

THIS DOCUMENT IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION. If you are in any doubt about the contents of this document or about what action you should take, you should consult your stockbroker, accountant or other independent professional advisor authorised under the Financial Services and Markets Act 2000.

If you have sold or transferred all your ordinary shares in RURELEC PLC (the “**Company**”), please hand this document (together with the accompanying proxy form) as soon as possible to the stockbroker or other agent through whom you made the sale or transfer for transmission to the purchaser or transferee of your shares.

LETTER FROM THE COMPANY SECRETARY OF RURELEC PLC

(Registered in England and Wales with registered number 4812855)

Directors

James West (*Chairman*)
Peter Earl (*Managing Director*)
Elizabeth Shaw (*Director of Finance*)
Mike Eyre (*Executive Director*)
Marcelo Blanco (*Executive Director*)
Sir Robin Christopher (*Non-Executive Director*)

5th Floor
Prince Consort House
27-29 Albert Embankment
London
SE1 7TJ

30 June 2009

To shareholders

Dear Shareholder,

REPORT AND ACCOUNTS AND ANNUAL GENERAL MEETING

Copies of the report and accounts of the Company for the twelve month period ended 31 December 2008 (the “**Report and Accounts**”) are enclosed with this letter. At the end of this letter you will find a notice convening the annual general Meeting of the Company which is to be held at 11.00 a.m. on 29 July 2009 at 5th Floor, Prince Consort House, 27-29 Albert Embankment, London SE1 7TJ (the “**AGM**”). The business of the AGM will be to receive the Report and Accounts and to conduct the other ordinary business and special business of the Company as set out in the notice. The schedule to this letter explains the special business that is proposed at the AGM.

Action to be taken

You will find enclosed with this letter a form of proxy for use in connection with the AGM. Whether or not you intend to be present at the AGM, you are asked to complete the form of proxy in accordance with the instructions printed on it so that the form may be received by the Company’s Registrars, Capita Registrars at The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU as soon as possible but in any event not later than 11.00 a.m. on 27 July 2009. Completion of the form of proxy will not preclude you from attending and voting at the AGM should you so wish.

Yours sincerely

Susan Laker
Company Secretary

SCHEDULE

EXPLANATORY NOTES TO THE SPECIAL BUSINESS TO BE PROPOSED AT THE AGM

To renew powers of the board to allot ordinary shares and disapply pre-emption rights in order to allot equity securities (Resolutions 6 and 7).

The directors under the Companies Act 1985 (the “**Act**”) may only allot ordinary shares or grant rights to subscribe for ordinary shares if authorised to do so in a general Meeting or pursuant to the articles of association. The directors may also only allot ordinary shares for cash to persons who are not already shareholders of the Company if authorised to do so by the shareholders in a general Meeting or pursuant to the articles of association.

An ordinary resolution (Resolution 6) will be proposed to authorise the Board to allot the unissued share capital up to an aggregate nominal amount of £1,368,107. This represents 68,405,350 ordinary shares and is equivalent to approximately 33.3 per cent. of the Company’s issued share capital.

The authority and power pursuant to Resolution 6 will expire on the later of 15 months from the date Resolution 6 is passed and the conclusion of the Company’s next annual general Meeting.

A special resolution (Resolution 7) will be proposed authorising the board to allot ordinary shares for cash without first offering them to existing shareholders up to an aggregate nominal amount of £205,421. This sum represents 10,271,050 ordinary shares and is equivalent to approximately 5 per cent. of the Company’s issued share capital. The directors will use this authority in the circumstances where it is in the best interests of the Company to issue ordinary shares for cash other than to existing shareholders. The resolution also enables the directors to modify the strict requirements for a rights issue or other pro rata offer to shareholders in circumstances where they consider it necessary or expedient.

The authority and power pursuant to Resolution 7 will expire on the later of 15 months from the date Resolution 7 is passed and the conclusion of the Company’s next annual general Meeting.

