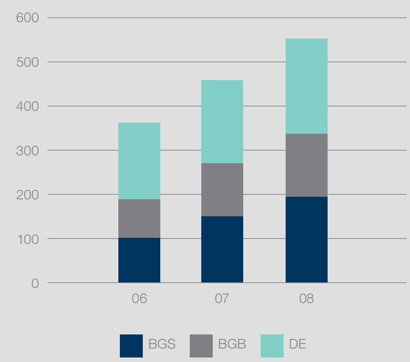
British Gas Residential operating expenditure £m



Generation mix %



Growth business EBIT £m
(earnings before interest and taxes)



What's next

We will continue to expand our power generation fleet as part of the overall upstream hedge to reduce the exposure to the increasing volatility in power prices and spreads. Here we will seek to cover an increasing amount of our UK electricity demand load and to grow and better align our generation mix with that of our competitors and the wider market. As part of this, our discussions with EDF, regarding us potentially acquiring 25% of British Energy are continuing. We will also pursue external financing to allow us to develop and build on our wind farm portfolio, and additional options to grow the size of our conventional gas-fired fleet of power stations.

In gas we are continuing to push ahead on reducing our exposure to the short-term volatility in wholesale gas prices by acquiring additional gas assets and striking gas contracts. In pursuing this we will focus most of our asset acquisition activity on the UK and Norwegian sectors of the North Sea while also continuing to evaluate LNG opportunities. Building closer relationships with National Oil Companies, to secure competitive long-term sources of gas for our customers, remains firmly on the agenda.

PRIORITY 4 – BUILD ON OUR GROWTH PLATFORMS

Centrica's growth businesses in the UK, Europe and North America have great potential for increasing the Group's profitability.

We are focusing on new opportunities, such as providing low-carbon products and services, and increasingly on integration in the North American business. This will see us concentrate on the geographies and service areas in which we are already strong, and support the retail businesses through the construction and acquisition of new power assets.

The progress we've made

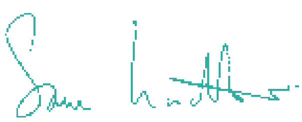
The financial results in the year show real progress with this priority. In British Gas Business and British Gas Services we grew revenue, operating profit and customer numbers, while delivering ongoing cost efficiencies. In North America we faced a difficult economic environment. However here too we increased customer numbers and delivered a strong financial result, partially due to favourable exchange rate movements. Our acquisition in June of Strategic Energy doubled the size of our commercial and industrial (C&I) energy supply business and made us the third largest commercial supplier of energy in North America. In Europe, in January 2009 we completed the acquisition of an additional 25.5% of SPE, giving us a valuable controlling stake of 51%. Unfortunately Oxxio, our business in The Netherlands, recorded a disappointing loss*. We have taken action to stem losses here, including replacing management.

What's next

The reorganisation in British Gas provides us with an opportunity to increase the overall value of our customer base by expanding the overlap between our energy and services businesses through bundled offerings under a single brand. In North America we will also integrate further by building on the platform we have already established and tightening the focus on key geographies. In doing this we will establish a centralised service platform which enables us to compete more efficiently. With better focus will come a greater degree of integration, primarily through the selective acquisition and construction of gas and power assets, to provide growth opportunities and support for the retail businesses.

In summary

Following a record 2007, the financial performance in 2008 was good despite a much harsher environment. We made strong progress against the strategic priorities we set out at the end of 2006. The outlook for the global economy remains very challenging and in the UK 2009 could be particularly difficult for many of our customers, both residential and commercial. We will continue to place our customers' needs at the forefront of our agenda, alongside our determination to deliver increasing long-term value for our shareholders.



Sam Laidlaw
Chief Executive
26 February 2009

* including joint ventures and associates, stated net of interest and taxation, and before exceptional items and certain re-measurements

Overview
Our Performance
Governance & Financial Statements
Shareholder Information

Efficiency is the key

We’re creating new solutions to meet the new demands for energy. We’re broadening our offer, while reducing our footprint.

efficiency

Keeping the lights on

The energy efficiency products provided by British Gas in 2008 included the distribution of 48 million low-energy light bulbs, which equated to a **lifetime carbon saving of 17.87 million tonnes of CO_2.**

We know how to cut your bills

Using a mix of energy efficient equipment and simple changes in behaviour, **the average UK household could cut its energy use by 25%** – and with it its bills and CO_2 emissions. This is what our remarkable Green Streets experiment has found.

A sustainable North America

There are many good reasons for reducing demand for energy, including financial and environmental savings. Direct Energy is involved in schemes with public authorities, private companies and citizens that are helping to make significant savings.

We're making a difference

By taking concerted action to reduce our own carbon footprint **we achieved a 7.23% cut in UK office energy consumption in one year** – with some offices saving up to 10%.

A strong **business**

Customers are essential to our business. Our activities are focused on securing and delivering energy and offering a distinctive range of home and business energy solutions.

Revenue^ **by business** £m:

British Gas Residential	7,769
British Gas Services	1,349
British Gas New Energy	10
British Gas Business	3,063
Centrica Energy	2,220
Centrica Storage	221
European Energy	889
Direct Energy	5,824
Total	**21,345**

Operating profit^* **by business** £m:

British Gas Residential	379
British Gas Services	195
British Gas New Energy	(3)
British Gas Business	143
Centrica Energy	879
Centrica Storage	195
European Energy	(56)
Direct Energy	215
Other operations	(5)
Total	**1,942**

^ from continuing operations

* including joint ventures and associates, stated net of interest and taxation, and before exceptional items and certain re-measurements

BRITISH GAS RESIDENTIAL

The focus on delivering good customer service, reducing our cost base, maximising value from the customer base and providing an attractive environment for employees has been central to the ongoing transformation of British Gas Residential.

The rapid rise in wholesale energy prices during the first half of the year required price rises to customers in January and July in order to maintain reasonable profitability. Although there was a short-term increase in customer churn, sales of energy accounts remained high. At the end of 2008 we were serving 15.6 million accounts, of which 3.6 million had a fixed-price product. In November, we reduced the standard retail tariff for prepayment customers, and in January 2009, we cut our standard gas tariffs by 10% and introduced a prompt payment discount for credit customers.

British Gas continued to demonstrate industry leadership in supporting those customers less able to pay their fuel bills. We have over 500,000 customers on our Essentials tariff, the UK's largest social tariff, and will spend more than double our £34 million commitment during 2008/09 in supporting our most vulnerable customers.

The volume of incoming calls was 22% lower than 2007, reflecting improved internal processes and increased first-time resolution of customer queries. Our share of Ombudsman's complaints fell to 25%, lower than our overall energy market share. In February 2009 British Gas was also recognised by The Sunday Times as one of the '20 Best Big Companies to Work For' for the first time, an important accolade for a business where employee engagement is central to performance.

Revenue in the year was up by 20% to £7,769 million as a result of higher prices partially offset by slightly lower customer numbers.

With rapidly escalating wholesale gas prices, operating profit* was down by 34% to £379 million (2007: £571 million). This translated to a 4.9% margin (2007: 8.8%). Gas costs increased year-on-year by 43% and there were also increases in transmission and metering costs of 7%.

Operating costs fell by 9% with savings made in our sales and support functions and in our call centres. Net charges for bad debts were broadly unchanged, but given the current economic pressures facing our customers, are expected to increase in 2009.

www.britishgas.co.uk

British Gas

BRITISH GAS SERVICES

By responding to new customer needs with new products and better service delivery, British Gas Services has increased its customer base and financial performance. It is a growth business that is growing strongly.

British Gas Services delivered a strong performance in 2008 as we continued to grow the business through investment in high levels of customer service and a greater contribution from products beyond the original central heating care range.

Revenue was up 5% at £1,349 million with particularly strong growth in our Plumbing and Drains and Home Electrical Care products, up by 6% and 11% respectively. By the end of the year we had increased the total number of customer product relationships by 5% to 8.1 million, and customer retention rates across most of our product range remained above prior year levels. Service levels at our new National Distribution Centre, which underpins our overnight parts delivery commitment, have been high at 99%.

During the year we extended our range of services with the introduction of new insurance-based products covering water supply pipes and general home emergencies. By December we had sold over 130,000 of these products. Our performance in the on-demand market remains strong, with over 65% of these customers subsequently converting to a contractual product. We also supported the launch of a bundled product, Dual Fuel Extra, in conjunction with British Gas Residential. This offers a priority response to emergency central heating breakdowns.

Despite worsening economic conditions our Central Heating Installations business maintained activity at near 2007 levels, with 111,000 installations. Following the restructuring of this business and a major operation to minimise overheads and supply costs we improved operating profit substantially.

Overall operating profit* increased by 29% to £195 million (2007: £151 million), reflecting the continued strong growth of our higher margin secondary care products, improved efficiency and cost reductions across the business. Over the year we reduced costs by £25 million. Operating costs as a percentage of gross margin decreased to 69% (2007: 74%) and the operating margin rose to 14.5% (2007: 11.8%).

DYNO Part of British Gas

www.britishgas.co.uk

British Gas

BRITISH GAS NEW ENERGY

As the UK moves towards a low-carbon future British Gas New Energy was established to develop a range of low-carbon solutions for homes and businesses. We provide energy efficiency and microgeneration products and services to customers.

In January we acquired a minority equity stake in Ceres Power Holdings plc and entered into a development and distribution agreement. Ceres is developing a fuel cell domestic boiler which generates electricity at the same time as producing heat. In September we entered the microgeneration market though our acquisition of Solar Technologies, an installer of solar photovoltaic technology. We expect the Government to introduce a feed-in tariff in 2010 which will strengthen this market by providing financial incentives for small-scale low-carbon generation.

In October we acquired Semplice Energy Limited, a low-carbon solutions company which offers consulting, design and systems integration to help businesses reduce their energy usage and use cleaner energy. We also entered into technology partnerships with Disenco, a developer of a micro combined heat and power appliance, and VPhase, a developer of energy-saving products.

British Gas New Energy sought to raise awareness of energy efficiency through the successful 'Green Streets' campaign, where streets in the UK competed against each other to see which could save the most energy.

We also continue to deliver British Gas' regulatory obligations in energy efficiency under the Government's Carbon Emissions Reduction Target (CERT) programme. In 2008, the energy efficiency measures we provided to homes delivered lifetime carbon savings of almost 18 million tonnes.

www.britishgas.co.uk

British Gas

BRITISH GAS BUSINESS

Innovative propositions, such as dedicated account managers, have helped British Gas Business to grow by maintaining high levels of customer service, customer satisfaction and customer retention.

Despite challenging wholesale energy market conditions, British Gas Business delivered a very strong financial result and continued to grow its overall customer base. By the end of 2008 we were supplying over 1 million customer supply points. This included the addition of two small customer blocks. In October we successfully tendered for 37,000 electricity accounts for small and medium-sized enterprise (SME) customers, as part of Ofgem's supplier of last resort process, following the collapse of E4B. In November we added a further 39,000 electricity accounts through the acquisition (for £3.5 million) of BizzEnergy's customer base from the administrators of this privately owned energy supplier. In October we also announced the acquisition of BMSi, which increases our presence in the UK's expanding commercial energy-related services market.

Revenue for the year was up by 26% to £3,063 million (2007: £2,431 million), reflecting tariff increases and higher contract renewal rates, combined with higher average customer numbers and increased consumption in both gas and power.

Service levels across the business remain high. First time resolution of customer queries continued to improve, resulting in fewer repeat calls and higher satisfaction levels across the commercial customer base. Customer retention in both larger commercial and SME customers also remained high. For the fourth year running British Gas Business was recognised as one of the UK's Top 50 'Best Workplaces' by the Financial Times.

Operating profit* for the year increased by 19% to £143 million (2007: £120 million). This was due to the maintenance of our gross margins and the identification of further operating cost efficiencies, including the renegotiation of our commercial broker fee structure. As a result our operating costs as a percentage of gross margin decreased to 62% (2007: 72%).

* including joint ventures and associates stated net of interest and taxation, and before certain re-measurements

www.britishgasbusiness.co.uk

CENTRICA ENERGY

Centrica Energy is the part of the business that ensures security of supply for our customers. It is building the upstream operation that is vital for an integrated energy company, by investing in new sources of gas and power.

Operating profit* in gas production increased to £1,164 million from £429 million in 2007, due to increased production volumes and higher sales prices. Gas sales volumes increased by 7% and the average selling price rose to 59.1p/therm (2007: 30.4p/therm).

During the year we made acquisitions in the UK and Norwegian North Sea including, in October, Marathon's Heimdal gas assets for £162 million. We invested £108 million in 2008 on our existing gas asset portfolio and £43 million in our exploration programme in the Morecambe Bay area and our licence blocks in Norway and Nigeria.

Power generation delivered an operating profit* of £7 million (2007: £46 million). The financial performance of the fleet was held back by a forward sales contract and unplanned outages at several power stations. Despite these outages, total power generated from our portfolio rose to 23.4 terawatt hours (TWh).

By the end of the year the 180 megawatt (MW) Lynn and Inner Dowsing offshore wind farm development was exporting directly to the National Grid, and in October we gained Government approval for a proposed 250MW wind farm off the Lincolnshire coast.

The 885MW Langage gas-fired power station development remains on budget and we expect it to begin full commercial operation towards the end of 2009.

The industrial and commercial segment reported an operating loss* of £329 million (2007: £179 million operating profit*), as we were supplying gas bought at high prices to index-linked contracts.

In energy procurement we negotiated additional medium-term supply contracts totalling around 4 billion cubic metres (bcm) of gas a year, and in November, we commissioned our liquefied natural gas (LNG) import capacity at the Isle of Grain with the largest LNG tanker delivery ever landed in the UK.

Our wholesale energy trading business, Accord, delivered an operating profit* of £37 million, up significantly on 2007's £9 million.

www.centricaenergy.com

CENTRICA STORAGE

Gas storage is an integral part of the upstream supply chain, and a hedge against wholesale price volatility. Centrica – and the UK – does not have enough storage capacity and so we are investing in more.

Centrica Storage delivered a good financial performance, despite narrower year-on-year summer/winter gas price spreads. As a result, revenue in the period was down 14% to £280 million (2007: £327 million) primarily driven by a lower achieved standard bundled unit (SBU) price of 43.8 pence (2007: 57.4 pence). This was partially offset by additional revenue of £26 million from the sale of cushion gas in the last quarter of the year. Lower revenue and an increased cost of fuel gas caused operating profit* to fall by 19% to £195 million (2007: £240 million).

Operationally the Rough field performed strongly in 2008, with injection and production availability of 99%. In the first half of the year we upgraded the two offshore compression trains for the field which enhanced injection rates. Since completing the Rough acquisition in 2003, continued investment has enabled us to create the equivalent of more than 80 million additional SBU sales in 2008. During the year the Easington terminal passed five years without a lost time incident and Centrica Storage's overall accident rate of below one lost time incident per million man hours, compares very favourably with industry benchmarks.

In July approval was granted by Ofgem to modify the standard storage contract to include prepaid entry capacity rights. Centrica Storage now offers a range of products that give customers increased choice.

During the year Centrica Storage also announced its involvement in two major new storage projects. In March we proposed conversion of the Bains gas field into a gas storage facility, with a potential capacity of up to 20bcf. In September we acquired Caythorpe Gas Storage Limited, which has planning permission to convert the onshore Caythorpe gas field to a gas storage facility, with a capacity of up to 7.5bcf. If completed, both of these projects would become operational by the winter of 2011/12, and would provide increased levels of flexibility and security.

In February 2009 a third new gas storage project was announced. Centrica Storage, in conjunction with Perenco, intends to convert the largely depleted Baird gas field into a facility that would have capacity to hold approximately 60bcf, just over half the capacity of Rough, the UK's largest gas storage facility.

www.centrica-sl.co.uk

centrica storage

EUROPEAN ENERGY

We are involved in power generation, energy management and retail energy supply in mainland Europe, where the development of a fully competitive energy market would provide significant growth opportunities.

Our European businesses experienced tough wholesale market conditions during 2008, reporting an operating loss* of £56 million (2007: operating profit* £17 million).

In Belgium, SPE continued to grow its customer base and now supplies over 1.5 million customers (2007: 1.4 million). Earnings of £8 million in 2008 were in line with 2007. In January 2009 we completed our acquisition from GdF of their 25.5% of SPE for an initial price of €515 million, giving us a controlling stake of 51%. An additional amount of €70 million was triggered following approval of the PE2 agreement, under which SPE will have access to additional low-cost nuclear power in Belgium.

In The Netherlands, Oxxio faced highly volatile commodity prices and struggled to compete against vertically integrated incumbent players. Customer numbers fell slightly as a result and underlying trading results were weak. In addition, we experienced operational challenges, with the business suffering a billing backlog and overruns in procurement costs, both of which resulted in significant additional charges within the 2008 results. The operating loss* for the year was £63 million (2007: operating profit* £3 million). We have taken action to address the internal issues within the business, including putting a new management team in place. In light of the 2008 loss, the carrying value of the goodwill associated with Oxxio has been written down by £45 million. This has been charged as an exceptional item which totalled £67 million, the remaining £22 million being a write-down of a receivable relating to historic overpayments of energy revenue tax where recovery is now uncertain.

In Spain and Germany changes during the year to the regulatory regimes were helpful to our businesses. In Spain the high voltage regulated tariff was removed allowing Centrica Energía, one of only three 100% green suppliers in the country, to make further progress in the high voltage power market. In Germany the restructuring of the historic gas supply areas and the implementation of a new gas balancing regime were helpful.

www.oxxio.nl
www.spe.be
www.centricaenergia.es
www.centrica-energie.de

spe centrica energie

oxxio centrica energía

DIRECT ENERGY

Direct Energy continues to offer strong growth potential and now accounts for 27% of the Group's revenue. Expertise in energy procurement, retail services, growing upstream gas and power generation businesses, along with our balance sheet strength, position us well to take advantage of future opportunities.

Direct Energy delivered a strong set of results in 2008 despite a difficult economic and commodity environment. Revenue in the year was up 46% at £5,824 million (2007: £3,992 million), mainly as a result of the acquisition of Strategic Energy, higher selling prices in retail energy, and the positive impact of the stronger US and Canadian currencies. Operating profit* was up 15% at £215 million (2007: £187 million), and by 4% on a constant currency basis.

Mass markets energy
Mass markets energy performed well given the tough market conditions. In Canada customer numbers grew by 3% as we gained market share in Alberta where we have now switched 250,000 customer accounts from the regulated tariff to competitive products.

In the US North East customer numbers grew by 20% to more than 400,000 as we continued to grow our gas and power businesses in New York and increased our market share in Ohio and in Connecticut. Profits* also increased.

However, in Texas customer numbers fell by 4% and total demand dropped by over 15% as benign weather and conservation efforts by customers in the face of higher prices impacted average consumption per customer. In September Hurricane Ike damaged Houston's power infrastructure, causing a temporary but sharp reduction in demand. Despite these issues, Texas delivered operating margins of 9% in 2008.

Revenue for the year was up 9% to £2,652 million and operating profit* grew 11% to £137 million. On a constant currency basis both were broadly flat.

Commercial and industrial energy
Electricity sales in the year were almost double those in 2007, primarily as a result of the Strategic Energy acquisition. Higher contract prices and the favourable exchange rate, also helped to more than double revenue to £2,015 million (2007: £978 million). On a constant currency basis revenue was up 88%. We now supply over 200,000 meter points which makes us the third largest C&I energy supplier in North America.

In the second half integration costs for Strategic Energy cancelled out the synergy benefits. However the integration is now essentially complete and we are on target to exceed the US$15 million of annual cost synergies announced at the time of the acquisition.

Operating profit* for this business was up substantially year-on-year at £11 million (2007: £1 million).

Home and business services
It was a difficult year for our services business, as the severe slowdown in US housing construction had a material impact on installations of equipment in new homes. In response we cut costs sharply and increased our emphasis on protection products, where customer numbers rose by 11%.

In Canada our customer base for protection products grew by 5%, mainly due to strong sales of total home protection plans.

Revenue was up by 7% at £375 million, and operating profit* was down £1 million year-on-year at £16 million. But on a constant currency basis revenue was down 1% and operating profit* down 20%.

