

Terms & Conditions

SIP Partnership

Scottish and Southern Energy Share Incentive Plan (the "SIP") - Partnership Share Agreement

This Partnership Share Agreement is between you ("the Participant"), SSE plc ("the Company") and EES Corporate Trustees Limited ("the Trustees"):

This Partnership Share Agreement sets out the terms on which the Participant agrees to buy shares under the SIP and is subject to the SIP Rules. The definitions in the SIP Rules apply to this Partnership Share Agreement. In the event of any conflict between this Agreement, the SIP Rules and the terms of the Trust or any interpretation of them and tax legislation, the Trust Deed and SIP Rules and legislation will prevail. When you apply to join the SIP, you agree to the terms and conditions of the SIP. You also authorise the Trustees to purchase SSE shares on your behalf. The Dividend Shares you acquire as a result of your Partnership and Matching Shares will be added automatically to your shareholding.

NOTICE TO PARTICIPANT ABOUT POSSIBLE EFFECT ON BENEFITS

Deductions from your pay to buy Partnership Shares under this agreement may affect your entitlement to, or the level of, some contributory social security benefits, statutory maternity pay and statutory sick pay. They may also have a similar effect in respect of some contributory social security benefits paid to your spouse or civil partner. With this agreement you should have been given information on the effect of deductions from your pay to buy Partnership Shares on entitlement to social security benefits, statutory sick pay and statutory maternity pay. The effect is particularly significant if your earnings are brought below the lower earnings limit for National Insurance purposes, and it is explained in the information (HM Revenue & Customs leaflet IR177). It is therefore important that you read it. If you have not been given a copy, ask your employer for it. Otherwise a copy may be obtained from any office of the HMRC, the Department of Work & Pensions, or, in Northern Ireland, the Department for Social Development. The IR177 booklet is also available from the HMRC website www.hmrc.gov.uk. You should take the information you have been given into account in deciding whether to buy Partnership Shares.

PARTICIPANT

1. I agree to allow my employer to deduct the amount specified in my application each month (this must be between £10 and £150 but not more than 10% of salary ("my salary")).
2. I agree that deductions specified in paragraph 1 above shall be automatically varied to the extent necessary so as to ensure that deductions from my salary do not exceed 10% of that salary.
3. I agree that deductions from my salary shall cease to be made immediately on my ceasing to be employed by a company participating in the SIP.
4. I understand that I may vary the level of deductions and the intervals over which deductions are made only with the prior agreement of SSE.
5. I agree that these deductions will be used to buy Partnership Shares in SSE for me.
6. I agree that all dividends paid on my SIP Shares will be used by the Trustees to buy more shares in SSE for me according to the SIP Rules. I agree to accept the Dividend Shares bought for me and leave them in the hands of the Trustee and not to assign, charge or otherwise dispose of my beneficial interest in the Dividend Shares for the whole of the Holding Period of 3 years.
7. I understand that shares may fall in value as well as rise.
8. I have read this Partnership Share Agreement and agree to be bound by it and by the SIP Rules.

COMPANY

9. The Company agrees to arrange for shares in SSE to be bought for me, according to the SIP Rules.
10. The Company agrees to provide two Matching Shares for every one Partnership Share that I buy, up to a maximum of 6 Matching Shares per month.

TRUSTEES

12. EES Corporate Trustees Limited agree to keep my salary deductions and dividends in a non-interest bearing account until they are used to buy Partnership and Dividend Shares for me.

RIGHTS AND OBLIGATIONS

13. I agree that taking part in the SIP does not affect my rights, entitlements and obligations under my contract of employment, and does not give me any rights or additional rights to compensation or damages if my employment ceases.
14. I may stop the deductions at any time, or begin them again, by writing to my employer, but I may not make up any amounts missed when deductions were stopped.
15. I agree that deductions from my salary, or the number of shares that I receive may be scaled down if the limit on the number of shares set by the Company for this award is exceeded.
16. I acknowledge that I will be permitted to exercise my voting rights for my SIP shares held by the Trustees at General Meetings of SSE.
17. I may ask the Trustees for my Partnership Shares at any time, but I may have to pay income tax and National

Insurance contributions when they are taken out of the SIP.

18. I agree that any Partnership Shares held on my behalf will cease to be subject to the SIP immediately on cessation of my employment and, as soon as practical thereafter, any Partnership Shares held by the Trustees shall be transferred to me automatically (subject to paragraph 19 below).

19. I agree to allow the Trustees to sell some or all of my shares to pay any income tax and National Insurance contributions in respect of my shares ceasing to be subject to the SIP, unless I provide them in advance with sufficient cleared funds to pay these amounts.

