

# Notice of Annual General Meeting 2002

Wednesday 17 July at 10.30 am  
Edinburgh International Conference Centre,  
Morrison Street, Edinburgh



## Dear Shareholder

I have pleasure in sending you the Notice of this year's Annual General Meeting for shareholders of BT Group, which will be held in Edinburgh on Wednesday 17 July 2002.

This is the first Annual General Meeting of BT Group plc following the restructuring of BT last year, the demerger of mmO2 and the formation of two new FTSE 100 companies, BT Group plc and mmO2 plc.

At this year's Annual General Meeting, in line with good corporate governance practice, we are asking shareholders to vote on the Company's remuneration policy for directors and senior executives.

We are also seeking shareholder authority for our wholly-owned subsidiary, British Telecommunications plc, to make political donations or incur political expenditure up to a total of £100,000. It has always been our policy not to make cash donations to any political party. That policy is to continue. However, the definitions of "donation" and "EU political expenditure" in relevant UK legislation are so broad that they cover some activities in the normal course of our business, even those which would not be thought of as political donations or expenditure in the everyday sense. We are therefore seeking your approval to continue these activities. The directors will not use this authority to make any party political donations as that term would generally be understood.

Even if you are not able to come to the meeting in person, your vote is still important and I would urge you, regardless of the number of shares you own, to complete, sign and return the accompanying form of proxy. Alternatively, shareholders may also register their proxy appointment and voting instructions electronically, by telephone or fax.

If you intend coming to this year's meeting, please return the AGM Intention to Attend card. I look forward to seeing you in Edinburgh.

Yours sincerely

**Sir Christopher Bland** Chairman  
21 May 2002

# Notice of Meeting

The 2002 Annual General Meeting of BT Group plc will be held at the Edinburgh International Conference Centre, The Exchange, Morrison Street, Edinburgh EH3 8EE on Wednesday 17 July 2002 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 2002 be received.**

The directors are required to present to the meeting the accounts, and the reports of the directors and auditors, for the year ended 31 March 2002. These are contained in the Company's annual report.

### Resolution 2

**That the remuneration policy contained in the report on directors' remuneration for the year ended 31 March 2002 be received.**

Shareholders are being asked to vote on the remuneration policy for directors and senior executives. A copy of the policy, contained in the report on directors' remuneration in the Company's annual report, is reproduced in the Appendix on page 7.

The Combined Code on Corporate Governance (the Code) asks boards to consider each year whether the circumstances are such that shareholders should be invited at the Annual General Meeting to vote on the remuneration policy for directors. Your directors consider that asking shareholders from time to time (but not necessarily each year) to vote on the policy facilitates accountability and transparency.

### Resolution 3

**That the final dividend of 2.0 pence per share recommended by the directors be declared payable on 9 September 2002 to holders of ordinary shares registered at the close of business on 9 August 2002.**

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

### Resolutions 4 to 11 – election of directors

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

Information about the directors who are proposed by the Board for election at the Annual General Meeting is given below each resolution.

### Resolution 4

**That Pierre Danon be elected as a director.**

Pierre Danon, Chief Executive of BT Retail, was appointed to the Board on 19 November 2001. He joined BT in October 2000 and was a member of the former Executive Committee. From 1981 to 2000, he worked for Rank Xerox (which became Xerox Limited in 1997), latterly as president of Xerox Europe. He was a senior vice president of Xerox

Corporation from 1997. He is a non-executive director of Hays plc. He is a French national. Pierre Danon is a member of the Operating Committee. Aged 46.

### Resolution 5

**That Andy Green be elected as a director.**

Andy Green was appointed to the Board on 19 November 2001. He was appointed as Chief Executive of BT Ignite in October 2001. Since joining BT in 1986, he has held a number of positions including Chief Executive of BTopenworld and Group Director of Strategy and Development. Andy Green was also a member of the former Executive Committee from February 1995. He is a member of the Operating Committee. Aged 46.

### Resolution 6

**That Baroness Jay be elected as a director.**

Baroness (Margaret) Jay was appointed to the Board on 14 January 2002. 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 is a non-executive director of Independent News & Media UK and has held non-executive positions with Scottish Power, Carlton Television and LBC. Currently chairman of the Overseas Development Institute, 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 a member of the Audit and Community Support committees. Aged 62.

### Resolution 7

**That Ian Livingston be elected as a director.**

Ian Livingston was appointed to the Board on 8 April 2002 and became Group Finance Director on 23 April 2002. He is a Chartered Accountant. He was formerly group finance director of Dixons Group from 1997. He joined the corporate finance department of Dixons in 1991 after working for 3i Group and Bank of America International. His experience at Dixons spanned a number of operational roles, including international acquisitions and disposals, and he has spent time working in the USA. He was also a director of Freeserve from its inception. He is a member of the Operating Committee and the Pension Scheme Performance Review Group. Aged 37.

### Resolution 8

**That John Nelson be elected as a director.**

John Nelson was appointed to the Board on 14 January 2002. A Chartered Accountant, he retired as chairman of Credit Suisse First Boston Europe (CSFB) on 31 January

2002. He was a member of the executive board and chairman of the European executive committee of CSFB. Prior to joining CSFB in January 1999, John Nelson spent thirteen years with Lazard Brothers. He was appointed vice chairman of Lazard Brothers in 1990. He was also a chairman of Lazard S.p.A. in Italy and a managing director of Lazard Freres, New York. He was a non-executive director of Woolwich until it was taken over by Barclays Bank in 2000. In January 2002, he was appointed deputy chairman of Kingfisher. He is a member of the Audit and Nominating committees and the Pension Scheme Performance Review Group. Aged 54.

#### Resolution 9

**That Dr Paul Reynolds be elected as a director.**

Dr Paul Reynolds was appointed to the Board on 19 November 2001. In April 2000 he joined the former Executive Committee 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 member of the Operating Committee. Aged 45.

#### Resolution 10

**That Carl Symon be elected as a director.**

Carl Symon was appointed to the Board on 14 January 2002. He is managing director, global business development, for DiamondCluster International Inc. (USA). He retired from IBM in May 2001 after a 32-year career during which he held several senior executive positions in the USA, Canada, Latin America, Asia and Europe, including chairman and chief executive of IBM UK. Carl Symon is chairman of MetaPack, Riversoft and Worldmark International, a non-executive director of Rolls-Royce and a member of the advisory board of Cross Atlantic Capital Partners. He is a US National. He is a member of the Audit and Remuneration committees. Aged 56.

