



# *British Energy*

## Results Presentation

**British Energy Group plc - Results for the period  
ended 31 March 2005**

**27 July 2005**

This presentation 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 its Form 20-F for the financial year ended 31 March 2004 and in its Form 6-K in connection with the Restructuring dated 30 November 2004 which have 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.

# Explanation of results 1

The financial statements consolidate the results of British Energy Group plc (the Company or “BEG plc”) and its subsidiary undertakings. The Company was incorporated on 2 July 2004. As a consequence of the Restructuring of the British Energy Group, the Company acquired British Energy Limited (formerly British Energy plc)(“BE Ltd”) on 14 January 2005 (Restructuring Effective Date, “RED”). The Restructuring has been accounted for under the principles of acquisition accounting set out in FRS 6 - Acquisitions and Mergers (FRS 6) therefore all the acquired assets and liabilities have been recorded at fair value with goodwill arising on the difference between net assets acquired and the consideration. Thus only post acquisition results of British Energy Group plc are being reported in the profit and loss account in financial statements.

# Explanation of the results 2

- ◆ Restructuring Adjustments:
  - Change in Accounting Policies
  - Fair Valuation Exercise at Restructuring Effective Date (RED)
  - Financial implications of the Restructuring (including revised capital structure)
  
- ◆ Approach is to report:
  - Group results for the 2.5 months traded for British Energy Group plc, (BEG) (from 15 January 2005)
  - Group results for the preceding 9.5 months for British Energy Limited, (BE Ltd) (to 14 January 2005)
  - In order to assist the reader, an annual equivalent consisting of the sum of:
    - The reported 9.5 months for BE Ltd adjusted for a one off charge in relation to AmerGen (adjusted BE Ltd 9.5 Mths)
    - The reported 2.5 months for BEG adjusted to reverse certain of the restructuring adjustments (adjusted BEG 2.5 Mths)
  
- ◆ Detailed adjustments can be found on slides 14 - 18

**The annual equivalent results are prepared for comparison purposes only and are not prepared on the basis of UK GAAP**



# *British Energy*

Adrian Montague

*Chairman*

# Welcome

# Speakers



Adrian Montague

**Chairman**

Bill Coley

**Chief Executive Officer**

Stephen Billingham

**Finance Director**



# *British Energy*

**Bill Coley**

*Chief Executive Officer*

- 1 Financial Review
- 2 Operational Review
- 3 Appendix

# Highlights

- ◆ Annual equivalent EBITDA, FY 2004/05 £94m
  
- ◆ Impact of accounting changes
  - EBITDA, FY 2005/06 around £250m
  - EBIT, FY 2005/06 around £100m
  
- ◆ Output for quarter ended 30 June 2005
  - Nuclear 17.4 TWh
  - Coal 15.7 TWh
  - Coal 1.7 TWh
  
- ◆ 2005/06 fixed contract book at 30 June 2005
  - Approx. three quarters planned output at £29.8/MWh
  
- ◆ Planned investment in plant and nuclear output for FY 2005/06 remain unchanged



# *British Energy*

Stephen Billingham

*Finance Director*

# Outline of Financial Review

- 1 - Reported BEG 2.5 Months Results
- 2 - Reported BE Ltd 9.5 Months Results
- 3 - Impact of Restructuring
- 4 - Annual Equivalent Results

# British Energy Group plc (2.5 Months from 15 January 2005 to 31 March 2005) UK GAAP



£m (unless stated)

	Reported BEG 2.5 Mths
Output (TWh)	16.8
- Nuclear Output (TWh)	14.3
- Coal Output (TWh)	2.5
Realised price (£/MWh) <sup>(1)</sup>	24.0
Operating unit cost (£/MWh) <sup>(1,2,3)</sup>	19.5
Net operating margin (£/MWh) <sup>(1,2,3)</sup>	4.5
Pre exceptional operating profit continuing activities (pre cash sweep) <sup>(2,3)</sup>	82
EBITDA continuing activities (pre cash sweep) <sup>(2,3)</sup>	129
Post exceptional profit after tax (pre cash sweep) <sup>(3)</sup>	35
Cash Sweep	-
Profit attributable to shareholders	35

No dividend. No NLF Cash Sweep

NLF Cash Sweep % - 64.99 at 31 Mar 2005

(1) Excludes electricity supply costs and miscellaneous income

(2) Stated before exceptional items of £19m

(3) Capex of £35m in the period was capitalised of which £31m would previously have been expensed by BE Ltd

# British Energy Limited (9.5 Months to 14 January 2005) UK GAAP



£m (unless stated)

Reported  
BE Ltd  
9.5 Mths

Output (TWh)	50.6
- Nuclear Output (TWh)	45.5
- Coal Output (TWh)	5.1
Realised price (£/MWh) <sup>(1)</sup>	19.2
Operating unit cost (£/MWh) <sup>(1,2,3)</sup>	21.3
Net operating margin (£/MWh) <sup>(1,2,3)</sup>	(2.1)
Pre exceptional operating loss continuing activities <sup>(2,3)</sup>	(83)
EBITDA continuing activities <sup>(2,3)</sup>	(24)
Post exceptional loss after tax <sup>(3)</sup>	(360)
Loss attributable to shareholders	(360)

Note:

The results for BE Ltd include a one off charge related to AmerGen of £5m

<sup>(1)</sup> Excluding electricity supply costs and miscellaneous income

<sup>(2)</sup> Stated before exceptional items of £60m

<sup>(3)</sup> Stated after expensing Capex of £66m to the profit and loss account

# Principal changes for Restructuring 1

- ◆ Debt reduction
  - Debt £704m at RED
  
- ◆ NLF and Government indemnity recognised on balance sheet
  - Equivalent to qualifying contracted and uncontracted nuclear liabilities
  
- ◆ NLF Cash Sweep
  - Will be accrued as an operating cost at year end
  
- ◆ Fixed decommissioning payments
  - Balance sheet accrual £232m, payment £20m p.a.

