

The logo consists of a horizontal orange line on the left that meets a vertical orange line on the right. From the top of the vertical line, seven orange bars of varying lengths radiate outwards and upwards, resembling a stylized sun or a fan.

British Energy

Results Presentation

British Energy Group plc

**Results for the six months ended
2 October 2005 of the financial year ending
31 March 2006 (H1 05/06)**

13 December 2005

Important notices

Electricity demand in the UK is seasonal, in that demand and prices are generally lower in summer than in winter. As a result, British Energy (and other generators) schedules a significant proportion of planned outages for the summer months. This seasonality in both prices and output has a direct effect on financial performance and cash flows.

The results are presented both before and after the impact of re-measurement as British Energy believes that the results shown before re-measurement provide a better indication of the Company's underlying performance.

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 2005 filed with the US Securities and Exchange Commission and the report and accounts for the period ended 31 March 2005.

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.

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British Energy

Adrian Montague

Chairman

Welcome

Adrian Montague

Chairman

Bill Coley

Chief Executive Officer

Stephen Billingham

Finance Director

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British Energy

Bill Coley

Chief Executive Officer

1 Operational Review

2 Financial Review

3 Appendix

Highlights 1

◆ Total Output	Q2 05/06 TWh	Q1 05/06 TWh	H1 05/06 TWh	H1 04/05 TWh
– Nuclear	14.9	15.7	30.6	28.7
– Coal	0.8	1.7	2.5	3.0
– Total	15.7	17.4	33.1	31.7

- ◆ FY 05/06 output unlikely to exceed 61.0 TWh largely due to BCU inspections at Heysham 1 and Hartlepool and the generator stator replacement on one unit at Hartlepool
- ◆ FY 06/07 output around 63.0 TWh
- ◆ EBITDA¹
 - H1 05/06: £227m
 - Q2 05/06: £106m reflecting lower output
- ◆ Trading book
 - Approximately 95% of FY 05/06 book fixed at average price of £32.5/MWh
 - Approximately 50% of FY 06/07 book now fixed at approximately £35/MWh excluding 5 TWh of capped contracts

Notes:

1. Before re-measurement

- ◆ Net cash flow from operating activities
 - Q2 05/06: £91m benefiting from rising electricity prices
 - H1 05/06: £150m

- ◆ Investment in plant
 - Progress to date in line with plan (H1 05/06: £102m)
 - Five statutory outages completed to date. One scheduled to complete in December 2005
 - Expected to exceed £250m including extra investment in strategic spares

- ◆ Eggborough
 - Output 0.8 TWh Q2 05/06, 1.7 TWh Q1 05/06
 - Formal decision on LCPD by the European Commission and Government expected before the end of this year
 - Discussions taking place with lending banks regarding their 2010 Option

