

Performance Indicators - Q3 2006/7

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Bringing it all together

Q3 06/07

Revenue Up 5%

EBITDA up 2%

PBT up 13%

EPS up 14%

| BT Group Results - P&L | 2006/07 Q3 Actual | 2005/06 Q3 Restated | Better / (worse) % | 2006/07 Q2 Actual | 2005/06 Q2 Restated | Better / (worse) % | 2006/07 Q1 Actual | 2005/06 Q1 Restated | Better / (worse) % | 2006/07 Nine months Actual | 2005/06 Nine Months Restated | Better / (worse) % |
|---|-------------------------|---------------------------|--------------------------|-------------------------|---------------------------|--------------------------|-------------------------|---------------------------|--------------------------|----------------------------------|------------------------------------|--------------------------|
| Revenue | | | | | | | | | | | | |
| BT Global Services | 2,291 | 2,197 | 4.3 | 2,157 | 2,102 | 2.6 | 2,155 | 2,067 | 4.3 | 6,603 | 6,366 | 3.7 |
| BT Retail | 2,131 | 2,116 | 0.7 | 2,077 | 2,136 | (2.8) | 2,068 | 2,120 | (2.5) | 6,276 | 6,372 | (1.5) |
| BT Wholesale | 1,922 | 1,848 | 4.0 | 1,885 | 1,813 | 4.0 | 1,847 | 1,814 | 1.8 | 5,654 | 5,475 | 3.3 |
| Openreach | 1,314 | 1,278 | 2.8 | 1,279 | 1,271 | 0.6 | 1,259 | 1,294 | (2.7) | 3,852 | 3,843 | 0.2 |
| Other | 2 | 3 | (33.3) | 4 | 4 | 0.0 | 5 | 6 | (16.7) | 12 | 13 | (7.7) |
| Eliminations | (2,534) | (2,560) | 1.0 | (2,461) | (2,559) | 3.8 | (2,470) | (2,570) | 3.9 | (7,466) | (7,689) | 2.9 |
| Group Revenue | 5,126 | 4,882 | 5.0 | 4,941 | 4,767 | 3.7 | 4,864 | 4,731 | 2.8 | 14,931 | 14,380 | 3.8 |
| Leaver costs | 27 | 23 | - | 33 | 37 | - | 24 | 6 | - | 84 | 66 | - |
| EBITDA Inc. leaver costs | | | | | | | | | | | | |
| BT Global Services | 232 | 223 | 4.0 | 224 | 198 | 13.1 | 211 | 219 | (3.7) | 667 | 640 | 4.2 |
| BT Retail | 219 | 175 | 25.1 | 228 | 189 | 20.6 | 180 | 155 | 16.1 | 627 | 519 | 20.8 |
| BT Wholesale | 497 | 481 | 3.3 | 469 | 464 | 1.1 | 477 | 468 | 1.9 | 1,443 | 1,413 | 2.1 |
| Openreach | 468 | 487 | (3.9) | 460 | 482 | (4.6) | 470 | 507 | (7.3) | 1,398 | 1,476 | (5.3) |
| Other | (4) | 15 | (126.7) | 4 | 15 | (73.3) | 24 | 8 | 200.0 | 24 | 38 | (36.8) |
| Group EBITDA | 1,412 | 1,381 | 2.2 | 1,385 | 1,348 | 2.7 | 1,362 | 1,357 | 0.4 | 4,159 | 4,086 | 1.8 |
| Depreciation & amortisation of intangibles | | | | | | | | | | | | |
| BT Global Services | 180 | 160 | (12.5) | 157 | 158 | 0.6 | 148 | 152 | 2.6 | 485 | 638 | 24.0 |
| BT Retail | 43 | 36 | (19.4) | 39 | 39 | 0.0 | 40 | 34 | (17.6) | 122 | 147 | 17.0 |
| BT Wholesale | 293 | 271 | (8.1) | 291 | 274 | (6.2) | 285 | 271 | (5.2) | 869 | 1,102 | 21.1 |
| Openreach | 177 | 196 | 9.7 | 178 | 188 | 5.3 | 175 | 186 | 5.9 | 530 | 800 | 33.8 |
| Other | 48 | 47 | (2.1) | 38 | 33 | (15.2) | 55 | 66 | 16.7 | 141 | 197 | 28.4 |
| Group Depreciation | 741 | 710 | (4.4) | 703 | 692 | (1.6) | 703 | 709 | 0.8 | 2,147 | 2,884 | 25.6 |
| Op Profit Inc. leaver costs | | | | | | | | | | | | |
| BT Global Services | 52 | 63 | 17.5 | 67 | 40 | (67.5) | 63 | 67 | 6.0 | 182 | 170 | (7.1) |
| BT Retail | 176 | 139 | 26.6 | 189 | 150 | 26.0 | 140 | 121 | 15.7 | 505 | 410 | 23.2 |
| BT Wholesale | 204 | 210 | (2.9) | 178 | 190 | (6.3) | 192 | 197 | (2.5) | 574 | 597 | (3.9) |
| Openreach | 291 | 291 | 0.0 | 282 | 294 | 4.1 | 295 | 321 | 8.1 | 868 | 906 | 4.2 |
| Other | (52) | (32) | (62.5) | (34) | (18) | (88.9) | (31) | (58) | 46.6 | (117) | (108) | (8.3) |
| Underlying Group Op Profit | 671 | 671 | 0.0 | 682 | 656 | 4.0 | 659 | 648 | 1.7 | 2,012 | 1,975 | 1.9 |
| Net Finance Costs | (62) | (129) | 51.9 | (55) | (100) | 45.0 | (46) | (142) | 67.6 | (163) | (371) | 56.1 |
| Share of post tax profits/losses of associates and joint ventures | 7 | 3 | (133.3) | 5 | 3 | (66.7) | 2 | 5 | 60.0 | 14 | 11 | (27.3) |
| Underlying PBT | 616 | 545 | 13.0 | 632 | 559 | 13.1 | 615 | 511 | 20.4 | 1,863 | 1,615 | 15.4 |
| Specific Items : Net gains (losses) | 23 | 0 | - | (3) | (70) | - | 0 | (12) | - | (18) | (82) | - |
| Reported PBT | 639 | 545 | 17.2 | 629 | 489 | 28.6 | 615 | 499 | 23.2 | 1,845 | 1,533 | 20.4 |
| Tax - Underlying | (150) | (134) | (11.9) | (155) | (139) | (11.5) | (151) | (129) | (17.1) | (456) | (402) | (13.4) |
| Tax on specific items | 969 | 0 | - | 1 | 21 | - | 0 | 4 | - | 4 | 25 | - |
| Tax rate | 24.4% | 24.6% | - | 24.5% | 24.9% | - | 24.6% | 25.2% | - | 24.5% | 24.9% | - |
| Net Income | 1,458 | 411 | 254.7 | 475 | 371 | 28.0 | 464 | 374 | 24.1 | 1,393 | 1,156 | 20.5 |
| <i>Memo: Minority Interest</i> | | | | | | | | | | | | |
| EPS before specific items | 5.6 | 4.9 | 14.3 | 5.7 | 5.0 | 14.0 | 5.6 | 4.5 | 24.4 | 16.9 | 14.4 | 17.4 |
| EPS after specific items | 17.6 | 4.9 | 259.2 | 5.7 | 4.4 | 29.5 | 5.6 | 4.4 | 27.3 | - | 13.7 | (100.0) |
| Proposed Dividend | | | | 5.10 | 4.30 | 19% | - | - | - | - | - | - |
| Average Number of Shares in Issue | 8,284 | 8,407 | - | 8,308 | 8,456 | - | 8,314 | 8,471 | - | 8,302 | 8,444 | - |
| Capital Expenditure | 815 | 759 | (7.4) | 812 | 694 | (17.0) | 715 | 716 | 0.1 | 2,342 | 2,169 | (8.0) |
| Net Debt | 8,796 | 8,113 | (8.4) | 8,079 | 8,133 | 0.7 | 7,727 | 8,121 | 4.9 | 8,796 | 8,113 | (8.4) |

