



Notice of Annual General Meeting 2016

Dear Shareholder

I am pleased to invite you to our Annual General Meeting (AGM) which will be held at the Perth Concert Hall, Mill Street, Perth PH1 5HZ on Thursday, 21 July 2016 at 12 noon.

The AGM is an important event and it is the Board's opportunity to present the Company's performance and strategy to our shareholders and to listen and respond to your questions. This Notice of Meeting for the 2016 AGM sets out in full the resolutions to be voted on, together with explanatory notes on all the business to be considered.

I would like to provide an overview to the three resolutions at the AGM which relate to Directors' remuneration:

- **The Directors' Remuneration Report.** This is a required annual advisory vote relating to Directors' remuneration paid in the previous financial year, and sets out how the Directors' Remuneration Policy will be implemented in the forthcoming year (Resolution 2).
- **The Directors' Remuneration Policy.** This was last reviewed in 2014 and although this is only required every three years, the Remuneration Committee has decided to submit a new policy for approval this year (Resolution 3).
- **A new Performance Share Plan.** The existing Performance Share Plan, was approved by shareholders in 2006 and expires in 2016. A summary of the new plan is outlined in this Notice of Meeting (Resolution 20).

Full details of the Directors' Remuneration Report and proposed Directors' Remuneration Policy are set out on pages 92 to 113 of our Annual Report 2016. Further details of the proposed Performance Share Plan are set out on pages 8 to 10 of the Notice of Annual General Meeting 2016.

Voting arrangements

Voting at the AGM will be conducted by way of a poll. I would encourage all shareholders to vote on the resolutions being proposed at the AGM by either:

- attending the AGM in person;
- voting online at www.sse.com;
- completing and returning the Form of Proxy; or
- using the CREST electronic proxy appointment service (CREST members only).

All voting instructions should be made as soon as possible and by no later than 12 noon on Tuesday, 19 July 2016. Full details of voting procedures are set out on pages 11 and 12 of the Notice of Annual General Meeting 2016.

Online voting at future shareholder meetings

In order to make voting easier and reduce SSE's environmental impact, from the 2017 AGM paper proxy voting cards will only be sent to shareholders who have requested to receive a hard copy of the Annual Report. Shareholders who currently receive paper notification that the Annual Report is available online through the SSE website will default to online voting in 2017, and arrangements are unchanged for those who currently receive email notification. Shareholders who wish to change their communication preference can do so by contacting the Company's Share Registrar, Capita Asset Services, whose contact details are available on the SSE website.

Recommendation

The Board believes that Resolutions 1 to 20 contained in the Notice of Annual General Meeting 2016 are in the best interests of the Company and its shareholders as a whole. Accordingly, the Directors unanimously recommend that you vote in favour of the resolutions as they intend to do in respect of their own beneficial holdings.

Yours faithfully

Richard Gillingwater CBE
Chairman

SSE plc

Registered in Scotland No.: 117119
Registered Office: Inveralmond 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 SSE plc, you should pass this Notice and any documents that came with it 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 SEVENTH ANNUAL GENERAL MEETING of SSE plc (the 'Company') will be held at the Perth Concert Hall, Mill Street, Perth PH1 5HZ on Thursday, 21 July 2016 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 16 and 20 will be proposed as Ordinary Resolutions and Resolutions 17 to 19 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 2016.

Remuneration Report

Resolution 2: to approve the 2016 Remuneration Report.

Remuneration Policy

Resolution 3: to approve the 2016 Remuneration Policy.

Dividend

Resolution 4: to declare a final dividend for the year ended 31 March 2016 of 62.5 pence per Ordinary Share payable on 23 September 2016.

Directors

Resolution 5: to re-appoint Gregor Alexander as a Director of the Company.

Resolution 6: to re-appoint Jeremy Beeton as a Director of the Company.

Resolution 7: to re-appoint Katie Bickerstaffe as a Director of the Company.

Resolution 8: to re-appoint Sue Bruce as a Director of the Company.

Resolution 9: to appoint Crawford Gillies as a Director of the Company.

Resolution 10: to re-appoint Richard Gillingwater as a Director of the Company.

Resolution 11: to re-appoint Peter Lynas as a Director of the Company.

Resolution 12: to appoint Helen Mahy as a Director of the Company.