RURELEC PLC

(the “Company”)

(Company No. 4812855)

NOTICE OF ANNUAL GENERAL MEETING

Notice is hereby given that the Annual General Meeting of the Company will be held at Rurelec PLC, 5th Floor, Prince Consort House, 27-29 Albert Embankment, London SE1 7TJ at 11.00 a.m. on Wednesday, 29 July 2009 for the purpose of considering and, if thought fit, approving the following resolutions, of which resolutions 1 to 6 will be proposed as ordinary resolutions and resolution 7 as special resolution:

ORDINARY RESOLUTION

1. To receive and, if approved, to adopt the Company’s accounts for the financial year ended 31 December 2008 together with the directors’ report and the auditor’s report on those accounts;
2. to re-elect Peter Richard Stephen Earl as a director;
3. to re-elect Elizabeth Ruth Shaw as a director;
4. to re-elect Carlos Pedro Marcelo Blanco Quintanilla as a director;
5. to re-appoint Grant Thornton UK LLP of Grant Thornton House, Melton Street, Euston Square, London NW1 2EP as the Company’s auditors to act as such until the conclusion of the next General Meeting at which the accounts are laid before the Company in accordance with section 437(1) of the Companies Act 2006 and to authorise the directors of the Company to fix their remuneration.
6. THAT in substitution for any existing such authority, the Directors be and are hereby generally and unconditionally authorised in accordance with the Companies Act 1985, as amended (the “Act”) to exercise all powers of the Company to allot relevant securities within the meaning of Section 80 of the Act up to an aggregate nominal amount of £1,368,107, provided that the authority hereby conferred shall operate in substitution for and to the exclusion of any previous authority given to the Directors pursuant to Section 80 of the Act and shall expire on whichever is the later of the conclusion of the next Annual General Meeting of the Company and the date falling 15 months from the date of the passing of this Resolution unless such authority is renewed, varied, or revoked by the Company in General Meeting save that the Company may at any time before such expiry make an offer or agreement which might require relevant securities to be allotted after such expiry and the directors may allot relevant securities in pursuance of such offer or agreement as if the authority hereby conferred had not expired.

SPECIAL RESOLUTION

7. THAT subject to and conditional upon the passing of Resolution 6 above and pursuant to the authority conferred by Resolution 6 above, the directors be and are hereby empowered pursuant to Section 95 of the Act to allot equity securities (as defined in Section 94 of the Act) for cash as if Section 89(1) of the Act did not apply to any such allotment PROVIDED THAT such power shall be limited to:
 - (a) the allotment of equity securities in connection with a rights issue or any other pre-emptive offer in favour of holders of equity securities where the equity securities respectively attributable to the interests of all such holders are proportionate (as nearly as may be) to the

respective amounts of equity securities held by them subject only to such exclusions or other arrangements as the directors may consider appropriate to deal with fractional entitlements or legal or practical difficulties under the laws of or the requirements of any recognised regulatory body in any territory or otherwise; and

- (b) the allotment (otherwise than pursuant to sub paragraph (a) above) of equity securities up to an aggregate nominal amount of £205,421;

and the power hereby conferred shall operate in substitution for and to the exclusion of any previous power given to the directors pursuant to Section 95 of the Act and shall expire on whichever is the later of the conclusion of the next Annual General Meeting of the Company or the date falling 15 months from the date of the passing of this Resolution unless such power is renewed or extended prior to or at such Meeting except that the Company may before the expiry of any power contained in this Resolution make an offer or agreement which would or might require equity securities to be allotted after such expiry and the directors may allot equity securities in pursuance of such offer or agreement as if the power conferred hereby had not expired.

BY ORDER OF THE BOARD
Susan Laker
Company Secretary

Registered Office
RURELEC PLC
5th Floor
Prince Consort House
27-29 Albert Embankment
London SE1 7TJ

30 June 2009

Notes:

