



Notice of Annual General Meeting 2003
10.30 am 16 July 2003
Barbican Hall, Barbican Centre, London

notice of AGM

Dear Shareholder

I have pleasure in sending you the Notice of this year's Annual General Meeting for shareholders of BT Group, which will be held in London on Wednesday 16 July 2003.

Following a recent change in legislation, we are asking shareholders to vote on the full Report on directors' remuneration at this year's Annual General Meeting. We have included a summary of that Report on pages 20 and 21 of our Annual Review, which accompanies this Notice. At last year's AGM, and in line with good corporate governance, shareholders were asked to vote on the remuneration policy.

We are also asking shareholders to renew the authority for British Telecommunications plc to make donations to EU political organisations (which includes UK political parties). The Company's policy remains that no company in the group will make cash contributions to support any political party. This resolution will not change that policy. It is needed only so that we may continue those normal contacts with politicians and other people in the political world which are necessary to ensure BT's views and capabilities are known. Since 2001, these have been defined as political donations under UK law. Our policy is to seek to renew this authority annually.

Even if you are not able to come to the meeting in person, your vote is still important and I would urge you, regardless of the number of shares you own, to complete, sign and return the accompanying form of proxy. Alternatively, shareholders may register their proxy appointment and voting instructions electronically over the internet, or by telephone or fax.

If you intend coming to this year's meeting, please return the AGM Intention to Attend card. I look forward to seeing you in London.

Electronic communication

You can now receive all your shareholder communications electronically, rather than in paper form. For details of how you may sign up for this facility, please see the back cover of this Notice.

Yours sincerely

Sir Christopher Bland
Chairman

21 May 2003

Notice of Meeting

The 2003 Annual General Meeting of BT Group plc will be held in Barbican Hall at the Barbican Centre, Silk Street, London EC2Y 8DS on Wednesday 16 July 2003 at 10.30 am to consider the following:

Ordinary business

Resolution 1

That the accounts and reports of the directors and the auditors for the year ended 31 March 2003 be received.

The directors are required to present to the meeting the accounts, and the reports of the directors and auditors, for the year ended 31 March 2003. These are contained in the Company's Annual Report.

Resolution 2

That the directors' remuneration report for the year ended 31 March 2003 be approved.

The Directors' Remuneration Report Regulations 2002 require companies to ask shareholders to vote on the report on directors' remuneration. A summary of the report is included in the Annual Review, which accompanies this Notice. A copy of the full report, contained in the Annual Report, is sent to shareholders if requested or can be viewed on the Company's website (see "Electronic communication" on page 12).

Resolution 3

That the final dividend of 4.25 pence per share recommended by the directors be declared payable on 8 September 2003 to holders of ordinary shares registered at the close of business on 8 August 2003.

The final dividend declared cannot exceed the amount recommended by the directors.

Resolutions 4 to 6: re-election of directors

The Company's articles of association ("articles") require all directors to retire and be re-elected every three years at an Annual General Meeting in compliance with the Combined Code published by the UK Listing Authority. In the interests of good corporate governance, the Board has asked three directors to retire by rotation at this year's meeting, even though they do not have to do so under the articles. This is because all of the directors were appointed to the Board of BT Group plc ("BT") within the past two years.

Information about the three directors who are proposed by the Board for re-election is given below each resolution.

Resolution 4

That Sir Anthony Greener be re-elected as a director.

Sir Anthony Greener was appointed to the BT Board on 1 October 2000. He was appointed Joint Deputy Chairman and chairman of the Audit Committee on 1 January 2001. He became Deputy Chairman and chairman of the Remuneration Committee on 18 July 2001 and is also a member of the Nominating

Committee. Sir Anthony is chairman of University for Industry (Iearndirect) and the Qualifications and Curriculum Authority and a non-executive director of Robert Mondavi Corporation. He was formerly chairman of Diageo. Prior to the merger of Guinness and Grand Metropolitan, he was chairman and chief executive of Guinness, having been chief executive of Guinness since 1992. Aged 62.

Resolution 5

That Louis Hughes be re-elected as a director.

Louis Hughes joined the BT Board on 1 January 2000 and is a member of the Audit and Remuneration Committees. He is non-executive chairman of Maxager Technology Inc. (USA). He was formerly president and chief operating officer of Lockheed Martin Corporation and previously executive vice president of General Motors. Louis Hughes is a non-executive director of AB Electrolux (Sweden) and Sulzer AG and ABB Limited (both Switzerland). From 1993 to 2000, he was a member of the supervisory board of Deutsche Bank. A US national, he is aged 54.

