

## PART IV

### ITEM 18 – FINANCIAL STATEMENTS

The information set forth under the following headings on the following pages of the 1998 Report and Accounts contained in the company's Report on Form 6-K dated 9 June 1998 is incorporated herein by reference:

	<b>Pages in BT 1998 Report and Accounts</b>
Report on directors' remuneration	
– Packages – Pensions	35-36
– Directors' remuneration	37
– Directors' interests	38-40
Statement of directors' responsibility	41
Report of the auditors	42
Accounting policies	45-47
Consolidated financial statements	
– Group profit and loss account	48
– Group cash flow statement	49
– Balance sheets	50
– Notes to the financial statements	51-77
– Subsidiary and associated undertakings	78-79

All schedules are omitted because they are not applicable or because the required information is contained in the consolidated financial statements or notes thereto.

### ITEM 19A – FINANCIAL STATEMENTS FILED AS PART OF THIS ANNUAL REPORT

See Item 18 above.

### ITEM 19B – EXHIBITS FILED AS PART OF THIS ANNUAL REPORT

The company's responses to the requirements of Form 20-F have been incorporated by reference to the company's report on Form 6-K dated 9 June 1998 which contains its 1998 Report and Accounts. Pursuant to Rule 12b-23(a) of the Commission, the information incorporated into this report by reference to such Form 6-K is attached as an exhibit hereto.

In addition, the following exhibits are filed as part of this Annual Report:

- 1.1 Modifications made by the Director General dated 30 September 1997, 5 November 1997 and 17 December 1997, and modifications made by the Secretary of State on 9 December 1997, to the Licence granted to the Company on 22 June 1984 under the UK Telecommunications Act 1984.

The company agrees to furnish to the Securities and Exchange Commission, upon request, copies of instruments that define the rights of holders of long-term debt to BT that are not filed as exhibits to this Annual Report.