

## **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) %
<b>Revenue</b>												
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
<b>Group Revenue</b>	<b>5,126</b>	<b>4,882</b>	<b>5.0</b>	<b>4,941</b>	<b>4,767</b>	<b>3.7</b>	<b>4,864</b>	<b>4,731</b>	<b>2.8</b>	<b>14,931</b>	<b>14,380</b>	<b>3.8</b>
<b>Leaver costs</b>	<b>27</b>	<b>23</b>	<b>-</b>	<b>33</b>	<b>37</b>	<b>-</b>	<b>24</b>	<b>6</b>	<b>-</b>	<b>84</b>	<b>66</b>	<b>-</b>
<b>EBITDA Inc. leaver costs</b>												
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)
<b>Group EBITDA</b>	<b>1,412</b>	<b>1,381</b>	<b>2.2</b>	<b>1,385</b>	<b>1,348</b>	<b>2.7</b>	<b>1,362</b>	<b>1,357</b>	<b>0.4</b>	<b>4,159</b>	<b>4,086</b>	<b>1.8</b>
<b>Depreciation &amp; amortisation of intangibles</b>												
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
<b>Group Depreciation</b>	<b>741</b>	<b>710</b>	<b>(4.4)</b>	<b>703</b>	<b>692</b>	<b>(1.6)</b>	<b>703</b>	<b>709</b>	<b>0.8</b>	<b>2,147</b>	<b>2,884</b>	<b>25.6</b>
<b>Op Profit Inc. leaver costs</b>												
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)
<b>Underlying Group Op Profit</b>	<b>671</b>	<b>671</b>	<b>0.0</b>	<b>682</b>	<b>656</b>	<b>4.0</b>	<b>659</b>	<b>648</b>	<b>1.7</b>	<b>2,012</b>	<b>1,975</b>	<b>1.9</b>
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)
<b>Underlying PBT</b>	<b>616</b>	<b>545</b>	<b>13.0</b>	<b>632</b>	<b>559</b>	<b>13.1</b>	<b>615</b>	<b>511</b>	<b>20.4</b>	<b>1,863</b>	<b>1,615</b>	<b>15.4</b>
Specific Items : Net gains (losses)	23	0	-	(3)	(70)	-	0	(12)	-	(18)	(82)	-
<b>Reported PBT</b>	<b>639</b>	<b>545</b>	<b>17.2</b>	<b>629</b>	<b>489</b>	<b>28.6</b>	<b>615</b>	<b>499</b>	<b>23.2</b>	<b>1,845</b>	<b>1,533</b>	<b>20.4</b>
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%	-
<b>Net Income</b>	<b>1,458</b>	<b>411</b>	<b>254.7</b>	<b>475</b>	<b>371</b>	<b>28.0</b>	<b>464</b>	<b>374</b>	<b>24.1</b>	<b>1,393</b>	<b>1,156</b>	<b>20.5</b>
<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	<b>5,599</b>	1,324	1,336	1,324	1,312	<b>5,296</b>	1,252	1,257	1,310
Major Corporate	1,391	1,412	1,440	1,693	<b>5,936</b>	1,597	1,629	1,732	1,922	<b>6,880</b>	1,699	1,703	1,833
Business	617	624	600	601	<b>2,442</b>	586	583	568	587	<b>2,324</b>	588	593	584
Wholesale / Global Carrier	1,088	1,102	1,090	1,147	<b>4,427</b>	1,218	1,215	1,255	1,308	<b>4,996</b>	1,319	1,384	1,397
Other	7	6	6	6	<b>25</b>	6	4	3	5	<b>18</b>	6	4	2
<b>Total</b>	<b>4,519</b>	<b>4,554</b>	<b>4,536</b>	<b>4,820</b>	<b>18,429</b>	<b>4,731</b>	<b>4,767</b>	<b>4,882</b>	<b>5,134</b>	<b>19,514</b>	<b>4,864</b>	<b>4,941</b>	<b>5,126</b>

