A better business

A better future

BT Group plc

2013 AGM

17 July 2013

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Sir Michael Rake, Chairman

London 2012 – the most connected Games ever

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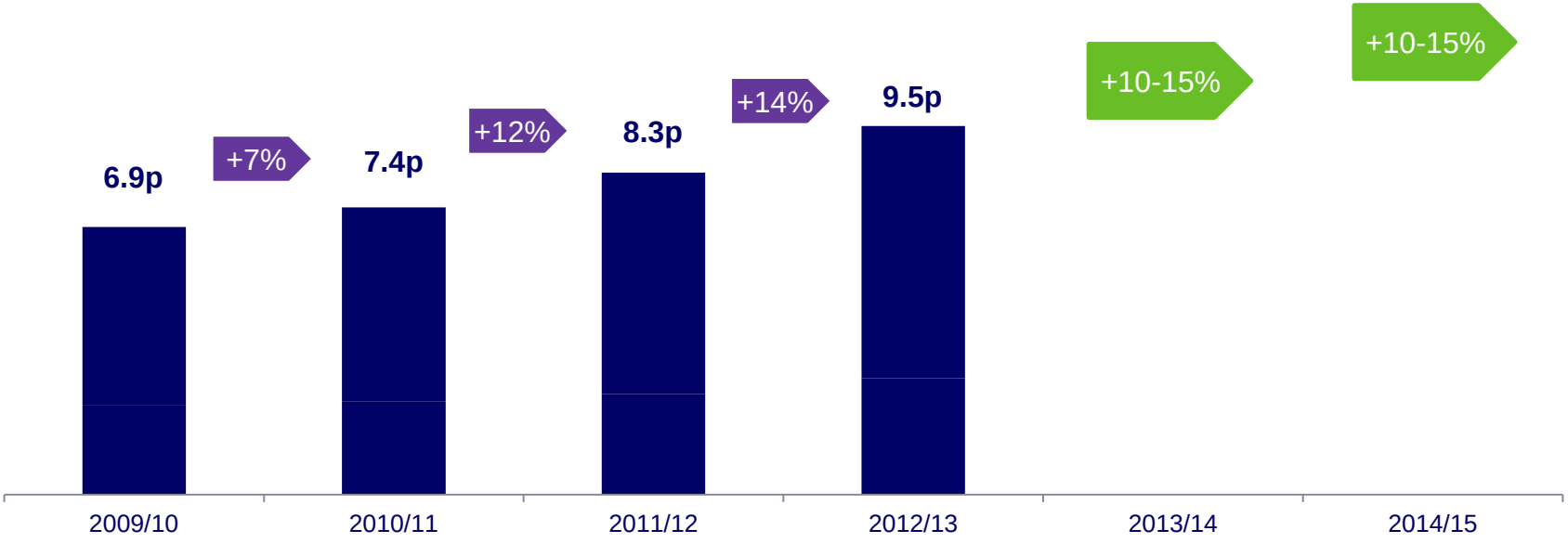
Shareholder returns