20. I agree that, following the cessation of my employment within a participating company of the SSE Group, any money left in the SIP, which has not been invested in shares, will be returned to me.

21. I agree that any deductions not used to buy Partnership Shares will be carried forward and added to the next deduction.

22. If there is a rights issue, I agree to allow the Trustees to sell some of the rights attached to my shares in the SIP, in order to fund the exercise of the rights attached to other shares held by me in the SIP.

23. I can at any time withdraw from this agreement by writing to the Trustees, giving at least 30 days' notice of withdrawal. Any unused deductions will be returned to me after the deduction of any necessary income tax or National Insurance contributions. My withdrawal from the SIP will be effective from the next payroll run after receipt of notification by the Trustees.

24. I agree that withdrawal from this agreement will not affect the terms on which I agreed to buy shares already held for me under the SIP.

25. If I leave the Company and do NOT provide the Trustees with instructions as to how to deal with my shares within 31 days of being written to by the Trustees they will be administered as follows; should I leave relevant employment of the company for any of the following reasons; the Trustees will automatically sell all of my shares and remit the proceeds to me once the necessary deductions have been made to cover any income tax or National Insurance Contributions which may have arisen.

- (a) injury or disability;
- (b) redundancy;
- (c) transfer of employment to which the Transfer of Undertaking (Protection of Employment) Regulations 2006 apply;
- (d) retirement at or after reaching Retirement Age, as defined in the SIP Rules;
- (e) death; or
- (f) change of control or other circumstances ending the associated company status of my employer company.

However, should I leave the relevant employment of the Company for any reason other than those stated above the Trustees will sell sufficient SIP shares to cover any resultant income tax and NI liability and remit the remaining proceeds to me.

MATCHING SHARES

26. The ratio of Matching Shares to Partnership Shares will be 2:1 and may be varied by the Company. The ratio may be changed if the financial impact of running the SIP varies significantly from expectation. Such change would occur following a periodic review of the SIP by the Company.

27. If the ratio varies, the Company will notify me before the Partnership Shares are bought for me.

28. The Company will award me a maximum of 6 Matching Shares per month. The maximum number of Matching Shares awarded each month may be varied by the Company.

29. If the maximum number of Matching Shares varies, the Company will notify me before the Partnership Shares are bought for me.

30. I will lose my Matching Shares if

- I cease to be in Relevant Employment, or
- I withdraw the Partnership Shares in respect of which the Matching Shares were awarded within 3 years from the date of the Award, unless the Relevant Employment ceases for one of the following reasons –

- (a) injury or disability;
- (b) redundancy;
- (c) transfer of employment to which the Transfer of Undertaking (Protection of Employment) Regulations 2006 apply;
- (d) retirement at or after reaching Retirement Age, as defined in the SIP Rules;
- (e) death; or
- (f) change of control or other circumstances ending the associated company status of my employer company.

DIVIDEND REINVESTMENT

31. Cash dividends will be used to buy Dividend Shares for me.

32. Any amount not used to buy shares shall be carried forward and added to the next cash dividend to be reinvested.

HOLDING PERIOD: DIVIDEND AND MATCHING SHARES

33. I understand that my obligations during the Holding Period will end if:

- (a) I cease to be in Relevant Employment, and this may lead to forfeiture of Matching Shares;
- (b) the Company terminates the SIP in accordance with Clause 25 of the Deed and I have consented to the transfer of the Shares to me.

34. I understand that my obligations under the Holding Period are subject to:

- (a) the rights of the Trustees to sell my shares to meet PAYE obligations;
- (b) the Trustees accepting at my direction an offer for my shares in accordance with the SIP.

DATA PROTECTION ACT

35. The Company and EES Corporate Trustees Limited acting as Trustee and Administrator give the following information about data protection, which I acknowledge that I have read, understood and agreed:

We process personal data about you, which we use so that you can participate in the Plan and so that we can run accounts and services associated with the Plan for you. While we treat your personal data as confidential, we may need to disclose it outside the Company, the Trustee and Administrator, including in the following circumstances:

- Where the law permits or requires it or it is in the public interest;
- To our agents, in connection with running account or services associated with the Plan for you;
- At your request or with your consent;
- To investigate or prevent fraud; or
- To any party to this Partnership Agreement or their delegates, so that they may update their own records about you.

In accordance with the Data Protection Act you are entitled, on payment of a fee, to a copy of the information we hold about you. You should let us know if you think any information we hold about you is not accurate, so that we can correct it.