

Our vision: First in UK power



This document is important and requires your immediate attention.

If you are in any doubt as to what action you should take, you should consult your stockbroker, bank manager, solicitor, accountant or other adviser immediately.

If you have sold or transferred all your shares in British Energy Group plc please pass this document and the accompanying proxy form to the stockbroker, bank or other agent through whom you made the sale or transfer, for transmission to the purchaser or transferee.

Explanation of the business to be considered at the Annual General Meeting.

Notice of the Annual General Meeting to be held at 11.00 am on Thursday 17 July 2008 at the Murrayfield Stadium Conference Centre, Edinburgh EH12 5PJ.

Information for shareholders attending the Annual General Meeting.

Chairman's Letter

Sir Adrian Montague CBE

Dear Shareholder

Annual General Meeting 17 July 2008

I enclose details of our forthcoming Annual General Meeting (AGM). I hope you will be able to join us on Thursday 17 July. Your Board always values the opportunity not only to address shareholders and update them on the Company's progress, but also to meet with many of them and discuss our business.

The notice of the meeting and the resolutions to be considered are set out on pages 5 and 6 of this letter. At the meeting a number of items of ordinary business will be put to shareholders. These are:

Annual Report and Accounts (Resolution 1)

You will be asked to receive the Annual Report and Accounts for the year ended 31 March 2008.

Re-appointment of Directors (Resolutions 2 to 5)

Our current Articles of Association (Current Articles) provide that at each AGM some of our Directors will step down and can offer themselves for re-election. This includes any Directors appointed since the last AGM. Our Articles provide that a Director must stand for election at the first AGM following his appointment, therefore Robert Walvis is standing for election.

Ian Harley, David Pryde and I are also seeking re-election. Following performance evaluation of the Board, the Chairman and individual Directors, the Board is happy to recommend the re-appointment of these Directors. Biographical information on all our Directors is contained in the Annual Report and Accounts. In addition, current biographical details for all our Directors can be found on the Company's website (www.british-energy.com).

Re-appointment of Auditors and Authority to Fix their Remuneration (Resolutions 6 and 7)

You will be asked to re-appoint PricewaterhouseCoopers LLP as auditors of the Company until the next AGM and to authorise the Audit Committee to fix their remuneration. Details of the Company's policy with regard to audit and non-audit work and of the work undertaken by the auditors during the year ended 31 March 2008 are contained on page 37 of the Annual Report and Accounts.

Declaration of a final dividend for 2007/08 (Resolution 8)

You will be asked to approve the payment of a final dividend of 13.6 pence per ordinary share. The dividend will be paid on 31 July 2008 to shareholders on the Register of Members at the close of business on 27 June 2008. Further details on our dividend policy are contained on page 25 of the Annual Report and Accounts.

At the meeting four items of special business will also be put to shareholders. These are:

Remuneration Committee Report (Resolution 9)

Shareholders are invited to vote on the Remuneration Committee Report which can be found on pages 42 to 48 of the Annual Report and Accounts. The vote on this resolution is advisory, but allows shareholders to express their views on remuneration policy and assists the Company in shaping its policy.

Amendment of the Articles of Association of the Company (Resolution 10)

We are also asking shareholders to approve the adoption of new articles of association (the "New Articles") with immediate effect. The New Articles contain a number of amendments to our Current Articles primarily to reflect the provisions of the Companies Act 2006 (the "2006 Act"), which came into force on 1 October 2007 and 6 April 2008 and those which are scheduled to come into force on 1 October 2008. These include amendments relating to shareholder meetings and resolutions, directors' indemnities and directors' conflicts of interest. In addition, the Company proposes to remove the provisions limiting the number of US shareholders from the Current Articles in light of changes to US securities law. The principal changes in the New Articles are outlined in the Appendix.

The 2006 Act will not be fully in force in its entirety until October 2009 and shareholders may be asked to approve further amendments to the Articles of Association at the 2009 Annual General Meeting.

A copy of the proposed New Articles and a copy of the Current Articles marked to show all the proposed changes are available for inspection at British Energy, GSO Business Park, East Kilbride, G74 5PG and at the office of Hewitt New Bridge Street LLP, 20 Little Britain, London, EC1A 7DH during usual business hours on any week day (public holidays excluded) from the date of this notice until the close of the AGM. They will also be available on the Company website and available for inspection at the Murrayfield Stadium Conference Centre, Edinburgh, EH12 5PJ from 10.15 am on the morning of the AGM until it ends.