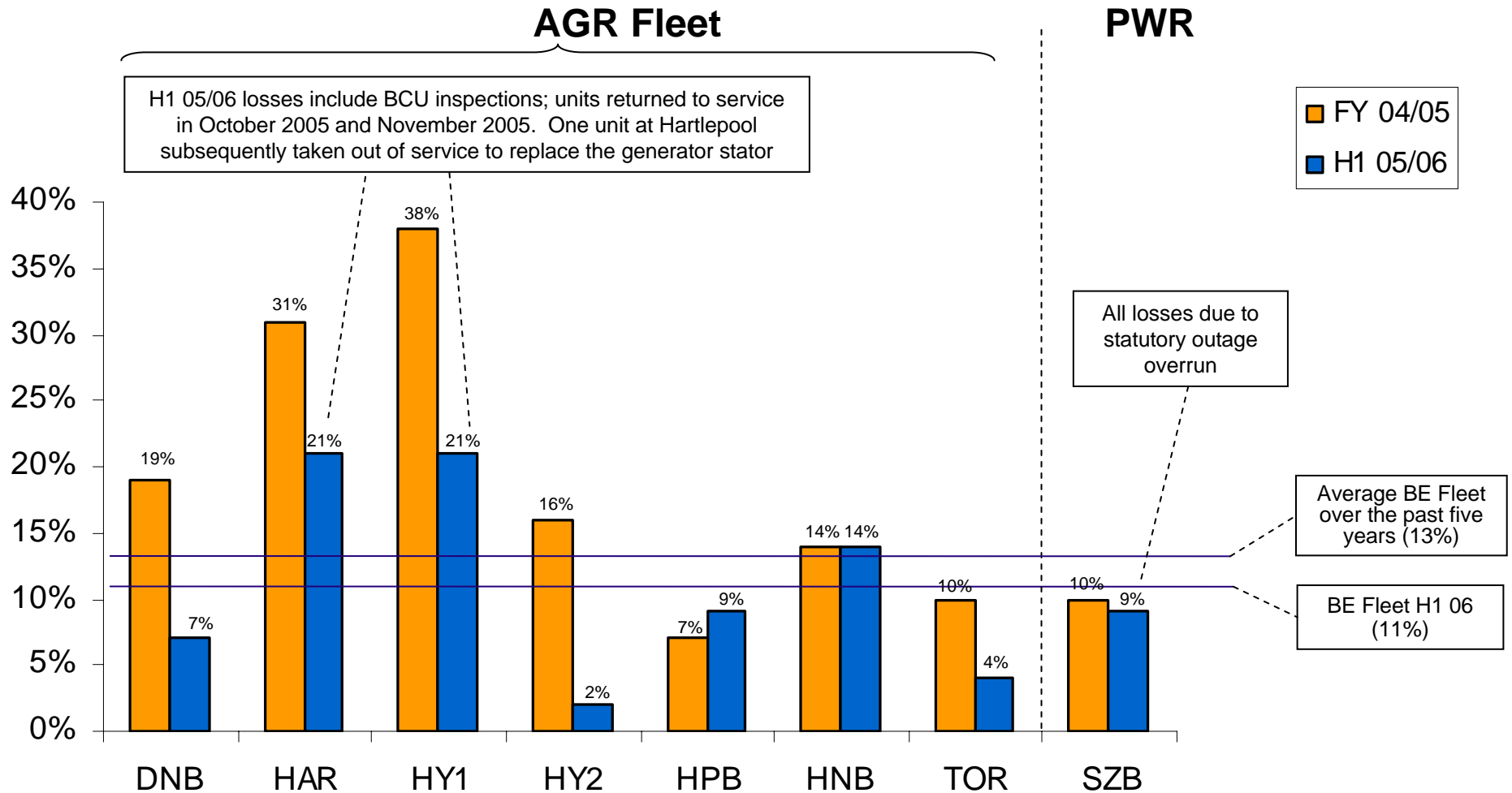
Output summary

	Q2 05/06	H1 05/06	H1 04/05
Output (TWh)			
Nuclear - AGRs	12.3	26.8	24.4
Nuclear - PWR	2.6	3.8	4.3
Total Nuclear	14.9	30.6	28.7
Eggborough (Coal)	0.8	2.5	3.0
Total	<u>15.7</u>	<u>33.1</u>	<u>31.7</u>
Nuclear Unplanned Losses (TWh)	3.7 ⁽¹⁾	6.0⁽¹⁾	9.1 ⁽¹⁾
Load Factors (%)			
Nuclear - AGRs	67%	72%	66%
Nuclear - PWR	99%	71%	83%
Total Nuclear	71%	72%	68%

Notes:

1. Includes all unplanned outages including those due to statutory outage overruns and refueling overruns and BCU investigations

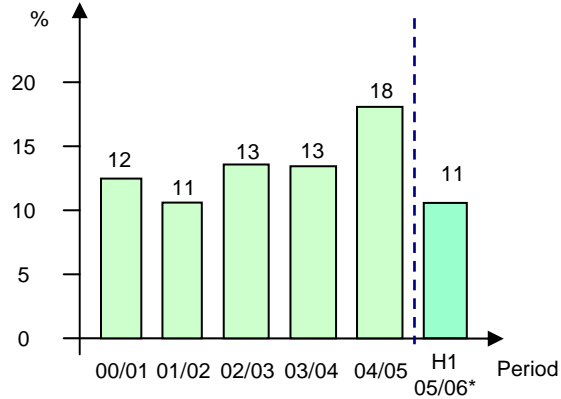
UCLF by station – H1 05/06*



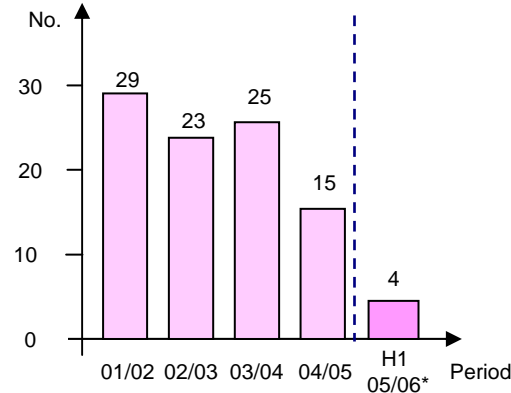
* Half yearly UCLF is not necessarily indicative of full year outturn

