

**Telecom *plus* plc ("the Company")**  
**Trading Statement**

In the preliminary results announcement issued on 10 June 2005, the Company stated that it anticipated profits for the current year to 31 March 2006 would be slightly lower compared with last year, due to the continuing impact of losses within its gas supply business and increased customer acquisition costs.

The Company continues to expect a significant increase in turnover during the current year as both its customer base and the number of services taken by each customer continue to grow, however over recent days the wholesale price of gas (both day-ahead as well as for the coming four winter months) has become increasingly volatile and reached unprecedented highs, with the result that full year profits to 31 March 2006 are now expected to be substantially lower than last year.

We have recently concluded a long term working capital facility with Barclays Bank plc, enabling us to implement a systematic hedging programme which will progressively align our wholesale energy costs with those of our main competitors. We continue however to purchase the majority of our gas for this winter on a short-term basis, as the price demanded for medium term purchases makes it commercially unattractive to hedge at present.

The Company intends to announce its interim results for the six months ended 30 September 2005 on Tuesday 13 December 2005. The Directors anticipate that the pre-tax profits for this period will be in excess of £5million but the final outcome for the full year remains uncertain as it will be dependant on the levels of wholesale gas prices for the rest of this winter.

23 November 2005

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