BRITISH ENERGY GROUP PLC

FOR THE PERIOD ENDED 31 MARCH 2005

REVIEW

IMPROVEMENT THROUGH INVESTMENT 04–05

British Energy

BRITISH ENERGY GROUP PLC

KEY FACTS ABOUT BRITISH ENERGY

- WE SUPPLY AROUND ONE-FIFTH OF THE UK'S ELECTRICITY REQUIREMENTS.
- WE HAVE EIGHT NUCLEAR POWER STATIONS.
- SEVEN OF THESE STATIONS ARE POWERED BY ADVANCED GAS-COOLED REACTORS. THE EIGHTH IS POWERED BY THE UK'S SOLE PRESSURISED WATER REACTOR.
- WE ALSO HAVE ONE COAL-FIRED POWER STATION WHICH ALLOWS FOR FLEXIBLE GENERATION.
- ACROSS THE GROUP WE EMPLOY AROUND 5,400 STAFF.
- OUR ELECTRICITY IS SOLD THROUGH A NUMBER OF ROUTES INCLUDING OUR DIRECT SUPPLY BUSINESS, WHICH IS ONE OF THE LEADING SUPPLIERS TO THE UK INDUSTRIAL AND COMMERCIAL SECTOR.

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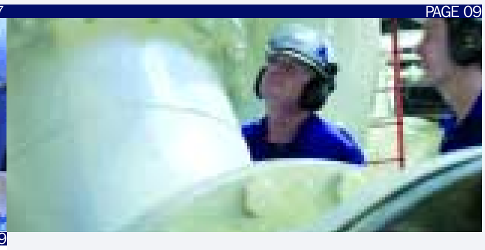

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HIGHLIGHTS

KEY RESULTS

	British Energy Group plc (BEG) 2.5 months to 31 March 2005	British Energy Limited (BE Ltd) 9.5 months to 14 January 2005*
Turnover (£m)	**482**	1,222
Operating costs before exceptional items (£m)	**400**	1,305
Operating profit/(loss) before exceptional items (£m)	**82**	(83)
Operating profit/(loss) after exceptional items (£m)	**63**	(143)
Group profit/(loss) on ordinary activities before tax (£m)	**54**	(357)
EBITDA – continuing activities (£m)	**129**	(24)
Cash and liquid funds (£m)	**456**	398
Net debt on ordinary activities (£m)	**(220)**	(489)
Realised price (£/MWh)	**24.0**	19.2
Operating unit cost (£/MWh)	**19.5**	21.3
Operating margin (£/MWh)	**4.5**	(2.1)
Earnings per share (pence)	**6.2**	N/A
Output – Total (TWh)	**16.8**	50.6
Nuclear (TWh)	**14.3**	45.5
Coal (TWh)	**2.5**	5.1

* BE Ltd results are prepared on a pre-restructured basis, and cannot in all cases be added to the results for BEG to give a figure for the full 12 months.

- Safety and environmental performance is a fundamental priority of the Company.
- Restructuring completed and shares in new parent company, British Energy Group plc, listed on the London Stock Exchange on 17 January 2005.
- Trading Development Programme completed. Foundations for our Performance Improvement Programme also completed. Investment phase commenced and is expected to complete in the year ending 31 March 2008.
- New management team in place and 415 new members of staff (net increase of 181) recruited as part of a programme to increase skills and train our workforce. Marked improvement in certain safety and quality performance indicators over the year.
- Nuclear output for the year was 59.8 TWh down from 65.0 TWh in the prior year. This was adversely affected by a number of significant unplanned outages principally at our Heysham 1 and Hartlepool stations. These outages led to losses totalling 7.4 TWh.
- Results benefited from increasing electricity prices during the year.
- No dividend is proposed in respect of this period. The Board does not expect to propose a dividend before the year ending 31 March 2007. No cash sweep was paid or payable in respect of the period. The cash sweep percentage was 64.99% at 31 March 2005.

NUCLEAR OUTPUT	**TWh**
04/05	**59.8**
03/04	65.0
02/03	63.8
01/02	67.6
00/01	62.5

REALISED PRICE	**£/MWh**
04/05	**20.4**
03/04	16.9
02/03	18.3
01/02	20.3
00/01	22.5

UNPLANNED TRIPS	**No.**
04/05	**15**
03/04	25
02/03	23
01/02	29
00/01	30

NUCLEAR REPORTABLE EVENTS	**No.**
04/05	**47**
03/04	77
02/03	65
01/02	76
00/01	81

NON-OUTAGE DEFECT BACKLOG	**No.**
04/05	**3,722**
03/04	8,409
02/03†	
01/02†	
00/01†	

† No comparative information.

CHAIRMAN'S STATEMENT

ADRIAN MONTAGUE, CBE, CHAIRMAN

IN GOOD SHAPE TO FACE THE FUTURE

This has been a year of both exceptional challenges and very significant achievement for British Energy. Highlights include completion of our restructuring – described by many as one of the most complex in UK history. Shares in our new parent company, British Energy Group plc, began trading on the London Stock Exchange on 17 January 2005. We have also completed our Trading Development Programme and the first two phases of our Performance Improvement Programme (PiP) and made significant changes to the Board and executive management.

Our financial performance reflects the benefit of increasing prices for baseload electricity, offset by the effects of certain historic power contracts and lower than expected output. The latter was largely due to extended outages at Heysham 1 and Hartlepool.

RESTRUCTURING COMPLETED

The restructuring required a great deal of complex and detailed communication with shareholders, including the prospectus which we issued in November last year. Shareholders approved the arrangements at meetings held in December, and on completion of the restructuring, qualifying shareholders received 2.5% of the ordinary shares of our new parent company and warrants to subscribe for a further 5% within five years.

I appreciate that shareholders in the former British Energy plc have seen a significant dilution of their interests, but with the restructuring completed and with your continued support, we are in good shape to face the future.

IMPROVING OUR RELIABILITY

Looking ahead, PiP will remain our priority over the next few years. We will be implementing the investment phase of the programme to improve our power station reliability and reinforce our profound commitment to the safe operation of our plant.

Over the year we have put considerable effort into improving our safety and environmental performance. Tragically, however, we have to report an accident at Eggborough power station in July of this year, where one of our contractors lost his life. The inquiry we have instigated has yet to report, but we will ensure that any lessons learned from this sad accident are applied across all of our stations in order to create a safer environment.

EXTENDING THE LIFE OF OUR STATIONS

We are focused on securing life extensions for our nuclear power stations, if this can be done safely. If achieved, life extensions will prolong our stations' contribution to the UK's security and diversity of energy supply to the benefit of our shareholders.

There has been some discussion recently regarding the prospect of replacing the current fleet of nuclear power stations in the UK. This could improve the diversity of the UK's energy supply and make an important contribution to the reduction in CO_2 emissions, in order to meet the UK's commitments under the Kyoto Protocol. Whilst we welcome any debate on UK energy policy, these are issues for the Government to decide. For our part, the focus is on improving the reliability and performance of our existing stations and we must not let ourselves be distracted by these wider issues.

ACHIEVEMENT

> This has been a year of both exceptional challenges and very significant achievement. That we came through the year in good order is a tribute to the professionalism, commitment and sheer resilience of all concerned.

ADRIAN MONTAGUE, CBE, CHAIRMAN

SUCCESSFUL COMPLETION OF ONE OF THE MOST COMPLEX RESTRUCTURINGS IN UK HISTORY

KEY APPOINTMENTS TO STRENGTHEN THE BOARD AND EXECUTIVE TEAM

NEW TRADING DEVELOPMENT PROGRAMME COMPLETED

FIRST TWO PHASES OF PERFORMANCE IMPROVEMENT PROGRAMME IN PLACE

INVESTING FOR THE FUTURE

NEW FACES ON THE BOARD

To drive PiP and other changes through the organisation, we have made a number of changes to the Board and executive management. Having spent two years as a Non-Executive Director, Bill Coley became our Chief Executive in April 2005 following Mike Alexander's resignation. Bill brings with him a wealth of experience from over 35 years in the US power industry, latterly as the President of Duke Power. I am confident Bill has the right skills to lead us through the next stage of our development.

Other changes include the appointment of Stephen Billingham as Finance Director and David Pryde as an independent Non-Executive Director. Stephen joined us from WS Atkins plc where he was Finance Director during its successful financial recovery. He has also held a number of senior finance roles in other major companies including BICC plc (now Balfour Beatty plc) and Severn Trent plc. David brings with him extensive trading and risk management experience, having held various senior managerial positions in trading businesses at J P Morgan and Co.

The appointment of Roy Anderson in the new post of Chief Nuclear Officer was confirmed in April 2005 following agreement from the Nuclear Installations Inspectorate (NII) to the creation of the post. Roy has substantial nuclear experience in the US, most recently as President of PSEG Nuclear. We have further strengthened our executive team with the appointment of Peter Wakefield as Safety and Technical Director. Peter was previously Generation Safety and Assurance Manager for Eskom in South Africa and has extensive experience in the nuclear industry in all aspects of nuclear power plants.

ANNUAL GENERAL MEETING

I hope you will be able to join us at our forthcoming annual general meeting. The resolutions being considered this year ask shareholders to support the Board's recommendation to seek to deregister from the US Securities and Exchange Commission (SEC). SEC registration has a considerable annual cost implication and takes up a great deal of management effort and, now that we have disposed of our US stations and ceased to have an ADR listing, we think this would be better spent improving our operational performance.

The resolutions to be considered will also include several changes to the British Energy Group plc Long Term Deferred Bonus Plan (the LT plan) which the Remuneration Committee believes are necessary to make it consistent with our current business needs. The changes include a modification to the output targets for the financial year ending 31 March 2006 to a range of 62 to 64 TWh. These changes do not affect our expected average annual nuclear output over the next two years, which remains at 63 TWh.

LOOKING BACK, MOVING FORWARDS

Last year placed exceptional strains on everyone in British Energy. One way or another, the restructuring, the extended outages at Hartlepool and Heysham 1 and the demanding trading conditions we faced during a difficult year engaged every member of staff. That we came through the year in good order is a tribute to the professionalism, commitment and sheer resilience of all concerned. On behalf of all the members of the Board, I should like to pay tribute and give our warmest thanks and appreciation to the entire British Energy team.

I believe we have a talented team in place to take the organisation forward and am confident we are well placed to meet our goal of achieving world-class nuclear operations.

ADRIAN MONTAGUE, CBE, CHAIRMAN

INTERVIEW
BILL COLEY, CHIEF EXECUTIVE

QUESTIONS AND ANSWERS

BILL COLEY BECAME CHIEF EXECUTIVE IN APRIL 2005. HERE HE EXPLAINS HIS APPROACH.

YOU ARE NEW TO THE JOB. WHY DID YOU TAKE ON THE CHALLENGE?

The number one reason I accepted the position is that I believe I have the right combination of skills. I have experience of large-scale cultural change from my time in the industry and this means I can recognise where the Company is and what it needs to do. My other driving motivation is my belief in the importance of the energy industry, particularly to developed nations like the UK. Quite simply, I believe in the Company and our employees. My only real hesitation was that as an American, with a funny accent, would that get in the way of getting things done? My Chairman, Adrian, told me it wouldn't be an issue, and he's been proved right.

I'd like to underline the outstanding contribution of my predecessor Mike Alexander to the financial restructuring. Mike did an excellent job, under difficult circumstances.

WHAT EXPERIENCE DO YOU HAVE?

I think I must have worked in every area of the business over my career. I started out as a junior engineer at Duke Power in the US and worked my way up through a wide range of engineering and operating positions before joining the Board. In 1997 I became Group President, a position I held until February 2003 when my 37-year career with Duke Power ended. I was also President of Associated Enterprises Group, which has interests across the telecoms and utilities sectors. I believe it is this breadth of experience that enables me to understand the people and the business.

WHAT ARE BRITISH ENERGY'S STRENGTHS?

I have been uniformly impressed with our people – their dedication to the Company and their commitment to improving every aspect of our operations. It is through our people that we will restore this Company to industry leadership and that's why we need to continue to attract and retain the very best talent around. That way we will make British Energy a leading company for many years to come.

... AND ITS WEAKNESSES?

Our operational performance has not been good and, while we have become profitable since restructuring, we are not as financially strong as we should be. And, with all of the difficulties British Energy has had over the past few years, our reputation has suffered. We are committed to changing all of these through a focus on operational performance, financial stability and life extension for our stations. In accomplishing that, each current weakness will become a strength for the new British Energy.

WHAT DO YOU BELIEVE ARE THE MAIN PRIORITIES FOR THE COMPANY GOING FORWARD?

Put simply, the three imperatives for the business are world-class nuclear operations, financial stability and life extensions.

Improved equipment reliability and nuclear output are our route to world-class nuclear operations. We have made a great deal of progress towards achieving this, with signs of improvement in some of our key performance indicators. Of course, there is still a long way to go but we are in for the long haul.

At the same time, we must also improve the materiel condition of our stations – the conventional side of the plants.

History tells us that the electricity market is highly volatile. Our Trading Development Programme is helping us operate more successfully in this changeable market and this should allow us to be more competitive in future.

In terms of life extensions our immediate priority is Dungeness B, which is due to close in 2008. Our technical and commercial evaluations are progressing well and a decision is expected in the autumn. Achieving life extensions is a key business imperative.

