Sir Mike Rake
CSR – Inclusion and Charity Partnerships 2008–9

BT Achieved Business in The Community – Platinum Plus Status 2009

Dow Jones Sustainability Indexes
Member 2008/09

BT PARALYMPIC WORLD CUP

Business
Community

KATHA

Children in Need

Working together

Working together

ChildLine
The Year In Summary

- Year of significant change for BT
- Global Services unacceptable performance
  - recovery programme started
- Good performances in rest of business
- Regulatory progress
- Pension funding agreed
- Sustainable dividend

2008/9 – Year of change 2009/10 – Year for delivery
## 2008/9 Group results

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
<th>Percentage</th>
<th>Change</th>
</tr>
</thead>
<tbody>
<tr>
<td>Revenue</td>
<td>£21,390m</td>
<td>3%</td>
<td>↑</td>
</tr>
<tr>
<td>Profit before tax*</td>
<td>£2,081m</td>
<td>21%</td>
<td>↓</td>
</tr>
<tr>
<td>Loss after tax and charges</td>
<td>£(81)m</td>
<td></td>
<td>↓</td>
</tr>
</tbody>
</table>

* before specific items, leaver costs and contract & financial review charges
### 2008/9 Profit performance

<table>
<thead>
<tr>
<th></th>
<th>Group excluding Global Services</th>
<th>Global Services</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>EBITDA</strong>*</td>
<td>3%</td>
<td>58%</td>
</tr>
</tbody>
</table>

* Earnings before interest, taxation, depreciation, amortisation, leaver costs, specific items and contract & financial review charges
Global Services

- Provider of networked IT products, services and solutions in the UK and globally
- £8bn order intake in 2008/9
- Highest ever customer service rating from Telemark Services

Customer Satisfaction Index
Telemark Services

Top 3
1st BT
2nd Orange Business Services
3rd NTT Com

Bottom 3
6th T-Systems
7th Telefonica
8th Cable & Wireless
Global Services

- Contract, financial and operational reviews completed

- Contract and financial review charges of £1.6bn

- Specific item restructuring charge of £280m
Global Services

- Cost efficiency programme
- Improved contract and bid management
- Three new units
  - UK Domestic
  - Multinational Corporations Business
  - Global Services Enterprises
Retail - Consumer

- UK is one of the most competitive markets
- Focus on great value packages
- Anytime package reduced from £14.50 to £4.95 in 3 years
  - includes calls to 0870 & 0845
UK telecom prices have fallen, unlike energy and water

Telecoms includes: fixed line telephone (line rental, calls and operator charges); Mobile phone - pay as you go and contract; Subscription to the internet; Mobile downloads; Cost of directory enquiries

Source: ONS & BERR
UK has lowest landline prices amongst major countries

Source: International Communications Market, Ofcom
Aim to be **the** brand for business for UK small & medium sized enterprises

c.1m business customers

Serving business customers in fragmented market

‘One-stop-shop’ so businesses can concentrate on what they do best
Wholesale

- Provides wholesale telecoms services to around 700 communications provider customers in UK

- Impacted by regulatory change

- c.£1.2bn managed network services contracts in year

- Aim to be the wholesaler of choice in the UK
Provides crucial ‘first mile’ of UK network

Serving over 420 communication providers

21,000 field engineers

c.14m broadband connections
Building a better business **key priorities**

- Customer service delivery
- Cost transformation
- Next generation investments
- A better business
Customer service

- Consumer
  - calls not answered down by 3/4
  - complaints fallen by 1/3

- Small & medium sized enterprises
  - billing queries halved

- Corporates
  - average time to provide international circuits reduced by over 40%

- Networks
  - line faults reduced by 30%
  - average time to repair a fault halved over last 3 years

A lot of progress, but more to do…
Cost transformation

- 9% underlying cost reduction excluding Global Services in 2008/9
- Well over £1bn of cost reductions forecast in 2009/10
- 30,000 reduction in total labour resource
  - of which 15,000 achieved in 2008/9
  - innovative schemes to help employees
  - reduction in contractors and third party off shore work
- Creating a more agile organisation
Next generation investments

- £1.5bn investment in super-fast broadband
- Accelerating roll-out to reach 1.5m homes and businesses by summer 2010
- Reaching up to 10m households by 2012
What to expect in 2009/10

- Improved Global Services performance
- Substantial cost efficiency improvements
- Continued improvements in customer service
- Roll-out of super-fast broadband

Over £1bn of free cash flow*

Emerging stronger from recession

* Pre pension payments
Building a better future

- Global Services turnaround
- The brand for business in small & medium sized enterprises sector
- Driving broadband-based consumer services
- The wholesaler of choice
- The best network provider

A better business
A better business

A better future
Resolution 1

Reports and accounts

Votes:  For: 4,486,144,785  Against: 7,882,864
www.bt.com/annualreport
Resolution 1

Reports and accounts

Votes: For: 4,486,144,785 Against: 7,882,864
Resolution 2

Directors’ remuneration report

Votes:  For: 3,754,354,149  Against: 471,229,237
www.bt.com/annualreport
Maarten van den Bergh
Resolution 2

Directors’ remuneration report

Votes:       For: 3,754,354,149  Against: 471,229,237
Resolution 3

Final Dividend

Votes:  For: 4,482,622,291  Against: 11,566,756
Resolution 4
Re-elect Clayton Brendish
Votes: For: 4,437,005,696 Against: 53,944,162

Resolution 5
Re-elect Phil Hodkinson
Votes: For: 4,383,631,530 Against: 107,325,015

Resolution 6
Elect Tony Chanmugam
Votes: For: 4,438,933,728 Against: 52,059,238
Resolution 7
Reappointment of auditors
Votes: For: 4,485,214,696 Against: 9,056,786

Resolution 8
Remuneration of auditors
Votes: For: 4,483,340,505 Against: 9,884,685
Resolution 9
Authority to allot shares
Votes: For: 4,291,063,379 Against: 169,064,698

Resolution 10
Authority to allot shares for cash*
Votes: For: 4,466,446,393 Against: 35,846,174

Resolution 11
Authority to purchase own shares*
Votes: For: 4,477,418,353 Against: 14,207,012

*Special resolution
Resolution 12
Adopt new articles of association*
Votes: For: 4,394,061,969  Against: 105,665,683

Resolution 13
Notice of general meetings*
Votes: For: 4,370,582,174  Against: 132,593,029

*Special resolution
Resolution 14

Authority for political donations

Votes: For: 4,352,737,658  Against: 118,594,034
BT Group plc
Annual General Meeting
July 2009
Poll on all Resolutions

Using your Admission Card/Proxy Card:

- If voting all shares “for”, place a cross (X) in “For” box
- If voting all shares “against”, place a cross (X) in “Against” box
- If withholding vote, place (X) in “Vote withheld” box
- If splitting vote, indicate the number of shares voting “for” “against” and “Vote withheld”

- Please sign the card
- Place completed card in ballot box as you leave
- Please ask a marshal if you have any questions
BT Group plc
Annual General Meeting
July 2009
BT Group plc
Annual General Meeting
July 2009