Dividend per share

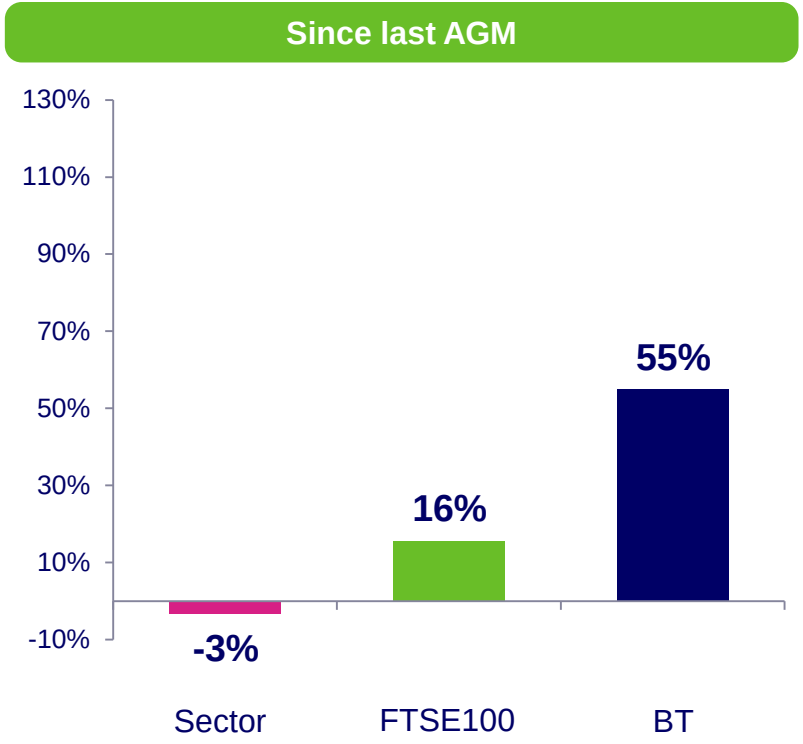


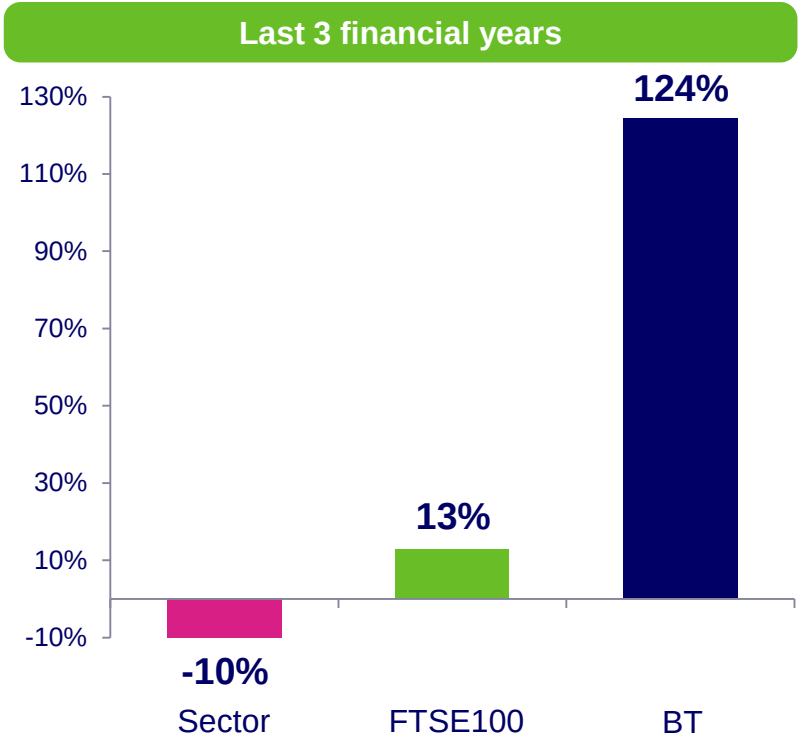
- Share buyback of c.£300m p.a. in 2013/14 & 2014/15 to counteract dilution from Save As You Earn scheme

Giving back to society

- BT people volunteered 43,600 days
- Technical support and BT volunteers helped Children in Need and Comic Relief
- Long-standing supporters of ChildLine
- MyDonate helped 3,600 charities raise £25m

Share price performance





Financial objectives

Drive profitable revenue growth

Grow EBITDA

Grow free cash flow

Invest in business	Reduce net debt	Support pension fund	Progressive dividends

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Ian Livingston, Chief Executive

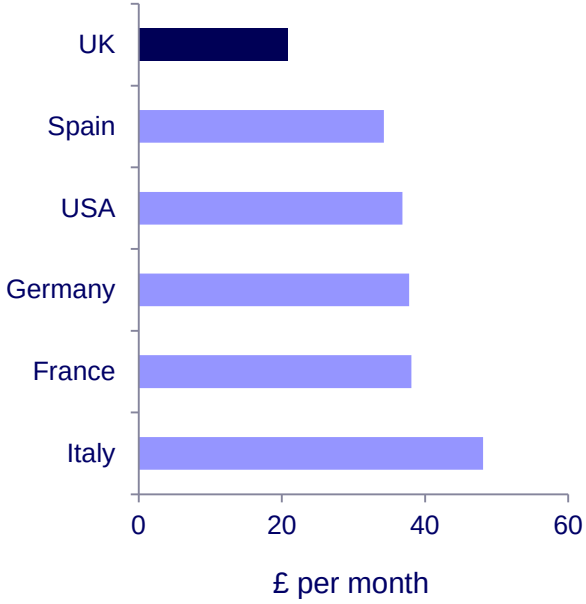
2012/13 group results[1]