IS THERE ANYTHING YOU WOULD LIKE TO CHANGE ABOUT THE CULTURE AT BRITISH ENERGY?

There's a lot that's already good about the culture. I've worked in the industry for many years and the British Energy team stands up to any of the other companies I have experience of. There could have been cynicism to a new CEO, but I have found people to be enthusiastic and proud of what they do.

But there's always room for improvement. It's being able to recognise that and always being open to change that marks out the best companies. My approach is to kick out bureaucracy, streamline decision-making and focus on accountability. You know, the minute you make someone responsible for something, it happens.

THERE HAS BEEN A LOT OF DISCUSSION ABOUT NEW NUCLEAR BUILD RECENTLY. HOW DO YOU SEE THIS ISSUE?

Certainly the operation of our existing nuclear fleet and any decision for new nuclear generation are important as Government seeks to meet climate change goals, provide for energy to support growth of the economy and provide for energy security. Whether new nuclear generation is part of the future energy mix in the UK is a policy decision for Government, considering these and many other factors.

We will provide information and assistance that Government may request of us in their development of policy. Beyond this, our major focus has to be on our current business, improving operations, so that we become a world-class performer in the nuclear industry. Achieving this, we will be well positioned to participate in a number of ways, should Government decide that new nuclear generation will be part of the UK's energy future.

FINALLY, DO YOU HAVE A MESSAGE FOR SHAREHOLDERS?

My message would be that we are committed to achieving our business imperatives. Our employees are uniformly committed to doing that. The foundations are in place – the financial restructuring has been completed, a new management team is in place and a programme to deliver improvements is now well under way.

Clearly, however, we will not see results overnight. We have started a three-year programme of investment and while we are beginning to see the benefits, we won't see the full extent of them until the programme has been completed.

OPERATING REVIEW
BILL COLEY, CHIEF EXECUTIVE

OVERVIEW

With restructuring now firmly behind us, we face a challenging future at British Energy. However, the way forward is clearly defined and we have a talented team in place to implement the necessary improvements. Both factors give us grounds for measured optimism.

A TESTING YEAR
Overall, this has been a testing year with a lengthy restructuring, our nuclear output adversely affected by unplanned outages, and a volatile electricity market. Our results reflect these events.

BUT MUCH HAS ALSO BEEN ACHIEVED
Despite these challenges, we have achieved a great deal. We have completed our Trading Development Programme, the first two phases of PiP, and the roll-out of a Comprehensive Action Programme across the nuclear fleet. Under the latter, we have reorganised the Company to focus on the system health of our stations. This has involved creating an asset improvement division with skills in asset prioritisation, engineering and project implementation. As a result, we are optimising investment focused on maximising value but always keeping safety and environmental performance as our fundamental priority.

ASSET CONDITION SURVEY
We have received support from the World Association of Nuclear Operators (WANO) and industry experts to assist in an asset condition survey, identifying and implementing the systems, processes and human performance changes consistent with other nuclear performance improvement programmes worldwide.

A PROACTIVE APPROACH
We are committed to being proactive in maintenance of our stations through new station management structures, a new skills hiring programme and investing in training and leadership development for our staff. Much has already changed.

A new management team is in place and 415 new members of staff have been recruited – a net increase of 181. We expect to recruit more staff this year to further strengthen our skills base. Training and cultural change is, and will continue to be, an ongoing activity.

Managers are now expected to spend time ‘in the field’ every week, observing and coaching staff. This has had a positive effect on many of our performance indicators.

INVESTING IN
- ***PEOPLE***
- ***PLANT***
- ***PROCESS***

FIRST SIGNS OF IMPROVEMENT
As we roll out the processes and lessons learned from PiP across the organisation, we are already seeing signs of progress. For example, our non-outage defect backlog has reduced by 55%.

One of our main operational challenges is to reduce the level of unplanned losses. To that end, we have recently completed an asset prioritisation process which will form the basis of the next stage of PiP. The investment phase, which we commenced this year, is designed to improve plant reliability through strategic investment. We have formed an Asset Planning and Investment group to identify and prioritise the increased investment.

Investment will bring improvements but the full benefits will not be seen until the investment phase has been completed in 2007/08. Our planned investment for the coming year is unchanged at £230m to £250m. This covers investment in plant projects and strategic spares and includes the costs associated with PiP.

INVESTMENT

"Put simply, the three imperatives for the business are world-class nuclear operations, financial stability and life extensions."

BILL COLEY, CHIEF EXECUTIVE

ASSET PLANNING AND INVESTMENT AND NEW PROJECTS STRUCTURE ESTABLISHED

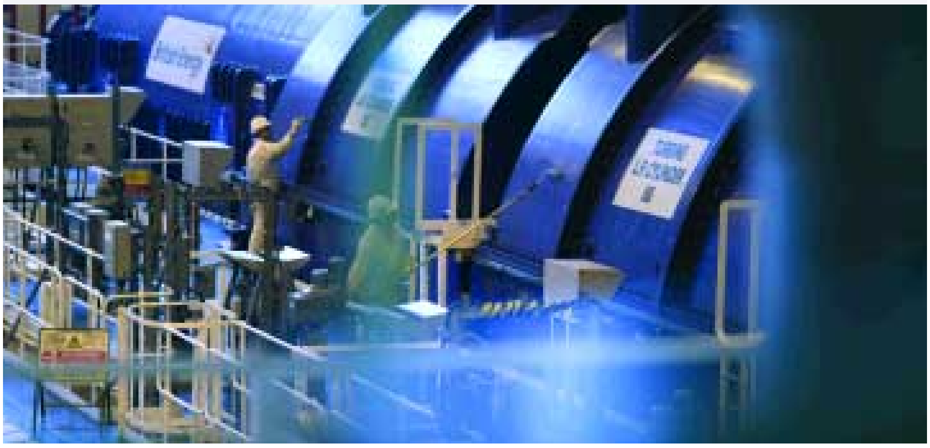
PRIORITISING INVESTMENT TO SUPPORT SAFE, RELIABLE OPERATIONS AND TO REDUCE UNPLANNED LOSSES

STRATEGIC INVESTMENT DESIGNED TO IMPROVE PLANT RELIABILITY

PLANNED INVESTMENT FOR 2005/06

£230m TO £250m

MAINTAINING OUR PLANT



ACHIEVING GREATER FINANCIAL STABILITY

In a volatile market like ours, it is important to be able to take advantage of market conditions when they are in our favour. At the moment, our ability to do this is hampered by the requirement to place collateral in the absence of an investment grade credit rating. We expect the situation to improve over time as our cash balances increase. Meanwhile, our aim is to improve our financial stability through better trading risk management and greater use of financial products. No change is expected in our credit rating in the short term. Any improvement will require us to demonstrate, among other things, sustained improvement in the reliability of our power stations over time.

LIFE EXTENSIONS

We are continuing to pursue life extensions for our nuclear power stations. This will require technical and commercial evaluations and we expect to complete these at least three years in advance of the planned decommissioning date for each of our nuclear power stations. The work for Dungeness B is progressing well and we expect to make a decision in the autumn.

OUR OUTPUT

Nuclear output for the year was 59.8 TWh, below what our nuclear power stations will be capable of delivering if PiP is successfully completed – and we are dedicated to ensuring that it is. We will therefore not pursue any short term gain in output that might compromise this programme. Accordingly, we expect the average annual nuclear output over the next two years to be 63 TWh.

Output for the quarter ended 30 June 2005 was in line with plan, with nuclear output of 15.7 TWh and output from our coal-fired plant of 1.7 TWh.

TRADING PERFORMANCE

At 30 June 2005, we had fixed price contracts in place for approximately three-quarters of planned output for the coming year at an average contract price of £29.8/MWh. This is discussed in more detail on page 10. The wholesale market forward price for baseload electricity has risen significantly in recent months and continues to show considerable volatility. We have benefited from the recent rise in power prices. However, contracts for the remainder of our planned output for the current year will fix throughout the year and thus are subject to market movements in electricity prices.

THANK YOU

Finally, I would like to take this opportunity to thank our stakeholders for their support and understanding during this testing period. I would also like to say how grateful I am to our dedicated staff who continue to demonstrate their commitment to our Company and the enthusiasm and drive to achieve world-class nuclear operations.

BILL COLEY, CHIEF EXECUTIVE

OPERATING REVIEW
BILL COLEY, CHIEF EXECUTIVE

NUCLEAR GENERATION

Nuclear output for the 15 January 2005 to 31 March 2005 period was 14.3 TWh. Nuclear output for the year was 59.8 TWh, down from 65.0 TWh in the previous year.

UNPLANNED OUTAGES
Extended unplanned outages largely account for this reduced output. We identified a need for significant additional work during the statutory outages on one reactor at both Heysham 1 and Hartlepool. The subsequent planned shutdown of the second reactor at Hartlepool and the unplanned shutdown of Heysham 1's second reactor resulted in extended outages at all four reactors. During the outages we replaced cast iron pipework as planned, inspected boiler closure units and addressed emergent fire and flood safety case requirements.

All four reactors returned to service at the end of December 2004, although a subsequent turbine blade failure at Heysham 1 at the end of January meant we had to shut down one reactor until early April, while repairs were carried out. The total loss of output in the year from these unplanned outages was 7.4 TWh.

STATUTORY OUTAGES
We carried out four statutory outages in the year with a further statutory outage at Sizewell B starting in March 2005. This resulted in a total loss of output from statutory outages of 2.9 TWh. Refuelling led to a further loss of output of 3.0 TWh. In addition to the lost output caused by the unplanned outages at Heysham 1 and Hartlepool described earlier, unplanned outages led to further losses of potential generation of 9.9 TWh. Of these, some 6.5 TWh were due to outages of 14 days or less.

Looking ahead, we plan to carry out six outages in the year ending 31 March 2006 including that at Sizewell B which commenced in March 2005.

BEST PERFORMING STATION
The year's best performing power station (by unit capability factor) was Sizewell B with a total output of 9.1 TWh (a unit capability factor of 88%). Hinkley Point had the highest output for the year with a total of 9.3 TWh (a unit capability factor of 87%) while the rolling three-year performance achieved by Dungeness B was its best ever.

RECENT DEVELOPMENTS
During the statutory outage at one unit at Heysham 1 in May 2005, a further issue arose relating to the potential for stress corrosion cracking of primary 'holding down' bolts. Therefore we have undertaken inspection work, both on the unit at Heysham 1 and one unit at Hartlepool (which is of a similar design), as a result of which the return to service of the unit at Heysham 1, but not the unit at Hartlepool, has been delayed by around a month. We intend to continue work programmes to inspect the integrity of the bolts at two other units, one at Heysham 1 and one at Hartlepool. Further outages may be required to address this issue.

COMMITTED TO PROACTIVE MAINTENANCE OF OUR STATIONS

Following the graphite brick inspections at Hartlepool, we have increased the frequency of our inspections of the graphite cores affected and are also developing further safety cases together with the NII.

In April 2005, we were advised of an incident at British Nuclear Group's (BNG) (a subsidiary of BNFL) Thermal Oxide Reprocessing Plant. This reprocesses spent fuel from our AGR power stations. However, BNG have assured us that they will take all necessary steps to make sure they can continue to receive AGR spent fuel at Sellafield.

In June 2005, Sizewell B hosted a follow-up review with WANO at which the WANO team leaders indicated that we had begun to turn round the long-standing trend in declining performance levels and made visible improvements in most areas of previous concern.

SAFETY OVERVIEW
As ever, safety and environmental performance is our fundamental priority. We are determined to maintain this focus

SAFETY

"We always put safety before commercial gain – and nuclear safety is paramount. Our improvements in key safety performance indicators reflect a stronger focus, with clearer accountabilities and increased effort to tackle the root causes of accidents."

BILL COLEY, CHIEF EXECUTIVE

SAFETY AND ENVIRONMENTAL PERFORMANCE IS A FUNDAMENTAL PRIORITY OF OUR COMPANY

CHANGES IMPLEMENTED TO OUR ORGANISATIONAL STRUCTURE TO ENHANCE ACCOUNTABILITY FOR EVERY ASPECT OF OUR SAFETY PERFORMANCE

39% **REDUCTION**
IN NUCLEAR REPORTABLE EVENTS

NO EVENTS RATED HIGHER THAN INES LEVEL 1 – THE LOWEST POINT ON THE INTERNATIONAL SCALE FOR NUCLEAR EVENTS

58% **REDUCTION**
IN ACCIDENT FREQUENCY RATE

ASSET IMPROVEMENT

and the changes we have made to our organisational structure further enhance accountability in these key areas.

NUCLEAR SAFETY

Over the year, the number of reportable nuclear safety events was 47, a significant decrease from the 77 reported last year. None of these events rated higher than Level 1 – the lowest point on the International Nuclear Event Scale (INES), the standard scale for communicating the significance of nuclear safety events. Level 1 events are classed as minor operating incidents with no impact on staff or the general public. Several factors account for this improvement. PiP has undoubtedly played a part. So too has the implementation of new operating rules and instructions at our AGR power stations through a procedure known as 'Technical Specifications'. This is the approach in use at most high-performing nuclear plants around the world.