Authority to Allot Unissued Shares and Disapplication of Pre-emption Rights (Resolutions 11 and 12) (Resolution 11)

Under the Act, the Directors of a company may only allot unissued shares if authorised to do so. The Act also prohibits allotments for cash other than to existing shareholders in proportion to their holdings unless the Directors are authorised to allot them without regard to that requirement.

The Articles give a general authority to the Directors to allot unissued shares and disapply the statutory pre-emption rights but that authority and power is subject to periodic renewal by shareholders.

Resolution 11 will, if approved, authorise the Directors to allot up to 341,180,000 ordinary shares (which is equivalent to approximately 33 per cent. of the issued ordinary share capital of the Company as at 28 May 2008 excluding treasury shares (the Company currently holds no treasury shares)). This authority will expire at the end of the AGM in 2009 or, if earlier, 17 October 2009.

(Resolution 12)

Resolution 12 (which will be proposed as a special resolution and which requires the approval of three-quarters of the votes cast at the meeting) will, if approved, renew the Directors' authority to allot shares for cash, free from the pre-emption restrictions set out in the Act. This authority, which will expire at the end of the AGM in 2009 or, if earlier, 17 October 2009, is limited to allotments of up to 51,690,000 ordinary shares (representing approximately 5 per cent. of the issued ordinary share capital of the Company as at 28 May 2008), and to allotments in connection with a rights issue.

The authorities sought under Resolutions 11 and 12 are standard resolutions for most UK

companies each year, and are intended to ensure that the interests of existing shareholders are protected so that, for example, in the event of a share issue not being a rights issue, the proportionate interest of existing shareholders could not, without their agreement, be reduced by more than 5 per cent. by the issue of new shares for cash to new shareholders.

The Board has no current plans to allot shares except in connection with the employee share schemes and on the conversion of Company Warrants.

Forms of Proxy

You will have received a Form of Proxy for the AGM. It covers all the resolutions to be proposed at the meeting. If you do not intend to be present at the meeting, please complete, sign and return the Form of Proxy as soon as possible in accordance with the instructions printed thereon.

Shareholders who would prefer to register the appointment of their proxy electronically via the internet can do so through the Sharevote website, www.sharevote.co.uk, using the Reference Number, Card ID and Account Number given on their Form of Proxy. Alternatively, shareholders who have already registered with Equiniti's online portfolio service, Shareview, can appoint their proxy



electronically by logging on to their portfolio at www.shareview.co.uk and clicking on 'Company Meetings'. Full details and instructions on these electronic proxy facilities are given on the websites.

Forms of Proxy should be returned to Equiniti as soon as possible. In any event, to be valid for the AGM they must be received not later than 11.00 am on Tuesday 15 July 2008.

If you return a Form of Proxy, this will not preclude you from attending and voting in person if you so wish.

Shareholders who have transferred their shares to Equiniti Corporate Nominees Limited under the CREST Nominee Service should note that in order to be valid for the AGM their Form of Direction must be received no later than 11.00 am on Monday 14 July 2008.

Recommendation

The Directors believe that the proposals referred to in this letter are in the best interests of shareholders as a whole and, accordingly, unanimously recommend you to vote in favour of Resolutions 1 to 12 inclusive to be proposed at the AGM, as they propose to do in respect of their shareholdings.



Sir Adrian Montague CBE
Chairman

Notice of Annual General Meeting

NOTICE IS HEREBY GIVEN that the fourth AGM of British Energy Group plc (the Company) will be held at the Murrayfield Stadium Conference Centre, Edinburgh EH12 5PJ on Thursday 17 July 2008 at 11.00 am for the following purposes:

Ordinary Business

To consider and, if thought fit, pass Resolutions 1 to 8 as ordinary resolutions:

1. To receive the Annual Report and Accounts for the year ended 31 March 2008.
2. To re-appoint Robert Walvis as a Director.
3. To re-appoint Ian Harley as a Director.
4. To re-appoint David Pryde as a Director.
5. To re-appoint Adrian Montague as a Director.
6. To re-appoint PricewaterhouseCoopers LLP as auditors of the Company, from the conclusion of the meeting until the conclusion of the next general meeting at which accounts are laid before the Company.
7. To authorise the Audit Committee to fix the auditors' remuneration.
8. To declare a final dividend of 13.6 pence per ordinary share of the Company for the year ended 31 March 2008 which shall be payable on 31 July 2008 to shareholders who are on the Register of Members at the close of business on 27 June 2008.

