

## Notice of Annual General Meeting 2011

Dear Shareholder

I invite you to our Annual General Meeting which will be held at the Perth Concert Hall, Mill Street, Perth PH1 5HZ on Thursday, 21 July 2011 at 12 noon.

The formal Notice of Annual General Meeting is set out on pages 2 and 3. Explanatory notes on all the business to be considered and on your rights to attend and vote are set out on pages 4 to 8.

### Re-appointment of Directors (Resolutions 4 to 14)

The Company's Articles of Association provide that any person appointed by the Board as a Director since the last Annual General Meeting must retire at the next following Annual General Meeting. Accordingly, Katie Bickerstaffe and Jeremy Beeton, who are appointed Directors with effect from 1 July 2011, will retire at the Meeting and will seek re-appointment.

The Company's Articles also provide that at each Annual General Meeting any Director who was not appointed or re-appointed at either of the preceding two Annual General Meetings must retire at the Annual General Meeting. In a change to this practice and to meet the requirements of section B.7.1 of the new UK Corporate Governance Code published in June 2010, all of the other Directors of the Company will also stand for re-appointment.

Biographical details of all Directors are included in this Notice.

### Renewal of The Scottish and Southern Energy 2001 Sharesave Scheme (Resolution 21)

The Scottish and Southern Energy plc 2001 Sharesave Scheme ('the Scheme') is open to all eligible employees and has proved to be a popular incentive over the years. The Directors wish to renew the Scheme which would otherwise expire this year. This will require the passing of an ordinary resolution authorising the Directors to extend the life of the Scheme for a further period of ten years. At the same time, the Directors wish to alter the Scheme to update the rules in respect of current UK Listing Authority requirements, institutional investors' practice and statutory references which relate to sharesave schemes. The Directors will also update the Irish Sharesave Scheme in line with the changes made to the Scheme.

### Recommendation and action to be taken

The Board believes that the resolutions contained in the Notice of Annual General Meeting are in the best interests of the Company and its shareholders as a whole and recommends you to vote in favour of them, as your Directors intend to do in respect of their own beneficial holdings.

If you would like to vote on the resolutions but cannot come to the Annual General Meeting, please complete the Form of Proxy and return it to our Registrars as soon as possible and by no later than 12 noon on 19 July 2011. Alternatively, you can vote online at [www.sse.com](http://www.sse.com). CREST members may choose to use the CREST electronic proxy appointment service in accordance with the procedures set out on page 7.

Yours faithfully



**Lord Smith of Kelvin**  
Chairman

#### Scottish and Southern Energy plc

Registered in Scotland No.: 117119

Registered Office: Inverlmond House, 200 Dunkeld Road, Perth PH1 3AQ

#### This document is important and requires your immediate attention.

If you are in any doubt as to the action you should take, you should seek your own advice from an independent professional adviser.

If you have sold or otherwise transferred all your shares in Scottish and Southern Energy plc, you should pass this circular to the person through whom the sale or transfer was made for transmission to the purchaser or transferee.

# Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the TWENTY SECOND ANNUAL GENERAL MEETING of Scottish and Southern Energy plc (the 'Company') will be held at the Perth Concert Hall, Mill Street, Perth PH1 5HZ on Thursday, 21 July 2011 at 12 noon for the purpose of transacting the following business:

To consider and, if thought fit, pass the following resolutions, of which Resolutions 1 to 17 and 21 will be proposed as ordinary resolutions, and Resolutions 18 to 20 will be proposed as special resolutions:

## Report and Accounts

**Resolution 1:** to receive the Financial Statements and the Reports of the Directors and of the Auditors for the year ended 31 March 2011.

## Remuneration Report

**Resolution 2:** to approve the Remuneration Report for the year ended 31 March 2011.

## Dividend

**Resolution 3:** to declare a final dividend for the year ended 31 March 2011 of 52.6 pence per Ordinary Share payable on 23 September 2011.

## Directors

**Resolution 4:** to re-appoint Katie Bickerstaffe as a Director of the Company.

**Resolution 5:** to re-appoint Jeremy Beeton as a Director of the Company.

**Resolution 6:** to re-appoint Lord Smith of Kelvin as a Director of the Company.

**Resolution 7:** to re-appoint Ian Marchant as a Director of the Company.

**Resolution 8:** to re-appoint Colin Hood as a Director of the Company.

**Resolution 9:** to re-appoint Gregor Alexander as a Director of the Company.

**Resolution 10:** to re-appoint Alistair Phillips-Davies as a Director of the Company.

**Resolution 11:** to re-appoint Lady Rice as a Director of the Company.

**Resolution 12:** to re-appoint René Médori as a Director of the Company.

**Resolution 13:** to re-appoint Richard Gillingwater as a Director of the Company.

**Resolution 14:** to re-appoint Thomas Thune Andersen as a Director of the Company.

## Auditors

**Resolution 15:** that KPMG Audit Plc be re-appointed Auditors of the Company, to hold office until the conclusion of the next general meeting at which Financial Statements are laid before the Company.