RADIOLOGICAL SAFETY

The collective radiation dose to workers at our stations was 0.03 manSv/reactor in the calendar year 2004, a decrease from the collective radiation dose of 0.09 manSv/reactor in the previous calendar year. This represents approximately $^{1}/_{25^{th}}$ of the worldwide median of the operators contributing to WANO and places us within the top 10% of performers in this respect.

INDUSTRIAL SAFETY

It is our policy to encourage the reporting of all accidents, including those where there has been no injury. Over the year we have significantly improved the way we investigate and analyse accidents to identify 'root causes' and opportunities for improvement.

To keep health and safety issues at the front of everyone's minds, we consult regularly with both our workforce and contractors. We do so through meetings of the Health and Safety Committee – both at corporate and site level – team safety meetings, workforce questionnaires and observation tours.

During the year our accident frequency rate for nuclear generation was 0.22 per 200,000 man-hours of operation, a significant decrease from 0.53 per 200,000 man-hours in the previous year. There was also a considerable reduction in lost-time accidents involving either employees or contractors working on our nuclear sites. These fell from 41 last year to 22 this year.

At Eggborough there has also been a reduction in lost-time accidents involving either staff or contractors from seven to four in the last year. Sadly, however, as reported on page 2, there was an accident at Eggborough in July 2005 where one of our contractors lost his life.

ENVIRONMENTAL PERFORMANCE

We have taken a number of steps during the year to improve our environmental performance and regulatory compliance, including strengthening central and station environmental organisation and embarking on a major programme of improvements to procedures at our power stations.

During the course of the year none of our stations exceeded the relevant Radioactive Substances Act authorised discharge limits, and the highest potential radiation dose to any member of the public from our stations remained very low (at least 50 times less than the average UK dose from natural radiation).

However, an event at Sizewell B in September 2004 resulted in the Environment Agency issuing an enforcement notice under the Radioactive Substances Act 1993. This event did not result in an impact on the environment but did indicate procedural shortfalls which we are now addressing. Using the Environment Agency's classification scheme, there were no events within British Energy during the year which could be classed as incidents resulting in actual harm.

IMPROVEMENT THROUGH INVESTMENT

OPERATING REVIEW
BILL COLEY, CHIEF EXECUTIVE

POWER AND ENERGY TRADING

OPTIMISING VALUE FROM OUR TRADING ACTIVITIES

MARKET CONDITIONS
Electricity prices in the UK wholesale market reached an all time high during the year, driven up by high oil and gas prices and concerns in the market over the ability of gas supplies to meet demand at peak times. Both spot and forward power prices have also been very volatile.

Gas prices continue to be a key influence on the electricity market. At the same time, worldwide demand for coal remains strong, keeping coal prices in the range of \$60–\$80/tonne for delivery to European ports.

The forward price for annual baseload electricity for 2005/06 delivery rose from around £24.5/MWh in March 2004 to over £35.0/MWh by the end of March 2005, an increase of over 40%. By June 2005, prices had risen still further – to more than £49.0/MWh for delivery from October 2005.

TRADING STRATEGY
We have continued to follow a prudent trading strategy in order to reduce the Group's exposure to potential falls in the market price of electricity. Our routes to market include direct sales to industrial and commercial customers, contracting in the wholesale market, together with sales of balancing and ancillary services to National Grid Company plc.

Our contracted price position is affected by a number of fixed and capped price contracts that we entered into at a time when significantly lower market prices prevailed. Our contract portfolio also includes profiled contracts (both wholesale and direct sales) and therefore the contracted price is not directly comparable to a baseload market price.

In a period of rising prices, selling forward generally results in a realised price that is less than market outturn prices. However, a proportion of our output is contracted at variable prices and hence reflects outturn prices. We also use the difference between peak and baseload prices to help us decide when to operate our coal-fired plant at Eggborough.

EGGBOROUGH
Eggborough's output was 7.6 TWh during the year, unchanged from the previous year. Eggborough is operated primarily as a flexible mid-merit plant and its output level is influenced by a number of factors including the market prices of coal, carbon and electricity.

TRADING DEVELOPMENT PROGRAMME
We have now completed our Trading Development Programme. Our new sophisticated plant performance and reliability models will help us to make decisions over the optimum running of our plant and improve the way we monitor risk. Improved communications and interface arrangements between our generation, trading and direct supply activities should also have a positive impact on business performance.

REALISED PRICE
Our realised price for the year was £20.4/MWh, an increase of 20% compared with a realised price of £16.9/MWh in 2003/04 (the realised price is calculated by dividing turnover, net of energy supply costs and miscellaneous and exceptional income, by total output).

DIRECT SALES TO CUSTOMERS
This year we sold almost half the power we generated directly to industrial and commercial customers. Total direct sales were 31.4 TWh, up 7% from 29.2 TWh in 2003/04. We now have over 2,000 customers, supply over 15,000 sites across Great Britain and continue to come first in the Energy Information Centre's quarterly customer satisfaction surveys of industrial and commercial customers, a position we have held for the last five years.

OUTLOOK FOR 2005/06
As at 30 June 2005, fixed price contracts were in place for approximately three-quarters of planned output for the year ending 31 March 2006 at an average contracted price of £29.8/MWh. This price excludes the impact of higher prices that might be achieved as a result of running Eggborough to take advantage of the differential between peak and baseload prices. This price also excludes Balancing Services Use of System and other electricity market participation charges of around £0.7/MWh, market costs incurred through output variation and unreliability expected to be around £1.0/MWh, and the impact of capped price arrangements of approximately 5 TWh at around £30.0/MWh. We intend to progressively close out our exposure to market prices for 2005/06 and to build our hedge position for 2006/07 subject to limits on trading collateral.

BILL COLEY, CHIEF EXECUTIVE

FINANCIAL REVIEW

STEPHEN BILLINGHAM, FINANCE DIRECTOR

INTRODUCTION

British Energy Group plc (BEG) acquired British Energy Limited (BE Ltd) and its subsidiaries (the Acquired Group) on the Restructuring Effective Date (RED) which was 14 January 2005. BEG was incorporated on 2 July 2004 and the results presented in the financial statements cover the period from 2 July 2004 to 31 March 2005. Until RED, BEG did not trade and therefore the results are those of the Acquired Group from RED to 31 March 2005.

To facilitate a degree of comparability an annual equivalent for the year ended 31 March 2005 has been derived, drawing together turnover and certain cost information from BEG and BE Ltd adjusted appropriately. All annual equivalent results are unaudited.

CHANGES TO THE PRESENTATION AND MEASUREMENT OF RESULTS

The restructuring of the Group's debt and equity structure, and the changes to the terms of the key contractual relationships result in significant differences in the basis of results presented for BEG when compared to the results of BE Ltd. The changes with the most significant impact fall into the following principal areas:

- Implementation of a debt for equity swap.
- Application of acquisition accounting method.
- Implementation of revised commercial terms for certain contracts with BNFL.
- Changes to certain accounting policies to reflect the new financial structures and contracts. The most significant changes are full adoption of FRS17 – Retirement Benefits (FRS17) for measurement and presentation of liabilities for defined benefit schemes, and accounting for the arrangements with the Nuclear Liabilities Fund.

REVISED NUCLEAR LIABILITIES FUNDING ARRANGEMENTS

Under the new arrangements with the Secretary of State, the former Nuclear Decommissioning Fund was enlarged into and renamed the Nuclear Liabilities Fund (NLF), which will fund, subject to certain exceptions, the Group's qualifying uncontracted nuclear liabilities and qualifying decommissioning costs. In consideration for the assumption of these liabilities by the Secretary of State and the NLF, British Energy Holdings plc issued £275m in New Bonds to the NLF and undertook to effect further contributions, the most significant element being the Cash Sweep Payment. The NLF has the right from time to time to convert all or part of the Cash Sweep Payment into convertible shares. The Group will continue to recognise nuclear liabilities on its balance sheet pending their being discharged by payments received from the NLF.

The Government provides an indemnity to cover services for spent AGR fuel loaded pre-restructuring. A nuclear liabilities receivable is recognised in respect of this indemnity. The Government also provides an indemnity to indemnify British Energy against any future shortfall on NLF funding of qualifying uncontracted nuclear liabilities (including PWR back end fuel services) and qualifying nuclear decommissioning costs. A NLF receivable asset is recognised representing the aggregate value of the investments held by the NLF and the Government indemnity.

The annual Cash Sweep Payment can only be determined after the end of the financial year and is contingent as it is based on the cash generation in the individual financial year. Therefore, it will only be recognised and provided for when it becomes determinable and will be recorded as an operating cost of the applicable financial year.

GROUP RESULTS

In the following discussion the 'trading period' or 'post-RED trading period' refers to the period from RED to 31 March 2005.

The result of the post-RED trading period can be summarised as follows:

	BEG 2.5m ended 31 March 2005 £m
Group turnover	**482**
Operating profit before exceptional items	**82**
Exceptional items	**(19)**
Operating profit after exceptional items	**63**
Financing charges	**(9)**
Profit before tax	**54**

FINANCIAL REVIEW

STEPHEN BILLINGHAM, FINANCE DIRECTOR

TURNOVER

The analysis of turnover for the period ended 31 March 2005 is as follows:

	BEG 2.5m ended 31 March 2005 £m
Group turnover	
Continuing activities – acquisition	
– Wholesale generation sales	**233**
– Direct supply sales net of energy supply costs	**170**
– Turnover excluding energy supply costs and miscellaneous income	**403**
– Energy supply costs recharged to customers	**73**
– Miscellaneous income	**6**
Turnover	**482**

Output was 16.8 TWh and comprised output of 14.3 TWh from nuclear operations and 2.5 TWh from Eggborough in the post-RED trading period.

The realised price (which is calculated by dividing turnover, net of energy supply costs, miscellaneous and exceptional income, by total output) for the post-RED trading period was £24.0/MWh.

OPERATING COSTS

Total unit operating costs excluding revalorisation (which is calculated by dividing the total operating costs, before exceptional items and energy supply costs, by total output), was £19.5/MWh for the post-RED trading period. The component elements of the operating costs are:

	BEG 2.5m ended 31 March 2005 £m
Continuing activities excluding exceptional items:	
Fuel costs	**127**
Materials and services	**82**
Staff costs	**63**
Depreciation charges	**41**
Goodwill amortisation	**6**
Other operating expense	**8**
Energy supply costs	**73**
Cash sweep payment	**–**
Total operating costs excluding exceptional items	**400**
Exceptional operating costs – staff costs	**19**
Total operating costs including exceptional items	**419**

Fuel costs Nuclear fuel costs were £71m and coal costs were £56m. Coal costs include costs of £10m attributable to carbon costs as well as other Eggborough fuel costs.

The financial statements for the post-RED trading period have been prepared on the basis of the revised BNFL contracts in respect of back end fuel costs which became effective on completion of the restructuring.

Materials and services costs comprise the operating expenses of the power stations and support functions excluding fuel costs, staff costs and depreciation. The BEG costs during the post-RED trading period were £82m. In addition, there was capital investment expenditure in the post-RED trading period of £35m which was capitalised.

Staff costs totalled £63m including pension costs under FRS17 of £9m for the post-RED trading period.

Depreciation and amortisation This comprised depreciation of £41m and goodwill amortisation of £6m. Depreciation charges in the post-RED trading period reflect the result of the significant increase in the value of opening fixed assets as a result of the fair value exercise.

Energy supply costs mainly comprise the costs incurred for the use of the distribution and transmission systems and are fully recovered through turnover. The Group is required to purchase ROCs under the Renewables Obligation.

Cash sweep payment There was no Cash Sweep Payment due in respect of the post-RED trading period.

Exceptional items In the post-RED trading period there was an exceptional charge in relation to severance costs of £19m.

Operating profit The Group operating profit before exceptional items was £82m for the post-RED trading period.

FINANCING CHARGES, NET INTEREST AND REVALORISATION

The total BEG financing charges for the post-RED trading period were £9m made up of total revalorisation of £5m, net interest expense of £5m, and a £1m net credit to financing charges for the pension liability.

Revalorisation charges arise in respect of the fixed decommissioning obligation and the contracts provision to reflect the unwind of discount for the period.

TAXATION

There was a £19m taxation charge on ordinary activities for the post-RED trading period. There is no current tax charge for the period as any taxable profits are sheltered by tax losses brought forward. The tax charge for the period is comprised entirely of deferred tax.

A deferred tax asset of £450m was recognised at 31 March 2005.

EARNINGS PER SHARE

The earnings per share in the post-RED trading period was 6.2p and 6.0p on a fully diluted basis. The Cash Sweep conversion right is not considered to be economically dilutive and therefore has been excluded from the diluted earnings per share calculation. At 31 March 2005, the Cash Sweep percentage was 64.99%, which if fully converted would equate to the issue of 1,042 million further shares.

REVIEW OF FIXED ASSETS – FAIR VALUES

As a result of the restructuring the Group conducted an exercise to attribute a fair value to all assets including the fixed assets of the Acquired Group.

The Company engaged Standard & Poor’s Corporate Value Consulting, a division of The McGraw-Hill Companies Inc, to assess the fair value of the assets acquired as part of the restructuring.

The valuation of fixed assets assumes that in an arms length transaction, a willing buyer would have anticipated confirmation of an accounting life extension for Dungeness B of five years on the basis of the accumulated information available to the Company at RED. A decision on the Dungeness B accounting life extension will be announced in the autumn. The net book value of fixed assets at 31 March 2005 was £1,678m.

