

## Chairman's Letter

- Explanation of the business to be considered at the Annual General Meeting.
- Information for shareholders attending the meeting.
- Notice of the Annual General Meeting to be held at 11:00 am on Wednesday 30 July 2003 at the Murrayfield Stadium Conference Centre, Edinburgh EH12 5PJ.

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

# Chairman's Letter

## Dear Shareholder

### Annual General Meeting 30 July 2003

I enclose details of our forthcoming Annual General Meeting. I hope you will be able to join us on Wednesday 30 July as the meeting is a valuable opportunity for the Board to provide shareholders with an update of the Company's activities and in particular progress on the implementation of our restructuring plans.

The notice of the meeting and the resolutions to be considered are set out on page 2 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 and adopt the Annual Report and Accounts for the year ended 31 March 2003.

### Re-election of Directors (resolutions 2 to 5)

Every year, a number of our Directors stand for re-election. Our Articles require that at least one third of the Board offer themselves for election each year and this gives shareholders the opportunity to vote on Board appointments. This year Mike Alexander, William Coley, Pascal Colombani and I are standing for election following our appointment since last year's Annual General Meeting. Sir Robert Hill will be retiring at this year's AGM and will not be standing for re-election. Three other Directors have stood down since last year's AGM. All the remaining Directors presently on the Board stood for election last year. Background information on your Directors is contained in the Annual Review and the Annual Report.

### 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 Annual General Meeting and to authorise the Directors to fix their remuneration. Details of the auditors' remuneration can be found on page 48 of our Annual Report and Accounts.

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

### Remuneration Report (resolution 8)

This year, shareholders are invited to vote on the Company's Remuneration Report. The Report can be found at pages 26 to 32 of the Annual Report and a summary appears on pages 21 to 24 of the Annual Review. The vote on this resolution is advisory, enabling the views of shareholders to assist the Company in shaping remuneration policy.

### Political Donations (resolution 9)

The Political Parties, Elections and Referendums Act 2000 amended the Companies Act 1985 (the "Act") and has imposed restrictions on companies making donations to political organisations or incurring EU political expenditure (as defined in the Act) without shareholder consent. It is not the policy of the Company to make donations to political parties and the Directors have no intention of changing that policy. Last year we made no political donations. However, as the definitions used in the Act are broad it is possible that some normal expenditure and business activities which might not be thought to be political in the usual sense could be caught.

For example, activities such as communicating with the Government and political parties at local, national and European level and making provisions for employees to take time off work to campaign for and hold public office, together with normal expenditure such as expenditure on organisations concerned with policy review, law reform and representation of the business community could be construed as political expenditure or as a donation to a political organisation and fall within the restrictions of the Act. The Act covers not only the United Kingdom but also the entire European Union. The Board therefore considers that the authority sought under resolution 9 is necessary to avoid inadvertent infringement of the Act. Resolution 9 seeks authority for the Company to incur total EU political expenditure not exceeding £25,000 in the forthcoming year. This authority will not be used to make political donations as they are normally understood including contributions towards any general political party expenses and expenses in connection with general election or referenda campaigns.

### Forms of Proxy

You will find enclosed a Form of Proxy for the Annual General Meeting. It covers all the resolutions to be proposed at the meeting. Please complete, sign and return the Form of Proxy as soon as possible in accordance with the instructions printed thereon if you do not intend to be present at the meeting.

**Forms of Proxy should be returned to Lloyds TSB Registrars as soon as possible. In any event, to be valid for the Annual General Meeting they must be received not later than 11:00 am on 28 July 2003.**

Shareholders who have transferred their shares to Lloyds TSB Registrars Corporate Nominee 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 27 July 2003.

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

### Recommendation

The Directors believe that the proposals referred to in this letter are in the best interest of the Company and, accordingly, unanimously recommend you to vote in favour of resolutions 1 to 9 inclusive to be proposed at the Annual General Meeting, as they propose to do in respect of their beneficial shareholdings.



**Adrian Montague CBE**

Chairman

23 June 2003

### Information for Shareholders attending the Annual General Meeting

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 Annual General Meeting, will then be put to the meeting.

#### How to ask questions

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

A Question Registration Desk will be open from 10:15am 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 and video or audio recording equipment will be allowed into the meeting. Mobile telephones must be switched off.**

#### Disabled persons

Special arrangements have been made to help disabled shareholders. Guide dogs will be permitted.

#### Emergency precautions

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

#### Travel and car parking

Murrayfield Stadium Conference Centre is situated in west Edinburgh on Roseburn Street off the A8 at Roseburn.

Murrayfield Stadium is 6 miles from the International Airport, 3 miles from Edinburgh Waverley Railway Station, 1 mile from Haymarket Railway Station and close to the City By-Pass, M8 and M9.

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 ten minutes from the city centre to Roseburn Terrace and Roseburn Street.

**A location map, showing how to get to Murrayfield Stadium Conference Centre appears on the back page.**

**Notice** is hereby given that the eighth Annual General Meeting of British Energy plc (the "Company") will be held at the Murrayfield Stadium Conference Centre, Edinburgh EH12 5PJ on 30 July 2003 at 11:00am for the purpose of considering and, if thought fit, passing the following resolutions:

#### Ordinary Resolutions

- 1 To receive and adopt the Annual Report and Accounts for the year ended 31 March 2003.
- 2 To elect Adrian Montague as a Director.
- 3 To elect Mike Alexander as a Director.
- 4 To elect William Coley as a Director.
- 5 To elect Pascal Colombani 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 Directors to fix the auditors' remuneration.
- 8 To approve the Remuneration Report contained within the Annual Report and Accounts for the year ended 31 March 2003.
- 9 That the Company be generally and unconditionally authorised for the purposes of part XA of the Companies Act 1985 (the "Act") (as amended by the Political Parties, Elections and Referendums Act 2000) to make donations to EU political organisations and/or to incur EU political expenditure (as such terms are defined in Section 347A of the Act) in an aggregate amount not exceeding £25,000 during the period from the date of this meeting and ending on the date of the next Annual General Meeting of the Company after the passing of the resolution.

Registered Office:

3 Redwood Crescent  
Peel Park  
East Kilbride  
G74 5PR

23 June 2003

Registered in Scotland Number 162273

By order of the Board

**Robert Armour**

Company Secretary

#### Notes:

- (1) A member of the Company entitled to attend and vote at the meeting may 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. 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 28 July 2003. Return of a completed Form of Proxy will not preclude a member from attending and voting personally at the meeting.
- (2) Shareholders who hold shares in the Company must be entered on the Company's register of members on 28 July 2003 at 11:00 am to be entitled to attend and vote at the meeting. Such shareholders may only cast votes in respect of shares held at such time.
- (3) Copies of the Service Contracts of the Directors of the Company, the Register of Directors' Interests and the current 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 until the conclusion of the Annual General Meeting and will be available for inspection at the place of the Annual General Meeting from 10:15 am until its conclusion.

## How to get to Murrayfield Stadium Conference Centre