**Resolution 16:** that the Directors be authorised to determine the Auditors' remuneration.

## Authority to allot shares

**Resolution 17:** that the Directors be and are hereby generally and unconditionally authorised in accordance with section 551 of the Companies Act 2006 to exercise all the powers of the Company to allot shares in the Company and to grant rights to subscribe for, or to convert any security into, shares in the Company:

(A) up to an aggregate nominal amount equal to £156,158,711.50; and

(B) comprising 'equity securities' (as defined in section 560(1) of the Companies Act 2006) up to a further nominal amount equal to £312,317,423.50 (such amount to be reduced by any allotments or grants made under paragraph (A) above) in connection with an offer by way of a rights issue:

(a) to ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings; and

(b) to holders of other equity securities as required by the rights of those securities or as the Directors otherwise consider necessary,

and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter,

such authorities to apply until the earlier of the conclusion of the 2012 Annual General Meeting and close of business on 30 September 2012, in each case, so that the Company may (1) pursuant to the authority granted under paragraph (A) make offers and enter into agreements during this period which would, or might, require shares to be allotted or rights to subscribe for, or convert securities into, shares to be granted after the authority ends and the Directors may allot shares or grant rights to subscribe for, or convert securities into, shares under any such offer or agreement as if the authority had not ended, and (2) pursuant to the authority granted under paragraph (B), make offers and enter into agreements during this period which would, or might, require equity securities to be allotted after the authority ends and the Directors may allot equity securities under any such offer or agreement as if the authority had not ended.

## Authority to disapply pre-emption rights

**Resolution 18:** that, subject to the passing of Resolution 17 set out above, the Directors be and are hereby empowered to allot 'equity securities' (as defined in section 560(1) of the Companies Act 2006) for cash pursuant to the authority conferred by Resolution 17 and/or to sell Ordinary Shares held by the Company as treasury shares for cash as if section 561(1) of the Companies Act 2006 did not apply to any such allotment or sale, such power to be limited:

(a) to the allotment of equity securities and sale of treasury shares for cash in connection with an offer of, or invitation to apply for, equity securities (but in the case of the authority granted under paragraph (B) of Resolution 17 set out above, by way of rights issue only) to or in favour of (i) ordinary shareholders in proportion (as nearly as may be practicable) to their existing holdings and (ii) holders of other equity securities, as required by the rights of those securities or as the Directors otherwise consider necessary, and so that the Directors may impose any limits or restrictions and make any arrangements which they consider necessary or appropriate to deal with treasury shares, fractional entitlements, record dates, legal, regulatory or practical problems in, or under the laws of, any territory or any other matter; and

(b) in the case of the authority granted under paragraph (A) of Resolution 17 set out above, and/or in the case of any sale of treasury shares for cash, to the allotment (otherwise than under paragraph (a) of this Resolution) of equity securities or sale of treasury shares up to a nominal amount of £23,423,806.50

such power to apply until the earlier of the conclusion of the 2012 Annual General Meeting and close of business on 30 September 2012, save that during this period the Company may make offers, and enter into agreements, which would, or might, require equity securities to be allotted (and treasury shares to be sold) after the power ends and the Directors may allot equity securities under any such offer or agreement as if the power had not ended.

**Authority to purchase own shares**

**Resolution 19:** that the Company be generally and unconditionally authorised for the purposes of section 701 of the Companies Act 2006 to make market purchases (within the meaning of section 693(4) of the Companies Act 2006) of Ordinary Shares of 50 pence each in the Company provided that:

- (a) the maximum number of Ordinary Shares authorised to be purchased is 93,695,227;
- (b) the minimum price which may be paid for such shares is 50 pence per share which amount shall be exclusive of expenses;
- (c) the maximum price, exclusive of expenses, which may be paid for each such Ordinary Share is the higher of: (i) an amount equal to 105% of the average of the middle market quotations for an Ordinary Share in the Company as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the share is contracted to be purchased; and (ii) an amount equal to the higher of the price of the last independent trade of an Ordinary Share and the highest current independent bid for an Ordinary Share as derived from the London Stock Exchange Trading System in each case at the time the purchase is agreed; and
- (d) this authority shall expire at the earlier of the conclusion of the 2012 Annual General Meeting and close of business on 30 September 2012 (except in relation to a purchase of such shares, the contract for which was concluded before such time and which will or may be executed wholly or partly after such time and the Company may purchase Ordinary Shares pursuant to any such contract as if the power had not ended).

