

BT GROUP PLC
Form 20-F
May 27, 2009

**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 2009
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

**Name of each exchange on which
registered:**

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Ordinary shares of 5p each

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:

8,151,227,029 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 has submitted electronically and posted on its corporate Web site, if any, every Interactive Data File required to be submitted and posted pursuant to Rule 405 of Regulation S-T (§232.405 of this chapter) during the preceding 12 months (or for such shorter period that the registrant was required to submit and post such files).

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

(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 under the heading Selected financial data on page 143 and Information for shareholders Exchange rates on page 152 of the Annual Report and Form 20-F 2009 as sent to shareholders and included as Exhibit 15.2 to this Form 20-F (Annual Report 2009) 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 Other matters Principal risks and uncertainties on page 29 of the Annual Report 2009 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 Introduction on page 8;

Business review How we are structured on page 10;

Other matters Acquisitions and disposals on page 28;

Financial review Balance sheet Capital expenditure on page 42;

Financial review Balance sheet Acquisitions on page 42; and

Information for shareholders Shareholder communication on page 159 of the Annual Report 2009 is incorporated herein by reference.

4.B Business overview

The information set forth under the headings:

Business review on page 8;

Financial review Introduction to the Financial review Line of business results on page 33;

Operational statistics on page 146; and

Information for shareholders Cautionary statement regarding forward-looking statements on page 148 of the Annual Report 2009 is incorporated herein by reference.

4.C Organizational structure

The information set forth under the headings Business review Introduction on page 8 and Subsidiary undertakings and associate on page 141 of the Annual Report 2009 is incorporated herein by reference.

4.D Property, plants and equipment

The information set forth under the headings Other matters Our property portfolio on page 29 and Financial statistics on page 145 of the Annual Report 2009 is incorporated herein by reference.

ITEM 4A. UNRESOLVED STAFF COMMENTS

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, 2009.

ITEM 5. OPERATING AND FINANCIAL REVIEW AND PROSPECTS

5.A Operating results

The information set forth under the headings:

Financial review on page 32;

Consolidated financial statements Accounting policies on page 79 (except the fourth paragraph of (i) Basis of preparation of the financial statements on page 79); and

Information for shareholders Cautionary statement regarding forward-looking statements on page 148 of the Annual Report 2009 is incorporated herein by reference.

5.B Liquidity and capital resources

The information set forth under the headings:

Financial review on page 32;

Consolidated financial statements Notes to the consolidated financial statements Loans and other borrowings on page 110;

Consolidated financial statements Notes to the consolidated financial statements Financial commitments and contingent liabilities on page 117;

Consolidated financial statements Notes to the consolidated financial statements Financial instruments and risk management on page 130; and

Information for shareholders Cautionary statement regarding forward-looking statements on page 148 of the Annual Report 2009 is incorporated herein by reference.

5.C Research and development, patents and licenses

The information set forth under the headings Business review Our resources Our global research and development capability on page 22 and Financial statistics on page 145 of the Annual Report 2009 is incorporated herein by reference.

5.D Trend information

The information set forth under the headings Financial review on page 32 and Information for shareholders Cautionary statement regarding forward-looking statements on page 148 of the Annual Report 2009 is incorporated herein by reference.

5.E Off-balance sheet arrangements

The information set forth under the heading Financial review Balance sheet Off-balance sheet arrangements on page 44 of the Annual Report 2009 is incorporated herein by reference.

5.F Tabular disclosure of contractual obligations

The information set forth under the heading Financial review Balance sheet Capital resources on page 43 of the Annual Report 2009 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 Board of Directors and Operating Committee on page 50 of the Annual Report 2009 is incorporated herein by reference.

6.B Compensation

The information set forth under the headings:

Report on directors' remuneration on page 57;

Consolidated financial statements Notes to the consolidated financial statements Retirement benefit plans on page 121; and

Consolidated financial statements Notes to the consolidated financial statements Share based payments on page 126

of the Annual Report 2009 is incorporated herein by reference.

6.C Board practices

The information set forth under the headings:

Board of Directors and Operating Committee on page 50;

The Board on page 52; and

Report on directors' remuneration on page 57

of the Annual Report 2009 is incorporated herein by reference.