Resolution 13: to re-appoint Alistair Phillips-Davies as a Director of the Company.

Auditor

Resolution 14: that KPMG LLP be re-appointed Auditor of the Company, to hold office until the conclusion of the next general meeting at which Financial Statements are laid before the Company.

Resolution 15: that the Audit Committee of the Board be authorised to determine the Auditor's remuneration.

Authority to allot shares

Resolution 16: 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, up to an aggregate nominal amount equal to £167,932,802.50, such authority to apply until the earlier of the conclusion of the 2017 Annual General Meeting and close of business on 30 September 2017, except that the Company may pursuant to the authority granted make offers and enter into agreements before such expiry 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 expired.

Authority to disapply pre-emption rights

Resolution 17: that, subject to the passing of Resolution 16, 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 16 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 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) 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 £25,189,920.

such power to apply until the earlier of the conclusion of the 2017 Annual General Meeting and close of business on 30 September 2017, 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 18: 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 100,759,681;
- (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 2017 Annual General Meeting and close of business on 30 September 2017 (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 19: that a general meeting of the Company other than an Annual General Meeting may be called on not less than 14 clear days' notice.

Performance Share Plan 2016

Resolution 20: that the SSE plc Performance Share Plan 2016 (the 'PSP'), the principal terms of which are summarised in the explanatory note to this resolution and as shown in the rules of the PSP produced to the Meeting and initialled by the Chairman for the purposes of identification, be and is hereby approved and that the directors be and are hereby authorised to do all such acts and things that they may consider appropriate to implement the PSP, including the making of any amendments to the rules.

By order of the Board

Sally Fairbairn

Company Secretary
17 May 2016

Explanatory notes to the proposed resolutions

Ordinary and special resolutions

Resolutions 1 to 16 and 20 will be proposed as Ordinary Resolutions which require a simple majority of votes to be cast in favour to be passed. Resolutions 17 to 19 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 2016 Annual Report and Accounts

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

Resolution 2 to 3: Approval of the 2016 Remuneration Report and 2016 Remuneration Policy.

The Remuneration Report in the Company's Annual Report and Accounts for the year ended 31 March 2016 comprises: (1) the statement by the Remuneration Committee Chairman; (2) the Annual Report on Remuneration, which sets out the remuneration paid to the Company's Directors during the year ended 31 March 2016; and (3) the proposed Directors' Remuneration Policy which shareholders will be invited to approve. The statement by the Remuneration Committee Chairman and the Annual Report on Remuneration is put to shareholders for approval by Ordinary Resolution, and is the subject of resolution 2. The resolution is advisory and does not affect the remuneration already paid to any Director.

Resolution 3 is proposed as an Ordinary Resolution, and invites shareholders to approve the Policy Report which also forms part of the Remuneration Report in the Company's Annual Report and Accounts for the year ended 31 March 2016. If approved by shareholders at the 2016 AGM, and assuming that it remains an appropriate policy meeting the needs of the business, the Policy Report will be put to shareholders for approval again at the 2019 AGM. All remuneration or loss of office payments by the Company to the current or prospective Directors and any former Directors must be made in accordance with the Policy Report (unless a payment has been separately approved by a shareholder resolution).

Resolution 4: Declaration of the final dividend for 2016

A final dividend can be paid only after it has been approved by shareholders. A final dividend of 62.5 pence per Ordinary Share is recommended by the Directors for payment in cash on 23 September 2016 to shareholders on the Register of Members as at close of business on 22 July 2016, 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 26 August 2016. Shareholders for whom valid elections have been received by 4.30pm on 26 August 2016 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.

Resolutions 5 to 13: Re-appointment of Directors

In accordance with The UK Corporate Governance Code, all Directors of FTSE 350 companies should be subject to election or re-election by their shareholders every year. The

Company continues this practice for this year's AGM. Separate resolutions are proposed for each Directors appointment or re-appointment.

The Board, its Committees and the individual Directors participate in an annual performance evaluation. Further details of the performance evaluation process are set out on pages 76 and 77 of the 2016 Annual Report. The performance evaluation process confirmed the continuing independent and objective judgement of all the non-Executive Directors. The process also confirmed that the performance of all the current Directors standing for re-appointment continued to be effective and that they continue to demonstrate commitment in their respective roles. The Board recommends to shareholders the proposed re-appointment of all Directors set out in Resolutions 5 to 13. Full biographical details of each Director are set out on pages 6 and 7 of this Notice of Meeting. The Executive Directors' service contracts and non-Executive Directors' letters of appointment are available for inspection as specified in Note 13 on page 12 of this Notice of Meeting.

