

Notice of Annual General Meeting 2009

Dear Shareholder

I invite you to our 2009 Annual General Meeting which will be held in the Perth Concert Hall, Mill Street, Perth PH1 5HZ on Thursday, 23 July 2009 at 12 noon.

The business to be conducted at the meeting is as set out on page 1 of this document and includes all routine business of an Annual General Meeting. Explanatory notes are set out on pages 2 to 3 but I thought it would be helpful to highlight Resolution 12 in particular.

For general meetings other than Annual General Meetings (AGMs) the minimum notice period permitted by the Companies Act 2006 is currently 14 days. Regulations are due to come into force on 3 August 2009 to implement the EU Shareholder Rights Directive, which requires listed companies to call all general meetings on at least 21 clear days' notice. There is an option for EU Member States to permit listed companies to call meetings on shorter notice. In line with the UK position, the company is requesting shareholder approval to retain the flexibility of holding general meetings other than AGMs on 14 days' notice. This approval will be effective until the company's next AGM, when it is intended that the approval will be renewed.

Recommendation and Action to be Taken

The Board believes that the attached resolutions are in the best interests of the company and its shareholders and recommends you give them your full support by voting in favour of the resolutions, which they intend to do in respect of their own beneficial holdings.

I would encourage you to complete and return the enclosed Proxy Form in accordance with the instructions printed on the form. The Proxy Form must be received by our registrar as soon as possible and by no later than 12 noon on 21 July 2009.

Yours faithfully



Lord Smith of Kelvin
Chairman

Scottish and Southern Energy plc
Registered in Scotland No.: 117119
Registered Office: 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 financial advice from an independent financial adviser authorised under the Financial Services and Markets Act 2000.

If you have sold or otherwise transferred all your shares in Scottish and Southern Energy plc, you should at once forward this document and the accompanying Form of Proxy to the purchaser or transferee, or to the bank or stockbroker or other agent through whom the sale was effected, for transmission to the purchaser or transferee.

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the TWENTIETH ANNUAL GENERAL MEETING of Scottish and Southern Energy plc will be held in the Perth Concert Hall, Mill Street, Perth PH1 5HZ on Thursday, 23 July 2009 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 9 will be proposed as ordinary resolutions, and resolutions 10 to 12 will be proposed as special resolutions:

Resolution 1: to receive the Financial Statements and the Reports of the Directors and the Auditor for the financial year ended 31 March 2009.

Resolution 2: to approve the Remuneration Report of the Board for the financial year ended 31 March 2009.

Resolution 3: to declare a final dividend for the year ended 31 March 2009 of 46.2 pence per ordinary share.

Resolution 4: to re-appoint Thomas Andersen as a Director of the company.

Resolution 5: to re-appoint Susan Rice as a Director of the company.

Resolution 6: to re-appoint Gregor Alexander as a Director of the company.

Resolution 7: that KPMG Audit Plc be appointed Auditor of the company to hold office from the conclusion of this meeting until the conclusion of the next general meeting at which Financial Statements are laid before the company.

Resolution 8: that the Directors be authorised to determine the Auditor's remuneration.

Resolution 9: that the Directors be and they are hereby generally and unconditionally authorised for the purposes of section 80 of the Companies Act 1985 to exercise the powers of the company to allot relevant securities (as defined within that section) up to an aggregate nominal amount of £139,779,600 provided that this authority shall expire on the conclusion of the next Annual General Meeting of the company after the passing of this resolution unless previously renewed, varied or revoked by the company in general meeting save that the company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after such expiry and the Directors may allot relevant securities in pursuance of such offer or agreement notwithstanding that the authority conferred hereby has expired.