NET ASSETS

Group net assets including the retirement benefits liability were £1,615m at 31 March 2005.

CAPITAL EXPENDITURE

In the post-RED trading period fixed assets additions of £35m were capitalised. This includes additions to strategic spares and statutory and planned outage costs reflecting the revised accounting policies adopted by BEG. Following the completion of the restructuring and the fair value exercise, the Directors have concluded that it is now possible to capitalise fixed assets additions to the extent that it is possible to demonstrate that the capital investment expenditure enhanced the value of the fixed assets.

CURRENT ASSETS

Total current assets were £5,596m at 31 March 2005. The largest components of this were the receivable after more than one year in respect of the NLF receivable of £1,863m and nuclear liabilities receivable of £2,131m, as well as £456m in cash and liquid funds.

Total stocks were £331m, comprising nuclear fuel stocks of £267m, coal stocks of £14m and other stocks of £50m. Total debtors due within one year were £469m.

CURRENT LIABILITIES

Creditors due within one year (excluding borrowings) were £559m, largely relating to trade creditors and accruals of £292m and the current portion of nuclear and NLF liabilities of £201m.

PROVISIONS

Provisions at 31 March 2005 of £2,150m comprised accrued nuclear liabilities of £1,863m, a mark to market contract provision of £250m and other provisions of £37m.

PENSIONS

The financial statements have been prepared on the basis of fully implementing FRS17 in respect of the defined benefit pensions schemes.

FINANCIAL REVIEW

STEPHEN BILLINGHAM, FINANCE DIRECTOR

The net pension deficit for the pension schemes under FRS17 reflected on the balance sheet as at 31 March 2005 was £348m (£244m net of the related deferred tax asset).

The Trustees of the pension schemes follow an investment policy whereby a high proportion of the pension schemes' assets is invested in equities. One consequence of this investment policy, and the methodology and assumptions used for determining the pension schemes' liabilities under FRS17, is that the difference between the market value of the pension schemes' assets and its FRS17 liabilities (i.e. its FRS17 'surplus' or 'deficit') is expected to be volatile. The results reported should not, therefore, be taken as an indication of the pension schemes' financial position in accordance with FRS17 on any date other than 31 March 2005.

The funding of the pension schemes is based on the results of three-yearly valuations by independent actuaries rather than on the results of the FRS17 valuation. The latest valuation was carried out as at 31 March 2004 and the actuarial deficit at that date was £385m. The Group will make additional employer contributions of £19.0m, £19.5m and £20.0m in the years ending 31 March 2006, 2007 and 2008 respectively. Those additional contributions will rise to £50.3m for the year ending 31 March 2009 and remain at that level until the year ending 31 March 2017. The requirement for additional contributions will be reviewed as part of the next three-yearly valuation on 31 March 2007.

TOTAL RECOGNISED GAINS AND LOSSES

In addition to the profit after tax of £35m in the post-RED trading period, total recognised gains and losses included an actuarial gain of £81m and a deferred tax credit of £24m relating to the Group's pension schemes. The actuarial gain of £81m mainly arises as a result of the revised financial and demographic assumptions adopted as at 31 March 2005 compared to RED.

LIQUIDITY AND CAPITAL RESOURCES

RECEIVABLES FINANCING FACILITY AGREEMENT

On 25 August 2004 our subsidiary British Energy Generation Limited entered into a receivables financing facility agreement with Barclays Bank PLC. At 31 March 2005 and RED, the facility was undrawn.

CASH FLOW

A reconciliation of profit after tax and exceptional items to earnings before interest, tax, depreciation and amortisation (EBITDA) is shown in the following table. The EBITDA calculations are shown for the total results and also to exclude exceptional items for the continuing business.

The Company has included information concerning EBITDA because it believes that it is used by certain investors as one measure of the Company's financial performance. EBITDA is not a measure of financial performance under United Kingdom Generally Accepted Accounting Principles and is not necessarily comparable to similarly titled measures used by other companies. EBITDA should not be construed as an alternative to operating income or to cash flows from operating activities (as determined in accordance with United Kingdom Generally Accepted Accounting Principles) as a measure of liquidity.

	BEG 2.5m ended 31 March 2005 £m
Profit after tax and exceptional items	**35**
Net interest expense	**5**
Total revalorisation	**5**
Net credit to financing charges for pension liability	**(1)**
Tax	**19**
Goodwill amortisation	**6**
Depreciation charges	**41**
EBITDA	**110**
Exceptional charges	**19**
EBITDA – continuing activities before exceptional items	**129**
Regular contributions to NLF	**(5)**
Movement in other provisions	**19**
Exceptional operating cash costs	**(15)**
Working capital movements	**–**
Operating cash flow from continuing activities	**128**
Capital expenditure less receipts from disposals	**(28)**
Taxation paid/(received)	**–**
Net acquisition/disposal of investments	**–**
Net interest paid	**(9)**
Repayment of borrowings	**(28)**
Share issue expenses	**(10)**
Increase in cash and liquid funds	**53**

Note:
In addition £5m of fixed asset investments were reclassified as cash at RED.

DIVIDEND POLICY

The Board intends to distribute to shareholders as much of the Group's available cash flow as prudently possible, but not until the operational requirements of the business permit. In addition, under the terms of the restructuring, there are certain restrictions on the Board's ability to pay dividends, including:

- The requirement to fund a cash reserve out of the Group's post-debt service cash flow in order to support the Group's collateral and liquidity requirements post-restructuring. The initial target amount for the cash reserve is £490m plus the amount by which cash employed as collateral exceeds £200m (Target Amount). There will be no distributions to shareholders until such times as the cash reserve is at the required level. As a result of the requirements to fund the cash reserve, the Board is not proposing a dividend in respect of the financial period ended 31 March 2005 and does not expect to propose a dividend before the financial year ending 31 March 2007.
- The terms of the Nuclear Liabilities Agreements entered into as part of the restructuring also require that once the cash reserve is funded to the Target Amount, British Energy must make Cash Sweep Payments to the NLF. The NLF Cash Sweep Payment was initially defined as 65% of the movement in cash, cash equivalents and other liquid assets during the year after adjusting for, among other things, certain payments made to the NLF or dividends paid in the year. The requirement to make the NLF Cash Sweep Payment greatly reduces the amount of cash available for distribution to shareholders.
- The terms of the New Bonds issued as part of the restructuring contain certain covenants, including a restriction that allows British Energy to pay a dividend only if no event of default has occurred.
- The requirement for BEG to have distributable reserves.

ANNUAL EQUIVALENT

The consolidated results of BEG cannot be added to those of BE Ltd to present results for a 12 month period as the results are not drawn up on a comparable basis. To assist readers the table below summarises the performance for the pre-RED and post-RED trading periods discussed above and describes the significant adjustments required to reverse the impact of changes in accounting policies and the impact of the fair value exercise. These results are not the same as typical proforma results, are unaudited and not consistent with any GAAP.

Following the acquisition of BE Ltd as part of the restructuring BEG reviewed the accounting policies adopted by BE Ltd and revised certain policies where BEG considered it more appropriate with the transition to IFRS in mind. The key changes in accounting policies are to capitalise fixed front and all back end nuclear fuel costs into stock, to capitalise and subsequently amortise statutory outage costs, reclassify strategic spares as fixed assets, to fully adopt FRS17 and discontinue the application of SSAP24 – Accounting for Pension Costs (SSAP24) in relation to pension costs and cease to discount deferred tax. The impact of these changes, as relevant, is incorporated in the table below to present the results of the post-RED trading period using the same accounting policies as the pre-RED trading period.

As a consequence of acquisition accounting, all assets of the Acquired Group were restated at fair value at RED under FRS7 – Fair Values in Acquisition Accounting (FRS7). The fair value adjustments partially unwind in the post-RED trading period. The fair value adjustment unwind occurring within the post-RED trading period has been reversed to calculate annual equivalents.

		Principal adjustments					
	BEG 2.5m ended 31 March 2005 £m	Reversal of changes in accounting policies £m	Reversal of fair value adjustments £m	Adjusted BEG 2.5m ended 31 March 2005 £m	Adjusted* BE Ltd 9.5m ended 14 January 2005 £m	12m annual equivalent £m	BE Ltd year ended 31 March 2004 £m
– Wholesale generation sales	233	–	–	233	458	**691**	703
– Direct supply	170	–	–	170	511	**681**	522
– Miscellaneous income	6	–	–	6	24	**30**	31
– Energy supply costs	73	–	–	73	229	**302**	260
Turnover	482	–	–	482	1,222	**1,704**	1,516
Operating costs before exceptional items							
– Fuel costs (nuclear)	(71)	7	–	(64)	(252)	**(316)**	(318)
– Fuel costs (coal)	(56)	–	–	(56)	(91)	**(147)**	(95)
– Materials and services	(82)	(8)	(23)	(113)	(429)	**(542)**	(512)
– Staff costs	(63)	–	–	(63)	(240)	**(303)**	(224)
– Depreciation charge	(41)	12	14	(15)	(59)	**(74)**	(50)
– Amortisation charge	(6)	–	6	–	–	**–**	–
– Other operating expense	(8)	–	8	–	–	**–**	–
– Energy supply costs	(73)	–	–	(73)	(229)	**(302)**	(260)
Total operating costs before exceptional items	(400)	11	5	(384)	(1,300)	**(1,684)**	(1,459)
Exceptional operating items	(19)	–	–	(19)	(60)	**(79)**	283
Group operating profit/(loss)	63	11	5	79	(138)	**(59)**	340
EBITDA continuing activities	129	(1)	(15)	113	(19)	**94**	107

*Adjusted for £5m one-time charge related to AmerGen.

FINANCIAL REVIEW

STEPHEN BILLINGHAM, FINANCE DIRECTOR

TURNOVER

Annual equivalent turnover was £1,704m, an increase of £188m compared to the prior year. The increase in turnover is attributable to increased prices and growth in the energy supply costs recovered from customers offset by reduced output.

Annual equivalent realised price (which is calculated by dividing turnover, net of energy supply costs, miscellaneous and exceptional income, by total output) was £20.4/MWh compared to £16.9/MWh in the prior year.

OUTAGES

During the year, four outages were completed and the Sizewell B outage commenced shortly before the year end resulting in a total loss of output of 2.9 TWh. Refuelling resulted in a further loss of 3.0 TWh and the unplanned outages at Heysham 1 and Hartlepool resulted in a loss of 7.4 TWh. There were further unplanned outages resulting in a loss of 9.9 TWh of which some 6.5 TWh were due to outages of 14 days or less.

OPERATING COSTS

Annual equivalent operating costs of continuing activities excluding exceptional items and energy supply costs were £1,382m compared to £1,199m in the prior year.

Annual equivalent operating unit cost excluding revalorisation was £20.5/MWh compared to £16.5/MWh in the prior year.

FUEL COSTS

Total annual equivalent fuel costs amounted to £463m compared with £413m in the prior year. Annual equivalent nuclear fuel costs were £316m compared to £318m for the prior year, and annual equivalent coal costs were £147m compared to £95m for the prior year. The £52m increase in coal costs relates to increased coal prices and the inclusion of ETS costs of £11m. Coal costs also include the cost of other Eggborough fuel including biomass.

In calculating the annual equivalent nuclear fuel costs adjustments of £7m were made to reverse changes in accounting policy. The nuclear fuel costs for the pre-RED trading period were prepared on the basis of the historic BNFL contracts and for the post-RED trading period on the basis of the revised BNFL contracts.

MATERIALS AND SERVICES

The annual equivalent costs were £542m compared to £512m in the prior year with the increase of £30m being due primarily to the work undertaken in the year to address the various issues that emerged at the nuclear power stations.

Included in annual equivalent materials and services is expenditure of a capital nature of £93m for the year compared to £90m in the prior year. Pre-RED expenditure of a capital nature was expensed as operating costs because it was not possible to demonstrate that this expenditure enhanced the value of the Group after taking account of the fixed asset impairment reviews carried out in the years ended 31 March 2003 and 2004. In calculating the annual equivalent materials and services costs, the BEG result has been adjusted to expense capex of £23m and to expense outage costs of £8m reflecting the change in accounting policy to capitalise and subsequently amortise costs associated with statutory outages.

STAFF COSTS

Annual equivalent staff costs were £303m compared to £224m for the prior year with the increase being primarily due to pension changes following the revised assumptions being used under SSAP24 and FRS17 in the annual equivalent numbers. Total annual equivalent pension costs for the year were £52m compared to £nil. The balance of the increased cost of £27m relates to salary inflation additional to staff levels and additional overtime as a result of the extended outages at Heysham 1 and Hartlepool. The staff costs for the pre-RED trading period were prepared on the basis of SSAP24 pension costs and for the post-RED trading period FRS17 pension costs. No adjustment has been made in deriving the annual equivalent staff costs.

DEPRECIATION

Annual equivalent depreciation charges were £74m compared to £50m in the prior year. This reflects the increase of £295m in the carrying value of fixed assets as a result of the impairment review in the prior year. The £12m adjustment in respect of accounting policies reverses the depreciation associated with capitalised outage costs. The £14m adjustment reverses the additional depreciation as a result of the increase in the fair value of fixed assets of £817m.