Resolution 14: Re-appointment of Auditor

The Company is required to appoint an 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 LLP as Auditor of the Company.

Resolution 15: Authority for the Audit Committee to agree the Auditor's remuneration

This resolution authorises the Audit Committee, in accordance with standard practice, to agree the remuneration of the Auditor.

Resolution 16: Authority to allot shares

This resolution gives the Directors authority to allot shares, or grant rights over shares, limited to an aggregate nominal amount equal to £167,932,802.50 (representing 335,865,605 Ordinary Shares of 50 pence each excluding treasury shares) which, as at 17 May 2016, being the latest practicable date prior to the publication of this Notice, represented one third of the issued share capital of the Company.

The authority will expire at the earlier of the conclusion of the 2017 AGM and close of business on 30 September 2017 (the last date by which the Company must hold an AGM in 2017).

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. However, the Directors may 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 17: 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

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 17 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 £25,189,920 (representing 50,379,840 Ordinary Shares of 50 pence each). The aggregate nominal amount represents 5% of the issued share capital of the Company as at 17 May 2016, 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 2017.

Subject to shareholder approval, the authority under this Resolution will expire at the earlier of the conclusion of the 2017 AGM and close of business on 30 September 2017.

Resolution 18: Purchase of own shares

This resolution renews the authority that was given at last year's AGM, authorising the Company to purchase its own ordinary shares in the market. In certain circumstances it may be advantageous for the Company to purchase its own Ordinary Shares and Resolution 18 will, if approved, renew the Company's authority from shareholders to make such purchases until the earlier of the conclusion of the 2017 AGM and close of business on 30 September 2017. In its preliminary financial results statement published on 18 May 2016 SSE stated it has decided to consider the disposal of up to one third of its 50% equity stake in SGN Limited, with any proceeds being used to return capital to, or create value for, shareholders. Should such a disposal take place in the year ended 31 March 2017 one option to return capital to shareholders would be to use this authority, if approved, to purchase SSE's own shares. Such 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. In this particular instance this method of returning capital to shareholders could have the advantage of offsetting the EPS reduction resulting from the potential disposal and reducing the total dividend outflow in future years.

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 18 May 2016) and minimum and maximum prices at which they may be bought. There are options outstanding at the date of this Notice over approximately 6.87 million Ordinary Shares, representing 0.68% of the issued share capital; if the authority given by Resolution 18 were to be

fully used, these options would represent 0.76% 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 17), cancelled, or used for the purposes of employee share schemes. While the Company does not currently hold any treasury shares, 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 2016 under the same authority obtained by this resolution which was approved at the 2015 AGM.

Resolution 19: Notice period for general meetings

Resolution 19 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.

Annual general meetings must always be called with at least 21 days' notice but other general meetings of the Company may be called on less notice if shareholders agree to a shorter period. At the AGM in 2015, 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 20: Renewal of performance share plan

The Performance Share Plan ('PSP') was approved by shareholders in 2006, and expires in 2016, after 10 years. The Remuneration Committee has undertaken a comprehensive review of the design and structure of the PSP, taking into account investor views and market practice. The Committee has concluded that the design and structure of the plan merits some changes and proposes to adopt a new plan, the terms of which are summarised on pages 8 to 10 of this Notice of Meeting and also in the Remuneration Policy on pages 96 to 103 of the 2016 Annual Report.

Resolution 20 will be proposed as an Ordinary Resolution, and will invite shareholders to approve the new PSP.