#### Resolution 11

**That Ben Verwaayen be elected as a director.**

Ben Verwaayen was appointed to the Board on 14 January 2002 and became Chief Executive on 1 February 2002. He 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 and the USA. He is a member of the advisory council of ING. He is a Dutch national. He chairs the Operating Committee. Aged 50.

#### Resolution 12

**That PricewaterhouseCoopers be reappointed as auditors of the Company from the conclusion of this meeting until the conclusion of the next general meeting at which accounts are laid before the shareholders in accordance with the provisions of the Companies Act 1985 and that their remuneration be fixed by the Board.**

The resolution proposes the reappointment of PricewaterhouseCoopers as the Company's auditors and, in accordance with standard practice, gives authority to the directors to determine their remuneration.

### Special business

**The following resolution will be proposed as an ordinary resolution.**

#### Resolution 13

**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 16 October 2003, and for such period the Section 80 Amount shall be £143 million.**

Under the Companies Act 1985 (Section 80), the directors of a company may only allot unissued shares if authorised to do so. The articles of association give a general authority to the directors to allot unissued shares, but that authority is subject to renewal by shareholders. Passing this resolution will continue the directors' flexibility to act in the best interests of shareholders, when opportunities arise, by issuing new shares.

The directors will be able to issue new shares up to a nominal value of £143 million (the Section 80 Amount), which is equal to approximately 33% of the issued share capital of the Company as at the date of this Notice.

**The following two resolutions will be proposed as special resolutions.**

#### Resolution 14

**That the authority and power conferred on the directors by Article 74 of the Company's articles of association be renewed until 16 October 2003, and for such period the Section 89 Amount shall be £21 million.**

If shares are to be allotted for cash, the Companies Act 1985 (Section 89) requires that those shares are offered first to existing shareholders in proportion to the number of shares they hold at the time of the offer. However, it may sometimes be in the interests of the Company for the directors to allot shares other than to shareholders in proportion to their existing holdings.

The articles of association give the following general authorities to the Board, which are subject to renewal by shareholders:

- to allot shares in connection with a rights issue – defined (in summary) as an offer of equity securities to shareholders which is open for a period decided by the Board, subject to any limits or restrictions which the Board thinks are necessary or appropriate; and

- for allotments of shares not in connection with a rights issue – so that the pre-emption requirement does not apply to allotments of shares for cash up to a specific amount.

This resolution would allow the directors to allot shares for cash only:

- up to a nominal value of £21 million (the Section 89 Amount), which is approximately 5% of the Company's issued share capital as at the date of this Notice; or
- in a rights issue as defined in the articles (see above).

This means that the interests of existing shareholders are protected. If a share issue is not a rights issue, the proportionate interest of existing shareholders could not, without their agreement, be reduced by more than 5% by the issue of new shares for cash to new shareholders by reference to the issued share capital at the date of this Notice.

There are no current plans to allot shares, except in connection with the employee share schemes.

The authorities sought by Resolutions 13 and 14 will last for 15 months until 16 October 2003, although the directors intend to seek renewal of these powers at each Annual General Meeting.

#### Resolution 15

**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 867 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 shall expire at the close of the Annual General Meeting of the Company held in 2003 or, if earlier, 16 October 2003 (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 believe that it is advantageous for the Company to continue to have the flexibility to purchase its own shares and this resolution seeks authority from shareholders to do so. The directors would only exercise this authority after considering the effects on earnings per share and the benefits for shareholders generally.

This resolution would renew the authority given to the directors at an Extraordinary General Meeting held on

10 September 2001 and would be limited to 867 million ordinary shares, representing 10% of the issued share capital at the date of this Notice.

The minimum and maximum prices to be paid for the shares are stated in the resolution. Any shares purchased in this way would be cancelled and the number of shares in issue would be reduced accordingly. The purchase of shares by the Company under this authority would be effected by a purchase in the market. It should not be confused with any share dealing facilities which may be offered to shareholders by the Company from time to time.

The authority sought by this resolution will expire by 16 October 2003, although the directors intend to seek renewal of this power at each Annual General Meeting.

As of 17 May 2002, there were options outstanding over 184 million shares (of which, options over 160 million shares were in respect of options granted under the Sharesave schemes), representing 2.1% of the Company's issued share capital. If the authority given by this resolution were to be fully used, these would represent 2.3% of the Company's issued share capital. There are no warrants outstanding.

**The following resolution will be proposed as an ordinary resolution.**

#### Resolution 16

**That British Telecommunications plc, a wholly-owned subsidiary of the Company, be authorised to make donations to EU political organisations and to incur EU political expenditure, not exceeding £100,000 in total during the period beginning with the date of the 2002 Annual General Meeting and ending at the conclusion of the day on which the 2003 Annual General Meeting is held.**

The Companies Act (the "Act") now includes provisions which require companies to obtain shareholder authority before they can make donations to EU political organisations (which includes UK political parties) or incur EU political expenditure. The definitions of donations and EU political expenditure are very broad and as a result cover activities which form part of normal relationships between companies and the political machinery, even though these activities are not designed to support a particular party or to influence support for any party and would not be thought of as political donations in the ordinary sense of the words.

BT Group does not, directly or through British Telecommunications plc (BT), make what are commonly regarded as political donations. That policy of not giving cash contributions to any political party will continue. However, operating as we do in a regulated industry, we have a business need to maintain contact with politicians and political parties within the EU to make them aware of key issues and of technology and industry trends. For example, BT invites politicians to its research facilities at Adastral Park, hosts briefings and sponsors meetings at

parties' annual conferences to discuss matters related to our industry. We also support the work of think tanks which may, depending on their activities from time to time, fall within the definition of an EU political organisation. These sorts of activities are covered by the Act and expenditure on them requires shareholder authority before it is incurred.

So that BT can continue to put forward its arguments and points of view in order that those in government and politics are fully briefed on issues surrounding our industry, the above resolution is being tabled. In the year to 31 March 2002 expenditure, for which prior shareholder authority was required by the Act, totalled £42,592. With this experience to hand we have decided to ask shareholders to authorise a substantially smaller figure this year (£100,000 instead of the £250,000 which was authorised at the annual general meeting of British Telecommunications plc in 2001). We believe it to be prudent to ask for this figure to give us flexibility. We are also asking for authority only until next year's Annual General Meeting, when we will seek fresh authority.