In calculating the annual equivalent depreciation it was assumed that the restructuring had not occurred and all capex was written off in the year.

AMORTISATION

There was no annual equivalent amortisation as the goodwill arises as a result of the restructuring. The amortisation in the period of £6m is fully reversed.

OTHER OPERATING EXPENSE

Other operating expense reflects the unwind of the out of the money contracts recorded at RED. As the liability was recognised as a result of the fair value exercise, the charge in the period of £8m has been fully reversed.

ENERGY SUPPLY COSTS

Energy supply costs mainly comprise the costs incurred for the use of the distribution and transmission systems and are fully recovered through turnover. This year energy supply costs also include costs related to meeting the cost of compliance with the Renewables Obligation, which are also recovered through turnover. The Group is required to comply with the Renewables Obligation as part of the regulations governing climate change. Annual equivalent total energy supply costs were £302m compared with the £260m in the prior year, an increase of £42m. This increase reflects the inclusion of ROCs, compliance costs and growth in the direct supply business.

CASH

Cash and liquid funds at 31 March 2005 were £456m compared to £398m at RED, £573m at 31 March 2004 and £333m at 31 March 2003.

The movement in total cash and liquid funds in the post-RED trading period of £58m includes £53m of cash and liquid funds generated in the post-RED trading period and £5m of cash reclassified at RED from fixed asset investments.

INVESTMENT EXPENDITURE

Investment expenditure comprises investment in major plant projects, repairs and strategic spares across the whole Group which includes incremental PiP annual expenditure costs. In the year ended 31 March 2005, investment expenditure was £162m compared to £128m in the prior year. This reflects the additional investment made over the last year, including the cast iron replacement programme.

SUBSEQUENT REPORTING

The next set of results that the Group will present will be for the quarter ended 30 June 2005. These results will be drawn up under IFRS and will not be comparable to the annual equivalents discussed above.

Stephen Billingham

STEPHEN BILLINGHAM
FINANCE DIRECTOR

CORPORATE SOCIAL RESPONSIBILITY

WE MAKE A POWERFUL CONTRIBUTION TOWARDS THE UK'S CLIMATE CHANGE TARGETS

MARKETPLACE
We are the country's largest electricity generator and supply electricity to major customers such as ASDA and Corus that play an important role in the UK's economy. We therefore have a responsibility to help our customers understand and control their electricity costs. We do this in a number of ways – by building close working relationships, by providing high quality information and analysis and by hosting our popular annual Talkpower Conference where customers can hear about new developments and exchange views and ideas.

WORKPLACE
Safety and environmental performance are together a fundamental priority of the Company and we continually review and improve our standards.

We also believe strongly in the need to maintain a highly skilled workforce. To this end, we invested £3.6m during the year on training. We also took on a number of new staff including 31 graduates, up from 21 in 2003/04, and 40 apprentices, up from 33 in 2003/04.

CREATING EQUAL OPPORTUNITIES
We are committed to equal opportunities and work closely with our equal opportunities focus group to create a diverse, equally treated workforce. This year we carried out an equal treatment survey which revealed a number of areas where we need to improve. Plans are already in place to achieve this. We have also carried out the Gallup Q12 survey to help identify cultural changes, benchmark staff engagement and pinpoint key areas for improvement. Again, improvement plans are underway and we will be repeating the survey in late 2005 to measure our progress.

RECOGNISING SUCCESS
We believe that it is important to recognise outstanding individual performance and therefore hosted our first Excellence Awards ceremony during the year. Held at the Natural History Museum in London, the awards celebrated the efforts of employees in moving British Energy forward as a successful business.

HELPING TO REDUCE EMISSIONS
We continue to play a key role in helping the UK meet its emissions targets. Over the year, generation from our nuclear power stations avoided the emissions of some 40.1 million tonnes of CO_2 ($MtCO_2$) that would otherwise have been emitted if we had generated the same amount of power using fossil fuel. Eggborough emitted 7.2 $MtCO_2$ bringing our total annual saving of CO_2 emissions to around 33 $MtCO_2$. This is equivalent to the CO_2 emissions from approximately half the cars on UK roads. Our nuclear generation also avoided the emission of about 160 thousand tonnes (kT) of SO_2 and 80 kT of NO_x. Eggborough emitted 42 kT of SO_2 and 19 kT of NO_x in the year.

We have the capability at Eggborough to co-fire coal with various forms of biomass that qualify for co-fired Renewable Obligation Certificates. On 1 January 2005 the European Union's Emissions Trading Scheme (ETS) came into effect. Under ETS, designated installations must have a permit to emit greenhouse gases, submitting allowances on an annual basis to cover their CO_2 emissions.

EGGBOROUGH
Eggborough has been granted an allocation of 4.54 million tonnes of CO_2 allowances for each of the calendar years 2005, 2006 and 2007. This is equivalent to output of approximately 5 TWh a year.

Eggborough's future output will also be affected by the Large Combustion Plant Directive, which sets limits on the emissions of sulphur dioxide, nitrogen oxides and particulates from fossil-fuel power stations from 2008. Flue Gas Desulphurisation (FGD) equipment has already been fitted to Units 3 and 4 at Eggborough in order to reduce harmful emissions.

DISCLOSING ENVIRONMENTAL INFORMATION
There is growing recognition of the importance of disclosing environmental information. New regulations came into force on 1 January 2005 requiring public authorities to provide environmental information upon request. In addition, as of October 2005, new EU regulations will require all electricity suppliers to provide detailed information on the environmental impact of their supply mix. As a major player in the UK energy industry, we take an active role in policy development, regularly providing input to committees, inquiries, and other forms of discussion.

ENVIRONMENT

"As a company whose technology plays a major part in improving the environment we also recognise the importance of managing our operations to minimise their impact on the environment. Last year we made good progress in achieving this goal."

ADRIAN MONTAGUE, CBE, CHAIRMAN

WE HAVE RESPONDED VIGOROUSLY TO THE ISSUES RAISED LAST YEAR BY THE ENVIRONMENT AGENCY AND SCOTTISH ENVIRONMENT PROTECTION AGENCY AND NOW APPLY A HIGHER MANAGEMENT FOCUS TO OUR ENVIRONMENTAL COMPLIANCE

WE INTRODUCED A NEW TOP TIER ENVIRONMENTAL COMPLIANCE KEY PERFORMANCE INDICATOR WITH A TOUGH TARGET – WHICH WE MET

LAST YEAR OUR NUCLEAR STATIONS AVOIDED THE EMISSION OF OVER 40 MILLION TONNES OF CO_2 - EQUIVALENT TO THE CO_2 EMISSIONS FROM APPROXIMATELY HALF OF THE CARS ON UK ROADS

WE RAISED OVER £250,000 FOR OUR CHARITY OF THE YEAR, RADAR

FGD AT EGGBOROUGH – REDUCING EMISSIONS

MANAGING OUR WASTE

During the year we sent 466 cubic metres of Low Level Waste to the Drigg plant which is owned by the Nuclear Decommissioning Authority, down on 485 cubic metres in the previous year primarily due to lower station output. Each station typically produces a few tens of cubic metres of Intermediate Level Waste each year, which is stored on site. Spent AGR nuclear fuel is transported in specially designed steel flasks to Sellafield where it is initially stored in cooling ponds (spent fuel at our PWR at Sizewell B remains in storage on site). This year we sent 298 flasks to Sellafield, down from 386 flasks in the previous year. The eventual long-term solution for solid disposal for radioactive waste is currently the subject of an extensive investigation and consultation by the Government's Committee on Radioactive Waste Management.

MINIMISING OUR IMPACT ON THE LOCAL ENVIRONMENT

We take our responsibility to minimise our impact on the local environment very seriously. During the year we have increased training to improve staff and contractors' awareness of environmental legislation. We also strive to reduce the amount of waste we produce. All our power stations and our main support office continue to retain certification to the international environmental management standard, ISO 14001. Our aim is to maintain and improve the habitats at the stations, encouraging biodiversity through our Land Management Plans and Biodiversity Action Plan.

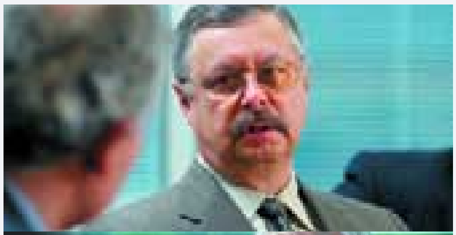
COMMUNITY

We strive to build strong relationships with local communities, holding regular local stakeholder meetings at all our stations. We also continue to look at how we can improve public access to the habitats around our stations in a sustainable way. Last year, for example, we used recycled materials to complete a major refurbishment of the nature reserve at Sizewell as part of a partnership with the Suffolk Wildlife Trust.

OUR CHARITY OF THE YEAR

Staff raised well over the original target of £100,000 for our charity of the year, The Royal Association for Disability and Rehabilitation (RADAR). The total donated, including the Company's matched funds, was over £250,000. Our charity of the year for 2005/06 is the Prince's Trust but we will continue our relationship with RADAR through a mentoring scheme.

BOARD OF DIRECTORS



1 **ADRIAN MONTAGUE (57)** **B**

Joined British Energy as Chairman in November 2002. He is currently also Chairman of Friends Provident plc, Michael Page International plc and Infrastructure Investors Limited and a Director of CellMark AB. During the year he stepped down as Deputy Chairman of Network Rail and was appointed Chairman of Cross London Rail Links Limited and a Director of Friends Provident plc. He previously undertook a number of senior roles in the implementation of the Government's private finance policies and was awarded a CBE in 2001.

2 **BILL COLEY (62)** **∆☐¶B§**

Accepted position as Chief Executive in March 2005 having served as an independent Non-Executive Director since 2003. During his 37 year career with Duke Power he held a variety of management and executive roles culminating in being Group President between 1997 and 2003. He is a Non-Executive Director of CT Communications Inc. and Peabody Energy.

3 **ROY ANDERSON (57)** **OB§¶**

Appointed Chief Nuclear Officer in September 2004. He was previously President of PSEG Nuclear in the US, and Chief Nuclear Officer of Nuclear Management Company and of Florida Power Corporation. His early career involved working for Carolina Power and Light Company, Boston Edison Company and General Electric Company, all in the US.

4 **DR STEPHEN BILLINGHAM (47)** **¶☐◊B**

Appointed as Finance Director in September 2004. Immediately prior to joining British Energy, he was the Group Finance Director of the engineering consultancy and support services group, WS Atkins plc, during its successful financial recovery. He led the finance team which signed the Metronet-London Underground Public Private Partnership. He has been Group Treasurer of the engineering group BICC plc (now Balfour Beatty plc) and has held finance positions in Severn Trent plc, Burmah Oil plc and British Telecom plc.

5 **DR PASCAL COLOMBANI (59)** ***†§B**

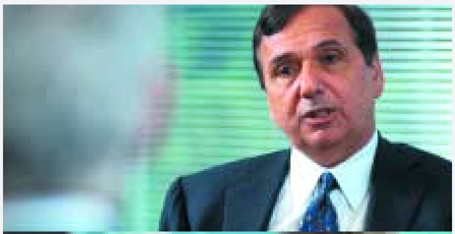
Appointed as an independent Non-Executive Director in June 2003. He holds a Doctorate in Nuclear Physics. He presently holds directorships at Alstom SA, Rhodia SA, the French Institute of Petroleum and is an Associate Director of A. T. Kearney. He was, until 2003, a member of the Electricité de France Supervisory Board and the Non-Executive Chairman of the Supervisory Board of Areva, the international nuclear services group. He is Chairman of the French Association for the Advancement of Science and a member of the French Academy of Technology. He is a Knight of the Legion of Honour and an Officer of the Order of Merit. He is Chairman of the Nuclear Performance Review Committee.

6 **JOHN DELUCCA (62)** **†☐+B**

Appointed as an independent Non-Executive Director in 2004 and Deputy Chairman of the Audit Committee. He holds an MBA in Finance from Fairleigh-Dickinson University School of graduate study. He has held a variety of senior roles in US business. Most recently, from 2003 until March of this year he was Executive Vice-President and Chief Financial Officer of the REL Consultancy Group. Prior to that, from 1998 to 2002 he was Executive Vice-President, Finance and Administration and Chief Financial Officer of Coty Inc. and a member of their Executive Committee. He is a Non-Executive Director, and chairs the audit committees of ITC Deltacom, Enzo Biochem and the Elliott Company.

7 **IAN HARLEY (53)** **†+☐B**

Appointed as an independent Non-Executive Director in 2002 and Chairman of the Audit Committee. He held a variety of posts in the Finance, Retail Banking and Wholesale Banking Divisions of Abbey National and spent nine years on the Board. He is a Fellow of the Institute of Chartered Accountants and Fellow and Past President of the Institute of Banking. He is currently a Non-Executive Director of Rentokil Initial plc, JW Educational Limited and Remploy Limited. He is Governor of the Whitgift Foundation, Vice-President of the National Deaf Children's Society and Director of South London Church Fund and Southwark Diocesan Board of Finance. Previously Chairman of the Association for Payment Clearing Services, a member of the Deposit Protection Board, appointed by the Bank of England, and a member of the Financial Services Authority's Practitioner Panel.