Nuclear metrics - H1 05/06

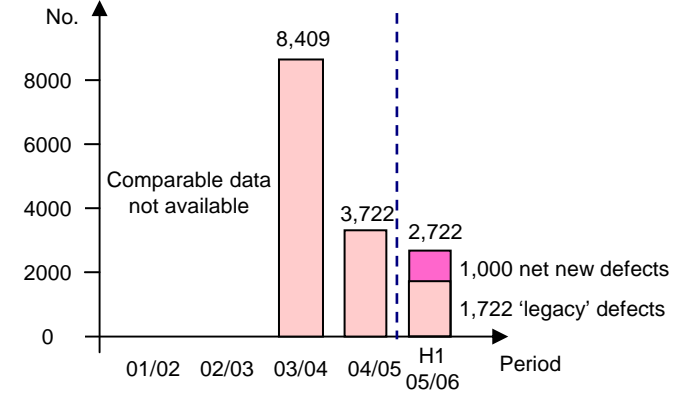
Unplanned Capability Loss Factor



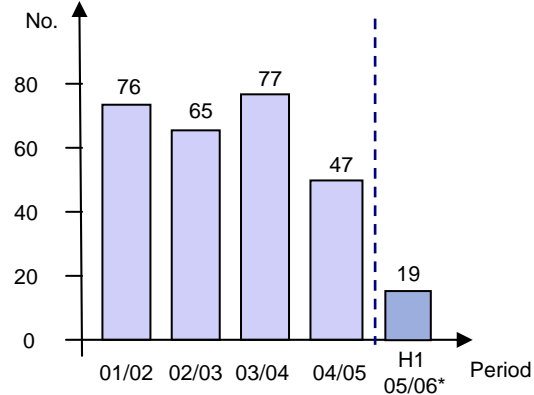
Unplanned Trips



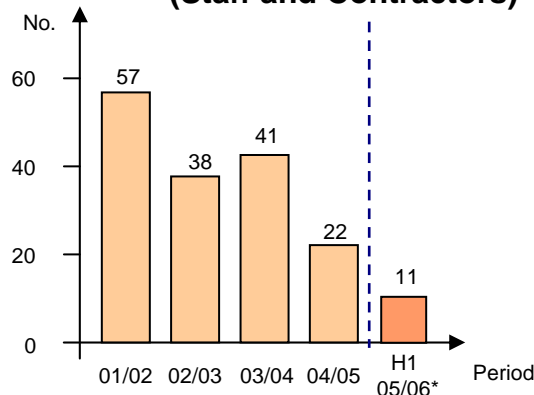
Non-Outage Defect Backlog



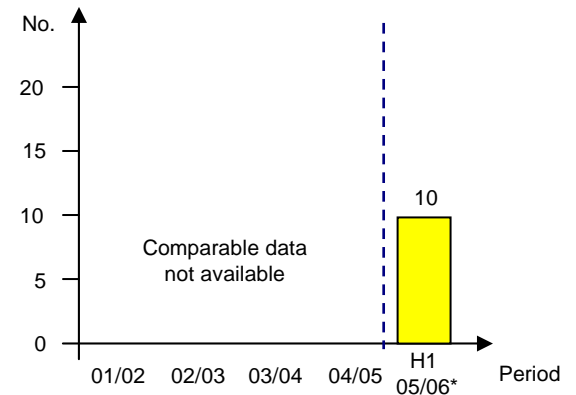
Nuclear Reportable Events



LTA's - Nuclear (Staff and Contractors)