Special Business

To consider and, if thought fit, pass Resolution 9 as an ordinary resolution and the remainder as special resolutions:

9. To approve the Remuneration Committee Report contained within the Annual Report and Accounts for the year ended 31 March 2008.
10. To adopt the New Articles of Association of British Energy.
11. THAT the Directors be and are hereby generally and unconditionally authorised in accordance with section 80 of the Act and Article 7 of the Company's Articles of Association to exercise all the powers of the Company to allot relevant securities (within the meaning of that section) up to an aggregate nominal amount of £34,118,000 for a period expiring on the date of the AGM of the Company in 2009 or, if earlier, on 17 October 2009, but the Company may before such expiry make an offer or agreement which would or might require relevant securities to be allotted after expiry of this authority and the Directors may allot relevant securities in pursuance of that offer or agreement as if the authority conferred by this resolution had not expired.

12. THAT, subject to the passing of Resolution 12 above and in accordance with section 95 of the Act and Article 8 of the Company's Articles of Association, the Directors be and are hereby empowered to allot equity securities (within the meaning of section 94(2) of the Act) of the Company for cash as if section 89(1) of the Act did not apply to the allotment, provided that the power conferred by this resolution:

(a) will expire on the date of the AGM of the Company in 2009 or, if earlier, on 17 October 2009, but the Company may before such expiry make an offer or agreement which would or might require equity securities to be allotted after expiry of this power and the Directors may allot equity securities in pursuance of that offer or agreement as if the power conferred by this resolution had not expired; and

(b) is limited to:

- (i) allotments of equity securities in connection with a rights issue (as defined in Article 8 of the Company's Articles of Association); and

- (ii) allotments of equity securities for cash (otherwise than pursuant to sub-paragraph (i) above) up to an aggregate nominal amount of £5,169,000 calculated, in the case of equity securities which are rights to subscribe for, or to convert securities into, relevant shares (within the meaning of section 94(5) of the Act) by reference to the aggregate nominal amount of relevant shares which may be allotted pursuant to such rights.

Registered Office

GSO Business Park
East Kilbride
G74 5PG

Registered in Scotland Number 270184
By order of the Board



Robert Armour
Company Secretary
18 June 2008

Notes to the Resolutions

- (1) A member of the Company entitled to attend and vote at the meeting is entitled to appoint a proxy or proxies to attend and, on a poll, to vote instead of him. A proxy need not be a member of the Company. A Form of Proxy is enclosed. Shareholders who would prefer to register the appointment of their proxy electronically via the internet can do so through the Sharevote website, www.sharevote.co.uk, using the Reference Number, Card ID and Account Number given on the Form of Proxy. Shareholders who have already registered with Equiniti's (formerly Lloyds TSB Registrars) online portfolio service, Shareview, can appoint a proxy electronically by logging on to their portfolio at www.shareview.co.uk and clicking on 'Company Meetings'.

To be effective, the Form of Proxy together with the Power of Attorney or other authority, if any, under which it is signed (or a notarially certified copy of any such power or authority) must be lodged with the Company's Registrars not later than 11.00 am on Tuesday 15 July 2008.

Return of a completed Form of Proxy will not preclude a member from attending and voting personally at the meeting to review.

You may appoint multiple proxies provided each proxy is appointed to exercise rights attached to different

shares. You may not appoint more than one proxy to exercise rights attached to any one share.

To appoint more than one proxy please photocopy your proxy form indicating on each copy the name of the proxy you wish to appoint and the number of shares over which each proxy is appointed. You can also appoint multiple proxies on line at www.sharevote.co.uk

- (2) Pursuant to regulation 41 of the Uncertificated Securities Regulations 2001, the Company specifies that only the voting shareholders who hold shares in the Company entered on the Company's Register of Members as at 6.00 pm on Monday 14 July 2008 shall be entitled to attend and vote at the meeting. Such shareholders may only cast votes in respect of shares registered in their name at such time. Changes to entries on the Register of Members after 6.00 pm on 14 July 2008 shall be disregarded in determining the rights of any person to attend and vote at the meeting.
- (3) Copies of the Service Contracts of the Directors of the Company, the Register of Directors' Interests and the New Articles of Association are available for inspection at the Company's Registered Office during normal business hours on a weekday (public holidays excluded) from the date of this Notice and will be available for inspection at the place of the AGM from 10.15 am until the conclusion of the AGM.

Appendix

Explanatory notes of principal changes to the Company's Articles of Association

Overview

There follows a brief description of the principal changes reflected in the new articles of association (the "New Articles") proposed to be adopted at the Annual General Meeting in the order that they arise in the New Articles.

