

Growth through transformation



Notice of Annual General Meeting 2005
10.30 am 13 July 2005
Harrogate International Centre, Harrogate

Dear Shareholder

I have pleasure in sending you the Notice of this year's Annual General Meeting for BT shareholders, which will be held in Harrogate on Wednesday 13 July 2005.

To give as many shareholders as possible the opportunity to attend the AGM, we hold the meeting in a different city in the UK each year. We were in Cardiff last year, and expect to be in London next year. We also broadcast my speech and the speech of our Chief Executive, Ben Verwaayen, live over the internet (see page 6 of this Notice).

Of the directors proposed for re-election this year, two are independent non-executive directors, Carl Symon and Baroness Margaret Jay. I am pleased to provide confirmation to shareholders that, following formal performance evaluation, we continue to regard Carl Symon and Margaret Jay as effective non-executive directors. They make a valuable contribution to the Board and have demonstrated a high level of commitment to the role.

Even if you are not able to come to the meeting in person, your vote is still important. I would urge you, regardless of the number of shares you own, to vote. You may vote by completing and returning the enclosed proxy card. Alternatively, you may cast your vote online, by telephone or by fax.

If you intend coming to this year's meeting, please either return the enclosed AGM Intention to Attend card or indicate your intention to attend over the internet or by phone.

I look forward to seeing you in Harrogate.

Yours sincerely

Sir Christopher Bland
Chairman

18 May 2005

Your vote is important.
If you are not coming to
the meeting you can cast
your vote online, by
telephone or by fax.

Notice of Meeting

The 2005 Annual General Meeting of BT Group plc will be held at the Harrogate International Centre, King's Road, Harrogate HG1 5LA on Wednesday 13 July 2005 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 2005 be received.

Legislation requires the directors to present to the meeting these accounts and reports contained in the Company's Annual Report.

Resolution 2

That the directors' remuneration report for the year ended 31 March 2005 be approved.

The directors have to ask shareholders to vote on this report on directors' remuneration. It is summarised in the Annual Review, which accompanies this Notice. The full report, in the Annual Report, is on the Company's website at www.bt.com/annualreport or is sent to shareholders if requested.

Resolution 3

That the final dividend of 6.5 pence per share recommended by the directors be declared payable on 5 September 2005 to holders of ordinary shares registered at the close of business on 5 August 2005.

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

Resolutions 4-7: re-election of directors

Under the Company's articles of association ("articles"), in compliance with the Combined Code on Corporate Governance, all directors have to retire every three years at an Annual General Meeting. As a result, four directors must retire at this year's Annual General Meeting and are proposed by the Board for re-election.

Resolution 4

That Ben Verwaayen be re-elected as a director.

Ben Verwaayen was appointed to the Board on 14 January 2002 and became Chief Executive on 1 February 2002. He chairs the Operating Committee.

Ben Verwaayen was formerly vice chairman of the management board of Lucent Technologies in the USA from October 1999. He joined Lucent in September 1997 as executive vice president international and became chief operating officer the following month. Prior to joining Lucent, Ben Verwaayen worked for KPN in the Netherlands for nine years as president and managing director of its telecoms subsidiary, PTT Telecom. From 1975 to 1988, he worked for ITT in Europe. He is a non-executive director of UPS. A Dutch national, he is aged 53.

Resolution 5

That Dr Paul Reynolds be re-elected as a director.

Paul Reynolds was appointed to the Board on 19 November 2001. He is a member of the Operating Committee. In April 2000, he was appointed as Chief Executive of BT Wholesale. He joined BT from the Company's predecessor corporation, which he joined in 1983, and has held a number of roles, including Director of the Office of the Chairman, Director of Multimedia and, from 1999, Managing Director of Networks and Information Services. He is a non-executive director of E-Access (a Japanese corporation). Aged 48.

Resolution 6

That Carl Symon be re-elected as a director.

Carl Symon was appointed to the Board on 14 January 2002. He is a member of the Audit and Remuneration Committees. He retired from IBM in May 2001 after a 32-year career, during which he held senior executive positions in the USA, Canada, Latin America, Asia and Europe, including chairman and chief executive officer of IBM UK.

Carl Symon is chairman of a number of private companies, and a non-executive director of Rolls-Royce and Rexam. A US national, he is aged 59.