1	2	3	6	7	
	4	5	8	9	10



8 **DAVID PRYDE (55)** *+†☐B

Appointed as an independent Non-Executive Director in September 2004, he has extensive trading and risk management experience. He has held various senior management positions in trading businesses, including Global Head of Precious Metals Trading, Global Head of Commodity Derivatives Trading and Marketing and Global Head of Futures and Options Brokerage at J P Morgan. He was also strategist for J P Morgan/Chase Investment Bank. He sat on the boards of the Commodity Exchange, the Chicago Mercantile Exchange and the Futures Industry Association. He is Chairman of the Trading Review Committee.

9 **CLARE SPOTTISWOODE (52)** +*†☐B

Appointed as an independent Non-Executive Director in 2001 and Deputy Chairman and Senior Independent Non-Executive Director since June 2002. She is Chairman of the Remuneration Committee. Between 1993 and 1998 she was Director General of Ofgas and she currently chairs Economatters Limited and was previously a Non-Executive Director of Booker plc. She is also currently a Non-Executive Director of Advanced Technology (UK) plc, Anker plc, Biofuels Corporation, Tullow Oil plc and Petroleum Geo-Services ASA. She was awarded a CBE for services to industry in 1999.

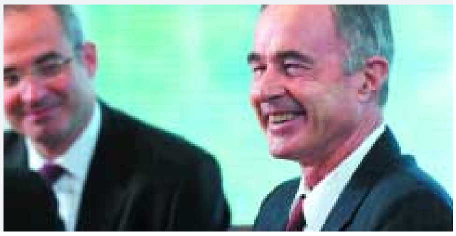
10 **SIR ROBERT WALMSLEY (64)** +*†0§B

Appointed as an independent Non-Executive Director in 2003. Previously he served in the Royal Navy where his final appointment was as Controller of the Navy and member of the Navy Board as a Vice Admiral, starting in 1994. He was knighted in 1995. During his naval career he held a number of nuclear-related posts including service as the Chairman of the Naval Nuclear Technical Safety Panel and Director General, Submarines. After retiring from the Navy, he was appointed as Chief of Defence Procurement (a Permanent Secretary grade post in the Civil Service), occupying that position from 1996 until 2003. He is an independent Director of General Dynamics Corporation, the Major Projects Association, EDO Corporation and Stratos Global Holding Limited. He is Chairman of the Governance and Nominations Committee and the Safety, Health and Environment Committee.

The current Directors of British Energy Group plc were each appointed to the Board on 16 September 2004. Prior to the completion of restructuring on 14 January 2005, each of the Directors were also Directors of British Energy plc.

EXECUTIVE TEAM

1 2
3 4



1 ROBERT ARMOUR (45) ◊¶☐

Company Secretary since 1995 and General Counsel since 2003. A solicitor, he was a partner in Wright Johnston & Mackenzie, solicitors, between 1986 and 1990 before joining Scottish Nuclear as Company Secretary in 1990. He was Director of Performance Development for Scottish Nuclear between 1993 and 1995. From 1997 to 2003 he was Director of Corporate Affairs. He holds a law degree and MBA from Edinburgh University and has also attended INSEAD's Advanced Management Programme.

2 NEIL O'HARA (39) ¶☐

Appointed as Director of Power and Energy Trading in May 2004. He has over 10 years' trading and risk management experience in the energy sector including the power, coal and gas sectors. His trading experience was gained in the UK where he worked at Manufacturers Hanover Trust, British Gas, Centrica and RWE Innogy. He has also worked on generation optimisation, co-firing and operations and engineering projects.

3 SALLY SMEDLEY (55) ¶◊

Appointed as Human Resources and Communications Director in 1999. She was previously Human Resources and Corporate Relations Director at East Midlands Electricity plc, and Employee Relations Director at the BOC Group plc. She has a BSc (Tech) in Occupational Psychology.

4 PETER WAKEFIELD (54) ¶O§

Appointed as Safety and Technical Director in April 2005. He joined British Energy from Eskom, the vertically integrated South African power utility. For over 28 years he was closely associated with the South African nuclear programme, being the first operating manager at Koeberg holding a Senior Reactor Generator Licence. He also held corporate engineering and technology management posts.

- B denotes member of the British Energy Group plc Board
- \+ denotes member of the Audit Committee
- * denotes member of the Remuneration Committee
- † denotes member of the Governance and Nominations Committee
- O denotes member of the Safety, Health and Environment Committee
- § denotes member of the Nuclear Performance Review Committee
- ¶ denotes member of the Executive Committee
- ☐ denotes member of the Trading Review Committee
- ◊ denotes member of the Pensions Committee
- Δ Bill Coley was appointed Chief Executive on 20 March 2005, following the resignation of Mike Alexander. He formally accepted the position on 14 April 2005 having received the relevant clearance to work. Prior to this Bill Coley served as an independent Non-Executive Director from June 2003.

SUMMARY REMUNERATION COMMITTEE REPORT

FOR THE PERIOD ENDED 31 MARCH 2005

This is a summary of the information in the Remuneration Committee Report in the Company's Report and Accounts. For further details of the Company's remuneration policy and practice the Report and Accounts should be consulted. A copy of the Report is available on the website.

The Committee is responsible to the Board for determining the pay, benefits and employment conditions of the Executive Directors and the members of the Executive Committee.

In this context full consideration has been given to the Combined Code on Corporate Governance.

The Committee is made up of the Non-Executive Directors identified on pages 20 and 21.

REMUNERATION POLICY

It is the Committee's aim to ensure that the total package (including benefits) is competitive not just in UK terms but can also attract specialist skills in the international nuclear market. The Committee's policy is that base salaries are positioned broadly around the market median with an incentive opportunity which will reflect the Company's business strategy and the challenges it faces.

In particular it is the Committee's policy that:

- A significant proportion of the Executive Directors' pay should be variable and linked to the performance of the Company.
- Taking account of the external market, the movements in base pay of Directors and Executive Committee members should be broadly in line with the pay increases awarded to other staff.
- In determining the link between base and variable pay the Company should be mindful of safety and environmental issues.
- There should be a strong and clear link between reward and performance against agreed stretch targets.

The Committee has considered the issue of suitable long-term incentives being in place for Executive Directors and senior staff. The Committee has decided that it is not appropriate to introduce a traditional long-term plan at this stage of the Company's development. It proposes to put in place an annual plan which pays out over three years.

The prospectus which we issued in November 2004 included details of the Interim Bonus Plan intended to reward participants for performance over the financial year ended 31 March 2005.

The Interim Bonus Plan is a deferred bonus granted to members of the Executive Committee either wholly in shares (in the case of Executive Directors) or mainly in shares and partly in cash (in the case of other Executive Committee members).

The table below shows the targets, their relative weighting, and the outturn. The maximum level of award was 150% of salary except for Roy Anderson who was hired from the US and is entitled to 1.67 times that figure.

INTERIM BONUS PLAN AWARD

Target	Weighting	Target	Min	Max	Unit	Outturn	Outcome (as a multiple of salary)
Adjusted EBITDA*	30.00	180	201	260	£m	96	0.00
Nuclear output	25.00	62.5	63.0	66.0	TWh	59.8	0.00
Non-outage defect backlog	10.00	7,200	6,800	4,900	Instances	3,722	0.15
Trading collateral	5.00	310.0	280.0	260.0	£m	380	0.00
Free cash flow	10.00	87	114	174	£m	31	0.00
Accident frequency rate†	6.67	0.70	0.64	0.59	Rate	0.43	0.10
Environmental incidents	6.67	15	13	11	Instances	15	0.05
Unplanned automatic trip rate	6.67	1.09	0.98	0.78	Rate	1.02	0.08

*Adjusted for target measurement purposes.
†This includes data relating to contractors and is calculated on a different basis to the information on page 9.

On the basis of the outturn indicated above, the Executive Committee members will each receive 38.2% of salary, 63.6% in the case of Roy Anderson. One-third of the award in shares is payable immediately with a further third released next year and the final third the year after. The total value of the award is included under the heading 'Bonus' in the Emoluments tables on pages 26 and 27.

LONG-TERM INCENTIVES AND OTHER SHARE OPTION PLANS

The Company has adopted a number of share plans which were outlined in the prospectus. No shares or options were granted under any of the plans during 2004/05.

Share options were granted in previous years by the former British Energy plc. Legal advice has been obtained to the effect that the changes in the corporate structure of the Group as a result of the restructuring did not trigger the early exercise provisions under these options. The Remuneration Committee decided not to allow holders of options in British Energy plc to roll them over into options over shares in the Company. The options granted by British Energy plc are still capable of exercise, but immediately on exercise the shares

SUMMARY REMUNERATION COMMITTEE REPORT

FOR THE PERIOD ENDED 31 MARCH 2005

will be converted into shares in the Company in the ratio of 50:1. Accordingly, the effective exercise price of the options is significantly higher than the current share price and it is unlikely the options will be exercised. In addition, the Committee intends during 2005/06 to implement the all-employee Share Incentive Plan and Executive Directors are entitled to participate.

The Executive Committee have been invited to participate in the LT plan, full details of which were set out in the prospectus we issued in November 2004. Other senior staff have been invited to participate with lower salary multiples.

For 2005/06 the Committee reviewed the output target published in the prospectus and exercised its discretion in accordance with the rules of the LT plan to modify the output targets. For 2005/06 the revised targets are Group Target 64 TWh and Adjusted Group Target 62 TWh. A number of improvements to the LT plan are proposed and these are described in the documents sent to shareholders with this Review.

Executive Directors are entitled to participate in the all-employee Sharesave Scheme for which there are no performance conditions.

RETIREMENT BENEFIT

The retirement benefits offered to Executive Directors are individually tailored as described below.

Roy Anderson and Stephen Billingham are members of the British Energy Generation Group (BEGG) of the Electricity Supply Pension Scheme.

Mike Alexander and David Gilchrist were also members of BEGG when they were Directors.

Martin Gatto was not a member of any company pension scheme nor was any payment made to him in lieu of any pension arrangement.

No elements of remuneration other than base pay are pensionable.

The following Directors have accrued entitlements under the defined benefits scheme as follows:

PENSIONS TABLE

	Age	Accrued pension at 31/03/2004	Increase in accrued pension (excluding inflation)	Increase in accrued pension	Transfer value of increase in accrued benefit	**Accrued pension at 31/03/2005**	Transfer value of pension at 31 March 2004	**2005**	Increase in transfer value less contribtions made by Directors
M Alexander	56	£10,833	£9,664	£10,000	£135,845	**£20,883**	£107,000	**£242,845**	£114,595
R Anderson	57	n/a	£4,107	£4,107	£47,573	**£4,107**	£0	**£47,573**	£36,116
S Billingham	47	n/a	£3,155	£3,155	£23,341	**£3,155**	£0	**£23,341**	£14,539
D Gilchrist	51	£56,389	£4,505	£6,253	£178,881	**£62,642**	£542,000	**£720,881**	£168,776

The information in the table above has been subject to audit as required by the Companies Act 1985.

The accrued entitlements shown are those which would be paid annually on retirement based on service to the end of the year. The transfer value does not represent a sum due or paid to the individual and cannot meaningfully be added to the annual remuneration.

The accrual rate of Roy Anderson and Stephen Billingham is 1/30th per annum subject to total pension from all sources not exceeding two-thirds of final salary.

Roy Anderson and Stephen Billingham are required to make contributions of 5% of base salary as was Mike Alexander while he was a Director. In respect of earnings above the Pensions Cap (£102,000) this is achieved by sacrificing salary equivalent to the contribution. The salaries shown in the Emoluments tables on pages 26 and 27 are net of the salary sacrifice.

SERVICE CONTRACTS

The Committee’s policy is to set notice or contract periods for Executive Directors at one year or less. Where it is necessary to offer longer notice or contract periods to new Executive Directors who are externally recruited, it is the Committee’s policy to reduce these as soon as possible after the initial period has expired.

All Executive Directors have a 12-month rolling contract, save for Bill Coley whose contract terms are yet to be finalised.

SUMMARY REMUNERATION COMMITTEE REPORT

FOR THE PERIOD ENDED 31 MARCH 2005

EXTERNAL NON-EXECUTIVE APPOINTMENTS

The Company permits Executive Directors to accept external non-executive directorships provided they do not cause a conflict or inhibit the Directors ability to work for the Company. It is recognised that these appointments increase the Directors commercial knowledge and business experience to the general benefit of the Company. Each appointment including the details of emoluments is subject to Board approval. The Board has determined that any compensation receivable in respect of these appointments is paid directly to and retained by the Executive Director.

TERMINATION PROVISION

The Company's policy is that service contracts should not have express termination provisions other than the contractual notice periods outlined above.

David Gilchrist resigned from the Board on 4 August 2004 and his employment terminated on 4 November 2004. The payment to him disclosed under the heading 'Compensation for loss of office' in the Emoluments tables on pages 26 and 27 represents the balance of his contractual notice plus a payment in respect of bonus entitlement for 2004/05 and for loss of bonus entitlement for a proportion of 2005/06.

Mike Alexander resigned from the Board on 20 March 2005. At the date of this Review no compensation for loss of office had been agreed.

NON-EXECUTIVE DIRECTORS

The remuneration of the Non-Executive Directors is determined by the Board without the participation of the Director concerned. Appointed for three-year terms, the Non-Executive Directors do not have service contracts, they are not eligible for participation in any of the Company's Share Schemes and they do not receive any pension provision from the Company.