Further accounting changes may occur with IFRS treatment

# Principal changes for Restructuring 2

## ◆ Fair valuation

- Fixed assets at £2bn, including goodwill of £0.3bn
- Based on assumptions at RED. Net of NLF Cash Sweep payments. Assumes five year extension on Dungeness B
- Mark to market of trading book at RED, negative £246m before deferred tax
- Capex no longer expensed

## ◆ P&L Impact

- Depreciation increased, expected to be approx £200m in FY 2005/06
- Unwind of trading book, impact expected to be approx £130m in FY 2005/06
- Goodwill amortised over 20 years as per station lives at RED
- Capex expected to be £125m - 150m capitalised in FY 2005/06

Further accounting changes may occur with IFRS treatment

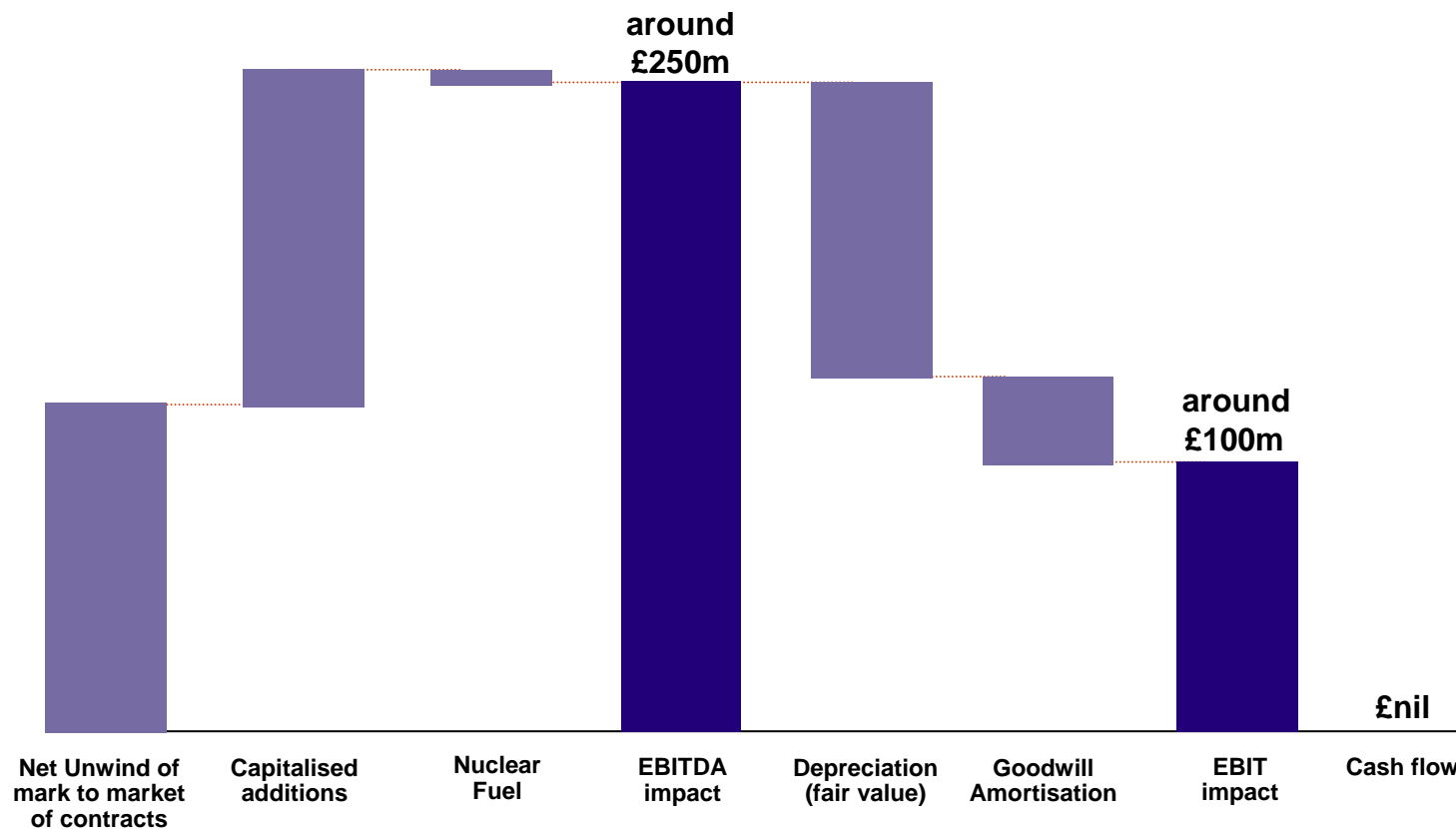
# Changes in Accounting Policy

- ◆ Pensions stated on the basis of FRS 17
  - Net pension deficit of £244m (net of deferred tax). Regular contributions c. £45m, additional cash contributions towards pension deficit £20m in FY 2005/06
  
- ◆ Change in nuclear fuel policy
  - Capitalise front end fixed fabrication and back end costs, amortised as fuel used

Further accounting changes may occur with IFRS treatment

# Impact of accounting changes 2005/06 UK GAAP

Impact of accounting changes on operating income. Excludes the impact of the NLF cash sweep and other commercial arrangements due to the restructuring



# Income Statement BEG plc 2.5 Months Adjustments

## For comparison only



£m	Reported BEG plc 2.5 Mths	Change in Accounting Policy	Revaluation	Adjusted BEG plc 2.5 Mths
<b>Group Turnover</b>	482			482
<b>Group Turnover exc ESC costs and miscellaneous income</b>	403			403
<b>Operating costs before exceptionals</b>				
Fuel				
- Nuclear <sup>(1)</sup>	71	(7)	-	64
- Coal	56			56
Materials and services <sup>(2)</sup>	82	8	23	113
Staff costs	63			63
Depreciation charge <sup>(3)</sup>	41	(12)	(14)	15
Amortisation <sup>(4)</sup>	6	-	(6)	-
Other operating expenses <sup>(5)</sup>	8	-	(8)	-
NLF cash sweep	-			-
Energy supply costs	73			73
<b>Total operating costs before exceptionals</b>	400	(11)	(5)	384

### Adjustments:

- (1) Capitalisation of front and back end costs amortised as fuel is used, net of change to full provision for final core
- (2) Capex of £35m in the period was capitalised of which £31m would previously have been expensed by British Energy Limited
- (3) Increased depreciation as a result of the fair valuation and amortisation of statutory outage costs as a result of change in accounting policies
- (4) Goodwill arising on acquisition
- (5) Unwind of the fair value of the mark to market contracts

# Annual Equivalent Highlights

## For comparison only



	Annual equivalent	FY 2003/04
<b>Pre-exceptional EBITDA (£m)</b>	94 <sup>(A)</sup>	107
<b>Total Output (TWh)</b>	67.4	72.6
<b>Unplanned outages (TWh)</b>	17.3	10.7
<b>Realised price (£/MWh)</b>	20.4	16.9
<b>Total investment in plant (£m)</b>	162 <sup>(B)</sup>	128

(£m)	31 Mar 2005	31 Mar 2004
<b>Total cash (including collateral)</b>	456	573
<b>Collateral</b>	216	297
<b>Debt</b>	676	883
<b>Net debt</b>	220	310

<b>Net cash flow from operating activities (£m)</b>	
BEG 2.5 Mths	128
BE Ltd 9.5 Mths	(119)

Notes:

(A) Stated before exceptional items of £19m for BEG (2.5 Months) and £60m for BE Ltd (9.5 Months)