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%)	<b>(5.4%)</b>	(5.4%)	(5.9%)	(1.1%)
Major Corporate	14.8%	15.4%	20.3%	13.5%	<b>15.9%</b>	6.4%	4.5%	5.8%
Business	(5.0%)	(6.6%)	(5.3%)	(2.3%)	<b>(4.8%)</b>	0.3%	1.7%	2.8%
Wholesale / Global Carrier	11.9%	10.3%	15.1%	14.0%	<b>12.9%</b>	8.3%	13.9%	11.3%
Other	n/m	n/m	n/m	n/m	<b>n/m</b>	n/m	n/m	n/m
<b>Total</b>	<b>4.7%</b>	<b>4.7%</b>	<b>7.6%</b>	<b>6.5%</b>	<b>5.9%</b>	<b>2.8%</b>	<b>3.7%</b>	<b>5.0%</b>

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

## 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	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total New Wave</b>	<b>611</b>	<b>661</b>	<b>703</b>	<b>952</b>	<b>2,927</b>	<b>877</b>	<b>894</b>	<b>1,014</b>	<b>1,182</b>	<b>3,967</b>	<b>957</b>	<b>984</b>	<b>1,092</b>
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
<b>Total Traditional</b>	<b>829</b>	<b>798</b>	<b>777</b>	<b>823</b>	<b>3,227</b>	<b>804</b>	<b>809</b>	<b>778</b>	<b>810</b>	<b>3,201</b>	<b>797</b>	<b>779</b>	<b>793</b>
<b>Total Revenue</b>	<b>1,440</b>	<b>1,459</b>	<b>1,480</b>	<b>1,775</b>	<b>6,154</b>	<b>1,681</b>	<b>1,703</b>	<b>1,792</b>	<b>1,992</b>	<b>7,168</b>	<b>1,754</b>	<b>1,763</b>	<b>1,885</b>
Memo: Internal Revenue	287	332	330	385	1,334	386	399	405	414	1,604	401	394	406
<b>Total Global Services Reported Revenue(b)</b>	<b>1,727</b>	<b>1,791</b>	<b>1,810</b>	<b>2,160</b>	<b>7,488</b>	<b>2,067</b>	<b>2,102</b>	<b>2,197</b>	<b>2,406</b>	<b>8,772</b>	<b>2,155</b>	<b>2,157</b>	<b>2,291</b>

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
<b>Networked IT Services order intake</b>	1,276	852	1,235	3,798	2,359	752	1,194	1,086	1,041	702	1,516
<b>Other Order Intake</b>	571	477	926	491	466	706	1,203	1,232	739	915	986
<b>Total Global Services order intake</b>	<b>1,847</b>	<b>1,329</b>	<b>2,161</b>	<b>4,289</b>	<b>2,825</b>	<b>1,458</b>	<b>2,397</b>	<b>2,318</b>	<b>1,780</b>	<b>1,617</b>	<b>2,502</b>

Memo information - Global Services		2005/6					2006/7		
		Q1 £m	Q2 £m	Q3 £m	Q4 £m	Total £m	Q1 £m	Q2 £m	Q3 £m
<b>(a)</b> Other Traditional	UK	72	53	59	56	240	59	54	54
	Non-UK	379	402	379	418	1,578	382	385	407
	<b>Total</b>	<b>451</b>	<b>455</b>	<b>438</b>	<b>474</b>	<b>1,818</b>	<b>441</b>	<b>439</b>	<b>461</b>
<b>(b)</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
	<b>GS New Wave</b>	<b>1,516</b>	<b>1,560</b>	<b>1,668</b>	<b>1,891</b>	<b>6,635</b>	<b>1,639</b>	<b>1,661</b>	<b>1,794</b>
	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
<b>GS Traditional</b>	<b>551</b>	<b>542</b>	<b>529</b>	<b>515</b>	<b>2,137</b>	<b>516</b>	<b>496</b>	<b>497</b>	
<b>Total GS Reported Revenue</b>	<b>2,067</b>	<b>2,102</b>	<b>2,197</b>	<b>2,406</b>	<b>8,772</b>	<b>2,155</b>	<b>2,157</b>	<b>2,291</b>	