		Change	
Revenue	£18,253m	(5%)	↓
- underlying excluding transit		(3%)	↓
EPS	26.6p	12%	↑
Free cash flow[2]	£2,300m	flat	→
Net debt	£7,797m	14%	↓

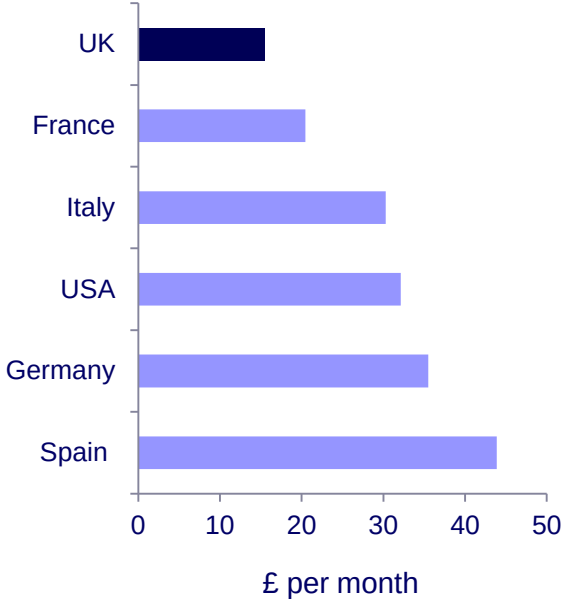
[1] before specific items
[2] before cash specific items, purchases of telecommunications licences, pension deficit payments and the cash tax benefit of pension deficit payments

We have delivered low prices in the UK

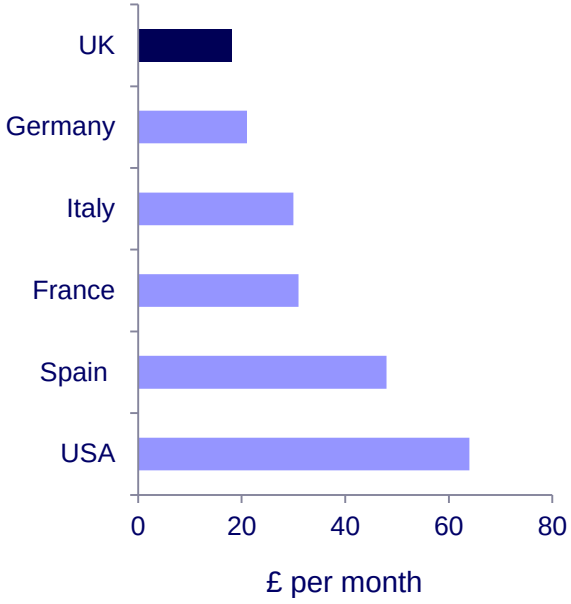
Lowest fixed-line voice prices[1]



Lowest broadband prices[1]



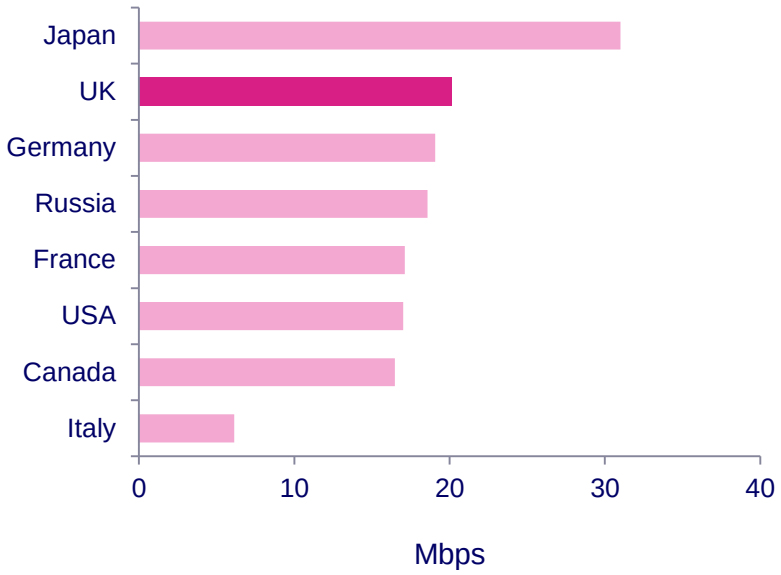
Lowest superfast prices[2]