Upstream and wholesale energy
Overall operating profit* was up 11% year-on-year at £51 million and on a constant currency basis was up 2%. This small underlying increase reflected higher upstream gas profits offset by a reduction in power generation margins.

Our Texas power stations were affected by increasing capacity margins and lower spark spreads, which occasionally made it more economic to purchase power than produce it. Overall power generation volumes dropped by 7% to 4.7TWh.

Natural gas production volumes increased by 23% to 365mmth (2007: 297mmth) following development of current reserves and the acquisitions of Rockyview Energy and the Canadian assets of TransGlobe Energy earlier in the year. The business also benefited in the first half from high gas prices on the portion of sales not forward sold.

* including joint ventures and associates stated net of interest and taxation, and before certain re-measurements

www.directenergy.com

Direct Energy

Corporate Responsibility Review

Managing a sustainable business

> "Corporate responsibility is central to the delivery of sustainable value for our shareholders."

During 2008 we have continued to review, understand and manage the social, environmental and economic impact of our operations. Corporate responsibility (CR) is central to the delivery of sustainable value for our shareholders.

I am pleased that our Board-level Corporate Responsibility Committee continues to receive strong commitment from our senior leadership and provides strategic oversight to our overall CR approach. In 2008, Direct Energy's Executive established its own CR Committee to oversee North American business-specific issues. And a senior manager is also now accountable for CR performance in each business.

Our CR strategy focuses on areas where we can have a direct – and measurable – impact. These are:

- climate change and the environment
- serving our customers
- health and safety
- valuing our people
- our local impact
- our supply chain

Climate change and the environment

Small-scale technologies can play a significant role in helping the UK achieve its targets for CO_2 emissions and renewable energy. In 2008 British Gas New Energy made a number of acquisitions to help develop our capability in microgeneration, and support our strategy to lead the market in low-carbon products and services.

Our 18-month-long Green Streets competition between eight communities has highlighted practical solutions for consumers to make their homes more energy efficient.

We further reduced our overall carbon intensity, and the energy we supplied had the lowest carbon emissions of any major supplier in Britain. Our new efficient gas-fired power station at Langage will generate its first power in 2009. And our offshore wind farm development at Lynn and Inner Dowsing is the largest of its type in the world. We are also actively pursuing an interest in new nuclear power.

We are focused on reducing our own operational carbon footprint and are creating a culture among our employees appropriate for a business leading the way towards a low-carbon future.

Serving our customers

We have long been committed to providing proactive help to our vulnerable customers and to working alongside the UK Government to alleviate fuel poverty, which National Energy Action estimates affects over 5 million households in Britain.

In total, we provided support to an estimated 1.4 million vulnerable or in-need customers during 2008; and by the end of 2008, there were around 526,000 accounts on our Essentials tariff, a 55% increase on 2007.

Health and safety

The health and safety of our employees, contractors, customers and communities in which we live and work is a top priority. Health and safety is a standing item on the agenda of all Executive Committee meetings.

We achieved a 5% reduction in the rate of lost time injuries (LTI) in 2008, though our overall LTI rates are high with British Gas Services accounting for more than 80% of our accidents. To decrease injury rates, British Gas Services has launched a major programme of safety improvements, including a high profile internal awareness campaign.

Valuing our people

We want Centrica to be a great place to work and there was a 94% response rate to the 2008 engagement survey, which found levels of employee commitment well in excess of UK and European benchmarks.

Our approach to flexible working is a key factor in attracting employees and a reason for their staying. We are also committed to pursuing both equality and diversity in all our activities. Direct Energy has a Diversity and Inclusion Council to oversee strategy in North America.

Local impact

We aim to benefit the communities in which we operate by understanding local social and environmental issues and by taking action to address those issues. For example, more than 8,000 UK schools have signed up to the British Gas Generation Green programme; we have helped create a new secondary school in India; and in Nigeria we are working to tackle youth unemployment.

Supply chain

As a large international company, we have responsibilities for the application of appropriate business practice throughout our supply chain, and are working to include corporate responsibility clauses in our contracts with suppliers.

M E Francis

Mary Francis CBE
Senior Independent Director
26 February 2009

We're investing in know-how

More engineers, better customer service and more solutions for cleaner energy.

expertise

We've invested in service

Direct Energy is developing new online solutions, while British Gas has invested in better training and refinements to the billing system in order to improve customer service. **And the investment is now paying off.**

Bucking the employment trend

We are creating around 1,500 skilled jobs over the coming years. This includes 1,000 new apprentice gas engineers – women as well as men – who will be trained in our outstanding facilities.

Taking the lead as energy experts

Profound debates are taking place about climate change, fuel poverty and the security of energy supply. We know the facts, and **use our knowledge to engage in the debate, to help society find the best solutions for the future.**

We've got the wind in our sails

More than 130,000 homes can be supplied by the world's largest offshore wind farm development that we have built off the Lincolnshire coast.

Governance

Board of Directors and Executive team

1. Roger Carr

Chairman (62) N,R

Roger Carr joined the Board as a Non-Executive Director in 2001. He was appointed Chairman of the Board in May 2004 and is Chairman of the Nominations Committee. He is chairman of Cadbury plc and a non-executive director of the Bank of England. Until June 2008, he was chairman of Mitchells & Butlers plc.

2. Sam Laidlaw

Chief Executive (53) C,D,E,N

Sam Laidlaw joined Centrica as Chief Executive in July 2006. He is Chairman of the Executive Committee and the Disclosure Committee. 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.

3. Helen Alexander CBE

Non-Executive Director (52) A,N,R

Helen Alexander joined the Board in January 2003 and is Chairman of the Remuneration Committee. 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.

4. Phil Bentley

Managing Director, British Gas (50) C,E

Phil Bentley joined Centrica as Group Finance Director in 2000, a position he held until the end of February 2007 when he was appointed Managing Director, British Gas. He was also Managing Director, Europe between July 2004 and September 2006. Formerly, he was finance director of UDV Guinness from 1999 and group treasurer and director of risk management of Diageo plc from 1997. Previously, he spent 15 years with BP plc in various international oil and gas exploration roles. He is also a non-executive director and the chairman of the audit committee of Kingfisher plc.

5. Mary Francis CBE

Senior Independent Director (60) A,C,N,R

Mary Francis joined the Board in June 2004 and is Senior Independent Director and Chairman of the Corporate Responsibility Committee. She is a non-executive director of Aviva plc and St. Modwen Properties plc and a trustee and treasurer of the Almeida Theatre. She is a former director general of the Association of British Insurers, a former non-executive director of the Bank of England and Alliance & Leicester plc, and was a senior civil servant in the Treasury and the Prime Minister's Office.

6. Mark Hanafin

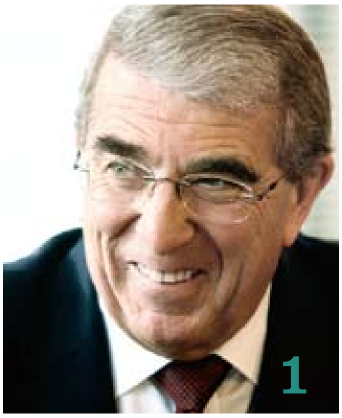
Managing Director, Centrica Energy and Europe (49) E

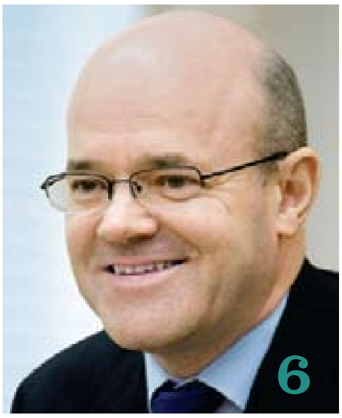
Mark Hanafin joined Centrica as Managing Director, Centrica Energy and Europe in July 2008. He was previously president and chief executive officer of Shell Energy North America in Houston. Mark began his career with Shell in 1986 in the UK, holding positions in sales, trading and commercial management. 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, Mark worked for General Electric Company.

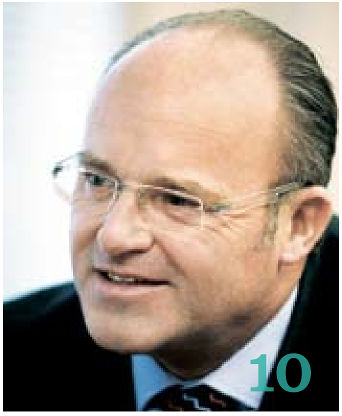
7. Nick Luff

Group Finance Director (41) D,E

Nick Luff joined Centrica as Group Finance Director in March 2007. He was previously chief financial officer of The Peninsular & Oriental Steam Navigation Company (P&O) and has held a number of other senior financial roles at P&O, having qualified as a chartered accountant at KPMG. He is a non-executive director of QinetiQ Group plc.







8. Andrew Mackenzie
Non-Executive Director (52) A,C,N,R
Andrew Mackenzie joined the Board in September 2005. 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.

9. Paul Rayner
Non-Executive Director (54) A,N,R
Paul Rayner joined the Board in September 2004 and is Chairman of the Audit Committee. In September 2008, he was appointed as a non-executive director of Boral Limited and in July 2008, he was also appointed as a non-executive director of Qantas Airways Limited. He was finance director of British American Tobacco plc from 2002 until April 2008. In 1991 he joined Rothmans Holdings Limited in Australia, holding senior executive appointments, and became chief operating officer of British American Tobacco Australasia Limited in September 1999.

10. Paul Walsh
Non-Executive Director (53) A,N,R
Paul Walsh joined the Board in March 2003. He is chief executive of Diageo plc, having previously been chief operating officer and having served in a variety of management roles. He is a non-executive director of Federal Express Corporation, a member of the Council of the University of Reading, deputy chairman of the Prince of Wales International Business Leaders Forum, a member of the Business Council for Britain and chairman of the Scotch Whisky Association.

Executive team

11. Grant Dawson
General Counsel & Company Secretary (49) D,E
Grant Dawson has been General Counsel & Company Secretary of Centrica since the demerger from British Gas plc in February 1997, having joined British Gas in October 1996.

12. Deryk King
President and Chief Executive Officer, Direct Energy (61) C,E
Deryk King is responsible for all of Centrica's activities in North America. He joined Centrica in September 2000, having previously been group managing director of Powergen plc.

13. Catherine May
Group Director, Corporate Affairs (44) C,E
Catherine May joined Centrica as Group Director, Corporate Affairs in September 2006, having previously been group director of corporate relations for Reed Elsevier.

14. Anne Minto OBE
Group Director, Human Resources (55) E
Anne Minto was appointed Group Director, Human Resources in October 2002. Prior to that she was director, human resources for Smiths Group plc, a position which she held since early 1998. She is also Chairman of the Centrica Pension Schemes.

15. Chris Weston
Managing Director, British Gas Services (45) E
Chris Weston was appointed Managing Director, British Gas Services in June 2005. Prior to this he was Managing Director, British Gas Business from January 2002.

Key to membership of committees
A – Audit Committee
C – Corporate Responsibility Committee
D – Disclosure Committee
E – Executive Committee
N – Nominations Committee
R – Remuneration Committee

Summary Financial Statements

SUMMARY GROUP INCOME STATEMENT

Year ended 31 December	2008 Results for the year before exceptional items and certain re-measurements (i) £m	2008 Exceptional items and certain re-measurements (i) £m	2008 Results for the year £m	2007 (restated) (ii),(iii) Results for the year before exceptional items and certain re-measurements (i) £m	2007 (restated) Exceptional items and certain re-measurements (i) £m	2007 (restated) Results for the year £m
Continuing operations						
Group revenue (ii)	**21,345**	**–**	**21,345**	16,272	–	16,272
Cost of sales (ii)	**(17,139)**	**–**	**(17,139)**	(12,147)	–	(12,147)
Re-measurement of energy contracts (i)	**–**	**(1,411)**	**(1,411)**	–	244	244
Gross profit	**4,206**	**(1,411)**	**2,795**	4,125	244	4,369
Operating costs before exceptional items	**(2,280)**	**–**	**(2,280)**	(2,190)	–	(2,190)
Impairment of Oxxio goodwill and other assets (i),(iv)	**–**	**(67)**	**(67)**	–	–	–
Operating costs	**(2,280)**	**(67)**	**(2,347)**	(2,190)	–	(2,190)
Share of profits in joint ventures and associates, net of interest and taxation (i)	**16**	**(4)**	**12**	14	(9)	5
Group operating profit	**1,942**	**(1,482)**	**460**	1,949	235	2,184
Net interest expense	**(11)**	**–**	**(11)**	(73)	–	(73)
Profit from continuing operations before taxation	**1,931**	**(1,482)**	**449**	1,876	235	2,111
Taxation on profit from continuing operations	**(1,027)**	**434**	**(593)**	(753)	(60)	(813)
Profit/(loss) from continuing operations after taxation	**904**	**(1,048)**	**(144)**	1,123	175	1,298
Discontinued operations (i)	**–**	**–**	**–**	1	208	209
Profit/(loss) for the year	**904**	**(1,048)**	**(144)**	1,124	383	1,507
Attributable to:						
Equity holders of the parent	**903**	**(1,048)**	**(145)**	1,122	383	1,505
Minority interests	**1**	**–**	**1**	2	–	2
	904	**(1,048)**	**(144)**	1,124	383	1,507
	Pence		Pence	Pence		Pence
Earnings/(loss) per ordinary share from continuing and discontinued operations: (iii)						
Basic			**(3.5)**			36.5
Diluted			**(3.5)**			35.9
Adjusted basic	**21.5**			27.2		
Interim dividend paid per ordinary share (iii)			**3.47**			2.98
Final dividend proposed per ordinary share (iii)			**8.73**			8.59
			£000			£000
Directors' emoluments			**5,967**			5,774

(i) Certain re-measurements included within operating profit comprise re-measurement arising on energy procurement activities and re-measurement of proprietary trades in relation to cross-border transportation or capacity contracts. In our business we enter into a portfolio of forward energy contracts which include buying substantial quantities of commodity to meet the future needs of our customers. A number of these arrangements are considered to be derivative financial instruments and are required to be fair valued under IAS 39. Fair valuing means that we apply the prevailing forward market prices to these contracts. The Group has shown the fair value adjustments separately as certain re-measurements as they are unrealised and non-cash in nature. The profits arising from the physical purchase and sale of commodities during the year, which reflect the prices in the underlying contracts, are not impacted by these re-measurements.

As permitted by IAS 1, Presentation of Financial Statements, certain items are presented separately. The items that the Group separately presents as exceptional are items which are of a nonrecurring nature and, in the judgement of the Directors, need to be disclosed separately by virtue of their nature, size or incidence in order to obtain a clear and consistent presentation of the Group's underlying business performance. Items which may be considered exceptional in nature include disposals of businesses, business restructurings, the renegotiation of significant contracts and asset write-downs.

Exceptional items and certain re-measurements included within discontinued operations in 2007 comprise the gain on disposal of The Consumers' Waterheater Income Fund and re-measurement of the publicly traded units of The Consumers' Waterheater Income Fund. All other re-measurement is included within results before exceptional items and certain re-measurements.

(ii) Group revenue and cost of sales have been restated to report gas sales revenue of Centrica Storage net of cost of sales to better reflect the nature of the transactions.

(iii) During the year, the Group raised proceeds of approximately £2,164 million, net of issue costs of approximately £65 million, through a three for eight Rights Issue of new ordinary shares at 160 pence per share, representing a bonus to existing shareholders of 0.1233 ordinary shares per ordinary share held. Earnings per ordinary share and dividend per ordinary share figures have been restated to reflect the bonus element of the Rights Issue.

(iv) During 2008, exceptional charges of £67 million were incurred in the European Energy segment, including a £45 million impairment of the Oxxio goodwill and a £22 million impairment of a receivable balance in Oxxio relating to historic overpayments of regulatory energy revenue tax, reflecting the reduced likelihood of realising the balance in the future.

SUMMARY GROUP BALANCE SHEET

31 December	2008 £m	2007 £m
Non-current assets	**7,839**	6,057
Current assets	**10,508**	5,798
Current liabilities	**(9,020)**	(5,417)
Net current assets	**1,488**	381
Non-current liabilities	**(4,941)**	(3,056)
Net assets	**4,386**	3,382
Shareholders' equity	**4,326**	3,323
Minority interests in equity	**60**	59
Total minority interests and shareholders' equity	**4,386**	3,382

SUMMARY GROUP STATEMENT OF RECOGNISED INCOME AND EXPENSE

Year ended 31 December	2008 £m	2007 £m
(Loss)/profit for the year	**(144)**	1,507
Net (expense)/income recognised directly in equity	**(562)**	349
Transfers to income and expenses or assets and liabilities	**(24)**	250
Total recognised income and expense for the year	**(730)**	2,106
Total income and expense recognised in the year is attributable to:		
Equity holders of the parent	**(731)**	2,104
Minority interests	**1**	2
	(730)	2,106

SUMMARY GROUP CASH FLOW STATEMENT

Year ended 31 December	2008 £m	2007 £m
Operating cash flows before movements in working capital	**2,397**	2,494
Net movements in working capital	**(1,095)**	263
Net interest, tax and other operating cash flows	**(1,005)**	(400)
Net cash flow from operating activities	**297**	2,357
Net cash flow from investing activities	**(1,122)**	(964)
Net cash flow from financing activities	**2,603**	(888)
Net increase in cash and cash equivalents	**1,778**	505
Cash and cash equivalents at 1 January	**1,100**	592
Effect of foreign exchange rate changes	**26**	3
Cash and cash equivalents at 31 December	**2,904**	1,100

The Summary Financial Statements on pages 22 to 23 were approved and authorised for issue by the Board of Directors on 26 February 2009 and were signed below on its behalf by:

Sam Laidlaw
Chief Executive

Nick Luff
Group Finance Director

Summary Reports

Independent Auditors' statement to the members of Centrica plc

We have examined the Summary Financial Statements of Centrica plc which comprises the Summary Group Income Statement, Summary Group Balance Sheet, Summary Group Statement of Recognised Income and Expense, Summary Group Cash Flow Statement and the Summary Remuneration Report.

Respective responsibilities of Directors and Auditors

The Directors are responsible for preparing the Annual Review and Summary Financial Statements in accordance with United Kingdom law. Our responsibility is to report to you our opinion on the consistency of the Summary Financial Statements within this Annual Review with the full Annual Financial Statements, the Directors' Report (comprising the Directors' Report – Business Review and the Directors' Report – Governance) and the Remuneration Report, and its compliance with the relevant requirements of section 251 of the UK Companies Act 1985 and the regulations made thereunder. We also read the other information contained in the Annual Review and Summary Financial Statements and consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the Summary Financial Statements. This statement, including the opinion, has been prepared for and only for the Company's members as a body in accordance with section 251 of the Companies Act 1985 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this statement is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

Basis of opinion

We conducted our work in accordance with Bulletin 1999/6, 'The auditors' statement on the summary financial statement' issued by the Auditing Practices Board. Our report on the Company's full Annual Financial Statements describes the basis of our audit opinion on those Financial Statements and the Remuneration Report.

Opinion

In our opinion the Summary Financial Statements are consistent with the full Annual Financial Statements, the Directors' Report (comprising the Directors' Report – Business Review and the Directors' Report – Governance) and the Remuneration Report of Centrica plc for the year ended 31 December 2008 and comply with the applicable requirements of section 251 of the Companies Act 1985, and the regulations made thereunder.

PricewaterhouseCoopers LLP
Chartered Accountants and Registered Auditors
London 26 February 2009

Full Annual Report

The Auditors have issued an unqualified report on the Annual Financial Statements and Remuneration Report containing no statement under section 237(2) or section 237(3) of the Companies Act 1985. The Auditors' Report in respect of consistency between the Directors' Report and the Group Financial Statements is also unqualified. These Summary Financial Statements are a summary of the full Centrica Annual Report and the narrative reports contain information from the Directors' Report but not the full text of that report. They do not contain sufficient information to allow as full an understanding of the results and state of affairs of the Group and of its policies and arrangements concerning the Directors' remuneration as would be provided by the full Annual Report. The full Report can be downloaded from the Company's website at **www.centrica.com** or can be obtained, free of charge, by contacting the Centrica shareholder helpline (see page 29 for contact details).