| EXTERNAL REVENUE BY SEGMENT | 2004/5 | | | | | 2005/6 | | | | | 2006/7 | | |
|-----------------------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|
| | Q1 | Q2 | Q3 | Q4 | Total | Q1 | Q2 | Q3 | Q4 | Total | Q1 | Q2 | Q3 |
| | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m |
| Consumer | 1,416 | 1,410 | 1,400 | 1,373 | 5,599 | 1,324 | 1,336 | 1,324 | 1,312 | 5,296 | 1,252 | 1,257 | 1,310 |
| Major Corporate | 1,391 | 1,412 | 1,440 | 1,693 | 5,936 | 1,597 | 1,629 | 1,732 | 1,922 | 6,880 | 1,699 | 1,703 | 1,833 |
| Business | 617 | 624 | 600 | 601 | 2,442 | 586 | 583 | 568 | 587 | 2,324 | 588 | 593 | 584 |
| Wholesale / Global Carrier | 1,088 | 1,102 | 1,090 | 1,147 | 4,427 | 1,218 | 1,215 | 1,255 | 1,308 | 4,996 | 1,319 | 1,384 | 1,397 |
| Other | 7 | 6 | 6 | 6 | 25 | 6 | 4 | 3 | 5 | 18 | 6 | 4 | 2 |
| Total | 4,519 | 4,554 | 4,536 | 4,820 | 18,429 | 4,731 | 4,767 | 4,882 | 5,134 | 19,514 | 4,864 | 4,941 | 5,126 |

| EXTERNAL REVENUE BY SEGMENT HEADLINE YEAR-ON-YEAR GROWTH | 2005/6 | | | | | 2006/7 | | |
|---|-------------|-------------|-------------|-------------|---------------|-------------|-------------|-------------|
| | Q1 | Q2 | Q3 | Q4 | Total | Q1 | Q2 | Q3 |
| Consumer | (6.5%) | (5.2%) | (5.4%) | (4.4%) | (5.4%) | (5.4%) | (5.9%) | (1.1%) |
| Major Corporate | 14.8% | 15.4% | 20.3% | 13.5% | 15.9% | 6.4% | 4.5% | 5.8% |
| Business | (5.0%) | (6.6%) | (5.3%) | (2.3%) | (4.8%) | 0.3% | 1.7% | 2.8% |
| Wholesale / Global Carrier | 11.9% | 10.3% | 15.1% | 14.0% | 12.9% | 8.3% | 13.9% | 11.3% |
| Other | n/m | n/m | n/m | n/m | n/m | n/m | n/m | n/m |
| Total | 4.7% | 4.7% | 7.6% | 6.5% | 5.9% | 2.8% | 3.7% | 5.0% |