Year on Year Change		2006/7		
		Q1	Q2	Q3
	<b>GS New Wave</b>	8.1%	6.5%	7.6%
	<b>GS Traditional</b>	(6.4%)	(8.5%)	(6.0%)
	<b>GS Total</b>	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
<b>Total New Wave</b>	<b>195</b>	<b>225</b>	<b>252</b>	<b>287</b>	<b>959</b>	<b>278</b>	<b>305</b>	<b>328</b>	<b>371</b>	<b>1,282</b>	<b>370</b>	<b>413</b>	<b>424</b>
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
<b>Total Traditional</b>	<b>1,936</b>	<b>1,912</b>	<b>1,844</b>	<b>1,779</b>	<b>7,471</b>	<b>1,745</b>	<b>1,731</b>	<b>1,689</b>	<b>1,655</b>	<b>6,820</b>	<b>1,607</b>	<b>1,569</b>	<b>1,599</b>
<b>Total External Revenue</b>	<b>2,131</b>	<b>2,137</b>	<b>2,096</b>	<b>2,066</b>	<b>8,430</b>	<b>2,023</b>	<b>2,036</b>	<b>2,017</b>	<b>2,026</b>	<b>8,102</b>	<b>1,977</b>	<b>1,982</b>	<b>2,023</b>
Memo: Internal Revenue	53	68	64	83	268	97	100	99	109	405	91	95	108
<b>Total Retail Reported Revenue</b>	<b>2,184</b>	<b>2,205</b>	<b>2,160</b>	<b>2,149</b>	<b>8,698</b>	<b>2,120</b>	<b>2,136</b>	<b>2,116</b>	<b>2,135</b>	<b>8,507</b>	<b>2,068</b>	<b>2,077</b>	<b>2,131</b>

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
<b>Total New Wave</b>	<b>130</b>	<b>147</b>	<b>180</b>	<b>207</b>	<b>664</b>	<b>219</b>	<b>227</b>	<b>243</b>	<b>249</b>	<b>938</b>	<b>265</b>	<b>268</b>	<b>278</b>
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	-	-	-	-	-	-	-	-	-	-	-	-	-
<b>Total Traditional</b>	<b>811</b>	<b>805</b>	<b>774</b>	<b>766</b>	<b>3,156</b>	<b>749</b>	<b>737</b>	<b>744</b>	<b>740</b>	<b>2,970</b>	<b>732</b>	<b>762</b>	<b>749</b>
<b>Total External Revenue</b>	<b>941</b>	<b>952</b>	<b>954</b>	<b>973</b>	<b>3,820</b>	<b>968</b>	<b>964</b>	<b>987</b>	<b>989</b>	<b>3,908</b>	<b>997</b>	<b>1,030</b>	<b>1,027</b>
Memo: Internal Revenue	1,332	1,311	1,318	1,314	5,275	847	849	861	879	3,435	850	855	895
<b>Total Wholesale Reported Revenue</b>	<b>2,273</b>	<b>2,263</b>	<b>2,272</b>	<b>2,287</b>	<b>9,095</b>	<b>1,815</b>	<b>1,813</b>	<b>1,848</b>	<b>1,868</b>	<b>7,344</b>	<b>1,847</b>	<b>1,885</b>	<b>1,922</b>

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	-	-	-	-	-	-	-	-
<b>Total New Wave</b>	<b>11</b>	<b>13</b>	<b>22</b>	<b>49</b>	<b>95</b>	<b>49</b>	<b>71</b>	<b>86</b>
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	-	-	-	-	-	-	-	-
<b>Total Traditional</b>	<b>42</b>	<b>47</b>	<b>61</b>	<b>73</b>	<b>223</b>	<b>81</b>	<b>91</b>	<b>103</b>
<b>Total Revenue</b>	<b>53</b>	<b>60</b>	<b>83</b>	<b>122</b>	<b>318</b>	<b>130</b>	<b>162</b>	<b>189</b>
Memo: Internal Revenue	1,241	1,211	1,195	1,177	4,824	1,129	1,117	1,125
<b>Total Openreach Reported Revenue</b>	<b>1,294</b>	<b>1,271</b>	<b>1,278</b>	<b>1,299</b>	<b>5,142</b>	<b>1,259</b>	<b>1,279</b>	<b>1,314</b>