Dividends

An interim dividend for 2008 of 3.47 pence per share (3.9 pence per share before adjusting for the bonus element of the Rights Issue) was paid on 12 November 2008. The Directors propose that, subject to approval at the Annual General Meeting (AGM), a final dividend of 8.73 pence per share will be paid on 10 June 2009 to those shareholders registered on 24 April 2009. This would make a total ordinary dividend for the year of 12.2 pence per share (2007: 13.0 pence per share, 11.57 pence per share after adjusting for the bonus element of the Rights Issue).

Corporate Governance

The Board of Directors is committed to the highest standards of corporate governance and believes that such standards are critical to overall business integrity and performance. Throughout the year ended 31 December 2008, the Company fully complied with the provisions set out in Section 1 of the 2006 Combined Code on Corporate Governance (the Code) with the exception of provision A.4.3 which currently states that no individual should be appointed to a second chairmanship of a FTSE 100 company. In July 2008, the Chairman of the Company was appointed as chairman of Cadbury plc following its demerger from Cadbury Schweppes plc. The Board believes that the Chairman's commitment and contribution to the Company will not suffer as a consequence of this appointment. This provision has been removed from the new 2008 Combined Code, which the Company will report against in 2010. A report on how the Code's principles were applied is set out in the Corporate Governance Report in the full Annual Report.

Board of Directors

The Directors consider that the Board effectively leads and controls the Group. The powers of the Directors are set out in the Company's Articles of Association (Articles), which are available on the Company's website. To accommodate recent changes in company law, the Company adopted a new set of Articles at the 2008 Annual General Meeting.

The Board has a schedule of matters specifically reserved for its approval, which is also available for inspection on the Company's website. The Board has delegated authority to its committees to carry out certain tasks as defined in each committee's respective terms of reference. During the year, the Board conducted a comprehensive review of each of its committees' terms of reference against best practice and approved revised terms. The written terms of reference of the Board's principal Committees are available on the Company's website and hard copies are available upon request.

Board appointments, evaluation and development

In accordance with the Code and the Company's Articles, all Directors are subject to reappointment by shareholders at the first AGM following their appointment to the Board and thereafter are subject to reappointment every third year. 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. A formal, rigorous and transparent process is followed during the selection and subsequent appointment of new Directors to the Board. This process is described on page 40 of the full Annual Report.

On 14 July 2008, Mark Hanafin was appointed to the Board as Managing Director, Centrica Energy and Europe and he will be seeking reappointment at the forthcoming AGM. Mark Hanafin replaced Jake Ulrich, who resigned from the Board on 12 May 2008. On 26 February 2009, the Chairman announced a number of changes to the composition of the Board. Chris Weston, who is currently Managing Director of British Gas Services will be appointed to the Board on 1 July 2009 and will assume responsibility for the Company's North American business following Deryk King's retirement. Chris Weston will therefore seek reappointment to the Board at the 2010 Annual General Meeting. Phil Bentley assumes responsibility for the newly combined British Gas business and will remain a member of the Board. Paul Walsh, who has served as a Non-Executive Director since March 2003, will retire from the Board at the 2009 AGM. A search for a suitable candidate has commenced.

The Board conducted a formal evaluation of its own performance and that of its committees and individual Directors. The evaluation was carried out with the assistance of an independent external facilitator, Egon Zehnder International, in respect of the year ended 31 December 2008.

All new Directors appointed to the Board receive a comprehensive induction briefing tailored to meet their individual needs. Ongoing development and training is provided to Directors at Board meetings and, where appropriate, committee meetings.

Internal control

The Audit Committee reviews regular internal control reports, tracks issues, monitors performance against objectives and ensures necessary actions are taken to remedy any significant failings or weaknesses identified from those reports.

The Board, with the advice of the Audit Committee, has reviewed the effectiveness of the system of internal control, for the period from 1 January 2008 to the date of this report, and is satisfied that the Group complies with the Turnbull Guidance. The Board will continue routinely to challenge management in order to ensure that the system of internal control is constantly improving.

Summary Remuneration Report

This is a summary of the full Remuneration Report, which is contained in the Annual Report and Accounts, copies of which are available on the Company's website.

It is the responsibility of the Remuneration Committee to make recommendations to the Board on: the policy, framework and cost of executive remuneration; the implementation of remuneration policy; and the determination of specific remuneration packages for each of the Executive Directors. It consists exclusively of Non-Executive Directors and has access to the advice and views of management and external consultants.

Summary remuneration policy

The Committee ensures that the Group's remuneration policy and framework provides competitive reward for its Executive Directors and other senior executives, taking into account the Company's performance, the markets in which it operates and pay and conditions elsewhere in the Group. In constructing the remuneration packages, the Committee aims to achieve an appropriate balance between fixed and variable compensation for each executive. A significant proportion depends on the attainment of demanding performance objectives both short and long term. The Annual Incentive Scheme (AIS) incentivises and rewards the achievement of demanding financial and business-related objectives. Long-term share-based incentives align interests with the longer term interests of Centrica's shareholders.

The Committee reviews the packages to ensure they continue to promote the achievement of strategic objectives while delivering shareholder value; reflect current best practice and meet the Group's business needs; and enable the Group to attract and retain high calibre management. During a recent Committee review, in consultation with major shareholders, changes to future policy and framework of executive remuneration and, in particular, the operation of the AIS and Deferred and Matching Share Scheme (DMSS) going forward were agreed and become effective during 2009.

In 2008 executive remuneration comprised base salary, AIS, an allocation of shares under the Long Term Incentive Scheme (LTIS), and an allocation of shares under the DMSS. Given the current economic climate, Executive Directors and the senior level of management will not receive a base pay increase in 2009 except where individuals have had a significant change to their responsibilities. No Executive Share Option Scheme (ESOS) grants were made during the year, although the Committee retains the discretion to make grants under the ESOS in the future. A one-off allocation of shares under the Special Long Term Incentive Scheme (SLTIS) and a grant of options under the Special Executive Share Option Scheme (SESOS) were made to Mark Hanafin in accordance with the terms of his engagement.

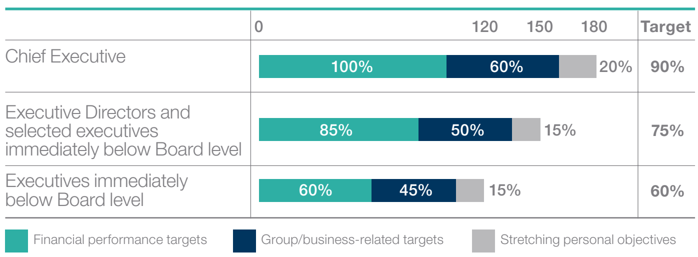
As a matter of policy, the notice periods in the Executive Directors' service contracts do not exceed one year. However, in the case of new appointments to the Board, the Committee retains a level of flexibility as permitted by the Code and has exercised its discretion in respect of the appointments of Sam Laidlaw on 1 July 2006, Nick Luff on 1 March 2007 and Mark Hanafin on 14 July 2008. Each has a service contract that contains a notice period of two years, which will reduce to one year on the second anniversary of their respective date of appointment. The notice period contained in Sam Laidlaw's contract has now reduced to one year.

The Committee believes that these arrangements are important in providing a potential remuneration package that will attract, retain and continue to motivate Executive Directors and other senior executives in a marketplace that is challenging and competitive in both commercial and human resource terms. It is currently intended that this remuneration policy and framework, which is fully endorsed by the Board, will continue for 2009.

Components of remuneration

For 2008 the target and maximum bonus opportunity under the AIS, together with the relative proportions of the components that made up the maximum bonus opportunity, were as follows:

Maximum % bonus opportunity



Overview
Our Performance
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Shareholder Information

Summary Reports continued

A balanced range of measures is used to determine overall AIS performance, during 2008, the primary financial measure was Group Economic Profit (EP). Each Business Unit had a number of business metrics focusing on key strategic priorities for the year which the Committee take into consideration together with health, safety and environmental matters when determining the level of bonuses to be paid. A bonus will be forfeited if the Committee considers overall performance to be unsatisfactory.

Twenty per cent of annual bonuses paid in respect of 2006 and 2007 were deferred automatically and invested in the DMSS (see below). To incentivise Executive Directors to focus on creating long-term value for shareholders and to deliver sustained high performance, the deferral in respect of 2008 and thereafter will increase from 20% to 40% of any AIS award for the Chief Executive and to 30% for Executive Directors and executives immediately below board level.

In 2008 the DMSS award was delayed due to Executive Directors and other senior executives being subject to prolonged dealing restrictions as a result of the Company being in a prohibited period under the Model Code. 20% of the AIS paid in April 2008 was, however, deferred automatically at that time and subsequently invested in deferred shares once the Company had ceased to be in a prohibited period. Participants were also given the opportunity to invest an additional amount in investment shares from their actual bonus, up to 50% of the individual's maximum bonus entitlement in respect of 2007. The Committee determined that the three-year performance period would be deemed to have commenced in April 2008. Deferred and investment shares were matched with conditional matching shares, which will be released upon the achievement of a performance target (see table below). For the purposes of matching, the investment shares are grossed up for income tax and National Insurance contributions. Released matching shares will be increased to reflect the dividends that would have been paid during the performance period. In the event of a change of control the number of matching shares that vest will be subject to time-apportionment in line with best practice.

The Committee is making a change to the operation of the DMSS for 2009 and thereafter. It is the Committee's intention to measure EP growth on a three-year point-to-point basis going forward, rather than a three-year cumulative calculation of growth. The Company believes that this change will encourage executives to invest in the scheme and so align their interests with Centrica's shareholders and help drive long-term performance.

In 2008 LTIS allocations were awarded to Executive Directors equal to 200% of base salary and at lower rates to other senior executives. The release of allocations will be subject to the performance conditions set out in the table below.

Prior to 2006 allocations were made annually to Executive Directors and other senior executives under the old LTIS, in accordance with

Performance condition summary

Deferred and Matching Share Scheme

Award year	Vesting criteria	Performance condition over three-year period
2007 & 2008	100% of matching shares on cumulative EP performance targets	2:1 match will be achieved for cumulative EP growth of 25% or more. Zero matching for no cumulative EP growth. Vesting of matching shares will increase on a straight-line basis between points.

Long Term Incentive Scheme

Award year	Vesting criteria	Performance condition over three-year period
2008	50% on EPS† growth against RPI growth	Full vesting for EPS† growth exceeding RPI growth by 30%. Zero vesting if EPS† growth fails to exceed RPI growth by 9%. Vesting will increase on a straight-line basis between 25% and 100% if EPS† growth exceeds RPI growth by between 9% and 30%.
	50% on TSR against FTSE 100*	Full vesting for upper quintile ranking. Zero vesting for sub-median ranking. Vesting will increase on a straight-line basis between 25% and 100% for ranking between median and upper quintile.
2007	50% on EPS† growth against RPI growth	37.5%; full vesting for EPS† growth exceeding RPI growth by 30%. Zero vesting if EPS† growth fails to exceed RPI growth by 9%. Vesting will increase on a straight-line basis between 25% and 100% if EPS† growth exceeds RPI growth by between 9% and 30%.
		12.5%; full vesting for EPS† growth exceeding RPI growth by 40%. Zero vesting if EPS† growth fails to exceed RPI growth by 20%. Vesting will increase on a straight-line basis between 25% and 100% if EPS† growth exceeds RPI growth by between 20% and 40%.
	50% on TSR against FTSE 100*	Full vesting for upper quintile ranking. Zero vesting for sub-median ranking. Vesting will increase on a straight-line basis between 25% and 100% for ranking between median and upper quintile.
2006	50% on EPS† growth against RPI growth	Full vesting for EPS† growth exceeding RPI growth by 30%. Zero vesting if EPS† growth fails to exceed RPI growth by 9%. Vesting will increase on a straight-line basis between 25% and 100% if EPS† growth exceeds RPI growth by between 9% and 30%.
	50% on TSR against FTSE 100*	Full vesting for upper quintile ranking. Zero vesting for sub-median ranking. Vesting will increase on a straight-line basis between 25% and 100% for ranking between median and upper quintile.
2005	100% on TSR against FTSE 100*	Full vesting for upper quartile ranking. Zero vesting for sub-median ranking. Vesting will increase on a sliding-scale basis for ranking between median and upper quartile.

Executive Share Option Scheme

Award year	Vesting criteria	Performance condition over three-year period
2001–2006	100% of options based on EPS† growth against RPI growth. Re-testing for further two years for options granted up to and including April 2004.	Full vesting for EPS† growth exceeding RPI growth by 18%. Zero vesting if EPS† growth fails to exceed RPI growth by 9%. Vesting will increase on a straight-line basis between 40% and 100% if EPS† growth exceeds RPI growth by between 9% and 18%.

† EPS in this table represents the Group's diluted adjusted earnings per share.

* The Committee has determined that, for the pre-2006 LTIS and for that part of the LTIS subject to the comparative TSR performance conditions, the most appropriate comparator group for the Company is the companies comprising the FTSE 100 at the start of the relevant performance period (the LTIS comparator group).

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the remuneration policy adopted in 2001. Such allocations were subject to a performance condition set out on page 26.

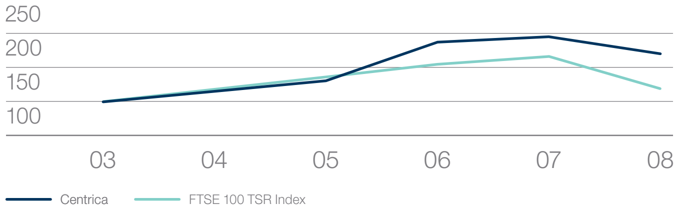
During 2008, a one-off SLTIS allocation was made to Mark Hanafin. In accordance with the rules of the SLTIS the allocation will vest in two equal tranches on 28 February 2009 and 2010, respectively. There are no performance conditions attaching to the shares other than continued employment with the Company and in the event of a change of control the number of shares that will vest will not be subject to time-apportionment.

No grants of options were made during 2008 under the ESOS. The performance conditions for the ESOS are set out on page 26.

In 2008, a grant of unapproved options was made under the SESOS to Mark Hanafin. In accordance with the rules of the SESOS the grant is not subject to any performance conditions. It was immediately exercisable and will remain so until the tenth anniversary of grant.

The following graph compares the Company's TSR performance with that of the FTSE 100 Index for the five years ended 31 December 2008.

Total shareholder return indices – Centrica and FTSE 100 Index for the five years ended 31 December 2008



Source: Alithos Limited

The Centrica Pension Plan (CPP) (a contributory final salary arrangement) was closed to new employees on 30 June 2003. Executive Directors in office prior to this date participated in that scheme during 2008. Alternative arrangements are made for new employees, including Sam Laidlaw, Nick Luff and Mark Hanafin.

The Executive Directors are also eligible, on the same basis as other employees, to participate in the Company's HMRC-approved Sharesave and Share Incentive Plan.

DIRECTORS' EMOLUMENTS, PENSION BENEFITS AND INTERESTS IN SHARES

As at 31 December 2008	Total emoluments excluding pension 2008 £000 (i)	Total emoluments excluding pension 2007 £000 (i)	Accrued pension 2008 £pa (ii)	Beneficial interests in ordinary shares 2008 (iii) (vi)	Total matching shares under DMSS 2008 (iii) (vi)	Total allocations under LTIS and SLTIS 2008 (iv) (vi)	Total options under Sharesave 2008 (vi)	Total options under ESOS and SESOS 2008 (v) (vi)
Executive Directors								
Phil Bentley	**1,089**	1,125	146,000	1,004,410	309,992	1,081,655	3,643	2,749,588
Mark Hanafin (ii) (vii)	**788**	–	–	–	–	560,642	–	336,012
Sam Laidlaw (ii)	**1,730**	1,870	–	647,817	757,695	1,680,993	3,643	–
Nick Luff (ii)	**1,196**	989	–	368,298	417,352	726,679	7,392	–
Past Director								
Jake Ulrich (viii)	**352**	1,033	158,600	1,245,448	90,227	376,877	3,643	2,475,471
	5,155	5,017						
Non-Executive Directors								
Helen Alexander	**72**	69	–	3,465	–	–	–	–
Roger Carr	**450**	413	–	26,441	–	–	–	–
Mary Francis	**92**	84	–	3,500	–	–	–	–
Andrew Mackenzie	**60**	58	–	28,875	–	–	–	–
Paul Rayner	**78**	75	–	6,875	–	–	–	–
Paul Walsh	**60**	58	–	6,187	–	–	–	–
	812	757						
Total emoluments	**5,967**	5,774						

(i) Total emoluments for Executive Directors include all taxable benefits arising from employment by the Company, including the provision of a car (Mark Hanafin, Sam Laidlaw and Jake Ulrich were also provided with a driver for limited personal mileage), financial counselling, medical insurance and life assurance premiums. Cash payments to Mark Hanafin in lieu of bonus payable by his previous employer (for the period 1 January to 14 July 2008), and to Nick Luff in lieu of the provision of a company car, are also included.

(ii) Accrued pension is that which would be paid annually on retirement at age 62, based on eligible service to, and pensionable salary at, 31 December 2008. Sam Laidlaw is contractually entitled to a salary supplement of 40% of base pay in lieu of any pension provision. This amounted to £362,560 of which £232,500 (not included above) was paid directly by the Company into his personal pension plan. Mark Hanafin and Nick Luff are contractually entitled to a salary supplement of 40% and 30% of base pay respectively in lieu of any pension provision. Full details of the Directors' pension scheme arrangements can be found in the Annual Report.

(iii) Executive Directors' beneficial shareholdings above include those held in the Share Incentive Plan and the deferred and investment shares held in the DMSS. Full details of the DMSS can be found in the Annual Report. As at 25 February 2009, the beneficial shareholdings of Phil Bentley, Sam Laidlaw and Nick Luff had each increased by 138 shares acquired through the Share Incentive Plan.

(iv) Allocations were made under the LTIS and SLTIS on 1 April 2005, 3 April 2006, 4 September 2006, 4 April 2007, 3 April 2008, 1 September 2008 and 26 September 2008. The aggregate value of shares vested to Executive Directors under the LTIS was £587,332.

(v) Options were granted under the ESOS and SESOS on 31 May 2001, 2 April 2002, 24 March 2003, 18 March 2004, 1 April 2005, 3 April 2006 and 26 September 2008. No Executive Director exercised share options during the year.

(vi) Executive and past Directors' shareholdings, DMSS matching shares, LTIS and SLTIS allocations, Sharesave options and ESOS and SESOS options are shown as at 31 December 2008 and incorporate the impact of the Rights Issue, effective from 15 December 2008. For every eight existing Centrica plc shares held on 14 November 2008, shareholders received the right to buy three new Centrica plc shares at 160 pence per share. Conditional share awards, including the DMSS matching shares, LTIS and SLTIS allocations, Sharesave, ESOS and SESOS options were subject to an adjustment to reflect the dilutive effect of the Rights Issue on these awards and were multiplied by a factor of 1.1233, and the respective option prices of awards under Sharesave, ESOS and SESOS were multiplied by a factor of 0.8902.

(vii) An allocation of shares and an option were awarded to Mark Hanafin under the terms of the SLTIS and SESOS respectively on 26 September 2008. In accordance with the rules of each scheme there are no performance conditions attaching to the shares other than continued employment with the Company. In addition under the SLTIS in the event of a change of control the number of shares that vest will not be subject to time-apportionment.

(viii) DMSS matching shares and LTIS allocations made to Jake Ulrich on 3 April 2006 and 4 April 2007 have been time-apportioned to his date of leaving the Company on 31 July 2008, and adjusted to incorporate the impact of the Rights Issue, as outlined in note (vi).