(B) Includes Capex of £23m for BEG (2.5 Months) which would previously have been expensed and £66m for BE Ltd (9.5 Months) expensed

# Output - EBITDA

## Annual equivalent - For comparison only



£m (unless stated)	Reported BEG 2.5 Mths	Adj. 2.5 Mths	Adjusted BEG 2.5 Mths	Adjusted BE Ltd 9.5 Mths <sup>(6)</sup>	Annual Equivalent	BE Ltd FY 04
Total Output	16.8			50.6	67.4	72.6
- Nuclear TWh	14.3			45.5	59.8	65.0
- Coal TWh	2.5			5.1	7.6	7.6
Realised price £/MWh	24.0			19.2	20.4	16.9
Operating cost £/MWh (pre cash sweep) <sup>(1,2,3,4,5,B,C)</sup>	19.5	(1.0)	18.5	21.2	20.5	16.5
Operating margin £/MWh <sup>(1,2,3,4,5,B,C)</sup>	4.5	1.0	5.5	(2.0)	(0.1)	0.4
Turnover exc ESC and miscellaneous income	403			969	1,372	1,225
Pre exceptional operating costs exc ESC <sup>(A)</sup>	327	(16)	311	1,071	1,382	1,199
Miscellaneous income	6	-	6	24	30	31
Pre exceptional EBIT (pre cash sweep) <sup>(1,2,3,4,5,A,B,C)</sup>	82	16	98	(78)	20	57
Pre exceptional EBITDA (pre cash sweep) <sup>(1,2,5,A,B,C)</sup>	129	(16)	113	(19)	94	107

For explanation of adjustments see slides 14 to 18:

(1) Nuclear fuel

(2) Capex

(3) Depreciation

(4) Goodwill

(5) Unwind of the fair value at the mark to market contracts

(6) The adjusted results for BE Ltd include the reversal of a one off charge of £5m in relation to AmerGen

Notes:

(A) Stated before exceptional items of £19m for BEG (2.5 Months) and £60m for BE Ltd (9.5 Months)

(B) Includes capex of £35m for BEG (2.5 Months) capitalised of which £31m would previously have been expensed and £66m for BE Ltd (9.5 Months) expensed

(C) Excluding electricity supply costs

# Turnover

## Annual equivalent - For comparison only



£m (unless stated)

	Reported BEG 2.5 Mths	Adj. 2.5 Mths	Adjusted BEG 2.5 Mths	Adjusted BE Ltd 9.5 Mths	Annual Equivalent	BE Ltd FY 04
<b>Group Turnover Continuing activities</b>						
Wholesale generation	233			458	691	703
Direct supply	170			511	681	522
Energy supply costs	73			229	302	260
Miscellaneous income	6			24	30	31
<b>Turnover</b>	<b>482</b>			<b>1,222</b>	<b>1,704</b>	<b>1,516</b>
% Split - excl. ESC						
Wholesale generation	58%			47%	50%	57%
Direct supply	42%			53%	50%	43%
Output TWh	16.8			50.6	67.4	72.6
Realised Price £/MWh <sup>(A)</sup>	24.0			19.2	20.4	16.9

Notes:

(A) Excludes electricity supply costs and miscellaneous income

# Operating Costs

## Annual equivalent - For comparison only



£m (unless stated)

	Reported BEG 2.5 Mths	Adj. 2.5 Mths	Adjusted BEG 2.5 Mths	Adjusted BEL 9.5 Mths <sup>(6)</sup>	Annual Equivalent	BEL FY 04
<b>Continuing activities - acquisition</b>						
Nuclear <sup>(1)</sup>	71	(7)	64	252	316	318
Coal	56	-	56	91	147	95
<b>Fuel costs<sup>(1)</sup></b>	127	(7)	120	343	463	413
Materials and services <sup>(2)</sup>	82	31	113	429	542	512
Staff Costs	63	-	63	240	303	224
Depreciation <sup>(3)</sup>	41	(26)	15	59	74	50
Amortisation <sup>(4)</sup>	6	(6)	-	-	-	-
Other operating expenses <sup>(5)</sup>	8	(8)	-	-	-	-
<b>Total operating costs (pre cash sweep) excluding ESC<sup>(1,2,3,4,5,A,B)</sup></b>	327	(16)	311	1,071	1,382	1,199
Energy supply costs	73	-	73	229	302	260
<b>Total operating costs<sup>(2,3,4,A,B)</sup></b>	400	(16)	384	1,300	1,684	1,459
Nuclear Fuel Cost/TWh	5.0	(0.5)	4.5	5.5	5.3	4.9
Coal Fuel Cost/TWh	22.4			17.8	19.3	12.5
£/MWh						
<b>Total operating unit costs excluding ESC (pre cash sweep)<sup>(1,2,3,4,5,A,B)</sup></b>	19.5	(1.0)	18.5	21.3	20.5	16.5

For explanation of adjustments see slides 14 to 18:

(1) Nuclear fuel

(2) Capex

(3) Depreciation

(4) Goodwill

(5) Unwind of the fair value at the mark to market contracts

(6) The adjusted results for BE Ltd include the reversal of a one off charge of £5m in relation to AmerGen

Notes:

(A) Stated before exceptional items of £19m for BEG (2.5 Months) and £60m for BE Ltd (9.5 Months)

(B) Includes Capex of £35m for BEG (2.5 Months) capitalised of which £31m would previously have been expensed and £66m for BE Ltd (9.5 Months) expensed

# Incremental Cost Analysis

## Annual equivalent - For comparison only



Total operating unit costs £19.5/MWh for BEG 2.5 M, £20.5/MWh for annual equivalent  
£16.5/MWh for FY 2003/04

### Operating Unit Costs<sup>(3)</sup> FY2003/04 compared with Annual Equivalent

	£/MWh	£/MWh
<b>Operating unit cost FY 2003/04</b>	<b>16.5</b>	
Change in costs		
Nuclear fuel <sup>(1)</sup>		0.3
Coal <sup>(1)</sup>		0.9
Materials and services		0.4
Staff (excluding pensions) <sup>(2)</sup>		0.4
Pension (P&L) <sup>(2)</sup>		0.8
Depreciation		0.4
Impact of lower output		0.8
<b>Operating unit cost Annual equivalent</b>		<b>20.5</b>

(Numbers are rounded)

<sup>(1)</sup> Fuel costs are treated as wholly variable. Increases per unit are each calculated by reference to total output.