1. The Company, pursuant to Regulation 41 of the Uncertificated Securities Regulations 2001, specifies that only those members registered in the register of members of the Company as at 6.00 p.m. on 27 July 2009 (or, if this Meeting is adjourned, at 6.00 p.m. on the day two days prior to the adjourned Meeting) shall be entitled to attend and vote at the Meeting in respect of the number of shares registered in their name at this time. Changes to entries in the register of members after that time shall be disregarded in determining the right of any person to attend or vote at this Meeting.
2. If you are a member of the Company at the time set out in note 1 above, you are entitled to appoint a proxy to exercise all or any of your rights to attend, speak and vote at the Meeting and you should have received a proxy form with this notice of Meeting. You can only appoint a proxy using the procedures set out in these notes and the notes to the proxy form. Completion and return of the enclosed form of proxy will not preclude shareholders from attending and voting at the Meeting.
3. A proxy does not need to be a member of the Company but must attend the Meeting to represent you. Details of how to appoint the Chairman of the Meeting or another person as your proxy using the proxy form are set out in the notes to the proxy form. If you wish your proxy to speak on your behalf at the Meeting you will need to appoint your own choice of proxy (not the Chairman) and give your instructions directly to them. You may appoint more than one proxy provided each proxy is appointed to exercise rights attached to different shares.
4. A vote withheld is not a vote in law, which means that the vote will not be counted in the calculation of votes for or against the resolution. If no voting indication is given, your proxy will vote or abstain from voting at his or her discretion. Your proxy will vote (or abstain from voting) as he or she thinks fit in relation to any other matter which is put before the Meeting.
5. In the case of joint holders, where more than one of the joint holders purports to appoint a proxy, only the appointment submitted by the most senior holder will be accepted. Seniority is determined by the order in which the names of the joint holders appear in the Company's register of members in respect of the joint holding (the first-named being the most senior).
6. To be valid, the form of proxy, together with the power of attorney, if any, under which it is signed, or a notarially certified copy thereof, must be received at the office of the Company's Registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU not less than 48 hours before the time fixed for the Meeting or any adjourned Meeting at which the proxy is to vote.
7. To change your proxy instructions, simply submit a new proxy appointment using the methods set out above. Note that the cut-off time for receipt of proxy appointments (see note 6 above) also applies in relation to amended instructions; any amended proxy appointment received after the relevant cut-off time will be disregarded.

Where you have appointed a proxy using the hard-copy proxy form and would like to change the instructions using another hard-copy proxy form, please contact the Company's Registrars, Capita Registrars, The Registry, 34 Beckenham Road, Beckenham, Kent BR3 4TU on 0871 664 0300 (calls cost 10p per minute plus network extras).

If you submit more than one valid proxy appointment, the appointment received last before the latest time for the receipt of proxies will take precedence.

8. CREST members who wish to appoint a proxy or proxies by utilising the CREST electronic proxy appointment service may do so for the Meeting and any adjournment(s) thereof by utilising the procedures described in the CREST Manual. CREST Personal Members or other CREST sponsored members, and those CREST members who have appointed a voting 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 made by means of CREST to be valid, the appropriate CREST message (a CREST Proxy Instruction) must be properly authenticated in accordance with Euroclear UK & Ireland Limited's (EUI) specifications and must contain the information required for such instructions, as described in the CREST Manual. The message must be transmitted so as to be received by the issuer's agent (CREST ID: RA10) by 11.00 a.m. on 27 July. For this purpose, the time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer's agent is able to retrieve the message by enquiry to CREST in the manner prescribed by CREST.

CREST members and, where applicable, their CREST sponsors or voting service providers should note that EUI does not make available special procedures in CREST for any particular messages. Normal system timings and limitations will therefore apply in relation to the input of CREST Proxy Instructions. It is the responsibility of the CREST member concerned to take (or, if the CREST member is a CREST personal member or sponsored member or has appointed a voting service provider(s), to procure that his 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 service 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.

9. A copy of the register of directors' interests in the shares of the Company, the directors' service contracts and terms of appointment for the non-executive directors and the terms of reference of the audit, remuneration and nomination committees are available for inspection at the Registered Office during normal business hours (Saturdays and Sundays excepted), until the Meeting and at the Meeting for a period of 15 minutes before the commencement until the conclusion of the Meeting.
10. Corporate representatives

In order to facilitate voting by corporate representatives at the Meeting, arrangements will be put in place at the Meeting so that:

- (i) if a corporate member has appointed the Chairman of the Meeting as its corporate representative with instructions to vote on a poll in accordance with the directions of all the other corporate representatives for that member at the Meeting, then, on a poll, those corporate representatives will give voting directions to the Chairman and the Chairman will vote (or withhold a vote) as corporate representative in accordance with those directions; and
- (ii) if more than one corporate representative for the same corporate member attends the Meeting but the corporate member has not appointed the Chairman of the Meeting as its corporate representative, a designated corporate representative will be nominated, from those corporate representatives who attend, who will vote on a poll and the other corporate representatives will give voting directions to that designated corporate representative.

Corporate members are referred to the guidance issued by the Institute of Chartered Secretaries and Administrators on proxies and corporate representatives – www.icsa.org.uk – for further details of this procedure. The guidance includes a sample form of representation letter to appoint the Chairman as a corporate representative as described in (i) above.

