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Friday January 23, 10:26 am ET

Edited Press Release

LONDON -(Dow Jones)- BT Group said Friday that the boards of BT and Transcomm announce that agreement has been reached on the terms of a recommended cash offer to be made by British Telecommunications plc (NYSE:[BTY](#) - [News](#)) for the entire issued and to be issued share capital of Transcomm.



48.3%. of Transcomm's existing issued share capital.

BT said the acquisition of Transcomm will enhance BT's position in providing machine-to-machine (M2M) applications for business customers in the U.K. It demonstrates BT's strategy of focusing on attractive markets across the entire Information and Communications Technology (ICT) spectrum to deliver profitable growth.

BT said the sector is one of the most dynamic in the telecommunications market, with industry predictions forecasting revenues to grow five-fold to EUR50 billion in Europe by 2007.

This acquisition enhances BT's M2M service offering by adding wireless capabilities.

Transcomm is a wireless data service provider. It owns and operates the Mobitex wireless data network in the U.K. with network coverage of approximately 95% of the population.

Mobitex is a packet-switched, narrow-band mobile data communications radio network technology. There are currently 30 Mobitex networks operating around the world.

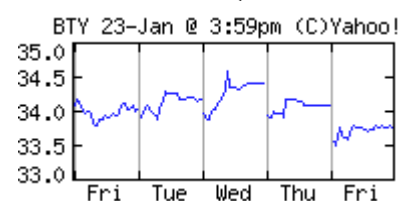
For the financial year ended 31 December 2002, Transcomm reported turnover of GBP13.8 million (2001: GBP15.7 million) and [EBITDA](#) before exceptional operating items of GBP1.7 million (2001: a loss of GBP3.6 million).

At that date, its net assets were GBP7.3 million. Transcomm's unaudited interim statement for the six months ended 30 June 2003 showed turnover of GBP6.4 million (2002: GBP7.2 million) and EBITDA before exceptional operating items of GBP1.0 million (2002: GBP0.8 million). At 30 June 2003, net assets were GBP7.6 million.

The Offer will be 15.5 pence in cash for each Transcomm Share, valuing the existing issued share capital of Transcomm at approximately GBP15.9 million.

The Offer price represents a premium of approximately 15% to the Closing Price of 13.5 pence per Transcomm Share on 12 December 2003 and approximately 35% to the average Closing Price of 11.5 pence per Transcomm Share for the three month period ended on that date.

BT has received irrevocable undertakings to accept the Offer in respect of 49, 652,107 Transcomm Shares, representing approximately

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BT expects the combined business to generate in excess of GBP100 million per annum in M2M revenues. BT expects to drive significant revenue growth through the combination of Transcomm and BT redcare, and to achieve material savings in airtime and network costs and reductions in capital expenditure.

The Transcomm Board believes that the Offer values Transcomm's business on a favourable multiple of current earnings, and at a premium to both net assets and Transcomm's recent share price.

BT has confirmed that, in the event that the Offer becomes or is declared unconditional in all respects, the existing employment rights, including pension rights, of all management and employees of Transcomm will be fully safeguarded.

Transcomm entered into an agreement with BT on 23 January 2004, pursuant to which Transcomm agreed to pay the sum of GBP159,000 to BT in the event that, on or before the date upon which the Offer becomes or is declared wholly unconditional or lapses or is withdrawn the Transcomm Directors (or any of them) withdraw their recommendation of the Offer, or modify it in a manner which is reasonably likely to adversely affect British Telecommunications plc or the chances of the Offer becoming unconditional as to acceptances; or a firm intention to make a competing offer for Transcomm is announced which, at any time, becomes or is declared wholly unconditional.

Assuming the Offer becomes or is declared unconditional in all respects, BT intends as soon as practicable to procure the making of an application by Transcomm to the London Stock Exchange for the cancellation of admission of Transcomm Shares to AIM.

It is anticipated that such cancellation of admission will take effect no earlier than twenty business days after the date on which the Offer becomes or is declared unconditional in all respects.

It is proposed that, following successful completion of the Offer, Transcomm will be re-registered as a private company.

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