

BT GROUP PLC
Form 20-F
May 28, 2008

**UNITED STATES
SECURITIES AND EXCHANGE COMMISSION**
Washington, D.C. 20549

FORM 20 - F

(Mark One)

REGISTRATION STATEMENT PURSUANT TO SECTION 12(b) OR (g)
OF THE SECURITIES EXCHANGE ACT OF 1934
OR

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
For the fiscal year ended 31 March 2008
OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934
OR

SHELL COMPANY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

Date of event requiring this shell company report.....

For the transition period from _____ **to** _____

Commission File Number: 1-08819

BT Group plc

(Exact name of Registrant as specified in its charter)

Not Applicable

England and Wales

(Translation of Registrant's name into English) (Jurisdiction of incorporation or organization)

BT Centre
81 Newgate Street, London, EC1A 7AJ
England

(address of principal executive offices)

Securities registered or to be registered pursuant to Section 12(b) of the Act:

Title of each class: American Depositary Shares Ordinary shares of 5p each	Name of each exchange on which registered: New York Stock Exchange New York Stock Exchange*
---	--

* Not for trading, but only in connection with the registration of American Depositary Shares representing these shares, pursuant to the requirements of the Securities and Exchange Commission.

Securities registered or to be registered pursuant to Section 12(g) of the Act: None

Securities for which there is a reporting obligation pursuant to Section 15(d) of the Act: None

Indicate the number of outstanding shares of each of the issuer's classes of capital or common stock as of the close of the period covered by the Annual Report:

8,401,227,029 Ordinary Shares, of 5p each

Indicate by check mark if the registrant is a well-known seasoned issuer, as defined in Rule 405 of the Securities Act.

Yes No

If this report is an annual or transition report, indicate by check mark if the registrant is not required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934.

Yes No

Note - Checking the box above will not relieve any registrant required to file reports pursuant to Section 13 or 15(d) of the Securities Exchange Act of 1934 from their obligation under those Sections.

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days.

Yes No

Indicate by check mark whether the registrant is a large accelerated filer, an accelerated filer, or a non-accelerated filer. See definition of "accelerated filer and large accelerated filer" in Rule 12b-2 of the Exchange Act (Check one):

Large accelerated filer	Accelerated filer	Non- accelerated filer
-------------------------------	----------------------	---------------------------

Indicate by check mark which basis of accounting the registrant has used to prepare the financial statements included in this filing:

U.S. GAAP	International Financial Reporting Standards as issued by the International Accounting Standards Board	Other
-----------	--	-------

If "Other" has been checked in response to the previous question indicate by check mark which financial statement item the registrant has elected to follow:

Item 17 Item 18

If this is an annual report, indicate by check mark whether the registrant is a shell company (as defined in Rule 12b-2 of the Exchange Act).

Yes No

Edgar Filing: BT GROUP PLC - Form 20-F

(APPLICABLE ONLY TO ISSUERS INVOLVED IN BANKRUPTCY PROCEEDINGS DURING THE PAST FIVE YEARS)

Indicate by check mark whether the registrant has filed all documents and reports required to be filed by Sections 12, 13 or 15(d) of the Securities Exchange Act of 1934 subsequent to the distribution of securities under a plan confirmed by a court.

Yes No

Not Applicable

All references in this Form 20-F to "us", "we" or "the Company", are to BT Group plc.

PART I

ITEM 1. IDENTITY OF DIRECTORS, SENIOR MANAGEMENT AND ADVISERS

Not applicable

ITEM 2. OFFER STATISTICS AND EXPECTED TIMETABLE

Not applicable

ITEM 3. KEY INFORMATION

3.A Selected financial data

The information set forth on page 1 (last paragraph), and under the headings "Selected financial data" on page 146 and "Additional information" "Information for shareholders" "Exchange rates" on page 158 of the Annual Report and Form 20-F 2008 as sent to shareholders ("Annual Report 2008") contained in the Company's Report on Form 6-K dated May 28, 2008 is incorporated herein by reference.

3.B Capitalization and indebtedness

Not applicable

3.C Reasons for the offer and use of proceeds

Not applicable

3.D Risk factors

The information set forth under the heading "Business review" "Group risk factors" on page 33 of the Annual Report 2008 contained in the Company's Report on Form 6-K dated May 28, 2008 is incorporated herein by reference.