Form of Resolution

The current articles of association (the "Current Articles") contain a provision that, where for any purpose an ordinary resolution is required, a special or extraordinary resolution is also effective and that, where an extraordinary resolution is required, a special resolution is also effective. This provision is being amended, as the concept of extraordinary resolutions has not been retained under the Companies Act 2006 (the "2006 Act"). In addition, any further reference to an extraordinary resolution in the New Articles has been removed and replaced with a reference to a special resolution.

The Current Articles enable members to act by written resolution. Under the 2006 Act public companies can no longer pass written resolutions. These provisions have therefore been removed in the New Articles.

Variation of Class Rights

The Current Articles contain provisions regarding the variation of class rights. The proceedings and specific quorum requirements for a meeting convened to vary class rights are contained in the 2006 Act. The relevant provisions have therefore been amended in the New Articles to reflect these specific proceedings and quorum requirements.

Reason for Refusal to Register Shares

The 2006 Act requires directors to give reasons for any refusal to register a transfer of shares. The New Articles have been amended to reflect the position under the 2006 Act.

Limitation of US Shareholders

In November 2007 the Company's reporting requirements under the Securities Exchange Act of 1934 (the "Exchange Act") (as amended on 4 June 2007), were terminated and concurrently pursuant to Rule 12g3-2 of the Exchange Act, its securities were deemed exempt from the registration requirements of Section 12(g) of the Exchange Act. The exemptions afforded under Rule 12g3-2 of the Exchange Act will ensure that the Company will not involuntarily become subject to the registration and corresponding reporting requirements of the Exchange Act as a result of an increase in the number of US holders of its shares. Accordingly the New Articles remove the limitations on US shareholders.

Annual General Meetings

The 2006 Act requires that an annual general meeting be held within six months of the day following its accounting reference date. The New Articles contain a provision to reflect this requirement.

Convening and Notice of General Meetings

The provisions in the Current Articles dealing with the convening of general meetings and the length of notice required to convene general meetings have been amended to conform to new provisions in the 2006 Act. The 2006 Act has removed the concept of an extraordinary general


meeting and so any meeting other than an annual general meeting is referred to as a general meeting in the New Articles.

The New Articles also reflect the position under the 2006 Act concerning members' rights to require the Board to call a general meeting. The Board are required to call a general meeting within 21 days of a requisition of the shareholders and the Board are required to hold such a meeting within 28 days after the date of notice convening the meeting.

A more significant change introduced by the 2006 Act states that a general meeting to consider a special resolution can be convened on 14 days' notice whereas previously 21 days' notice was required. This reduction in the required notice period will allow the Company more flexibility when making decisions.

Votes of Members, Proxies and Polls

Under the 2006 Act proxies are entitled to vote on a show of hands whereas under the Current Articles proxies are only entitled to vote on a poll. The time limits for the appointment or termination of a proxy appointment have been altered by the 2006 Act so that the articles cannot provide that they should be received more than 48 hours before the meeting or in the case of a poll taken more than 48 hours after the meeting, more than 24 hours before the time for the taking of a poll. Under the New Articles, the Board would have the discretion to not take into account any day that is not a working day when calculating these time periods. Proxies are able to attend, speak and vote at a meeting



and multiple proxies may be appointed, provided that each proxy is appointed to exercise the rights attached to a different share held by the shareholder. Multiple corporate representatives may also be appointed in accordance with the 2006 Act. The New Articles reflect all of these new provisions.

Age of Directors on Appointment

The Current Articles contain a provision limiting the age which a director can be appointed. Such a provision could now fall foul of the Employment Equality (Age) Regulations 2006 and so has been removed from the New Articles.

Directors' Loans to Fund Expenditure

It is proposed that the New Articles contain provisions in relation to loans to pre-fund expenditures that reflect the extent to which a company is allowed to pre-fund expenditures of directors under the 2006 Act.

Conflicts of Interest

The 2006 Act sets out directors' general duties, which largely codify the existing law, but with some changes. Under the 2006 Act, from 1 October 2008 a director must avoid a situation where he has, or can have, a direct or indirect interest that conflicts, or possibly may conflict, with the Company's interests. The requirement is very broad and could apply, for example, if a director becomes a director of another company or a trustee of another organisation. The 2006 Act allows directors of public companies to authorise conflicts and potential conflicts, where appropriate, where the articles of association contain a provision to this effect. The 2006 Act also

allows the articles of association to contain other provisions for dealing with directors' conflicts of interest to avoid a breach of duty. The New Articles give the directors authority to approve such situations and include other provisions to allow conflicts of interest to be dealt with in a similar way to the current position.