<sup>(2)</sup> Staff costs increased by £79m for annual equivalent of which £52m is due to pension costs (FY 04 £Nil)

<sup>(3)</sup> Operating Unit Costs are separate to and not comparable with nuclear unit cash costs and include, inter alia, costs of Eggborough

# P&L 'Non operating' BEG 2.5 Months UK GAAP



£m	Reported BEG 2.5 Mths
Pre exceptional operating profit continuing activities (pre cash sweep)	82
NLF cash sweep	-
Pre exceptional operating profit continuing activities (post cash sweep)	82
Net interest	(5)
Revalorisation	(5)
Net credit to financing charges for pension liability	1
<b>Pre exceptional profit before tax</b>	<b>73</b>
Taxation	(19)
<b>Pre exceptional profit after tax</b>	<b>54</b>
Exceptional charge	(19)
<b>Profit for period attributable to shareholders</b>	<b>35</b>
<b>Post exceptional profit after tax(pre cash sweep)</b>	<b>35</b>
NLF cash sweep	-
<b>Profit for period attributable to shareholders</b>	<b>35</b>

# Financial Results Summary

- ◆ Annual Equivalent results reflect the:
  - Benefit of increased power prices
  - Higher unplanned losses
  - Historic contracts below market prices
  
- ◆ Impact of accounting changes around £100m EBIT, around £250m EBITDA, £nil cash flow in FY 2005/06 (excludes NLF cash sweep and other commercial arrangements)
  
- ◆ Revised financial structure, reduced interest and revalorisation
  
- ◆ NLF cash sweep will require careful review

Further accounting changes may occur with IFRS treatment

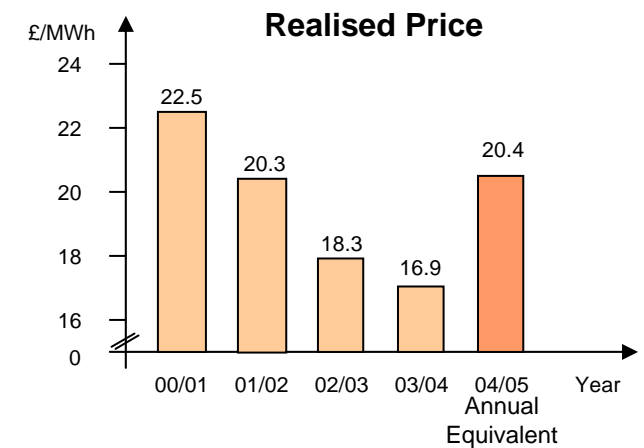
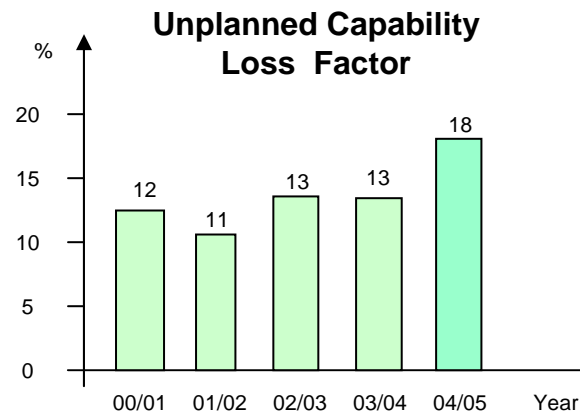
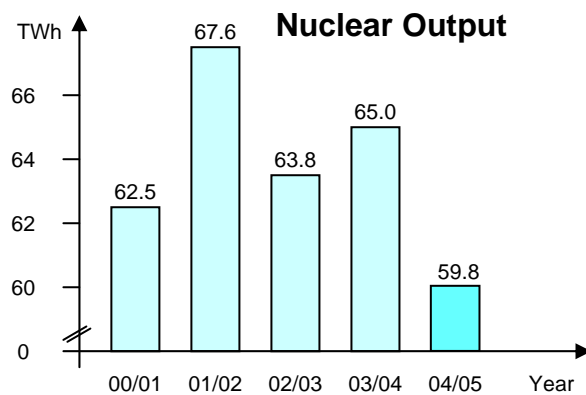
# Reporting Issues

- ◆ IFRS First Time Adoption Statement - September
- ◆ Q1 Results under IFRS - September
- ◆ Intend to de-register from SEC and end US GAAP reporting requirements

- 1 Financial Review
- 2 Operational Review
- 3 Appendix

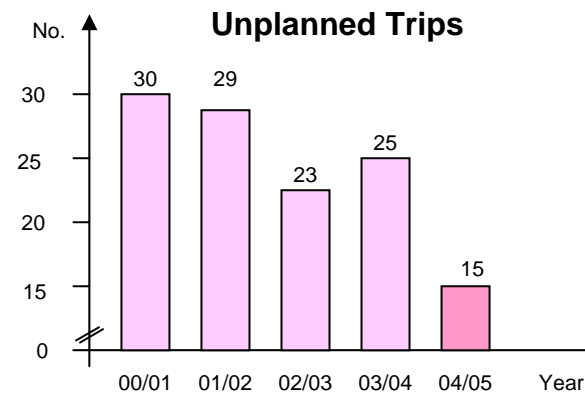
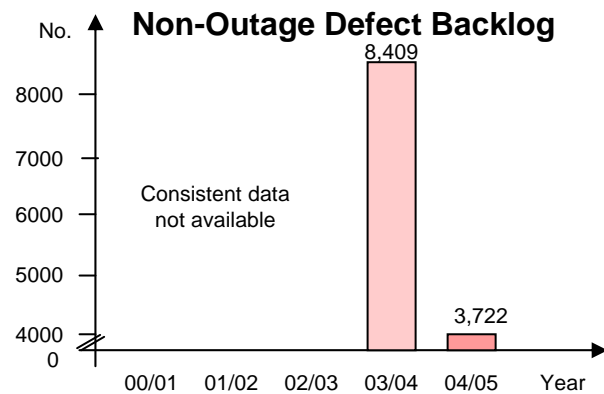
# Operational Review 1

- ◆ Nuclear output 59.8 TWh
- ◆ Hartlepool and Heysham 1 unplanned loss 7.4 TWh
- ◆ Annual equivalent realised price £20.4/MWh up 21%
- ◆ Annual equivalent operating unit costs up £4.0/MWh to £20.5/MWh