| EXTERNAL REVENUE ANALYSIS - BT Group | 2004/5 | | | | | 2005/6 | | | | | 2006/7 | | |
|--|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|
| | Q1 | Q2 | Q3 | Q4 | Total | Q1 | Q2 | Q3 | Q4 | Total | Q1 | Q2 | Q3 |
| | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m |
| Networked IT Services | 634 | 699 | 738 | 995 | 3,066 | 899 | 914 | 1,038 | 1,214 | 4,065 | 981 | 1,001 | 1,117 |
| Broadband and LLU | 186 | 199 | 253 | 292 | 930 | 314 | 350 | 374 | 421 | 1,459 | 454 | 486 | 520 |
| Mobility | 43 | 49 | 55 | 58 | 205 | 66 | 69 | 75 | 82 | 292 | 71 | 72 | 73 |
| Other | 73 | 86 | 89 | 101 | 349 | 106 | 106 | 120 | 134 | 466 | 135 | 177 | 170 |
| Total New Wave | 936 | 1,033 | 1,135 | 1,446 | 4,550 | 1,385 | 1,439 | 1,607 | 1,851 | 6,282 | 1,641 | 1,736 | 1,880 |
| Exchange lines/ISDN - connection and rental | 918 | 959 | 952 | 934 | 3,763 | 921 | 912 | 889 | 881 | 3,603 | 876 | 851 | 844 |
| Calls | 982 | 888 | 820 | 799 | 3,489 | 764 | 749 | 730 | 713 | 2,956 | 685 | 655 | 692 |
| Private Circuits | 326 | 325 | 325 | 316 | 1,292 | 314 | 302 | 322 | 302 | 1,240 | 309 | 317 | 291 |
| Transit, conveyance, interconnect circuits, WLR and other wholesale (incl. FRIACO) | 657 | 650 | 619 | 599 | 2,525 | 630 | 634 | 636 | 655 | 2,555 | 661 | 689 | 704 |
| Other | 700 | 699 | 685 | 726 | 2,810 | 717 | 731 | 698 | 732 | 2,878 | 692 | 693 | 715 |
| Total Traditional | 3,583 | 3,521 | 3,401 | 3,374 | 13,879 | 3,346 | 3,328 | 3,275 | 3,283 | 13,232 | 3,223 | 3,205 | 3,246 |
| Total Revenue | 4,519 | 4,554 | 4,536 | 4,820 | 18,429 | 4,731 | 4,767 | 4,882 | 5,134 | 19,514 | 4,864 | 4,941 | 5,126 |

Key Highlights

Q3 06/07

Broadband revenue over £500m in the quarter

Call revenue increased sequentially for the first time in over 4 years

Q2 06/07

Broadband revenue now 10% of Group Revenue

Q1 06/07

New wave revenue grew c£250m in Q1, similar rate of growth for the last 9 quarters

Q4 05/06 and FY 05/06

Networked IT Services 65% of FY new wave revenue and over a fifth of Group Revenue

Q3 05/06

Networked IT Services now our largest revenue stream

Q2 05/06

Group Broadband revenue exceeds that of Private Circuits for the first time

Networked IT Services revenue exceeds that of Line Rental for the first time

| EXTERNAL REVENUE ANALYSIS - Global Services | 2004/5 | | | | | 2005/6 | | | | | 2006/7 | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Q1 | Q2 | Q3 | Q4 | Total | Q1 | Q2 | Q3 | Q4 | Total | Q1 | Q2 | Q3 |
| | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m |
| Networked IT Services | 578 | 626 | 666 | 912 | 2,782 | 824 | 841 | 955 | 1,112 | 3,732 | 898 | 923 | 1,026 |
| Broadband and LLU | 7 | 9 | 12 | 14 | 42 | 14 | 14 | 15 | 15 | 58 | 14 | 15 | 17 |
| Mobility | 26 | 26 | 25 | 26 | 103 | 39 | 39 | 44 | 55 | 177 | 45 | 46 | 49 |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total New Wave | 611 | 661 | 703 | 952 | 2,927 | 877 | 894 | 1,014 | 1,182 | 3,967 | 957 | 984 | 1,092 |
| Exchange lines/ISDN - connection and rental | 166 | 158 | 157 | 154 | 635 | 155 | 158 | 148 | 145 | 606 | 157 | 152 | 152 |
| Calls | 107 | 101 | 91 | 89 | 388 | 86 | 85 | 80 | 82 | 333 | 82 | 74 | 72 |
| Private Circuits | 129 | 123 | 122 | 114 | 488 | 112 | 111 | 112 | 109 | 444 | 117 | 114 | 108 |
| Transit, conveyance, interconnect circuits, WLR and other wholesale (incl. FRIACO) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other (a) | 427 | 416 | 407 | 466 | 1,716 | 451 | 455 | 438 | 474 | 1,818 | 441 | 439 | 461 |
| Total Traditional | 829 | 798 | 777 | 823 | 3,227 | 804 | 809 | 778 | 810 | 3,201 | 797 | 779 | 793 |
| Total Revenue | 1,440 | 1,459 | 1,480 | 1,775 | 6,154 | 1,681 | 1,703 | 1,792 | 1,992 | 7,168 | 1,754 | 1,763 | 1,885 |
| Memo: Internal Revenue | 287 | 332 | 330 | 385 | 1,334 | 386 | 399 | 405 | 414 | 1,604 | 401 | 394 | 406 |
| Total Global Services Reported Revenue(b) | 1,727 | 1,791 | 1,810 | 2,160 | 7,488 | 2,067 | 2,102 | 2,197 | 2,406 | 8,772 | 2,155 | 2,157 | 2,291 |

