

FORWARD LOOKING STATEMENTS

Certain forward looking statements are included in this Form 20-F concerning the telecommunications industry and BT's operations, economic performance and financial condition. These appear in "Item 1 – Description of Business", "Item 3 – Legal Proceedings" and "Item 9 – Management's Discussion and Analysis of Financial Condition and Results of Operations". They include, without limitation:

- A. those concerning (i) possible or assumed future results of operations of BT, (ii) impact of regulatory initiatives on BT's operations, (iii) expectations regarding competition, prices and growth, (iv) adequacy of capital, (v) impact of legal proceedings on BT's financial position and results of operations, and (vi) impact on BT of the proposed MCI/WorldCom merger; and
- B. those preceded by, followed by, or that include the words "believes", "expects", "anticipates" or similar expressions.

Because such statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by such forward-looking statements. Factors that could cause such differences include, but are not limited to, material adverse changes in economic conditions in the markets served by BT; future regulatory actions and conditions in BT's operating areas, including competition from others in the UK, US and other international telecommunications markets; the timing of entry and profitability of BT in certain national markets; and fluctuations in foreign currency exchange rates.