Resolution 7

That Baroness Jay of Paddington be re-elected as a director.

Baroness (Margaret) Jay was appointed to the Board on 14 January 2002. She is a member of the Remuneration and Community Support Committees. She was formerly Lord Privy Seal, Leader of the House of Lords and Minister for Women. Previously, she was Minister of State at the Department of Health.

Baroness Jay has held non-executive positions with Scottish Power, Carlton Television and LBC. She has been a member of the Central Research and Development Committee for the NHS, was a founding director of the National AIDS Trust, a governor of South Bank University and a member of the Meteorological Office Council. She is currently chairman of the Overseas Development Institute, a non-executive director of Independent News & Media and a member of its International Advisory Board, and a member of the Committee on Standards in Public Life. Aged 65.

Resolution 8: election of director

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

That Hanif Lalani be elected as a director.

Hanif Lalani was appointed to the Board on 7 February 2005 as Group Finance Director. He is a member of the Operating Committee and the Pension Scheme Performance Review Group. He was formerly Chief Finance Officer for BT Wholesale. Since joining BT in 1983 he has held a number of positions, including Chief Executive of BT Northern Ireland, and Managing Director BT Regions. Hanif Lalani was also Chairman of OCEAN Communications (BT's subsidiary in the Republic of Ireland). He was awarded the OBE in January 2003 for services to business in Northern Ireland. He is a Chartered Management Accountant. Aged 43.

Resolution 9

That PricewaterhouseCoopers LLP be reappointed auditors of the Company, to hold office until the conclusion of the next general meeting at which accounts are laid before the Company.

The resolution proposes the reappointment of PricewaterhouseCoopers LLP as the Company's auditors.

Resolution 10

That the directors be authorised to decide the auditors' remuneration.

This resolution follows standard practice. If passed, the directors will decide how much the auditors should be paid.

Special business

The following resolution will be proposed as an ordinary resolution.

Resolution 11

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 12 October 2006 and for that period the Section 80 Amount shall be £140 million.

The articles give a general authority to the directors to allot unissued shares, which is subject to renewal by shareholders.

The directors will be able to issue new shares up to a nominal value of £140 million (the Section 80 Amount), which is equal to approximately 33% of the issued share capital (excluding treasury shares) of the Company as at the date of this Notice. See the notes to Resolution 13 for more information on treasury shares.

The following two resolutions will be proposed as special resolutions.

Resolution 12

That the authority and power conferred on the directors by Article 74 of the Company's articles of association be:

- extended to any sale of shares which the Company may hold as treasury shares; and
- renewed until 12 October 2006;

and for that period the Section 89 Amount shall be £21 million.

This resolution renews the authority given to directors to allot equity securities without the requirement to offer these shares to existing shareholders first:

- for cash, up to an amount representing approximately 5% of the issued share capital (including treasury shares) as at the date of this Notice; or
- in connection with a rights issue – defined in summary as an offer of equity securities to shareholders in proportion to the number of shares they hold, which is open for a period decided by the Board, subject to any limits or restrictions that the Board thinks are necessary or appropriate.

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

References to "allot" in this note include the sale of treasury shares.

The authorities sought by Resolutions 11 and 12 will last for 15 months until 12 October 2006, although the directors intend to seek renewal of these powers at each Annual General Meeting. This will ensure that the directors continue to have the flexibility to act in the best interests of shareholders, when opportunities arise, by allotting shares.

Resolution 13

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 850 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 2006, or if earlier, 12 October 2006 (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 would like the Company to continue to have the flexibility to buy its own shares. This resolution renews the Company's authority to buy its own shares in similar terms to previous years' authorities. It would be limited to 850 million ordinary shares, representing 10% of the issued share capital (excluding treasury shares) at the date of this Notice. The directors would continue to exercise this authority only after considering the effects on earnings per share and the benefits for shareholders generally.

Shares purchased by the Company out of distributable profits may 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 plans.

During the 2005 financial year, 101 million shares were purchased (1.2% of the share capital) for a total consideration of £195 million, at an average price of £1.92 per share. As at 18 May 2005, 11 million treasury shares had been transferred to meet the Company's obligations under its employee share plans and as at that date the Company still held 134 million treasury shares which is equal to 1.6% of the issued share capital (excluding treasury shares) in issue as at that date.

