



SCOTTISH AND SOUTHERN ENERGY PLC ACQUISITION ATLAS FIBRE TELECOMS NETWORKS

March 2010

Scottish and Southern Energy Telecommunications ("SSET") has entered into an agreement with Scottish Enterprise to acquire the ATLAS Connect fibre telecommunications network. The ATLAS network spans six business parks across Scotland and will be integrated into SSET's existing National network.

The ATLAS network was created by Scottish Enterprise in 2006 to promote the use of advanced broadband across Scotland. The network is built on a fibre optic ring topology and spans 55km across 6 business parks - Aberdeen, Dundee, Riccarton outside Edinburgh, Strathclyde Business Park in Lanarkshire, West of Scotland Science Park in Glasgow and Crichton in Dumfries - with direct, diverse fibre connectivity into around 350 business premises.

SSET will work in partnership with Scottish Enterprise to integrate the ATLAS network into SSET's National fibre network and ensure a smooth transition for existing customers. As part of the acquisition agreement, SSET has also committed to spend an additional £1million completing the development and integration of the ATLAS network.

SSET and Scottish Enterprise believe combining the networks will create significant value with the ATLAS park customers benefiting by being directly connected to SSET's extensive UK 21st century fibre network.

SSET's business model fits well with the principle of "open access", which for Scottish Enterprise was always a key aspect in developing the network. SSET's connectivity and highly efficient data centre product set sold via both wholesale and direct sales channels are ideally suited to the preservation of, and expansion upon, the original ATLAS open access concept, which SSET remains committed to.



Dundas & Wilson and Shepherd & Wedderburn advised SSET and Scottish Enterprise respectively.

In a second, separate transaction, SSE has also acquired 830km of telecoms sub-duct network spanning the North of England and Southern Scotland. The network trunk asset comprises of a sub-duct running between Manchester, Glasgow, Edinburgh and Leeds. The installation of high density fibre optic cable is currently underway within the newly acquired sub-duct ready for immediate integration into the existing SSET National network.

The integration of both the ATLAS and trunk networks will take SSET's owned fibre network to over 5,000km in length, with around a further 2600km in leased fibre. SSET also has 3,600km of microwave radio, giving it a total network of 11,200km.

Adrian Pike, Group MD of Contracting, Telecoms and Utility Solutions for SSE, said: "The past year has seen us enter the Data Centre market, and significantly increase our owned fibre and duct assets. Our strategy to provide market leading, high performance infrastructure for our growing client base remains on track."

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