ITEM 4. INFORMATION ON THE COMPANY

4.A History and development of the company

The information set forth on page 1 and under the headings:

- "Business review" "Transforming BT" on page 13;
- "Business review" "How BT is structured" on page 13;
- "Business review" "Acquisitions and disposals" on page 23;
- "Financial review" "Balance sheet" "Capital expenditure" on page 53; and
- "Financial review" "Balance sheet" "Acquisitions" on page 53

of the Annual Report 2008 contained in the Company's Report on Form 6-K dated May 28, 2008 is incorporated herein by reference.

4.B Business overview

The information set forth under the headings:

- "Business review" on page 11;
- "Financial review" "Line of business results" on page 40;
- "Financial statements" "Operational statistics" on page 152; and
-

Edgar Filing: BT GROUP PLC - Form 20-F

□Additional information □ Information for shareholders □ Cautionary statement regarding forward-looking statements□ on page 154
of the Annual Report 2008 contained in the Company's Report on Form 6-K dated May 28, 2008 is incorporated herein by reference.

4.C Organizational structure

1

The information set forth under the headings: "Business review" "Introduction" on page 11 and "Subsidiary undertakings and associate" on page 144 of the Annual Report 2008 contained in the Company's Report on Form 6-K dated May 28, 2008 is incorporated herein by reference.

4.D Property, plants and equipment

The information set forth under the headings "Business review" "Our resources" "Our property portfolio" on page 30 and "Financial statements" "Financial statistics" on page 150 of the Annual Report 2008 contained in the Company's Report on Form 6-K dated May 28, 2008 is incorporated herein by reference.

ITEM UNRESOLVED STAFF COMMENTS

4A.

As far as the Company is aware, there are no unresolved written comments from the SEC staff regarding its periodic reports under the Exchange Act received more than 180 days before March 31, 2008.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

5.A Operating results

The information set forth under the headings:

- "Financial review" on page 37;
- "Consolidated financial statements" "Accounting policies" on page 88 (except the last paragraph of (i) Basis of preparation of the financial statements on page 88); and
- "Additional information" "Information for shareholders" "Cautionary statement regarding forward-looking statements" on page 154

of the Annual Report 2008 contained in the Company's Report on Form 6-K dated May 28, 2008 is incorporated herein by reference.

5.B Liquidity and capital resources

The information set forth under the headings:

- "Financial review" on page 37;
- "Consolidated financial statements" "Notes to the consolidated financial statements" "Loans and other borrowings" on page 115;
- "Consolidated financial statements" "Notes to the consolidated financial statements" "Financial commitments and contingent liabilities" on page 121;
- "Consolidated financial statements" "Notes to the consolidated financial statements" "Financial instruments and risk management" on page 134; and
- "Additional information" "Information for shareholders" "Cautionary statement regarding forward-looking statements" on page 154

of the Annual Report 2008 contained in the Company's Report on Form 6-K dated May 28, 2008 is incorporated herein by reference.

5.C Research and development, patents and licenses

The information set forth under the headings:

Edgar Filing: BT GROUP PLC - Form 20-F

- [Business review] Our strategy [Driving profitable new wave growth] Global networked IT services on page 11;
 - [Business review] Our resources [Our global research and development capability] on page 29;
 - [Business review] Our resources [Our IT systems and networks estate] on page 30; and
 - [Financial statements] Financial statistics on page 150
- of the Annual Report 2008 contained in the Company's Report on Form 6-K dated May 28, 2008 is incorporated herein by reference.

5.D Trend information

The information set forth under the headings "Financial review" on page 37 and "Additional information" Information for shareholders "Cautionary statement regarding forward-looking statements" on page 154 of the Annual Report 2008 contained in the Company's Report on Form 6-K dated May 28, 2008 is incorporated herein by reference.

5.E Off-balance sheet arrangements

The information set forth under the heading "Financial review" Financial risk and capital management "Off-balance sheet arrangements" on page 53 of the Annual Report 2008 contained in the Company's Report on Form 6-K dated May 28, 2008 is incorporated herein by reference.

5.F Tabular disclosure of contractual obligations

The information set forth under the heading "Financial review" Financial risk and capital management "Capital resources" on page 52 of the Annual Report 2008 contained in the Company's Report on Form 6-K dated May 28, 2008 is incorporated herein by reference.