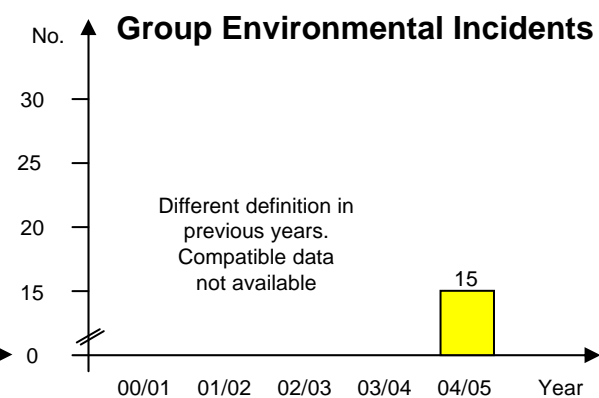
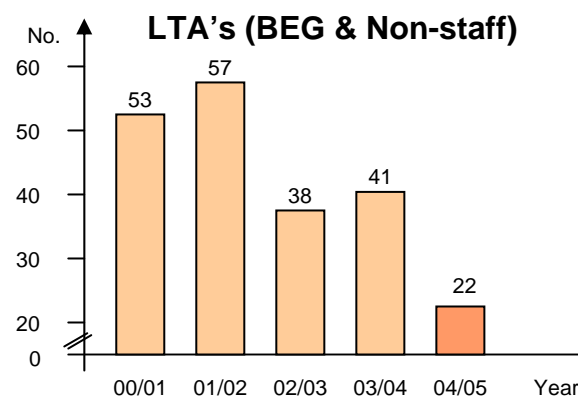
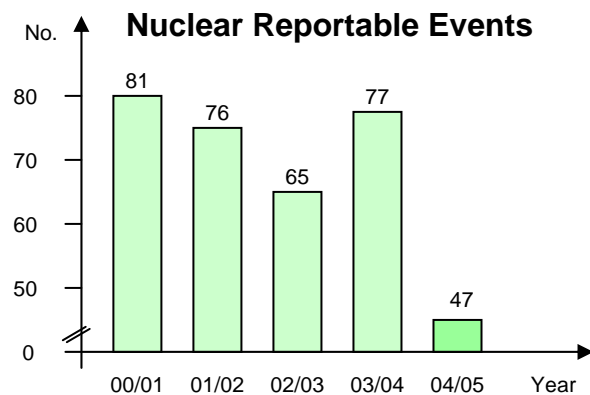
# Operational Review 2

- ◆ New management team in place and 415 new hires (net 181)
- ◆ Trading Development Plan and PiP foundations completed in March 2005
- ◆ Asset investment and business plan for FY 2005/06 underway
- ◆ Non-outage defect backlog down 55%
- ◆ Unplanned trips down 40%



# Safety and Environment

- ◆ Safety is fundamental
- ◆ Nuclear Reportable Events down 39%
- ◆ Lost time accidents down 46%
- ◆ Environmental incidents improving trend