**Notice of general meetings**

**Resolution 20:** that a general meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice.

**The Scottish and Southern Energy plc 2001 Sharesave Scheme**

**Resolution 21:** that the Directors be and are hereby authorised to extend The Scottish and Southern Energy plc 2001 Sharesave Scheme ('the Scheme') for a further period of ten years and to make the proposed amendments to update the rules of the Scheme to take account of current United Kingdom Listing Authority requirements, institutional investors' practice and statutory references relating to approved sharesave schemes.

By order of the Board

**Vincent Donnelly**

Company Secretary  
19 May 2011

# Explanatory notes to the proposed resolutions

## Ordinary and special resolutions

Resolutions 1 to 17 and 21 will be proposed as ordinary resolutions which require a simple majority of votes to be cast in favour to be passed. Resolutions 18 to 20 will be proposed as special resolutions which require a 75% majority of the votes to be cast in favour to be passed.

### Resolution 1: Receipt of the 2011 Report and Accounts

The Directors of the Company must present their Report and the Annual Accounts to the Meeting and shareholders may raise any questions on the Report and Accounts under this Resolution.

### Resolution 2: Approval of the 2011 Remuneration Report

The Remuneration Report for the year ended 31 March 2011 has been prepared and is laid before the meeting for approval by shareholders in accordance with section 439 of the Companies Act 2006. The vote is advisory and does not affect the actual remuneration paid to any individual Director. The Remuneration Report is set out on pages 65 to 74 of the Annual Report 2011.

### Resolution 3: Declaration of the final dividend for 2011

A final dividend can be paid only after it has been approved by shareholders. A final dividend of 52.6 pence per Ordinary Share is recommended by the Directors for payment in cash on 23 September 2011 to shareholders on the Register of Members as at close of business on 29 July 2011, but excluding such of the shareholders in respect of whom a valid election to participate in the Company's Scrip Dividend Scheme shall have been received by the Company by 4.30pm on 25 August 2011. Shareholders for whom valid elections have been received by 4.30pm on 25 August 2011 will receive the final dividend in the form of new Ordinary Shares in the Company. Full details of the Company's Scrip Dividend Scheme are available from the Company's website, [www.sse.com](http://www.sse.com).

### Resolutions 4 and 5: Re-appointment of Directors appointed since the last Annual General Meeting

The Company's Articles of Association provide that any person appointed by the Board as a Director since the last Annual General Meeting must retire at the next following Annual General Meeting. Accordingly, Katie Bickerstaffe and Jeremy Beeton, who are appointed Directors with effect from 1 July 2011, will retire at the Meeting and will seek re-appointment. Their biographical details are set out below.

#### Katie Bickerstaffe (Non-Executive Director)

Katie is currently Group People, Marketing and Property Director of DSG international plc, a role she has held since June 2008. Katie was previously Managing Director of Kwik Save, and Group Retail Director and Group HR Director at Somerfield. Her earlier career included roles at Dyson, PepsiCo and Unilever.

#### Jeremy Beeton (Non-Executive Director)

Jeremy is the Director General of the UK Government Olympic Executive. He was previously Principal Vice President of Bechtel Ltd, where he had responsibility for the management and delivery of Bechtel's worldwide civil engineering projects infrastructure and aviation business lines.

### Resolutions 6 to 14: Re-appointment of Directors

The Company's Articles also provide that at each Annual General Meeting any Director who was not appointed or re-appointed at either of the preceding two Annual General Meetings must retire at the Annual General Meeting. In a change to this practice and to meet the requirements of section B.7.1 of the new UK Corporate Governance Code published in June 2010, all of the remaining Directors of the Company will stand for re-appointment. Full biographical details of each Director are set out below.

#### Lord Smith of Kelvin (Chairman)

Robert joined the Board as a non-Executive Director in June 2003 and became Chairman in January 2005. He is also: Chairman of the Weir Group plc; a non-Executive Director of Standard Bank Group Ltd; Chairman of Glasgow 2014 Ltd, the organising committee for

the Commonwealth Games; and Chancellor of the University of the West of Scotland. Robert is Chairman of the Nomination Committee and a member of the Remuneration Committee.

