Dated 26 November 2015

SSE PLC

as Issuer

DEED OF UNDERTAKING

relating to

£750,000,000

Capital Securities

Linklaters

Ref: RHL/MPT

Linklaters LLP

This Deed of Undertaking is made on 26 November 2015 by SSE plc (the "**Issuer**") for the benefit of the Trustee and the Holders and Couponholders

Whereas:

(A) Whereas the Issuer has issued £750,000,000 Capital Securities (the "**Securities**").

(B) Pursuant to the Conditions (as defined below) of the Securities, the Issuer is permitted to redeem all, but not some only, of the Securities if a Capital Event occurs and is continuing.

(C) On 27 October 2015, Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. ("**S&P**") announced that it had revised the equity content assigned to several hybrid capital instruments, including the Securities.

(D) The Issuer wishes to enter into this Deed of Undertaking in order to have the equity content assigned to the Securities re-instated to "intermediate".

Now the Issuer covenants and agrees as follows in favour of and for the benefit of the Trustee, the Holders and the Couponholders:

1 Interpretation

1.1 In this Deed, capitalised terms used but not defined have the same meaning as given to them in the Conditions or the Trust Deed. In addition, unless the context otherwise requires:

"**Conditions**" means the terms and conditions applicable to the Securities set out in Part 4 of Schedule 1 of the Trust Deed (as defined below), as modified with respect to any Securities represented by a Global Security by the provisions of the Global Security. Any reference to a particularly numbered Condition shall be construed accordingly;

"**Trust Deed**" means the trust deed dated 10 March 2015 and made between the Issuer and the Trustee in relation to the Securities and pursuant to which the Securities are constituted; and

"**Trustee**" means BNY Mellon Corporate Trustee Services Limited (and the expression "**Trustee**" shall, wherever the context so admits, include any other trustee or trustees for the time being of the Trust Deed).

1.2 Headings shall be ignored in construing this Deed.

1.3 References in this Deed to any document are to such document as amended, supplemented or replaced from time to time in relation to the Securities and include any document that amends, supplements or replaces them.

2 Undertaking

2.1 The Issuer unconditionally and irrevocably undertakes that it will, for the purposes of exercising its rights under Condition 6(d) only, deem the following words to be deleted from the definition of "Capital Event" as set out in Condition 22:

"(due to a change in the rating previously assigned to the Issuer or otherwise)".

The Issuer therefore unconditionally and irrevocably undertakes that it will not exercise its rights under Condition 6(d) unless it has received, and confirmed in writing to the Trustee that it has so received, confirmation from any Rating Agency of a change in its assessment criteria which becomes effective on or after 10 March 2015 (or, if later, effective after the date on which the Securities are assigned "equity credit" by a Rating Agency for the first time) and as a result of which, but not otherwise, the Securities will no longer be eligible for the same, or a

higher amount of, "equity credit" (or such other nomenclature that the Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) as was attributed to the Securities at the Issue Date (or if "equity credit" is not assigned to the Securities by the relevant Rating Agency on the Issue Date, at the date on which "equity credit" is assigned by such Rating Agency for the first time).

2.2 For the avoidance of doubt, nothing in this Deed shall affect the rights of the Issuer to redeem, repurchase, substitute or vary the Securities under the Conditions other than as set out above.

3 Amendment and Disapplication of this Deed

The Issuer undertakes that it will not amend, vary, terminate or suspend this Deed or its obligations hereunder unless such amendment, variation, termination or suspension shall have been approved by an Extraordinary Resolution (as defined in the Trust Deed) to which the special quorum provisions specified in the Trust Deed apply, save that nothing in this Clause 3 shall prevent the Issuer from increasing or extending its obligations under this Deed by way of supplement to it at any time.

4 General

4.1 This Deed shall enure for the benefit of the Trustee, the Holders and the Couponholders from time to time, and each of them.

4.2 The Trustee shall not be bound to enforce the terms of this Deed or to take any other action or step under or pursuant to this Deed, the Trust Deed or the Securities or the Coupons unless (i) it shall have been so requested by an Extraordinary Resolution of the Holders or in writing by the holders of at least one-quarter in principal amount of the Securities then outstanding and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

4.3 Only the Trustee may enforce the rights of the Holders and Couponholders against the Issuer, whether the same arise under general law, the Trust Deed, this Deed, the Securities, the Coupons or otherwise, and no Holder or Couponholder shall be entitled to proceed directly against the Issuer unless the Trustee, having become bound to proceed, fails to do so within a reasonable time and such failure is continuing.

4.4 The Issuer acknowledges and agrees that its covenants and agreements in this Deed, to the extent given to or made in favour of the Trustee, are given to or made in favour of the Trustee in its capacity as Trustee under the Securities. Accordingly, the Issuer acknowledges that all of the rights, remedies, privileges and protections afforded to the Trustee under the Trust Deed will be deemed to extend to the rights of the Trustee under, and to any action taken by the Trustee under, this Deed.

5 Governing Law and Jurisdiction

5.1 This Deed and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law.

5.2 The courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with this Deed and accordingly any legal action or proceedings arising out of or in connection with this Deed ("**Proceedings**") may be brought in such courts. The Issuer irrevocably submits to the jurisdiction of such courts and waives any objection to Proceedings in such courts whether on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This Clause is for the benefit of each of the Trustee, the Holders and Couponholders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in one or more

jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

EXECUTED as a **DEED** by **SSE PLC**

By:

In the presence of:

GEORGE DUNCAN
HEAD OF GROUP FUNDING
200 DONKELD RD
PERTH
PH1 3AQ