Paid leave to employees who hold elective offices, such as membership of local councils, does not require shareholder approval under the Companies Act. It is therefore not included in the authority being sought from shareholders. For example, in the last year, £43,993 paid leave was given to BT employees so they could discharge their duties as local councillors. This support is given regardless of party affiliation and is part of BT's commitment to support engagement in the democratic process.

Only shareholders on the Register of Members at 6.00 pm on 15 July 2002 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 15 July 2002 will determine the number of votes that the shareholder may cast.

By order of the Board

**Larry W. Stone** *Secretary*

81 Newgate Street, London EC1A 7AJ  
21 May 2002

## 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; and
- c) printed copies of this Notice and the documentation made available to shareholders using electronic communication, including the 2002 reports and accounts.

**Your directors believe that the proposals in Resolutions 1 to 16 are in the best interests of both the Company and its shareholders. Accordingly, the directors unanimously recommend that you vote in favour of all these resolutions, as they intend to do in respect of their own beneficial holdings.**

## Explanatory note

BT Group plc was formed when the mmO2 business (comprising what had been our mobile activities in the UK, the Netherlands, Germany and the Republic of Ireland) was demerged from British Telecommunications plc on 19 November 2001. Shareholders received one share in mmO2 plc and one share in BT Group plc for each share they previously held in British Telecommunications plc. Trading in BT Group plc and mmO2 plc shares began on 19 November 2001.

# Report on directors' remuneration – remuneration policy

## Introduction

Although the Board remains ultimately responsible for both the framework and the cost of executive remuneration, it has delegated prime responsibility for executive remuneration to the *Remuneration Committee*. Non-executive directors who are not members of the Committee are entitled to receive papers and minutes of the Committee.

The *Remuneration Committee* is made up wholly of independent non-executive directors. Throughout the year, the company has applied the principles in Section 1 of the Combined Code on Corporate Governance (the Code) and complied with the Code.

The Committee's role is to set the remuneration policy for the Chairman, the executive directors, the members of the company's *Operating Committee* (OC) and senior executives reporting to the Chief Executive. Specifically, the *Remuneration Committee* agrees their service contracts, salaries, other benefits, including bonuses and participation in the company's long-term incentive plans, and other terms and conditions of employment.

It also agrees terms for their cessation of employment and their appointments as non-executive directors of non-BT Group companies and other organisations. It also approves changes in the company's long-term incentive plans, recommends to the Board those plans which require shareholder approval and oversees their operation.

Sir Anthony Greener has chaired the Committee since 18 July 2001 in succession to Lord Marshall who retired at the end of the 2001 AGM. Other members of the *Remuneration Committee* during the year were:

- Dr Iain Anderson (retired 30 September 2001)
- Maarten van den Bergh
- Lou Hughes (appointed 25 June 2001)
- Neville Isdell (retired 14 January 2002)
- June de Moller (retired 14 January 2002)
- Carl Symon (appointed 1 February 2002)

The remuneration of the non-executive directors is determined by the Chairman and the Chief Executive.

## Remuneration Policy

BT's stated executive remuneration policy is in line with the company's overall practice on pay and benefits. This is to reward employees competitively, taking into account individual performance, company performance, market comparisons and the competitive pressures in the worldwide information technology and communications industry. Our external comparisons look at comparable roles in similar organisations in terms of size, market sector and business complexity in the UK and overseas. The strategy for executive pay, in general terms, is for basic salaries to reflect the relevant market median, with total direct compensation (basic salary, annual bonus and the value of any long-term incentives) to be at the upper quartile for sustained and excellent performance.

The *Remuneration Committee* considers that it is important to link a significant proportion of the total executive remuneration package to individual, line of business and corporate performance. Remuneration arrangements and performance targets are reviewed annually to achieve this.

Where any significant changes are proposed, these will be discussed with BT's principal shareholders and the main representative groups of the institutional shareholders.

### Packages

The remuneration package for the executive directors, members of the OC and senior executives reporting to the Chief Executive comprises:

#### Basic salary

Salaries are reviewed annually (although not necessarily increased). Salary increases are made where the Committee believes that adjustments are appropriate to reflect performance, contribution, increased responsibilities and/or market pressures.

#### Performance-related remuneration

##### Annual bonus

The annual bonus plan focuses on annual objectives, and is designed to reward the achievement of results against these set objectives. Performance is measured on a scorecard basis. Targets are set at the beginning of the financial year, and performance is reviewed throughout the year. Targets for the 2002 financial year were based on key corporate objectives such as profitability, cash flow, the debt reduction programme, the group restructuring and customer satisfaction, as well as line of business and personal objectives. Specific weights were attached to each objective. The Committee has the flexibility to adjust bonus awards in exceptional circumstances.

##### Deferred Bonus

Awards in the form of BT shares, are granted under the Deferred Bonus Plan (DBP) to executive directors and senior executives, linked to the value of their annual bonus. Awards made during the 2002 financial year in respect of performance in the 2001 financial year were equivalent in value to 50% to 100% of the executive's gross annual bonus.

The shares are held in trust and transferred to the executive if still employed by the company in three years' time. There are no additional performance measures for the vesting of DBP awards. The first awards granted under the DBP in 1998 vested in August 2001.

##### Current long-term incentives

The BT Equity Incentive Portfolio (the Portfolio) is designed to ensure that equity participation is a significant part of overall remuneration.

No individual has received awards under all elements of the Portfolio.

##### Incentive Shares

Incentive Shares have been the main element of the Portfolio. The value of awards made to executive directors and the senior executive team in the 2002 financial year was 100% to 200% of salary.

Awards of Incentive Shares under the Incentive Share Plan (ISP) vest after a performance period of three years, if the participant is still employed by the BT group and a performance target has been met. The performance measure is Total Shareholder Return (TSR) compared with the FTSE 100 companies. At the end of the three-year period, BT's TSR must be in the top 25 performing companies for all the shares to vest. The proportion of shares which vests reduces on a straight-line basis to 50th position, at which point 25% of the shares under award vest. Below 50th position, none of the shares vest.