6.D Employees

The information set forth under the headings:

Financial review Group results on page 33;

Consolidated financial statements Notes to the consolidated financial statements Employees on page 126; and

Operational statistics on page 146

of the Annual Report 2009 is incorporated herein by reference.

6.E Share ownership

The information set forth under the headings Report on directors' remuneration on page 57 and Consolidated financial statements Notes to the consolidated financial statements Share based payments on page 126 of the Annual Report 2009 is incorporated herein by reference.

ITEM 7. MAJOR SHAREHOLDERS AND RELATED PARTY TRANSACTIONS

7.A Major shareholders

The information set forth under the headings Shareholders and Annual General Meeting Substantial shareholdings on page 74 and Information for shareholders Analysis of shareholdings at 31 March 2009 on page 150 of the Annual Report 2009 is incorporated herein by reference.

7.B Related party transactions

The information set forth under the headings:

Report on directors' remuneration on page 57;

Directors' information Interest of management in certain transactions on page 70; and

Consolidated financial statements Notes to the consolidated financial statements Related party transactions on page 116

of the Annual Report 2009 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:

Other matters Legal proceedings on page 28;

Financial review Other group items Dividends on page 39;

Consolidated financial statements Notes to the consolidated financial statements Financial commitments and
contingent liabilities on page 117;

Information for shareholders Dividends on page 150; and

Information for shareholders Memorandum and Articles of Association Articles Dividends on page 154 of the Annual Report 2009 is incorporated herein by reference.

8.B Significant changes

The information set forth under the heading Financial review Balance sheet Capital resources on page 43 of the Annual Report 2009 is incorporated herein by reference.

ITEM 9. THE OFFER AND LISTING

9.A Offer and listing details

The information set forth under the heading Information for shareholders Stock exchange listings Share and ADS prices on page 149 of the Annual Report 2009 is incorporated herein by reference.

9.B Plan of distribution

Not applicable

9.C Markets

The information set forth under the heading Information for shareholders Stock exchange listings on page 149 of the Annual Report 2009 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 10. ADDITIONAL INFORMATION

10.A Share capital

Not applicable

10.B Memorandum and articles of association

The information set forth under the heading Information for shareholders Memorandum and Articles of Association on page 153 of the Annual Report 2009 is incorporated herein by reference.

10.C Material contracts

The information set forth under the heading Information for shareholders Material contracts on page 155 of the Annual Report 2009 is incorporated herein by reference.

10.D Exchange controls

The information set forth under the heading Information for shareholders Limitations affecting security holders on page 158 of the Annual Report 2009 is incorporated herein by reference.

10.E Taxation

The information set forth under the heading Information for shareholders Taxation (US Holders) on page 156 of the Annual Report 2009 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 Information for shareholders Documents on display on page 158 of the Annual Report 2009 is incorporated herein by reference.

10.I Subsidiary information

Not applicable

ITEM 11. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

The information set forth under the headings:

Financial review Financial risk management on page 45;

Consolidated financial statements Accounting policies on page 79 (except the fourth paragraph of (i) Basis of preparation of the financial statements on page 79);

Consolidated financial statements Accounting policies Financial instruments on page 83; and

Consolidated financial statements Notes to the consolidated financial statements Financial instruments and risk management on page 130

of the Annual Report 2009 is incorporated herein by reference.

ITEM 12. DESCRIPTION OF SECURITIES OTHER THAN EQUITY SECURITIES

Not applicable

PART II

ITEM 13. DEFAULTS, DIVIDEND ARREARAGES AND DELINQUENCIES

Not applicable

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

Not applicable

ITEM 15. CONTROLS AND PROCEDURES

The information set forth under the heading Business policies US Sarbanes-Oxley Act of 2002 on page 73 of the Annual Report 2009 is incorporated herein by reference.

ITEM 16.A AUDIT COMMITTEE FINANCIAL EXPERT

The information set forth under the heading Business policies US Sarbanes-Oxley Act of 2002 on page 73 of the Annual Report 2009 is incorporated herein by reference.