The expiry dates of the current Non-Executive Directors contracts are:

Name	**Expiry Date**
P Colombani	31/05/2006
J Delucca	31/01/2007
I Harley	31/05/2008
A Montague	31/08/2007
D Pryde	30/05/2007
C Spottiswoode	30/11/2007
R Walmsley	31/07/2006

With effect from 1 September 2004, the Company modified its fee structure for all Non-Executive Directors except Adrian Montague. The following is the revised structure.

Base Fee	£27,000 per annum
Deputy Chairman	£10,000 per annum
Committee Chairman	£10,000 per annum
Membership of committee	£1,500 per annum
Travel to/from US	£1,000 per occasion
Travel to/from Europe	£500 per occasion
Attendance at Board meeting or committee meeting	£500 per occasion
Telephone attendance at Board meeting or committee meeting	£250 per occasion

The Deputy Chairman of the Audit Committee (currently John Delucca) is also entitled to receive additional fees of £10,000 per annum.

Each Non-Executive Director will also receive £13,000 per annum payable in shares, such shares to be allocated quarterly in arrears. The first such payment was on 25 April 2005. A Non-Executive Director may only sell his or her shares in equal tranches over the three years following the date of grant subject to having been on the Board for at least 12 months following the date of grant.

Current Non-Executive Directors received a single payment of £10,000 payable in British Energy Group plc shares on 31 March 2005. Any new Non-Executive Directors joining the Board will also receive a similar payment.

The levels of fees paid during the year are given on pages 26 and 27.

SUMMARY REMUNERATION COMMITTEE REPORT

FOR THE PERIOD ENDED 31 MARCH 2005

50,000 per annum which was, as a consequence of the additional time commitment as in previous
00,000 per annum until restructuring was achieved. He immediately reverted to his base fee on
ch shares in the Company were admitted to trading on the London Stock Exchange. Under a voluntary
of appointment was amended such that 30% of his base fee is payable in shares. This arrangement
5.

ed for an additional fee of £100,000 contingent upon restructuring becoming effective and binding on
the Company on the London Stock Exchange this additional fee became due and is disclosed under the
moluments tables below and on page 27.

utive Director on 14 April 2005 when he became Chief Executive.

e post-RED trading period and for the year (in the latter case there is a comparison with the previous year).

Basic salary and fees £ 2005 15/01/05 to 31/03/05	Bonus £ 2005 15/01/05 to 31/03/05	Compensation for loss of office £ 2005 15/01/05 to 31/03/05	Accommodation and relocation £ 2005 15/01/05 to 31/03/05	Other benefits £ 2005 15/01/05 to 31/03/05	Total emoluments excluding pension £ 2005 15/01/05 to 31/03/05	Pension contributions £ 2005 15/01/05 to 31/03/05
31,034	0	0	0	0	31,034	0
84,332	99,551	0	8,639	4,228	196,750	3,163
65,039	109,843	0	0	2,772	177,654	3,163
15,776	0	0	0	0	15,776	0
10,914	0	0	0	0	10,914	0
14,500	0	0	0	0	14,500	0
13,190	0	0	0	0	13,190	0
18,592	0	0	0	0	18,592	0
16,655	0	0	0	0	16,655	0
15,534	0	0	0	0	15,534	0
285,566	209,394	0	8,639	7,000	510,599	6,326
70,491	0	0	0	4,865	75,356	2,638
356,057	209,394	0	8,639	11,865	585,955	8,964

2005.

een subject to audit as required by the Companies Act 1985.

SUMMARY REMUNERATION COMMITTEE REPORT

FOR THE PERIOD ENDED 31 MARCH 2005

DIRECTORS' EMOLUMENTS FOR BRITISH ENERGY GROUP PLC AND BRITISH ENERGY LIMITED

	Basic Salary and fees £		Bonus £		Contingent fees £		Compensation for loss of office £	
Name	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004
A Montague	**269,315**	300,000	**0**	0	**100,000**	0	**0**	0
R Anderson[1,2]	**220,199**	0	**259,939**	0	**0**	0	**0**	0
S Billingham[3,4]	**169,823**	0	**286,813**	0	**0**	0	**0**	0
B Coley	**76,250**	25,000	**0**	0	**0**	0	**0**	0
P Colombani	**52,750**	22,500	**0**	0	**0**	0	**0**	0
J Delucca	**70,083**	4,500	**0**	0	**0**	0	**0**	0
I Harley	**63,750**	36,500	**0**	0	**0**	0	**0**	0
D Pryde[5]	**52,333**	0	**0**	0	**0**	0	**0**	0
C Spottiswoode	**80,500**	59,000	**0**	0	**0**	0	**0**	0
R Walmsley	**75,083**	24,667	**0**	0	**0**	0	**0**	0
Total emoluments for serving Directors at 31 March 2005	**1,130,086**	472,167	**546,752**	0	**100,000**	0	**0**	0
M Alexander[6]	**407,949**	400,000	**0**	190,004	**0**	0	**0**	0
M Gatto[7]	**179,596**	130,000	**25,868**	36,013	**0**	0	**0**	0
D Gilchrist[8]	**69,581**	199,013	**18,482**	106,105	**0**	0	**136,092**	0
D Hawthorne	**0**	25,228	**0**	0	**0**	0	**0**	0
R Hill	**0**	19,167	**0**	0	**0**	0	**0**	0
K Lough	**0**	151,975	**0**	73,679	**0**	0	**0**	145,625
Total emoluments (all Directors)	**1,787,212**	1,397,550	**591,102**	405,801	**100,000**	0	**136,092**	145,625

	Accommodation and relocation £		Other benefits £		Total emoluments excluding pension £		Pension contributions £	
Name	**2005**	2004	**2005**	2004	**2005**	2004	**2005**	2004
A Montague	**0**	0	**0**	0	**369,315**	300,000	**0**	0
R Anderson[1,2]	**22,558**	0	**11,041**	0	**513,737**	0	**8,258**	0
S Billingham[3,4]	**0**	0	**7,238**	0	**463,874**	0	**8,258**	0
B Coley	**0**	0	**0**	0	**76,250**	25,000	**0**	0
P Colombani	**0**	0	**0**	0	**52,750**	22,500	**0**	0
J Delucca	**0**	0	**0**	0	**70,083**	4,500	**0**	0
I Harley	**0**	0	**0**	0	**63,750**	36,500	**0**	0
D Pryde[5]	**0**	0	**0**	0	**52,333**	0	**0**	0
C Spottiswoode	**0**	0	**0**	0	**80,500**	59,000	**0**	0
R Walmsley	**0**	0	**0**	0	**75,083**	24,667	**0**	0
Total emoluments for serving Directors at 31 March 2005	**22,558**	0	**18,279**	0	**1,817,675**	472,167	**16,516**	0
M Alexander[6]	**0**	0	**28,218**	32,864	**436,167**	622,868	**15,300**	16,929
M Gatto[7]	**0**	0	**11**	0	**205,475**	166,013	**0**	0
D Gilchrist[8]	**0**	0	**9,034**	15,247	**233,189**	320,365	**9,138**	16,929
D Hawthorne	**0**	0	**0**	0	**0**	25,228	**0**	0
R Hill	**0**	0	**0**	0	**0**	19,167	**0**	0
K Lough	**0**	0	**0**	11,309	**0**	382,588	**0**	11,657
Total emoluments (all Directors)	**22,558**	0	**55,542**	59,420	**2,692,506**	2,008,396	**40,954**	45,515

Notes

1 Appointed as Executive Director on 16 September 2004.
2 In addition to his salary Roy Anderson received the sum of £224,720 in respect of benefits lost from a previous employer.
3 Appointed as Executive Director on 16 September 2004.
4 Stephen Billingham's bonus relates to a full year's service in line with his service agreement. In addition to his salary Stephen Billingham received the sum of £200,000 on 1 September 2004 and £200,000 on 24 June 2005 in respect of benefits lost from a previous employer.
5 Appointed as Non-Executive Director on 1 September 2004.
6 Resigned as Chief Executive on 20 March 2005.
7 Resigned as Executive Director on 16 September 2004.
8 Resigned as Executive Director on 4 August 2004.

The amounts shown under the heading 'Accommodation and relocation' in the above table relate to the relocation of Roy Anderson's main residence in the US and to the provision of temporary accommodation in the UK.

SUMMARY REMUNERATION COMMITTEE REPORT

FOR THE PERIOD ENDED 31 MARCH 2005

SHARES AND SHARE OPTIONS

Name	31 March 2005[1,2]
A Montague	**827**
B Coley	**7,415**
R Anderson	**3,547**
S Billingham	**–**
P Colombani	**2,092**
J Delucca	**2,092**
I Harley	**2,132**
D Pryde	**7,128**
C Spottiswoode	**2,734**
R Walmsley	**3,547**

Notes
[1] Ordinary shares in British Energy Group plc.
[2] No comparative information is given as shares were previously held in British Energy plc.

The information in this table has been subject to audit as required by the Companies Act 1985.

There have been no changes to the Directors shareholdings set out above except in respect of the payment of Non-Executive Directors fees in the form of shares.

Any ordinary shares required to fulfil options under option schemes may be provided by the British Energy Employee Share Trust (BEEST). As beneficiaries under the BEEST the Directors are deemed to be interested in shares held by the BEEST which at 31 March 2005 amounted to 434,701 ordinary shares and 912,872 warrants.

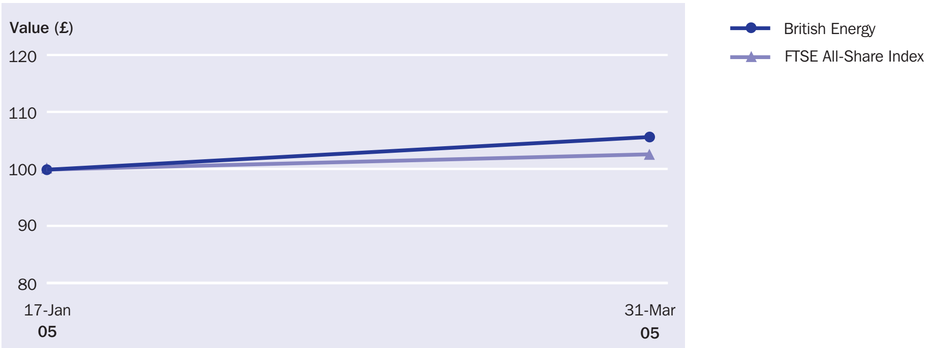
There were no options over British Energy Group plc shares granted as at 31 March 2005.

David Gilchrist ceased to be an Executive Director on 4 August 2004 and all share options granted to him lapsed on that date.

The market price of the ordinary shares in British Energy Group plc at 31 March 2005 was 278p and the range in the period since listing on the London Stock Exchange to 31 March 2005 was 239p to 290p.

PERFORMANCE

TOTAL SHAREHOLDER RETURN



The graph above shows the value, by 31 March 2005, of £100 invested in British Energy Group plc on 17 January 2005, the first day that the shares of British Energy Group plc were traded on the London Stock Exchange, compared with the value of £100 invested in the FTSE All-Share Index for the same period. As a result of the restructuring, it has not been possible to provide comparative figures for the shares in British Energy Limited for the preceding five year period.

Signed by and approved on behalf of the Board on 27 July 2005.

CLARE SPOTTISWOODE, CBE
CHAIRMAN, REMUNERATION COMMITTEE

SUMMARY FINANCIAL STATEMENT

FOR THE PERIOD ENDED 31 MARCH 2005

INTRODUCTION

The Directors present the summary financial statement for the period from incorporation on 2 July 2004 to 31 March 2005 (period ended 31 March 2005).

On 14 January 2005, British Energy Group plc acquired British Energy plc and consequently became the new holding company of the Group. British Energy plc was re-registered as a private limited company and re-named British Energy Limited. On 17 January 2005 British Energy Group plc's shares and warrants were admitted to the official list of the London Stock Exchange. The restructuring has been accounted for on an acquisition basis, and therefore the Group Profit and Loss Account includes the results of the Acquired Group only from the date of acquisition of 14 January 2005.

The summary financial statement is only a summary of the information in the Company's Report and Accounts, the Directors' Report and the Remuneration Committee Report for the period ended 31 March 2005. This summary information does not contain sufficient information to allow a full understanding of the results of the Group and state of affairs of the Company or the Group and their policies and arrangements concerning Directors' remuneration. For further information the full Report and Accounts, Independent Auditors' Report on those accounts and the Directors' Report should be consulted.

The Independent Auditors' Report on the full Report and Accounts for the period ended 31 March 2005 was unqualified and did not include a statement under sections 237(2) (inadequate accounting records or returns not agreeing with records or returns) or 237(3) (failure to obtain necessary informations and explanations) of the Companies Act 1985.

Copies of the full Report and Accounts for the period ended 31 March 2005 may be obtained, free of charge, on request from the Company's Registrars whose address appears on page 32. Shareholders may also elect in writing to receive the full Report and Accounts in place of the summary financial statement for all future years. The Report and Accounts for the period ended 31 March 2005 is also available on the Company's website at www.british-energy.com.