Resolution 6

That Maarten van den Bergh be re-elected as a director.

Maarten van den Bergh was appointed to the BT Board on 1 September 2000. He chairs the Pension Scheme Performance Review Group and is a member of the Audit, Remuneration and Nominating Committees. He is chairman of Lloyds TSB Group and a non-executive director of Royal Dutch Petroleum Company and British Airways. Prior to his retirement in July 2000, Maarten van den Bergh was president of the Royal Dutch Petroleum Company and vice chairman of its committee of managing directors from July 1998, having been appointed a managing director of the Royal Dutch Shell Group of companies in July 1992. A Dutch national, he is aged 61.

Resolution 7: election of director

The articles of association require any director appointed by the Board to retire at the Annual General Meeting following appointment.

Resolution 7

That Clayton Brendish be elected as a director.

The director proposed by the Board for election is Clayton Brendish, who was appointed to the Board on 1 September 2002 and is a member of the Audit and Community Support Committees. He is non-executive chairman of Beacon Investment Fund and a non-executive director of Elexon and Herald Investment Trust. He is also a trustee of Economist Newspapers and the Foundation for Liver Research and a council member of City

University of London. Prior to his retirement in May 2001, Clayton Brendish was executive deputy chairman of CMG having joined the Board when it acquired Admiral. Clayton Brendish was co-founder and executive chairman of Admiral, incorporated in 1979. He also acted as an advisor to the Government on the efficiency of the Civil Service, working as an advisor to the Chancellor of the Duchy of Lancaster and the Office of Public Services on their respective Next Steps Agencies. Aged 56.

Special business

The following two resolutions will be proposed as ordinary resolutions.

Resolution 8

That PricewaterhouseCoopers LLP be reappointed auditors of the Company (having previously been appointed by the Board to fill the casual vacancy arising by reason of the resignation of PricewaterhouseCoopers), to hold office until the conclusion of the next general meeting at which accounts are laid before the Company and that their remuneration be fixed by the directors.

Following the conversion of PricewaterhouseCoopers to a Limited Liability Partnership (LLP) from 1 January 2003, PricewaterhouseCoopers resigned as the Company's auditors, and the directors appointed PricewaterhouseCoopers LLP to fill the casual vacancy created by the resignation. This resolution proposes the reappointment of PricewaterhouseCoopers LLP as auditors and, in accordance with standard practice, gives authority to the directors to determine their remuneration.

Special notice of the resolution proposing the reappointment of PricewaterhouseCoopers LLP has been received by the Company in accordance with the Companies Act 1985.

Resolution 9

That the authority and power conferred on the directors in relation to the Section 80 Amount by Article 74 of the Company's articles of association be renewed until 15 October 2004, and for that period the Section 80 Amount shall be £143 million.

Under the Companies Act 1985 (Section 80), the directors of a company may allot unissued shares only if authorised to do so. The articles give a general authority to the directors to allot unissued shares, but that authority is subject to renewal by shareholders. Passing this resolution will continue the directors' flexibility to act in the best interests of shareholders, when opportunities arise, by issuing new shares.

The directors will be able to issue new shares up to a nominal value of £143 million (the Section 80 Amount), which is equal to approximately 33% of the issued share capital of the Company as at the date of this Notice.

The following two resolutions will be proposed as special resolutions.

Resolution 10

That the authority and power conferred on the directors by Article 74 of the Company's articles of association be renewed until 15 October 2004, and for that period the Section 89 Amount shall be £21 million.

If shares are to be allotted for cash, the Companies Act 1985 (Section 89) requires those shares to be offered first to existing shareholders in proportion to the number of shares they hold at the time of the offer. However, it may sometimes be in the interests of the Company for the directors to allot shares other than to shareholders in proportion to their existing holdings.

The articles give the following general authorities to the Board, which are subject to renewal by shareholders:

- to allot shares in connection with a rights issue – defined (in summary) as an offer of equity securities to shareholders which is open for a period decided by the Board, subject to any limits or restrictions which the Board thinks are necessary or appropriate; and
- for allotments of shares not in connection with a rights issue – so that the pre-emption requirement does not apply to allotments of shares for cash up to a specific amount.

This resolution would allow the directors to allot shares for cash only:

- up to a nominal value of £21 million (the Section 89 Amount), which is approximately 5% of the Company's issued share capital as at the date of this Notice; or
- in a rights issue as defined in the articles (see above).