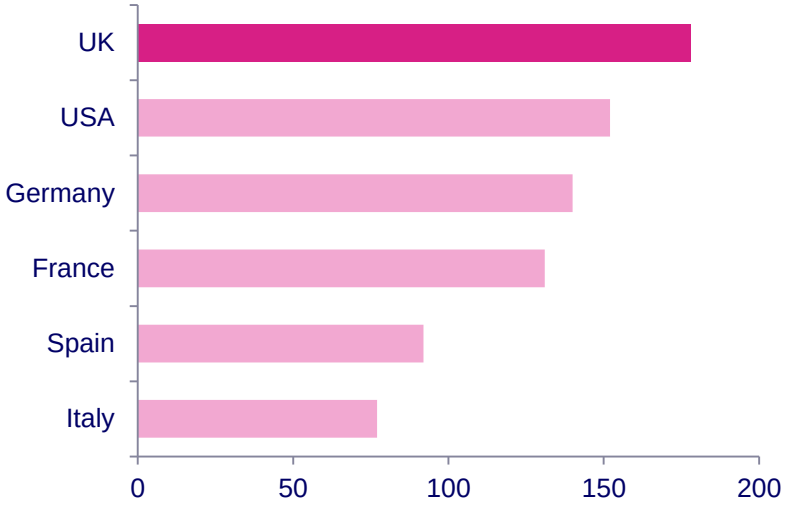
[1] International Communications Market, December 2012, Ofcom. Weighed average of best-value tariff from three largest operators for a family household. PPP adjusted
[2] International Communications Market, December 2012, Ofcom. Weighed average of best-value tariff from three largest operators for an affluent two person household who are heavy internet users with a superfast broadband connection. PPP adjusted

We have delivered high speeds and internet strength

G8 download speeds[1]



Index of internet strength and activity[2]



[1] Ookla Net Index, April 2013. The value is the rolling mean throughput in Mbps over the past 30 days where the mean distance between the client and the server is <300 miles

[2] Boston Consulting Group e-Intensity Index, October 2012. Index is a yardstick of internet strength and activity across nations

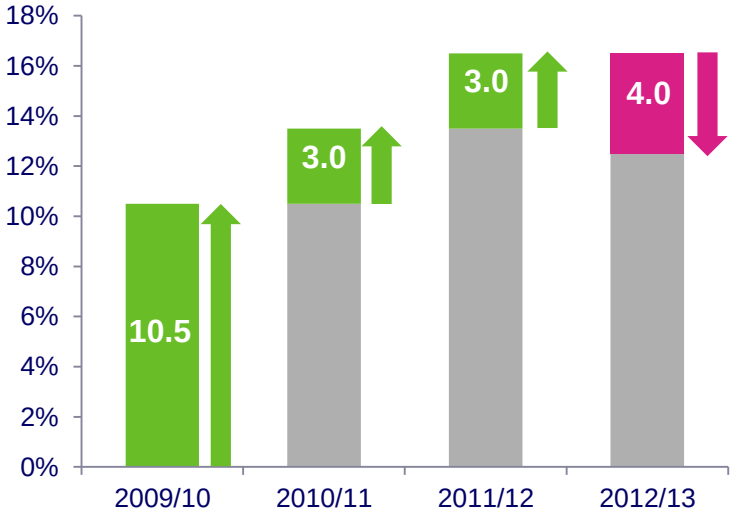
Our strategy

- Driving broadband-based consumer services
- Being the ‘Brand for Business’ for UK SMEs
- BT Global Services – a global leader
- The wholesaler of choice
- The best network provider
- A responsible and sustainable business leader