Shading = not restated for proforma Openreach
(a) and (b) - See Memo info on following page

| Global Services ORDER VALUE | 2004/5 | | | | 2005/6 | | | | 2006/7 | | |
|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 | Q4 | Q1 | Q2 | Q3 |
| | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m | £m |
| Networked IT Services order intake | 1,276 | 852 | 1,235 | 3,798 | 2,359 | 752 | 1,194 | 1,086 | 1,041 | 702 | 1,516 |
| Other Order Intake | 571 | 477 | 926 | 491 | 466 | 706 | 1,203 | 1,232 | 739 | 915 | 986 |
| Total Global Services order intake | 1,847 | 1,329 | 2,161 | 4,289 | 2,825 | 1,458 | 2,397 | 2,318 | 1,780 | 1,617 | 2,502 |

| Memo information - Global Services | | 2005/6 | | | | | 2006/7 | | |
|---------------------------------------|---|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | | Q1 £m | Q2 £m | Q3 £m | Q4 £m | Total £m | Q1 £m | Q2 £m | Q3 £m |
| (a) Other Traditional | UK | 72 | 53 | 59 | 56 | 240 | 59 | 54 | 54 |
| | Non-UK | 379 | 402 | 379 | 418 | 1,578 | 382 | 385 | 407 |
| | Total | 451 | 455 | 438 | 474 | 1,818 | 441 | 439 | 461 |
| (b) Reclassified total revenue | New wave (as reported) | 877 | 894 | 1,014 | 1,182 | 3,967 | 957 | 984 | 1,092 |
| | Non-UK (Included in Other) | 379 | 402 | 379 | 418 | 1,578 | 382 | 385 | 407 |
| | Internal | 260 | 264 | 275 | 291 | 1,090 | 300 | 292 | 295 |
| | GS New Wave | 1,516 | 1,560 | 1,668 | 1,891 | 6,635 | 1,639 | 1,661 | 1,794 |
| | Traditional (as reported above excluding Othe | 353 | 354 | 340 | 336 | 1,383 | 356 | 340 | 332 |
| | UK Traditional (Included in Other) | 72 | 53 | 59 | 56 | 240 | 59 | 54 | 54 |
| | Internal | 126 | 135 | 130 | 123 | 514 | 101 | 102 | 111 |
| GS Traditional | 551 | 542 | 529 | 515 | 2,137 | 516 | 496 | 497 | |
| Total GS Reported Revenue | 2,067 | 2,102 | 2,197 | 2,406 | 8,772 | 2,155 | 2,157 | 2,291 | |

| Year on Year Change | | 2006/7 | | |
|---------------------|-----------------------|--------|--------|--------|
| | | Q1 | Q2 | Q3 |
| | GS New Wave | 8.1% | 6.5% | 7.6% |
| | GS Traditional | (6.4%) | (8.5%) | (6.0%) |
| | GS Total | 4.3% | 2.6% | 4.3% |

| EXTERNAL REVENUE ANALYSIS - Retail | 2004/5 | | | | | 2005/6 | | | | | 2006/7 | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Q1 £m | Q2 £m | Q3 £m | Q4 £m | Total £m | Q1 £m | Q2 £m | Q3 £m | Q4 £m | Total £m | Q1 £m | Q2 £m | Q3 £m |
| Networked IT Services | 56 | 73 | 72 | 83 | 284 | 75 | 73 | 83 | 102 | 333 | 83 | 78 | 91 |
| Broadband | 108 | 111 | 131 | 146 | 496 | 159 | 176 | 185 | 198 | 718 | 212 | 219 | 225 |
| Mobility | 17 | 23 | 30 | 32 | 102 | 27 | 30 | 31 | 27 | 115 | 26 | 26 | 24 |
| Other | 14 | 18 | 19 | 26 | 77 | 17 | 26 | 29 | 44 | 116 | 49 | 90 | 84 |
| Total New Wave | 195 | 225 | 252 | 287 | 959 | 278 | 305 | 328 | 371 | 1,282 | 370 | 413 | 424 |
| Exchange lines/ISDN - connection and rental | 752 | 801 | 795 | 780 | 3,128 | 766 | 754 | 741 | 736 | 2,997 | 719 | 699 | 692 |
| Calls | 875 | 787 | 729 | 710 | 3,101 | 678 | 664 | 650 | 631 | 2,623 | 603 | 581 | 620 |
| Private Circuits | 43 | 47 | 48 | 35 | 173 | 41 | 41 | 41 | 35 | 158 | 34 | 35 | 33 |
| Transit, conveyance, interconnect circuits, WLR and other wholesale (incl. FRIACO) | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | 266 | 277 | 272 | 254 | 1,069 | 260 | 272 | 257 | 253 | 1,042 | 251 | 254 | 254 |
| Total Traditional | 1,936 | 1,912 | 1,844 | 1,779 | 7,471 | 1,745 | 1,731 | 1,689 | 1,655 | 6,820 | 1,607 | 1,569 | 1,599 |
| Total External Revenue | 2,131 | 2,137 | 2,096 | 2,066 | 8,430 | 2,023 | 2,036 | 2,017 | 2,026 | 8,102 | 1,977 | 1,982 | 2,023 |
| Memo: Internal Revenue | 53 | 68 | 64 | 83 | 268 | 97 | 100 | 99 | 109 | 405 | 91 | 95 | 108 |
| Total Retail Reported Revenue | 2,184 | 2,205 | 2,160 | 2,149 | 8,698 | 2,120 | 2,136 | 2,116 | 2,135 | 8,507 | 2,068 | 2,077 | 2,131 |