This means that the interests of existing shareholders are protected. If a share issue is not a rights issue, the proportionate interest of existing shareholders could not, without their agreement, be reduced by more than 5% by the issue of new shares for cash to new shareholders by reference to the issued share capital at the date of this Notice.

There are no current plans to allot shares except in connection with the employee share schemes.

When the Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 (the "Regulations") come into force, the requirements of the Companies Act 1985 (Section 89), outlined above, will also apply to the sale by the Company of any shares it holds as treasury shares under the Regulations. These requirements may be similarly disapplied by shareholders. The authority sought and limits set by Resolution 10 will then apply also to a sale of treasury shares. (Treasury shares and the Regulations are explained more fully in the notes to Resolution 11).

The authorities sought by Resolutions 9 and 10 will last for 15 months until 15 October 2004, although the

directors intend to seek renewal of these powers at each Annual General Meeting.

Resolution 11

That the Company be generally and unconditionally authorised to make market purchases (within the meaning of Section 163(3) of the Companies Act 1985) of shares of 5p each in the Company, subject to the following conditions:

- a) the maximum number of shares which may be purchased is 867 million shares;
- b) the minimum price which may be paid for each share is 5p;
- c) the maximum price which may be paid for each share is an amount equal to 105% of the average of the middle market quotations of a share as derived from the London Stock Exchange Daily Official List for the five business days immediately preceding the day on which the share is contracted to be purchased; and
- d) this authority will expire at the close of the Annual General Meeting of the Company held in 2004 or, if earlier, 15 October 2004 (except in relation to the purchase of shares, the contract for which was concluded before the expiry of this authority and which might be executed wholly or partly after that expiry).

The directors believe that it is helpful for the Company to continue to have the flexibility to buy its own shares and this resolution seeks authority from shareholders to do so.

This resolution would renew the 2002 authority, which was in similar terms, and would be limited to 867 million ordinary shares, representing 10% of the issued share capital at the date of this Notice.

The minimum and maximum prices to be paid for the shares are stated in the resolution. Under current law, any shares purchased in this way would be cancelled and the number of shares in issue would be reduced accordingly. The directors would only exercise this authority after considering the benefits for shareholders generally. The purchase of shares by the Company under this authority would be effected by a purchase in the market. It should not be confused with any share dealing facilities that may be offered to shareholders by the Company from time to time.

The Companies (Acquisition of Own Shares) (Treasury Shares) Regulations 2003 will come into force on 1 December 2003. The Regulations will allow shares purchased by the Company out of distributable profits to be held as treasury shares, which may then be cancelled, sold for cash or used to meet the Company's obligations under its employee share schemes. The authority sought by this resolution is intended to apply equally to shares to be held by the Company as treasury shares in accordance with the Regulations. The UK Listing Authority is consulting on the changes that need to be made to the

Listing Rules to take account of the introduction of treasury shares.

The authority sought by this resolution will end by 15 October 2004, although the directors intend to seek renewal of this power at each Annual General Meeting.

As of 16 May 2003, there were options outstanding over 233 million shares (of which options over 148 million shares were in respect of options granted under the Sharesave schemes), representing 2.7% of the Company's issued share capital. If the authority given by this resolution were to be fully used, these would represent 3% of the Company's issued share capital. There are no warrants outstanding.

The following resolution will be proposed as an ordinary resolution.

Resolution 12

That British Telecommunications plc, a wholly-owned subsidiary of the Company, be authorised to make donations to EU political organisations, not exceeding £100,000 in total, during the period beginning with the date of the 2003 Annual General Meeting and ending at the conclusion of the day on which the 2004 Annual General Meeting is held.

The Companies Act 1985 requires companies to obtain shareholder authority before they can make donations to EU political organisations (which includes UK political parties). The definition of political donations used in the Act is very broad and, as a result, it covers activities that form part of normal relationships between British Telecommunications plc (BT) and the political machinery. These activities are not designed to support any political party nor to influence public support for a particular party and would not be thought of as political donations in the ordinary sense of those words. They are entirely non-political in nature and are designed so that BT can make MPs and others aware of key industry issues and matters affecting the Company. In the year to 31 March 2003 BT spent £48,788, split more or less evenly between the major national UK political parties.

BT Group's policy is that it does not, directly or through BT or any other subsidiary, make what are commonly regarded as donations to any political party. The authority we are requesting from shareholders is not designed to change that policy. It will, however, ensure that BT acts within the provisions of the current UK law when carrying out the above activities.

Only shareholders on the Register of Members at 6.00 pm on 14 July 2003 are entitled to attend and vote.

