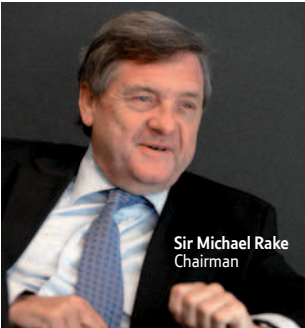




Bringing it all together

May 2011

# News & offers



Sir Michael Rake  
Chairman

## Full year results

We have delivered or exceeded our promises, improving both profitability and cash generation.

SEE INSIDE FOR MORE DETAILS >

Our **AGM** will be held at Old Billingsgate, London at 11am on Wednesday 13 July

Become an e-shareholder and you could be a winner



Win a luxury weekend at Warner Leisure Hotels

SEE INSIDE FOR MORE DETAILS



Win a full service, MOT or a satellite navigation unit with BT Fleet

SEE INSIDE FOR MORE DETAILS

# Dear Shareholder,



This year's Summary financial statement & notice of meeting together with our Annual Report & Form 20-F 2011 are now available online for you to read at [www.btplc.com/annualreport](http://www.btplc.com/annualreport)

The period ahead is an exciting one. With the London 2012 Games just over a year away, this summer our London 2012 delivery team will be working closely with the technology team at LOCOG (the London Organising Committee of the Olympic and Paralympic Games) to deliver communications services to several major sporting events – essential preparation ahead of the Olympic and Paralympic Games next year.

We are delighted to be able to make a contribution to the London 2012 Games – just as we are proud to be stepping up the assistance we give to the charity sector in the UK with our new MyDonate online fundraising service. Unlike existing services, BT charges no commission and allows you to fundraise, sponsor others or make a donation direct to a UK charity, safely and securely. You can visit the site at [www.bt.com/mydonate](http://www.bt.com/mydonate) We hope it will help to raise millions for good causes.

Sir Michael Rake  
Chairman  
May 2011

In keeping with our commitment to ensure our shareholders are kept up to date when we publish shareholder documents and communications on our website, I am pleased to let you know that this year's Summary financial statement & notice of meeting together with our Annual Report & Form 20-F 2011 are now available on our website for you to read at [www.btplc.com/annualreport](http://www.btplc.com/annualreport)

During the year we have sought to continue to improve the information we provide to shareholders by ensuring our website is regularly updated and through Forward, our online shareholder magazine. I hope you have found this a useful way of keeping up to date with how your Company is performing, and have been able to take advantage of some of our shareholder offers.

You will see from the overview of our financial results for 2011 that we have delivered or exceeded our promises, improving both profitability and cash generation. Although the year has not been without challenges, I am delighted with this progress. You can read the full details in our Annual Report & Form 20-F 2011.

If you would like to receive one of the shareholder documents in hard copy, free of charge, please contact our Registrars, Equiniti – their details can be found in the Contact information in this leaflet.

A proxy card is also enclosed for completion by those of you who are unable to attend the AGM. If you are coming to the meeting, please bring the card along with you as it also serves as an admission card.

# Financial summary

## Group results

	2011	2010	Change
<b>Revenue</b>			
adjusted <sup>a</sup>	<b>£20,076m</b>	£20,911m	↓4%
reported	<b>£20,076m</b>	£20,859m	↓4%
<b>EBITDA<sup>b</sup></b>			
adjusted <sup>a</sup>	<b>£5,886m</b>	£5,639m	↑4%
reported	<b>£5,557m</b>	£5,162m	↑8%
<b>Profit before taxation</b>			
adjusted <sup>a</sup>	<b>£2,083m</b>	£1,735m	↑20%
reported	<b>£1,717m</b>	£1,007m	↑71%
<b>Earnings per share</b>			
adjusted <sup>a</sup>	<b>21.0p</b>	17.3p	↑21%
reported	<b>19.4p</b>	13.3p	↑46%
<b>Proposed full year dividend</b>	<b>7.4p</b>	6.9p	↑7%
<b>Free cash flow<sup>c</sup></b>			
adjusted <sup>a</sup>	<b>£2,223m</b>	£2,106m	↑£117m
reported	<b>£2,011m</b>	£1,933m	↑£78m
<b>Net debt</b>	<b>£8,816m</b>	£9,283m	↓£467m

<sup>a</sup> Items presented as adjusted are stated before specific items.

<sup>b</sup> EBITDA: Earnings before interest, taxation, depreciation and amortisation.

<sup>c</sup> Before pension deficit payments.



# Become an e-shareholder and you could be a winner

## Sign up as an e-shareholder by 31st July

and you'll be entered into our free prize draws with a chance of winning a prize from BT Fleet or Warner Leisure Hotels.

Being an e-shareholder enables you to receive all your shareholder communications electronically and have dividends paid directly to your nominated bank or building society. It's quick, easy and free. You can manage your shareholding online and what's more, e-shareholding saves BT

money which is good news for you as a shareholder.

Simply go to [www.btplc.com/signup](http://www.btplc.com/signup) – you just need your email address and shareholder reference number.