Shading = not restated for proforma Openreach

| EXTERNAL REVENUE ANALYSIS - Wholesale | 2004/5 | | | | | 2005/6 | | | | | 2006/7 | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Q1 £m | Q2 £m | Q3 £m | Q4 £m | Total £m | Q1 £m | Q2 £m | Q3 £m | Q4 £m | Total £m | Q1 £m | Q2 £m | Q3 £m |
| Networked IT Services | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Broadband and LLU | 71 | 79 | 110 | 132 | 392 | 130 | 147 | 152 | 159 | 588 | 179 | 181 | 192 |
| Mobility | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Other | 59 | 68 | 70 | 75 | 272 | 89 | 80 | 91 | 90 | 350 | 86 | 87 | 86 |
| Total New Wave | 130 | 147 | 180 | 207 | 664 | 219 | 227 | 243 | 249 | 938 | 265 | 268 | 278 |
| Exchange lines/ISDN - connection and renta | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Calls | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Private Circuits | 154 | 155 | 155 | 167 | 631 | 161 | 150 | 169 | 158 | 638 | 158 | 168 | 150 |
| Transit, conveyance, interconnect circuits, WLR and other wholesale (incl. FRIACO) | 657 | 650 | 619 | 599 | 2,525 | 588 | 587 | 575 | 582 | 2,332 | 574 | 594 | 599 |
| Other | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Total Traditional | 811 | 805 | 774 | 766 | 3,156 | 749 | 737 | 744 | 740 | 2,970 | 732 | 762 | 749 |
| Total External Revenue | 941 | 952 | 954 | 973 | 3,820 | 968 | 964 | 987 | 989 | 3,908 | 997 | 1,030 | 1,027 |
| Memo: Internal Revenue | 1,332 | 1,311 | 1,318 | 1,314 | 5,275 | 847 | 849 | 861 | 879 | 3,435 | 850 | 855 | 895 |
| Total Wholesale Reported Revenue | 2,273 | 2,263 | 2,272 | 2,287 | 9,095 | 1,815 | 1,813 | 1,848 | 1,868 | 7,344 | 1,847 | 1,885 | 1,922 |

Shading = not restated for proforma Openreach

| EXTERNAL REVENUE ANALYSIS - Openreach | 2005/6 | | | | | 2006/7 | | |
|--|--------------|--------------|--------------|--------------|--------------|--------------|--------------|--------------|
| | Q1 | Q2 | Q3 | Q4 | Total | Q1 | Q2 | Q3 |
| | £m | £m | £m | £m | £m | £m | £m | £m |
| Networked IT Services | - | - | - | - | - | - | - | - |
| Broadband and LLU | 11 | 13 | 22 | 49 | 95 | 49 | 71 | 86 |
| Mobility | - | - | - | - | - | - | - | - |
| Other | - | - | - | - | - | - | - | - |
| Total New Wave | 11 | 13 | 22 | 49 | 95 | 49 | 71 | 86 |
| Exchange lines/ISDN - connection and rental | - | - | - | - | - | - | - | - |
| Calls | - | - | - | - | - | - | - | - |
| Private Circuits | - | - | - | - | - | - | - | - |
| Transit, conveyance, interconnect circuits, WLR and other wholesale (incl. FRIACO) | 42 | 47 | 61 | 73 | 223 | 81 | 91 | 103 |
| Other | - | - | - | - | - | - | - | - |
| Total Traditional | 42 | 47 | 61 | 73 | 223 | 81 | 91 | 103 |
| Total Revenue | 53 | 60 | 83 | 122 | 318 | 130 | 162 | 189 |
| Memo: Internal Revenue | 1,241 | 1,211 | 1,195 | 1,177 | 4,824 | 1,129 | 1,117 | 1,125 |
| Total Openreach Reported Revenue | 1,294 | 1,271 | 1,278 | 1,299 | 5,142 | 1,259 | 1,279 | 1,314 |

Openreach only restated for 2005/6

| Summary Cost Analysis | 2004/5 | | | | | 2005/6 | | | | | 2006/7 | | |
|--------------------------------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|--------------|---------------|--------------|--------------|--------------|
| | Q1 £m | Q2 £m | Q3 £m | Q4 £m | Total £m | Q1 £m | Q2 £m | Q3 £m | Q4 £m | Total £m | Q1 £m | Q2 £m | Q3 £m |
| Staff costs before leaver costs | 1,070 | 1,065 | 1,098 | 1,155 | 4,388 | 1,156 | 1,210 | 1,226 | 1,241 | 4,833 | 1,256 | 1,274 | 1,282 |
| Leaver costs | 102 | 8 | 12 | 44 | 166 | 6 | 37 | 23 | 67 | 133 | 24 | 33 | 27 |
| Staff costs (including leaver costs) | 1,172 | 1,073 | 1,110 | 1,199 | 4,554 | 1,162 | 1,247 | 1,249 | 1,308 | 4,966 | 1,280 | 1,307 | 1,309 |
| Other operating costs [^] | 1,285 | 1,371 | 1,370 | 1,502 | 5,528 | 1,406 | 1,395 | 1,453 | 1,633 | 5,887 | 1,437 | 1,442 | 1,593 |
| Own work capitalised [^] | (172) | (206) | (169) | (175) | (722) | (161) | (159) | (179) | (175) | (674) | (171) | (175) | (186) |
| Sub total | 2,285 | 2,238 | 2,311 | 2,526 | 9,360 | 2,407 | 2,483 | 2,523 | 2,766 | 10,179 | 2,546 | 2,574 | 2,716 |
| POLO's | 988 | 964 | 880 | 893 | 3,725 | 1,009 | 989 | 1,032 | 1,015 | 4,045 | 1,006 | 1,034 | 1,051 |
| Depreciation and amortisation | 700 | 704 | 695 | 745 | 2,844 | 706 | 690 | 707 | 770 | 2,873 | 700 | 700 | 737 |
| Amortisation of acquired intangibles | - | - | - | - | - | 3 | 2 | 3 | 3 | 11 | 3 | 3 | 4 |
| Total costs* | 3,973 | 3,906 | 3,886 | 4,164 | 15,929 | 4,125 | 4,164 | 4,265 | 4,554 | 17,108 | 4,255 | 4,311 | 4,508 |