#### Ian Marchant (Chief Executive)

Ian was appointed Chief Executive in 2002, having been Finance Director since 1998. He has worked in the energy industry since 1992, when he joined Southern Electric. He is also: a member of the UK Business Council for Sustainable Energy; Chairman of the Scotland 2020 Delivery Group; a member of Ofgem's Environmental Advisory Group; a member of the Energy Research Partnership; a non-Executive Director of John Wood Group plc and Maggie's Cancer Centres; and became Chairman of the Engineering Construction Forum in 2009. Ian is a member of the Nomination Committee and the Risk and Trading Committee. He has Board-level responsibility for energy networks, regulation and corporate affairs and is Lead Director for the environment.

#### Colin Hood (Chief Operating Officer)

Colin was appointed Chief Operating Officer in 2002, having joined the Board as Power Systems Director in 2001. He has worked in the energy industry since 1977, when he joined Scottish Hydro Electric. He has Board level responsibility for SSE's large capital projects and is SSE's Lead Director for Health and Safety matters and is Chairman of the Safety, Health and Environment Advisory Committee. Colin is a Director of SGN and became a non-Executive Director of FirstGroup plc in May 2009 and non-Executive Director of Southern Water in early 2011.

#### Gregor Alexander (Finance Director)

Gregor was appointed Finance Director and joined the Board in 2002, having previously been Group Treasurer and Tax Manager. He has worked in the energy industry since 1990, when he joined Scottish Hydro Electric. He has Board-level responsibility for finance, human resources, IT, procurement and other Group services. He is also the sponsoring Board member for SSE's business development in Ireland. Gregor is a Director of SGN, and is a member of the Risk and Trading Committee.

#### Alistair Phillips-Davies (Generation and Supply Director)

Alistair was appointed Generation and Supply Director in December 2010 after taking responsibility for Generation Operations; previously he was Energy Supply Director since joining the Board in 2002. He has worked in the energy industry since 1997, when he joined Southern Electric. Alistair has Board level responsibility for generation, energy trading, electricity and gas supply, energy efficiency, customer service, sales, marketing and energy services. He chairs the Risk and Trading Committee.

#### Lady Rice CBE (Senior Independent Director)

Susan joined the Board as non-Executive Director in July 2003 and became Senior Independent Director in 2007. She is Managing Director of Lloyds Banking Group Scotland. Susan is also a non-Executive Director of the Court of the Bank of England, where she chairs the Audit and Risk Committee, and of Scotland's Futures Forum. She chairs the Boards of the Edinburgh International Book Festival and the Edinburgh Festivals Forum. Susan chairs the Remuneration Committee and is a member of the Nomination Committee.

#### René Médori (Audit Committee Chairman)

René joined the Board as a non-Executive Director in June 2003. He is Finance Director of Anglo American plc and is a non-Executive Director of Anglo Platinum and DB (De Beers) Investments. He is Chairman of the Audit Committee and a member of the Nomination Committee.

#### Richard Gillingwater CBE (Non-Executive Director)

Richard joined the Board as a non-Executive Director in May 2007. He is Dean of Cass Business School and is non-Executive Chairman of CDC Group plc and a Senior Independent Director of Hiscox Ltd. Richard is a member of the Audit, Remuneration and Nomination Committees.

#### **Thomas Thune Andersen (Non-Executive Director)**

Thomas joined the Board as a non-Executive Director in January 2009. He is the Chairman of Lloyd's Register Group, Vice Chairman of the VKR Holding Group (VELUX) and a non-Executive Director of Petrofac Plc. He was CEO of Maersk Oil and he is a member of the Audit, Nomination, and Safety, Health and Environment Advisory Committees.

#### **Performance evaluation**

The Board, Board Committees and the individual Directors participate in an annual evaluation of performance. The evaluation process for the year ended 31 March 2011 was carried out by internal questionnaire and individual meetings. This followed and built on the approach taken in the previous evaluation programme which last year was carried out by an external party and which was fully explained in last year's Annual Report.

The Directors also participated in detailed reviews of individual performance which were carried out in separate meetings with the Chairman. The process for evaluating the Chairman was managed by the Senior Independent Director which involved a separate meeting with the non-Executive Directors and included feedback from the Executive Directors.