Shareholder Information

FINANCIAL CALENDAR

22 April 2009	Ex-dividend date for 2008 final dividend
24 April 2009	Record date for 2008 final dividend
11 May 2009	AGM, Queen Elizabeth II Conference Centre, London SW1
10 June 2009	Payment date for 2008 final dividend
30 July 2009	Announcement date for 2009 interim results
11 November 2009	Payment date for proposed 2009 interim dividend

ELECTRONIC COMMUNICATIONS AND THE CENTRICA WEBSITE

At the 2007 Annual General Meeting the Company passed a resolution allowing the Centrica website to be used as the primary means of communication with its shareholders. Those shareholders who have positively elected for website communication (or who were deemed to have consented to electronic communication in accordance with the Companies Act 2006) will receive written notification whenever shareholder documents are available to view on the Centrica website.

The new electronic arrangements provide shareholders with the opportunity to access information in a timely manner and help Centrica to reduce both its costs and its impact on the environment.

The 2008 Annual Report, Annual Review and Notice of Meeting are available to view on the Centrica website at **www.centrica.com/report2008**.

The Centrica website at **www.centrica.com** also provides news and details of the Company's activities, plus information on the share price and links to its business sites.

The investors' section of the website contains up-to-date information for shareholders including comprehensive share price information, financial results, dividend payment dates and amounts, and shareholder documents.

REGISTER FOR ELECTRONIC SHAREHOLDER COMMUNICATION

- view the Annual Report on the day it is published;
- receive an email alert when shareholder documents are available;
- cast your AGM vote electronically; and
- manage your shareholding quickly and securely online.

For more information and to register visit:
www.centrica.com/shareholders

SHAREHOLDER SERVICES

Centrica shareholder helpline

Centrica's shareholder register is maintained by Equiniti, which is responsible for making dividend payments and updating the register.

If you have any query relating to your Centrica shareholding, please contact our Registrar, Equiniti:

Telephone: 0871 384 2985*
Textphone: 0871 384 2255*

Write to: Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA

Email: centrica@equiniti.com

A range of frequently asked shareholder questions is also available at **www.centrica.com/shareholders**.

Direct dividend payments

Make your life easier by having your dividends paid directly into your designated bank or building society account on the dividend payment date. The benefits of this service include:

- there is no chance of the dividend cheque going missing in the post;
- the dividend payment is received more quickly as the cash is paid directly into the account on the payment date without the need to pay in the cheque and wait for it to clear; and
- a single consolidated tax voucher is issued at the end of each tax year, in March, in time for your self assessment tax return.

To register for this service, please call the shareholder helpline on 0871 384 2985* to request a direct dividend payment form or download it from **www.centrica.com/shareholders**.

FlexiShare

The Centrica FlexiShare service

FlexiShare is a 'corporate nominee', sponsored by Centrica and administered by Equiniti Financial Services Limited. It is a convenient way to manage your Centrica shares without the need for a share certificate. Your share account details will be held on a separate register and you will receive an annual confirmation statement.

By transferring your shares into FlexiShare you will benefit from:

- low-cost share-dealing facilities provided by a panel of independent share dealing providers;
- quicker settlement periods;
- no certificates to lose; and
- a dividend reinvestment plan – your cash dividend can be used to buy more Centrica shares (for a small dealing charge) which are then credited to your FlexiShare account.

Participants will have the same rights to attend and vote at general meetings as all other shareholders. There is no charge for holding your shares in FlexiShare, nor for transferring in or out at any time.

For further details about FlexiShare, please call the Centrica shareholder helpline on 0871 384 2985* or visit **www.centrica.com/flexishare**.

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ACCESSIBILITY

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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 these numbers are charged at 8 pence per minute from a BT landline. Other providers' telephony costs may vary.

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

www.centrica.com

we**source**it
we**generate**it
we**process**it
we**store**it
we**trade**it
we**save**it
we**supply**it
we**service**it

PositiveEnergy

Annual Review
and Summary
Financial Statements
2009

centrica

Our Vision: To be the leading integrated energy company in our chosen markets

PositiveEnergy

For now, and for future generations

we**source**it
we**generate**it
we**process**it
we**store**it
we**trade**it
we**supply**it
we**service**it
we**save**it

Inside

For more… **www.centrica.com/report2009**

Centrica performed well in 2009

It has been a transformational year for Centrica, delivering a stronger business both upstream and downstream.

In 2009, energy was once again never far from the headlines. Wholesale UK gas and electricity prices both declined sharply from the levels seen during 2008 and though they are likely to rise again during 2010, we are in a very different commodity price environment from that of 2008. The UK Government recognises that unprecedented levels of investment will be required across the industry if security of supply is to be maintained and tough environmental targets met.

Against this backdrop, Centrica performed well in 2009. The acquisitions of Venture Production plc (Venture) and a 20% equity stake in British Energy have transformed the Group, creating an upstream division that is a growth business in its own right. We have the flexibility of our own gas production and a clearly differentiated, low carbon power generation mix. We are confident that these two long-term transactions will enable the Group to target investment in areas of greatest return, while remaining at the centre of ensuring security of supply for the UK.

Downstream in the UK, British Gas delivered a strong performance, having combined our residential energy, services and business energy activities under a single management team. We also recognise that 2009 has been a difficult year for many of our customers. British Gas was the first of the major suppliers to reduce prices in 2009, and our price reduction early in 2010 made us the cheapest major supplier of gas and power to the residential market.

By contrast, lower commodity prices meant profits from our UK gas and oil business were down year-on-year. Offsetting this, the losses from our legacy industrial and commercial contracts were much reduced, and our power station fleet performed well. Our North American business had a difficult year due to low wholesale commodity prices and one-off factors. However, it remains well placed for future growth.

Dividend

The Board is proposing a final dividend of 9.14 pence per share to be paid in June 2010, bringing our full-year dividend to 12.8 pence per share, an increase of 4.9%.

Board changes

Deryk King, President and Chief Executive Officer of Direct Energy retired in July and was succeeded by Chris Weston who also joined the Board of Directors. As part of combining the divisions of British Gas into a single organisation, Phil Bentley took on responsibility

for the whole UK downstream business in March 2009. From November 2009, Nick Luff and Mark Hanafin represent Centrica on the boards of British Energy joint ventures in respect of our nuclear activities. Paul Walsh stepped down as a Non-Executive Director in May 2009. We are grateful for his contribution and are actively seeking a replacement.

Our employees

Our employees remain central to the success of Centrica. We experienced one of our busiest ever periods for call-outs during the recent cold weather and I am immensely proud of the dedication our people have demonstrated as they strive to deliver our ultimate product – warm, well lit and energy efficient homes and businesses for all our customers.

The future

We have announced new strategic priorities which set the agenda for the coming years, underlining the wide range of growth opportunities open to us.

The industry as a whole is entering a significant investment phase as the UK moves towards a lower carbon future while maintaining security of supply. The Government has a vital role to play in providing the stable investment climate, planning regime and appropriate market support mechanisms, to underpin the investments required.

Building on our extensive expertise, upstream and downstream, Centrica is well positioned to grasp the opportunities this will present in a low carbon world for the benefit of our customers and shareholders.

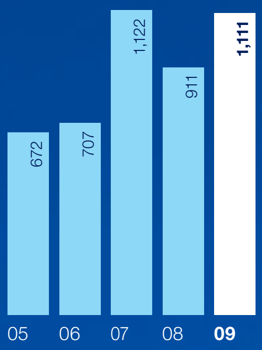
Roger Carr
Chairman
25 February 2010

Financial
Highlights

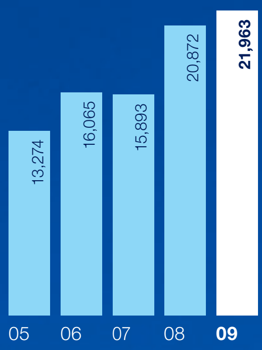
Our Performance

Centrica's main operations are in the UK and North America. We have two types of business – downstream and upstream.

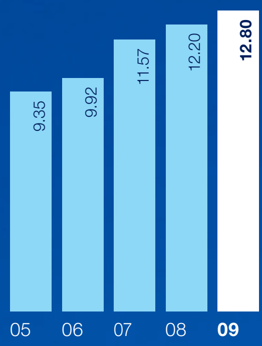
Earnings^
£m



Group revenue‡
£m



Dividend per shareΩ
pence



Financial highlights	**2009**	2008¥
Revenue ‡	**£21.96bn**	£20.87bn
Adjusted operating profit * ‡	**£1,857m**	£2,003m
Earnings ^	**£1,111m**	£911m
Full-year dividend per share	**12.8p**	12.2p
Statutory results		
Operating profit ‡	**£1,175m**	£661m
Earnings/(loss)	**£856m**	£(136m)
Basic earnings/(loss) per share	**16.5p**	(3.3)p

Operating profit ‡ includes net exceptional charges of £568m (2008: £nil)

* including joint ventures and associates stated gross of interest and taxation, and before other costs and depreciation of fair value uplifts to property, plant and equipment from Strategic Investments and exceptional items and certain re measurements
^ as above, except after other costs and joint ventures and associates stated net of interest and taxation
‡ from continuing operations
¥ restated to capitalise borrowing costs on adoption of IAS 23 (Amendment) and change in British Gas Services Limited s revenue recognition policy, and to present the European Energy segment, with the exception of the Group s operations in Germany, as a discontinued operation
† including joint ventures and associates stated net of interest and taxation, and before exceptional items and certain re measurements
Ω restated to reflect the bonus element of the Rights Issue in 2008

The new shape of Centrica:

We're restructuring the business to meet the modern demands for energy

Downstream UK

British Gas
- Residential energy supply
- Residential services
- Business energy supply and services

Upstream UK

Centrica Energy
- Upstream gas and oil
- Power generation
- Industrial and commercial
- Proprietary energy trading

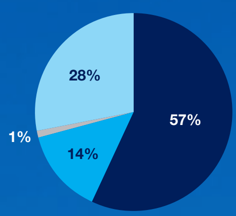
Storage UK

Centrica Storage

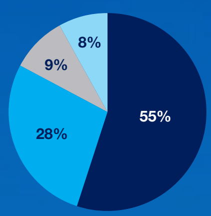
North America

Direct Energy
- Residential energy supply
- Business energy supply
- Residential and business services
- Upstream and wholesale energy

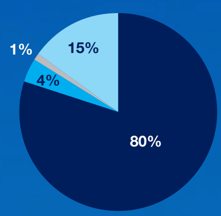
Revenue‡



Operating profit*‡



Employees‡



Downstream UK · Upstream UK · Storage UK · North America

Throughout this document, reference is made to a number of different profit measures, which are defined as follows:

Terms and Explanation	2009 £m	2008 £m
Adjusted operating profit* the principal operational profit measure used by management and used throughout the Operating Review	**1,857**	2,003
Impact of fair value uplifts of Strategic Investments depreciation of fair value uplifts to property, plant and equipment	**(27)**	
Interest and taxation on joint ventures and associates and other costs	**(16)**	(11)
Group operating profit† – operating profit from continuing operations before exceptional items and certain re measurements	**1,814**	1,992
Group profit† profit from continuing operations before exceptional items and certain re measurements	**1,104**	964
Statutory profit/(loss) – profit/(loss) including discontinued operations, exceptional items and certain re measurements	**856**	(136)

A year of significant achievement

Centrica's underlying operating performance in 2009 demonstrated resilience in a year of sustained economic downturn and weak commodity prices.

Energy industy overview

Our strong performance over the last year has come against a very challenging backdrop of severe recession and continuing volatility in wholesale energy prices.

Eighteen months ago, high oil, gas and power prices provided a strong signal to producers to continue investment in energy infrastructure. It was a time of high energy usage by retail consumers and gas-fired power generation due to global economic growth.

The impact of the recession led to a fall in demand for gas and electricity in both Europe and North America, an excess supply of gas and a resultant weakening of spot prices, leading to a reduction in upstream investment.

The liberalised UK energy market has proved central to the delivery of secure energy supplies over the past 20 years, while ensuring the UK benefits from the lowest domestic gas prices in Western Europe. The strength of this model was demonstrated when the market coped well with days of record demand through the winter of 2009–10.

However, there is no room for complacency. Since 2004, the UK has been a net importer of gas, and imports accounted for approximately 50% of this past winter's demand. That figure is likely to reach 75% by 2015. Securing sustainable sources of energy supply for our UK customers is therefore one of our key priorities.

Many in the industry predict an energy gap in the middle of the decade when coal-fired and oil-fired power stations close because of European pollution laws and ageing nuclear power stations are phased out. We must bridge that gap by moving quickly to build new gas and nuclear power stations and gas storage facilities.

Ofgem, the energy regulator, has acknowledged the £200 billion investment challenge the UK faces if we are to maintain energy security and start to decarbonise our economy to meet global 2050 carbon targets. That will inevitably have an impact on the cost of energy for consumers, though higher bills can be eased by continuing to invest in improving the energy efficiency of our homes and businesses.

The energy industry is ready to play its part in delivering the investment needed, as long as the Government and regulator can establish the right market frameworks. Centrica, for example, has invested more than £4 billion in the last year alone in new sources of energy for our customers and we expect to spend a further £15 billion by 2020 on new sources of gas, power generation and gas storage facilities that will help underpin the UK's energy future.

2009 performance

This has been a year of significant achievement for Centrica. The acquisition of Venture in August and of a 20% equity stake in British Energy in November means that we can now meet a greater proportion of our customers' energy needs from our own sources. We have continued to make improvements to the service and propositions we offer to customers in British Gas.

The fall in wholesale gas prices from their peak in 2008 led to a substantial reduction in operating profit in 2009 for our upstream UK business, Centrica Energy. Gas production volumes were 29% lower year-on-year, as we decided to preserve our gas reserves by reducing production from the Morecambe field. The impact of this was partially offset by a strong financial performance from our combined cycle gas turbine (CCGT) fleet. Our new CCGT power station at Langage is now operational, and including the investment in British Energy, Centrica's UK power generation capacity has increased from 4.2 gigawatts (GW) to 7.1GW. Centrica Storage continued to perform well, with Rough achieving the highest level of utilisation since it was acquired in 2002.

British Gas recorded a strong performance, underpinned by higher service levels and improved price competitiveness, which led to customer account growth. We also increased – by 164,000 – the number of customers who take both an energy and a services product from us. Within business energy our retention rates remain high, as we focus on those customers who value the high level of service we provide.

The North American business experienced difficult operating conditions. However, the underlying performance of both our downstream residential and business operations was strong, the latter benefiting from the Strategic Energy acquisition in 2008.

In Europe, we sold our 51% stake in the Belgian business SPE to EDF for £1.2 billion in November, as part of the transaction to acquire our stake in British Energy. We also plan to exit the small positions we have in The Netherlands and Spain.

Strategic progress

The completion of the Venture and British Energy transactions, together with the improvements made across the organisation, mean that we have delivered against the strategic priorities we set three years ago. These were to:

1. Transform British Gas
2. Sharpen the organisation and reduce costs
3. Reduce risk through increased integration
4. Build on our growth platforms

In our downstream UK business, British Gas has undergone considerable change. We have dramatically improved our service levels and operational efficiency, and have significantly reduced costs. As a result, our competitive position is much improved, particularly in residential energy, and we have increased profitability in all parts of the business. We have combined our downstream activities into a single business, and with our unique services capability, strong brand, and strength in energy efficiency, we are well placed for further growth.

This year's upstream acquisitions fundamentally change the shape of the business, aligning us more closely with our competitors in the UK. These acquisitions provide us with further options in our investment programme to build on our leading positions in offshore wind and gas storage.

In North America we have a strong downstream position in key deregulated markets and we have materially grown the scale of our business energy division. We have added gas assets to support the downstream business and these, combined with our services presence, give us a strong base from which to invest to grow an integrated energy business over the medium term.

As a result of these achievements we have an integrated, well financed business that is positioned to pursue future growth opportunities.

We have now announced new strategic priorities which will enable the business to move forward and deliver growth, supporting our vision to be the leading integrated energy company in our chosen markets.

Our new strategic priorities:

After successfully delivering the strategic priorities we set three years ago, we have now set new priorities which will help each of our businesses to realise their full potential. These are:

1. Grow British Gas

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

- optimising the business through further efficiencies and delivering best in class service;
- taking the lead in new energy/service propositions, online capability and multi premise business sites; and
- capturing new markets in smart metering, microgeneration and community segments.

2. Deliver value from our growing upstream business

...securing sustainable energy for our customers by:

- delivering value from our existing investments and our low carbon investment choices to secure sustainable sources of energy for our customers.

3. Build an integrated North American business

...with leading positions in deregulated markets by:

- improving returns from existing business and developing leading positions in deregulated markets; and
- investing for incremental growth and value and developing the integrated energy model.

4. Drive superior financial returns

...through operating performance and our investment choices by:

- achieving returns significantly above our cost of capital and maintaining financial discipline, supported by;
- a health and safety focused culture, best in class service levels, focus on costs, leading technology and strong organisational capability.

For more… **www.centrica.com/ceo2009**

Energy expertise in action:

The acquisition of Venture in August and the transaction with EDF to acquire a 20% equity stake in British Energy in November means that we now have a business model that is more closely aligned with our competitors enabling us to supply around 60% of our customers energy needs from our own sources.

We are already engaged with EDF on pre development studies for the next generation of nuclear power stations in the UK.

This year's upstream acquisitions fundamentally change the shape of the business, providing us with further options in our investment programme.

Business outlook

2010 has seen a cold start to the year, leading to record demand for gas in the UK. The country's infrastructure has coped well following recent investment by the industry, with demand being met by a combination of local production, pipeline gas, liquefied natural gas (LNG) and gas from storage. Our Rough storage facility performed extremely well. However, in order to secure the country's future requirements, significant further investment and more long-term gas contracts are required as local production declines and an increasing proportion of gas demand is met through imports.

Our business model is highly cash generative, enabling us to support a capital investment programme of around £1.5 billion a year from internally generated resources. This gives us options for pursuing targeted growth opportunities across each business. Strict financial discipline will be maintained to secure strong returns on our investments.

We expect to see further benefits from bringing our UK residential, services and business divisions together. We will seek to increase the number of households that hold both an energy and related services product, through the selling of bundled propositions, while also expanding our low carbon product range. In July 2009 we announced our intention to build a major smart metering business, and we will create 1,100 new 'green collar' roles through the building of an insulation business. Combined with the new energy technologies we have built up over the past two years, and a growing capability for working with local authorities on joint energy saving initiatives, we have a strong platform for growth. We have also put in place initiatives to deliver cost reductions in excess of our previously announced target of £100 million, allowing us to reinvest in the business as we build on the strength of the British Gas brand.

Current low commodity prices present a challenge to our upstream UK business, though 2010 will see the first full year of contribution from both Venture and British Energy. Venture has been combined with our existing upstream business to create an organisation that has the technical and operating capability to work across a wide range of geologies and technologies in offshore oil and gas in and around UK, Dutch and Norwegian waters. We are now well placed to become the leading consolidator and operator of mature and orphaned gas assets in the UK continental shelf. The operational performance of the British Energy nuclear fleet has been strong, benefiting from the investment made in the plant in recent years, and we are already engaged with EDF on pre-development studies for the next generation of nuclear power stations in the UK.

Having brought 15 LNG cargoes to the UK in 2009, we already have seven contracted for delivery during 2010–11. LNG is likely to provide an increasing proportion of UK gas over the next decade as local production declines, helping to secure supply. In gas storage, work continues on our three potential projects, totalling 85 billion cubic feet (bcf) which would increase existing UK capacity by around 50%.

In order to secure the country's future energy needs, significant further investment will be required.

During 2009 we successfully implemented innovative financing structures for a number of our wind farm developments. In October, we sold a 50% equity stake in the Lynn, Inner Dowsing and Glens of Foudland wind farms, and in December, we announced the sale of 50% of the 270 megawatt (MW) Lincs offshore wind farm to Siemens Project Ventures and Dong Energy.