CORPORATE GOVERNANCE

British Energy seeks to apply best practice in corporate governance. The Directors consider that during the period, the Company complied with the requirements of Section 1 to the Combined Code on Corporate Governance issued by the Financial Services Authority incorporating the principles of good governance and code of best practice (the 'Combined Code').

The Directors' full Corporate Governance Statement is set out on pages 32 to 37 of the full Report and Accounts.

SUMMARY DIRECTORS' REPORT

The Directors present the Review and summary financial statement for the period ended 31 March 2005.

PRINCIPAL ACTIVITIES AND REVIEW OF BUSINESS

The Group's principal activities are the generation and sale of electricity. A detailed review of the Group's activities is set out on pages 6 to 10.

RESULTS

The consolidated results for the Group are set out in the Summary Group Profit and Loss Account on page 31.

INDEPENDENT AUDITORS' STATEMENT TO THE MEMBERS OF BRITISH ENERGY GROUP PLC

We have examined the summary financial statement of British Energy Group plc.

RESPECTIVE RESPONSIBILITIES OF DIRECTORS AND AUDITORS

The Directors are responsible for preparing the Review for the period ended 31 March 2005 in accordance with applicable law. Our responsibility is to report to you our opinion on the consistency of the summary financial statement within the Review with the full financial statements, the Directors' Report and the Remuneration Committee Report, and its compliance with the relevant requirements of Section 251 of the United Kingdom Companies Act 1985 and the regulations made thereunder. We also read the other information contained in the Review and consider the implications for our report if we become aware of any apparent misstatements or material inconsistencies with the summary financial statement.

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 for use in the United Kingdom.

OPINION

In our opinion the summary financial statement is consistent with the full financial statements, the Directors' Report and the Remuneration Committee Report of British Energy Group plc for the period from 2 July 2004 to 31 March 2005 and complies with the applicable requirements of Section 251 of the Companies Act 1985 and the regulations made thereunder.

PRICEWATERHOUSECOOPERS LLP
Chartered Accountants and Registered Auditors
Edinburgh

27 July 2005

Notes

(a) The maintenance and integrity of the British Energy Group plc website is the responsibility of the Directors; the work carried out by the auditors does not involve consideration of these matters and, accordingly, the auditors accept no responsibility for any changes that may have occurred to the financial statements since they were initially presented on the website.

(b) Legislation in the United Kingdom governing the preparation and dissemination of financial statements may differ from legislation in other jurisdictions.

SUMMARY GROUP PROFIT AND LOSS ACCOUNT

FOR THE PERIOD ENDED 31 MARCH 2005

	2 July 2004 to 31 March 2005 £m
Group turnover	
Continuing activities – acquisition	**482**
Operating costs before exceptional items	**(400)**
Exceptional operating costs	**(19)**
Operating costs after exceptional items	**(419)**
Group operating profit:	
Continuing activities – acquisition	**63**
Financing (charges)/credits:	
Net revalorisation charges	**(5)**
Net interest payable and similar charges	**(5)**
Net credit to finance charge for pension liability	**1**
Profit on ordinary activities before taxation	**54**
Taxation on profit on ordinary activities	**(19)**
Profit for the period attributable to shareholders	**35**
Earnings per share (p):	
Basic	**6.2**
Diluted	**6.0**

SUMMARY GROUP BALANCE SHEET

AS AT 31 MARCH 2005

	2005 £m
Fixed assets	**1,994**
Current assets	**5,596**
Creditors: amounts falling due within one year	**(609)**
Net current assets	**4,987**
Total assets less current liabilities	**6,981**
Creditors: amounts falling due after more than one year	**(2,967)**
Provisions for liabilities and charges	**(2,150)**
Deferred income	**(5)**
Net assets excluding retirement benefits liability	**1,859**
Retirement benefits – liability	**(244)**
Net assets including retirement benefits liability	**1,615**
Capital and reserves	
Called up equity share capital	**56**
Capital reserve	**767**
Warrant reserve	**51**
Profit and loss account	**741**
Total shareholders' funds (including non-equity shareholders' interests)	**1,615**

SUMMARY GROUP CASH FLOW STATEMENT

FOR THE PERIOD ENDED 31 MARCH 2005

	2 July 2004 to 31 March 2005 £m
Net cash inflow from operating activities	**128**
Returns on investments and servicing of finance	**(9)**
Capital expenditure and financial investment	**(28)**
Acquisitions and disposals	**99**
Decrease in term deposits/bank balances	**73**
Financing	**(28)**
Increase in cash	**235**

The summary financial statement was approved by the Board of Directors on 27 July 2005 and signed on its behalf by:

BILL COLEY
CHIEF EXECUTIVE

STEPHEN BILLINGHAM
FINANCE DIRECTOR

SHAREHOLDER INFORMATION

SHAREHOLDER ANALYSIS AS AT 31 MARCH 2005

Ordinary shares – £0.10

Range of Holding	Number of Shareholders	%	Number of Shares	%
1–9	31,843	44.15	218,219	0.04
10–49	34,318	47.59	605,884	0.11
50–99	2,987	4.14	195,178	0.03
100–999	2,516	3.49	613,216	0.11
1,000–9,999	268	0.37	749,527	0.13
10,000–49,999	62	0.09	1,437,992	0.26
50,000–99,999	25	0.03	1,749,396	0.31
100,000–249,999	30	0.04	5,048,535	0.90
250,000–1,000,000	32	0.04	16,787,592	2.99
1,000,001+	45	0.06	533,909,920	95.12
	72,126	**100.00**	**561,315,459**	**100.00**

DIRECTORS
Adrian Montague* (Chairman)
Bill Coley (Chief Executive)
Roy Anderson
Stephen Billingham
Pascal Colombani*
John Delucca*
Ian Harley*
David Pryde*
Clare Spottiswoode*
Sir Robert Walmsley*
* Non-Executive Directors

COMPANY SECRETARY
Robert Armour

REGISTERED OFFICE
Systems House
Alba Campus
Livingston
EH54 7EG

REGISTERED NUMBER
SC 270184

FINANCIAL ADVISER
Citigroup
Citigroup Centre
Canada Square
London
E14 5LB

BROKERS
Citigroup
Citigroup Centre
Canada Square
London
E14 5LB

HSBC Bank PLC
8 Canada Square
London
E14 5HQ

AUDITORS
PricewaterhouseCoopers LLP
Erskine House
68 -73 Queen Street
Edinburgh
EH2 4NH

SOLICITORS
Clifford Chance LLP
10 Upper Bank Street
London
E14 5JJ

MacRoberts
152 Bath Street
Glasgow
G2 4TB

REGISTRARS
Lloyds TSB Registrars
The Causeway
Worthing
West Sussex
BN99 6DA
Tel: 0870 600 3994

WEBSITE
www.british-energy.com

SHAREHOLDER ENQUIRIES
Lloyds TSB Registrars are the Company's Registrars. Their address appears above. Alternatively, shareholders can telephone on 0870 600 3994 or access their website at www.lloydstsb-registrars.co.uk and can check their registered holding at www.shareview.co.uk.

In the event of any such enquiries, such as the loss of a share certificate, or to notify a change of address, shareholders should write to the Company's Registrars at the above address.

SHARE DEALING SERVICE
Shareview Dealing is a telephone and internet service from Lloyds TSB Registrars which offers a simple and convenient way to buy or sell British Energy shares. Further details may be obtained at www.shareview.co.uk/dealing or by telephone on 0870 850 0852. A postal dealing service is also available.

Charges (as at July 2005) are:-

	Internet
Certificated	0.5% min. £17.50
Nominee	0.5% min. £20.00

SHARE PRICE INFORMATION
British Energy's share price is broadcast on BBC1 Ceefax, page 222, and on Channel 4 Teletext, page 521. It also appears in the financial columns of the national press and on the Company's website.

CREST
In conjunction with its Registrars, British Energy has established arrangements to offer a special CREST service for British Energy shareholders, which will allow them to hold shares through CREST while still receiving Company information. Further details about this nominee service can be obtained from the Registrars.

TAXATION INFORMATION
Following the completion of the restructuring, former British Energy plc shareholders who are within charge to capital gains tax or (in the case of companies) corporation tax on chargeable gains within the United Kingdom, will be treated as having made a disposal of those shares for tax purposes. Broadly, any gain or loss will be calculated by deducting the initial cost of the shares from the consideration received on disposal.

The shares and warrants in British Energy Group plc to which those shareholders in British Energy plc, who did not make a valid election to receive those new shares and warrants, would otherwise have been entitled, were sold on their behalf. These sales took place shortly after the admission of the shares to the Official List of the London Stock Exchange on 17 January 2005, and the sale proceeds were remitted to former shareholders. In circumstances where those shares and warrants were sold by a nominee the consideration received on disposal will be deemed to be the proceeds received from the nominee.

For shareholders who elected to receive shares and warrants, the consideration received on disposal for tax purposes, is deemed to be the market value on the first day of trading of the shares (262.875p per share) and warrants (172.375p per warrant) received, along with the proceeds of sale of any fractional entitlement.

Further information, including a sample capital gains calculation, has been placed on the British Energy website (www.british-energy.com)

The above (together with the further guidance and example on the website) is intended as general guidance only. If shareholders have questions concerning their individual tax position, they should consult a professional tax adviser to discuss their circumstances.

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EMPEROR DESIGN CONSULTANTS LTD

PHOTOGRAPHY BY
MONTY RAKUSEN

BRITISH ENERGY GROUP PLC
WWW.BRITISH-ENERGY.COM

SAFE HARBOUR

This document contains certain 'forward-looking' statements as defined in Section 21E of the US Securities Exchange Act of 1934, including statements with respect to British Energy's business plans, the performance of its stations, electricity prices and other matters that are not historical facts concerning the business operations, financial condition and results of operations of British Energy. These forward-looking statements typically contain words such as 'intends', 'expects', 'anticipates', 'estimates', 'aim', 'believe', 'assume', 'should', and words of similar import, which are predictions of or indicate future events or future trends. These forward-looking statements involve known and unknown risks, uncertainties and other factors, which are in some cases beyond the control of British Energy and may cause actual results or performance to differ materially from those expressed or implied from such forward-looking statements. British Energy has identified some important factors that may cause such differences in British Energy's Form 20-F annual report for the year ended 31 March 2005 which has been filed with the US Securities and Exchange Commission.

Due to the uncertainties and risks associated with these forward-looking statements, which speak only as to the date hereof, we are claiming the benefit of the safe harbour provision referred to above.

EBITDA is defined by the Company as operating income before interest expense, income taxes, depreciation and amortisation. The Company has included information concerning EBITDA because it believes that it is used by certain investors as one measure of the Company's financial performance. EBITDA is not a measure of financial performance under United Kingdom Generally Accepted Accounting Principles and is not necessarily comparable to similarly titled measures used by other companies. EBITDA should not be construed as an alternative to operating income or to cash flows from operating activities (as determined in accordance with United Kingdom Generally Accepted Accounting Principles) as a measure of liquidity.

This Review includes the Financial Statements for British Energy Group plc (the Company) for the period from its incorporation on 2 July 2004 until 31 March 2005 (the Financial Period). However, the Company did not trade until the acquisition of British Energy Limited and its subsidiaries (the Acquired Group) on 14 January 2005 (the Restructuring Effective Date or RED). Therefore, the results reflect the turnover and costs of the Group from RED to 31 March 2005 (the post-RED trading period). Where appropriate, we have given limited information relating to British Energy Limited for the period from 1 April 2004 to 14 January 2005 (the pre-RED trading period) and information relating to the 12 month period to 31 March 2005 (the year). However, due to the different basis of preparation of the Financial Statements of the Company and the Acquired Group, it is not generally possible to provide directly comparable financial information relating to the year for both companies. The addition of these results for the pre-RED trading period and the post-RED trading period will not result in an accurate or meaningful result for either the Company or the Acquired Group for the year. However, to assist readers we have provided an annual equivalent in certain of the tables above. The annual equivalent comprises of an adjusted 2.5 months result for British Energy Group plc which includes certain adjustments to reverse the impact of accounting policies and the impact of the fair valuation exercise, and the 9.5 months results for British Energy Limited adjusted for a one-off charge related to Amergen. The annual equivalent is not the same as typical proforma results, is unaudited and is not consistent with any Generally Accepted Accounting Principles. Due to the seasonality of our business, the results for the post-RED trading period should not be taken as giving an accurate indication of what the Company's results for future years might be.

In this Review, except as otherwise specified, 'British Energy', the 'British Energy Group', the 'Company', the 'Group', 'we', 'us' or 'our' refer to British Energy Group plc and its subsidiaries, or, in the context of events prior to the Restructuring Effective Date, British Energy Limited (formerly British Energy plc, the former ultimate holding company of the Group now re-registered as a private limited company) and any of their respective predecessors in business, as the context may require.

POSITIVE ABOUT DISABLED PEOPLE

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race for opportunity

BRITISH ENERGY GROUP PLC
SYSTEMS HOUSE
ALBA CAMPUS
LIVINGSTON
EH54 7EG
UNITED KINGDOM

REGISTERED IN SCOTLAND NUMBER 270184

BRITISH ENERGY GROUP PLC
WWW.BRITISH-ENERGY.COM

T: +44 (0) 1506 408700

F: +44 (0) 1506 408888

More Information
Visit: www.british-energy.com