A shareholder entitled to attend and vote is entitled to appoint a proxy or proxies to vote on his or her behalf.

A proxy need not be a shareholder of the Company.

On a poll, the number of shares held by each shareholder at 6.00 pm on 14 July 2003 will determine the number of votes that the shareholder may cast.

By order of the Board

Larry Stone

Secretary

81 Newgate Street, London EC1A 7AJ

21 May 2003

Documents

The following documentation, which is available for inspection during business hours at the registered office of the Company on any weekday (public holidays excluded), will also be available for inspection at the place of the Annual General Meeting from 9.30 am on the day of the meeting until the conclusion of the meeting:

- a) the register of interests of directors (and their families) in the share capital of the Company;
- b) copies of all service contracts and contracts of appointment between the directors and the Company; and
- c) printed copies of this Notice and the documentation made available to shareholders using electronic communication, including the 2003 reports and accounts.

Your directors believe that the proposals in Resolutions 1 to 12 are in the best interests of both the Company and its shareholders. Accordingly, the directors unanimously recommend that you vote in favour of all these resolutions, as they intend to do in respect of their own beneficial holdings.

AGM Information

You have the right to attend, speak and vote at the Annual General Meeting if you are on the BT Group share register at 6.00 pm on 14 July 2003.

If you are not attending the meeting, you may appoint someone else as your “proxy”. The number of shares you hold as at the above register deadline will determine how many votes you or your proxy will have in the event of a poll.

Time and place of meeting

The 2003 AGM will be held on Wednesday, 16 July in Barbican Hall at the Barbican Centre, Silk Street, London EC2Y 8DS. The doors will open at 9.30 am and the meeting will start promptly at 10.30 am.

If you are coming to the meeting

If you were sent an **AGM Intention to Attend Card**, please sign and return it. You do not need a stamp if posting the card within the UK, even if you are returning it in an envelope. Instead, you could call the number given for appointing proxies by telephone on page 8 to register your intention to attend. You will then be sent a leaflet giving further details about the arrangements for the meeting and how to get there.

Admission Card/Form of Proxy

Please keep and bring with you the accompanying dual-purpose **Admission Card/Form of Proxy**. It will authenticate your right to attend, speak and vote and will speed your admission. You will need to keep this card until the end of the meeting. You may also find it helpful to bring with you this Notice and the **BT Annual Review 2003**, so that you can refer to them at the meeting.

Joint shareholders

All joint shareholders may attend and speak at the meeting. However, only the first shareholder listed on the register of members is entitled to vote.

Shareholders with disabilities

Special arrangements have been made to help shareholders with disabilities. Sound amplification facilities and an induction loop will be provided for people with hearing difficulties, together with sign language interpretation and palantype speech-to-text transcription for people who are profoundly deaf. There will be facilities for shareholders who are in wheelchairs. Anyone accompanying a shareholder in need of assistance will be admitted to the meeting.

If you are not coming to the meeting

You may appoint a proxy – someone who will attend the meeting on your behalf and vote – by completing the accompanying **Form of Proxy**. Please note that your proxy is entitled to vote on a show of hands.

Before completing the **Form of Proxy**, please read the following explanatory notes:

How to complete the Form of Proxy

1 Appointing the Chairman as your proxy

For convenience, the appointment of the Chairman has already been included. If you wish to make this appointment, you need only complete the form, as set out in these notes.

2 Appointing someone other than the Chairman as your proxy

If you want to appoint someone of your choice as your proxy, you should delete the words “the Chairman of the meeting or” on the form, initial the alteration, and insert the name and address of your proxy in the space provided. A special admission card will be sent direct to the person you appoint, together with a copy of this Notice and a leaflet containing details about attending the meeting.

3 Instructing your proxy how to vote

If you have appointed the **Chairman** as your proxy, you can tell him how to vote on the resolutions to be proposed at the AGM, which are set out in the Notice. He will vote (or abstain from voting) as he decides on any other business which may validly come before the meeting. Please place a cross in the appropriate box alongside each resolution to indicate whether you wish your votes to be cast “For” or “Against” that resolution, or if you wish to “Abstain”. Unless you give specific instructions on how to vote on a particular resolution, the Chairman will have the discretion either to vote “For” or “Against” that resolution or to “Abstain”.

If you have appointed **someone else** as your proxy, it is your responsibility to tell your proxy how you want your votes to be cast, so he or she can act accordingly. It is a good idea to fill in a copy of the form before giving it to him or her. If you do not fill in the form, your proxy may vote (or abstain from voting) as they decide. If anything else validly comes before the meeting, your proxy may also vote as they decide. This would include proxies appointed using the CREST service (see note 6 on page 8).