The Committee has discretion to reward performance in the upper quartile. At the end of the three-year period, if the company is in the top 25 performing companies, the *Remuneration Committee* may increase the award of shares vesting. If BT's TSR is in the top ten companies of the FTSE 100, the increase may double the number of the shares vesting. The discretion will only be exercised if the *Remuneration Committee* is also satisfied that there has been a significant improvement in the company's underlying financial performance. The *Remuneration Committee* will take account of BT's corporate scorecard targets and earnings per share growth.

The first vesting of awards of Incentive Shares is expected to be in 2003. Based on performance to date, none of the shares would vest.

#### Retention Shares

Retention Shares are granted under the Retention Share Plan (RSP) to individuals with critical skills, as a recruitment or retention tool. As a result, awards of shares are not generally linked to the satisfaction of a corporate performance target.

The length of the retention period before awards vest is flexible. The shares are transferred at the end of the specified period if the individual is still employed by the BT group.

Retention Shares are used only in exceptional circumstances and, to date, less than 20 awards have been made.

#### Share Options

Options to acquire BT shares have been granted under the Global Share Option Plan (GSOP) in the past as an alternative to Incentive Shares, primarily for overseas employees and, in the UK, for employees of BT's internet business and/or new recruits. The price at which shares may be acquired is the market price at the date of grant. For options granted in the 2002 financial year, the exercise of the option is generally phased over three years. Other than for new recruits, the grant has been based on corporate and individual performance. Options have been granted over shares with an initial value generally in the range of one to three times salary.

As part of his recruitment package, an option was granted to the Chief Executive with an initial value of 4 times salary exercisable in three years, subject to a performance measure being met. The performance measure is relative TSR compared with the FTSE 100. BT's TSR must be in the

upper quartile for all of the options to become exercisable. At median, 40% of the options will be exercisable. Below that point none of the options may be exercised.

#### Annual package – 2003 financial year

The Committee in pursuit of its aim to establish a simple, focused and a more leveraged approach to reward has reviewed how effectively the stated policy has been applied. As a result, the Committee has greatly reduced the number of objectives in the annual bonus plan. In the 2003 financial year, the objectives will be earnings per share, cash flow and customer satisfaction. On-target and maximum bonus levels, as a percentage of salary, remain unchanged at 50% and 75% (Chief Executive 85% and 130% under his service agreement).

It is intended that the value of deferred bonus awards granted in respect of the 2002 financial year will be 50% of gross annual bonus (compared with the previously agreed 50% to 100%) except in the case of the Chief Executive, whose award in the 2003 financial year will be 100% of his gross annual bonus in accordance with his service agreement.

Share Options will replace Incentive Shares as the main element of equity participation for annual awards. Options granted in the 2003 financial year will be exercisable in three years only if a performance target has been met. Whilst the Committee would not normally expect the initial value of annual grants of options to exceed 3 times salary, in the 2003 financial year, as we embark on a radical business transformation and rejuvenation programme, the initial value may be 4 times salary in a limited number of cases. These grants will not be made to more than 10 people.

The initial value of those options that are granted subject to a TSR measure will not exceed 2.5 times salary. The measure will be relative TSR compared with the FTSE 100. At the end of the three year period, BT Group's TSR must be in the upper quartile for all of the options to be exercisable. At median, 30% of the options will be exercisable. Below that point, none of the options may be exercised. If the performance measure is not met at the first measurement, it may be re-tested against a fixed base in years four and five. If TSR has not reached the median at the end of the fifth year, previously unexercisable options will lapse.

To provide an additional reward for exceptional performance in exceeding business goals, further options with an initial value not exceeding 1.5 times salary may be granted in the 2003 financial year to the senior executives most responsible for delivering BT's strategic plan. These options will be subject to a more stringent performance measure. For these options to become exercisable, there must be a 35% compound growth in BT's earnings per share over the next three years (equivalent to 22 pence per share at the end of the 2005 financial year). There will be no opportunity to re-test if this target is not achieved.

Under his service agreement, the Chief Executive is entitled in the 2003 financial year to options with an initial value of four times salary. These options will be subject to the above performance criteria.

### Former long-term incentives

#### *BT Share Option Scheme*

This scheme expired in January 1995. The last options were granted in December 1994.

#### *BT Executive Share Plan/BT Performance Share Plan*

The last awards under these plans were granted in 1999. Awards of shares under the BT Executive Share Plan (ESP) normally vest at the end of five years but only if BT's TSR meets a pre-determined target relative to the other companies in the FTSE 100. The third vesting of awards under the ESP was in the 2002 financial year. On the basis that the company's TSR was at 36th position compared with the other FTSE 100 companies at the end of the five-year performance period, 85% of the shares under award vested in 62 participants on 1 August 2001.

Like the ESP, the vesting of awards of shares under the BT Performance Share Plan (PSP) was subject to the company meeting a pre-determined TSR target measured against the FTSE 100. Normally, if the performance target was met and the participant was still employed by the group, the awards would vest after the end of a cumulative three-year cycle. The final awards under the PSP vested in August 2001. As BT's TSR, measured over the three financial years to 31 March 2001, ranked it in 38th position, 80% of the shares under award vested.

### Rule changes

During the 2002 financial year, the rules of the GSOP were amended to permit in exceptional circumstances the performance measure and target to be determined after the grant of an option, but within a limited period. This is because there may be occasions when these are under review or there are practical considerations preventing a target being set.

The GSOP rules were also amended to enable the BT group to obtain a tax deduction when issuing new shares to meet the exercise of options.

The rules of the ESP and DBP were amended to provide for the awards of certain participants under these plans to vest on a date later than that provided for in the rules.

The rules of the ESP, ISP, DBP and RSP were amended in connection with the scheme of arrangement and demerger, principally to enable awards, generally, to roll over into the appropriate number of shares in the company employing the participant after the demerger (BT Group or mmO2, as appropriate).

### Effect of the rights issue

Following the rights issue announced on 10 May 2001, certain adjustments were made to the awards and options granted under the plans described above. In the case of the contingent awards granted under the ESP and PSP and the awards of Incentive and Retention Shares, the Trustee sold sufficient rights "nil" paid to enable the balance of the rights to be taken up using the proceeds of the sale. The newly-

acquired shares were allocated to the relevant awards and have been or will be released on the same basis as the awards to which they relate.

In the case of options granted under the BT Share Option Scheme and the GSOP, the Board adjusted the number of shares in respect of which options may be exercised and the price at which the shares may be acquired to take account of the rights issue.