Once you have received your activation code, you can enter your bank details online.

And every new e-shareholder registered will receive a **£40 wine voucher** to spend at Naked Wines.\*

**BT Fleet**

**1st Prize**  
Full Service and a TomTom XL2 IQ satellite navigation unit

**2nd Prize**  
Interim Service and a TomTom Start2 satellite navigation unit

**3rd Prize**  
25 vouchers for a half price MOT

Quality car servicing from **£99.99\***  
Service & MOT from **£129.99\***

For a quote or to book your next service visit [www.btfleet.com](http://www.btfleet.com) or call 0845 601 2888

For details on how to sign up and be automatically entered into the prize draw<sup>1</sup>, go to [www.bt.com/signup](http://www.bt.com/signup)

Terms and conditions: 1st prize – BT Fleet Full Service (details available at [www.btfleet.com](http://www.btfleet.com)) and a TomTom XL2 IQ satellite navigation unit. 2nd prize – BT Fleet Interim Service (details available at [www.btfleet.com](http://www.btfleet.com)) and a TomTom Start2 satellite navigation unit. 3rd prize – 25 vouchers for a half VOSA recommended retail price Class IV MOT. Prize draw is open to UK resident BT e-shareholders. No cash value alternative is available. Prize is not transferable and is subject to availability. Prize draw ends 31st July 2011. The winners will be drawn at random and notified within 14 days after the draw date by the promoter, BT Fleet Limited. Winners may be required to participate in any publicity. By entering the draw participants agree to be bound by these terms, and that the promoter's decision is final and binding in all matters relating to this promotion. \* Product availability may vary depending on the vehicle and location. Terms and conditions apply, see [www.btfleet.com](http://www.btfleet.com) for details. BT Fleet Limited is registered in England, number 4383521 and its registered address is 81 Newgate Street, London EC1A 7AJ.

Sign up by 31st July for free prize draws

**Warner Leisure Hotels**  
EXCLUSIVELY FOR ADULTS

**Win a 3 night break with Warner on the Coast this summer<sup>†</sup>**

Including breakfast and a 3 course evening meal of your choice plus free room upgrade to a Signature style bedroom and **VIP seating** in our late night lounge on one night during your stay.

As a BT Shareholder you can also take advantage of **savings of up to 25%\*** on any 2, 3 or 4 night stays on breaks taken up to 31st August 2011.

To book call **0800 1 388 399** or visit [www.warnerleisurehotels.co.uk/bt](http://www.warnerleisurehotels.co.uk/bt) and quote **13TPA**.

Terms and conditions: 1 Prize Draw: Prize is a 3 night coastal hotel break for two including a free room upgrade to a Signature room and VIP seating in late lounge on 1 night of your stay. 3 night prizes will be Friday to Monday. Prizes are for 2 people to share a double or twin room at a Warner Leisure Coastal Hotel – choose between Sinah Warren and Bembridge Coast. Prize Draw is open to UK resident BT shareholders aged 21 or over. No cash value alternative is available. Prize not transferable and first and second prizes subject to availability (or nearest alternative available). Holiday insurance must be paid for at the winner's own cost. Transfer to and from location is at the winner's own cost. Prize Draw ends 31st July 2011. The winners will be drawn at random and notified within 14 days after the draw date by the promoter, Warner Leisure Hotels. Winners may be required to participate in any publicity. By entering the draw participants agree to be bound by these terms, and that the promoter's decision is final and binding in all matters relating to this promotion. Prize draw break must be booked by 30th December 2011. \* Save 25% offer excludes Bank holidays, Christmas and New Year. Special themed breaks, strictly come dancing, spa breaks, 4 and 2 night mid week breaks. 25% offer is valid on breaks taken up to 31st August 2011. Offers are from current Warner Leisure Hotels 2011 brochure prices and cannot be used in conjunction with any other offer and apply to new bookings only. Offers do not apply to supplements, experiences or upgrades. All bookings are subject to availability and terms and conditions in the current 2011 brochure. Bourne Holidays (trading as Warner Leisure Hotels) is a company registered in England and Wales with company number 01854900 whose registered office is 1 Park Lane, Hemel Hempstead, Hertfordshire HP2 4YL.

**naked wines**

**£40 voucher**

Every new e-shareholder registration will receive a free £40 wine voucher to spend at Naked Wines, valid against any case of wine priced £59.99 or more.\*

[www.nakedwines.com](http://www.nakedwines.com)

Terms and conditions: \* 1. Every new e-shareholder registration will receive a free £40 wine voucher to spend at Naked Wines, valid against any case of wine priced £59.99 or more. 2. Registrants must be aged 18 or over. 3. An email confirmation with the voucher redemption code will be sent following sign-up.

# Forward online



Full stories and more are available on our online shareholder magazine at [www.bt.com/forward](http://www.bt.com/forward)

Forward, our online shareholder magazine, makes it easy for you to keep up to date with new developments at BT. The content includes an exciting mix of videos and articles regularly refreshed and updated. See the latest articles including our superfamilies who are using BT Infinity.