4 Signing and dating the Form of Proxy

Before returning the **Form of Proxy**, please check that it has been signed and dated. In the case of joint holders, any one of you may sign. You do not have to sign and date the **Form of Proxy** yourself. However, if someone signs the form on your behalf, you or that person must

send it to Lloyds TSB Registrars (see notes 7–10 below) with the authority under which it is signed, or a copy of the authority which has been certified by a solicitor or notary.

5 Corporate appointment of proxy

Where the person appointing the proxy is a company, the **Form of Proxy** must be either sealed or signed by one of its officers or an authorised attorney and the appropriate authority or power of attorney must be sent with the **Form of Proxy**.

6 Instructions for electronic proxy appointment through CREST

If you are a CREST member, and want to appoint a proxy using the CREST electronic proxy appointment service, you can do so by using the procedures described in the CREST Manual. If you are a CREST personal member, a CREST sponsored member, or a CREST member who has appointed a voting service provider (collectively referred to as “appointor members”), you should refer to your CREST sponsor or voting service provider(s), who can take the appropriate action for you.

So that a CREST proxy appointment or instruction to a proxy can be valid, the appropriate CREST message (a “CREST Proxy Instruction”) must be properly authenticated in compliance with CRESTCo’s specifications and must contain the necessary information, described in the CREST Manual. The message, regardless of whether it constitutes the appointment of a proxy or an amendment to the instruction given to a previously appointed proxy must, in order to be valid, be transmitted so that Lloyds TSB Registrars (ID 7RA01) receive it by 10.30 am on 14 July 2003. The time of receipt will be taken to be the time (as determined by the timestamp applied to the message by the CREST Applications Host) from which the issuer’s agent is able to retrieve the message by asking CREST in the way CREST require.

CRESTCo does not make available special procedures in CREST for any particular messages. So normal system timings and limitations apply to the input of CREST Proxy Instructions. CREST members (or appointor members) are responsible for taking (or arranging for their CREST sponsor or voting service provider(s) to take) any necessary action to ensure that a message is transmitted by means of the CREST system by any particular time. There are practical limitations of the CREST system and timings which you and your CREST sponsors or voting service providers need to consider.

BT Group can treat as invalid a CREST Proxy Instruction in the circumstances permitted by legislation (in Regulation 35(5)(a) of the Uncertificated Securities Regulations 2001).

7 Posting details

To be valid, the **Form of Proxy**, together with any authority (see notes 4 and 5 above), must be received by Lloyds TSB Registrars not later than 10.30 am on 14 July 2003. Returning the **Form of Proxy** will not prevent you from attending in person and voting at the meeting.

8 United Kingdom (UK) shareholders

The FREEPOST return address is printed on the back of the **Form of Proxy**.

If you do not wish the **Form of Proxy** to be seen by anyone except the Company and the Registrar, you should post it in an envelope to:

Lloyds TSB Registrars (2450)
FREEPOST (KE7700)
The Causeway,
WORTHING,
West Sussex BN99 6BU

If the **Form of Proxy** (or envelope) is posted in the UK, there is no postage to pay.

9 Shareholders outside the UK

Shareholders with addresses outside the UK should reply using the return-addressed envelope provided. If you live in a country covered by the International Business Reply Service, postage on the envelope has been prepaid.

10 Fax

You may return the **Form of Proxy** by fax on Freephone 0808 100 4142 (or +44 1903 702039 from outside the UK).

Telephone proxy appointment and voting instruction service

Telephone proxy appointment

You may, if you wish, register the appointment of a proxy by telephone before 10.30 am on 14 July 2003 by calling Freephone 0808 100 4141 (or +44 1903 702042 from outside the UK). Lines will be open from 8.30 am to 5.30 pm, Monday to Friday. Before calling, you should read the conditions of use of the telephone service. When using the service, you will be asked for:

- your Reference Number – this is the 24-digit number printed below your name and address on the **Admission Card/Form of Proxy**;
- your Card ID and Account Numbers – these appear alongside your Reference Number on the **Admission Card/Form of Proxy**;
- the name of the person you wish to appoint as your proxy, if not the Chairman; and
- your instructions as to how you wish to vote on each resolution at the AGM.

You can also call this number to indicate your intention to attend the meeting.