Customer service delivery

- Consumer complaints down 39% over last 4 years
- 2012/13 impacted by weather
- Faster provision and repair driving better service in 2013/14
- Further significant improvement planned

Group Right First Time[1]



[1] Percentage improvement in Group Right First Time measure each year and cumulatively from 1 April 2010

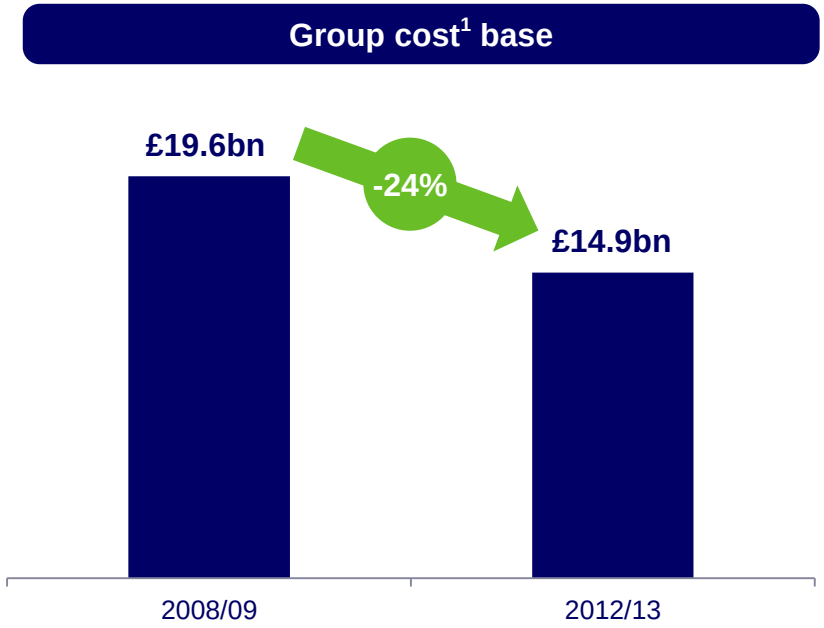
Customer service delivery

- Making it easier
  - >50% of calls use voice-recognition rather than push-button menus
  - time spent in call menus is 20% lower than 2 years ago
- Investing in service
  - recruited c.1,600 engineers in 2012/13
  - new contact centres in the UK
- Better diagnosis of faults
  - enhanced speed testing via bt.com
  - quicker restoration of broadband speeds with automated resets
  - enhanced engineer tools

More to do

Cost transformation

- £4.7bn reduction in opex & capex over last 4 years
  - underpins ability to compete
  - releases resources and cash to invest
- c.4,000 roles insourced in 2012/13



Success and more to go for

[1] Opex and capex. Before specific items, depreciation & amortisation and other operating income and purchases of telecommunications licences

Investing for the future

Fibre

TV & Sport

IT services

Mobility

Driving broadband-based consumer services

- Growing broadband share

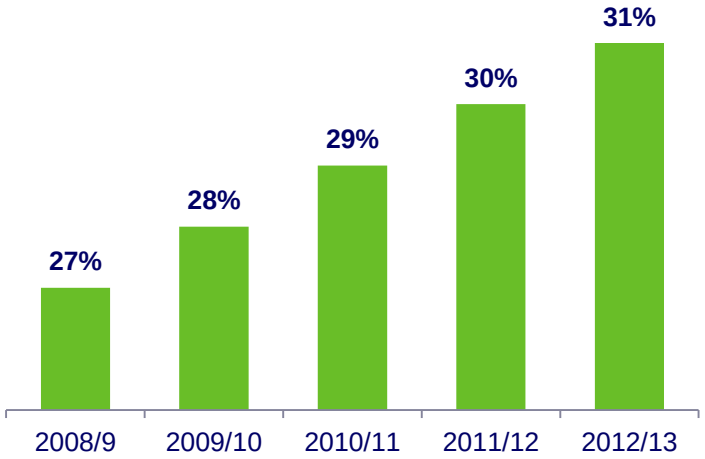
- Fibre broadband
  - customer base more than doubled in 2012/13

- BT Wi-fi
  - world's largest network

- BT SmartTalk

- BT TV
  - growing faster than Sky & Virgin

BT's retail broadband market share[2]