There are safeguards that will apply when directors decide whether to authorise a conflict or potential conflict. Firstly, only directors who have no interest in the matter being considered will be able to take the relevant decision and, secondly, in taking the decision the directors must act in a way they consider, in good faith, will be most likely to promote the Company's success. The directors will be able to impose limits or conditions when giving authorisation if they think this is appropriate.

It is also proposed that the New Articles should contain provisions relating to confidential information, attendance at Board meetings and availability of Board papers to protect a director from being in breach of duty if a conflict of interest or potential conflict of interest arises. These provisions will only apply where the position giving rise to the potential conflict has previously been authorised by the directors.

It is the Board's intention to report annually on the Company's procedures for ensuring that the Board's powers to authorise conflicts are operated effectively and that the procedures have been followed.

Records and Execution of Documents

The New Articles incorporate a requirement for the Company to keep minutes of Board meetings and general meetings for ten years and in respect of an instrument to which the seal is affixed to allow a director to execute such a document on behalf of the Company in the presence of a witness. Both changes reflect provisions under the 2006 Act.

Directors' Indemnities

The 2006 Act has in some areas widened the scope of the powers of a company to indemnify directors incurred in connection with certain actions against directors. In particular, the existing exemption allowing a company to provide money for the purpose of funding a director's defence in court proceedings now expressly covers regulatory proceedings and applies to associated companies. It is proposed that the New Articles should contain provisions in relation to directors' indemnities that reflect the extent to which a company is allowed to indemnify directors under the 2006 Act.

General

Generally, the opportunity has been taken to bring clearer language into the New Articles, ensure that the language used is consistent with the 2006 Act and in some areas to conform the language of the New Articles.

A copy of the New Articles of Association and a copy of the Current Articles of Association marked to show all the proposed changes are available for inspection at British Energy's offices at

Information for Shareholders attending the Annual General Meeting

GSO Business Park, East Kilbride, G74 5PG and at the office of Hewitt New Bridge Street Consultants LLP, 20 Little Britain, London, EC1A 7DH during usual business hours on any week day (public holidays excluded) from the date of this notice until the close of the AGM. They will also be available on the Company website and available for inspection at the Murrayfield Stadium Conference Centre, Edinburgh, EH12 5PJ from 10.15 am on the morning of the AGM until it ends.

General Information for Shareholders

After his opening remarks, the Chairman will explain the procedures for the conduct of the meeting, particularly for asking questions and voting on the resolutions. The resolutions, which are set out in the Notice of the AGM, will then be put to the meeting.

How to Ask Questions

At the meeting, shareholders may ask questions about any resolution. British Energy staff will be available to help you.

A Question Registration Desk will be open from 10.15 am on the day of the meeting to enable shareholders to register in advance any question they may wish to ask during the meeting.

How to Vote

You should hold up the voting card (which you will receive when you register) indicating that you are voting either for or against a particular resolution when it is put to the vote by the Chairman. Only shareholders or authorised representatives of corporate shareholders may vote on a show of hands.

General Information

Time

The doors will open at 10.15 am and the meeting will begin promptly at 11.00 am.

No cameras or video or audio recording equipment will be allowed into the meeting. Mobile telephones and other mobile electronic devices must be switched off during the meeting.

Disabled Persons

Special arrangements have been made to help disabled shareholders. Guide dogs will be permitted. Disabled shareholders may wish to advise the Company in advance if they are planning to arrive by car so that appropriate parking arrangements can be made.

Emergency Precautions

An announcement will be made if there is a fire alarm or other emergency. Emergency exits are clearly marked around the hall.

Location Map

A location map, showing how to get to the Murrayfield Stadium Conference Centre, together with details of car parking arrangements appears opposite.

How to find us

The 2008 AGM will be held at the Murrayfield Stadium Conference Centre which is situated in west Edinburgh on Roseburn Street off the A8 at Roseburn.

The Conference Centre is six miles from Edinburgh Airport, three miles from Edinburgh Waverley Railway Station and one mile from Haymarket Railway Station.

Car parking is available free of charge in the Stadium's North Stand car park. The only entrance to the Conference Centre is via Gate B on Roseburn Street (nearest to the railway bridge). This entrance brings you in at the south end of the Stadium where signs will direct you to the Murrayfield Stadium hospitality car park.

Regular bus services run every five to 10 minutes from the city centre to Roseburn Terrace.



British Energy Group plc
GSO Business Park
East Kilbride
G74 5PG
United Kingdom

Registered in Scotland Number 270184

www.british-energy.com

T: +44 (0)1355 846000
F: +44 (0)1355 846001

