

BT is one of Europe's leading providers of telecommunications services. Its principal activities include local, national and international telecommunications services, higher-value broadband and internet products and services, and IT solutions. In the UK, BT serves over 21 million corporate and residential customers with more than 28 million exchange lines, as well as providing network services to other licensed operators.

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BT Group plc is a public limited company registered in England and Wales, with listings on the London and New York stock exchanges.

This is the annual report for the year ended 31 March 2002. It complies with UK regulations and is the annual report on Form 20-F for the Securities and Exchange Commission to meet US regulations.

This annual report has been sent to shareholders who have elected to receive a copy. A separate annual review and summary financial statement for the year ended 31 March 2002 has been issued to all shareholders.

In this annual report, references to "BT Group", "BT", "the group", "the company", "we" or "our" are to BT Group plc (which includes the continuing activities of British Telecommunications plc) and its subsidiaries, or any of them as the context may require.

References to the "financial year" are to the year ended 31 March of each year, e.g. the "2002 financial year" refers to the year ended 31 March 2002. Unless otherwise stated, all non-financial statistics are at 31 March 2002.

Please see cautionary statement regarding forward-looking statements on page 140.