Board of Directors

	Richard Gillingwater CBE Chairman	Alistair Phillips-Davies Chief Executive	Gregor Alexander Finance Director	Crawford Gillies Senior Independent Director
Career	<p>Richard's career to date includes varied experience with a wide range of organisations. For more than a decade he worked in corporate finance and investment banking, in due course becoming Chairman of European Investment Banking at CSFB. He served as Chief Executive of the Shareholder Executive for a time and latterly was Dean of Cass Business School, London.</p> <p>He also has extensive board experience and served as the Chairman of CDC Group and a non-Executive Director of P&O, Debenhams, Tomkins, Qinetiq Group and Kidde. In 2015 he resigned as Senior Independent Director of Hiscox Ltd and as a non-Executive Director of Wm Morrison Supermarkets plc in order to ensure he has the appropriate capacity to be Chairman of SSE plc.</p>	<p>Alistair's career to date comprises a variety of roles. He has over 19 years' service with the Group, having joined Southern Electric plc in 1997 and has the benefit of experiencing much change in the energy sector over that period. Prior to 1997 he worked for HSBC and National Westminster Bank in corporate finance and business development roles in London and New York.</p> <p>His career has provided him with extensive experience across the energy sector and he has held leadership roles in the Wholesale, Retail and Enterprise areas as well as in other commercial areas of SSE, such as Corporate Finance. In addition he has led many of the Group's most significant transactions since the merger in 1998 when SSE plc was formed. Alistair also served as Chairman of the Energy Retail Association.</p>	<p>Gregor's career to date has spanned all areas of finance. He has over 25 years' service with the Group, joining Scottish Hydro-Electric plc in 1990 and has the benefit of experiencing much change in the energy sector over this period. Prior to 1990, Gregor worked for Arthur Andersen where he trained and qualified as a Chartered Accountant.</p> <p>He was SSE's Group Treasurer and Tax Manager before being appointed as Finance Director in 2002. His role was expanded in 2012 and he now has responsibility for Finance, Risk, Audit and Insurance, Procurement and Logistics, IT, Corporate Business Services and Investor Relations. He was instrumental in SSE's investment in SGN and is currently Chairman of the SGN Board. In addition he is the sponsoring Board member for SSE's businesses in Ireland.</p>	<p>Crawford has over three decades of business and management experience in a variety of organisations. Initially this was with Bain & Company, a firm of international management consultants, where he was Managing Director Europe from 2001 to 2005. While at Bain he worked with major companies in the UK, Continental Europe and North America across multiple sectors.</p> <p>He has also held public sector posts in both England and Scotland. He was an independent member of the Department of Trade & Industry and chaired its Audit & Risk Committee. Crawford brings a wealth of experience including extensive board experience, making him an excellent appointment as SSE's Senior Independent Director.</p>
				
Skills and competencies	Richard has significant board experience which he applies in his leading of the SSE Board. He has an excellent understanding of the policy and regulatory framework within which SSE operates as well as broad financial skills and City experience.	Alistair is a Chartered Accountant and this together with his operational experience and leadership skills means he brings significant knowledge and commerciality to the Board. His experience in the energy sector gives him a valuable insight into the challenges the industry faces.	Gregor is a Chartered Accountant and brings wide ranging financial knowledge to the Board. His detailed understanding of the different aspects of the SSE group and their operating environment is invaluable.	Crawford's long and varied career in business means he brings broad commercial and governance knowledge to the Board including particular expertise in matters of finance and risk management.
Date of appointment	Non-Executive Director since May 2007. Chairman since July 2015.	Appointed an Executive Director in January 2002. Appointed Chief Executive in July 2013.	Appointed Finance Director in October 2002.	Non-Executive Director since 1 August 2015.
Committee membership	Chairman of the Nomination Committee. Member of the Remuneration Committee.	Member of the Nomination Committee.	Member of the Nomination Committee.	Member of the Audit, Nomination and Remuneration Committees.
Key current appointments	Chairman of Henderson Group plc. Senior Independent Director of Helical Bar plc.	Director of Energy UK. Member of the Accenture Global Energy Board. Vice President of Eurelectric.	Non-Executive Director of Stagecoach Group plc. Chairman of SGN Ltd.	Chairman of Control Risks Group. Non-Executive director of Barclays plc. Senior Independent director of Standard Life plc. Member of Advisory Board of School for CEO's.

**Jeremy Beeton CB
Non-Executive
Director**

Jeremy's career comprises over 40 years of international project management experience over large, multi-site projects. He has worked with a wide range of organisations including governments, and both private and public companies. During his career, he held various positions at Bechtel Ltd., Haden Maclellan Holdings PLC and Cleveland Bridge Engineering UK Middle East Ltd. In due course he became Principal Vice President of Bechtel Ltd, where he had responsibility for the management and delivery of Bechtel's civil engineering projects in infrastructure and aviation. He was the Director General of the UK Government Olympic Executive, the lead government body for coordinating the 2012 London Olympics and Paralympic Games from 2007 to 2012.



