

Customer briefing

Major Ethernet price reductions beginning from today, 24th November 2008

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This briefing is applicable to all Ethernet Communications Providers

This briefing relates to Openreach announcing significantly reduced prices for WES, WEES and BES products in the Ethernet portfolio

Openreach is delighted to announce major price reductions for WES, WEES, BES and selected other products within the Ethernet portfolio. Reductions to connection charges are introduced with effect from today, 24th November 2008 and reductions to rentals will be introduced with effect from 1st February 2009.

Following a wide ranging review of our Ethernet portfolio, Openreach is pleased to be able to announce major price reductions for certain WES, WEES and BES products as well as Main Link and Resilient Main Link rentals.

What's more, the reductions to connection charges are valid immediately for all new orders and those in our pipeline yet to be delivered, with effect from today's date, 24th November 2008, with the reductions to rentals being introduced with effect from 1st February 2009.

We believe this really illustrates Openreach's determination to work with our customers to support and improve the access and backhaul markets in the UK. We feel confident that these price reductions in our Ethernet portfolio represent excellent news for all Communications Providers, especially at a time when customers are looking for both value and greater bandwidth.

Here are some of the important price reductions we are making across the Ethernet portfolio -

- WES /WEES 10Mb connection charges reduced by up to 33%.
- WES/WEES 100Mb reduced to the same price as 10Mb products for both connection and rental, representing a reduction of up to 65% for connection and up to 16% for rental.
- WES/WEES 1Gb connection charges reduced by up to 62% and rental by up to 33%.
- WES/WEES 10Mb Local Access connection charge reduced by 3%.
- WES/WEES 100Mb Local Access reduced to the same price as 10Mb Local Access for both connection and rental, representing a reduction of up to 43% for connection and up to 14% for rental.
- BES 10Mb connection charges reduced by 19%.
- BES 100Mb reduced to the same price as BES 10Mb for connection and rental, representing a reduction of up to 65% for connection and up to 26% for rental.

- BES 1Gb product connection reduced by up to 62% and rental by up to 31%.
- Main Link rentals reduced from £0.54 per metre to £0.40 per metre for WES, WEES and BES, with a similar percentage reduction on WES, WEES and BES Resilient Main Link rentals.

The complete list of Ethernet products affected by this price reduction is as follows -

WES 10Mb Local Access	WEES 10Mb Local Reach	BES 10Mb
WES 10Mb Local Reach	WEES 10Mb Managed	BES 10Mb Daisy Chain
WES 10Mb Managed	WEES 10Mb Unmanaged	BES 100Mb
WES 10Mb Unmanaged	WEES 100Mb	BES 100Mb Daisy Chain
WES 100Mb Local Access	WEES 1Gb	BES 1Gb
WES 100Mb	WEES 1Gb Extended Reach	BES 1Gb Daisy Chain
WES 1Gb		BES 1Gb Extended Reach
WES 1Gb Extended Reach		WES, WEES and BES Main Link Rentals
WES 1Gb Local Access		WES, WEES and BES Resilient Main Link Rentals

The new prices for connections apply to new circuits ordered on or after 24th November 2008 and also to orders in our pipeline as of 24th November 2008 yet to be delivered. The new prices for rentals are for all relevant circuits (both new and existing) and will be applied with effect from 1st February 2009.

1st February 2009 is the implementation date as it is within the standard 90 day notification period and because it will avoid mid-month systems changes, which we believe will therefore benefit our CP customers.

For full details of the reduced prices please refer to the Access Charge Change Notices (ACCN) numbers OR096a, OR096b and OR096c, which can be found at:

<http://www.openreach.co.uk/orpg/pricing/loadPricingNotifications.do>

All changes to existing price pages that are affected are indicated in the ACCN document.

We are currently reviewing other prices within the Ethernet portfolio and considering other possible initiatives. Any further changes will be notified separately.

Openreach has proposed these price changes in anticipation of reasonable weighted average cost of capital and efficiency targets being set by Ofcom in conclusion of its Openreach Financial Framework Review and Ethernet Charge Control consultations. In the event of this not being the case, Openreach reserves the right to further review its pricing proposals.

If you wish to discuss the information contained within this brief, please contact your Customer Business Manager.

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