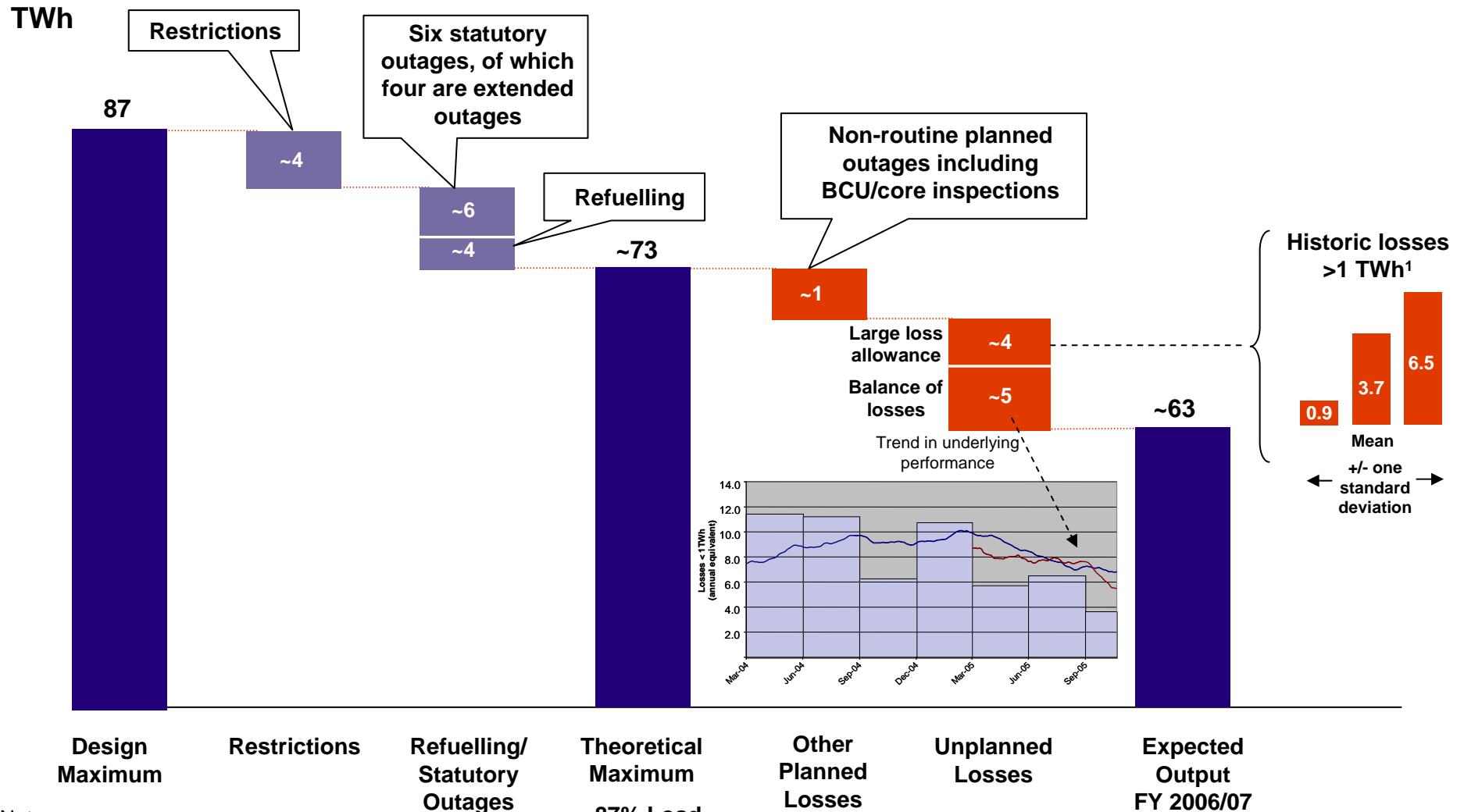


Environmental Events



Notes:
* Part year

Understanding Nuclear Output 06/07

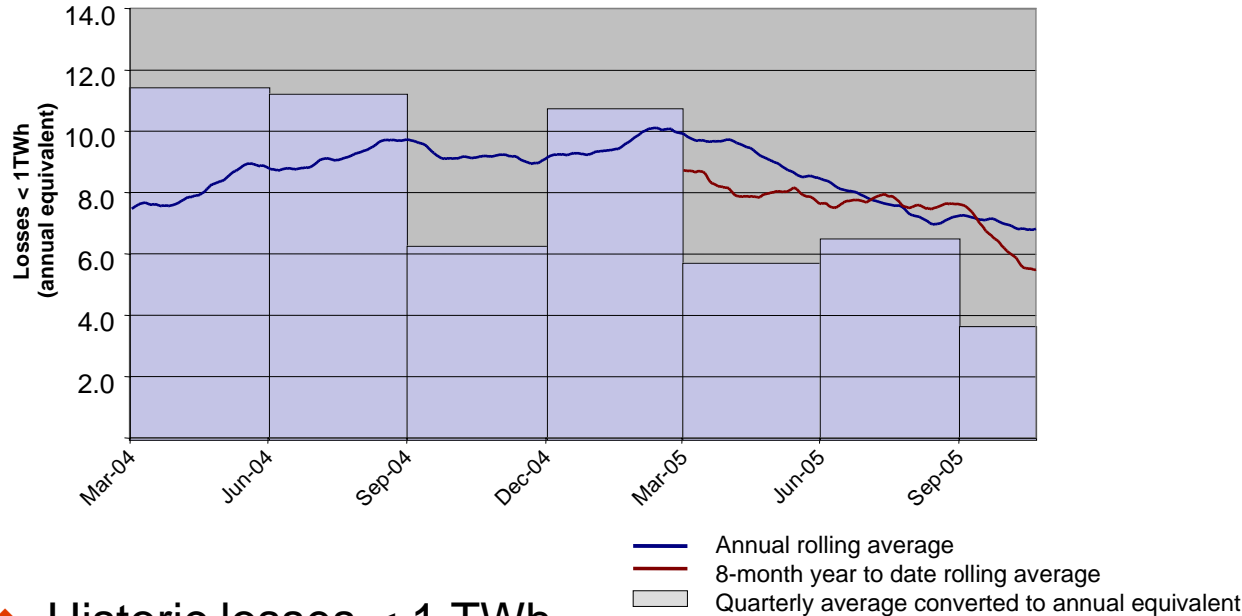


Notes:

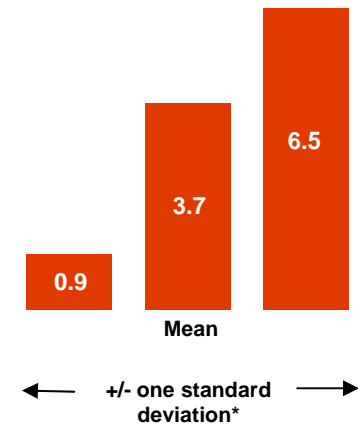
1. Nine year average
2. All numbers rounded. Exact numbers related to statutory outages and refuelling outages still being compiled

Understanding Unplanned Losses

Historic losses <1 TWh



Historic losses >1 TWh



◆ Historic losses < 1 TWh

- Excludes all large losses (e.g. BCU inspections) and losses in respect of outage over-runs and planned outages
- Improving profile over financial year 2005/06 to date

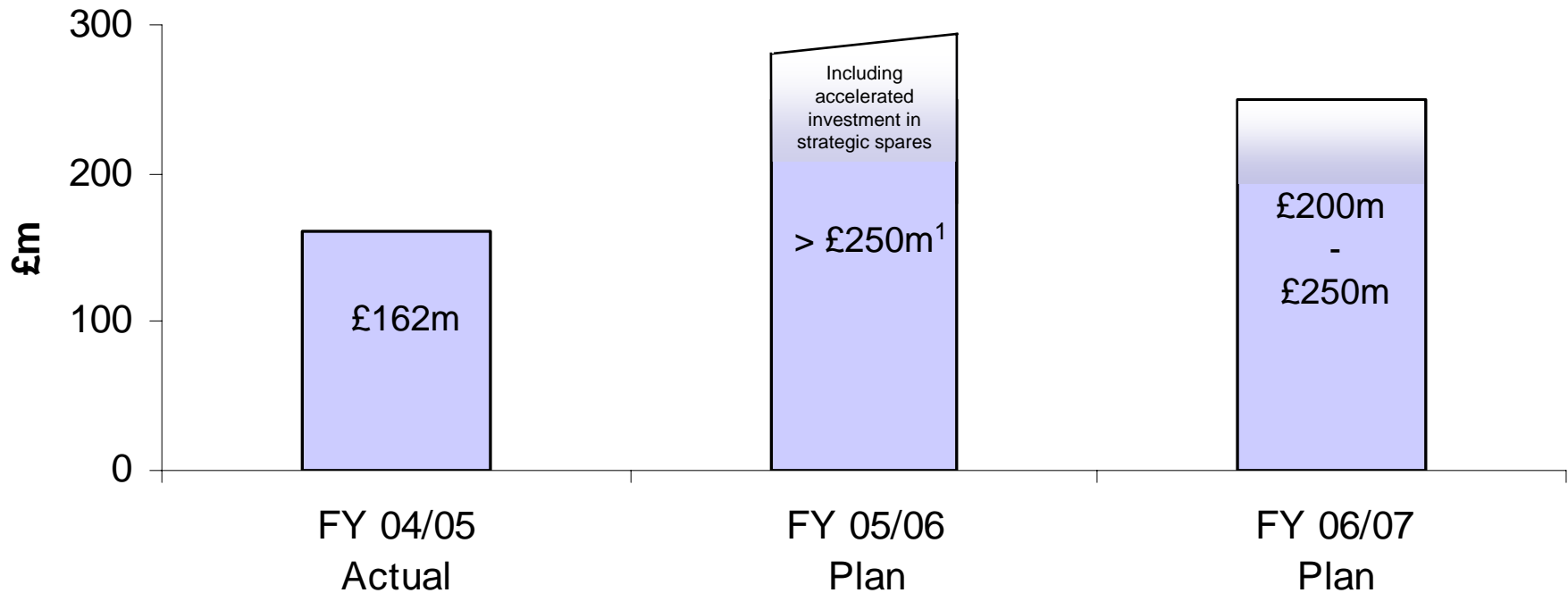
◆ Historic losses > 1 TWh

- Mean rate of larger losses over the last 9 years: 3.7 TWh per annum
- Range of losses*

Notes:

* Losses not normally distributed, from nil to 6.8 TWh per annum. Further details are provided in Appendix slide 36.