Jeremy is a Civil Engineer and brings extensive knowledge of project management and related topics including (amongst others) safety, effective teams, complex project structures and contractual negotiations.

Non-Executive Director since July 2011.

Chairman of the Safety, Health and Environment Advisory Committee.
Member of the Remuneration and Nomination Committees.

Member of the Court of Strathclyde University.
Member of the Advisory Board of PwC.
Chairman of Merseylink Ltd.
Non-Executive Director of WYG plc.
Non-Executive Director of John Laing Group plc.

**Katie Bickerstaffe
Non-Executive
Director**

Katie's career to date has included experience in a variety of roles in customer-facing retailers and fast-changing markets. Katie is a graduate of Unilever's management training scheme and her earlier career included roles at Dyson Ltd and PepsiCo Inc. She later became Managing Director of Kwik Save Ltd and Group Retail Director and Group HR Director at Somerfield plc. From 2008 to 2012, Katie further expanded and consolidated her varied business experience while serving as Director of Marketing, People and Property (Dixons). In 2012 she was promoted to the role of Chief Executive, UK and Ireland Dixons Carphone plc and also joined the Group Board.



Katie brings an understanding of customers' needs gained through her career in retail. She combines this with her experience in HR, marketing and other business areas to bring a wide-range of skills applicable to SSE's business.

Non-Executive Director since July 2011.

Chairman of the Remuneration Committee
Member of the Nomination Committee.

Chief Executive, UK and Ireland Dixons Carphone plc.

**Dame Susan Bruce DBE
Non-Executive
Director**

Sue has had an extensive and varied career in local government. During this time, she held a variety of roles including Chief Executive at both East Dunbartonshire Council and Aberdeen City Council before taking up the role of Chief Executive at the City of Edinburgh Council. This provided her with substantial experience in leading sizeable organisations with large numbers of employees, significant assets and an important place in the communities they serve. Through this part of her career, she also gained experience in financial management, cost control, organisation recovery and in a range of large-scale projects. After 40 years service she retired from local government in 2015.



Sue's extensive career in the public sector enhances the diversity of the Board. Her operational experience of leading large organisations and projects make Sue a source of knowledge on these matters for the Board.

Non-Executive Director since September 2013.

Member of the Audit, Nomination and Safety, Health and Environment Advisory Committees.

Chair of the Royal Scottish National Orchestra.
Chair of Young Scot.
Deputy Chair of The Scottish Council for Development and Industry.
Visiting Professor, The International Institute of Public Policy, University of Strathclyde.

**Peter Lynas
Non-Executive
Director**

Peter's career to date means he has over 30 years of business experience spanning all areas of finance as well as plc board experience. He joined GEC-Marconi in 1985 as a Financial Accountant at the manufacturing operation in Portsmouth. In 1998 he was appointed Finance Director of Marconi Electronic Systems prior to the completion of the British Aerospace/Marconi merger. He was a Board Director of Marconi's European joint venture companies, Alenia Marconi Systems and Matra Marconi Space, and has been Chairman of the trustee Board of a major pension scheme. He has been Group Finance Director of BAE Systems Plc since 2011.



Peter is a Fellow of the Chartered Association of Certified Accountants and brings up to date financial knowledge and experience as well as the general business knowledge gained from being an Executive Director on another plc board.

Non-Executive Director since July 2014.

Chairman of the Audit Committee.
Member of the Nomination Committee.

Group Finance Director of BAE Systems plc.
Member of the BAE Systems Inc Board in the US.

**Helen Mahy CBE
Non-Executive
Director**

Helen's career to date includes varied experience as Company Secretary and General Counsel as well as on UK and international boards. She was Group General Counsel and Company Secretary of Babcock International Group PLC. From 2003 to late 2012 she was Group Company Secretary and General Counsel of National Grid plc where she gained valuable energy sector experience as well as experience in the areas of risk and compliance. She was previously a non-Executive Director of Aga Rangemaster Group plc and of Stagecoach Group plc and a former chair of the GC100 Group. These roles have also provided Helen with extensive commercial experience.