### Scheme of arrangement and demerger

#### *Share Options*

On the scheme of arrangement, existing unexercised executive options, granted under the BT Share Option Scheme and the GSOP, were exchanged for options over shares in the new holding company of the optionholder's employing company after the demerger.

Options were released and exchanged for replacement options granted under Legacy Option Plans adopted by BT Group and mmO2. The replacement options are on the same terms and are exercisable between the same dates as the original options for which they were exchanged. The terms of the exchange ensured that the total amount payable on exercise and any gain or loss arising had the option been exercised at the time of exchange were the same before and after the exchange.

#### *BT Executive Share Plan, BT Incentive Share Plan, BT Retention Share Plan and BT Deferred Bonus Plan*

Performance-related awards to key individuals, using TSR as the measure, were outstanding at the date of demerger under the ESP and ISP. For awards that were more than four years into their performance period (ie 1997 ESP), the measurement was accelerated to the point of the restructuring. These awards have been banked on the accelerated performance achieved. On this basis, 32.5% of the 1997 ESP will vest on 1 August 2002. Normal vesting otherwise applies.

For awards that were less than four years into their performance period, performance measurement will continue to apply until the normal vesting date. Performance will be assessed using BT's TSR in the period leading up to the demerger and after that the TSR of the holding company of the participant's employing company (BT Group or mmO2, as appropriate).

The shares under award for each employee have been adjusted so that the awards are over shares of the holding company of the participant's employing company with an equivalent value.

Awards of shares under the DBP and RSP are not performance related. Vesting is normally dependent upon remaining in employment until the end of the deferred/retention period. Awards under these plans will continue until their normal maturity date and then be satisfied in the shares of the holding company of the participant's employing company (BT Group or mmO2, as appropriate). The shares under award for each employee have been adjusted accordingly.

### *Adjustment*

The adjusted value of awards of shares and options under the BT executive share plans was determined using the average price of “old BT” shares, ie the combined prices of BT Group and mmO2 shares over the 20 dealing days following the demerger. The average combined price of “old BT” shares over that 20 day period was 353.60 pence and the average BT Group share price was 267.91 pence. This gave a factor for the adjustment of awards over BT shares into BT Group shares of 1.3198. Each BT share under award or option therefore became an award or option over 1.3198 BT Group shares (eg an option over 1,000 shares was replaced by one for 1,319 BT Group shares). For options, the option prices were adjusted by multiplying those prices by a factor of 0.75767.

### **Executive share retention**

A shareholding programme, which encourages executive directors and OC members to build up a shareholding in the company, was introduced during the 2001 financial year.

The programme, which is not mandatory, is designed to encourage executive directors and OC members to build up a shareholding with a value of 100% of their salary over a period of three years.

### **Pensions**

For the executive directors and most other senior executives who joined the company prior to 1 April 2001, the policy is to provide pension benefits of one-thirtieth of final salary for each year of service with two-thirds of the executive’s pension for the surviving spouse. Those with longer BT service have undertakings of pension benefits of two-thirds of final salary payable at normal retirement age (inclusive of the pension equivalent of any retirement cash lump sum) plus a pension of two-thirds of the director’s or executive’s pension for the surviving spouse. On death-in-service, a lump sum equal to four times annual salary is payable together with a pension of two-thirds of the director’s or executive’s prospective pension for the surviving spouse. Pensions are based on salary alone and bonuses, other benefits and long-term incentives are excluded.

BT closed its final salary pension arrangements to new recruits with effect from 31 March 2001 and this has also been reflected in the retirement provision granted to executive directors and other senior executives hired since that date.

For these executive directors and other senior executives retirement provision is generally made on a defined contribution basis where the company agrees to pay a fixed percentage of the executive’s salary each year towards the provision of retirement benefits. Typically this might be an amount equal to 20% to 30% of salary. On death-in-service, a lump sum equal to four times annual salary is payable.

### **Other benefits**

Other benefits for the Chairman and executive directors include car and in some cases driver, personal telecommunications facilities, medical and dental cover for the director and immediate family and financial counselling. The company has a permanent health insurance policy to provide cover for the Chairman and executive directors and members of the OC who may become permanently incapacitated.

### **Service agreements**

The Chairman and executive directors have service agreements providing for one year’s notice, except where it is necessary to offer longer periods to new directors from outside BT or circumstances make it appropriate to offer a longer fixed term. All the service agreements contain provisions dealing with the removal of a director through poor performance. They also deal with payments to which the director would be entitled in the event of early termination of the service agreement by BT.

### **Outside appointments**

The Committee believes there are significant benefits to both the company and the individual from executive directors accepting non-executive directorships of companies outside BT. The Committee will consider up to two external appointments for which a director may retain the fees.

### **Non-executive directors’ contracts of appointment**

Non-executive directors have contracts of appointment. These cover, amongst other things, the initial terms for which they are appointed, a general statement of their role and duties, the fees they will receive as a director, including serving on one Board committee, and supplementary fees for additional work, such as being a member of more than one Board committee.

Non-executive directors are normally appointed for an initial period of three years. During that period, either party can give the other at least three months’ notice. At the end of the period the appointment may be continued by mutual agreement.

### **Non-executive directors’ remuneration**

Six of the directors on the Board are non-executive directors who, in accordance with BT’s articles of association and as recommended by the Code, cannot individually vote on their own remuneration. Therefore, the Board does not consider it appropriate for the whole Board to determine non-executive directors’ remuneration. This is set by the Chairman and the Chief Executive after considering advice on appropriate levels of remuneration.

The basic fee for non-executive directors, which includes membership of one committee, is £30,000 per year. Additional fees for membership of Board committees range from £3,000 to £5,000 per year. Committee chairmen receive an additional fee of £2,000 per year for each

committee they chair. Sir Anthony Greener, who chairs the *Remuneration Committee* and the *Audit Committee* is paid an inclusive annual fee of £90,000, as Deputy Chairman.

To align further the interests of the non-executive directors with those of shareholders, the company's policy is

to encourage these directors to purchase, on a voluntary basis, £5,000 of BT shares each year. The directors are asked to hold these shares until they retire from the Board. This policy is not mandatory.

## 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 15 July 2002.

If you are not attending the meeting, you may appoint someone else as your "proxy". The number of shares you hold as at the above register deadline will determine how many votes you or your proxy will have in the event of a poll.

