



# AGM report for shareholders 2003

## AGM report

- Around 840 shareholders attended BT Group's Annual General Meeting (AGM) held in Barbican Hall at the Barbican Centre in London on Wednesday, 16 July 2003.

- **Business transacted**

All 12 resolutions proposed at the meeting were passed by shareholders. An overwhelming majority of those present voted in favour of each resolution, and over four billion proxy votes were also cast in favour.

- **Record of voting by proxies**

More than 141,000 proxy cards were lodged by shareholders unable to attend the AGM. The vast majority of these appointed the Chairman to vote on their behalf in favour of the resolutions.

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[Please use the link below to access the proxy voting summary.xls](#)  
[proxy voting summary](#)

## Chairman's statement



Sir Christopher Bland, Chairman

## Chief Executive's presentation



Ben Verwaayen, Chief Executive

**The Chairman's presentation is now available online. Please use the links below to access the version you require.**

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**The Chief Executive's presentation is now available online. Please use the links below to access the version you require.**

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## Questions and answers



**The Chairman and fellow Board members answered questions from shareholders on a range of issues, including:**

### **Pension fund deficit**

Sir Christopher was asked to clarify the amount of the pension fund deficit and to explain how quickly BT plans to address the issue. He explained that there are 'a number of different valuations for pension purposes', but the most significant from a shareholder and pensioner point of view is the funding valuation carried out by independent actuaries on behalf of the pension fund trustees. He said that 'this valuation revealed a deficit of £2.1 billion', and that BT has agreed a payment schedule of £232 million per annum to clear the deficit over 15 years. This compares to the previous deficiency payment of £200 million per annum. He emphasised that BT stood behind the pension fund.

### **BT call centres in India**

Points were raised about the impact on both customer service and job retention in the UK of BT's decision to

open two call centres in India. Sir Christopher, whilst recognising that this was a 'genuine concern', but 'misguided', pointed out that 'BT are establishing 33 next generation call centres, of which two will be in India', and made it clear that 'the bulk of our investment and the bulk of call centre jobs is going in the UK'. Pierre Danon, CEO of BT Retail, said: '...we have been very clear that we would not terminate one single job in the UK in order to transfer it to India. This has been guaranteed to all our people'. He confirmed that quality of service in the Indian call centres was 'no worse than it was in the UK, sometimes better'.

### **Share price performance**

A shareholder asked why the BT share price had dropped. Sir Christopher suggested that '...as the telecoms, media and technology (TMT) bubble burst, BT along with other telecoms' stocks suffered disproportionately as compared with the FTSE 100'. He added that BT was not happy with the share price, but that '...since demerger our performance has been roughly in line with the FTSE and is better than the European and UK Telco sector'.

## Questions and answers

### Broadband

Asked to explain BT's broadband strategy, Sir Christopher described the current position of over one million broadband connections in the UK as 'a major achievement'. Pierre Danon explained BT's strategy to bring value-added services onto broadband, including gaming and home security services, and predicted that 'within the coming six months, you will see a flurry of broadband-based services which will increase the take-up'. Ben Verwaayen, CEO, outlined 'a rollout plan that brings us to 90% (demographic coverage of the UK). That is absolutely world-class'.

### Retirement age

Asked to reflect on BT's retirement policies in the light of recent government proposals to look at encouraging people to work longer, Sir Christopher answered: 'We have already begun a review of our retirement policies'. He predicted that the current BT retirement age of 60

'...will increasingly become an age around which people plan a change in their working conditions but is not necessarily an automatic retirement age'.

### Political donations

Asked a direct question – 'Can you tell me which of the major political parties received the £48,788 and how much each party got?' – Sir Christopher stated categorically that 'No money is given to any political party in Scotland, Wales, Northern Ireland, the United Kingdom'. He explained that BT did '...ask politicians of all parties to come to Adastral Park (our research facility) for educative reasons' and also took stands at all the major party conferences. He said this action was in order to inform politicians '...who, after all, have an important influence on the future of BT'.

*Note:* BT's policy is that no company in the group shall make cash contributions to any political party.



## Caution: forward-looking statements



**Certain statements in, or linked to, this online report are forward-looking and are made in reliance on the safe harbour provisions of the US Private Securities Litigation Reform Act of 1995.**

These statements include, without limitation, those concerning:

- expectations regarding dividend policy;
- cash generation;
- cost reductions and margin improvements;
- growth in new-wave business, including broadband, mobility, ICT and Global Solutions;
- increase in access lines;
- investment plans; and
- strategy and profitability.

Although BT Group believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements.

Factors that could cause differences between actual results and those implied by the forward-looking statements include, but are not limited to:

- material adverse changes in economic conditions in the markets served by BT and its lines of business;
- future regulatory actions and conditions in BT's operating areas, including competition from others

in the UK and other international communications markets;

- selection by BT and its lines of business of the appropriate trading and marketing models for its products and services;
- fluctuations in foreign currency exchange rates and interest rates;
- technological innovations, including the cost of developing new products and the need to increase expenditures for improving the quality of service;
- prolonged adverse weather conditions resulting in a material increase in overtime, staff or other costs;
- developments in the convergence of technologies;
- the anticipated benefits and advantages of new technologies, products and services, including broadband and other new-wave initiatives, not being realised;
- the timing of entry and profitability of BT and its lines of business in certain communication markets;
- significant changes in market shares for BT and its principal products and services;
- to the extent that BT chooses to sell assets or minority interests in its subsidiaries, prevailing market levels for such sales; and
- general financial market conditions affecting BT's performance.

BT Group undertakes no obligation to update any forward-looking statements, whether as a result of new information, future events or otherwise.