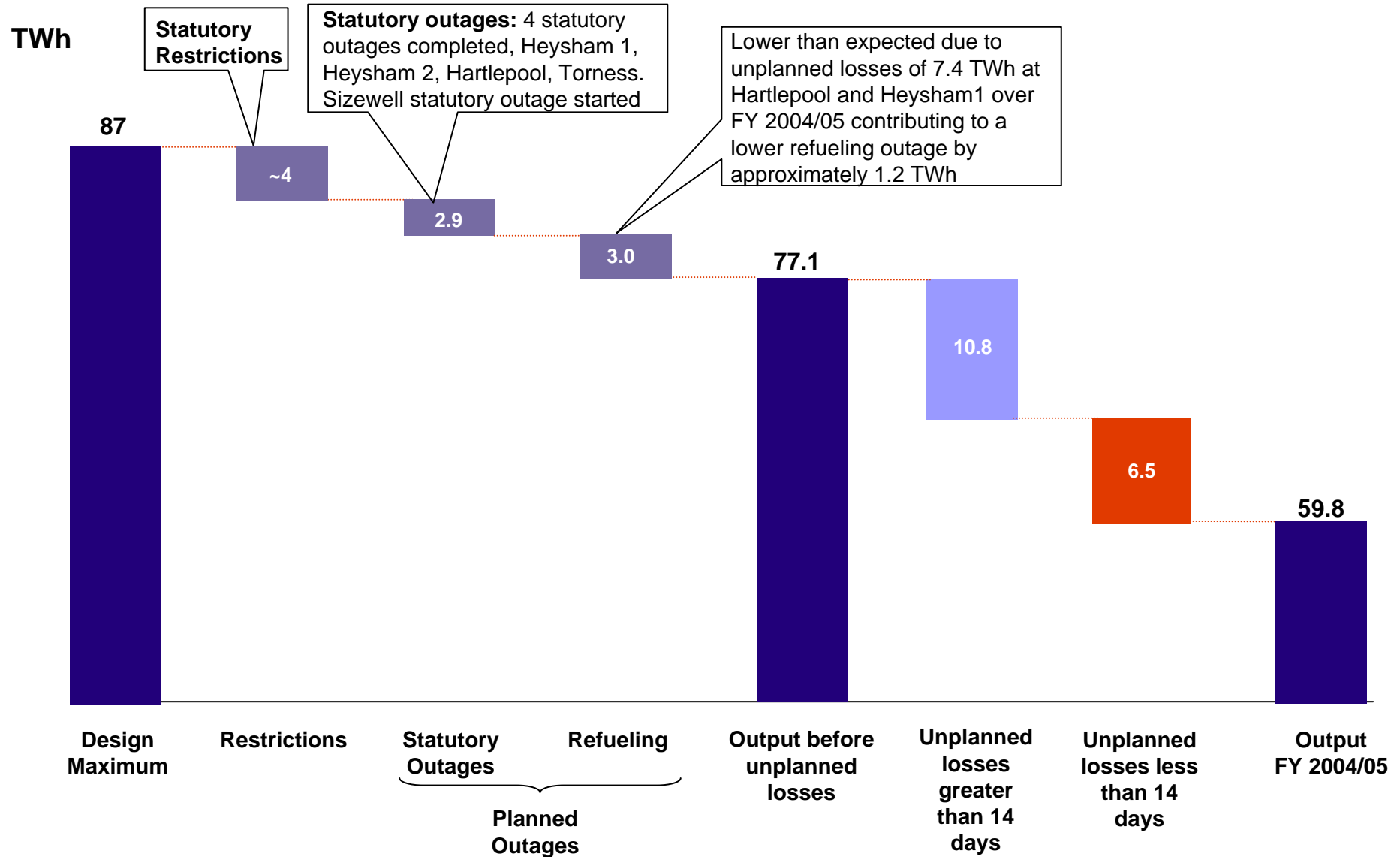


# Output summary

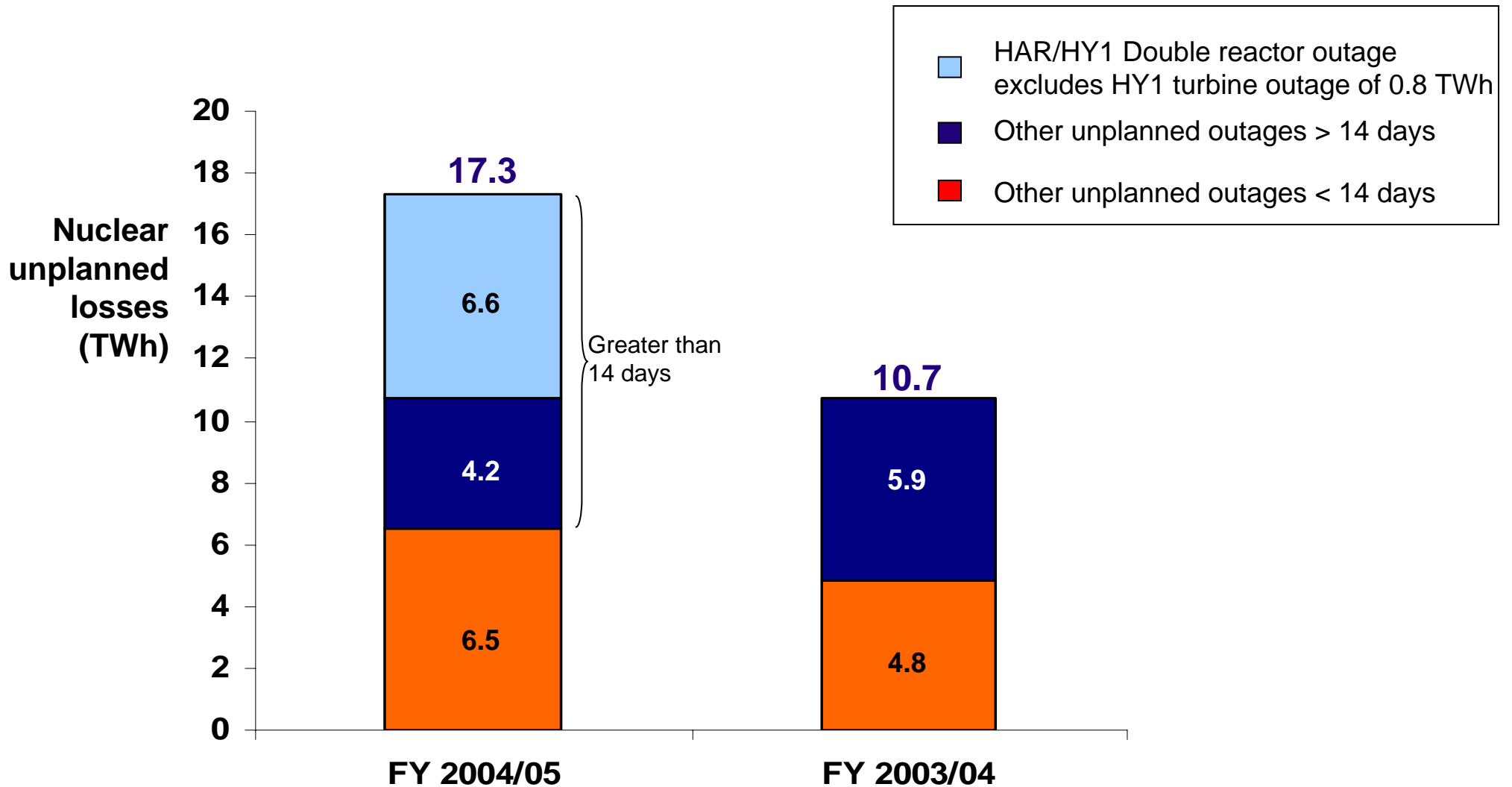


	BEG 2.5 Mths	BE Ltd 9.5 Mths	Annual equivalent	FY 04
<b>Output (TWh)</b>				
Nuclear - AGRs	12.4	38.3	50.7	56.1
Nuclear - PWR	1.9	7.2	9.1	8.9
Total Nuclear	14.3	45.5	59.8	65.0
Eggborough (Coal)	2.5	5.1	7.6	7.6
Total	16.8	50.6	67.4	72.6
<b>Nuclear Unplanned Losses (TWh)</b>			17.3	10.7
<b>Load Factors (%)</b>				
Nuclear - AGRs	81%	66%	69%	76%
Nuclear - PWR	91%	87%	88%	85%
Total Nuclear	82%	69%	71%	77%
Eggborough (Coal)	71%	38%	45%	45%

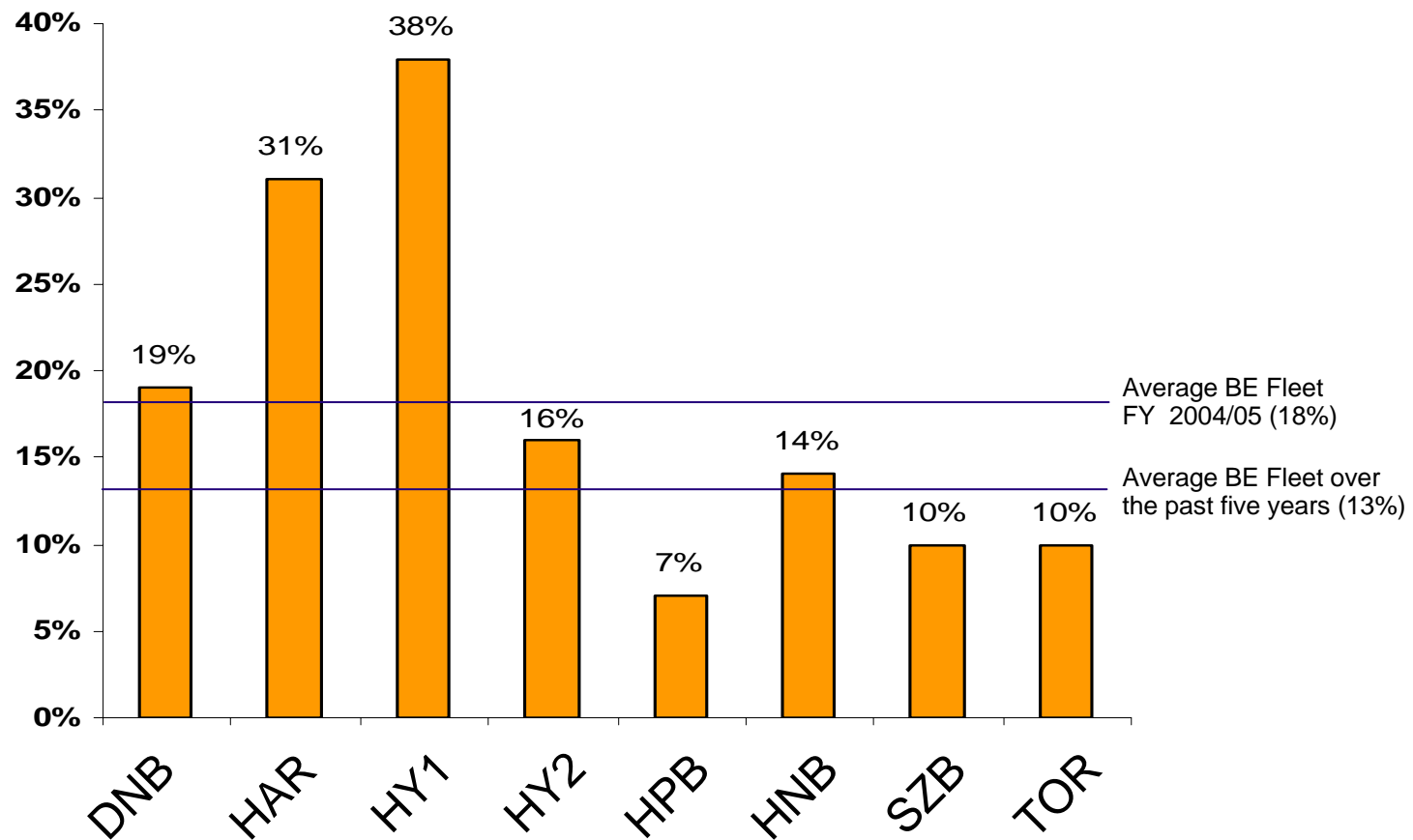
# Understanding Nuclear Output - FY 2004/05