ITEM 6. **DIRECTORS, SENIOR MANAGEMENT AND EMPLOYEES**

6.A Directors and senior management

The information set forth under the heading "Corporate governance" Board of Directors and Operating Committee" on page 58 of the Annual Report 2008 contained in the Company's Report on Form 6-K dated May 28, 2008 is incorporated herein by reference.

6.B Compensation

The information set forth under the headings:

- "Corporate governance" Report on directors' remuneration" on page 64;
- "Consolidated financial statements" Notes to the consolidated financial statements" Retirement benefit plans" on page 125; and
- "Consolidated financial statements" Notes to the consolidated financial statements" Share based payments" on page 130

of the Annual Report 2008 contained in the Company's Report on Form 6-K dated May 28, 2008 is incorporated herein by reference.

6.C Board practices

The information set forth under the headings:

- "Corporate governance" Board of Directors and Operating Committee" on page 58;
- "Corporate governance" Board composition and role" on page 60; and
- "Corporate governance" Report on directors' remuneration" on page 64

of the Annual Report 2008 contained in the Company's Report on Form 6-K dated May 28, 2008 is incorporated herein by reference.

6.D Employees

The information set forth under the headings:

- Financial review Group results on page 38;
 - Consolidated financial statements Notes to the consolidated financial statements Employees on page 130; and
 - Financial Statements Operational statistics on page 152 of the Annual Report 2008 contained in the Company's Report on Form 6-K dated May 28, 2008 is incorporated herein by reference.
- 6.E Share ownership

The information set forth under the headings Corporate governance Report on directors remuneration on page 64 and Consolidated financial statements Notes to the consolidated financial statements Share based payments on page 130 of the Annual Report 2008 contained in the Company's Report on Form 6-K dated May 28, 2008 is incorporated herein by reference.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

7.A Major shareholders

The information set forth under the headings "Corporate governance", "Shareholders and Annual General Meeting", "Substantial shareholdings" on page 81 and "Additional information", "Information for shareholders", "Analysis of shareholdings at 31 March 2008" on page 156 of the Annual Report 2008 contained in the Company's Report on Form 6-K dated May 28, 2008 is incorporated herein by reference.

7.B Related party transactions

The information set forth under the headings:

- "Corporate governance", "Directors" information, "Interest of management in certain transactions" on page 78;
- "Corporate governance", "Report on directors" remuneration" on page 64; and
- "Consolidated financial statements", "Notes to the consolidated financial statements", "Related party transactions" on page 121 of the Annual Report 2008 contained in the Company's Report on Form 6-K dated May 28, 2008 is incorporated herein by reference.

7.C Interests of experts and counsel

Not applicable

ITEM 8. FINANCIAL INFORMATION

8.A Consolidated statements and other financial information

See Item 18 below

In addition, the information set forth under the headings:

- "Business review", "Legal proceedings" on page 27;
- "Financial review", "Other group items", "Dividends" on page 47;
- "Consolidated financial statements", "Notes to the consolidated financial statements", "Financial commitments and contingent liabilities" on page 121;
- "Additional information", "Information for shareholders", "Dividends" on page 156;
- "Additional information", "Information for shareholders", "Dividend investment plan" on page 157; and
- "Additional information", "Information for shareholders", "Memorandum and Articles of Association", "Articles", "Dividends" on page 159 of the Annual Report 2008 contained in the Company's Report on Form 6-K dated May 28, 2008 is incorporated herein by reference.

8.B Significant changes

The information set forth under the heading "Financial review", "Financial risk and capital management", "Capital resources" on page 52 of the Annual Report 2008 contained in the Company's Report on Form 6-K dated May 28, 2008 is incorporated herein by reference.

ITEM 9. THE OFFER AND LISTING

9.A Offer and listing details

The information set forth under the heading "Additional information" Information for shareholders Stock exchange listings Share and ADS prices on page 155 of the Annual Report 2008 contained in the Company's Report on Form 6-K dated May 28, 2008 is incorporated herein by reference.

9.B Plan of distribution

Not applicable

9.C Markets

The information set forth under the heading "Additional information" Information for shareholders Stock exchange listings on page 155 of the Annual Report 2008 contained in the Company's Report on Form 6-K dated May 28, 2008 is incorporated herein by reference.

9.D Selling shareholders

Not applicable

9.E Dilution

Not applicable

9.F Expenses of the issue

Not applicable

ITEM **ADDITIONAL INFORMATION**

10.