2009: The key events

Quarter 1	Quarter 2	Quarter 3	Quarter 4
British Gas first to announce gas price cuts for over 7.5 million homes Centrica acquires 70% stake in a project to develop the UK's second largest gas storage field	British Gas acquires 19% stake in Econergy, a leader in biomass heating British Gas cuts electricity prices by 10% Direct Energy secures Massachusetts State energy supply contract	Centrica acquires Venture Centrica signs agreement on Trinidadian exploration gas block Centrica ranked top UK utility and one of the top utilities worldwide for carbon disclosure	Centrica acquires 20% stake in British Energy, adding nuclear to the portfolio Centrica's 885MW gas fired power station at Langage begins operations

Going forward it will continue to be important to ensure that we have efficient financing structures for all our investments. We have submitted planning consent applications for further projects at Docking Shoal and Race Bank in the Greater Wash area, which combined would add a total of 1.1GW to our wind portfolio. In January 2010 we also secured a Round 3 wind farm development zone, in the Irish Sea, with a potential capacity of 4.2GW.

The macroeconomic environment in North America is improving, with the US economy now out of recession and unemployment beginning to fall, although the wholesale forward prices of gas and power remain substantially below levels seen at their peak in 2008. A new management team has been appointed in our North American business, Direct Energy, and will focus on improving returns from the existing business and assessing further opportunities.

Direct Energy is well positioned in key deregulated markets, and we see the potential to build the scale and efficiency of the business. We will invest for growth and value, and further develop the integrated energy model over time. Our objective is for Direct Energy to deliver an increasingly material contribution to Group earnings over the medium term and diversify our geographic earnings profile.

In difficult trading conditions, set against a backdrop of the most serious recession for decades, the commitment and skills of our employees have helped establish a strong foundation on which to build and grow our business. The Executive team and I have asked a great deal from our employees in 2009 and they have responded magnificently – my thanks to them for the part they have played in delivering such a strong performance.

In conclusion, I am delighted with the transformational progress that we have made during 2009, having successfully delivered against our strategic priorities. Overall, the outlook for 2010 is positive. Our new priorities will take the Group forward, building on the robust, vertically integrated business model that we now have in place. Centrica is well positioned to deliver growth and lead in a low carbon world – backed up by new sources of energy. We will deliver value to shareholders by maintaining strict financial discipline to secure strong returns on our investments.

Sam Laidlaw
Chief Executive
25 February 2010

In numbers:

2 million

In 2009 over two million households took an energy and a services product – that was an increase of 164,000

1,100

New jobs will be created by British Gas in 2010 to service an emerging market for energy efficiency

£1.5bn

The size of the annual capital investment programme we can support from our own resources

For more… **www.centrica.com/ceo2009**

The shape of our business

PositiveEnergy

Restructuring the business model to meet the modern demands for energy.

The changes we are making to the business model make Centrica more resilient to volatile commodity prices. The new business structure in British Gas will continue to improve the value of the propositions we offer and the way we serve our customers, particularly those in economic hardship.

Centrica is a business with a strong balance sheet and a good track record of investment. We will continue to target our capital at areas which deliver value for shareholders and address the important issues of security of supply and climate change in the UK and North America.

The Group in numbers:

Revenue‡ by business £m:	
Downstream UK (British Gas)	12,565
Upstream UK (Centrica Energy)	3,094
Storage UK (Centrica Storage)	196
North America (Direct Energy)	6,108
Total	**21,963**

Operating profit*‡ by business £m:	
Downstream UK (British Gas)	1,011
Upstream UK (Centrica Energy)	525
Storage UK (Centrica Storage)	168
North America (Direct Energy)	153
Total	**1,857**

* nclud ng jo nt ventures and associates stated gross of interest and taxation, and before other costs and depreciation of fair value uplifts to property, plant and equipment from Strategic Investments and except onal items and certa n re measurements

‡ from cont nu ng operat ons

British Gas

SupplyingEnergy
ServicingEnergy
SavingEnergy

Operational efficiency and customer service improved in every part of the business.

Downstream UK

- In February 2010 we were the cheapest major domestic energy supplier for both gas and electricity in the UK.
- The restructuring of British Gas has led to significant improvements in operational efficiency.
- We are the industry leader in providing help for vulnerable customers.

British Gas has been restructured and is now run as a single business. A combined management team is in place and support functions have been integrated. Our operational staff are beginning to work across our product range, improving our efficiency and the customer experience. These changes will continue across 2010.

In 2009 the number of 'joint product' households taking both an energy and a service product grew by 164,000 to over two million. This is an important indicator for British Gas and the deeper customer relationship should result in a greater level of retention. This growth reflects considerably increased levels of cross-selling. By the end of the year 58,000 customers had chosen our first bundled energy and services proposition 'EnergyExtra' which we launched in September.

The number of customer accounts in our residential energy business grew by 141,000 to 15.7 million. This growth followed 10% price reductions for gas and electricity, which made us the cheapest supplier of electricity in all regions of Britain. A further price reduction in February 2010 made us the cheapest major domestic energy supplier in the UK for both gas and electricity.

We also increased the number of services customer relationships by 400,000 to 8.5 million. The continued success of our secondary home care products for plumbing, drains, electrical and kitchen appliances contributed to much of this growth. Retention remained high for the core Central Heating Care product and central heating installations were down by only 5% despite the economic downturn.

Improved productivity enabled a doubling of upgrade and on-demand work undertaken and we completed an additional 500,000 annual service visits. Continued focus on safety issues also resulted in a 53% reduction in lost time incidents.

The number of business energy customer supply points ended the year slightly up at 1.047 million, with high customer retention for our small and medium enterprise (SME) customers. We have successfully increased the gross margins for both SME and industrial and commercial customers, using service as a key differentiator.

We continue to lead the industry in helping our most vulnerable customers. We have nearly 500,000 customer accounts on our residential social discounted tariff, and spent more than double our share of the overall Government target. We are also helping to raise awareness of energy efficiency through the successful 'Green Streets' campaign and we have around 10,000 schools participating in our

In numbers:

	Revenue‡ £m	Operating profit*‡ £m	People‡
Residential energy supply	7,843	595	8,255
Residential services	1,406	233	15,628
Business energy supply and services	3,316	183	2,333
Total	**12,565**	**1,011**	**26,216**

15.7m

Our residential energy business grew by 141,000 and by the end of the year we had 15.7 million accounts on supply

Best

British Gas was recognised in the Sunday Times 'Top 20 Best Big Companies to Work For' and in the Financial Times 'UK's 50 Best Workplaces' in the first half of the year

* nclud ng jo nt ventures and associates stated gross of interest and taxation, and before other costs and depreciation of fair value uplifts to property, plant and equipment from Strategic Investments and except onal items and certa n re measurements
‡ from cont nu ng operat ons

The shape of our business

Downstream **UK**

British Gas

SupplyingEnergy
ServicingEnergy
SavingEnergy

'Generation Green' programme, many of which now have a smart meter. In addition, British Gas was recognised in the Sunday Times 'Top 20 Best Big Companies to Work For' and the Financial Times 'UK's 50 Best Workplaces'.

During 2009, we made progress in new areas that will help underpin the future growth of British Gas. We received Financial Services Authority (FSA) approval to offer insurance-based home services which will allow us to provide a wider range of energy-related services products. The full national roll-out of smart metering by 2020, which the UK Government announced in July, will also allow us to create jobs and opportunities. This is an area in which we already have a leading position.

Overall revenue in the period was up 3%, and operating profit* was up 42% with strong growth in all businesses. Commodity costs were slightly lower as they fell from their peaks in 2008, even though the impact of the higher 2008 wholesale prices had not been fully passed through to customers. However, third-party transmission and metering costs and the cost of meeting environmental obligations all increased, and these are likely to remain a material proportion of the UK consumer's energy bill.

Revenue in residential energy supply was broadly flat, though operating profit* rose to £595 million (2008: £376 million, 2007: £571 million), with an operating margin* of 7.6% (2008: 4.8%, 2007: 8.8%). Revenue for residential services was 4% higher and operating profit* increased by 21% due to the continued growth in secondary products and operational efficiencies, with net operating margin* increasing to 16.6%. Business energy supply and services revenue grew 8% and operating profit* by 28% as higher revenues were generated from the higher average customer base and from the effect of contracts sold in 2008 rolling into 2009.

We are on track to exceed our target of £100 million of operating cost efficiency savings in British Gas. We remain well positioned to deliver earnings growth and play a leading role in Britain's low carbon future, continuing to provide our customers with warm, well lit and energy efficient homes and businesses, allowing us to reinvest in new growth areas.

British Gas^ key performance indicators

Operating profit*
+42%

Total customer accounts
+2.2%

Joint product households
+9%

New energy solutions

Three years ago we established British Gas New Energy, which has now become part of the overall downstream UK structure.

Over that time, we have invested in a range of new energy technologies such as:

- **biomass heating,** through the acquisition of a 19% stake in Econergy Limited early in 2009;
- **solar,** through our Solar Technologies business;
- **fuel cell boilers** through our 10% minority equity stake and development and distribution agreement with Ceres Power Holdings plc; and
- in February 2010, we announced the go ahead for five **biomethane** demonstration projects that should be the first technology of this type to inject gas into the grid.

Business energy related services are also a key area for future growth in British Gas, and during the year we acquired Energy and Building Management Solutions Limited and Newnova Group Limited.

We have now made four acquisitions in the energy services and management sector in the past 12 months giving us a strong base to build on as this market expands over the coming years.

^ nc udes Brit sh Gas New Energy
* including joint ventures and associates stated gross of interest and taxation, and before depreciation of fair value uplifts to property, plant and equipment from Strategic Investments and exceptional items and certa n re measurements

British Gas

On the up:
Why our focus on the customer is paying off

Our customer service is improving all the time

In 2009 the Cardiff contact centre was 'Call Centre of the Year' in the European Call Centre Awards. 90% of our customers were billed on actual meter readings, and more people than ever are submitting readings and payments online. We also launched our new call ahead service, where our engineers phone the customer to tell them when they are due to arrive.

As a result customer satisfaction improved in each part of the business, and complaints to the Ombudsman about British Gas are well below the industry average.

12%
We saw a 12% reduction in calls received

50%
The number of meter readings submitted online increased by around 50%

450,000
The number of annual service visits booked online during 2009 was more than double the 2008 level

The shape of our business

Upstream **UK**

Centrica Energy

SourcingEnergy **Processing**Energy
GeneratingEnergy **Trading**Energy

It was a transformational year for our upstream UK business.

Upstream UK

The acquisitions made in 2009, of Venture and a 20% stake in British Energy, have considerably strengthened Centrica's integrated business model. However, 2009 was a challenging environment for Centrica Energy as wholesale month-ahead gas and power prices fell by around 45%. Nonetheless, a strong operational performance helped deliver a good result.

Upstream gas and oil

- Gas production volumes reduced to protect reserves.
- Good progress made in new field developments.

The acquisition of Venture for £1.3 billion has brought about considerable change in our gas and oil production business. Our upstream gas and oil headquarters are now in Aberdeen and the business is structured around five core regions. We have retained the majority of the highly skilled Venture team, who will help deliver the new strategic direction of the business.

The significant fall in UK gas prices during 2009 reduced operating profit* in our gas and oil business by 62% to £444 million. Gas production volumes, including four months of production from Venture, were down 29% as we shut off production at South Morecambe during periods of low gas prices, and met contractual positions with short-term market purchases. Production costs also increased reflecting the higher unit cost of our newly developed and acquired fields.

We continued to make strong progress on our gas development projects. In The Netherlands region, first gas on the final Grove development well was achieved in September following installation of connecting infrastructure, and gas is also expected during 2010 from other fields in this region and in the Southern North Sea. We successfully drilled the Rhyl exploration prospect in the East Irish Sea, near the Morecambe Bay fields, with indications that this could provide 8 million barrels of oil equivalent (mmboe) of recoverable gas resources. However, drilling results from several North Sea prospects were unsuccessful.

In January 2009 we announced the acquisition of a 67% interest in the undeveloped York gas field in the Southern North Sea, adding to the 23% acquired in 2002 as part of Centrica's Rough gas storage acquisition. In February 2010 we announced a further transaction in Trinidad and Tobago, whereby we have agreed to purchase a portfolio of producing and undeveloped gas assets. This transaction will establish our first producing LNG position and will provide us with significant development opportunities for future, long-term LNG supplies.

In numbers:

	Revenue‡ £m	Operating profit/ (loss)*‡ £m	People‡
Upstream gas and oil	551	444	609
Power generation	1,150	147	560
Industrial and commercial	1,352	(93)	128
Proprietary energy trading	41	27	44
Total	**3,094**	**525**	**1,341**

50%
The acquisition of Venture increased our UK gas and oil reserves by 50%

Experts
We are now well placed to become the leading consolidator and operator of mature and orphaned oil and gas assets in the UK continental shelf

60%
We can now supply around 60% of our customers' gas and power demand from our own assets

* ncluding jo nt ventures and associates stated gross of interest and taxat on, and before other costs and depreciat on of fair value uplifts to property, plant and equipment from Strategic Investments and except onal items and certa n re measurements
‡ from cont nu ng operat ons

Power generation

- Construction to start on new Lincs offshore wind farm – and more projects planned.
- Strong performance from our gas-fired power station fleet.

The £2.3 billion deal with EDF for our interest in British Energy provides us with access to 20% of the uncontracted power from the existing fleet of eight nuclear stations, an additional 18 terawatt hours (TWh) of power from EDF over five years from 2011 and the right to participate in EDF's UK New Nuclear Build (NNB) programme.

We have also further strengthened our position as a leader in offshore wind. Final investment approval was given in October for the £750 million, 270MW Lincs offshore wind project. Construction is expected to begin in 2010, and first power should be generated towards the end of 2012. The project will attract two of the UK Government's Renewables Obligation Certificates (ROCs) per megawatt hour (MWh) generated, a critical component supporting the economics of the project. We subsequently sold a 50% equity stake in the project to Siemens Project Ventures and Dong Energy, enabling the project to benefit from Siemens' latest turbines, which should improve the project economics further.

The decision to sell 50% stakes in the Lynn, Inner Dowsing and Glens of Foudland wind farms for £84 million, established an effective structure for recycling capital and mobilising third-party funds efficiently. We will take all of the electricity and 50% of the ROCs generated by the wind farms in a 15-year agreement.

Our new 885MW Langage CCGT station is now operational, and overall the power generation segment delivered a strong financial and operational result. Our CCGT fleet benefited from the fall in gas prices, particularly during the second half of 2009, which resulted in our gas-fired power stations displacing coal generators on the merit order. Profits increased to £147 million.

Industrial and commercial

This segment reported an operating loss* of £93 million in 2009 (2008: £331 million operating loss*) as a result of reduced volumes caused by the fall in wholesale prices.

Also included in this segment is a legacy gas procurement contract, which has become significantly loss making due to the reduction in commodity prices. Notice to terminate has been given which will take effect from October 2011 resulting in an exceptional charge of £199 million, of which £160 million was included in provisions at the end of 2009.

Our LNG activity progressed significantly as the UK became an increasingly attractive destination for LNG cargoes in the global economic downturn.

Centrica Energy key performance indicators

Increase in renewable power generated

+50%

Operating profit* in power generation

£147m

In numbers:

20%

Our 20% equity stake in British Energy gives us the right to participate in EDF's New Nuclear Build programme

97%

Reliability from our fleet of CCGT gas fired power stations was 97%

£750m

We expect to invest £750 million in the construction of the 270MW Lincs offshore wind farm

The shape of our business

Upstream **UK**

Centrica Energy

SourcingEnergy
GeneratingEnergy
ProcessingEnergy
TradingEnergy

Fired up:
After £400 million investment and five years in development, Langage powers into action

Centrica Energy has developed into a multi-asset growth business across gas and power

Langage, in North Devon, is the first power station we have built from initial design through to completion. It has a thermal efficiency of 53%, and is now operational following successful plant performance tests.

We are investing in power generation and gas assets to safeguard future supply and provide more of our customers' energy from our own resources. And having acquired LNG import capacity at the Isle of Grain terminal, we took delivery of 15 cargoes during 2009 from destinations including Qatar, Trinidad, Norway and Australia.

53%

With a thermal efficiency of 53% Langage is one of the most efficient CCGT plants in the UK

LNG

15 cargoes of LNG were delivered to the Isle of Grain terminal in 2009

Leader

We are one of the leaders in offshore wind generation

Centrica Storage

StoringEnergy
ProcessingEnergy

centrica storage

In numbers:

	Revenue‡ £m	Operating profit*‡ £m	People‡
Storage UK	196	168	224

10%

Our Rough gas storage facility supplied around 10% of the UK's gas on the days of record demand in January 2010

98%

Rough demonstrated exceptional performance with reliability in excess of 98%

3

Our three potential new storage projects would add around 85bcf of storage to our portfolio, increasing existing UK storage capacity by 50%

* nc ud ng jo nt ventures and assoc ates stated gross of interest and taxation, and before other costs and depreciation of fair value uplifts to property, plant and equipment from Strategic Investments and except onal items and certa n re measurements
‡ from cont nu ng operat ons

Gas storage plays an increasingly important role in helping maintain security of supply in the UK.

- Exceptional operational performance from our Rough gas storage facility.
- Early design work on new storage facilities.

The Rough storage facility demonstrated exceptional operational performance during 2009 with reliability in excess of 98%. Asset utilisation was very high during early 2009 due to colder than normal weather and supply concerns caused by the dispute between Russia and the Ukraine. Gross revenue in the period was down 5%, mainly as a result of the non-recurrence of the sale of cushion gas out of the Rough asset, which generated £26 million of revenue in the second half of 2008. Operating profit* was down 14%, predominantly for the same reason.

In January 2010 National Grid issued 'Gas Balancing Alerts' on three days in a week, having only ever issued one previously. Rough supplied around 10% of UK gas demand on each of these days. As the UK's dependence on gas imports increases, storage will play an increasing role in maintaining security of supply.

Work continues on Centrica's three potential storage projects which together would add around 85bcf of storage capacity. Final investment decisions are planned for the Caythorpe and Baird projects in 2010 and for Bains in 2011. Caythorpe could then be operational in the storage year 2012–13, with both Baird and Bains following in 2013–14.

The shape of our business

North America

Direct Energy

SourcingEnergy **Generating**Energy **Processing**Energy **Trading**Energy **Supplying**Energy **Servicing**Energy **Saving**Energy

In North America we will now look to grow leadership positions in deregulated markets.

North America

- Success of Strategic Energy acquisition has doubled business energy electricity volumes over two years.
- Gas reserves increased through series of acquisitions.

The North American macroeconomic environment was showing signs of recovery towards the end of 2009 with the US economy out of recession and unemployment beginning to fall. However, during 2009 consumer confidence remained low and wholesale commodity prices depressed.

Operating profit* was down 29% and on a constant currency basis was down 38%. However it was broadly flat after removing the impact of one-off charges in the residential energy business, which was a good underlying result in a low commodity price environment.

We remain well placed, both upstream and downstream. We are the third largest supplier of power to the residential market in Texas, and have built up a significant presence in the US North East. We have also significantly increased the scale and profitability of our business energy division following the acquisition of Strategic Energy, and are the third largest commercial and industrial power supplier in North America.

Residential energy supply

Our residential energy business produced a good underlying performance, as a decline in customer numbers in Canada and Texas was broadly offset by an increase in the US North East where we grew our customer base by around 150,000 to over 500,000 as authorities look to open up their markets to competition. This offers the prospect of further growth for the future.

Profitability* reduced in 2009, primarily as a result of a one-off write-off in the first half of £45 million of bad debt in Texas, although better debt management processes did result in an improvement in collection rates in the second half of the year. The results were also impacted by further one-off items in the second half of the year, totalling £16 million.

We have now brought our Texas operational team back in house to reinforce our customer service focus and moving forward, the newly appointed management team will bring an improved focus on cost reduction and customer retention through price competitiveness.

Revenue in this business was broadly flat and down 12% on a constant currency basis. Operating profit,* before one-off items, was up 13% (down 1.3% on a constant currency basis) and after one-off items was down 31%.

Business energy supply

Our business energy supply division performed strongly in 2009, benefiting from the full-year effect of the Strategic Energy acquisition in June 2008. Electricity volumes increased by 22% on the prior year, gas volumes by 14%, and revenue was up 24% (or 9% on a constant currency basis). The scale of our operations has grown

In numbers:

	Revenue‡ £m	Operating profit*‡ £m	People‡
Residential energy supply	2,644	94	898
Business energy supply	2,491	34	495
Residential and business services	406	18	3,208
Upstream and wholesale energy	567	7	440
Total	**6,108**	**153**	**5,042**

150,000

We gained 150,000 new customers in the US North East as authorities look to open up markets to competition

* nclud ng jo nt ventures and associates stated gross of interest and taxation, and before other costs and depreciation of fair value uplifts to property, plant and equipment from Strategic Investments and except onal items and certa n re measurements

‡ from cont nu ng operat ons

considerably over the past two years, with both revenues and electricity volumes having more than doubled.