Conditions of use of the telephone service

The use by BT Group shareholders, and participants in the BT Employee Share Ownership Scheme and BT Group EasyShare, of Lloyds TSB Registrars' telephone proxy appointment and voting instruction service ("Telephone Service") in connection with the AGM is governed by Lloyds TSB Registrars' conditions of use of the service. These conditions of use are legally binding and should be read carefully before using the Telephone Service.

Confirmations

When the Reference Number is given to the telephone operator the user will be treated as confirming that they:

- are registering to use the Telephone Service;
- have the right to vote their shares and/or give instructions; and
- have read, understood and agreed to be bound by these conditions of use.

Reference Number and security

A user of the Telephone Service must take all reasonable steps to ensure that their Reference Number is kept secret and not disclosed to someone else unless the user wants that other person to use the Reference Number to access the Telephone Service on their behalf and has given them a power of attorney to do so. Corporate shareholders should note that revealing their Reference Number to a client may enable that client to use the Telephone Service in respect of the entire position.

Authority given by use of the Reference Number

Lloyds TSB Registrars and/or Lloyds TSB Registrars Corporate Nominee Limited and/or BT Employee Shares Trustees Limited and/or the Company will be entitled to act on instructions given using the Telephone Service in connection with the Reference Number without obtaining any further written or other confirmation, even if those instructions are not actually given or authorised by the shareholder, participant or duly authorised attorney. However, written confirmation of appointments may be insisted upon and additional security checks made where it is reasonably believed they are justified.

Availability of Telephone Service

Lloyds TSB Registrars will make all reasonable efforts to ensure the Telephone Service is available during the times specified in the voting documentation, but circumstances beyond their control may mean this is not possible.

Limitation of liability

Neither Lloyds TSB Registrars nor the Company are liable for any direct loss or damage resulting from making the Telephone Service available, unless directly caused by their negligence, fraud or deliberate default. Lloyds TSB Registrars' and the Company's liability for consequential and indirect losses is excluded (except in the case of

fraud). Lloyds TSB Registrars and/or Lloyds TSB Registrars Corporate Nominee Limited and/or BT Employee Shares Trustees Limited and/or the Company will have no liability for instructions accepted via the Telephone Service in good faith.

Record keeping

Lloyds TSB Registrars may record all telephone conversations in connection with the Telephone Service and keep the recordings for at least one year. Records will also be kept of all proxy appointments and other instructions given via the Telephone Service for one year.

Law

These conditions of use will be governed by English law and users of the service and Lloyds TSB Registrars (for themselves and on behalf of the Company) submit to the jurisdiction of the English Courts in connection with any dispute.

Internet

You may, if you wish, register the appointment of a proxy electronically by logging on to the website www.sharevote.co.uk. You will need your Reference Number (this is the 24-digit number printed below your name and address on the accompanying **Admission Card/Form of Proxy**). Full details of the procedure are given on the website. Alternatively, if you have registered for e-communication, log on to your portfolio at www.shareview.co.uk and click on "Company Meetings". The proxy appointment and instructions must be received by Lloyds TSB Registrars by 10.30 am on 14 July 2003. You can also indicate your intention to attend on the website. Please note that any electronic communication that is found to contain a computer virus will not be accepted.

Please do not disclose your Reference Number to anyone else, unless you wish them to give instructions on your behalf.

The use of the internet service in connection with the AGM is governed by Lloyds TSB Registrars' conditions of use set out on the website, www.sharevote.co.uk, and may be read by logging on to that site.

Information for participants in the BT Employee Share Ownership Scheme and/or BT Group EasyShare

BT Employee Share Ownership Scheme

Please note that participation in the BT Employee Share Ownership Scheme (“Scheme”) does not give you the right to attend the Annual General Meeting. If you are a participant in the Scheme, you may instruct the Scheme Trustees to vote the shares held by them on your behalf by completing the enclosed **Voting Instruction Card**. To vote on each item of business, place a cross in the relevant boxes, unless you do not wish the Trustees to vote on a particular resolution, in which case leave the boxes alongside that resolution blank. You should then sign and date the card and return it to the Trustees. Please follow the posting instructions given for the **Form of Proxy** in notes 7–9 above. The card must be received by the Trustees not later than 10.30 am on 14 July 2003.

Participants in the Scheme may give their voting instructions to the Scheme Trustees using the internet, telephone or fax (see above).

Participants in the Scheme who are also shareholders

Where it has been possible to combine records, participants who are also shareholders have been sent, together with their **Voting Instruction Card**, a **Form of Proxy/Admission Card** and only one copy of the **BT Annual Review 2003** and this Notice.