10.A Share capital

Not applicable

10.B Memorandum and Articles of Association

The information set forth under the heading "Additional information" Information for shareholders "Memorandum and Articles of Association" on page 159 of the Annual Report 2008 contained in the Company's Report on Form 6-K dated May 28, 2008 is incorporated herein by reference.

10.C Material contracts

The information set forth under the heading "Additional information" Information for shareholders "Material contracts" on page 161 of the Annual Report 2008 contained in the Company's Report on Form 6-K dated May 28, 2008 is incorporated herein by reference.

10.D Exchange controls

The information set forth under the heading "Additional information" Information for shareholders "Limitations affecting security holders" on page 163 of the Annual Report 2008 contained in the Company's Report on Form 6-K dated May 28, 2008 is incorporated herein by reference.

10.E Taxation

The information set forth under the heading "Additional information" Information for shareholders "Taxation (US Holders)" on page 161 of the Annual Report 2008 contained in the Company's Report on Form 6-K dated May 28, 2008 is incorporated herein by reference.

10.F Dividends and paying agents

Not applicable

10.G Statement by experts

Not applicable

10.H Documents on display

The information set forth under the heading "Additional information" Information for shareholders "Documents on display" on page 163 of the Annual Report 2008 contained in the Company's Report on Form 6-K dated May 28,

2008 is incorporated herein by reference.

10.I Subsidiary information

Not applicable

ITEM **QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK**

11.

The information set forth under the headings:

- Financial review Financial risk and capital management on page 50;
- Consolidated financial statements Accounting policies (except the last paragraph of (i) Basis of preparation of the financial statements on page 88) on page 88;
- Consolidated financial statements Accounting policies Financial instruments on page 91; and
- Consolidated financial statements Notes to the consolidated financial statements Financial instruments and risk management on page 134

of the Annual Report 2008 contained in the Company's Report on Form 6-K dated May 28, 2008 is incorporated herein by reference.

ITEM **DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES**
12.

Not applicable

PART II

ITEM **DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES**
13.

Not applicable

ITEM **MATERIAL MODIFICATIONS TO THE RIGHTS OF SECURITY HOLDERS AND USE OF PROCEEDS**
14.

Not applicable

ITEM **CONTROLS AND PROCEDURES**
15.

The information set forth under the heading "Corporate governance" Business policies " US Sarbanes-Oxley Act of 2002" on page 81 of the Annual Report 2008 contained in the Company's Report on Form 6-K dated May 28, 2008 is incorporated herein by reference.

ITEM **AUDIT COMMITTEE FINANCIAL EXPERT**
16.A

The information set forth under the heading "Corporate governance" Business policies " US Sarbanes-Oxley Act of 2002" on page 81 of the Annual Report 2008 contained in the Company's Report on Form 6-K dated May 28, 2008 is incorporated herein by reference.

ITEM **CODE OF ETHICS**
16.B

The information set forth under the heading "Corporate governance" Business policies " US Sarbanes-Oxley Act of 2002" on page 81 of the Annual Report 2008 contained in the Company's Report on Form 6-K dated May 28, 2008 is incorporated herein by reference.

ITEM **PRINCIPAL ACCOUNTANTS FEES AND SERVICES**
16.C

The information set forth under the headings "Consolidated financial statements" Notes to the consolidated financial statements " Audit and non audit services" on page 133 and "Corporate governance" Report of the Audit Committee" on page 62 of the Annual Report 2008 contained in the Company's Report on Form 6-K dated May 28, 2008 is incorporated herein by reference.

ITEM **PURCHASES OF EQUITY SECURITIES BY THE ISSUER AND AFFILIATED PURCHASERS**
16.E

The information set forth under the heading "Additional information" Information for shareholders " Share buy back" on page 158 of the Annual Report 2008 contained in the Company's Report on Form 6-K dated May 28, 2008 is incorporated herein by reference.

PART III

ITEM **FINANCIAL STATEMENTS**
17.

Not applicable

ITEM **FINANCIAL STATEMENTS**
18.

Edgar Filing: BT GROUP PLC - Form 20-F

The financial information concerning the Company set forth under the headings:

- [Report of the independent auditors] on page 86;
 - [Consolidated financial statements] on pages 88 to 138 (except the last paragraph of (i) Basis of preparation of the Financial Statements on page 88); and
 - [Financial statements] [Quarterly analysis of revenue and profit] on page 145
- of the Annual Report 2008 contained in the Company's Report on Form 6-K dated May 28, 2008 is incorporated herein by reference.