The Company's current intention is to hold any shares purchased as treasury shares but it retains the flexibility to cancel them or sell them for cash if it considers this to be in the best interests of the Company.

The authority sought by this resolution will run until 12 October 2006, although the directors intend to seek renewal of this power at each Annual General Meeting.

As at 18 May 2005, there were options outstanding over 468 million shares (of which options over 262 million shares were in respect of options granted under the savings related share option plans), representing 5.5% of the Company's issued share capital (excluding treasury shares). If the authority given by this resolution were to be fully used, these would represent 6.1% of the Company's issued share capital (excluding treasury shares). There are no warrants outstanding.

The following two resolutions will be proposed as ordinary resolutions.

Resolution 14

That the directors be authorised to amend the rules of:

- the BT Group Retention Share Plan; and
- the BT Group Deferred Bonus Plan

to enable awards to be satisfied using treasury shares.

The directors would like the flexibility to use treasury shares to satisfy awards made under its share plans. Share plans previously approved by shareholders for use with newly issued shares do not require further shareholder approval to use treasury shares. Therefore, the Company is asking shareholders to approve amendments to share plans for which it can currently use only shares purchased in the market to satisfy awards.

The BT Group Retention Share Plan was approved by shareholders in 2000 for use with existing shares. The BT Group Deferred Bonus Plan was established by the directors in 1998 and did not require shareholder approval under the UK Listing Rules.

Resolution 15

That British Telecommunications plc, a wholly owned subsidiary of the Company, be authorised to make donations to EU (European Union) political organisations, not exceeding £100,000 in total, during the period beginning with the date of the 2005 Annual General Meeting and ending at the conclusion of the day on which the 2006 Annual General Meeting is held.

The Company's continuing policy is that no company in the group shall make contributions in cash or kind to any political party. Arrangements are in place to implement this policy. However, the definition of political donations used in the Companies Act 1985 is very much broader than the sense in which these words are ordinarily used. It covers activities such as making MPs and others in the political world aware of key industry issues and matters affecting the Company, which make an important contribution to their understanding of BT. These activities are carried out on an even-handed basis related broadly to the major UK political parties' electoral strength. The authority we are requesting in this resolution is not designed to change the above policy. It will, however, ensure that the group acts within the provisions of the Companies Act 1985 requiring companies to obtain shareholder authority before they can make donations to EU political organisations (which includes UK political parties) as defined in the Act. During the 2005 financial year the Company's wholly-owned subsidiary, British Telecommunications plc, spent £22,309.

Only shareholders on the Register of Members at 6.00 pm on 11 July 2005 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 11 July 2005 will decide the number of votes that the shareholder may cast.

By order of the Board

Larry Stone
Secretary
81 Newgate Street
London
EC1A 7AJ
18 May 2005

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;
- (c) printed copies of this Notice and the documentation made available to shareholders using electronic communication, including the Annual Report and Form 20-F 2005 and the Annual Review 2005; and
- (d) the rules of the BT Group Retention Share Plan and the BT Group Deferred Bonus Plan showing the amendments proposed in Resolution 14.

Your directors believe that the proposals in Resolutions 1 to 15 are in the best interests of both the Company and its shareholders and unanimously recommend that you vote in favour of all these resolutions. The directors intend to do so 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 11 July 2005.

If you are not attending the meeting, you may appoint someone else as your “proxy” to attend the meeting and/or vote on your behalf, by post, fax, over the internet or by telephone. The number of shares you hold as at the above register deadline will decide how many votes you or your proxy will have if there is a poll. For more information about appointing a proxy, please read the explanatory notes on the Proxy Card enclosed with this Notice.

Time and Place of meeting

Time – 10.30 am on 13 July 2005. Doors open at 9.30 am to the shareholder helpdesk, for questions and queries, and to the reception area.

Place – Harrogate International Centre, King’s Road, Harrogate, HG1 5LA. A map and travel instructions are included on page 7 of this Notice.

If you are coming to the meeting

You can register your intention to attend over the internet (see note 3 on the Proxy Card), or by calling the telephone number given for appointing proxies (see note 4 on the Proxy Card). You can also sign the enclosed AGM Intention to Attend Card (if you did not receive this Notice electronically) and return it. No stamp is required if posting within the UK, even if you use an envelope.