The review concluded that the Board and its Committees were operating effectively. Each of the Directors continued to make an effective contribution to the work of the Board and its Committees, was well informed and demonstrated full commitment to their duties. The Board was satisfied that the performance evaluation process identified the main areas for further review and the external evaluation process will be repeated every three years as recommended by the new UK Corporate Governance Code.

#### **Resolution 15: Re-appointment of the Auditors**

The Company is required to appoint the Auditors at each general meeting at which accounts are laid before the Company, to hold office until the conclusion of the next such meeting. This resolution, on the Audit Committee's recommendation, proposes the re-appointment of KPMG Audit Plc as Auditors of the Company.

#### **Resolution 16: Authority for the Directors to agree the Auditors' remuneration**

This resolution authorises the Directors, in accordance with standard practice, to agree the remuneration of the Auditors.

#### **Resolution 17: Authority to allot shares**

Paragraph (A) of this Resolution gives the Directors authority to allot shares up to an aggregate nominal amount equal to £156,158,711.50 (representing 312,317,423 Ordinary Shares of 50 pence each excluding treasury shares) which, as at 19 May 2011, being the latest practicable date prior to the publication of this Notice, represented one third of the issued share capital of the Company.

In line with the guidance issued by the Association of British Insurers (the 'ABI'), paragraph (B) of this Resolution gives the Directors authority to allot Ordinary Shares or grant rights to subscribe for, or convert any securities into, Ordinary Shares in connection with a rights issue in favour of ordinary shareholders up to an aggregate nominal amount equal to £312,317,423.50 (representing 624,634,847 Ordinary Shares excluding treasury shares), as reduced by the nominal amount of shares issued under paragraph (A) of this Resolution. This amount (before any reduction) represented two thirds of the issued share capital of the Company as at 19 May 2011, the latest practicable date prior to the publication of this Notice.

The authorities sought under paragraphs (A) and (B) of this Resolution will expire at the earlier of the conclusion of the 2012 AGM and close of business on 30 September 2012 (the last date by which the Company must hold an AGM in 2012).

Should any decision be made by the Board to allot shares under the authorities sought under this Resolution, it would be the intention of the Directors to follow the guidance issued by the ABI in relation to the exercise of such authorities.

The Directors have no present intention of issuing any shares other than pursuant to existing rights under employee share schemes and the Scrip Dividend Scheme. The Directors may, however, consider issuing shares if they believe it would be appropriate to do so in respect of business opportunities that may arise consistent with the Company's strategic objectives. As at the date of this Notice, the Company did not hold any treasury shares.

#### **Resolution 18: Disapplication of pre-emption rights**

The Companies Act 2006 provides that if the Directors wish to allot any equity securities for cash (other than in connection with any employee share scheme) they must in the first instance offer them to existing shareholders in proportion to their holdings (a pre-emptive offer). There may be occasions, however, when the Directors will need the flexibility to finance business opportunities by the issue of Ordinary Shares without a pre-emptive offer to existing shareholders. Resolution 18 will be proposed as a special resolution, and would give the Directors the authority to allot Ordinary Shares (or sell any Ordinary Shares which the Company elected to hold in treasury) for cash without first offering them to existing shareholders in proportion to their existing holdings.

This authority would be limited to allotments or sales in connection with rights issues or other pre-emptive offers, or otherwise up to an aggregate nominal amount of £23,423,806.50 (representing 46,847,613 Ordinary Shares of 50 pence each). The aggregate nominal amount represents 5% of the issued share capital of the Company as at 19 May 2011, the latest practicable date prior to the publication of this Notice.

The Directors note the current institutional shareholder guidelines not to seek to allot more than 7.5% of the issued share capital, cumulatively, in any three-year rolling period without prior consultation. The Directors have no present intention of exercising this authority in the year ending 31 March 2012.

Subject to shareholder approval, the authority under this resolution will expire at the earlier of the conclusion of the 2012 AGM and close of business on 30 September 2012.

#### **Resolution 19: Purchase of own shares**

In certain circumstances it may be advantageous for the Company to purchase its own Ordinary Shares and Resolution 19 will, if approved, renew the Company's authority from shareholders to make such purchases until the earlier of the conclusion of the 2012 AGM and close of business on 30 September 2012. Purchases will only be made if the Directors believe that to do so would result in an increase in the Group's earnings per share and would be in the best interests of shareholders generally.

The Resolution, which will be proposed as a special resolution, specifies the maximum number of shares which may be acquired (10% of the Company's issued share capital as at 19 May 2011) and minimum and maximum prices at which they may be bought. There are options outstanding at the date of this Notice over approximately 6 million Ordinary Shares, representing 0.64% of the issued share capital; if the authority given by Resolution 19 were to be fully used, these options would represent 0.71% of the share capital in issue on that date.