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

<sup>^</sup> 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
<b>By Line of Business</b>													
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
<b>Total</b>	<b>694</b>	<b>803</b>	<b>770</b>	<b>744</b>	<b>3,011</b>	<b>716</b>	<b>694</b>	<b>759</b>	<b>973</b>	<b>3,142</b>	<b>715</b>	<b>812</b>	<b>815</b>
<b>By Category</b>													
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
<b>Total</b>	<b>694</b>	<b>803</b>	<b>770</b>	<b>744</b>	<b>3,011</b>	<b>716</b>	<b>694</b>	<b>759</b>	<b>973</b>	<b>3,142</b>	<b>715</b>	<b>812</b>	<b>815</b>
Shading = not restated for proforma Openreach													

<b>Total Fixed Network Calls</b>												
<b>Quarterly Minutes (billions)</b>	<b>Jun-04</b>	<b>Sep-04</b>	<b>Dec-04</b>	<b>Mar-05</b>	<b>Jun-05</b>	<b>Sep-05</b>	<b>Dec-05</b>	<b>Mar-06</b>	<b>Jun-06</b>	<b>Sep-06</b>	<b>Dec-06</b>	
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	
<b>Total Non Geographic Calls</b>	<b>13.13</b>	<b>12.33</b>	<b>11.46</b>	<b>10.76</b>	<b>9.64</b>	<b>8.94</b>	<b>8.22</b>	<b>7.86</b>	<b>6.99</b>	<b>6.35</b>	<b>5.87</b>	
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	
<b>Total Geographic</b>	<b>16.66</b>	<b>16.37</b>	<b>16.40</b>	<b>15.98</b>	<b>15.11</b>	<b>14.40</b>	<b>14.49</b>	<b>14.35</b>	<b>13.12</b>	<b>12.80</b>	<b>13.01</b>	
<b>Total Retail</b>	<b>29.79</b>	<b>28.70</b>	<b>27.86</b>	<b>26.74</b>	<b>24.75</b>	<b>23.34</b>	<b>22.71</b>	<b>22.21</b>	<b>20.11</b>	<b>19.15</b>	<b>18.88</b>	
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	
<b>BT Group Originating Calls*</b>	<b>50.67</b>	<b>47.25</b>	<b>44.57</b>	<b>42.58</b>	<b>37.58</b>	<b>33.24</b>	<b>31.09</b>	<b>29.37</b>	<b>26.07</b>	<b>23.90</b>	<b>24.10</b>	
* Excluding Payphones and Directories (c0.3bn mins/qtr)												
<b>Total Fixed Network Calls</b>												
<b>Quarterly Year on Year Minutes Change</b>	<b>Jun-04</b>	<b>Sep-04</b>	<b>Dec-04</b>	<b>Mar-05</b>	<b>Jun-05</b>	<b>Sep-05</b>	<b>Dec-05</b>	<b>Mar-06</b>	<b>Jun-06</b>	<b>Sep-06</b>	<b>Dec-06</b>	
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)%	
<b>Total Non Geographic Calls</b>	<b>(19)%</b>	<b>(20)%</b>	<b>(23)%</b>	<b>(27)%</b>	<b>(27)%</b>	<b>(27)%</b>	<b>(28)%</b>	<b>(27)%</b>	<b>(28)%</b>	<b>(29)%</b>	<b>(29)%</b>	
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)%	
<b>Total Geographic</b>	<b>(11)%</b>	<b>(11)%</b>	<b>(11)%</b>	<b>(13)%</b>	<b>(9)%</b>	<b>(12)%</b>	<b>(12)%</b>	<b>(10)%</b>	<b>(13)%</b>	<b>(11)%</b>	<b>(10)%</b>	
<b>Total Retail</b>	<b>(15)%</b>	<b>(15)%</b>	<b>(16)%</b>	<b>(19)%</b>	<b>(17)%</b>	<b>(19)%</b>	<b>(18)%</b>	<b>(17)%</b>	<b>(19)%</b>	<b>(18)%</b>	<b>(17)%</b>	
Freephone and FRIACO	(10)%	(16)%	(25)%	(33)%	(39)%	(47)%	(50)%	(55)%	(54)%	(52)%	(38)%	
<b>BT Group Originating Calls*</b>	<b>(13)%</b>	<b>(15)%</b>	<b>(20)%</b>	<b>(25)%</b>	<b>(26)%</b>	<b>(30)%</b>	<b>(30)%</b>	<b>(31)%</b>	<b>(31)%</b>	<b>(28)%</b>	<b>(22)%</b>	