Admission Card/ Proxy Card

Please bring your **Admission Card/ Proxy Card** as it will speed your admission, and keep it until the meeting ends. You may also find it helpful to bring with you this Notice and the **Annual Review 2005**, in order to 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 BT Group share register is entitled to vote.

Questions

Before voting on each resolution, shareholders will have the opportunity to ask questions. If you wish to ask a question, please make your way to a question point where someone will help you.

If you are not coming to the meeting

Webcast

The speeches by the Chairman, Sir Christopher Bland, and the Chief Executive, Ben Verwaayen, will be broadcast live on the internet at www.bt.com/btagm2005. Questions and voting on the business of the meeting will not be broadcast. If you intend to view the webcast, you should visit this site before the meeting to check that you will be able to view it on your computer, and also whether you need any additional software.

Watch the webcast
live on the internet at
www.bt.com/btagm2005

AGM venue

Venue arrangements

Admission

For security reasons and to speed up admission, it would be helpful if you did not bring suitcases, large bags, a camera, laptop computer or tape recorder. You may otherwise be required to deposit them in a secure property store for collection after the meeting.

Smoking

Smoking will not be permitted in the auditorium.

Mobile phones

Please ensure mobile phones or pagers are switched off during the meeting.

Refreshments

Tea and coffee will be available in the reception area before the meeting. Light refreshments will be served after the meeting.

Shareholders with disabilities

The following facilities will be available:

- sound amplification;
- induction loop;
- sign language interpretation;
- Palantype speech-to-text transcription; and
- wheelchair facilities.

Anyone accompanying a shareholder in need of assistance will be admitted to the meeting.

How to get there

The Harrogate International Centre (HIC) is located at King's Road, Harrogate HG1 5LA.

If you travel by train

There are regular train services to Harrogate via York and Leeds. For further information please contact National Rail Enquiries on 08457 48 49 50 or visit www.thetrainline.com. Harrogate railway station is 10 minutes' walk away, and a courtesy bus service will be operating between the station and the venue.

If you travel by bus or coach

For details of public transport in the Harrogate District, including Harrogate/Leeds routes, please contact Harrogate & District Travel on (01423) 56 60 61 or visit www.harrogateanddistrict.co.uk

For details of National Express coach services please contact National Express on 08705 808080 or visit www.gobycoach.com