ITEM **EXHIBITS**

19.

The following exhibits are filed as part of this annual report:

- 1.1 Memorandum and Articles of Association, incorporated by reference to Exhibit 4.1 to the Company's Registration Statement on Form S-8 (File No. 333-130371) dated December 16, 2005.
- 4.1 Service contract appointing Francois Barrault as an executive director, dated 23 April 2007, together with management agreement (with schedule) between Francois Barrault and Alcoria Benelux NV, dated 26 April 2004, and letter of amendment to the management agreement, dated 23 April 2007, incorporated by reference to Exhibit 4.9 to the Company's Annual Report on Form 20-F dated May 30, 2007.
- 4.2 Letter of extension of appointment of Maarten van den Bergh, dated 6 July 2006, incorporated by reference to Exhibit 4.10 to the Company's Annual Report on Form 20-F dated May 30, 2007
- 4.3 Letter of amendment to service contract of Sir Christopher Bland, dated 19 February 2007, incorporated by reference to Exhibit 4.11 to the Company's Annual Report on Form 20-F dated May 30, 2007
- 4.4 Letter of amendment to service contract of Andy Green, dated 12 November 2006, incorporated by reference to Exhibit 4.12 to the Company's Annual Report on Form 20-F dated May 30, 2007
- 4.5 Letter of amendment to service contract of Hanif Lalani, dated 18 October 2006, incorporated by reference to Exhibit 4.13 to the Company's Annual Report on Form 20-F dated May 30, 2007
- 4.6 Letter of appointment of Deborah Lathen as a non-executive director, dated 11 January 2007, incorporated by reference to Exhibit 4.14 to the Company's Annual Report on Form 20-F dated May 30, 2007
- 4.7 Letter of amendment to service contract of Ian Livingston, dated 27 November 2006, incorporated by reference to Exhibit 4.15 to the Company's Annual Report on Form 20-F dated May 30, 2007
- 4.8 Service contract appointing Sir Michael Rake as part-time Chairman, dated 19 February 2007, incorporated by reference to Exhibit 4.16 to the Company's Annual Report on Form 20-F dated May 30, 2007
- 4.9 Letter of amendment to service contract of Paul Reynolds, dated 6 November 2006, incorporated by reference to Exhibit 4.17 to the Company's Annual Report on Form 20-F dated May 30, 2007
- 4.10 Letter of increase of fees of Carl Symon, dated 25 July 2006, incorporated by reference to Exhibit 4.18 to the Company's Annual Report on Form 20-F dated May 30, 2007
- 4.11 Letter of amendment to service contract of Ben Verwaayen, dated 26 October 2006, incorporated by reference to Exhibit 4.19 to the Company's Annual Report on Form 20-F dated May 30, 2007
- 4.12 Letter of amendment to management agreement of Francois Barrault, dated 17 September 2007
- 4.13 Letter of appointment of Eric Daniels as a non-executive director, dated 11 March 2008
- 4.14 Letter of appointment of Patricia Hewitt as a non-executive director, dated 12 March 2008
- 4.15 Letter of appointment as an external committee member post retirement of Baroness Margaret Jay, dated 27 November 2007
- 4.16 Service contract appointing Ian Livingston as Chief Executive, dated 7 April 2008
- 4.17 Service contract appointing Gavin Patterson as an executive director, dated 7 April 2008
- 4.18 Letter of extension of appointment of Carl Symon, dated 27 November 2007.
- 8.1 Significant subsidiaries as of March 31, 2008, see "Subsidiary undertakings and associate" on page 144 of the Company's Annual Report and Form 20-F as sent to shareholders contained in the Company's Report on Form 6-K dated May 28, 2008.
 - 12.1 Section 302 certification of Chief Executive Officer.
 - 12.2 Section 302 certification of Group Finance Director.
 - 13.1 Section 906 Certifications.
 - 15.1 Consent of PricewaterhouseCoopers LLP, Independent Registered Public Accounting Firm and auditors of BT Group plc

SIGNATURES

The registrant hereby certifies that it meets all of the requirements for filing on Form 20-F and that it has duly caused and authorized the undersigned to sign this annual report on its behalf.

BT GROUP plc

By: /s/ Hanif Lalani

Name: Hanif Lalani
Title: Group Finance Director

Date: May 28, 2008
