

COMPLETED ACQUISITION BY CENTRICA PLC OF DYNEGY STORAGE LTD AND DYNEGY ONSHORE PROCESSING UK LTD

VARIED UNDERTAKINGS GIVEN BY CENTRICA PLC AND CENTRICA STORAGE LIMITED TO THE COMPETITION COMMISSION PURSUANT TO SECTION 88 OF THE FAIR TRADING ACT 1973

WHEREAS:

- (a) On 14 November 2002 Centrica Storage Holdings Limited ('CSHL'), a wholly-owned subsidiary of Centrica plc ('Centrica'), acquired the entire issued share capital of Dynegy Storage Limited and Dynegy Onshore Processing UK Limited;
- (b) On 25 February 2003 the Secretary of State referred the resulting merger situation to the Competition Commission under sections 64 and 69(2) of the Fair Trading Act ("the Act");
- (c) The report of the Competition Commission (the 'Report') was presented to Parliament in August (Cm 5885) and sets out such conclusions as are mentioned in section 73(1) of the Act;
- (d) Pursuant to a request by the Secretary of State, the OFT consulted with Centrica and CSL with a view to obtaining from them undertakings to take action in accordance with section 88(1) of the Act;
- (e) On 18 December 2003, the Secretary of State accepted undertakings from Centrica and Centrica Storage Limited ('CSL') under section 88(2) of the Act ('the original undertakings') to take the action necessary to remedy or prevent the adverse effects specified in the Report;
- (f) On 22 November 2005, Centrica plc requested a variation of the undertakings in order to enable a minor group restructuring of the Centrica Group and, after considering advice on the proposed variation prepared by the Office of Fair Trading, the Commission indicated it would be willing to accept such a variation:

Now Centrica and CSL hereby gives to the CC the following varied undertaking with a view to it being accepted by the CC in place of undertaking 5.3(a) of the original undertakings:


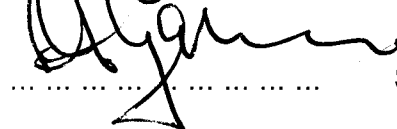
"In order to comply with the general obligation contained at paragraph 5.1 above, Centrica and CSL will ensure in particular (but without limitation) that:

- (a) *No member of the Centrica Group except Centrica, Centrica Holdings Limited, GBGH or CSHL shall, directly or indirectly:*
 - (i) *hold any Interest in CSL;*
 - (ii) *hold any Interest in any company which exercises or otherwise has Control of CSL or any of its assets;*


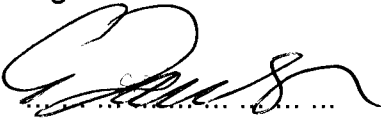
- (iii) hold any Interest which gives the holder an entitlement to vote at the general meetings of CSL or in any company which exercises or otherwise has Control of CSL

save that BPGGS Limited (a subsidiary of GBGH) may hold nonvoting preference shares in CSHL pursuant to an intra-group refinancing which took effect from 28 March 2003 between GBGH and CSHL.”

FOR AND ON BEHALF OF Centrica plc

	Signature		Signature
PHIL BENTLEY	Name	SIR ROY GARDNER	Name
GROUP FINANCE DIRECTOR	Title	CHIEF EXECUTIVE	Title

FOR AND ON BEHALF OF Centrica Storage Limited

	Signature		Signature
BRUCE WALKER	Name	GRANT DAWSON	Name
MANAGING DIRECTOR CENTRICA STORAGE	Title	GENERAL COUNSEL + COMPANY SECRETARY	Title

**ACCEPTANCE OF VARIED UNDERTAKINGS GIVEN BY CENTRICA PLC
AND CENTRICA STORAGE LIMITED TO THE COMPETITION COMMISSION**

WHEREAS:

- (a) On 14 November 2002 Centrica Storage Holdings Limited ('CSHL'), a wholly-owned subsidiary of Centrica plc ('Centrica'), acquired the entire issued share capital of Dynegy Storage Limited and Dynegy Onshore Processing UK Limited;
- (b) On 25 February 2003 the Secretary of State referred the resulting merger situation to the Competition Commission (the CC) under sections 64 and 69(2) of the Fair Trading Act 1973 ("the 1973 Act");
- (c) The report of the CC (the 'Report') was presented to Parliament in August¹ and set out such conclusions as are mentioned in section 73(1) of the 1973 Act;
- (d) Pursuant to a request by the Secretary of State, the Office of Fair Trading consulted with Centrica and CSL with a view to obtaining from them undertakings to take action in accordance with section 88(1) of the 1973 Act;
- (e) On 18 December 2003, the Secretary of State accepted undertakings from Centrica and Centrica Storage Limited ('CSL') ('the original undertakings') to take the action necessary to remedy or prevent the adverse effects specified in the Report;
- (f) On 4 October 2004, the original undertakings were specified under paragraph 16(1) of Schedule 24 to the Enterprise Act 2002 (the 2002 Act) by the Enterprise Act 2002 (Enforcement Undertakings and Orders) Order 2004² (the Order), with the effect that the CC now has the power to supersede, vary or release the original undertakings;
- (g) On 22 November 2005, Centrica requested a variation of the undertakings in order to enable a minor group restructuring of the Centrica Group and, after considering advice on the proposed variation prepared by the Office of Fair Trading, the CC indicated it would be willing to accept such a variation;
- (h) On 7 March 2006, Centrica and CSL provided a varied undertaking to the CC in place of undertaking 5.3(a) of the original undertakings;

¹ Cm 5885

² SI 2004/2181

Now the CC, pursuant to paragraph 16(1) of schedule 24 to the 2002 Act and article 3(1) of the Order, hereby accepts the varied undertaking, a copy of which is set out in the attached Annex, and accordingly the varied undertaking comes into force in place of undertaking 5.3(a) of the original undertakings:

Signed by authority of the Competition Commission

A handwritten signature in black ink, appearing to read 'C Clarke', written over a horizontal dotted line.

Christopher Clarke
Deputy Chairman
3 April 2006