We also achieved cost synergies resulting from the integration of Strategic Energy that exceeded our target of US$15 million. As a result, operating margin* increased to 1.4% (2008: 0.5%) and operating profit* was more than three times that of the previous year at £34 million.

Residential and business services

Trading conditions for our services business remained difficult as the decline in housing construction in the US continued. We also experienced a small decline in the number of customer accounts in Canada as our waterheater business faced stronger competition, although we saw growth in protection plans.

Despite the harsh trading environment, operating profit* was up 13% and flat in constant currency terms as efficiency improvements helped to offset the weak economic climate.

Following the appointment of new management, we have reviewed the structure of the services business and are planning to exit our Canadian home appliance repair operation as the diverse nature of this market has made it difficult to generate adequate returns.

We will refocus to grow our presence in the energy related services market, particularly in those areas where we have a strong energy base.

Upstream and wholesale energy

The economic downturn and low wholesale commodity prices in the US and Canada resulted in profitability* substantially below 2008 levels.

Our upstream gas business in Alberta was seriously affected as the achieved sales price fell by 29%. This low gas price meant that production volumes increased by only 3% despite the full-year impact of the acquisitions of Rockyview and TransGlobe made in the first half of 2008.

We chose to defer development activity, and instead deployed capital to increase our gas reserves through small-scale acquisitions. As a result, our reserves base increased slightly to 400 billion cubic feet equivalent (bcfe) by the end of 2009, even after accounting for in-year production. Power generation volumes were up by 6% as the thorough maintenance on our three power plants in Texas, carried out when prices were low in the first half of the year, resulted in increased availability and lower outages.

In numbers:

3rd

We are the third largest supplier of power to the residential market in Texas, and the third largest commercial and industrial power supplier in North America

22%

Electricity volumes increased by 22% in our business energy supply division

400bcfe

Gas reserves increased to 400bcfe this year through a series of acquisitions

Managing our business impact

Green Streets in numbers:

We ran a year long project called 'Green Streets', a competition between eight communities that promoted awareness of low carbon solutions for householders

25%

The project showed demonstrable benefits for consumers through lower energy bills and, most importantly, an average reduction in carbon footprint of almost 25%

35mt CO_2

If the Green Streets savings were replicated across UK households, we estimate that 35 million tonnes of CO_2 would be cut from the national carbon footprint

£6 billion

At 2009 prices this would save £6 billion per annum

Being a responsible business is fundamental to our long-term success affecting our reputation with customers, investors, regulators, employees and other stakeholders.

We recognise the impact our business has on society and the environment and aim to contribute to the health and sustainability of both. That is what we mean by corporate responsibility.

In 2009 we reviewed the focus of our corporate responsibility work. We obtained feedback from external stakeholders in the UK and North America and identified the following areas where Centrica can have the greatest long-term impact:

- to contribute to the transition to a low carbon society;
- to invest in secure energy supplies for our customers;
- to be trusted by our customers and support the most vulnerable;
- to keep our employees safe and healthy at work;
- to develop our employees;
- to support local communities; and
- to ensure responsible procurement.

Our contribution to the transition to a low carbon society

Despite the inconclusive outcome of the Copenhagen climate change conference in 2009, we firmly believe that man-made climate change is a problem which requires urgent and sustained global action.

Centrica has an important role to play in assisting the transition to a future low carbon society. We are committed to be the leading supplier of low carbon advice and services – from microgeneration to efficient heating installations. And we are committed to targets for reducing the carbon intensity of the energy that we supply.

British Gas customer communications channels, energy advisory services and installation capabilities are mobilising to support this transition. We are creating a generation of new green jobs, recruiting and training employees to provide low carbon solutions.

Improving energy efficiency through loft and cavity wall insulation is the cheapest way to reduce energy bills and carbon emissions. The products we supplied in 2009 will save 17.53 million tonnes of carbon dioxide over their lifetime. With our network of over 9,000 engineers, we are the UK's leading supplier of A-rated high-efficiency boilers.

During 2009 British Gas installed more than 50,000 smart meters in businesses and homes across the UK. Smart meters allow the energy supplier and customer to monitor energy consumption in real time, thereby raising awareness of energy use and encouraging energy saving. The UK Government has announced that energy suppliers will be responsible for installing and maintaining smart gas and electricity meters in 26 million properties over the next 10 years – a total of 47 million by 2020.

In 2009 the carbon intensity of our UK power generation was 370g CO_2/kWh, a reduction of 2% compared to 2008 that reflected the additional wind farm capacity

Our society is resolved to reduce levels of carbon in the atmosphere and to secure energy supplies for the future. Centrica can help achieve these goals and is keenly aware of its responsibilities.

Mary Francis CBE, Senior Independent Director and Chair of the Corporate Responsibility Committee

within our generation portfolio. The purchase of the stake in British Energy and more planned investment in renewable energy will mean that we can reduce carbon intensity further – we expect to cut the carbon intensity of our UK supplied electricity by more than 30% in the next decade.

In 2009 we completed the Lynn and Inner Dowsing wind farms and announced a new 270MW wind farm to be built off the coast of Lincolnshire.

We intend for our offices to be a demonstration of what is achievable for our customers. In 2009 we achieved an 8.36% reduction in energy use across our UK properties, exceeding the 5% target.

Investing in secure energy supplies for our customers

The UK faces significant challenges to ensure security of energy supply. The UK regulator, Ofgem, estimates £200 billion of investment is needed by 2025.

In 2009 Centrica invested more than £4 billion in sources of UK gas, power generation and gas storage assets and we have plans to spend an additional £15 billion by 2020.

Being trusted by our customers

We are committed to treating our customers fairly at all times. Our research indicates that the most significant factors influencing trust are customer service, price and support for vulnerable customers. Our 2009 customer surveys in both North America and the UK showed significant improvements and we will continue to challenge ourselves to improve the experience we give our customers.

We have a particular responsibility to support vulnerable customers. In 2009 British Gas provided more than £80 million support through a range of initiatives for around 2.2 million households, more than the rest of the UK market combined.

Working safely

We do not compromise on safety and in 2009 launched a major campaign to create a proactive safety culture. The results have been encouraging with a 51% reduction in the Group's overall lost time injury rate.

Developing our employees

Our future success depends on attracting and retaining the best talent. We are committed to supporting skills development, promoting equal opportunities and diversity and providing regular opportunities for open employee engagement.

In 2009 employee retention rates were high at 92% and our employee survey revealed improving scores for engagement Group-wide.

Supporting local communities

We support local community causes through grants and donations of time and materials. We also work with charity partners to create volunteering programmes for our employees. Centrica's total community contributions in 2009 were £76.9 million – additional details of the causes we support are provided in our online CR report.

Responsible procurement

In 2009 we started introducing CR clauses into strategic supplier contracts prioritising suppliers that present material risks to the business. To date 101 of our strategic suppliers have signed the revised contracts and we are aiming for 150 more in 2010.

For more… **www.centrica.com/responsibility**

Corporate responsibility KPIs

Lifetime carbon savings for UK household energy efficiency products provided (tonnes)
What's next: Provide energy efficiency products in 2010 with total lifetime carbon savings of 14.6m tonnes of CO_2 to meet our CERT obligation.[1]
17.53m
2008 17.87m

Carbon intensity of our UK power generation (g CO_2/kWh)
What's next: Following 2009 acquisitions, reduce our carbon intensity to 270g CO_2/kWh by 2012 and 260g CO_2/kWh by 2020.
370[2]
2008 379

Customer satisfaction in British Gas (net promoter score – NPS[3])
What's next: We are improving the British Gas methodology and aim to increase our score under the new methodology from -2 to 3.
7.0%
2008 -0.8%

Customer satisfaction in Direct Energy (net promoter score – NPS[3])
What's next: We aim to improve on 2009 scores under the current methodology and roll out an improved NPS system in 2010.
9.5%
2008 6.9%

Lost time injuries (LTI)/100,000 hours worked
What's next: 12.5% LTI reduction on 2009 performance to 0.43.
0.49
2008 1.0

Employee engagement (measured through the Employee Engagement Survey[4])
What's next: To achieve a score of more than 66%, ensuring we remain in the high performance category.
66%
2008 57%

[1] This figure is an externally agreed target with Ofgem and subject to change, depending on our market share.
[2] 2009 data subject to final verification.
[3] NPS measures customers' responses to the question 'How likely would you be to recommend us as an energy supplier to a friend or relative (0-10)?' The score is calculated by the percentage of customers defined as promoters (scoring 9-10) minus the percentage defined as detractors (0-6).
[4] Questions in the survey include: Would you tell others this is a great place to work? Do you ever think about leaving? Does the Company inspire you to do your best every day?

Board of Directors and Executive Team

1. Roger Carr
Chairman (63) N,R
Roger Carr joined the Board as a Non-Executive Director in 2001. He was appointed Chairman of the Board in May 2004 and is Chairman of the Nominations Committee. He is chairman of Cadbury plc and is due to stand down from this position at a date to be determined. He is a non-executive director of the Bank of England and until June 2008 was chairman of Mitchells & Butlers plc.

2. Sam Laidlaw
Chief Executive (54) C,D,E,N
Sam Laidlaw joined Centrica as Chief Executive in July 2006. He is Chairman of the Executive Committee and the Disclosure Committee. 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.

3. Helen Alexander CBE
Non-Executive Director (53) A,N,R
Helen Alexander joined the Board in January 2003 and is Chairman of the Remuneration Committee. She is president of the CBI, chairman of Incisive Media and the Port of London Authority, a senior adviser of Bain Capital and a non-executive director of Rolls-Royce plc. She is senior trustee of the Tate Gallery and an honorary fellow of Hertford College, Oxford. Until July 2008, she was chief executive of the Economist Group.

4. Phil Bentley
Managing Director, British Gas (51) C,E
Phil Bentley joined Centrica as Group Finance Director in 2000, a position he held until the end of February 2007 when he was appointed Managing Director, British Gas. He was also Managing Director, Europe between July 2004 and September 2006. Formerly, he was finance director of UDV Guinness from 1999 and group treasurer and director of risk management of Diageo plc from 1997. Previously, he spent 15 years with BP plc in various international oil and gas exploration roles. He is also a non-executive director and the chairman of the audit committee of Kingfisher plc and he will retire from these positions in March 2010.

5. Mary Francis CBE
Senior Independent Director (61) A,C,N,R
Mary Francis joined the Board in June 2004 and is Senior Independent Director and Chairman of the Corporate Responsibility Committee. She is a non-executive director of Aviva plc and Cable & Wireless plc, a trustee and treasurer of the Almeida Theatre and chair of governors of James Allen's Girls' School. She is a former director general of the Association of British Insurers, a former non-executive director of the Bank of England, Alliance & Leicester plc and St. Modwen Properties plc, and was a senior civil servant in the Treasury and the Prime Minister's Office.

6. Mark Hanafin
Managing Director, Centrica Energy (50) E
Mark Hanafin joined Centrica as Managing Director, Centrica Energy in July 2008. He was appointed as a non-executive director of Lake Acquisitions Limited (the parent company of British Energy) and as non-executive director of British Energy Group plc in November 2009. Previously he spent 21 years with Royal Dutch Shell, most recently as CEO of Shell Energy North America in Houston. Prior to joining Shell, Mark worked for General Electric Company (GEC) having qualified as a chartered engineer.

Key to membership of committees

A – Audit Committee
C – Corporate Responsibility Committee
D – Disclosure Committee
E – Executive Committee
N Nominations Committee
R Remuneration Committee

7. Nick Luff
Group Finance Director (42) D,E
Nick Luff joined Centrica as Group Finance Director in March 2007 and was appointed as a non-executive director of Lake Acquisitions Limited (the parent company of British Energy) in November 2009. He was previously chief financial officer of The Peninsular & Oriental Steam Navigation Company (P&O) and has held a number of other senior financial roles at P&O, having qualified as a chartered accountant at KPMG. He is a non-executive director of QinetiQ Group plc.

8. Andrew Mackenzie
Non-Executive Director (53) A,C,N,R
Andrew Mackenzie joined the Board in September 2005. 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.

9. Paul Rayner
Non-Executive Director (55) A,N,R
Paul Rayner joined the Board in September 2004 and is Chairman of the Audit Committee. In July 2008, he was also appointed as a non-executive director of Qantas Airways Limited and in September 2008, he was appointed as a non-executive director of Boral Limited. He was finance director of British American Tobacco plc from 2002 until April 2008. In 1991 he joined Rothmans Holdings Limited in Australia, holding senior executive appointments, and became chief operating officer of British American Tobacco Australasia Limited in September 1999.

10. Chris Weston
Managing Director, North America (46) C,E
Chris Weston was appointed to the Board in July 2009. He was Managing Director, British Gas Services from June 2005. Prior to this, he was Managing Director, British Gas Business from January 2002, having joined Centrica in November 2001 following the acquisition of One Tel where he was the managing director of Europe. Previously, he spent seven years in the army with the Royal Artillery.

Executive Team

11. Grant Dawson
General Counsel & Company Secretary (50) D,E
Grant Dawson has been General Counsel & Company Secretary of Centrica since the demerger from British Gas plc in February 1997, having joined British Gas in October 1996.

12. Catherine May
Group Director, Corporate Affairs (45) C,E
Catherine May joined Centrica as Group Director, Corporate Affairs in September 2006, having previously been group director of corporate relations for Reed Elsevier.

13. Anne Minto OBE
Group Director, Human Resources (56) E
Anne Minto was appointed Group Director, Human Resources in October 2002. Prior to that she was director, human resources for Smiths Group plc, a position which she held since early 1998. She is also Chairman of the Centrica Pension Schemes.

Summary Financial Statements

Summary Group Income Statement

Year ended 31 December	2009 Business performance (i) £m	2009 Exceptional items and certain re-measurements (i) £m	2009 Results for the year £m	2008 (restated) (ii) Business performance (i) £m	2008 (restated) (ii) Exceptional items and certain re-measurements (i) £m	2008 (restated) (ii) Results for the year £m
Continuing operations						
Group revenue	**21,963**	**–**	**21,963**	20,872	–	20,872
Cost of sales before exceptional items and certain re-measurements	**(17,663)**	**–**	**(17,663)**	(16,664)	–	(16,664)
Exceptional items	**–**	**(393)**	**(393)**	–	–	–
Re-measurement of energy contracts	**–**	**(62)**	**(62)**	–	(1,331)	(1,331)
Gross profit	**4,300**	**(455)**	**3,845**	4,208	(1,331)	2,877
Operating costs before exceptional items	**(2,496)**	**–**	**(2,496)**	(2,225)	–	(2,225)
Exceptional items	**–**	**(175)**	**(175)**	–	–	–
Share of profits in joint ventures and associates, net of interest and taxation	**10**	**(9)**	**1**	9	–	9
Group operating profit	**1,814**	**(639)**	**1,175**	1,992	(1,331)	661
Net interest expense	**(179)**	**–**	**(179)**	(2)	–	(2)
Profit/(loss) from continuing operations before taxation	**1,635**	**(639)**	**996**	1,990	(1,331)	659
Taxation on profit from continuing operations	**(531)**	**185**	**(346)**	(1,026)	413	(613)
Profit/(loss) from continuing operations after taxation	**1,104**	**(454)**	**650**	964	(918)	46
Profit/(loss) from discontinued operations	**40**	**(131)**	**(91)**	(52)	(130)	(182)
Gain on disposal of discontinued operations	**–**	**297**	**297**	–	–	–
Profit/(loss) for the year	**1,144**	**(288)**	**856**	912	(1,048)	(136)
Attributable to:						
Equity holders of the parent	**1,094**	**(250)**	**844**	911	(1,048)	(137)
Minority interests	**50**	**(38)**	**12**	1	–	1
	1,144	**(288)**	**856**	912	(1,048)	(136)

	2009 Pence	2008 Pence
Earnings/(loss) per ordinary share		
From continuing and discontinued operations:		
Basic	**16.5**	(3.3)
Diluted	**16.4**	(3.3)
From continuing operations:		
Basic	**12.7**	1.1
Diluted	**12.6**	1.1
Interim dividend paid per ordinary share	**3.66**	3.47
Final dividend proposed per ordinary share	**9.14**	8.73

	2009 £000	2008 £000
Directors' emoluments	**7,184**	5,967

(i) Certain re-measurements included within operating profit comprise re-measurements arising on energy procurement activities and re-measurements of proprietary trades in relation to cross-border transportation or capacity contracts. In our business, we enter into a portfolio of forward energy contracts which include buying substantial quantities of commodity to meet the future needs of our customers. A number of these arrangements are considered to be derivative financial instruments, and are required to be fair valued under IAS 39. Fair valuing means that we apply the prevailing forward market prices to these contracts. The Group has shown the fair value adjustments separately as certain re-measurements as they are unrealised and non-cash in nature. The profits arising from the physical purchase and sale of commodities during the year, which reflect the prices in the underlying contracts, are not impacted by these re-measurements.

As permitted by IAS 1, Presentation of Financial Statements, certain items are presented separately. The items that the Group presents separately as exceptional are items which are of a non recurring nature and, in the judgement of the Directors, need to be disclosed separately by virtue of their nature, size or incidence in order to obtain a clear and consistent presentation of the Group's underlying business performance. Items which may be considered exceptional in nature include disposals of businesses, business restructurings, the negotiation of significant contracts and asset write-downs.

Exceptional items include charges of £199 million relating to an onerous gas contract, £139 million to terminate an out-of-the-money energy sales contract, £149 million for the impairment of upstream gas and power assets, £75 million for UK restructuring, £55 million for North American wind power purchase agreements and £24 million to write down previously capitalised customer acquisition costs. Exceptional items also include £49 million profit on disposal on the sale of equity interests in wind farms and £297 million profit on disposal of Segebel S.A.

(ii) 2008 balances have been restated to capitalise borrowing costs on adoption of IAS 23 (Amendment), to reflect the change in British Gas Services Limited's revenue recognition policy and to present the European Energy segment, with the exception of the Group's operations in Germany, as a discontinued operation.

Summary Group Balance Sheet

31 December	2009 £m	2008 (restated) (i) £m
Non-current assets	**12,472**	8,522
Current assets	**6,492**	9,944
Current liabilities	**(6,162)**	(7,781)
Net current assets	**330**	2,163
Non-current liabilities	**(8,675)**	(6,313)
Net assets of disposal groups classified as held for sale	**128**	–
Net assets	**4,255**	4,372
Shareholders' equity	**4,192**	4,312
Minority interests in equity	**63**	60
Total minority interests and shareholders' equity	**4,255**	4,372

Summary Group Statement of Changes in Equity

Year ended 31 December	2009 £m	2008 (restated) (ii) £m
1 January	**4,372**	3,360
Profit/(loss) for the period	**856**	(136)
Other comprehensive income	**(546)**	(586)
	4,682	2,638
Employee share schemes	**63**	70
Rights Issue	**–**	2,164
Amounts arising on consolidation	**946**	–
Repurchase of minority interests	**(201)**	–
Disposal of Segebel S.A.	**(589)**	–
Dividends paid by subsidiaries	**(11)**	–
Dividends	**(635)**	(500)
Taxation	**12**	–
Exchange adjustments	**(12)**	–
31 December	**4,255**	4,372

Summary Group Cash Flow Statement

Year ended 31 December	2009 £m	2008 (restated) (iii) £m
Cash generated from continuing operations	**3,082**	1,395
Net interest, taxation and other operating cash flows	**(435)**	(1,098)
Net cash flow from operating activities	**2,647**	297
Net cash flow from investing activities	**(4,520)**	(1,122)
Net cash flow from financing activities	**304**	2,603
Net (decrease)/increase in cash and cash equivalents	**(1,569)**	1,778
Cash and cash equivalents at 1 January	**2,904**	1,100
Effect of foreign exchange rate changes	**(50)**	26
Cash and cash equivalents at 31 December	**1,285**	2,904

(i) Restated to capitalise borrowing costs on adoption of IAS 23 (Amendment), to classify the non-current portions of derivative financial instruments from current assets and liabilities to non-current assets and liabilities and to reflect the change in British Gas Services Limited's revenue recognition policy.

