



Your guide to the South of England's gas distribution company

Southern Gas Networks was formed following the acquisition of the gas distribution network in the South of England from National Grid Transco by a consortium known as Scotia Gas Networks. The consortium is made up of Scottish and Southern Energy plc, Borealis Infrastructure Management Inc and Ontario Teachers' Pension Plan Board.

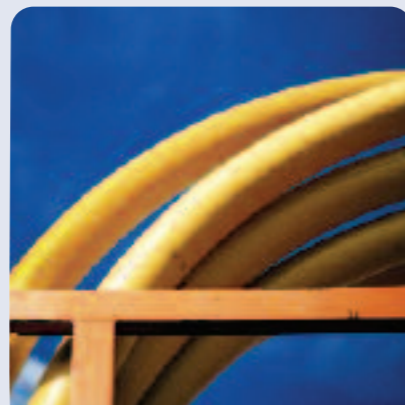
Our shareholders

Scottish and Southern Energy is one of the largest energy companies in the UK. It is involved in the generation, transmission, distribution and supply of electricity; energy trading; the storage and supply of gas; electrical, environmental and utility contracting; domestic appliance retailing; and telecoms.

The Ontario Teachers' Pension Plan is one of Canada's largest financial institutions, with assets of around C\$85 billion. It invests to secure the retirement income of over 255,000 active and retired teachers in the province of Ontario.

Borealis Infrastructure identifies, invests in and manages OMERS' infrastructure assets. OMERS is one of Canada's largest pension funds, with around C\$35.7 billion in net investment assets.

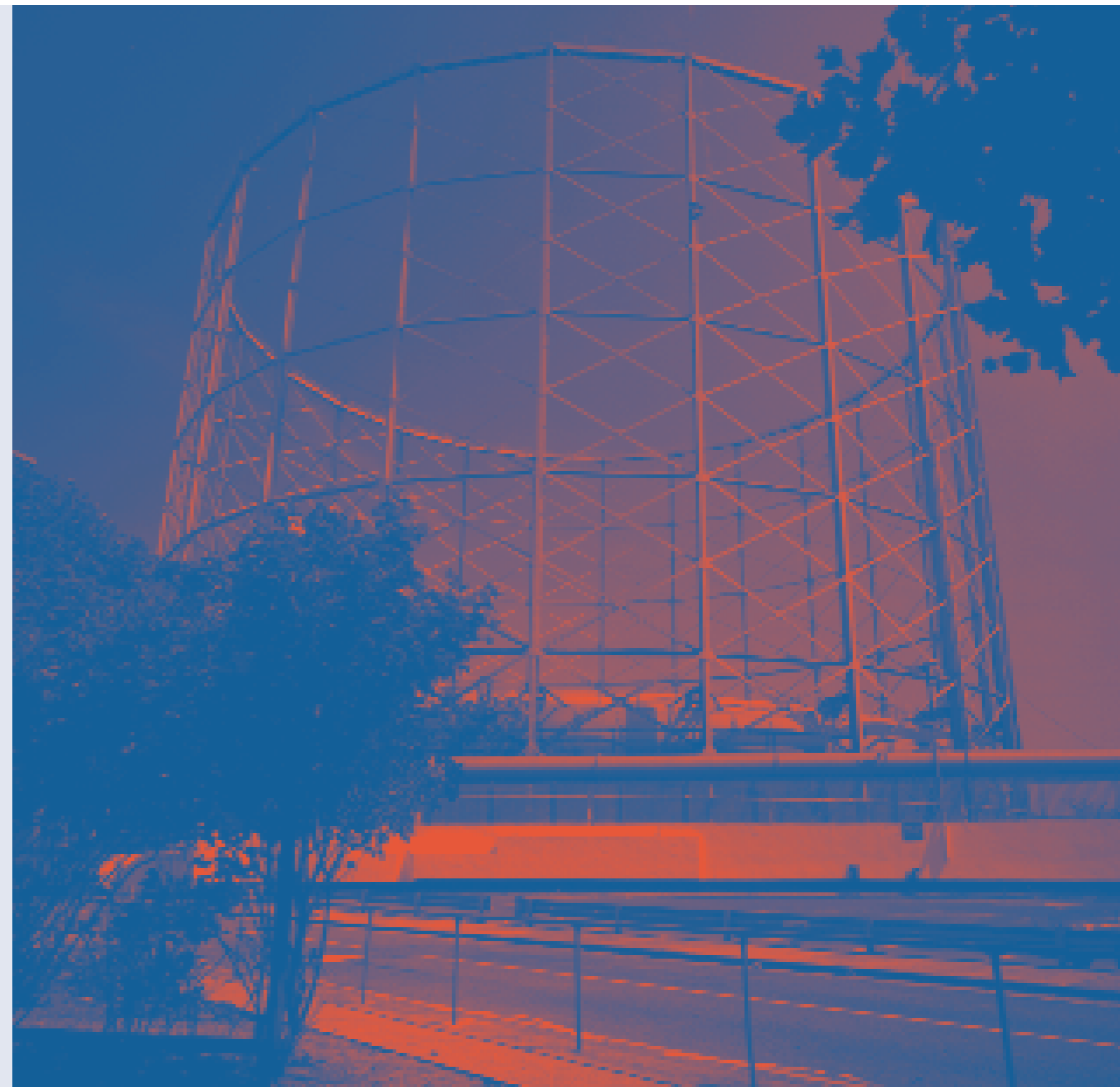
It provides retirement benefits to 355,000 members on behalf of 900 local government employers across Canada.