[^] 2005/6 restated to exclude external software development related activity from both Other Operating Costs and Own Work Capitalised

* Under IFRS basis and before specific items

Shading = not restated

| Capital Expenditure | 2004/5 | | | | | 2005/6 | | | | | 2006/7 | | |
|---|------------|------------|------------|------------|--------------|------------|------------|------------|------------|--------------|------------|------------|------------|
| | Q1 £m | Q2 £m | Q3 £m | Q4 £m | Total £m | Q1 £m | Q2 £m | Q3 £m | Q4 £m | Total £m | Q1 £m | Q2 £m | Q3 £m |
| By Line of Business | | | | | | | | | | | | | |
| BT Global Services | 144 | 161 | 141 | 159 | 605 | 142 | 171 | 169 | 220 | 702 | 149 | 176 | 186 |
| BT Retail | 31 | 41 | 44 | 54 | 170 | 35 | 33 | 32 | 53 | 153 | 40 | 40 | 34 |
| BT Wholesale | 477 | 548 | 514 | 442 | 1,981 | 230 | 198 | 221 | 326 | 975 | 200 | 266 | 237 |
| Openreach | | | | | | 257 | 246 | 270 | 265 | 1,038 | 271 | 279 | 297 |
| Others (includes Fleet and Property) | 42 | 53 | 71 | 89 | 255 | 52 | 46 | 67 | 109 | 274 | 55 | 51 | 61 |
| Total | 694 | 803 | 770 | 744 | 3,011 | 716 | 694 | 759 | 973 | 3,142 | 715 | 812 | 815 |
| By Category | | | | | | | | | | | | | |
| Transmission Equipment | 357 | 392 | 401 | 338 | 1,488 | 373 | 347 | 356 | 353 | 1,429 | 297 | 297 | 303 |
| Exchange Equipment | 41 | 36 | 40 | 26 | 143 | 18 | 18 | 21 | 23 | 80 | 14 | 39 | 24 |
| Other Network Equipment | 141 | 155 | 159 | 193 | 648 | 162 | 148 | 134 | 283 | 727 | 160 | 229 | 214 |
| Computers and Office Equipment | 58 | 62 | 61 | 37 | 218 | 56 | 54 | 64 | 107 | 281 | 74 | 60 | 70 |
| Software | 66 | 113 | 58 | 82 | 319 | 65 | 101 | 136 | 147 | 449 | 134 | 164 | 179 |
| Motor Vehicles and Other | 21 | 30 | 35 | 45 | 131 | 31 | 14 | 29 | 34 | 108 | 14 | 13 | 8 |
| Land and Buildings | 10 | 15 | 16 | 23 | 64 | 11 | 12 | 19 | 26 | 68 | 22 | 10 | 17 |
| Total | 694 | 803 | 770 | 744 | 3,011 | 716 | 694 | 759 | 973 | 3,142 | 715 | 812 | 815 |
| Shading = not restated for proforma Openreach | | | | | | | | | | | | | |