### Time and place of meeting

The 2002 AGM will be held on Wednesday, 17 July at the Edinburgh International Conference Centre, The Exchange, Morrison Street, Edinburgh EH3 8EE. The doors will open at 9.30 am and the meeting will start promptly at 10.30 am.

### If you are coming to the meeting

If you were sent an **AGM Intention to Attend Card**, please sign and return it. You do not need a stamp if posting the card within the UK, even if you are returning it in an envelope. You will then be sent a leaflet giving further details about the arrangements for the meeting and how to get there.

### Admission Card/Form of Proxy

Please keep and bring with you the accompanying dual-purpose **Admission Card/Form of Proxy**. It will authenticate your right to attend, speak and vote and will speed your admission. You will need to keep this card until the end of the meeting. You may also find it helpful to bring with you this Notice and the **BT Group Annual Review 2002**, so that you can refer to them at the meeting.

### Joint shareholders

All joint shareholders may attend and speak at the meeting. Only the first shareholder listed on the register of members is entitled to vote.

### Shareholders with disabilities

Special arrangements have been made to help shareholders with disabilities. Sound amplification facilities and an induction loop will be provided for people with hearing difficulties, together with sign language interpretation and palantype speech-to-text transcription for people who are profoundly deaf. There will be facilities for shareholders who are in wheelchairs. Anyone accompanying a shareholder in need of assistance will be admitted to the meeting.

### If you are not coming to the meeting

You may appoint a proxy – someone who will attend the meeting on your behalf and vote – by completing the accompanying **Form of Proxy**. Please note that your proxy is entitled to vote on a show of hands.

Before completing the **Form of Proxy**, please read the following explanatory notes:

## How to complete the Form of Proxy

### 1 Appointing the Chairman as your proxy

For convenience, the appointment of the Chairman has already been included. If you wish to make this appointment, you need only complete, sign and date the form.

The form enables you to instruct the Chairman how to vote on the resolutions to be proposed at the AGM; these resolutions are set out in the Notice. He will vote (or abstain from voting) as he thinks fit on any other business which may properly come before the meeting.

Please place a cross in the appropriate box alongside each resolution to indicate whether you wish your votes to be cast "For" or "Against" that resolution, or if you wish to "Abstain". Unless you give specific instructions on how to vote on a particular resolution, the Chairman will have discretion either to vote "For" or "Against" that resolution or to "Abstain".

### 2 Appointing someone other than the Chairman as your proxy

If you wish to appoint someone of your choice as your proxy, you should delete the words "the Chairman of the meeting or" on the form, initial the alteration, and insert the name and address of your proxy in the space provided. A special admission card will be sent direct to the person you appoint, together with a copy of this Notice and a leaflet containing details about attending the meeting. It is your responsibility to tell your proxy how you want your votes to be cast, so he or she can act accordingly.

### 3 Signing the Form of Proxy

Before posting the **Form of Proxy**, please check that it has been signed and dated. In the case of joint holders, any one of you may sign.

You do not have to sign and date the **Form of Proxy** yourself. However, if someone signs the form on your behalf, you or that person must send it to Lloyds TSB Registrars (see notes 5 – 7 below) with the authority under which it is signed, or a copy of the authority which has been certified by a solicitor or notary.

#### 4 Corporate appointment of proxy

Where the person appointing the proxy is a company, the **Form of Proxy** must be either under seal or under the hand of a duly authorised officer or attorney and the appropriate power of attorney or other authority must be lodged with the **Form of Proxy**.

#### 5 Posting details

To be valid, the **Form of Proxy**, together with any authority (see notes 3 and 4 above), must be received by Lloyds TSB Registrars not later than 10.30 am on 15 July 2002. Returning the **Form of Proxy** will not prevent you from attending in person and voting at the meeting.

#### 6 United Kingdom (UK) shareholders

The FREEPOST return address is printed on the back of the **Form of Proxy**.

If you do not wish the **Form of Proxy** to be seen by anyone except the Company and the Registrar, you should post it in an envelope to:

**Lloyds TSB Registrars** (2450)  
FREEPOST (KE7700)  
The Causeway,  
WORTHING,  
West Sussex BN99 6BU

If the **Form of Proxy** (or envelope) is posted in the UK, there is no postage to pay.

#### 7 Shareholders outside the UK

Shareholders with addresses outside the UK should reply using the return-addressed envelope provided. If you live in a country covered by the International Business Reply Service, postage on the envelope has been prepaid.

#### 8 Fax

You may return the **Form of Proxy** by fax on **Freefone 0808 100 4142** (or +44 20 7392 4128 from outside the UK).

## Telephone proxy appointment and voting instruction service

### Telephone proxy appointment

You may, if you wish, register the appointment of a proxy by telephone before 10.30 am on 15 July 2002 by calling **Freefone 0808 100 4141** (or +44 20 7864 9074 from outside the UK). The line will be open from 8.00 am to 6.00 pm, Monday to Friday. Before calling, you should read the conditions of use of the telephone service. When using the service, you will be asked for:

- your Reference Number – this is the 24-digit number printed below your name and address on the Admission Card/Form of Proxy;
- your Card ID and Account Numbers – these appear alongside your Reference Number on the Admission Card/Form of Proxy;

- the name of the person you wish to appoint as your proxy, if not the Chairman; and
- your instructions as to how you wish to vote on each resolution at the AGM.

You can also call this number to indicate your intention to attend the meeting.

### Conditions of use of telephone service

The use by BT Group shareholders and participants in the BT Employee Share Ownership Scheme and BT Group EasyShare of Lloyds TSB Registrars' telephone proxy appointment and voting instruction service ("Telephone Service") in connection with the AGM is governed by Lloyds TSB Registrars' conditions of use of the service. The conditions of use are legally binding and should be read carefully before using the Telephone Service.

### Confirmations

When the Reference Number is given to the telephone operator the user will be deemed to confirm that he, she or it:

- is registering to use the Telephone Service;
- has the right to vote his, her or its shares and/or give instructions; and
- has read, understood and agreed to be bound by these conditions of use.

### Reference Number and security

A user of the Telephone Service must take all reasonable steps to ensure that his, her or its Reference Number is kept secret and not disclosed to someone else unless the user wants that other person to use the Reference Number to access the Telephone Service on their behalf and has given them a power of attorney to do so. Corporate shareholders should note that divulging their Reference Number to a client may enable that client to use the Telephone Service in respect of the entire position.