Smell gas? Call free on 0800 111 999*

*All calls are recorded and may be monitored.

Southern Gas Networks Limited is part of Scotia Gas Networks plc
Registered in England No. 05124688 Registered Office: Vastern Road, Reading RG1 8BU
southerngasnetworks.co.uk

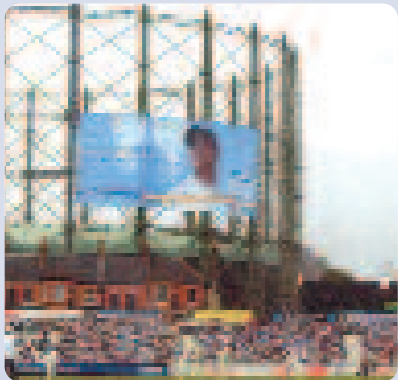


Discovering who we are

Southern Gas Networks operates one of the largest of eight regional gas distribution networks in Britain, serving almost four million customers in the South of England. Our primary focus is on delivering gas to our customers safely and reliably.

We deliver gas:

- To domestic, commercial and industrial customers
- Via approximately 49,000 kilometres of gas mains
- Across an area reaching from Milton Keynes, to Dover in the east and Lyme Regis in the west, including London boroughs to the south of the River Thames



From the beach to your meter

Gas is delivered to seven beach terminals in Great Britain by gas producers like BP and Shell, which operate offshore rigs in around 100 fields beneath the sea around the British Isles.

Gas shippers buy gas from the producers at the beach terminals. They then contract with the gas transporters to convey gas to customers' premises (or supply points), where shippers then sell the gas to suppliers.

Before gas reaches a home, business or office, it has to travel through part of the national pipeline network of 275,000 kilometres. Southern Gas Networks operates one of eight regional pipeline networks to convey gas through Britain.

At the supply points, the final link in the chain – the gas suppliers – buy gas from the shippers and compete to sell it to domestic, industrial and commercial customers.

Commitment to our customers

We are committed to operating our network to the highest standards of safety, reliability and efficiency. Our activities are essential to the millions of customers who depend on our services, and we continually strive to deliver excellent customer service in all areas of our business.

The Gas Emergency Service, a freephone service that responds to any reports of suspected gas leaks, is on call 24-hours a day, 365 days a year. Anyone suspecting a leak can report it on a freephone number – 0800 111 999*. A trained operator will answer the call, usually in less than 30 seconds. They will ask a series of questions to help build up a picture of the reported gas escape or gas emergency. From these details, they can decide on the best course of action. An SGN engineer will then be despatched in response to the call.

*The gas emergency freephone number continues to be operated by Transco.

All calls are recorded and may be monitored.

If we have to enter a customer's premises in the event of a gas emergency, we will abide by a specific code of practice:

- All SGN representatives will display an identity card showing the company name, their own name, a reference number, and a colour photograph of the individual.
- Where possible, all SGN employees will wear branded clothing indicating they are representing the company.
- All SGN employees and contractors will be able to tell customers the national gas emergency telephone number.
- SGN staff and contractors will be appropriately qualified and fully trained for the purpose of the visit, and will be courteous in their dealings with the customer. They will give clear, accurate explanations and will respect the customer's premises.
- If it is necessary, for safety reasons, to disconnect the gas supply, we will always take customers' circumstances into consideration. For example, if the customer is on the gas supplier's priority customer list we will arrange temporary heating and cooking facilities.

Did you know?

- Calls to the gas emergency service have to be answered within 30 seconds
- Natural gas has no smell – the distinctive smell is added for safety reasons
- If all the pipelines in the SGN gas network were laid end-to-end, they would almost stretch around the world

Working safety

Safety is an integral part of our business, and the health and safety of the general public, our customers and our employees is paramount.

To maintain and improve the safety of our gas network, we operate an ongoing programme of mains replacement, refurbishment and repair activities.

We also respond to reports of suspected gas leaks generated by the Gas Emergency Service, which is on call 24 hours a day, 365 days a year. Anyone suspecting a leak can report it by calling free on: 0800 111 999*.

Caring for the environment

As a responsible business, we are committed to the protection and enhancement of the environment. Consideration for the environment is a feature of all our business activities, and we are always looking for new ways to minimise the environmental impact of our activities. We constantly benchmark our environmental performance, allowing us to achieve continual improvements in this area.

As part of our commitment to the environment, we also work in partnership with conservation charities, schools, and a wide range of community groups.

Investment for the future

To be sure of maintaining a safe and reliable supply, and to meet future demand, we are embarking on an investment programme to upgrade the gas network in the South of England.

The programme, which has been developed in consultation with the Health and Safety Executive and energy industry regulator, Ofgem, will see 20,000km of low-pressure iron mains replaced with polyethylene (PE) yellow plastic pipes.

PE is a flexible and non-corrosive plastic that, if left undisturbed, should last around 80 years. However, by far its greatest benefit is its versatility; it can even be placed inside the old gas main without interrupting the flow of gas to customers.

Inevitably a replacement programme of this size will involve more streetworks and we are mindful of the effect that replacement works have on residents, businesses and motorists.

We use the latest advanced engineering techniques to avoid the need for digging trenches, and we always aim to keep any disruption or inconvenience to the absolute minimum.

*All calls are recorded and may be monitored.