Any shares purchased in this way will either be cancelled (and the number of shares in issue reduced accordingly) or held in treasury. Shares held in treasury may subsequently be sold for cash (within the limit of the shareholder pre-emption disapplication contained in Resolution 18), cancelled, or used for the purposes of employee share schemes. The Directors believe that it is desirable for the Company to have this flexibility. No dividends will be paid on shares whilst held in treasury and no voting rights will be exercisable in respect of treasury shares. Treasury shares transferred for the purposes of the Company's employee share schemes will count towards the limits in those schemes on the number of new shares which may be issued.

## Explanatory notes to the proposed resolutions (continued)

No Ordinary Shares were purchased by the Company during the year ended 31 March 2011. The Company does not currently hold any treasury shares.

### Resolution 20: Notice period for general meetings

Resolution 20 will be proposed as a special resolution and would allow the Company to hold general meetings (other than annual general meetings) on 14 days' notice.

Changes made to the Companies Act 2006 by the implementation of the Shareholder Rights Directive in the UK in August 2009 increased the notice period required for general meetings of the Company to 21 days, unless shareholders pass a special resolution to adopt a shorter notice period. At the AGM in 2010, a resolution was passed which allowed the Company to hold general meetings (other than annual general meetings) on 14 days' notice. The Board is proposing a similar resolution to renew the authority granted last year. The approval will be effective until the Company's next AGM, when it is intended that the approval will be renewed.

This shorter notice period would not be used as a matter of routine. Instead, the Board will consider on a case by case basis whether the flexibility offered by the shorter notice period would be in the best interests of shareholders generally, taking into account the circumstances and business of the meeting.

### Resolution 21: Renewal of The Scottish and Southern Energy 2001 Sharesave Scheme

The Scottish and Southern Energy plc 2001 Sharesave Scheme ("the Scheme") is an HMRC approved scheme which is open to eligible employees and has proved to be a popular incentive over the years.

Pursuant to the Scheme, participants may be granted options exercisable after either 3, 5 or 7 years. The price payable on the exercise of an option is determined at the time of grant at up to a 20% discount to the market value of Ordinary Shares in the Company. Participants must enter into a savings contract, under which they agree to save a fixed amount per month of between £5 and £250. Shares may only be acquired on the exercise of options using accrued savings and any interest or savings bonus payable under the savings contract.

The Scheme is operated over new issue shares or shares purchased in the market (which may include treasury shares). In line with institutional investor guidelines, in a ten year period the Company may not grant options over Ordinary Shares representing more than 10% of the issued share capital of the Company when taken together with options or awards granted under other employees' share schemes adopted by the Company. Treasury shares will count as new issue shares for the purpose of this limit for so long as institutional investor bodies consider that they need to be so counted.

The Directors wish to renew the Scheme which would otherwise expire this year, and this will require approval at the AGM to authorise the Directors to extend the life of the Scheme for a further period of ten years. Further shareholder approval will be required to continue operating the Scheme after this period.

At the same time, the Directors wish to update the rules in respect of current UK Listing Authority requirements, institutional investors' practice (for example removing the inner flow rates to the dilution limits described above) and statutory references which relate to sharesave schemes.

Pursuant to the power to amend or add to the provisions of the Scheme in respect of participation by overseas participants in order to take account of relevant overseas tax legislation, the Board previously established a set of terms governing options granted to participants in Ireland, known as the Scottish and Southern Energy plc Irish Sharesave Scheme ("the Irish Scheme"). The terms of options granted under the Irish Scheme are no more

favourable than those granted under the Scheme and the Directors propose to extend the life of the Irish Scheme and to update the Irish Scheme in line with the changes made to the Scheme.



## Important notes

The following notes explain your general rights as a shareholder and your right to attend and vote at the meeting or to appoint someone else to vote on your behalf.

### 1. Issued share capital and total voting rights

As at 19 May 2011 (being the last practicable day prior to the printing of this Notice) the issued share capital of the Company consisted of 936,952,271 Ordinary Shares, carrying one vote each. Accordingly, the total voting rights in the Company as at 19 May 2011 are 936,952,271.