(ii) Restated to reflect the change in British Gas Services Limited's revenue recognition policy.

(iii) Restated to present European Energy segment, with the exception of the Group's operations in Germany, as a discontinued operation.

The Summary Financial Statements on pages 22 to 23 were approved and authorised for issue by the Board of Directors on 25 February 2010 and were signed below on its behalf by:

Sam Laidlaw
Chief Executive

Nick Luff
Group Finance Director

Summary Reports

Independent Auditors' report to the members of Centrica plc

We have examined the Summary Financial Statements which comprises the Summary Group Income Statement, Summary Group Balance Sheet, Summary Group Statement of Changes in Equity, Summary Group Cash Flow Statement and the Summary Remuneration Report.

Respective responsibilities of Directors and Auditors

The Directors are responsible for preparing the Annual Review and Summary Financial Statements in accordance with applicable United Kingdom law.

Our responsibility is to report to you our opinion on the consistency of the Summary Financial Statements within the Annual Review and Summary Financial Statements with the full Annual Financial Statements, the Directors' Report and the Directors' Remuneration Report, and its compliance with the relevant requirements of section 428 of the Companies Act 2006 and the regulations made thereunder.

We also read the other information contained in the Annual Review and Summary Financial Statements and consider the implications for our statement if we become aware of any apparent misstatements or material inconsistencies with the Summary Financial Statements. The other information comprises only the Directors' Report – Business Review and the Directors' Report – Governance.

This statement, including the opinion, has been prepared for and only for the company's members as a body in accordance with section 428 of the Companies Act 2006 and for no other purpose. We do not, in giving this opinion, accept or assume responsibility for any other purpose or to any other person to whom this statement is shown or into whose hands it may come save where expressly agreed by our prior consent in writing.

We conducted our work in accordance with Bulletin 2008/3 issued by the Auditing Practices Board. Our reports on the Company's full annual Financial Statements describe the basis of our audit opinions on those Financial Statements, the Directors' Report and the Directors' Remuneration Report.

Opinion

In our opinion the Summary Financial Statements are consistent with the full annual Financial Statements, the Directors' Report and the Directors' Remuneration Report of Centrica plc for the year ended 31 December 2009 and comply with the applicable requirements of section 428 of the Companies Act 2006, and the regulations made thereunder.

PricewaterhouseCoopers LLP
Chartered Accountants and Statutory Auditors
London 25 February 2010

Full Annual Report

The Auditors have issued an unqualified report on the Annual Financial Statements and the auditable part of the Remuneration Report containing no statement under section 498 of the Companies Act 2006. The Auditors' Report in respect of consistency between the Directors' Report and the Group Financial Statements is also unqualified. These Summary Financial Statements are a summary of the full Centrica Annual Report and the narrative reports contain information from the Directors' Report but not the full text of that report. They do not contain sufficient information to allow as full an understanding of the results and state of affairs of the Group and of its policies and arrangements concerning the Directors' remuneration as would be provided by the full Annual Report.

The full Report can be downloaded from the Company's website at www.centrica.com or can be obtained, free of charge, by contacting the Centrica shareholder helpline (see page 29 for contact details). Shareholders may also elect to receive the full Annual Report instead of the Summary Financial Statements for all future years by contacting the Centrica shareholder helpline.

Dividends

An interim dividend for 2009 of 3.66 pence per share was paid on 11 November 2009. The Directors propose that, subject to approval at the 2010 Annual General Meeting (AGM), a final dividend of 9.14 pence per share will be paid on 16 June 2010 to those shareholders registered on 30 April 2010. This would make a total ordinary dividend for the year of 12.8 pence per share (2008: 12.2 pence per share).

Corporate governance

The Board believes that good corporate governance contributes to improved Company performance by ensuring that there is a clearly defined framework of roles, responsibilities and delegated duties. These support the Board's aim to deliver stability and growth for the benefit of customers, employees and shareholders. A report on how the principles of the Combined Code on Corporate Governance (the Code) were applied is set out in the Corporate Governance Report in the Annual Report.

Throughout the year ended 31 December 2009, the Company complied fully with the provisions set out in Section 1 of the Code with the exception of provision A.3.2. This provision states that at least half of the board, excluding the chairman, should comprise non-executive directors determined by the board to be independent. Paul Walsh retired as a Non-Executive Director of the Company in May 2009 and a search for a replacement is ongoing. In July 2009, Chris Weston was appointed to the Board as Managing Director, North America to further strengthen the structure and leadership required to maximise the opportunities for the North American business. As a result of these changes, the membership of the Board did not meet provision A.3.2 of the Code for the latter half of 2009. Whilst the Board recognises the membership of the Board is not in line with the Code, it believes that it still has a robust governance structure and that no individual or small group of individuals dominate the Board's decision making. A search for a replacement for Paul Walsh is ongoing and following that appointment, the composition of the Board is expected to be fully compliant with the Code.

Board of Directors

The Directors consider that the Board leads and controls the Group effectively. The powers of the Directors are set out in the Company's Articles of Association (Articles), which are available on the Company's website. The Company's Articles may be amended by special resolution. The Directors also have responsibilities and duties under other legislation and in particular the Companies Act 2006. To accommodate the final changes in respect of the Companies Act 2006, the Company is proposing further changes to the Articles at the 2010 AGM, which are further explained in the Notice of the AGM.

The Board has a schedule of matters specifically reserved for its approval. The Board has also delegated authority to its committees to carry out certain tasks as defined in each committee's respective terms of reference. The Board reviews each of its committees' terms of reference against best practice and approves revised terms on a regular basis. The written terms of reference of the Board's and its principal committees are available on the Company's website and hard copies are available upon request.

Board appointments, evaluation and development

In accordance with the Code and the Company's Articles, all Directors are subject to reappointment by shareholders at the first AGM following their appointment to the Board and thereafter are subject to reappointment every third year. 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. A formal, rigorous and transparent process is followed during the selection and subsequent appointment of new Directors to the Board. This process is described on page 39 of the full Annual Report.

On 26 February 2009, the Chairman announced a number of changes to the composition of the Board. Chris Weston was appointed to the Board on 1 July 2009 as an Executive Director with responsibility for the Company's North American business. Chris Weston will therefore seek reappointment to the Board at the forthcoming AGM. Paul Walsh, who had served as a Non-Executive Director since March 2003, retired from the Board at the conclusion of the 2009 AGM.

The Board is aware of the importance of continually assessing its own performance in support of the leadership of the Group and conducts a formal evaluation of its own performance and that of its committees and individual Directors annually. An evaluation was prepared and carried out by the Chairman and the General Counsel & Company Secretary in respect of the year ended 31 December 2009.

All new Directors appointed to the Board receive a comprehensive induction briefing tailored to meet their individual needs. Ongoing development and training is provided to Directors at Board meetings and, where appropriate, committee meetings.

Internal control

The Audit Committee reviews regular internal control reports, tracks issues, monitors performance against objectives and ensures necessary actions are taken to remedy any significant failings or weaknesses identified from those reports.

The Board, with the advice of the Audit Committee, has reviewed the effectiveness of the system of internal control, for the period from 1 January 2009 to the date of this report, and is satisfied that the Group complies with the Turnbull Guidance. The Board will continue routinely to challenge management in order to ensure that the system of internal control is constantly improving.

Summary Remuneration Report

This is a summary of the Remuneration Report, which is contained in the Annual Report and Accounts, copies of which are available on the Company's website.

The principal role of the Remuneration Committee (the Committee) is to determine and make recommendations to the Board on the Company's framework and broad policy for the remuneration of the Chairman of the Board, the Company's Executive Directors and other senior executives, and the associated costs. Members of the Committee are shown on pages 20 and 21 and the Board has determined that each of the Non-Executive Directors who are members is independent.

Summary remuneration policy

The Committee believes alignment between Centrica's business strategy, in particular the delivery of value to shareholders, and the remuneration of its Executive Directors and senior executives to be essential. The remuneration policy provides a competitive reward framework for its Executive Directors and other senior executives, taking into account the Company's and the individual's performance, and pay and conditions elsewhere in the Group. In constructing the remuneration packages, the Committee aims to achieve an appropriate balance between fixed and variable compensation for each executive. A significant proportion depends on the attainment of demanding performance objectives over both the short and long term. The Annual Incentive Scheme (AIS) incentivises and rewards the achievement of demanding annual financial and business-related objectives as set out in the operating plan. Long-term share-based incentives align interests with the longer term interests of Centrica's shareholders.

In 2009, the Committee reviewed the remuneration arrangements for Executive Directors. Proposed changes from 2010 include:

- rebalancing short-term incentives to include Health, Safety and Environmental objectives within the AIS;
- giving greater flexibility for tax planning by structuring awards under the Long Term Incentive Scheme (LTIS) and Deferred and Matching Share Scheme (DMSS) as nil cost options;
- reviewing performance targets to ensure they continue not to encourage excessive risk-taking; and
- reviewing the alignment of remuneration against relevant UK and international benchmarks.

In 2009 executive remuneration comprised base salary, AIS, and an allocation of shares under the LTIS, and the DMSS. There were no base salary increases awarded to Executive Directors in 2009 other than when a significant change in responsibilities took place. Phil Bentley received a base salary increase when his role increased significantly and Chris Weston received a base salary increase when he was promoted to the Board during the year. No Executive Share Option Scheme (ESOS) grants were made during the year.

As a matter of policy, notice periods in the Executive Directors' service contracts do not exceed one year. However, in the case of new external appointments to the Board, the Committee retains a level of flexibility as permitted by the Code and has exercised its discretion in respect of the appointments of Sam Laidlaw on 1 July 2006, Nick Luff on 1 March 2007 and Mark Hanafin on 14 July 2008. Each has a service contract that contains a notice period of two years, which reduces to one year on the second anniversary of their respective date of appointment. The notice period contained in the contracts of Sam Laidlaw and Nick Luff reduced to one year in 2008 and 2009 respectively.

Components of remuneration

For 2009 the target and maximum bonus opportunity under the AIS, together with the relative proportions of the components that made up the maximum bonus opportunity, were as follows:

	% of base salary			Target	Max
	Financial performance targets	Group/business-related targets	Stretching personal objectives		
Chief Executive	50	30	10	90%	180%
Executive Directors	42	25	8	75%	150%
Executives immediately below Board level	30	22	8	60%	120%

Summary Reports continued

A balanced range of measures is used to determine overall AIS performance. The annual performance metrics used in the AIS in 2009 were designed to reward the delivery of key strategic priorities for the year. Some examples of performance metrics used in 2009 include: Group Economic Profit (EP); meeting cost reduction targets; project completion and customer satisfaction measured by third-party, industry recognised surveys. A bonus will be forfeited if the Committee considers overall performance to be unsatisfactory.

Part of an Executive Director's AIS award is compulsorily deferred and invested in Deferred and Matching Share Scheme (DMSS). 40% of any AIS award for the Chief Executive and 30% for Executive Directors and executives immediately below Board level will be deferred. Participants are also given the opportunity to invest an additional amount in investment shares from their actual bonus, up to 50% of the individual's maximum annual incentive opportunity (including the compulsory deferral).

In 2009 the Executive Directors, and a number of senior executives, were subject to dealing restrictions under the Company's Share Dealing Code. As a result, the AIS payable was deferred and automatically invested in deferred shares in accordance with the normal timetable. Participants were given the opportunity to indicate if they wanted to invest in investment shares in May 2009, once the Company had ceased to be in a prohibited period. In order to restore participants to the position they would have been in had the Company been able to operate the scheme under the normal timetable in 2009, the Committee determined that the three-year performance period will be deemed to have commenced in April 2009.

Deferred and investment shares were matched with conditional matching shares, which will be released upon the achievement of a performance target (see table below).

For the purposes of matching, the investment shares are grossed up for income tax and employees' National Insurance contributions. Released matching shares will be increased to reflect the dividends that would have been paid during the performance period. In the event of a change of control the number of matching shares that vest will be subject to time-apportionment in line with best practice.

The table below summarises the vesting criteria and performance conditions in respect of the DMSS and LTIS.

In 2009, LTIS allocations were awarded to Executive Directors equal to 200% of base salary and at lower levels to other senior executives. The release of allocations will be subject to the performance conditions set out in the table below.

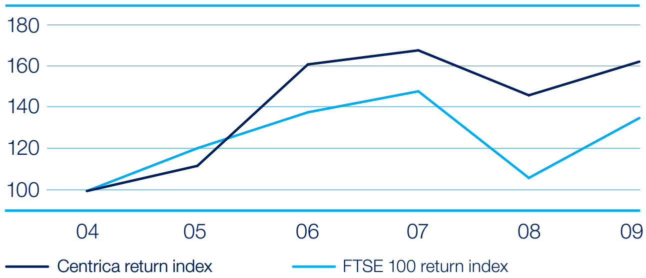
Deferred and Matching Share Scheme		
Award year	Vesting criteria	Performance condition over three-year period
2009	Level at which shares matched depends on point-to-point EP performance targets	• 2 for 1 match for point-to-point EP growth of 25% or more • Zero match for no point-to-point EP growth • Vesting of matching shares will increase on a straight-line basis between these points
2007 and 2008	Level at which shares matched depends on cumulative EP performance targets	• 2 for 1 match for cumulative EP growth of 25% or more • Zero match for no cumulative EP growth • Vesting of matching shares will increase on a straight-line basis between these points
Long Term Incentive Scheme		
Award year	Vesting criteria	Performance condition over three-year period
2006, 2008 and 2009	One half on EPS growth against RPI growth	• If EPS growth does not exceed RPI growth by 9%, zero vesting • If EPS growth exceeds RPI growth by 9%, then 25% will vest • If EPS growth exceeds RPI growth by between 9% and 30%, then vesting will increase on a straight-line basis between 25% and 100% • Full vesting for EPS growth exceeding RPI growth by 30% EPS is the Group's diluted adjusted earnings per share
	One half on TSR measured against a comparator group of the FTSE 100 as constituted at the beginning of the performance period	• Full vesting for upper quintile ranking • Zero vesting for sub-median ranking • Vesting will increase on a straight-line basis between 25% and 100% for ranking between median and upper quintile

For LTIS awards made in 2007 the vesting criteria were largely as above. The TSR element was unchanged. For the 50% of the award for which the performance criteria was EPS growth, the performance criteria was as above for 37.5% of the award. For the remaining 12.5%, if EPS growth does not exceed RPI growth by 20%, there is zero vesting. If EPS growth exceeds RPI growth by 20%, then 25% will vest. If EPS growth exceeds RPI growth by between 20% and 40%, then vesting will increase on a straight-line basis between 25% and 100%. There is full vesting for EPS growth exceeding RPI growth by 40%.

The following graph compares the Company's TSR performance with that of the FTSE 100 Index for the five years ended 31 December 2009.

Performance graph – TSR performance compared with FTSE 100 Index

Total shareholder return indices – Centrica and FTSE 100 Index for the five years ended 31 December 2009



Source: Alithos Limited
31 December 2004 = 100

The Centrica Pension Plan (CPP) (a contributory final salary arrangement) was closed to new employees on 30 June 2003. Executive Directors in office or employed by the Company prior to this date (Phil Bentley and Chris Weston) participated in that scheme during 2009. Sam Laidlaw, Nick Luff and Mark Hanafin are not members of any of Centrica's pension schemes and alternative arrangements are in place for them.

The Executive Directors are also eligible, on the same basis as other employees, to participate in the Company's HMRC-approved Sharesave Scheme and Share Incentive Plan.

Directors' emoluments, pension benefits and interests in shares

As at 31 December	**Total emoluments excluding pension 2009 £000 (i)**	Total emoluments excluding pension 2008 £000	Accrued pension 2009 £pa (ii)	Beneficial interests in ordinary shares 2009 (iii)	DMSS total matching shares 2009 (iii)	LTIS and SLTIS total allocations of shares 2009 (iv)	Sharesave total options 2009	ESOS and SESOS total options 2009 (v)
Executive Directors								
Phil Bentley	**1,249**	1,089	168,800	1,279,084	482,190	1,310,632	3,643	2,749,588
Mark Hanafin (ii) (vi)	**1,294**	788	–	150,909	332,245	933,780	4,727	336,012
Sam Laidlaw (ii)	**2,011**	1,730	–	1,210,438	1,459,334	2,002,611	3,643	–
Nick Luff (ii)	**1,267**	1,196	–	509,604	774,139	1,220,397	7,392	–
Chris Weston (vi)	**589**	–	87,300	421,680	470,692	828,338	4,727	630,816
Past Director								
Jake Ulrich (vi)	**–**	352	–	–	–	–	–	–
	6,410	5,155						
Chairman								
Roger Carr	**450**	450	–	26,441	–	–	–	–
Non-Executive Directors								
Helen Alexander	**72**	72	–	3,465	–	–	–	–
Mary Francis	**92**	92	–	3,500	–	–	–	–
Andrew Mackenzie	**60**	60	–	28,875	–	–	–	–
Paul Rayner	**78**	78	–	26,875	–	–	–	–
Past Director								
Paul Walsh (vi)	**22**	60	–	–	–	–	–	–
	774	812						
Total emoluments	**7,184**	5,967						

Notes on information shown in the table

(i) Total emoluments for Executive Directors include all benefits arising from employment by the Company, including the provision of a car (Mark Hanafin and Sam Laidlaw were also provided with a driver for limited personal mileage), life assurance premiums, private medical insurance and a financial counselling scheme. Also included are cash payments to Nick Luff in lieu of a company car, a payment to Mark Hanafin and benefits and expenses to Chris Weston made in respect of relocation.

(ii) Accrued pension is that which would be paid annually on retirement at age 62, based on eligible service to, and pensionable earnings at, 31 December 2009. Sam Laidlaw is contractually entitled to a salary supplement of 40% of base pay in lieu of any pension provision. This amounted to £366,000 of which £242,500 (not included above) was paid directly by the Company into his personal pension plan. Mark Hanafin and Nick Luff are contractually entitled to a salary supplement of 40% and 30% of base pay respectively in lieu of any pension provision and are included in the total emoluments amounts above. Details of the Directors' pension arrangements can be found in the Annual Report.

(iii) Executive Directors' beneficial shareholdings above include those held in the Share Incentive Plan and the deferred and investment shares held in the DMSS. Details of the DMSS can be found in the Annual Report. As at 24 February 2010, the beneficial shareholdings of Phil Bentley, Sam Laidlaw, Nick Luff and Chris Weston had each increased by 134 shares and by 133 shares for Mark Hanafin in respect of shares acquired through the Share Incentive Plan.

(iv) Allocations were made under the Long Term Incentive Scheme (LTIS) and Special Long Term Incentive Scheme (SLTIS) on 4 April 2007, 3 April 2008, 1 September 2008, 26 September 2008, 3 April 2009 and 9 September 2009. The aggregate value of shares vested to Executive Directors under the LTIS and SLTIS was £2,000,486 (2008: £587,332).

(v) Options granted under the Executive Share Option Scheme (ESOS) and Special Executive Share Option Scheme (SESOS) on 31 May 2001, 2 April 2002, 24 March 2003, 18 March 2004, 1 April 2005, 3 April 2006 and 26 September 2008 have vested in full and are exercisable until the tenth anniversary of the grant date. No Executive Director exercised executive share options during the year and the aggregate gains made by Executive Directors in respect of the exercise of Sharesave options during 2009 was £2,004. No executive or Sharesave options were exercised in 2008.

(vi) Jake Ulrich resigned from the Board with effect from 12 May 2008 and retired from the Company on 31 July 2008. Mark Hanafin was appointed to the Board on 14 July 2008. Paul Walsh retired from the Board on 11 May 2009. Chris Weston was appointed to the Board on 1 July 2009.