Helen's career, including relevant sector experience, puts her in the ideal position to understand the legal, compliance and governance issues SSE faces. She also brings a detailed knowledge of, and interest in, the areas of inclusion and diversity.

Non-Executive Director since 1 March 2016.

Member of the Audit, Nomination and Safety, Health and Environment Advisory Committees.

Chairman of The Renewables Infrastructure Group.
Non-Executive Director of Bonheur ASA.
Non-Executive Director of SVG Capital plc.

Summary of the SSE plc Performance Share Plan 2016

Background

As the existing Performance Share Plan will expire in 2016, the Remuneration Committee has decided to seek the approval of shareholders for the implementation of a new Performance Share Plan 2016 ('PSP') under Resolution 20 at the AGM. The PSP provides for the grant of share awards which will normally vest to the extent that specified performance conditions are met over a fixed performance period. Further details on the proposed PSP, which will be operated as part of the proposed Directors' Remuneration Policy on pages 96 and 103 of the Company's Report and Accounts, are set out below. If the PSP is approved by shareholders, the first PSP awards are expected to be made in July 2016.

Eligibility

The plan rules mean any employee (including an executive director) of any member of the Group will be eligible to participate in the PSP at the discretion of the Remuneration Committee. Initially, only the Executive Directors will participate in the PSP. Other executives will be eligible to participate in a separate long term incentive plan.

Grant of awards

Awards may be granted during a period of six weeks commencing on any of the following: (i) the date of the approval of the PSP by Shareholders in general meeting; (ii) the day of announcement of the Company's results for any period or any other day on which a closed period in relation to the Company ends; or (iii) a day when the Remuneration Committee resolves that the occurrence of exceptional circumstances (including the recruitment of a new employee) exist justifying the grant of awards. No payment is required for the grant of awards.

The Remuneration Committee may decide when granting an award that an additional holding period will apply to the shares after they have vested. Awards granted to Executive Directors will be subject to a two year holding period in accordance with the proposed Directors' Remuneration Policy.

The PSP will terminate on the tenth anniversary of the approval of the PSP by the shareholders (unless terminated earlier by resolution of the Committee or by resolution of the Company's shareholders).

Form of awards

Awards under the PSP may take the form of a right to acquire or call for shares at no cost or a conditional allocation of shares.

Value of awards

The total value of shares over which an award may be granted to any individual in any financial year may not exceed 200% of the individual's base salary at the time of grant.

Performance conditions

The vesting of awards granted to all participants will be dependent upon the satisfaction of stretching performance conditions as specified by the Remuneration Committee at the time of grant that are appropriate to the strategic objectives of the Group. The Remuneration Committee may amend performance conditions to take into account factors which are relevant in the opinion of the Remuneration Committee, or make adjustments as specified in the PSP rules. Each performance condition will normally be measured over the three financial years commencing with the financial year in which the award is granted (the 'Performance Period'), or such other period as the Remuneration Committee may determine. For awards granted in 2016, it is expected that performance conditions will relate to underlying growth in earnings per share, aggregate dividends per share, total shareholder return (assessed separately in relation to a comparator group comprising the FTSE 100, and a comparator group comprising MSCI Europe Utilities Index) and the Company's customer complaints ranking. Further details about the Company's proposed policy on the PSP and the performance conditions are set out in the Directors' Remuneration Policy.

Malus and Clawback

All awards granted under the PSP will be subject to malus provisions which will allow the Remuneration Committee in its discretion (acting fairly and reasonably) to reduce an unvested award to such amount as the Remuneration Committee considers appropriate (including to nil) if circumstances occur which in the reasonable opinion of the Remuneration Committee justify such a reduction. The circumstances in which malus provisions apply include (without limitation): (i) a material misstatement or restatement of audited financial accounts (other than as a result of a change in accounting practice); (ii) misconduct by the participant resulting in a material adverse effect on the financial position, business opportunities, sustained performance or profitability of the Company, Group or business; (iii) significant reputational damage from a material environmental or safety issue or a material operational or business failing with legal or regulatory sanctions; (iv) errors by the Company in determining the number of shares under, or the application of performance conditions to, an award; or (v) other serious misconduct by the participant.