- Great shareholder offers
- Sign up for email alerts when new stories appear

# Ask for the broadband that includes all you could ask for.

**10 GB usage allowance** Make the most of your broadband internet service

**Inclusive Unlimited UK\* Evening & Weekend Calls** You can chat away and forget about the bill

**Free digital vault to backup files** So you never lose your precious photos and files

**Free McAfee Family Protection** Keep your family safe for your own peace of mind

**Personalised speed estimate** Personalised speed estimate of up to 20Mb<sup>†</sup>

**Freephone 24/7 customer support** A friendly voice on call with free help all day and all night

**New Smart Wireless™ Home Hub** Giving you the UK's most reliable wireless connection compared to all other broadband providers

**2 million free wi-fi hotspots** Take your broadband with you on the UK's largest wi-fi network

**BT Total Broadband & Calls Package from just £13 a month. Now FREE for 3 months.**

Call **0800 707 6021** quoting 'Shareholder offer' or visit [bt.com/broadband/shareholders](http://bt.com/broadband/shareholders)

**BT**  
Bringing it all together

Line rental applies. †Speeds dependent on line and location. Call us to see if you can get 20Mb speeds.

Offer available to BT Shareholders until 31st August 2011. New BT Total Broadband customers: Free for the first 3 months, then £13 a month. 18 month term (normally £7 a month for 3 months, then £14 a month); or existing BT Total Broadband customers: £13 a month on a 12 month term, £13.90 monthly BT line rental payable by Direct Debit. Includes BT Total Broadband Option 1, Unlimited Evening & Weekend Plan and BT Home Hub (apart from customers BT has already provided with a Home Hub). £6 p&p charge for Home Hub. Subject to availability and conditions. \*Means calls of up to an hour to numbers beginning 01, 02 & 03, excluding Channel Islands. Other exclusions apply. Calls to 0871 numbers will cost no more than 10.2ppm plus 12.5p set-up; calls to 070 no more than 51ppm, with a maximum set-up charge of 51p. See [www.bt.com/personal/pricing](http://www.bt.com/personal/pricing). Wi-fi hotspots: Access available in BT Operzone hotspots/FON points. ADSL Speed: New network with maximum up to 20 Mb download speeds available to 68% of UK households. Hub: Now uses 'N' technology and Smart Wireless and continually monitors your wireless channels selecting the strongest to provide the UK's most reliable wireless connection compared to other UK broadband providers' standard routers. Customer Support: Calls from UK landlines only. Family Protection: Includes basic security and McAfee Family Protection. Opt-in and manual activation required. Digital Vault: Opt-in and manual activation required. Service must be used every 90 days. Data: £5 per 5GB of data used, once monthly limit used.

# Contact information

## Telephone

Shareholder helpline – for general enquiries call:  
Freephone **0808 100 4141**  
(+44 121 415 7178 from outside the UK)  
Textphone **0800 169 6907**  
(+44 121 415 7028 from outside the UK)

## Email

[bt@equiniti.com](mailto:bt@equiniti.com)

## Post

Equiniti, Aspect House, Spencer Road,  
Lancing, West Sussex, BN99 6DA



## BT Group plc

Registered office: 81 Newgate Street, London EC1A 7AJ.  
Registered in England and Wales No. 4190816.

[www.bt.com](http://www.bt.com)  
PHME 61904



Please recycle



## Mixed Sources

Product group from well-managed  
forests and recycled wood or fibre  
[www.fsc.org](http://www.fsc.org) Cert no. SGS-COC-1202  
© 1996 Forest Stewardship Council



An easy and convenient way to trade BT shares and other securities

## Equiniti Investment Account

As well as offering trading in certificated shares, Equiniti also offer a full nominee trading account (Investment Account). This offers shareholders and employees an easy and convenient way to trade shares in BT, as well as a full range of securities.

## It's FREE to open, once your account is active you can:

- ▶ Choose how you want to trade shares – including BT shares
  - Regular investment option** – commission from as little as £1.75 per trade
  - SmartDeal** – bulk dealing option once a month allowing us to offer cheaper prices – buy or sell from £5 per trade
  - At-Best** – real-time internet and phone dealing, with immediate or price limit and stop options – prices from £12.50
- ▶ Fund your account immediately using a debit card
- ▶ View your portfolio online – available 24/7
- ▶ Access market prices and in-depth financial information on the internet, including market data and company news
- ▶ Obtain the best available prices through a range of market makers
- ▶ View historic trade information, which is updated immediately after trading

## Visit today!

[www.shareview.co.uk/dealing](http://www.shareview.co.uk/dealing)

Printed in England by Pindar PLC.  
Printed on Amadeus 50% Recycled Offset which is made from 50% de-inked, post consumer waste and 50% virgin fibre.



official communications  
services partner of the  
Olympic and Paralympic Games



By Appointment to  
Her Majesty The Queen  
Suppliers of Communications, Broadband  
and Networked Services  
BT  
London