| Total Fixed Network Calls | | | | | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--|
| Quarterly Minutes (billions) | Jun-04 | Sep-04 | Dec-04 | Mar-05 | Jun-05 | Sep-05 | Dec-05 | Mar-06 | Jun-06 | Sep-06 | Dec-06 | |
| Internet Related and Other Non Geo | 10.93 | 10.13 | 9.33 | 8.68 | 7.51 | 6.86 | 6.20 | 5.87 | 5.00 | 4.37 | 3.95 | |
| Fixed to Mobile | 2.21 | 2.20 | 2.13 | 2.08 | 2.13 | 2.08 | 2.02 | 1.99 | 1.99 | 1.98 | 1.92 | |
| Total Non Geographic Calls | 13.13 | 12.33 | 11.46 | 10.76 | 9.64 | 8.94 | 8.22 | 7.86 | 6.99 | 6.35 | 5.87 | |
| Local | 10.61 | 10.34 | 10.42 | 10.15 | 9.53 | 9.02 | 9.15 | 9.01 | 8.20 | 7.93 | 8.10 | |
| National | 5.53 | 5.51 | 5.46 | 5.33 | 5.09 | 4.90 | 4.87 | 4.87 | 4.47 | 4.42 | 4.45 | |
| International | 0.52 | 0.52 | 0.52 | 0.50 | 0.49 | 0.48 | 0.47 | 0.47 | 0.45 | 0.45 | 0.46 | |
| Total Geographic | 16.66 | 16.37 | 16.40 | 15.98 | 15.11 | 14.40 | 14.49 | 14.35 | 13.12 | 12.80 | 13.01 | |
| Total Retail | 29.79 | 28.70 | 27.86 | 26.74 | 24.75 | 23.34 | 22.71 | 22.21 | 20.11 | 19.15 | 18.88 | |
| Freephone and FRIACO | 20.88 | 18.55 | 16.71 | 15.84 | 12.83 | 9.90 | 8.38 | 7.16 | 5.96 | 4.75 | 5.22 | |
| BT Group Originating Calls* | 50.67 | 47.25 | 44.57 | 42.58 | 37.58 | 33.24 | 31.09 | 29.37 | 26.07 | 23.90 | 24.10 | |
| * Excluding Payphones and Directories (c0.3bn mins/qtr) | | | | | | | | | | | | |
| Total Fixed Network Calls | | | | | | | | | | | | |
| Quarterly Year on Year Minutes Change | Jun-04 | Sep-04 | Dec-04 | Mar-05 | Jun-05 | Sep-05 | Dec-05 | Mar-06 | Jun-06 | Sep-06 | Dec-06 | |
| Internet Related and Other Non Geo | (22)% | (22)% | (25)% | (30)% | (31)% | (32)% | (34)% | (32)% | (33)% | (36)% | (36)% | |
| Fixed to Mobile | (7)% | (7)% | (7)% | (8)% | (4)% | (6)% | (5)% | (4)% | (7)% | (5)% | (5)% | |
| Total Non Geographic Calls | (19)% | (20)% | (23)% | (27)% | (27)% | (27)% | (28)% | (27)% | (28)% | (29)% | (29)% | |
| Local | (12)% | (11)% | (12)% | (14)% | (10)% | (13)% | (12)% | (11)% | (14)% | (12)% | (11)% | |
| National | (10)% | (10)% | (10)% | (12)% | (8)% | (11)% | (11)% | (9)% | (12)% | (10)% | (9)% | |
| International | (7)% | (6)% | (7)% | (9)% | (6)% | (7)% | (9)% | (8)% | (8)% | (6)% | (2)% | |
| Total Geographic | (11)% | (11)% | (11)% | (13)% | (9)% | (12)% | (12)% | (10)% | (13)% | (11)% | (10)% | |
| Total Retail | (15)% | (15)% | (16)% | (19)% | (17)% | (19)% | (18)% | (17)% | (19)% | (18)% | (17)% | |
| Freephone and FRIACO | (10)% | (16)% | (25)% | (33)% | (39)% | (47)% | (50)% | (55)% | (54)% | (52)% | (38)% | |
| BT Group Originating Calls* | (13)% | (15)% | (20)% | (25)% | (26)% | (30)% | (30)% | (31)% | (31)% | (28)% | (22)% | |

| CPS Volumes ('000) | | | | | | | | | | | | |
|--|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--|
| | Jun-04 | Sep-04 | Dec-04 | Mar-05 | Jun-05 | Sep-05 | Dec-05 | Mar-06 | Jun-06 | Sep-06 | Dec-06 | |
| Number of users* | 3,723 | 4,169 | 4,571 | 4,909 | 5,291 | 5,554 | 5,779 | 6,067 | 6,335 | 6,397 | 6,314 | |
| Net adds in quarter | 424 | 446 | 402 | 338 | 382 | 263 | 225 | 288 | 268 | 62 | (83) | |
| * CPS numbers include those customers who have migrated from Indirect Access | | | | | | | | | | | | |

| Fixed to Fixed Voice Market Share * | FY 05 | FY 06 |
|--|--------------|--------------|
| Residential | 64% | 58% |
| Business | 42% | 41% |
| * BT annual estimates: Local, national, international and non-geographic voice minute: | | |

| Exchange Lines + Broadband ('000) | | | | | | | | | | | | |
|---|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--|
| Product Group Summary | Jun-04 | Sep-04 | Dec-04 | Mar-05 | Jun-05 | Sep-05 | Dec-05 | Mar-06 | Jun-06 | Sep-06 | Dec-06 | |
| BT Retail | | | | | | | | | | | | |
| Business PSTN | 5,260 | 5,148 | 5,043 | 4,976 | 4,895 | 4,789 | 4,735 | 4,645 | 4,558 | 4,473 | 4,390 | |
| Business ISDN | 3,476 | 3,452 | 3,413 | 3,382 | 3,311 | 3,254 | 3,207 | 3,152 | 3,100 | 3,040 | 2,987 | |
| Business Broadband | 319 | 352 | 408 | 441 | 473 | 506 | 547 | 584 | 613 | 647 | 675 | |
| Total Business | 9,055 | 8,952 | 8,864 | 8,799 | 8,679 | 8,549 | 8,489 | 8,381 | 8,271 | 8,160 | 8,052 | |
| Residential PSTN | 19,554 | 19,497 | 19,467 | 19,405 | 19,086 | 18,701 | 18,360 | 17,863 | 17,219 | 16,836 | 16,729 | |
| Residential ISDN | 198 | 170 | 140 | 115 | 93 | 74 | 61 | 49 | 41 | 35 | 24 | |
| Residential Broadband | 783 | 931 | 1,101 | 1,339 | 1,508 | 1,661 | 1,863 | 2,084 | 2,213 | 2,333 | 2,544 | |
| Total Residential | 20,535 | 20,598 | 20,708 | 20,859 | 20,687 | 20,436 | 20,284 | 19,996 | 19,473 | 19,204 | 19,927 | |
| Total PSTN | 24,814 | 24,645 | 24,510 | 24,381 | 23,981 | 23,490 | 23,095 | 22,508 | 21,777 | 21,309 | 21,119 | |
| Total ISDN | 3,674 | 3,622 | 3,553 | 3,497 | 3,404 | 3,328 | 3,268 | 3,201 | 3,141 | 3,075 | 3,011 | |
| Total Broadband (Incl. Major Corporates) | 1,102 | 1,283 | 1,509 | 1,780 | 1,981 | 2,167 | 2,410 | 2,668 | 2,826 | 2,980 | 3,219 | |
| Broadband Net adds in quarter | 135 | 181 | 226 | 271 | 201 | 186 | 243 | 258 | 158 | 154 | 239 | |
| Total Retail Lines | 29,590 | 29,550 | 29,572 | 29,658 | 29,366 | 28,985 | 28,773 | 28,377 | 27,744 | 27,364 | 27,349 | |
| BT Wholesale | | | | | | | | | | | | |
| Broadband Connections | 2,687 | 3,294 | 4,182 | 5,023 | 5,713 | 6,348 | 7,078 | 7,760 | 8,071 | 8,439 | 8,679 | |
| Net adds in quarter | 472 | 607 | 888 | 841 | 690 | 635 | 730 | 682 | 311 | 368 | 240 | |
| BT Openreach | | | | | | | | | | | | |
| External WLR ('000) | | | | | | | | | | | | |
| Analogue lines / ISDN Channels | 491 | 630 | 825 | 1,026 | 1,450 | 1,882 | 2,333 | 2,874 | 3,557 | 4,003 | 4,193 | |
| Net adds in quarter | 114 | 139 | 195 | 201 | 424 | 432 | 451 | 541 | 683 | 446 | 190 | |
| External LLU Volumes ('000) | | | | | | | | | | | | |
| Full and Shared loops | 14 | 20 | 28 | 41 | 72 | 122 | 192 | 356 | 580 | 838 | 1,295 | |
| Net adds in quarter | 3 | 6 | 8 | 13 | 31 | 50 | 70 | 164 | 224 | 258 | 457 | |
| BT Group | | | | | | | | | | | | |
| Total DSL + LLU | 2,701 | 3,314 | 4,210 | 5,064 | 5,785 | 6,470 | 7,270 | 8,116 | 8,651 | 9,277 | 9,974 | |
| Net adds in quarter | 475 | 613 | 896 | 854 | 721 | 685 | 800 | 846 | 535 | 626 | 697 | |
| Broadband numbers adjusted from Dec-04. This is due to all data now being sourced from equivalent BT Wholesale systems and also from the inclusion of BT own use and test lines | | | | | | | | | | | | |