In addition to malus provisions, clawback provisions will also apply to a participant who was a Director of the Company at any time prior to the vesting date of an award. Clawback provisions allow the Remuneration Committee to exercise a discretion to reclaim, or require the repayment of, an award that has already vested. The Remuneration Committee may also reduce the value of other unvested awards held by such participants. The Remuneration Committee may apply clawback if: (i) events took place or commenced prior to vesting to cause a material misstatement or restatement of audited financial accounts (other than as a result of a change in accounting practice);

(ii) there were errors made by the Company in determining the number of shares under, or the application of conditions to, an award; or (iii) the participant engaged in serious misconduct which occurred or commenced prior to vesting. In determining the amount to be recovered the Remuneration Committee shall have regard to the participant's tax position.

The Remuneration Committee may exercise its discretion to claw back awards for up to three years after the vesting date or longer in certain circumstances.

Dividend enhancement

The number of shares which vest under an award shall be increased by such number of further shares as could have been purchased by reinvesting each dividend paid out in relation to the vested shares in the period between grant and vesting into additional shares on the payment date of each dividend.

Cessation of employment

Awards held by a participant will generally lapse if the participant leaves employment before the applicable vesting date. However, if the participant leaves employment before the applicable vesting date due to death, injury, disability, ill-health or any other reason where the Remuneration Committee so decides, then awards will vest on the normal vesting date pro rata to the time elapsed between the start of the Performance Period and the date of cessation of employment, subject to the satisfaction of the applicable performance conditions measured over the relevant Performance Period. The Committee may, in exceptional circumstances, permit an award to vest immediately on cessation of employment to the extent that the performance conditions are met at that time (subject to modification if the Remuneration Committee considers that the conditions would have been met to a greater or lesser extent at the end of the original Performance Period). Additionally, the Remuneration Committee may disapply or alter the pro rata calculation in order to release a greater number of shares to properly recognise the participant's contribution to the business.

If the award has already vested, but is subject to an additional holding period, then the participant's entitlement to the award shall not be affected if he ceases to be an employee of a member of the Group during the holding period.

Change of control

If there is a change of control of the Company by way of takeover offer or scheme of arrangement, awards will vest pro rata to the time elapsed between the start of the Performance Period and the date of change of control, subject to the satisfaction of the applicable performance conditions measured up to the change of control (subject to modification by the Remuneration Committee if it considers that the performance conditions would have been met to a greater or lesser extent at the end of the original Performance Period). The Remuneration Committee may also disapply or alter the application of time pro-rating so that an award shall vest over a greater number of shares (but not so as to result in an unjustifiably large vesting level) in appropriate circumstances if it believes the creation

of shareholder value during the Performance Period would not otherwise be properly recognised. The Remuneration Committee may, in the event of an internal reorganisation to create a new holding company for the group, require awards to be automatically exchanged for equivalent awards over shares in the new holding company, rather than awards vesting.

If the Company is voluntarily wound-up, or if there is a demerger, the rules contain provisions similar to those which apply on a change of control, enabling the Remuneration Committee to allow some or all awards to be realised.

Other events

If there is any variation in the share capital or reserves of the Company (such as a rights issue, capitalisation issue, sub-division, consolidation or reduction) or in the event of a demerger, dividend in specie or payment of a super dividend or other transaction which would materially affect the value of an award, the Remuneration Committee may adjust the number of shares subject to an award to such extent and in such manner as it thinks fit.

Rights attaching to shares

A participant will not have any voting or dividend rights prior to the vesting and (where applicable) exercise of an award. All shares allotted under the PSP will carry the same rights as any other issued ordinary shares in the Company, although shares allotted or transferred under the PSP will not rank for any rights attaching to shares by reference to a record date before the vesting date. Application will be made for the shares to be listed by the UK Listing Authority and traded on the London Stock Exchange. The Company and its subsidiaries can provide funds to enable the trustees of an employee benefit trust to purchase shares or subscribe for shares for the PSP, unless this results in the trustees holding more than 5% of the ordinary share capital of the Company in issue at the time.

Benefits received under the PSP are not pensionable and awards and their benefits may not be transferred, assigned, charged or otherwise alienated except on a participant's death.

Alterations to the PSP

The decision of the Remuneration Committee is final and binding in relation to the PSP and it can discontinue the grant of further awards at any time.