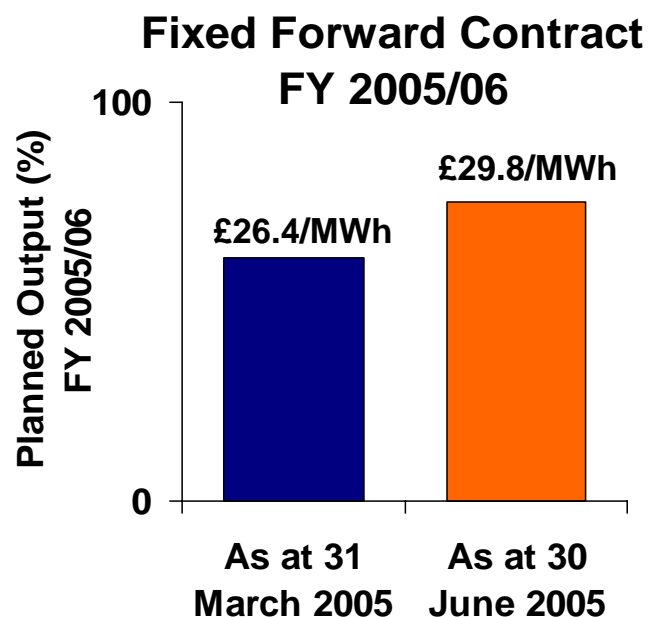
# Nuclear Unplanned Losses



# UCLF by Station - FY 2004/05



- ◆ Output 7.6 TWh FY 2004/05, 7.6 TWh FY 2003/04
- ◆ Sold in to the market after taking into account the full impact of carbon costs
- ◆ 4.5 million tonnes CO<sub>2</sub> emissions allowances allocated (approx 5.0 TWh p.a. generation)
- ◆ Biomass co-firing fully operational
- ◆ FGD equipment fitted to Units 3 and 4, acceptance testing being undertaken
- ◆ Government delayed LCPD decision requirement until December 2005



- ◆ Fixed book excludes 5 TWh capped contracts around £30/MWh
- ◆ Aim to reduce imbalance costs expected to be approx. £1.0/MWh for FY 2005/06
- ◆ Continue to focus on broadening routes to market including through use of financial products

- ◆ Sizewell B statutory and refueling outage completed mid May 05
- ◆ Heysham 1 return to service delayed from early July
- ◆ Hunterston B statutory outage commenced late June 2005
- ◆ Three more statutory outages planned for first nine months FY 2005/06 at Hinkley Point B, Heysham 2 and Dungeness B
- ◆ Dungeness B achieved best rolling three year performance. Had lowest-ever level of reportable events and lost time accidents
- ◆ BNFL assurance to continue to receive spent nuclear fuel irrespective of THORP

## 2005/06 Update 2

- ◆ Nuclear output for quarter to 30 June 2005 15.7 TWh, Coal 1.7 TWh. Total 17.4 TWh
- ◆ Forecast nuclear output is unchanged at 63 TWh p.a. on average over next two years
- ◆ Approx. three quarters of contract book fixed at £29.8/MWh
- ◆ Planned investment in plant unchanged at £230m - £250m for FY 2005/06
- ◆ Decision on life extension for Dungeness B expected Autumn 05

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# Cash/Net Debt Analysis

£m

	31-Mar-2005 BEG	31-Mar-2004 BE Ltd
Cash not used for collateral	240	276
Cash used for collateral	216	297
<b>Total cash</b>	<b>456</b>	<b>573</b>
Total debt	676	883
Less total cash	(456)	(573)
<b>Net debt</b>	<b>220</b>	<b>310</b>

# Operating Cash Flow



£m	BEG 2.5 Mths	BE Ltd 9.5 Mths	BE Ltd FY 04
<b>Operating profit/(loss) post cash sweep and exceptionals<sup>(A)</sup></b>	63	(143)	340
Exceptional items	19	60	(283)
<b>Operating profit/(loss) post cash sweep before exceptionals<sup>(A,B)</sup></b>	82	(83)	57
Cash sweep	-		
Depreciation & amortisation	47	59	50
<b>EBITDA - continuing activities<sup>(A,B)</sup></b>	129	(24)	107
Nuclear liabilities non-cash		104	130
Nuclear liabilities paid <sup>(C)</sup>		(122)	(59)
Regular contributions to decomm fund	(5)	(15)	(19)
Movements in other provisions	19	12	(3)
Working capital	-	(45)	25
Cash exceptional items	(15)	(29)	(25)
<b>Net cash flow from operating activities<sup>(A,C)</sup></b>	128	(119)	156

Notes:

(A) Capex of £35m for BEG (2.5 Months) capitalised of which £31m would previously have been expensed and £66m for BE Ltd (9.5 Months) expensed

(B) Stated before exceptional items of £19m for BEG and £60m for BE Ltd (9.5 Months)

(C) Deferred BNFL payment of £25m for BE Ltd (9.5 Months)

# Reconciliation of Operating Cash flow with Total Cash



£m	Reported BEG 2.5 Mths	BE Ltd 9.5 Mths	BE Ltd FY 04
<b>Net cash flow from operating activities<sup>(A)</sup></b>	128	(119)	156
Returns on investment and financing service	(9)	(60)	(75)
Taxation	-	-	(12)
Capital expenditure less receipts from disposals	(28)	-	-
Net receipts from sale of investments	-	4	171
Sub total	91	(175)	240
Share issue expenses	(10)	-	-
Repayment of loan/bonds	(28)	-	-
<b>Increase/(decrease) in Total Cash<sup>(B)</sup></b>	53	(175)	240