ITEM 16.B CODE OF ETHICS

The information set forth under the heading Business policies US Sarbanes-Oxley Act of 2002 on page 73 of the Annual Report 2009 is incorporated herein by reference.

ITEM 16.C PRINCIPAL ACCOUNTANT FEES AND SERVICES

The information set forth under the headings Report of the Audit Committee on page 54 and Consolidated financial statements Notes to the consolidated financial statements Audit and non-audit services on page 129 of the Annual Report 2009 is incorporated herein by reference.

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

The information set forth under the heading Information for shareholders Share buy back on page 153 of the Annual Report 2009 is incorporated herein by reference.

ITEM 16.F CHANGE IN REGISTRANT S CERTIFYING ACCOUNTANT

Not applicable

ITEM 16.G CORPORATE GOVERNANCE

The information set forth under the heading The Board New York Stock Exchange on page 53 of the Annual Report 2009 is incorporated herein by reference.

PART III

ITEM 17. FINANCIAL STATEMENTS

Not applicable

ITEM 18. FINANCIAL STATEMENTS

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

Report of the independent auditors Consolidated financial statements United States opinion on page 78;

Consolidated financial statements on pages 79 to 135 (except the fourth paragraph of (i) Basis of preparation of the financial statements on page 79); and

Quarterly analysis of revenue and profit on page 142
of the Annual Report 2009 is incorporated herein by reference.

ITEM 19. EXHIBITS

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 Letter of amendment to management agreement of Francois Barrault, dated 17 September 2007, incorporated by reference to Exhibit 4.12 to the Company's Annual Report on Form 20-F dated May 28, 2008
- 4.2 Letter of appointment of Eric Daniels as a non-executive director, dated 11 March 2008, incorporated by reference to Exhibit 4.13 to the Company's Annual Report on Form 20-F dated May 28, 2008
- 4.3 Letter of appointment of Patricia Hewitt as a non-executive director, dated 12 March 2008, incorporated by reference to Exhibit 4.14 to the Company's Annual Report on Form 20-F dated May 28, 2008
- 4.4 Letter of appointment as an external committee member post retirement of Baroness Margaret Jay, dated 27 November 2007, incorporated by reference to Exhibit 4.15 to the Company's Annual Report on Form 20-F dated May 28, 2008
- 4.5 Service contract appointing Ian Livingston as Chief Executive, dated 7 April 2008, incorporated by reference to Exhibit 4.16 to the Company's Annual Report on Form 20-F dated May 28, 2008
- 4.6 Service contract appointing Gavin Patterson as an executive director, dated 7 April 2008, incorporated by reference to Exhibit 4.17 to the Company's Annual Report on Form 20-F dated May 28, 2008
- 4.7 Letter of extension of appointment of Carl Symon, dated 27 November 2007, incorporated by reference to Exhibit 4.18 to the Company's Annual Report on Form 20-F dated May 28, 2008
- 4.8 Letter of extension of appointment of Clay Brendish, dated 1 August 2008
- 4.9 Service contract appointing Anthony Chanmugam as Group Finance Director, dated 1 December 2008
- 4.10 Letter of extension of appointment of Matti Alahuhta, dated 19 January 2009
- 4.11 Letter of extension of appointment of Phil Hodgkinson, dated 14 January 2009
- 8.1 Significant subsidiaries as of March 31, 2009, see "Subsidiary undertakings and associate" on page 141 of the Company's Annual Report and Form 20-F included as Exhibit 15.2
- 12.1 Section 302 certification of Chief Executive Officer
- 12.2 Section 302 certification of Group Finance Director
- 13.1 Section 906 certification
- 15.1 Consent of PricewaterhouseCoopers LLP, independent auditors of BT Group plc
- 15.2* Annual Report and Form 20-F 2009.

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* Certain of the information included within Exhibit 15.2, which is provided pursuant to Rule 12b-23(a)(3) of the Securities Exchange Act of 1934, as amended, is incorporated by reference in this Form 20-F, as specified elsewhere in this Form 20-F. With the exception of the items and pages so specified, the Annual report and Form 20-F is not deemed to be filed as part of this Form 20-F.

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

/s/ Tony Chanmugam

Name: Tony Chanmugam
Title: Group Finance Director

Date: May 27, 2009