You may have received separate sets of documents as it was not possible to combine your records – for example, because different dividend payment instructions apply. Any participants who now wish to stop the additional mailings by combining their records should contact Lloyds TSB Registrars.

For information about attending the meeting, please read the next section.

BT Group EasyShare

If you hold shares through BT Group EasyShare, you will have been sent a separate **Form of Proxy/Admission Card**.

BT Group EasyShare participants are able to attend the AGM, speak and vote their shares at the meeting, but should note that, because these shares are held through a nominee, Lloyds TSB Registrars Corporate Nominee Limited (“NomineeCo”), attendance will be as NomineeCo’s corporate representative. Attendance at the meeting will be taken as acceptance of this arrangement. This applies also to joint holders, who may attend and speak at the meeting in the same capacity.

If you are not attending the meeting, NomineeCo has agreed that you (or any other person named jointly with you on the **Form of Proxy**) may use the **Form of Proxy** to instruct NomineeCo to appoint the proxy of your choice to attend the meeting and vote on your behalf.

Participants in BT Group EasyShare may give their voting instructions using the internet, telephone or fax.

If you intend to come to the meeting, please telephone the BT Group Shareholder Helpline on Freefone 0808 **100 4141**. You will then be sent a leaflet giving you more details of the meeting and how to get there.

Participants in the BT Group Employee Share Investment Plan

Participants may instruct the Trustee of the Plan, Halifax Corporate Trustees Limited, to vote shares held on their behalf. Voting instruction forms will be sent to participants.

Shareholder Information

Receiving the report and accounts

BT Group publishes two reports annually:

- **Annual Report and Form 20-F (“annual report”)** – the Company’s full report and accounts; and
- **Annual Review (“annual review”)** – a shorter report, which includes a summary financial statement, designed to meet the requirements of our private shareholders.

You will be sent only the annual review unless you notify us that you wish to receive the full report and accounts.

If you wish to view a copy of the full annual report for 2003, this can be downloaded from our Investor Centre website at www.bt.com/investorcentre. Alternatively, to request a printed copy of the report for 2003 and/or future years, free of charge, please call the Shareholder Helpline or contact Lloyds TSB Registrars (see “Enquiries” on page 11).

Capital gains tax (CGT)

The rights issue in June 2001 and the demerger of mmO2 in November 2001 adjusted the value for CGT purposes of your BT shares. An explanatory note on the effect of the rights issue on the CGT position on BT shareholdings is available from the Shareholder Helpline (see page 11).

The confirmed official opening prices for BT Group and mmO2 shares following the demerger were 285.75p and 82.75p, respectively. This means that, of the total combined value of 368.50p, 77.544% is attributable to BT Group and 22.456% to mmO2.

Accordingly, for CGT calculations, the base cost of the BT Group shares and mmO2 shares is calculated by multiplying the acquisition cost of the BT shareholding by 77.544% and 22.456%, respectively.

Data Protection Statement

Your personal data includes all data provided by you, or on your behalf, which relates to you as an individual shareholder or as a participant in the BT Employee Share Ownership Scheme or BT Group EasyShare or other “participant”, including your name and contact details,

the votes you cast and your Reference Number (which is attributed to you by BT (all references to BT include British Telecommunications plc and BT Group plc)). BT determines the purposes for which and the manner in which your personal data are to be processed. BT and any third party to which BT discloses the data (including Lloyds TSB Registrars) may process your personal data for the purposes of compiling and updating the company records, fulfilling BT's legal obligations and processing the shareholder rights you exercise.

Enquiries

Lloyds TSB Registrars maintain BT Group's share register and the separate BT Employee Share Ownership Scheme and BT Group EasyShare registers. They also provide a telephone helpline service.

If you have any enquiries about the AGM, or about your BT Group shareholding, please contact Lloyds TSB Registrars:

BT Group Shareholder Helpline

Freefone 0808 100 4141

Fax: 01903 833371

Textphone: Freefone 0800 169 6907

From outside the UK:

Tel: +44 121 433 4404

Fax: +44 1903 833371

Textphone: +44 121 415 7004

Or write, remembering to include a daytime telephone number, to:

Lloyds TSB Registrars (2450)

The Causeway

WORTHING

West Sussex

BN99 6DA

United Kingdom

e-mail: bt@lloydtsb-registrars.co.uk

Website: www.lloydtsb-registrars.co.uk

Share price information

Shareline Lo-call 0845 701 0707 (UK callers only).

Shareline reports the daily 9.00 am BT Group share price, together with recorded news about the Company.