Resolution 10: that subject to the passing of resolution 9 above the Directors be and they are hereby empowered pursuant to section 95 of the Companies Act 1985 (the Act) to allot 'equity securities' (as defined in section 94 of the Act) wholly for cash pursuant to the authority conferred by resolution 9 above as if section 89(1) of the Act did not apply to any such allotment, provided that this power shall be limited to the allotment of equity securities:

- (i) in connection with an offer of such securities by way of rights to holders of ordinary shares in proportion (as nearly as may be practicable) to their respective

holdings of such shares, but subject to such exclusions or other arrangements as the Directors may deem necessary or expedient in relation to fractional entitlements or any legal or practical problems under the laws of any territory, or the requirements of any regulatory body or stock exchange; and

- (ii) otherwise than pursuant to sub-paragraph (i) above up to an aggregate nominal value of £23,011,020

and shall expire on the conclusion of the next Annual General Meeting of the company after the passing of this resolution save that the company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after such expiry and the Directors may allot equity securities in pursuance of any such offer or agreement notwithstanding that the power conferred hereby has expired.

This power applies in relation to a sale of shares which is an allotment of equity securities by virtue of section 94(3A) of the Act as if in the first paragraph of this resolution the words 'subject to the passing of resolution 9 above' and 'pursuant to the authority conferred by resolution 9 above' were omitted.

Resolution 11: that, pursuant to the articles of association, the company be and is generally and unconditionally authorised for the purposes of section 166 of the Companies Act 1985 (the Act) to make one or more market purchases (within the meaning of section 163(3) of the Act) on the London Stock Exchange of ordinary shares of 50p each in the capital of the company provided that:

- (i) the maximum number of ordinary shares authorised to be purchased is 92,044,080 representing 10% of the company's issued ordinary share capital;
- (ii) the minimum price which may be paid for such shares is 50p per share which amount shall be exclusive of expenses;
- (iii) the maximum price which may be paid for an ordinary share shall not be more than 5% above the average of the middle market quotations for an ordinary share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the date on which the ordinary share is purchased;
- (iv) unless previously renewed, varied or revoked, the authority hereby conferred shall expire on the conclusion of the company's next Annual General Meeting or 15 months from the date of passing of this resolution, if earlier; and
- (v) the company may make a contract or contracts to purchase ordinary shares under the authority hereby conferred prior to the expiry of such authority which will or may be executed wholly or partly after the expiry of such authority and may make a purchase of ordinary shares in pursuance of any such contract or contracts.

Resolution 12: that a general meeting other than an Annual General Meeting may be called on not less than 14 clear days' notice.

By order of the Board

Vincent Donnelly Company Secretary, 20 May 2009

Information on Resolutions

1. Information on ordinary resolutions 1 to 9 is set out below.

Resolution 1: Receipt of the 2009 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 2009 Remuneration Report

The Remuneration Report for the year ended 31 March 2009 has been prepared and is laid before the Meeting for approval by shareholders in accordance with schedule 7A to the Companies Act 1985. The vote is advisory and does not affect the actual remuneration paid to any individual Director. The Remuneration Report is set out on pages 66 to 75 of the Annual Report 2009.

Resolution 3: Declaration of the final dividend for 2009

A final dividend can be paid only after it has been approved by the shareholders. A final dividend of 46.2p per ordinary share is recommended by the Directors for payment to shareholders on the register as at close of business on 21 August 2009. If approved, the final dividend will be paid on 25 September 2009.

Resolution 4: Re-appointment of Director 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, Thomas Andersen, who was appointed as a non-Executive Director on 1 January 2009, will retire at the Meeting and will seek re-appointment.

The biographical details of Thomas Andersen are set out on page 65 of the Annual Report 2009.

Resolutions 5 and 6: Re-appointment of Directors retiring by rotation

The company's articles of association require 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. This year the retiring Directors are Susan Rice and Gregor Alexander.

The biographical details of Susan Rice and Gregor Alexander are set out on page 64 of the Annual Report 2009.

Resolution 7: Re-appointment of the Auditor

The company is required to appoint the Auditor 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 Auditor of the company.

Resolution 8: Authority for the Directors to agree the Auditor's remuneration

This resolution authorises the Directors, in accordance with standard practice, to set the remuneration of the Auditor. In accordance with its terms of reference, the Audit Committee will approve the terms of engagement

and the level of audit fees payable by the company to the Auditor and recommend them to the Board.

