



**Scottish and Southern
Energy**

SSE Water Limited

**Statement on Directors' Remuneration and
Service Standards**

This statement is made in accordance with section 35A of the Water Industry Act 1991 on behalf of SSE Water Limited.

In the financial year ending March 2008 and for the financial year ending March 2009, where appropriate the main directors of SSE Water Limited are remunerated under arrangements which fall under paragraph (3) of section 35A of the Act, i.e. the arrangements link the remuneration of the directors to standards of performance in connection with the carrying out by the company of the functions of a relevant undertaker.

Scottish and Southern Energy plc must ensure that it has remuneration policies in place that are competitive within the utilities sector. The main directors' remuneration packages are based on their overall Group responsibilities and include a basic salary, annual bonus, pension arrangements, share options and benefits. Under the annual bonus scheme, between 20% and 33% of a director's maximum bonus depends on the achievement of personal targets, which may include performance in relation to the Water Supply & Sewerage Services (Customer Service Standards) Regulations 2008.

At year end, annual targets are reviewed against outcomes. To the extent that the outcomes are better than budget and target, a sliding scale award is determined which is then submitted to the external Remuneration Committee for review and approval.