[2] market share of broadband lines (DSL, fibre & cable); includes Plusnet and business broadband customers

Driving broadband-based consumer services – BT Sport

3 premium live sport channels

BT Sport 1

BT Sport 2

ESPN

Great content

Barclays Premier League · Budweiser The FA Cup · Serie A · SPL Scottish Premier League · UEFA Europa League · Bundesliga · Brasileirão · Ligue 1 · Hyundai A-League · MLS Major League Soccer · Aviva Premiership Rugby · Top 14 Rugby · WTA · MotoGP · UFC

Leading broadcasting talent

- **FREE** to all BT Broadband customers regardless of TV platform
- **£12** without BT Broadband
- BT Infinity will enable BT Sport to be more interactive and engaging

BT Sport – launching 1 August

Being the ‘Brand for Business’ for UK SMEs

- Aim to be 1st choice for SMEs for all their fixed-line, mobile and IT needs

- Fixed-line
  - maintaining market share in calls & lines

- IT services
  - double-digit revenue growth[1]
  - sector expertise, e.g. professional services

tikit
A part of BT

[1] excluding trade sales

BT Global Services – a global leader

- Strong customer base
  - 94% of FTSE100 companies
  - 74% of Fortune 500 companies
- Good progress on customer service
- Investing in high-growth regions[1]
  - double-digit revenue growth
- Speeding up cost transformation

Recognised by the industry as a global leader

Aim to have the financial performance to match

[1] Asia Pacific, Latin America, Turkey, the Middle East and Africa

The wholesaler of choice

- Largest telecoms wholesaler in Europe
- Improved revenue and profit performance
  - Q4 revenue & EBITDA up 2%
- Orders tripled in 2012/13
- IP Exchange
  - grown ten-fold to >1.9bn minutes a quarter

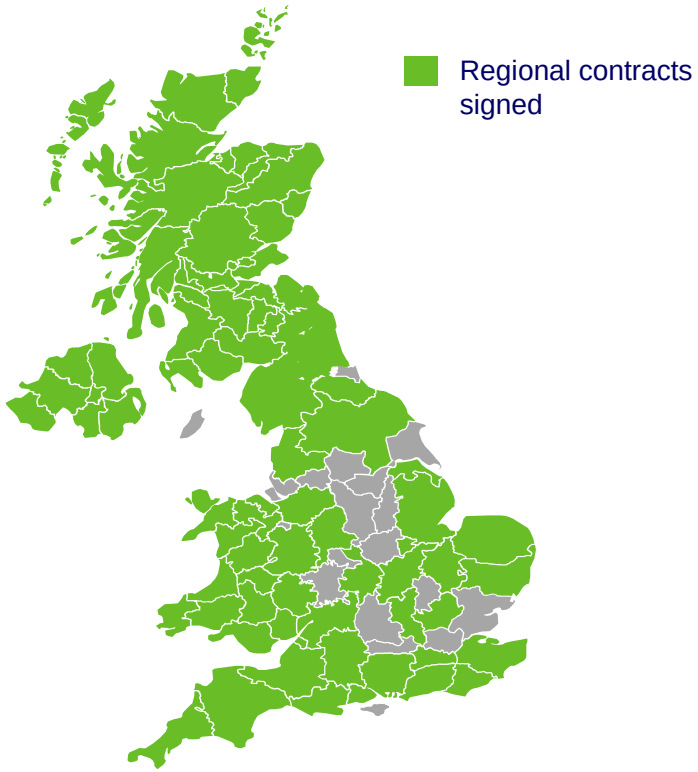
BT Wholesale order intake

The best network provider

Fibre

- One of fastest commercial rollouts in the world
  - >15m premises passed
- Two thirds of UK premises during spring 2014
  - 18 months ahead of schedule
- Aim to reach >90% of premises
  - 29 regional wins to date supporting rollout in ‘final third’

Fibre in the ‘final third’



Fibre investment in Scotland - >£400m in rural areas

Scotland's new broadband revolution as 600,000 families go high-speed

THE SCOTSMAN

The Conductors pledge themselves for impartiality, firmness and independence . . . their first desire is to be honest, the second is to be useful . . . the great requisites for the task are only good sense, courage and industry

FROM THE PROSPECTUS OF THE SCOTSMAN, 30 NOVEMBER 1816

Rural broadband worth the money

£264m net speed boost

AROUND £264million is to be spent boosting internet speeds in rural areas, it was announced yesterday.