### 2. Entitlement to attend and vote

Pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, and section 360B(2) of the Companies Act 2006, the Company specifies that only shareholders registered in the Register of Members of the Company as at 6.00pm (BST) on 19 July 2011 or, in the event that the AGM is adjourned, registered in the Register of Members of the Company 48 hours before the time of the adjourned meeting(s), shall be entitled to attend and vote at the AGM in respect of the number of Ordinary Shares registered in their name at that time. Save in relation to any adjourned meeting(s), changes to entries on the Register of Members of the Company after 6.00pm (BST) on 19 July 2011 shall be disregarded in determining the rights of any person to attend and vote at the AGM.

### 3. Voting at the AGM

Voting will be conducted on a show of hands at the AGM and every shareholder who (being an individual) is present in person or (being a corporation) is present by a duly authorised representative, not being himself entitled to vote, shall have one vote. Also, every proxy present who has been duly appointed by one or more shareholders entitled to vote on the resolution has one vote.

A proxy has one vote for and one vote against the resolution if the proxy has been duly appointed by more than one shareholder entitled to vote on the resolution and the proxy has been instructed by one or more of those shareholders to vote for the resolution and by one or more other of those shareholders to vote against it.

In the case of joint holders, the vote of the first named in the Register of Members of the Company who tenders a vote, whether in person or by proxy, shall be accepted to the exclusion of the votes of other joint holders.

Following the AGM, the results of the voting at the meeting and the numbers of proxy votes cast for and against and the number of votes actively withheld in respect of each of the Resolutions will be announced via a Regulatory Information Service and also placed on the Company's website [www.sse.com](http://www.sse.com).

### 4. Proxies

Shareholders entitled to attend, speak and vote at the AGM may appoint a proxy or proxies to attend, speak and vote at the AGM on their behalf. A proxy need not be a shareholder of the Company. The shareholder may appoint more than one proxy, provided that each proxy is appointed to exercise the rights attached to different shares. Appointing a proxy will not prevent a shareholder from attending in person and voting at the meeting (although voting in person at the meeting will terminate the proxy appointment).

### 5. Appointment of proxy using the hard-copy proxy form

A Form of Proxy which may be used to make such appointment and give proxy instructions accompanies this Notice.

To be valid, the appointment of a proxy, and the original or duly certified copy of the power of attorney or other authority (if any) under which it is signed or authenticated, should reach the Registrar, Capita Registrars, 34 Beckenham Road, Beckenham BR3 4TU no later than 12 noon on 19 July 2011 (or, if the meeting is adjourned, 48 hours before the time fixed for holding the adjourned meeting).

If you appoint more than one proxy, additional Form(s) of Proxy can be obtained by contacting Capita Registrars on 0845 143 4005

(calls cost 6p per minute plus network extras, lines are open Monday to Friday 9.00am to 5.30pm).

### 6. Electronic appointment of proxies

You can appoint a proxy electronically by accessing our website [www.sse.com](http://www.sse.com) and clicking on the **AGM 2011** link on the homepage. You will be asked to enter your Investor Code (IVC) printed on the Form of Proxy and agree to certain terms and conditions. On submission of your vote you will be issued with a reference number. For an electronic proxy appointment to be valid, it must be received by the Registrar no later than 12 noon on 19 July 2011.

Should you complete your Form of Proxy electronically and then post a hard copy, the form that arrives last will be counted to the exclusion of instructions received earlier, whether electronic or postal. Please refer to the terms and conditions of the service on the website.

### 7. Appointment of proxies through CREST

CREST members who wish to appoint a proxy or proxies through the CREST electronic proxy appointment service may do so by using the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a service provider(s), should refer to their CREST sponsor or voting service provider(s), who will be able to take the appropriate action on their behalf.

In order for a proxy appointment or instruction made using the CREST service to be valid, the appropriate CREST message (a 'CREST Proxy Instruction') must be properly authenticated in accordance with Euroclear UK & Ireland Limited's specifications, and must contain the information required for such instruction, as described in the CREST Manual (available via [www.euroclear.com/CREST](http://www.euroclear.com/CREST)). The message, regardless of whether it constitutes the appointment of a proxy or is an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so as to be received by the issuer's agent (ID RA10) by 12 noon on 19 July 2011. For this purpose, the time of receipt will be taken to be the time (as determined by the time stamp applied to the message by the CREST Application Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST. After this time any change of instructions to proxies appointed through CREST should be communicated to the appointee through other means.