Share Price Line

0906 8222 334 (UK callers only). The BT Group Share Price Line gives real-time buying and selling prices for BT Group shares. This service is provided by Teleshare, which is not part of BT Group. Calls are charged at 60p per minute (including VAT)*.

*Different rates may apply to calls from non-BT networks.

Sharegift

The Orr Mackintosh Foundation operates a charity donation scheme for shareholders with small parcels of shares whose value makes it uneconomic to sell them.

Details of the scheme are available from Sharegift at **www.sharegift.org** or telephone 020 7337 0501. Alternatively, details can be obtained from the Shareholder Helpline.

Unclaimed Assets Register

BT is among a growing number of companies who subscribe to the Unclaimed Assets Register, which provides a search facility for financial assets, such as shareholdings and dividends which have become separated from their owners. The Register donates a proportion of its public search fees to charity via ShareGift. For further information on the Unclaimed Assets Register, visit **www.uar.co.uk** or telephone 0870 241 1713.

Other publications

BT produces a series of reports on its financial, business, social and environmental performance.

Most of these reports can be accessed on the Investor Centre (see "Electronic communication" on page 12). Alternatively, printed copies of these reports can be obtained from the Shareholder Helpline.

Special needs

An audio cassette version of the **BT Annual Review 2003** has been produced for shareholders with special needs. To obtain a copy of this cassette, which also contains extracts from this Notice, please contact the Shareholder Helpline on the number shown above.

Calendar of key dates

16 July 2003

Annual General Meeting. Details are in this Notice.

31 July 2003

First quarter results announced.*

8 September 2003

Proposed final dividend of 4.25 pence per share paid to shareholders who are on the register on 8 August 2003.

13 November 2003

Second quarter and half year results announced.*

February 2004

Third quarter and nine months results announced.*
Payment of 2004 interim dividend.*

May 2004

Fourth quarter and full year results announced.*

June 2004

2004 annual report and accounts published.*

*Dates are based on present expectations.

Recorded highlights of each results announcement will be featured on **Shareline** on Lo-call 0845 701 0707

When you use one of BT's Lo-call numbers from anywhere within the UK, you pay only the price of a local call. Different rates may apply to calls from non-BT networks.



BT Group plc
Registered office: 81 Newgate Street, London EC1A 7AJ
Registered in England and Wales No. 4190816
Produced by BT Group
Designed by Pauffley
Typeset by Greenaways
Printed in England by J Howitt & Sons Ltd.

Printed on paper which meets international environmental standards.

www.bt.com

Electronic communication

Increasingly, shareholders are discovering the convenience of using the internet and e-mail to find out about their shareholdings and about BT.

Internet

There's a wealth of constantly updated information about BT at www.bt.com, and our Investor Centre at www.bt.com/investorcentre has information of particular interest to our shareholders.

Shareview

Shareview is an internet service offered to BT Group shareholders in association with Lloyds TSB Registrars. Shareview enables you to:

- access your shareholdings and see any recent sales, purchases or transfers
- build and manage a full portfolio of your shares online
- obtain indicative prices for your shares
- appoint a proxy to represent you at company meetings.

Registering with Shareview is easy and there is no registration fee.

Simply:

1. Access www.shareview.co.uk
2. Click on "Create a portfolio" and complete the on-screen registration process. You will need your shareholder account number, which is shown on the enclosed proxy card and also on your share certificate(s). You will be asked to choose a secret PIN.
3. Once you have registered, you will be sent a user ID by post. You can then use your user ID and PIN to get secure access to Shareview whenever you like.

E-documentation

Using Shareview, you can now choose to receive shareholder publications, including the Annual Review and Annual Report, electronically – rather than by post. Instead, you'll receive an e-mail alert each time we place a new publication for shareholders on our website.

ShareholderPlus

Over 70,000 shareholders have now chosen to receive their shareholder documentation electronically. To encourage even more people to sign up for e-communication, we have launched ShareholderPlus, an online scheme at www.bt.com/shareholderplus, which offers discounts on products and services from BT and a range of partner companies.

If you want to take advantage of these special arrangements but have not yet signed up for e-communication, please either go to www.bt.com/signup and follow the online instructions, or call Freephone 0808 100 4141 (+44 121 433 4404 from outside the UK) and talk to one of our helpline operators. You will need to have your account number with you. (This is the eight-character number printed below your name and address on the accompanying **Admission Card/Form of Proxy**.)

If you have already signed up for e-communication and now wish to sample the benefits of ShareholderPlus and take advantage of these special arrangements, please go to www.bt.com/shareholderplus.