Deputy First Minister Nicola Sturgeon was in Glasgow to sign a contract

Ambitious £264m broadband plan launched

HOUSEHOLDS and businesses across the country will be connected to high-speed broadband in a multi-

The total should rise to 95% by the end of 2017, she said.

Early priority will be given

ture projects in the whole of Europe," Ms Sturgeon said.

"It will connect communities across rural and urban

by the Scottish Government with councils and the UK Government's Department for Culture, Media & Sport.

SCOTLANDTODAY

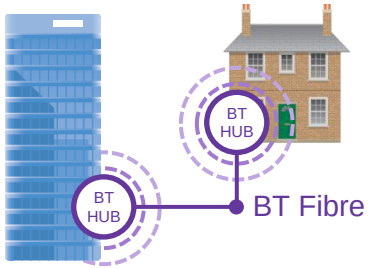
Faster internet for all

A TOTAL of £264million will be spent on improving internet speeds in rural areas.

Local authorities, the UK Government's Broadband Delivery

The best network provider - mobile

High capacity indoor networks where people use mobile



Urban capacity where it's really needed

Rural coverage to extend fixed

- Great indoor coverage at low prices
- Convenience & simplicity
- Faster speeds & higher volumes

A responsible and sustainable business leader

Connected Society

2020 goal

9/10

"More than 9 out of 10 people in the UK will have access to fibre-based products & services"

Net Good

2020 goal

3:1

"We will help customers reduce carbon emissions by at least three times the end-to-end carbon impact of our business"

Improving Lives

2020 goal

£1bn

"We will use our skills and technology to help generate >£1bn for good causes"

Progress made

- The right strategy and making good progress
- More to do on customer service
- Made key investments for the future
- Delivered growth in profits and dividends

More to do

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Rt Hon Patricia Hewitt,
Chair of the Remuneration Committee

BT Group plc

Annual General Meeting

17th July 2013

Resolution 11
Re-elect Karen Richardson

Resolution 12
Re-elect Nick Rose

Resolution 13
Re-elect Jasmine Whitbread

Resolution 14
Reappointment of auditors

Resolution 15
Remuneration of auditors

Resolution 16
Authority to allot shares

Resolution 17
Authority to allot shares for cash*

Resolution 18
Authority to purchase own shares*

Resolution 19
Notice of general meetings*

Resolution 20
Authority for political donations

*Special resolutions

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

		For & Discretion		Against		Vote Withheld	Overall
Res No.	Description	Total	%	Total	%	Total	Total
11	Re-elect Karen Richardson	5,016,262,439	**99.67%**	16,575,893	**0.33%**	7,809,369	5,040,647,701
12	Re-elect Nick Rose	4,937,526,113	**98.11%**	95,277,632	**1.89%**	7,833,040	5,040,636,785
13	Re-elect Jasmine Whitbread	4,959,060,843	**99.57%**	21,348,959	**0.43%**	60,228,345	5,040,638,147
14	Auditors' reappointment	4,982,879,510	**99.59%**	20,273,995	**0.41%**	37,490,569	5,040,644,074
15	Auditors' remuneration	4,994,050,687	**99.84%**	8,090,968	**0.16%**	38,495,497	5,040,637,152
16	Authority to allot shares	4,826,630,666	**96.14%**	193,593,481	**3.86%**	20,423,044	5,040,647,191
17	Authority to allot shares for cash	5,019,103,252	**99.79%**	10,809,629	**0.21%**	10,740,108	5,040,652,989
18	Authority to purchase own shares	5,006,327,241	**99.48%**	26,235,354	**0.52%**	8,087,653	5,040,650,248
19	14 days' notice of meetings	4,596,480,775	**91.32%**	436,996,014	**8.68%**	7,145,001	5,040,621,790
20	Political donations	4,920,863,984	**97.87%**	107,276,718	**2.13%**	12,517,367	5,040,658,069

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