### Authority given by use of the Reference Number

Lloyds TSB Registrars and/or Lloyds TSB Registrars Corporate Nominee Limited and/or BT Employee Shares Trustees Limited and/or the Company will be entitled to act on instructions given using the Telephone Service in connection with the Reference Number without obtaining any further written or other confirmation, even if those instructions are not actually given or authorised by the shareholder, participant or duly authorised attorney. However, written confirmation of appointments may be insisted upon and additional security checks made where it is reasonably believed they are justified.

### Availability of Telephone Service

Lloyds TSB Registrars will make all reasonable efforts to ensure the Telephone Service is available during the times specified in the voting documentation but circumstances beyond their control may mean this is not possible.

### Limitation of liability

Neither Lloyds TSB Registrars nor the Company are liable for any direct loss or damage resulting from making the Telephone Service available, unless directly caused by their negligence, fraud or deliberate default. Lloyds TSB Registrars' and the Company's liability for consequential and indirect losses is excluded (except in the case of fraud). Lloyds TSB Registrars and/or Lloyds TSB Registrars Corporate Nominee Limited and/or BT Employee Shares Trustees Limited and/or the Company will have no liability for instructions accepted via the Telephone Service in good faith.

### Record keeping

Lloyds TSB Registrars may record all telephone conversations in connection with the Telephone Service and keep the recordings for at least one year. Records will also be kept of all proxy appointments and other instructions given via the Telephone Service for one year.

### Law

These conditions of use will be governed by English law and users of the service and Lloyds TSB Registrars (for themselves and on behalf of the Company) submit to the jurisdiction of the English Courts in connection with any dispute.

### Internet

You may, if you wish, register the appointment of a proxy electronically by logging on to the website [www.sharevote.co.uk](http://www.sharevote.co.uk). You will need your Reference Number (this is the 24-digit number printed below your name and address on the accompanying **Admission Card/Form of Proxy**). Full details of the procedure are given on the website. Alternatively, if you have registered for a Shareview portfolio, log on to your portfolio at [www.shareview.co.uk](http://www.shareview.co.uk) and click on "Company Meetings". The proxy appointment and instructions must be received by Lloyds TSB Registrars by 10.30 am on 15 July 2002. You can also indicate your intention to attend on the website. Please note that any electronic communication that is found to contain a computer virus will not be accepted.

Please do not disclose your Reference Number to anyone else, unless you wish them to give instructions on your behalf.

The use of the Internet service in connection with the AGM is governed by Lloyds TSB Registrars' conditions of use set out on the website, [www.sharevote.co.uk](http://www.sharevote.co.uk), and may be read by logging on to that site and entering the Reference Number printed on the **Form of Proxy**.

## Information for participants in the BT Employee Share Ownership Scheme and/or BT Group EasyShare

### BT Employee Share Ownership Scheme

Please note that participation in the BT Employee Share Ownership Scheme does not give you the right to attend the Annual General Meeting.

If you are a participant in the Scheme, you may instruct the Scheme Trustees to vote the shares held by them on your behalf by completing the enclosed **Voting Instruction Card**. To vote on each item of business, place a cross in the relevant boxes, unless you do not wish the Trustees to vote on a particular resolution, in which case leave the boxes alongside that resolution blank. You should then sign and date the card and return it to the Trustees. Please follow the posting instructions given for the **Form of Proxy** in notes 5 – 7 above. The card must be received by the Trustees not later than 10.30 am on 15 July 2002.

Participants in the BT Employee Share Ownership Scheme may give their voting instructions to the Scheme Trustees using the internet, telephone or fax (see above).

### Participants in the Scheme who are also shareholders

Where it has been possible to combine records, participants who are also shareholders have been sent, together with their **Voting Instruction Card**, a **Form of Proxy/Admission Card** and only one copy of the **BT Group Annual Review 2002** and this Notice.

You may have received separate sets of documents as it was not possible to combine your records – for example, because different dividend payment instructions apply. Any participants who now wish to stop the additional mailings by combining their records should contact Lloyds TSB Registrars.

For information about attending the meeting, please read the next section.

### BT Group EasyShare

If you hold shares through BT Group EasyShare, you will have been sent a separate **Form of Proxy/Admission Card**.

BT Group EasyShare participants are able to attend the AGM, speak and vote their shares at the meeting but should note that, because these shares are held through a nominee, Lloyds TSB Registrars Corporate Nominee Limited ("NomineeCo"), attendance will be as NomineeCo's corporate representative. Attendance at the meeting will be taken as acceptance of this arrangement. This applies also to joint holders, who may attend and speak at the meeting in the same capacity.

If you are not attending the meeting, NomineeCo has agreed that you (or any other person named jointly with you on the Form of Proxy) may use the **Form of Proxy** to instruct NomineeCo to appoint the proxy of your choice to attend the meeting and vote on your behalf.

Participants in BT Group EasyShare may give their voting instructions using the internet, telephone or fax.

If you intend to come to the meeting, please telephone the BT Group Shareholder Helpline on **Freephone 0808 100 4141**. You will then be sent a leaflet giving you more details of the meeting and how to get there.

### Participants in the BT Group Employee Share Investment Plan

Participants in the BT Group Employee Share Investment Plan may instruct the Trustee of the Plan, Halifax Corporate Trustees Limited, to vote shares held on their behalf. Voting instruction forms will be sent separately to participants by the Trustee.

## Shareholder Information

### Receiving the report and accounts

BT Group publishes two reports annually:

■ **BT Group Annual Report and Form 20-F** (“annual report”)

The Company’s full report and accounts; and

■ **BT Group Annual Review** (“annual review”)

A shorter report, which includes a summary financial statement, designed to meet the requirements of our private shareholders.

You will be sent only the annual review unless you notify us in writing that you wish to receive the full report and accounts. You will only need to make this request once for us to ensure that the annual report is sent to you each year. You may revoke your request at any time (we will provide you with the opportunity to do so).

Shareholders who do not elect to receive the annual report may request a copy at any time by contacting Lloyds TSB Registrars (see “Enquiries” on page 15). Alternatively, you may view the full report and accounts on the BT Group Investor Centre website at [www.btplc.com/investorcentre](http://www.btplc.com/investorcentre).