Shareholder Information

Financial calendar

28 April 2010	Ex-dividend date for 2009 final dividend
30 April 2010	Record date for 2009 final dividend
10 May 2010	AGM, Queen Elizabeth II Conference Centre, London SW1
16 June 2010	Payment date for 2009 final dividend
28 July 2010	Announcement date for 2010 interim results
17 November 2010	Payment date for proposed 2010 interim dividend

Electronic communications and the Centrica website

At the 2007 AGM the Company passed a resolution allowing the Centrica website to be used as the primary means of communication with its shareholders. Those shareholders who have positively elected for website communication (or who were deemed to have consented to electronic communication in accordance with the Companies Act 2006) will receive written notification whenever shareholder documents are available to view on the Centrica website.

The new electronic arrangements provide shareholders with the opportunity to access information in a timely manner and help Centrica to reduce both its costs and its impact on the environment.

The 2009 Annual Report, Annual Review and Notice of 2010 AGM are available to view on the Centrica website at **www.centrica.com/report2009**. The Centrica website at **www.centrica.com** also provides news and details of the Company s activities, plus information on the share price and links to its business sites. The investors' section of the website contains up to date information for shareholders including comprehensive share price information, financial results, dividend payment dates and amounts, and shareholder documents.

Register for electronic shareholder communications

- **view the Annual Report on the day it is published;**
- **receive an email alert when shareholder documents are available;**
- **cast your AGM vote electronically; and**
- **manage your shareholding quickly and securely online.**

For more information and to register visit: **www.centrica.com/shareholders**.

Shareholder services

Centrica shareholder helpline

Centrica s shareholder register is maintained by Equiniti, which is responsible for making dividend payments and updating the register.

If you have any query relating to your Centrica shareholding, please contact our Registrar, Equiniti:

Telephone: 0871 384 2985*
Textphone: 0871 384 2255*

Write to: Equiniti, Aspect House, Spencer Road, Lancing, West Sussex BN99 6DA, United Kingdom

Email: centrica@equiniti.com

A range of frequently asked shareholder questions is also available at **www.centrica.com/shareholders**.

Direct dividend payments

Make your life easier by having your dividends paid directly into your designated bank or building society account on the dividend payment date. The benefits of this service include:

- there is no chance of the dividend cheque going missing in the post;
- the dividend payment is received more quickly as the cash is paid directly into the account on the payment date without the need to pay in the cheque and wait for it to clear; and
- a single consolidated tax voucher is issued at the end of each tax year, in March, in time for your self assessment tax return.

To register for this service, please call the shareholder helpline on 0871 384 2985* to request a direct dividend payment form or download it from **www.centrica.com/shareholders**.

The Centrica FlexiShare service

FlexiShare is a 'corporate nominee , sponsored by Centrica and administered by Equiniti Financial Services Limited. It is a convenient way to manage your Centrica shares without the need for a share certificate. Your share account details will be held on a separate register and you will receive an annual confirmation statement.

By transferring your shares into FlexiShare you will benefit from:

- low cost share dealing facilities provided by a panel of independent share dealing providers;
- quicker settlement periods;
- no share certificates to lose; and
- a dividend reinvestment plan your cash dividend can be used to buy more Centrica shares (for a small dealing charge) which are then credited to your FlexiShare account.

Participants will have the same rights to attend and vote at general meetings as all other shareholders. There is no charge for holding your shares in FlexiShare, nor for transferring in or out at any time.

For further details about FlexiShare, please call the Centrica shareholder helpline on 0871 384 2985* or visit **www.centrica.com/flexishare**.

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Accessibility

If you would like this Annual Review in an alternative format, such as large print, Braille or 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 these numbers are charged at 8 pence per minute from a BT landline. Other providers' telephony costs may vary.

Centrica plc
Company registered in England
and Wales No. 3033654
Registered office: Millstream,
Maidenhead Road, Windsor,
Berkshire SL4 5GD
www.centrica.com

Exhibit C-2
SEC Filings

The corporate owner of Direct Energy Business, LLC is Direct Energy Services, LLC, an indirect wholly owned subsidiary of Centrica plc. Centrica plc is headquartered in Winsor, UK. As a foreign entity, Centrica is not subject to SEC jurisdiction, and thus does not have SEC filings.

Exhibit C-3
Financial Statements

The Financial Statements (as part of the Centrica Annual Reports) and other relevant filings of Centrica plc are too voluminous to be reproduced herein. As such, Annual Review and Summary Financial Statements for the years 2008 and 2009 are included as part of Exhibit C-1. In addition, the full Annual Reports (including Financial Statements) of Centrica plc can be accessed at the following web pages:

2008: http://www.centrica.com/files/reports/2008ar/files/Centrica_Annual_Report_2008.pdf

2009: http://www.centrica.com/files/reports/2009ar/files/pdf/Centrica_Annual_Report_2009.pdf

Exhibit C-4
Financial Arrangements

Attached is a sample Guaranty issued by Direct Energy Business, LLC's ultimate parent company, Centrica plc.

CENTRICA PLC

Guarantee

This Guarantee (this "**Guarantee**") is dated [ ] 2007 and made and entered into between

1. Centrica plc (registered number 3033654) whose registered office is Millstream, Maidenhead Road, Windsor, Berkshire SL4 5GD ("**Guarantor**"); and

2. [ ] whose [registered office]/[principal place of business] is [ ] ("**Contract Party**").

WHEREAS

(A) Contract Party and [Direct Energy Marketing Limited] [and Energy America LLC], [a] wholly owned subsidiar[y][ies] of Guarantor [have entered into, and] are contemplating entering into, transactions for the purchase and sale of natural gas and/or electricity, or options thereon, (the "**Physical Transactions**"), and [have entered into, and] are contemplating entering into, swap, option or other financially-settled derivative transactions, which transactions will be evidenced by one or more swap agreements, confirmations and/or master agreements (all such swap, option or other financially-settled derivative transactions and the agreements, evidencing same whether entered into prior to, on or after the date hereof are referred to herein as ("**Derivative Transactions**"). The Physical Transactions and the Derivative Transactions, individually and collectively, shall be referred to herein as the "**Transactions**", and [Direct Energy Marketing Limited] [and Energy America LLC] [individually and collectively] shall be referred to herein as the "**Obligor**";

(B) Guarantor will directly or indirectly benefit from the Transactions; and

(C) As a condition precedent to the Transactions, Contract Party has required that Guarantor unconditionally guarantee to Contract Party all payment obligations of Obligor under the Transactions.

NOW THEREFORE, to induce Contract Party to enter into the Transactions, Guarantor agrees as follows:

PAYMENT GUARANTEE

1. Guarantor absolutely, irrevocably and unconditionally guarantees to Contract Party all payment obligations of Obligor set forth in the Transactions (the "**Obligations**") up to an aggregate amount that shall not exceed [US$][CN$][ ] ([AMOUNT IN WORDS] United States dollars / Canadian dollars). This Guarantee is a continuing guarantee effective during the term of the Transactions.

2. Guarantor WAIVES any right to require as a condition to its obligations hereunder that:

   (i) presentment or demand be made upon Obligor; and

   (ii) action be brought against Obligor or any other person or entity except Guarantor,

   should Contract Party seek to enforce the obligations of Guarantor. Specifically, without limitation, Guarantor WAIVES any right to require, substantively or procedurally, that:

   (a) a judgment previously be rendered against Obligor or any other person or entity except Guarantor;

   (b) Obligor or any other person or entity be joined in any action against Guarantor; or

   (c) an action separate from one against Guarantor be brought against Obligor or any other person or entity.

3. The obligations of Guarantor are several from those of Obligor or any other person or entity, including, without limitation, any other surety for Obligor, and are primary payment obligations concerning which Guarantor is the principal obligor.

4. The obligations of Guarantor hereunder shall in no way be affected or impaired by reason, and Guarantor WAIVES its right to prior notice, of the happening from time to time of any of the following:

   (i) extensions (whether or not material) of the time for performance of all or any portion of the Obligations.

   (ii) the modification or amendment in any manner (whether or not material) of the Transactions or the Obligations;

   (iii) any failure, delay or lack of diligence on the part of a Contract Party, or any other person or entity to enforce, assert or exercise any right, privilege, power or remedy conferred on a Contract Party or any other person or entity under the Transactions or at law, or any action on the part of a Contract Party or such other person or entity granting indulgence or extension of any kind;

   (iv) the settlement or compromise of any Obligations; and

   (v) a change of status, composition, structure or name of Obligor, including, without limitation, by reason of bankruptcy, liquidation, insolvency, merger, dissolution, consolidation or reorganisation.

5. With the prior written consent of Contract Party, which consent shall not be unreasonably withheld, this Guarantee may be replaced by a guarantee or guarantees in substantially similar form made by a guarantor of equal or better creditworthiness, provided that this Guarantee shall continue to apply to all obligations of the Guarantor under this Guarantee in respect of Transactions entered into prior to the time of such replacement and the replacement guarantee shall apply only to those Obligations incurred in respect of Transactions entered into after its execution and delivery.

6. The Guarantor may terminate this Guarantee by giving written notice of such termination to the Contract Party. No such terminations shall be effective until five (5) business days after receipt by Contract Party of such termination notice. No such termination shall affect the obligations of the Guarantor under this Guarantee in respect of Transactions entered into prior to such termination notice becoming effective.

RESERVATION OF DEFENCES

7. Without limiting the defences and rights of Guarantor not expressly waived in this Guarantee, Guarantor expressly reserves unto itself all rights, counterclaims and other defences of Obligor relating to the Obligations, except those arising out of the bankruptcy, insolvency, dissolution or liquidation of Obligor.

NOTICE

8. All notices and communications made pursuant to this Guarantee shall be in writing and delivered personally or mailed recorded delivery, postage prepaid, or sent by facsimile, as follows:

<u>To Guarantor:</u>
Centrica plc
Millstream
Maidenhead Road
Windsor
Berkshire SL4 5GD
United Kingdom
Attn: Group General Counsel and Company Secretary
Facsimile: 01753 494602

To Contract Party:
[ ]

9. Notice given by personal delivery or mail shall be effective upon actual receipt. Notice given by facsimile shall be effective upon actual receipt if received during recipient's normal business hours or at the beginning of recipient's next business day after receipt if not received during recipient's normal business hours. Any party may change its address to which notice is to be given hereunder by providing notice of the same in accordance with Clause 9.

MISCELLANEOUS

10. This Guarantee shall in all respects be governed by, and construed in accordance with, the laws of the State of New York and the parties hereby submit to the exclusive jurisdiction of the courts of the State of New York.

11. Except for increasing the value of the Obligations figure in Clause 1 above, no term or provision of this Guarantee shall be amended, modified, altered, waived, supplemented or terminated except in writing signed by the parties hereto.

12. Neither Guarantor nor Contract Party may assign or transfer (whether by way of security or otherwise) this Guarantee or any interest or obligation in or under this Guarantee without the prior written consent of Contract Party or Guarantor respectively. Any purported transfer or assignment that is not in accordance with this Clause 12 shall be void. Subject to the foregoing this Guarantee shall be binding upon and enure to the benefit of and be enforceable by the respective successors, permitted assigns and transferees of Guarantor and Contract Party.

13. This Guarantee embodies the entire agreement and understanding between Guarantor and Contract Party and supersedes all prior agreements and understandings relating to the subject matter hereof.

14. The headings in this Guarantee are for purposes of reference only, and shall not affect the meaning hereof. References to Clauses are to clauses of this Guarantee.

15. This Guarantee may be executed in any number of counterparts, each of which shall be an original, but all of which together shall constitute one document.

16. Guarantor shall make payment in United Stated dollars and without deductions to Contract Party in immediately available funds of all sums due hereunder within ten (10) business days of written demand for the same by Contract Party (which demand shall set forth the basis and the calculation of the amount for which demand is made and which shall in the absence of manifest error be conclusive).

17. Guarantor warrants that this Guarantee is its legally binding obligation enforceable in accordance with its terms (except as the enforceability of this Guarantee may be limited by any applicable bankruptcy, insolvency, reorganisation, moratorium or similar laws affecting creditors' rights generally and by general principles of equity), and further warrants that all necessary consents and authorisations for the giving and implementation of this Guarantee have been obtained.

18. Until all amounts which may be or become payable under the Transactions have been irrevocably paid in full, Guarantor shall not by virtue of this Guarantee be subrogated to any rights of Contract Party or claim in competition with Contract Party against Obligor in connection with any matter relating to or arising from the Obligations or this Guarantee.

Guarantor has caused this Guarantee to be executed as a deed and Contract Party has signed the same as of the day and year first above written.

CENTRICA PLC

By:________________________
Title:

By:________________________
Title:

[NAME OF CONTRACT PARTY]

By:________________________
Title:

Exhibit C-5
Forecasted Financial Statements

REDACTED – filed confidentially under seal.

Exhibit C-6
Credit Rating

Direct Energy Business does not maintain a credit rating by Dun & Bradstreet, nor does it maintain a senior debt rating from Duff & Phelps, Moody's Investors Service or Standard & Poors. Direct Energy Business relies on the credit ratings of its ultimate parent company, Centrica plc. The credit ratings of Centrica plc are included below.

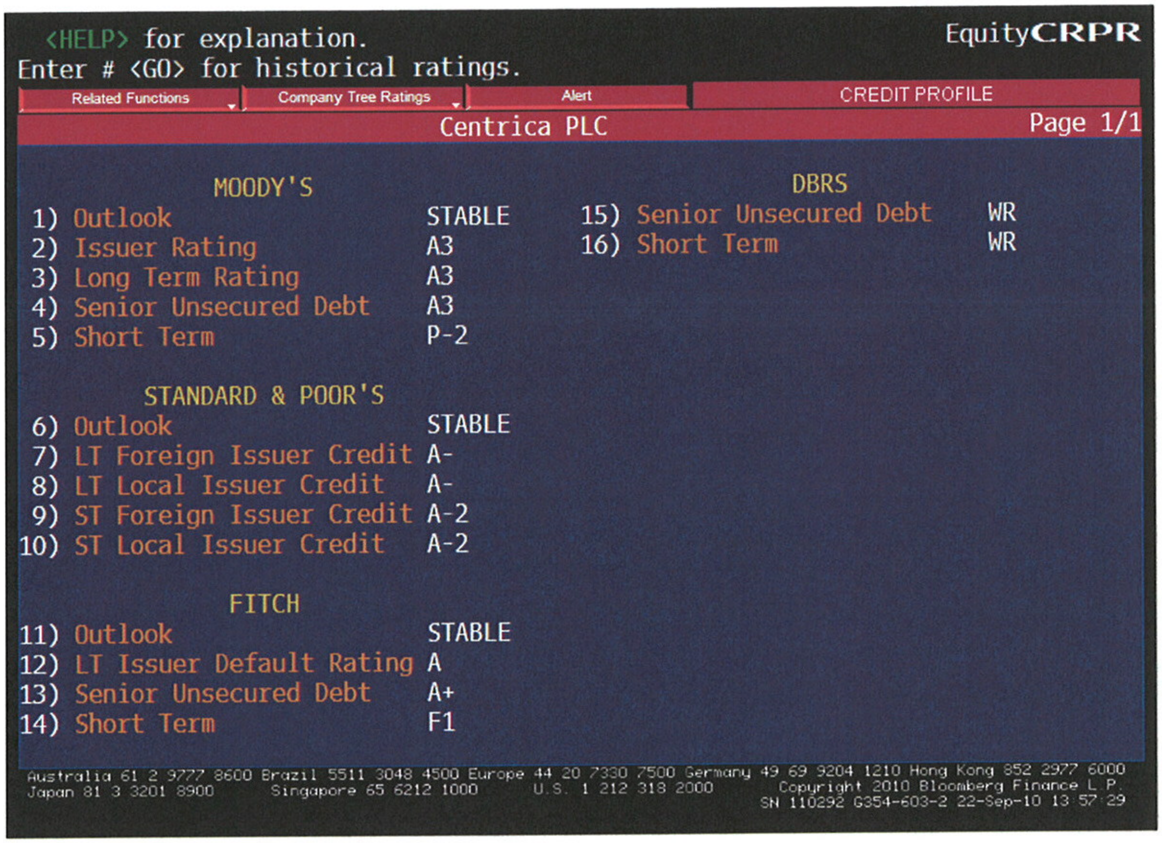

Exhibit C-7
Credit Report

Direct Energy Business is not able to provide a credit report due to our arrangement with Dun & Bradstreet. Direct Energy Business is providing its D&B number, with which any interested party may request a copy of the credit report. Direct Energy Business, LLC's D&B # is 80-077-0810.

Exhibit C-8
Bankruptcy Information

Direct Energy Business, LLC has had no reorganizations, protection from creditors or any other form of bankruptcy filings. The same is true of the Officers of Direct Energy Business, LLC, referenced on Exhibit A-10.

Exhibit C-9
Merger Information

Direct Energy Business, LLC underwent a change in corporate ownership in 2008. The former corporate parent of Direct Energy Business, LLC (then known as Strategic Energy, LLC) was Great Plains Energy, Inc. of Kansas City, MO. The current corporate owner is Direct Energy Services, LLC, an indirect wholly owned subsidiary of Centrica plc.

Regulatory approvals from FTC and FERC for this transaction were issued on May 2, 2008 and May 13, 2008, respectively. Approval from CFIUS was issued on May 28, 2008, and the transaction closed on June 2, 2008.

Exhibit D-1
Operations

Direct Energy Business maintains a 24-hour operation for buying and selling in both Retail and Wholesale markets. Direct Energy Business has the ability to purchase and sell power from the wholesale market on an hourly, daily, weekly and monthly basis. After buying or selling the power, Direct Energy Business then schedules the energy with the Control Areas. This process entails buying and scheduling transmission and ancillary services and properly creating and submitting NERC tags (via OATI software) to the Control Areas. Our Retail and Wholesale schedules are confirmed with the Control Areas to ensure flow prior to start and at the end of the schedule for verification of flow.

Exhibit D-2
Operations Expertise

Wildred Dancil
Sr. Manager, Portfolio Management
Over thirteen years electric operational experience
Over two years OASIS reservation process experience
Over thirteen years experience working with rules and practices established by NERC
Previous Employment: Strategic Energy – Retail Portfolio Manager
Education: BS, Economics, Fairleigh Dickinson University

Juan Padron
Sr. Manager, Portfolio Management
Over ten years electric operational experience
Over two years OASIS reservation process experience
Over ten years experience working with rules and practices established by NERC
Previous employment: UBS Warburg AG – Real-time Energy Trader
Education: BS, Economics, University of Houston

Retail Portfolio Management – US Power

The Retail Portfolio Management group at Direct Energy Business includes 19 energy professionals with over 100 years of combined experience in energy scheduling and related issues.

The contact information for the Retail Portfolio Management group is as follows:

Retail Portfolio Management – US Power
Direct Energy Business, LLC
12 Greenway Plaza
Houston, TX 77046
713-877-3500 (voice)
713-877-3553 (fax)
RPMUSPOWER@directenergy.com

Exhibit D-3
Key Technical Personnel

Janet Scherer
Director of Data Operations
Over 20 years experience with EDI/programming/technical support
Previous Employment: Eaton Cutler-Hammer – Product Manager, Manager EDI & Tech Support
Education: B.S. Computer Science - University of Pittsburgh
Janet.Scherer@directenergy.com
412. 667.5229

Direct Energy Business has the ability to transmit and store large volumes of data as demonstrated by our current activity in many markets. We have numerous solutions both through ESG and internally at Direct Energy Business to connect and send/retrieve data. To name a few:

- GISB secure internet protocol for point to point file exchange;
- Traditional EDI Van mailbox processing;
- FTP file exchange;
- Secure Website access and exchange of data;
- Email attachment (not preferred) exchange of data.

Direct Energy Business is fully equipped to exchange data with other market participants, based on our operations in existing markets in which Direct Energy Business is licensed/certified to do business (see Exhibit B-1). Direct Energy Business is a member in good standing with the following ISOs: PJM Interconnection, ISO-NE, NYISO, MISO, CAISO and ERCOT.

Exhibit D-4
FERC Power Marketer License Number

Direct Energy Business, LLC's FERC Power Marketer License number is **ER96-3107-000**.