The Remuneration Committee may amend the rules of the PSP, provided that no amendments (which in the reasonable opinion of the Remuneration Committee are to the advantage of the participants) may be made to provisions relating to the key features of the PSP, without the prior approval of shareholders in general meeting unless the amendment is minor and made to benefit the administration of the PSP, to take account of a change in legislation or to obtain or maintain favourable tax, exchange control or regulatory treatment for participants or any member of the group. Key features are: the eligibility criteria, the limits on the number of shares which can be issued under the PSP, the maximum entitlement of a participant under the PSP, the basis for determining a participant's entitlement to shares and the terms of the shares that can be acquired, and

Summary of the SSE plc Performance Share Plan 2016 continued

the provisions relating to adjustments to awards in the event of a variation of the Company's share capital. Additional appendices to the rules can be established to operate the PSP outside the UK. These appendices can vary the rules of the PSP to take account of overseas tax, exchange control, securities laws or other applicable laws.

Limits on the issue of shares

An award may be satisfied using new issue shares, a transfer of treasury shares or existing shares purchased in the market.

The aggregate number of unissued shares which may be made the subject of awards under the PSP on any day shall not exceed such amount as would cause the aggregate number of shares issued or issuable, in relation to PSP awards granted in the previous 10 years (i) under the PSP and any other employees' share scheme adopted by the Company, to exceed 10% of the Company's ordinary share capital in issue at that time; and (ii) under the PSP and any other discretionary employees' share scheme adopted by the Company, to exceed five per cent of the Company's issued ordinary share capital at that time.

Treasury shares will be treated for this purpose as if they were issued shares and will count towards the above limits. The percentage limits will not apply to awards over existing shares.

Taxation

Tax and social security contributions are to be paid by the participant and the release of shares will be subject to the participant having complied with the Company's arrangements for paying this tax or social security contributions.

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 17 May 2016 (being the last practicable day prior to the printing of this Notice) the issued share capital of the Company consisted of 1,007,596,815 Ordinary Shares, with a nominal value of 50p each and carrying one vote each. Accordingly, the total voting rights in the Company as at 17 May 2016 are 1,007,596,815.

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 at close of business on 19 July 2016 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 close of business on 19 July 2016 shall be disregarded in determining the rights of any person to attend and vote at the AGM.

3. Voting at the AGM

Voting on each of the resolutions to be put to the AGM will be taken on a poll, rather than a show of hands, to reflect the number of shares held by a shareholder, whether or not the shareholder is able to attend the meeting. At the registration desk, shareholders will be provided with an electronic voting device and guidance note. As soon as practicable following the AGM, the results of the voting will be announced via a Regulatory Information Service and also placed on the Company's website www.sse.com.

4. Proxies

A shareholder entitled to attend, speak and vote at the AGM may appoint one or more proxies to attend, speak and vote at the AGM on their behalf provided that (if more than one) each proxy is appointed to exercise the rights attached to different shares held by the shareholder. A proxy need not be a shareholder of the Company. In the case of joint shareholders, 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.

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 Form of Proxy

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 Asset Services, Shareholder Solutions,

34 Beckenham Road, Beckenham BR3 4TU no later than 12 noon on 19 July 2016 (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 Asset Services on 0345 143 4005. Calls are charged at the standard geographic rate and will vary by provider. Calls outside the United Kingdom are charged at the applicable international rate. We are open between 9.00am – 5.30pm, Monday to Friday, excluding public holidays in England and Wales.

6. Electronic appointment of proxy

You can appoint a proxy electronically by accessing our website www.sse.com and clicking on the AGM 2016 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 2016. 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).

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 2016. 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. Therefore, normal system timings and limitations will apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take

Important notes continued

(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.

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 or appointed proxy/proxies attending the AGM has the right to ask questions. Shareholders may also submit questions in writing in advance of the AGM to the Company Secretary at the Company's registered office. 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 Report and Accounts 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 2016, the Annual Report 2016 and other information required by section 311A of the Companies Act 2006 can be found at www.sse.com.

13. Documents available for inspection

Copies of Directors' service contracts, non-Executive Directors' letters of appointment, and in connection with Resolution 20, the draft SSE plc Performance Share Plan 2016 Rules 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.

14. Communication

You may not use any electronic address provided in either this Notice 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, and charges are made for parking.
- 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.