### BT Group Annual Report Request Card

You do not need to complete this card if

■ you wish to continue receiving the documents sent to you this year; or

■ you are a new shareholder (or new BT Group EasyShare participant) who wishes to receive only the annual review in future.

However, if you wish to receive the full report and accounts for this and/or future years or wish to cancel your existing election, please complete the request card as instructed below.

You may also request the full report and accounts by ringing the Shareholder Helpline (see page 15).

### New shareholders

If you have become a shareholder within the past two months or so, you will have received both the annual report and the annual review for 2002. The summary financial statement included in the annual review is an example of the information you will receive in future. If, in addition to

this, you wish to continue receiving the full report and accounts in future years, please complete the “New shareholders” section of the card by ticking the box. Posting details are as given for the **Form of Proxy** in notes 5 – 7 on page 12.

### Other shareholders (and participants in BT Group EasyShare and/or the BT Employee Share Ownership Scheme)

Please tick the relevant box(es) on the card and return it to the address given on the reverse of the card. Posting details are as given for the **Form of Proxy** in notes 5 – 7 on page 12.

### Please note

If you wish to receive the full report and accounts for the year ending 31 March 2003 and have not already elected to do so, please ensure that you return the completed **Annual Report Request Card** not later than 25 April 2003.

### Capital gains tax (CGT)

The rights issue in June 2001 and the demerger of mmO2 in November 2001 adjusted the value for capital gains tax purposes of your BT shares.

### Rights issue

An explanatory note on the effect of the rights issue on the CGT position on BT shareholdings is available from the Shareholder Helpline (see page 15).

### Demerger of mmO2

The confirmed official opening prices for BT Group and mmO2 shares following the demerger were 285.75p and 82.75p respectively. This means that, of the total combined value of 368.50p, 77.544% is attributable to BT Group and 22.456% to mmO2.

Accordingly, for CGT calculations, the base cost of your BT Group shares and mmO2 shares is calculated by multiplying the acquisition cost of your BT shareholding by 77.544% and 22.456%, respectively.

### Data Protection Statement

Your personal data includes all data provided by you, or on your behalf, which relates to you as an individual shareholder or as a participant in the BT Employee Share Ownership Scheme or BT Group EasyShare or other “participant”, including your name and contact details, the votes you cast and your reference number (which is attributed to you by BT (all references to BT include British Telecommunications plc and BT Group plc)). BT determines the purposes for which and the manner in which your personal data are to be processed. BT and any third party to which BT discloses the data (including Lloyds TSB Registrars) may process your personal data for the purposes of compiling and updating the company records, fulfilling BT’s legal obligations and processing the shareholder rights you exercise.

### Enquiries

Lloyds TSB Registrars maintain BT Group's share register and the separate BT Employee Share Ownership Scheme and BT Group EasyShare registers. 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:

#### BT Group Shareholder Helpline

**Freephone 0808 100 4141**

Fax: 01903 833371

Textphone: **Freephone 0800 169 6907**

#### From outside the UK:

Tel: +44 121 433 4404

Fax: +44 1903 833371

Textphone: +44 121 415 7004

Or write, remembering to include a daytime telephone number, to:

#### Lloyds TSB Registrars (2450)

The Causeway

WORTHING

West Sussex

BN99 6DA

United Kingdom

**e-mail:** [bt@lloydtsb-registrars.co.uk](mailto:bt@lloydtsb-registrars.co.uk)

**Website:** [www.lloydtsb-registrars.co.uk](http://www.lloydtsb-registrars.co.uk)

#### Share price information

Shareline **Lo-call 0845 701 0707** (UK callers only). Shareline reports the daily 9.00 am BT Group share price, together with recorded news about the Company.

#### Share Price Line

**0906 8222 334** (UK callers only). The BT Group Share Price Line gives real-time buying and selling prices for BT Group shares. This service is provided by Teleshare, which is not part of BT Group. Calls are charged at 60p per minute (including VAT)\*.

\*Different rates may apply to calls from non-BT networks.

### Special needs

An audio cassette version of the BT Group Annual Review 2002 has been produced for shareholders with special needs. To obtain a copy of this cassette, which also contains extracts from this Notice, please contact the Shareholder Helpline on the number shown.

### Sharegift

The Orr Mackintosh Foundation operates a charity donation scheme for shareholders with small parcels of shares whose value makes it uneconomic to sell them.

Details of the scheme are available on the Sharegift internet site, [www.sharegift.org](http://www.sharegift.org), or can be obtained from the Shareholder Helpline.

### Shareholders and the internet

A wealth of constantly updated information about BT Group and its activities is available at [www.btplc.com](http://www.btplc.com).

Our Investor Centre at [www.btplc.com/investorcentre](http://www.btplc.com/investorcentre) contains information of particular interest to shareholders.

### Other publications

BT Group produces a series of reports on its financial, business, social and environmental performance.

Most of these reports can be accessed on the Investor Centre (see above). Alternatively, printed copies of these reports can be obtained from the Shareholder Helpline.

### Shareview

Shareview is an internet service offered to BT Group shareholders in association with Lloyds TSB Registrars. With Shareview you can access your shareholder account and choose to receive shareholder communications electronically, rather than by post.

To register, access [www.shareview.co.uk](http://www.shareview.co.uk). You will need your reference number which is shown on the enclosed **Form of Proxy**.

### Share dealing facility

Lloyds TSB Registrars operate a share dealing facility. If you wish to use this facility to buy or sell shares, you should contact the Shareholder Helpline and ask for the appropriate forms.

## Calendar of Key Dates

### 17 July 2002

Annual General Meeting. Details are in this Notice.

### 25 July 2002

First quarter results announced.\*

### 9 September 2002

Proposed final dividend of 2.0 pence per share paid to shareholders who are on the register on 9 August 2002.

### 7 November 2002

Second quarter and half year results announced.\*

### February 2003

Third quarter and nine months results announced.\*

### May 2003

Fourth quarter and full year results announced.\*

### June 2003

2003 annual report and accounts published.\*

\* Dates are based on present expectations.

Recorded highlights of each results announcement will be featured on **Shareline** on

**Lo-call 0845 701 0707**

**When you use one of BT's Lo-call numbers from anywhere within the UK, you pay only the price of a local call. Different rates may apply to calls from non-BT networks.**

**BT Group plc**

Registered office:

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London EC1A 7AJ

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No. 4190816

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