Resolution 9: Authority to allot shares

This resolution seeks to renew the Directors' authority, under section 80 of the Companies Act 1985, to allot shares up to a nominal value of £139,779,600 being the difference in value between the authorised share capital of £600,000,000 and the issued share capital of £460,220,400 as at 20 May 2009, the latest practicable date before the printing of the Notice of Annual General Meeting. The authority to allot shares was last renewed at the Annual General Meeting in 2008 and terminates at the conclusion of the 2009 Annual General Meeting.

Under a revision to its guidelines published on 31 December 2008, and following a recommendation from the Rights Issue Review Group, the Association of British Insurers (ABI) has reiterated its previous position that members will regard as routine requests from companies for authorisation to allot new shares up to the lesser of (i) the unissued ordinary share capital or (ii) a sum equal to one third of the issued ordinary share capital. In these guidelines it has however clarified that its members will also regard as routine requests to authorise the allotment of a further one third. Their support for this additional headroom is predicated on it being applied to fully pre-emptive rights issues only and on the basis that the authorisation is valid for one year. It is also subject to various other provisos stated in the ABI's revised guidelines. Having considered the ABI's guidelines and the current needs of the business, the company considers it does not require to seek authority for this additional headroom on this occasion.

2. Information on special resolutions 10 to 12 is set out below.

Resolution 10: Disapplication of Pre-emption Rights

Resolution 10 proposes as a special resolution to renew the Directors' authority under section 89 of the Companies Act 1985 to allot shares for cash in certain circumstances otherwise than pro rata to all the shareholders. This authority, which was last renewed at the Annual General Meeting in 2008, gives the company greater flexibility in its financing arrangements.

This resolution deals with the allotment of shares for cash under a rights issue, power to make adjustments to deal with overseas shareholders, fractions of shares and other such matters. It also permits the Directors to make additional issues of shares for cash up to £23,011,020 nominal share capital, representing 5% of the issued share capital. 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. Subject to shareholder approval, the authority under this resolution will remain in force until the 2010 Annual General Meeting. Please note that there is no present intention of exercising this authority in the year ending 31 March 2010.

For the purposes of this resolution, allotment of shares includes the sale of treasury shares – see the note to resolution 11 for further details.

Issue of Equity

At the 2008 Annual General Meeting the Directors were given an authority to allot up to 43.5 million shares for cash otherwise than pro rata to all shareholders. On 7 January 2009 the Directors exercised this authority when the company issued 42 million new shares (4.8% of the issued share capital at that date) through a share placing. The share placing was priced at 1,140p per share which raised £479 million to facilitate the funding of investment opportunities and the acquisition of value-enhancing assets.

Resolution 11: Purchase of Own Shares and Treasury Shares

In certain circumstances it may be advantageous for the company to purchase its own ordinary shares, and resolution 11 will, if approved, renew the company's authority from shareholders to make such purchases until the Annual General Meeting in 2010 or 23 October 2010 whichever is the earlier. 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) and minimum and maximum prices at which they may be bought. There are options outstanding at the date of this report over 4.4 million ordinary shares, representing 0.48% of the issued share capital; if the authority given by resolution 11 were to be fully used, these options would represent 0.54% 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 10), cancelled, or used for the purposes of employee share schemes. Holding its own shares as treasury shares would give the company the ability to re-issue them quickly and cost effectively, and would provide the company with additional flexibility in the management of its capital base. 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.

No ordinary shares were purchased by the company during the year ended 31 March 2009. The company does not currently hold any treasury shares.

Resolution 12 : Notice period for general meetings

Resolution 12 is a resolution to allow the company to hold general meetings (other than Annual General Meetings) on 14 days' notice.

