

Telecom *plus* PLC (the “Company”)

Interim Management Statement

Quarter Ended 31 December 2008

Telecom *plus* PLC (trading as the Utility Warehouse), which supplies a wide range of utility services (gas, electricity, fixed line telephony, mobile telephony and broadband internet) to both residential and business customers, today issues its Interim Management Statement to cover the period from 1 October 2008 to 16 February 2009, incorporating information relating to the performance of the business for its third quarter ended 31 December 2008.

Highlights

- Continuing strong organic growth
- Number of services up by 64,902 during the quarter to 723,427 representing an annualised growth rate of more than 39%
- Cash balance at end of quarter £36.4m (30 September 2008: £28.9m)
- New jobs being created – planned doubling of current workforce over next 3 years
- Current performance in line with market expectations for the financial year
- Forecast total dividend not less than 17.5p for the full year (2008: 14.0p)
- Appointment of new Finance Director

Operating Review

Trading during the third quarter was exceptionally strong reflecting a continuation of the positive trends which have been developing over the last 18 months.

Turnover, profits, customer numbers, new services and new distributor recruitment have all been running substantially ahead of the comparable figures at this time last year.

Customer numbers increased by 19,082 to 258,840 during the quarter, and the number of services provided rose by almost 65,000 to 723,427 (31 December 2007: 568,742). This clearly demonstrates the increasing rate of organic growth since the beginning of our last financial year.

Net growth in number of services provided since 1 April 2007

Quarter to 30/06/07	3,792
Quarter to 30/09/07	6,658
Quarter to 31/12/07	16,253
Quarter to 31/03/08	23,239
Quarter to 30/06/08	26,339
Quarter to 30/09/08	41,204
Quarter to 31/12/08	64,902

We remain committed to providing our customers with excellent customer service and consistently good value on all the services we are supplying to them. We were therefore delighted to see this ethos recognised by *Which?* magazine, when they named us as “Best Energy Supplier” in their October 2008 issue. More recently, in their current monthly issue (February 2009), they awarded us a “Best Buy” recommendation for our fixed telephony and broadband service with a customer satisfaction rating of almost 80%.

Creating Jobs

Our continuing growth is creating significant job opportunities, and we are planning to more than double the current number of full-time employees over the course of the next three years. During the first 9 months of the current financial year, we added over 90 staff, taking our total headcount to 387 at the end of December. During the same period, the number of Distributors promoting our services has increased by over 4,000 to 23,773.

New Headquarters Office Building

We have started refurbishing the new headquarters office building which we purchased on 26 September 2008, and anticipate that the first complete floor will be ready for occupation by the end of next month. This will provide us with substantial additional space to accommodate our growing workforce. We have decided to name this building Network HQ. MFI have now vacated the two floors they were occupying, which will give us the opportunity to sub-let this space in due course.

Cash Flow

Cash flow remained strong with our cash balance increasing to £36.4 million as at 31 December 2008 (30 September 2008: £28.9m). Of this increase, approximately £1.5 million related to a repayment of VAT on the purchase of our new headquarters office building last autumn. However, we expect to see a substantial cash outflow during the current quarter, mainly due to the seasonal impact of customers paying by budget plan during what now seems likely to be an exceptionally cold winter.

On 9 February 2009 we announced the sale of 1,500,000 ordinary shares held in treasury at a price of 315p per share, which raised approximately £4.7 million net of expenses. These were sold to meet strong institutional demand for our shares, and to provide additional working capital to support the record levels of organic growth currently being achieved.

New Finance Director

We are delighted to announce the appointment of Chris Houghton (30), Chartered Accountant, as Finance Director and Company Secretary with immediate effect. Chris joined the Company as Head of Finance in September 2008, prior to which he was at PricewaterhouseCoopers where he worked in a wide range of audit and corporate finance roles, including spending two years on secondment at the Takeover Panel. Chris Houghton has held no directorships in publicly-quoted companies in the past five years, and Telecom *plus* PLC confirms that there are no details to be disclosed under paragraphs 9.6.13 (2) - (6) of the Listing Rules.

Richard Hateley, Finance Director since December 2006, is stepping down from the board with immediate effect and will be leaving the Company.

Outlook

We anticipate continuing strong organic growth over the coming months, driven by three principal factors:

- the record numbers of new distributors who are signing up to promote our services;
- greater activity by existing distributors (reflecting their increasing confidence in the value we provide and the quality of the customer service experience we deliver); and
- a tendency amongst consumers during more difficult economic conditions to be more receptive to a suggestion of switching to a better value supplier.

We have just launched a viral marketing campaign with a series of videos featuring Dawn French and Jennifer Saunders. This will give our distributors a new way of promoting our services, by sending potential customers an email which contains a direct link to these videos. We anticipate this will provide a further boost to the record growth rates now being achieved.

We remain comfortable with market expectations for our financial performance in the current year to 31 March 2009, and with the dividend guidance we have previously provided, subject as always to the continuing absence of any unforeseen circumstances.

Final Results Date

Our results for the year ending 31 March 2009 are expected to be announced on Wednesday 20 May 2009.

Charles Wigoder, Chief Executive said:

"I am delighted to report an excellent trading performance during our most recent quarter, with record levels of activity throughout the business.

"We have seen customer numbers, new services and new distributor recruitment all running substantially ahead of the comparable figures at this time last year, and confidently expect to see the benefits of this reflected in our reported financial performance over the next few years."

For more information please contact:

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Information in this announcement is based upon unaudited management accounts. This announcement includes certain forward looking statements which are based on current expectations and are subject to uncertainties and risks that could cause actual results to differ materially from any expected future events or results referred to in these forward looking statements. Unless otherwise required by applicable law, regulation or accounting standard, we do not undertake any obligation to update or revise any forward looking statements, whether as a result of new information, future developments or otherwise.

About Telecom *plus* PLC:

Telecom *plus*, which owns and operates the Utility Warehouse brand, is the UK's only fully integrated provider of a wide range of competitively priced utility services spanning both the Communications and Energy markets.

Customers benefit from the convenience of a single monthly bill, consistently good value across all their utilities and exceptional levels of customer service. The Company does not advertise, relying instead on "word of mouth" recommendation by existing satisfied customers in order to grow their market share.

Telecom *plus* is listed on the London Stock Exchange (Ticker: TEP LN). For further information please visit: www.utilitywarehouse.co.uk.