<b>CPS Volumes ('000)</b>												
	<b>Jun-04</b>	<b>Sep-04</b>	<b>Dec-04</b>	<b>Mar-05</b>	<b>Jun-05</b>	<b>Sep-05</b>	<b>Dec-05</b>	<b>Mar-06</b>	<b>Jun-06</b>	<b>Sep-06</b>	<b>Dec-06</b>	
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												

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

<b>Exchange Lines + Broadband ('000)</b>												
<b>Product Group Summary</b>	<b>Jun-04</b>	<b>Sep-04</b>	<b>Dec-04</b>	<b>Mar-05</b>	<b>Jun-05</b>	<b>Sep-05</b>	<b>Dec-05</b>	<b>Mar-06</b>	<b>Jun-06</b>	<b>Sep-06</b>	<b>Dec-06</b>	
<b>BT Retail</b>												
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	
<b>Total Business</b>	<b>9,055</b>	<b>8,952</b>	<b>8,864</b>	<b>8,799</b>	<b>8,679</b>	<b>8,549</b>	<b>8,489</b>	<b>8,381</b>	<b>8,271</b>	<b>8,160</b>	<b>8,052</b>	
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	
<b>Total Residential</b>	<b>20,535</b>	<b>20,598</b>	<b>20,708</b>	<b>20,859</b>	<b>20,687</b>	<b>20,436</b>	<b>20,284</b>	<b>19,996</b>	<b>19,473</b>	<b>19,204</b>	<b>19,927</b>	
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	
<b>Total Retail Lines</b>	<b>29,590</b>	<b>29,550</b>	<b>29,572</b>	<b>29,658</b>	<b>29,366</b>	<b>28,985</b>	<b>28,773</b>	<b>28,377</b>	<b>27,744</b>	<b>27,364</b>	<b>27,349</b>	
<b>BT Wholesale</b>												
<b>Broadband Connections</b>	<b>2,687</b>	<b>3,294</b>	<b>4,182</b>	<b>5,023</b>	<b>5,713</b>	<b>6,348</b>	<b>7,078</b>	<b>7,760</b>	<b>8,071</b>	<b>8,439</b>	<b>8,679</b>	
Net adds in quarter	472	607	888	841	690	635	730	682	311	368	240	
<b>BT Openreach</b>												
<b>External WLR ('000)</b>												
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	
<b>External LLU Volumes ('000)</b>												
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	
<b>BT Group</b>												
<b>Total DSL + LLU</b>	<b>2,701</b>	<b>3,314</b>	<b>4,210</b>	<b>5,064</b>	<b>5,785</b>	<b>6,470</b>	<b>7,270</b>	<b>8,116</b>	<b>8,651</b>	<b>9,277</b>	<b>9,974</b>	
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	
<b>Total</b>	<b>8,991</b>	<b>17,617</b>	<b>17,599</b>	<b>17,560</b>	<b>17,268</b>	<b>16,914</b>	<b>16,609</b>	<b>16,158</b>	<b>15,563</b>	<b>15,229</b>	<b>15,165</b>	
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	
<b>Total</b>	<b>15,408</b>	<b>15,128</b>	<b>14,878</b>	<b>14,712</b>	<b>14,398</b>	<b>14,144</b>	<b>13,970</b>	<b>13,685</b>	<b>13,382</b>	<b>13,272</b>	<b>13,309</b>	
<b>Movement</b>	<b>(331)</b>	<b>(280)</b>	<b>(250)</b>	<b>(166)</b>	<b>(314)</b>	<b>(254)</b>	<b>(174)</b>	<b>(285)</b>	<b>(303)</b>	<b>(110)</b>	<b>37</b>	

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	
<b>Total</b>	<b>215</b>	<b>305</b>	<b>341</b>	<b>372</b>	<b>370</b>	<b>350</b>	<b>334</b>	<b>341</b>	<b>337</b>	<b>329</b>	<b>313</b>	
Business	127	144	162	185	196	204	209	214	219	223	215	
Consumer	88	161	179	187	174	146	125	127	118	106	98	