

# **SSE EMPLOYEE SHARE INCENTIVE PLAN (the 'Plan')**

## **FREE SHARE AGREEMENT**

**THESE TERMS AND CONDITIONS ARE LEGALLY BINDING.  
PLEASE READ THEM CAREFULLY**

HM Revenue & Customs require all Free Share Awards under the Plan be governed by an agreement. This agreement is between you and the Company. The definitions in the Plan rules apply to this agreement.

Before you apply to receive your Free Share Award, you should read the following agreement.

When you register for a Free Share Award, you agree to the following terms of application:

1. I confirm that I am eligible to participate in the Plan.
2. I agree to accept the Free Shares awarded to me under the Plan and understand that the Shares may rise as well as fall in value.
3. I understand and accept that the Free Shares Awarded to me under the Plan are subject to meeting a predetermined performance condition which can be amended by the Company before any such Free Share Award.
4. I agree to leave the Free Shares in the hands of the Trustees and not to assign charge or otherwise dispose of my beneficial interest in the Shares for the whole of the Holding Period (3 years from the date of award).
5. I have read these terms and conditions and agree to be bound by them and by the rules of the Plan.
6. The Company agrees to arrange for Shares in the Company to be awarded and bought for me, according to the rules of the Plan.
7. I agree that taking part in the Plan does not affect my rights, entitlements or obligations under my contract of employment and does not give me any rights or additional rights to compensation or damages, if my employment ceases.
8. I can withdraw from this agreement at any time by writing to the Company.
9. If I withdraw from this agreement at some time in the future, I agree that the terms under which I accepted any Free Shares which had been awarded to me by that time will not be affected.
10. I understand that I may ask the Trustees for my Free Shares at any time after the end of the Holding Period, but I may have to pay income tax and National Insurance contributions when they are taken out of the Plan.
11. I agree to allow the Trustees to sell some or all of my Free Shares to pay any income tax and National Insurance contributions in respect of my Free Shares ceasing to be subject to the Plan.

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

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

13. I understand that my obligations during the Holding Period are subject to:

- a) The right of the Trustee to sell my Shares to meet PAYE obligations;
- b) The Trustee accepting at my direction an offer for my Shares in accordance with the Plan.

14. I understand that I will lose my Free Shares, if I cease to be in Relevant Employment before the end of the forfeiture period of three years from the date of award, unless my employment ceases for one of the following reasons:

- Redundancy
- Retirement in accordance with the Company's normal retirement policies
- Injury;
- Disability;
- Transfer of employment to which the Transfer of Undertaking (Protection of Employment) Regulations 1981 applies;
- Change of control or other circumstances ending the associated company status of the employer company;
- Death;
- Reaching the Scheme's specified age of 50 years.

15. If there is a rights issue, I agree to allow the Trustees to sell some of the rights attached to my Free Shares in the Plan, to fund the exercise of the rights attached to other Free Shares held by me in the Plan.

16. I agree that all dividends paid on my Free Shares will be used by the Trustees to buy more shares in SSE for me according to the Rules of the Plan. 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 (3 years from the date of award).

17. If I cease employment with the Company and do not provide the Trustees with instructions as to how to deal with my Free Shares within 30 days of being written to by the Trustees, I agree that the Trustees may sell all of my Free Shares and remit the proceeds to me, after the necessary deductions have been made to cover any liability for income tax and National Insurance contributions which may have arisen.

18. I confirm and agree that I can only sell my Free Shares in accordance with the Company's share dealing policy and that I need to ensure that any submission of an instruction to sell my Free Shares does not contravene such policy. I understand that the full version of the Company's share dealing policy is available on request from the Company.