We are increasing investment in FY05/06



Notes:

1. Investment spend in FY 05/06 expected to exceed £250m including extra investment in strategic spares

Investment in plant and related activities are running to plan

- ◆ Above ground cast iron pipe replacement 80% completed:
 - Heysham 1 - completed
 - Hinkley Point B - FY 05/06; Hartlepool - FY 06/07

- ◆ Underground pipe replacement
 - Work planned for Heysham 1, Hinkley Point B, Hunterston B and Hartlepool during statutory outages

- ◆ Strategic spares investment includes:
 - Main generator transformer for Hartlepool
 - Two additional spare LP turbine rotors for Sizewell B (under construction)
 - New spare 'GEC' design generator rotor (under construction)
 - Generator stator, generator rotor and LP rotor train (reconditioned)

- ◆ Output 0.8 TWh Q2 05/06, 1.7 TWh Q1 05/06
- ◆ Q2 Output reflects operation of Eggborough for shorter, but higher priced, periods of the day and lower availability primarily due to planned maintenance
- ◆ LCPD
 - Decisions by European Commission and Government could mean Eggborough treated as a ‘single plant’
 - Discussions are continuing with the Government
 - There could be a requirement to either modify the plant or materially restrict the operations of the two non-FGD units at Eggborough from 2008
 - Discussions with lending banks regarding their 2010 Option

- ◆ Approximately 95% of trading book for FY 05/06 fixed at an average price of £32.5/MWh
- ◆ FY 06/07 book progressing well. Approximately half of planned output for FY 06/07 at approximately £35/MWh excluding 5TWh of capped contracts (FY 05/06 - 50% fixed at £25.2 as at end December 2004)
- ◆ Secured zero collateral trading lines for up to 8 TWh over two years
- ◆ Direct sales business now holds number 1 position in both EIC and Datamonitor Industrial & Consumer customer satisfaction surveys

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British Energy

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Stephen Billingham

Finance Director

Financial Highlights*

	Q2 05/06	H1 05/06
Pre-exceptional EBITDA (£m)	106	227
Total Output (TWh)	15.7	33.1
Unplanned outages (TWh)	3.7	6.0
Realised price (£/MWh)	25.3	25.0
Total investment in plant (£m)	61	102

	Q2 05/06	H1 05/06
Net cash flow from operating activities (£m)	91	150

(£m)	2 October 2005	31 March 2005
Total cash (including collateral)	569	456
Collateral	274	216
Debt	(676)	(676)
Net debt	(107)	(220)

Collateral requirements as at 9 December 2005 were £419m

* Before re-measurement

Summary of results

	Q2 05/06 Before re-measurement	H1 05/06 Before re-measurement
Output (TWh)	15.7	33.1
- Nuclear Output (TWh)	14.9	30.6
- Coal Output (TWh)	0.8	2.5
Realised price (£/MWh)	25.3	25.0
Operating unit cost (£/MWh)	21.8	21.1
Operating unit margin (£/MWh)	3.5	3.9
EBITDA (pre NLF cash sweep)	106	227
Profit after tax (pre NLF cash sweep)	29	67
NLF Cash Sweep	-	-
Profit attributable to shareholders	29	67

No NLF Cash Sweep

NLF Cash Sweep % - 64.69% as at 2 October 2005

£m	Q2 05/06 Before re-measurement	H1 05/06 Before re-measurement
Group Revenue		
Wholesale generation (net sales)	200	426
Energy purchases	5	9
Direct supply	197	401
Energy supply costs	82	164
Miscellaneous income	3	8
Revenue	487	1,008
% Split - excl. ESC		
Wholesale generation	50%	52%
Direct supply	50%	48%
Output (TWh)	15.7	33.1
Realised Price (£/MWh)	25.3	25.0

- ◆ Increase in realised price over the period reflects higher prompt prices for the unfixed portion of the book
- ◆ British Energy direct sales business accounted for approximately 48% of turnover during H1 05/06

Operating Costs

£m	Q2 05/06 Before re-measurement	H1 05/06 Before re-measurement
Operating costs		
Nuclear	95	179
Coal	16	69
Fuel costs	111	248
Materials and services	113	213
Staff Costs	82	162
Depreciation	47	90
Amortisation	1	2
Other operating income	(12)	(15)
Total operating costs excluding ESC (pre NLF cash sweep)	342	700
Energy purchases costs	5	9
Energy supply costs	82	164
Total operating costs	429	873
Nuclear Fuel Cost/TWh	6.4	5.8
Coal Fuel Cost/TWh	20.0	27.6
Total operating unit costs excluding ESC (pre NLF cash sweep)	21.8	21.1