Notes:

(A) Capex of £35m for BEG (2.5 Months) capitalised of which £31m would have previously been expensed and £66m for BE Ltd (9.5 Months) expensed

(B) Deferred BNFL payment of £25m for BE Ltd (9.5 Months)

# Historic losses from outages at nuclear plants



<b>Unplanned Loss from Non-Routine Events</b>		<b>Q4 05</b>	<b>Q3 05</b>	<b>Q2 05</b>	<b>Q1 05</b>
Q4 05	- Heysham 1 turbine blade failure	0.8			
	- Hunterston boiler repairs	0.2			
	- Torness reactor standpipe plug leak repairs	0.2			
Q3 05	- Hartlepool / Heysham 1 boiler integrity, safety case, etc		3.5		
	- Hartlepool cast iron repairs		0.7		
Q2 05	- Hartlepool / Heysham 1 boiler integrity et al			2.0	
	- Heysham 2 gas circulator inspections			0.6	
	- Hartlepool cast iron repairs			0.5	
	- Dungeness alternator repair			0.3	
	- Hunterston feed vessel repair			0.2	
Q1 05	- Sizewell B rotor earth fault				0.8
	- Torness boiler modifications				0.5
	- Heysham 2 boiler feed restriction repair outage				0.4
	Other Outages each < 14 days:	1.4	1.6	2.0	1.6
	<b>Total Unplanned Losses for Quarter</b>	<b>2.7</b>	<b>5.8</b>	<b>5.5</b>	<b>3.4</b>

(Numbers are rounded)

## UCLF over past 5 years

<b>Station</b>	<b>2000/01</b>	<b>2001/02</b>	<b>2002/03</b>	<b>2003/04</b>	<b>2004/05</b>
DNB	25%	32%	23%	14%	19%
HAR	2%	4%	3%	10%	31%
HY1	4%	6%	8%	33%	38%
HY2	2%	7%	6%	7%	16%
HPB	11%	9%	11%	15%	7%
HNB	27%	3%	5%	8%	14%
SZB	9%	11%	2%	5%	10%
TOR	21%	14%	43%	14%	10%
<b>Total</b>	<b>12%</b>	<b>11%</b>	<b>13%</b>	<b>13%</b>	<b>18%</b>

# Nuclear Generation - Output 2004/05

<b>TWh</b>	<b>Output</b>	<b>Load factors</b>
HPB	9.3	87%
SZB	9.1	88%
TOR	8.3	76%
HUN	8.3	79%
HY2	8.2	75%
DNB	6.5	66%
HY1	5.1	51%
HAR	5.0	48%
<b>Total</b>	<b>59.8</b>	<b>71%</b>

# Financial Calendar



<b>Event</b>	<b>Indicative Date 2005</b>
<b>IFRS First Time Adoption Statement</b>	<b>September</b>
<b>AGM</b>	<b>September</b>
<b>Q1 06</b>	<b>September</b>
<b>Dungeness Life Extension Announcement</b>	<b>Autumn</b>
<b>H1 06</b>	<b>December</b>

**AGR (advanced gas-cooled reactor)** - The second generation of civil gas-cooled nuclear reactor built in the UK.

**BNFL** - British Nuclear Fuels plc.

**DSB** - Direct Supply Business.

**EBITDA** - Earnings before interest, taxes, depreciation, amortisation and related exceptional items. 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.

**Energy Supply Costs (ESC)** - Mainly comprise the costs incurred for the use of the distribution and transmission systems and the cost of compliance with the Renewables Obligation, recovered through turnover.

## Definitions (Cont'd)

**Investment in Plant** - Investment expenditure on plant projects, major repairs and strategic spares across the whole Group, including incremental costs associated with the Performance Improvement Programme.

**Load factor** - The electricity produced by a power station expressed as a percentage of the electricity it could have produced if operating at its full load capability over a fixed time period, usually one year.

**LTA**s - Lost time accidents

**MW (megawatt): MWh (megawatt-hour)** - One megawatt equals 1,000 KW: one megawatt-hour represents one hour of electricity consumption at a constant rate of 1 MW.

**Non-Outage Defect Backlog** - Total of outstanding plant defects which are work requests that have been partially actioned by maintenance, or are still awaiting action after screening by the station Work Review Groups based on a priority weighting set by the NPRC.

**NRE** - Nuclear reportable events.

**Operating Unit Cost** - This is calculated by dividing the total UK operating costs, net of exceptional items and energy supply costs, by total output.

## Definitions (Cont'd)

**Outage (planned and unplanned)** - A period during which a reactor is shut down. The periodic shutdown of a reactor including for maintenance, inspection and testing or, in some cases, for Refueling is known as a planned outage. In the UK, some planned outages are known as statutory outages and are required by the conditions attached to the nuclear site licence needed to operate the station. Unscheduled shutdown of a reactor for a period is known as an unplanned outage.

**PWR (pressurised water reactor)** - The most recent type of nuclear reactor to be constructed in the UK which uses pressurised water as both the coolant and the moderator.

**Realised Price** - Previously described as 'achieved price'. This is the average price of electricity sold during the relevant period. It is calculated by dividing UK turnover, net of energy supply costs and miscellaneous income, by total output during the period.

**Restructuring Effective Date (RED)** - 14 January 2005, the date on which the Restructuring was completed.

## Definitions (Cont'd)

**Revalorisation** - Revalorisation arises because nuclear liabilities are stated in the balance sheet at current price levels, discounted at 3% per year from the eventual payment dates. The revalorisation charge is the adjustment that results from restating these liabilities to take into account the effect of inflation in the year and to remove the effect of one year's discount as the eventual dates of payment become one year closer. A similar revalorisation credit arises from restatement of the decommissioning fund assets.

**Reference Energy Generation** - The energy that could be produced if the unit were operated continuously at full power under reference ambient conditions throughout the period. Reference ambient conditions are environmental conditions representative of the annual mean (or typical) ambient conditions for the unit.

**Total Cash** - This is the sum of cash at bank and deposits.

**TW (terawatt): TWh (terawatt-hour)** - One terawatt equals 1,000 GW: one terawatt-hour represents one hour of electricity consumption at a constant rate of 1 TW.

**UCLF** - Unplanned capability loss factor is defined as the ratio of the unplanned energy losses during a given period of time, to the reference energy generation, expressed as a percentage.

## Definitions (Cont'd)

**Unplanned Energy Loss** - Unplanned energy loss is energy that was not produced during the period because of unplanned shutdowns, outage extensions, or unplanned load reductions due to causes under plant management control. Causes of energy losses are considered to be unplanned if they are not scheduled at least four weeks in advance. Causes considered to be under plant management control are further defined in the clarifying notes.