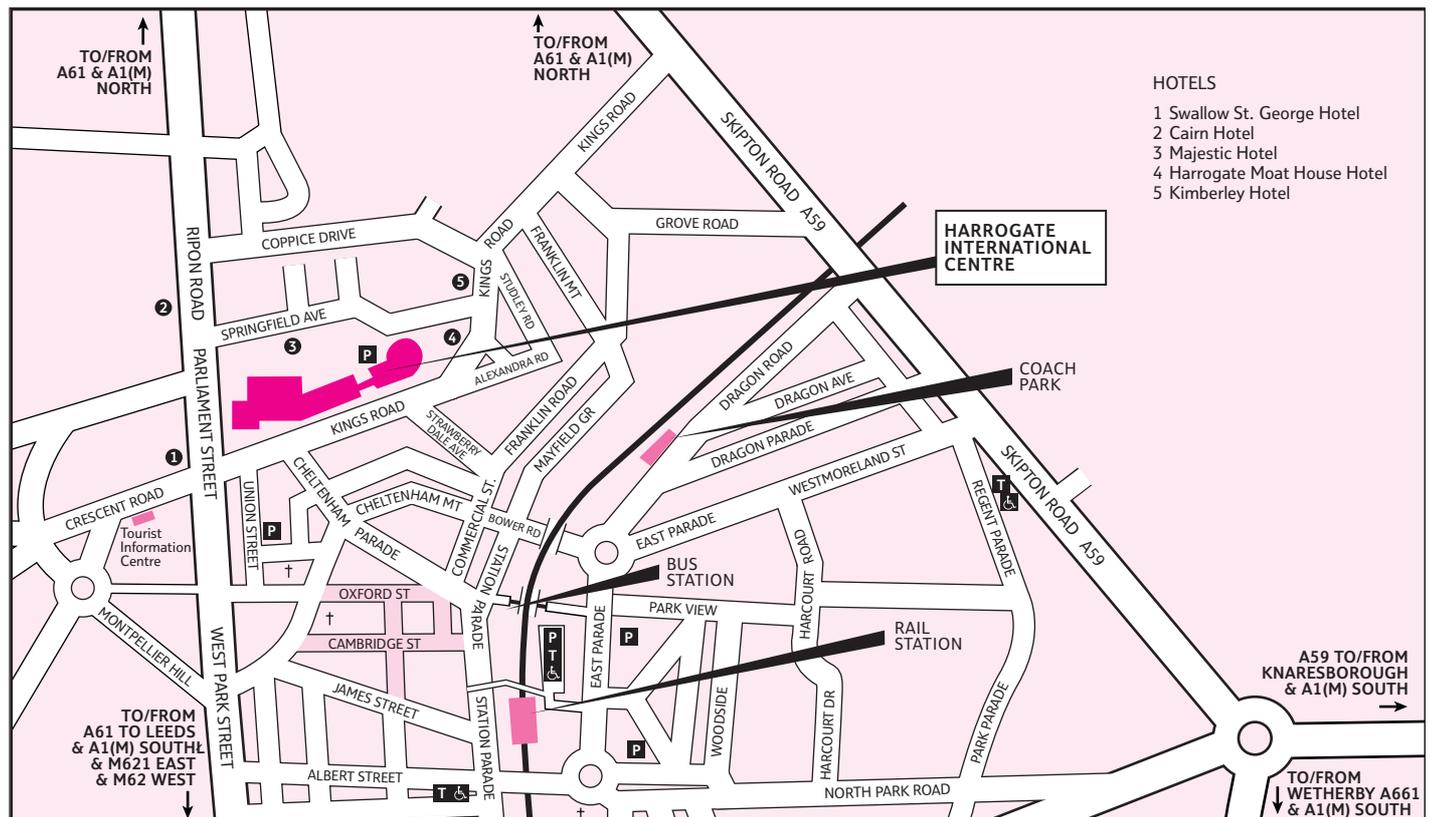
If you travel by car

Directions for approaching the HIC

- From London** Via M1, A1(M), Wetherby, Spofforth, Knaresborough Road, York Place, West Park, Parliament Street, King's Road
- From the North** Via A1, A61 signposted Ripon, A61 signposted Harrogate, left at Swallow St. George Hotel, King's Road
- From the East** M621, A1(M) Wetherby, Spofforth, Knaresborough Road, York Place, West Park, Parliament Street, King's Road
- From the West** Via M56, M62, Junction 29 M1 (North), A1(M) (North), Wetherby, Spofforth, Knaresborough Road, York Place, West Park, Parliament Street, King's Road

Car parking

There are 450 car parking spaces at the HIC. A charge will be made for parking your car.



Shareholder information

Report and accounts

The Company publishes two reports annually:

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

You will be sent only the Annual Review unless you notify us that you wish to receive the Annual Report.

The Annual Report for 2005 is also available on our website at www.bt.com/annualreport. Alternatively, you can request a printed copy of the Annual Report for 2005 and/or future years, free of charge, by calling the Shareholder Helpline or contacting Lloyds TSB Registrars (see “Enquiries” below).

Enquiries

Lloyds TSB Registrars maintain the Company’s share register and, separately, the register of BT Group EasyShare participants. 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:

By telephone to the Shareholder Helpline

Freefone: 0808 100 4141

Fax: 01903 833371

Textphone: Freefone 0800 169 6907

Email: to Kevan Dale at kevan@lloydtsb-registrars.co.uk

From outside the UK

Tel: +44 121 433 4404

Fax: +44 1903 833371

Textphone: +44 121 415 7028

Or in writing, remembering to include a daytime telephone number, to:

Lloyds TSB Registrars (2450)

The Causeway

Worthing

West Sussex

BN99 6DA

Data Protection Statement

The Company (references to Company include BT Group plc and British Telecommunications plc) collects and processes information provided by you, or on your behalf, which relates to you as an individual shareholder or as a participant in EasyShare or other scheme or plan. This information (which is your personal data) includes your name and contact details, the votes you cast and the Reference Number attributed to you by the Company. The Company may process your personal data for the purposes of compiling and updating the Company records, fulfilling its legal obligations, processing the shareholder rights you exercise, and contacting you with shareholder information and related communications. The Company may engage a third party to do this (for example Lloyds TSB Registrars) who may process your personal data on the Company’s behalf.



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