- ◆ Excluding the impact of back end final core provisioning, the nuclear fuel cost was £5.8m/TWh in Q2 05/06 (£5.7m/TWh in H1 05/06). Adjusted for indexation
- ◆ Coal fuel costs include the effect of market price movements on the valuation of unpurchased carbon liability as at each period end. Coal fuel costs (excluding carbon costs) were £22.5m/TWh in Q2 05/06 (£18.8m/TWh in H1 05/06)

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Summary of results

Before and after re-measurement

	H1 05/06	H1 05/06
	Before re-measurement	After re-measurement
Output (TWh)	33.1	33.1
- Nuclear Output (TWh)	30.6	30.6
- Coal Output (TWh)	2.5	2.5
Realised price (£/MWh)	25.0	24.1
Operating unit cost (£/MWh)	21.1	21.2
Operating unit margin (£/MWh)	3.9	2.9
EBITDA (pre NLF cash sweep)	227	195
Profit after tax (pre NLF cash sweep)	67	45
NLF Cash Sweep	-	-
Profit attributable to shareholders	67	45

Revenue

Before and after re-measurement

£m	H1 05/06	H1 05/06
	Before re-measurement	After re-measurement
Group Revenue		
Wholesale generation (net sales)	426	397
Energy purchases	9	9
Direct supply	401	401
Energy supply costs	164	164
Miscellaneous income	8	8
Revenue	1,008	979
% Split - excl. ESC		
Wholesale generation	52%	50%
Direct supply	48%	50%
Output (TWh)	33.1	33.1
Realised Price (£/MWh)	25.0	24.1

Operating costs

Before and after re-measurement

£m	H1 05/06	H1 05/06
	Before re-measurement	After re-measurement
Operating costs		
Nuclear	179	179
Coal	69	72
Fuel costs	248	251
Materials and services	213	213
Staff Costs	162	162
Depreciation	90	90
Amortisation	2	2
Other operating income	(15)	(15)
Total operating costs excluding ESC (pre NLF cash sweep)	700	703
Energy purchases costs	9	9
Energy supply costs	164	164
Total operating costs	873	876
Nuclear Fuel Cost/TWh	5.8	5.8
Coal Fuel Cost/TWh	27.6	28.8
Total operating unit costs excluding ESC (pre NLF cash sweep)	21.1	21.2

Operating cash flow reconciliation

£m	Q2 05/06	H1 05/06
Operating profit for the period	58	103
Amortisation charges	1	2
Depreciation	47	90
Loss on disposal of property, plant and equipment	-	1
IAS 39 movement	-	47
Movement in other provisions	(14)	(14)
Interest expense	(17)	(29)
Interest income	10	16
Regular contributions to NLF	(5)	(17)
Decrease/(increase) in inventories	(3)	(7)
Decrease/(increase) in trade and other receivables	20	32
Decrease/(increase) in restricted cash	(24)	(58)
Increase/(decrease) in trade payables and other payables	18	(16)
Net cash inflow from operating activities	91	150

Note: The cash flow reconciliation above is stated on a remeasured basis, reflecting the impact of IAS 39

Reconciliation of operating cash flow with change in cash

£m	Q2 05/06	H1 05/06
Net cash inflow from operating activities	91	150
Cash flows from investing activities		
Purchases of property, plant and equipment	(55)	(97)
Purchases of intangible assets	(1)	(3)
Net cash used in investing activities	(56)	(100)
Cash flows from financing activities		
Exercise of warrants	3	8
Costs associated with sale of investments	(3)	(3)
Net cash used in financing activities	-	5
Net change in cash and cash equivalents	35	55

Note: The cash flow reconciliation above is stated on a remeasured basis, reflecting the impact of IAS 39

Cash/Net Debt Analysis

£m	As at 2 October 2005	As at 31 March 2005
Cash not used for collateral	290	235
Cash used for collateral	274	216
Other restricted cash	5	5
Total cash	569	456
Total (debt)	(676)	(676)
Less total cash	569	456
Net (debt)	(107)	(220)

- ◆ Q2 05/06 EBITDA¹ of £106m is stated after recording the following accounting charges / credits:
 - Nuclear fuel ‘final core’ accounting: £8m charge in Q2 05/06 (Q1 05/06: £5m credit; H1 05/06: £3m charge) arising in respect of changes in the tonnage of fuel that remains unburned in each reactor as at the quarter end
 - Carbon cost accounting: £2m credit in Q2 05/06 (H1 05/06: £22m charge) reflecting a reduction in the market price of unpurchased carbon liability