| Average Revenue per Consumer Household * | | | | | | | | | | | |
|--|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|
| | Jun-04 | Sep-04 | Dec-04 | Mar-05 | Jun-05 | Sep-05 | Dec-05 | Mar-06 | Jun-06 | Sep-06 | Dec-06 |
| | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ | £ |
| Annual revenue | 265 | 261 | 258 | 254 | 252 | 251 | 250 | 251 | 253 | 254 | 258 |
| Contracted** | 59% | 60% | 62% | 64% | 65% | 66% | 67% | 67% | 68% | 69% | 68% |
| Non-contracted | 41% | 40% | 38% | 36% | 35% | 34% | 33% | 33% | 32% | 31% | 32% |
| * Rolling 12 month consumer revenue, less mobile polos, divided by average number of primary lines | | | | | | | | | | | |
| ** Includes line rental, broadband, select services and packages. | | | | | | | | | | | |

| BT Together Packages ('000) | | | | | | | | | | | | |
|-----------------------------|--------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--|
| | Jun-04 | Sep-04 | Dec-04 | Mar-05 | Jun-05 | Sep-05 | Dec-05 | Mar-06 | Jun-06 | Sep-06 | Dec-06 | |
| Total | 8,991 | 17,617 | 17,599 | 17,560 | 17,268 | 16,914 | 16,609 | 16,158 | 15,563 | 15,229 | 15,165 | |
| Option 1 | 5,609 | 14,270 | 14,314 | 14,326 | 14,119 | 13,836 | 13,600 | 13,192 | 12,630 | 11,997 | 11,665 | |
| Option 2 | 1,250 | 1,269 | 1,290 | 1,317 | 1,344 | 1,387 | 1,409 | 1,442 | 1,478 | 1,785 | 2,025 | |
| Option 3 | 433 | 515 | 556 | 582 | 582 | 575 | 573 | 586 | 598 | 681 | 774 | |
| BTT Local | 1,699 | 1,563 | 1,439 | 1,335 | 1,223 | 1,116 | 1,027 | 938 | 857 | 766 | 701 | |

| Active Customers ('000) | | | | | | | | | | | | |
|-------------------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|---------------|--|
| | Jun-04 | Sep-04 | Dec-04 | Mar-05 | Jun-05 | Sep-05 | Dec-05 | Mar-06 | Jun-06 | Sep-06 | Dec-06 | |
| Total | 15,408 | 15,128 | 14,878 | 14,712 | 14,398 | 14,144 | 13,970 | 13,685 | 13,382 | 13,272 | 13,309 | |
| Movement | (331) | (280) | (250) | (166) | (314) | (254) | (174) | (285) | (303) | (110) | 37 | |

| BT Mobility Connections ('000) | | | | | | | | | | | | |
|--------------------------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|------------|--|
| | Jun-04 | Sep-04 | Dec-04 | Mar-05 | Jun-05 | Sep-05 | Dec-05 | Mar-06 | Jun-06 | Sep-06 | Dec-06 | |
| Total | 215 | 305 | 341 | 372 | 370 | 350 | 334 | 341 | 337 | 329 | 313 | |
| Business | 127 | 144 | 162 | 185 | 196 | 204 | 209 | 214 | 219 | 223 | 215 | |
| Consumer | 88 | 161 | 179 | 187 | 174 | 146 | 125 | 127 | 118 | 106 | 98 | |