

4 April 2016

Mark Shurmer
BT Group
BT Centre
81 Newgate Street
London
EC1A 7AJ

Marina Gibbs
Competition Policy Director
Direct line: 020 7981 3580
Marina.Gibbs@ofcom.org.uk

Dear Mark

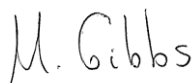
Pricing: Leased lines charge control (LLCC) services

Thank you for your letters dated 4 April 2016, where you set out the approach that BT is intending to take to the pricing of leased line services over financial year 2016/17. We acknowledge your commitment not to increase prices covered by the Ethernet and TI charge controls between 1 April and 30 June 2016 or the start of the next LLCC if this occurs prior to 30 June 2016. We also note that you propose to set prices governed by the Ethernet and TI charge controls during financial year 2016/17 so that the time-weighted average price during 2016/17 would be the same as if the LLCC had become effective on 1 April 2016 (taking account of both the Starting Charge Adjustments and the CPI-X controls).¹

Your approach aims to put all parties impacted by the LLCC (both BT and customers of the price regulated services) in a similar position as they would have been had the charge controls (including any Starting Charge Adjustments) been implemented on 1 April 2016 and therefore both BT and customers of the LLCC services will neither benefit from nor be disadvantaged as a result of the late implementation of the charge control.

Your overall approach to pricing during this period is welcomed and supported and we are grateful for the efforts that BT is making to provide certainty to its customers and the wider industry during the period where no charge control is in place.

Yours sincerely

A handwritten signature in black ink that reads "M. Gibbs".

Marina Gibbs

¹ We acknowledge that you have reserved the right to reconsider these commitments if the conclusion of the review stretches beyond 1 July 2016 and/or in the event that there is a material change to the controls between the draft Notice and the final Statement, or if the final Statement is withdrawn, suspended or amended.