Historic losses from outages at nuclear plants

Losses from Unplanned and Non-Routine Events

	Q2 05/06	Q1 05/06	Q4 04/05	Q3 04/05	Q2 04/05	Q1 04/05
Q2 05/06 - Hartlepool and Heysham 1 boiler closure unit stud investigations	1.6					
- Hartlepool generator transformer load restriction and inspection	0.2					
Q1 05/06 - Hartlepool generator transformer load restriction		0.3				
Q4 04/05 - Heysham 1 turbine blade failure			0.8			
- Hunterston B boiler repairs			0.2			
- Torness reactor standpipe plug leak repairs			0.2			
Q3 04/05 - Hartlepool / Heysham 1 boiler integrity, safety case, etc				3.5		
- Hartlepool cast iron repairs				0.7		
Q2 04/05 - Hartlepool / Heysham 1 boiler integrity					2.0	
- Heysham 2 gas circulator inspections					0.6	
- Hartlepool cast iron repairs					0.5	
- Dungeness alternator repair					0.3	
- Hunterston B feed vessel repair					0.2	
Q1 04/05 - 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:	1.5	1.5	1.4	1.6	2.0	1.6
Total Losses due to non routine events	3.3	1.8	2.7	5.8	5.5	3.4
Losses due to outage overruns ⁽¹⁾	0.4	0.5	0.1	0.1	0.2	0.1
Total Unplanned Losses for Quarter	3.7	2.3	2.8	5.9	5.7	3.5

Notes:

1. Includes statutory outage overruns and refueling overruns

Historic losses >1 TWh

Historic losses > 1 TWh include:

04/05:	6.6 TWh Heysham 1 and Hartlepool BCU inspections, cast iron replacement and hazard safety cases
03/04:	3.2 TWh Heysham 1 cast iron replacement
02/03:	4.1 TWh Torness gas circulator repair
01/02:	1.1 TWh Sizewell B primary circuit leak
00/01:	3.4 TWh Dungeness B header repair, 2.3 TWh Hunterston B boiler repair
99/00:	3.5 TWh Dungeness B header repair, 3.4 TWh Heysham 2 turbine repair
98/99:	Nil
97/98:	Nil

Nuclear Generation - Q2 05/06

TWh	Q2 06		Q1 06	
	Output	Load factors	Output	Load factors
AGR Fleet	12.3	67%	14.5	77%
DNB	1.3	54%	1.9	75%
HAR	1.4	52%	1.7	64%
HY1	1.4	57%	1.3	51%
HY2	2.6	94%	2.6	92%
HPB	2.0	76%	2.4	88%
HUN	1.3	49%	2.1	77%
TOR	2.4	87%	2.5	90%
PWR Station				
SZB ⁽¹⁾	2.6	99%	1.2	45%
Total	14.9	71%	15.7	73%

Notes:

1. Sizewell B undertook its statutory outage in Q1 05/06

Event

Q3 Results 05/06: Period ending 1 January 2006

Preliminary Results 05/06: Year ending 31 March 2006

Indicative Timing

February 2006

June 2006

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

EBITDA - EBITDA is defined by the Company as operating income before interest, income taxes, depreciation and amortisation and has been presented both including and excluding the effects of re-measurement impact (IAS 39). 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 IAS 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 IAS 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.

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

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

LTAs - 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 Nuclear Performance Review Committee.

NRE - Nuclear reportable events.

Operating Unit Cost - Excludes revalorisation and is calculated by dividing the total operating costs, before any re-measurement but net of energy supply costs and energy purchase costs, by total output during the period.

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 - This is the average price of electricity sold during the relevant period. It is calculated by dividing revenue, excluding re-measurement impact, energy supply costs recharged to customers and miscellaneous income, and net of energy purchase costs, by the total output during the period.

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

Revalorisation - Revalorisation of nuclear liabilities arises because nuclear liabilities are stated in the balance sheet at current price levels, discounted at 3% per annum real 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 period and to remove the effect of the discount for the quarter.

A revalorisation credit arises in respect of movements in the value of nuclear liabilities and the NLF receivable to take account of the underlying movement in nuclear liabilities. Revalorisation charges arise in respect of the fixed decommissioning obligation and the contracts provision to reflect the unwinding of the discount for the period.

Total Cash - This is the sum of cash, cash equivalents and restricted cash.

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.

Unplanned Energy Loss - In the context of UCLF, 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.