CREST members and, where applicable, their CREST sponsors, or voting service providers should note that Euroclear UK & Ireland Limited does not make available special procedures in CREST for any particular message. Normal system timings and limitations will, therefore, apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member, or sponsored member, or has appointed a voting service provider, to procure that their CREST sponsor or voting service provider(s) take(s)) such action as shall be necessary to ensure that a message is transmitted by means of the CREST system by any particular time. In this connection, CREST members and, where applicable, their CREST sponsors or voting system providers are referred, in particular, to those sections of the CREST Manual concerning practical limitations of the CREST system and timings.

The Company may treat as invalid a CREST Proxy Instruction in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

### 8. Corporate representatives

Any corporation which is a shareholder can appoint one or more corporate representatives who may exercise on its behalf all of its powers as a shareholder provided that they do not do so in relation to the same shares.

## Important notes (continued)

### 9. Nominated Persons

Any person to whom this notice is sent who is a person nominated under section 146 of the Companies Act 2006 to enjoy information rights (a 'Nominated Person') may, under an agreement with the shareholder by whom they were nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the AGM. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, they may under such an agreement, have a right to give instructions to the shareholders as to the exercise of voting rights. The statement of the rights of shareholders in relation to appointment of Proxies in paragraph 4 of these notes does not apply to Nominated Persons. The rights described in this paragraph can only be exercised by shareholders of the Company.

### 10. Right to ask questions

Any shareholder attending the AGM has the right to ask questions. The Company must cause to be answered any such question relating to the business being dealt with at the AGM but no such answer need be given if (a) to do so would interfere unduly with the preparation for the AGM or involve the disclosure of confidential information, (b) the answer has already been given on a website in the form of an answer to a question, or (c) it is undesirable in the interests of the Company or the good order of the AGM that the question be answered.

### 11. Publication of audit concerns on the Company's website

Under section 527 of the Companies Act 2006 shareholders meeting the threshold requirements set out in that section have the right to require the Company to publish on a website a statement setting out any matter relating to: (i) the audit of the Company's accounts (including the Auditors' Report and the conduct of the audit) that are to be laid before the AGM; or (ii) any circumstances connected with an Auditor of the Company ceasing to hold office since the previous meeting at which the annual accounts and reports were laid in accordance with section 437 of the Companies Act 2006. Where the Company is required to place a statement on a website under section 527 of the Companies Act 2006, it must forward the statement to the Company's Auditors not later than the time when it makes the statement available on the website. The business

which may be dealt with at the AGM includes any statement that the Company has been required under section 527 of the Companies Act 2006 to publish on a website.

### 12. Information available on the Company's website

Copies of the Notice of Annual General Meeting 2011, the Annual Report 2011, and other information required by section 311A of the Companies Act 2006 can be found at [www.sse.com](http://www.sse.com).

### 13. Documents available for inspection

The following documents will be available for inspection at the registered office of the Company during normal business hours on any weekday (public holidays excepted) from the date of this Notice until the date of the AGM and thereafter at the place of the AGM from 11.30am until the conclusion of the AGM:

- (i) copies of Directors' service contracts and non-Executive Directors' letters of appointment; and
- (ii) a copy of the Rules of The Scottish and Southern Energy plc 2001 Sharesave Scheme (the 'Scheme') marked up to show the changes being proposed by Resolution 21, and a copy of the Rules of The Scottish and Southern Energy plc Irish Sharesave Scheme (adopted by resolution of the Directors under the terms of the Scheme to provide equivalent benefits to employees in Ireland) marked up to show the changes proposed to be made by the Directors.

Additionally, item (iii) above will also be available for inspection at the offices of Herbert Smith LLP, Exchange House, Primrose Street, London EC2A 2HS during normal business hours on any weekday (public holidays excepted) from the date of the Notice until the date of the AGM.

### 14. Communication

You may not use any electronic address provided in either this Notice of Annual General Meeting 2011 or any related documents (including the Form of Proxy) to communicate with the Company for any purposes other than those expressly stated.

## Location map

### Perth Concert Hall, Mill Street, Perth PH1 5HZ

Perth Concert Hall is situated close to the River Tay and is within walking distance of both the Railway Station and Bus Station.

- If travelling by car, follow signs for the city centre. There is a car park at the rear of the Concert Hall. This is accessed from Kinnoull Street. This 550-space multi-storey car park is open from 7am-midnight Monday to Saturday. It is a pay-and-display car park meaning that the charge must be paid on arrival.
- A Park+Ride facility for 250 vehicles is available at the Broxden roundabout. This is situated at the junction of the M90/A9 bypass with the A9 Stirling Road.
- A second Park+Ride operates from a car park adjacent to the A94 at the north end of Scone.