At last year's Annual General Meeting, the company adopted new articles of association as a result of which

general meetings of the company may be called on the minimum notice period provided for in the Companies Act 2006 (the 2006 Act). For general meetings other than Annual General Meetings the minimum notice period permitted by the 2006 Act is currently 14 days. The 2006 Act provisions relating to meetings are due to be amended with effect from August 2009, as a result of the UK implementation of the EU Shareholder Rights Directive (the Directive). The Government is still consulting on the detail of the amendments that are to be made and final form regulations will be published in due course. One of the amendments, in accordance with the Directive, is to increase the minimum notice period for listed company general meetings to 21 days but with an ability for companies to reduce this period back to 14 days (other than for Annual General Meetings), provided that two conditions are met. The first condition is that a company offers facilities for shareholders to vote by electronic means. It is not yet clear what this will require and the details will be set out in the final regulations when published. The second condition is that there is an annual resolution of shareholders approving the reduction in the minimum notice period from 21 days to 14 days. Resolution 12 therefore seeks to approve 14 days as the minimum period of notice for all general meetings of the company other than Annual General Meetings. The approval will be effective until the company's next Annual General Meeting, when it is intended that the approval will be renewed.

Important Notes

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

1. A shareholder entitled to attend and vote at the Annual General Meeting is entitled to appoint one or more proxies to attend, speak and vote instead of him or her. A proxy need not be a shareholder. The shareholder may appoint more than one proxy, provided that each proxy is appointed to attend, speak and vote in respect of a different share or 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). 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.
2. You can submit your Proxy Form electronically by accessing our website www.scottish-southern.co.uk and clicking on the **AGM 2009** link on the homepage. Electronic facilities are available to all shareholders and those who use them will not be disadvantaged. Before you can submit your Proxy Form via the internet you will be asked to agree to certain terms and conditions. You will require your unique PIN and Shareholder Reference Number (SRN) printed on the front of this form to log in (the PIN will expire at the end of the voting period).

For best results, we recommend you use the latest version of the following browsers: Microsoft Internet Explorer, Mozilla Firefox or Apple Safari. On receipt of your vote you will be issued with a transaction reference number.

If you submit your Proxy Form via the internet it should reach the registrar by 12 noon on 21 July 2009 (48 hours prior to the Annual General Meeting). Should you complete your Proxy Form 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.
3. 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 of the company, Computershare Investor Services plc, The Pavilions, Bridgwater Road, Bristol BS99 6ZY or be received via www.scottish-southern.co.uk, no later than 12 noon on Tuesday, 21 July 2009 (or, if the meeting is adjourned, 48 hours before the time fixed for holding the adjourned meeting).
4. To appoint one or more proxies or to give an instruction to a proxy (whether previously appointed or otherwise) via the CREST system, CREST messages must be received by the issuer's agent (ID Number 3RA50) not later than 48 hours before the time appointed for holding the meeting. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp generated by the CREST system) from which the issuer's

agent is able to retrieve the message. The company may treat as invalid a proxy appointment sent by CREST in the circumstances set out in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001.

5. Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, entitlement to attend and vote at the meeting and the number of votes which may be cast thereat will be determined by reference to the Register of Members of the Company as at close of business on 21 July 2009. Changes to entries on the Register of Members after that time shall be disregarded in determining the rights of any person to attend and vote at the meeting.
6. In order to facilitate voting by corporate representatives at the Annual General Meeting, arrangements will be put in place at the meeting to follow the procedure set out in Appendix B in the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives. Please see www.icsa.org.uk for further details of this procedure or contact the company's registrar on 0845 113 0045.
7. 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 between him or her and the shareholder by whom he or she was nominated, have a right to be appointed (or to have someone else appointed) as a proxy for the Annual General Meeting. If a Nominated Person has no such proxy appointment right or does not wish to exercise it, he or she may, under any such agreement, have a right to give instructions to the shareholder as to the exercise of voting rights.
8. The statement of the rights of shareholders in relation to the appointment of proxies in note 1 above does not apply to Nominated Persons. The rights described in that note can only be exercised by shareholders of the company.
9. Copies of Directors' service contracts and non-Executive Directors' appointment letters 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 Meeting and thereafter at the place of the Meeting from 11.45am until the conclusion of the Meeting.
10. Following the Annual General Meeting, 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.scottish-southern.co.uk.
11. As at 20 May 2009 (being the last practicable day prior to the printing of this Notice) the issued share capital of the company consists of 920,440,801 ordinary shares, carrying one vote each. Accordingly, the total voting rights in the company as at 20 May 2009 are 920,440,801.