

EXCHANGE RATES

Exchange rates

In this Annual Report, references to “\$” are to United States (US) dollars, references to “pounds sterling”, “£”, “pence” or “p” are to United Kingdom (“UK”) currency and references to the “financial year” are to the fiscal year ended 31 March of each year (e.g., “the 1998 financial year” refers to the fiscal year ended 31 March 1998). References to the “company” are to British Telecommunications public limited company, and references to “BT” or the “group” are to the company and its subsidiaries, or any of them, as the context may require.

BT publishes its consolidated financial statements expressed in pounds sterling. The following table sets forth certain information concerning the exchange rates between pounds sterling and US dollars based on the noon buying rate in New York City for cable transfers in pounds sterling as certified for customs purposes by the Federal Reserve Bank of New York (the “Noon Buying Rate”).

Financial year	Period end	Average(a)	High	Low
1994	1.49	1.50	1.59	1.46
1995	1.62	1.57	1.64	1.46
1996	1.53	1.52	1.56	1.50
1997	1.64	1.60	1.71	1.49
1998	1.68	1.65	1.70	1.58

(a)The average of the Noon Buying Rates in effect on the last day of each month during the relevant period.

On 8 June 1998, the Noon Buying Rate was \$1.6324 to £1.00.

For information regarding the effects of currency fluctuations on the market price of the ordinary shares of 25p each in the company (the “Ordinary Shares”) and of its American Depositary Shares (“ADSs”), see “Item 5 – Nature of Trading Market”. For information regarding the effects of currency fluctuations on the group’s results, see the information set forth under the heading “Capital resources and foreign currency exposure” on pages 21 and 22 of the BT Report and Accounts 1998 (the “1998 Report and Accounts”) contained in the company’s Report on Form 6-K dated 9 June 1998 which is incorporated herein by reference, and on the conversion of dividends, see “Item 8 – Selected Financial Data – Dividends”.