

BT GROUP PLC
Form 6-K
May 31, 2006

SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

Form 6-K

Report of Foreign Private Issuer

Pursuant to Rule 13a-16 or 15d-16 of
the Securities Exchange Act 1934

Report on Form 6-K dated May 31, 2006

BT Group plc

(Translation of registrant's name into English)

BT Centre
81 Newgate Street
London EC1A 7AJ
England

(Address of principal executive offices)

Indicate by check mark whether the registrant files or will file annual reports under cover of Form 20-F or Form 40-F.

Form 20-F Form 40-F

Indicate by check mark whether the registrant by furnishing the information contained in this Form is also thereby furnishing the information to the Commission pursuant to Rule 12g3-2(b) under the Securities Exchange Act of 1934.

Yes No

Enclosure: Shareholder Magazine

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

BT Group plc

By: /s/ Alan Scott

Name: Alan Scott

Title: Assistant Secretary

Date: May 31, 2006

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and your fellow shareholders

21ST CENTURY FRIENDS AND FAMILY

The big picture of what our 21st Century Network
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BRINGING IT ALL TOGETHER

From calling up your auntie on the other side of
the world for a videochat to watching your
favourite movie on your laptop

INVENTING THE FUTURE

We went to Adastral Park, BT's
research and development labs, to find

out how BT goes about inventing the
future

RESPONSIBLE INNOVATION

We re doing everything we can to ensure that the great
opportunities of innovation aren t undermined by the threats
that come with it

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from time to

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contract.

Nothing in this publication forms any part of any contract. Offers are for UK resident shareholders.

INTRODUCTION

Looking forward

Children seem to grow up so fast these days. What's the hurry, you might ask, given that our chances of living longer are improving all the time. Why wait, they could well reply, when there's so much out there to see and do!

It's amazing just how much, and how much faster, the world is changing. Take working from home, for example.

It seems like only yesterday that working from home was rare. The preserve of artists and alternative types; certainly not part of the serious world of work.

These days, more and more people, currently around three million in the UK, work from home. Each day they commute, for example, down to the shed-cum-office at the bottom of the garden. No more time-consuming travelling to and fro; no end of enjoyable and productive working. No wonder more and more companies, ours included, are encouraging people to work from home. We're big fans, more than one in ten of our workforce works from home.

IN THE NEXT FEW PAGES WE LOOK AT WHAT'S

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HAPPENING IN THE WORLD AROUND US. THINK
OF IT AS THE BIG PICTURE OF THE NEAR FUTURE.

WE HOPE YOU LIKE WHAT YOU SEE

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Q&A WITH BEN VERWAAYEN

Q. How important is change to BT?

A. Change is a fact of life. The pace of change is accelerating and while that can be daunting for some, it also creates great opportunities. We are designing everything we do around our customers to help them make the most of this changing world. Our innovative products and services have the potential to make their lives and businesses better.

show the same dedication to making their lives simpler, easier and more successful.

Q. Where do customers fit into all this?

A. Customers are at the heart of everything we do. From an individual living on their own to a multinational operating around the world, we will

It is not good enough to have a great product or great technology – it is the customer experience that makes the difference. We are improving but we need to keep at it.

Q. What is convergence and what does it really mean for ordinary people?

A. Convergence is about bringing together new technology to create a joined-up communications experience. It's about making it possible to do things in simpler, faster, cheaper and better ways.

Ben's view

WE ASKED BT'S CHIEF EXECUTIVE BEN VERWAAYEN TO GIVE US HIS VIEW ON HOW THINGS ARE CHANGING, WHAT THIS MEANS FOR BT AND FOR ALL OF US

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Take a simple phone call to Australia, for example. With our Broadband Talk service, you can now make that call for next to nothing over the internet using an ordinary phone. And BT Fusion is a fantastic new service that brings together the best of fixed and mobile, giving customers a phone service they can use at home and on the move.

Q. What part does broadband play?

A. Broadband is at the heart of convergence, of changing things for the better. Pretty much everyone in the UK, 99.7% of the population, can now get broadband and BT currently provides around eight million broadband lines in the UK. Broadband speeds are going up and prices are coming down. Our focus now is on helping customers understand how they can use it.

Take BT Vision, our new broadband TV service. It will bring a new dimension to home entertainment allowing customers to choose from a huge range of on-demand film, music and TV programming as well as interactive services. You'll be able to catch up with last week's episode of your favourite programme simply by downloading and watching it whenever you like. You can get access to any programme of your choosing and make sure your TV will learn what you like.

Q. How important are BT's people?

A. They are vitally important. BT is a people business, not a technology business. We meet the needs of our customers with the help of technology, rather than developing technology for technology's sake. The way we do this, and how well we do this, is down to the talent and dedication of all our people.

Q. What's BT's view of innovation?

A. For us, innovation is about being open and collaborative – working together to turn good ideas into great innovations that help make people’s lives simpler and more enjoyable. Innovation applies to all parts of our business – from the way we come up with, develop and sell our services to the way we organise our operations.

Q. How do you see the regulatory environment changing in the near future?

A. We face different regulatory environments in the markets we operate in. Recent changes in the UK environment should help stimulate competition and investment, which is in everybody’s interests. Wherever we operate, we support regulation that helps our customers.

Q. How much of BT’s business is global?

A. These days we’re very much a world player – we offer services to around 170 countries worldwide. Recent acquisitions have bolstered our capability: Infonet and Radianz in the United States, Albacom and Atlanet in Italy, Cara Group in Ireland and dabs.com in the UK.

Q. How is BT’s role in Britain changing?

A. I’m proud of BT’s continuing role at the heart of society. As society changes, the way we fulfil this role changes. In recent years, for example, we have been instrumental in creating broadband Britain. And with our 21st Century Network we are undertaking one of the largest investments in UK infrastructure.

This multi-billion pound investment is one of the many ways we are helping individuals, organisations and communities make the most of the great potential of communications.

From new technologies to evolving lifestyles to increasing globalisation – the

world is changing faster and faster. In the long-term interests of us all, we must look to create and capitalise on change in a responsible way – a way that takes into account the need to generate productive economic growth, to address environmental concerns, and to include the diverse talents, interests and backgrounds of everyone in society.

IT IS NOT GOOD ENOUGH TO
HAVE A GREAT PRODUCT OR
GREAT TECHNOLOGY – IT IS
THE CUSTOMER EXPERIENCE
THAT MAKES THE DIFFERENCE.

WE ARE DESIGNING
EVERYTHING WE DO AROUND
OUR CUSTOMERS TO HELP
THEM MAKE THE MOST OF
THIS CHANGING WORLD.

Ben Verwaayen Chief Executive

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THE WORLD IS CHANGING,
FASTER AND FASTER

BT IS TAKING A LEADING
ROLE IN THESE CHANGES

THIS IS GOOD FOR OUR
CUSTOMERS, FOR OUR
BUSINESS, AND FOR OUR
SHAREHOLDERS

IN BRIEF

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NETWORKS

21st century
friends and family

WE'RE INVESTING BILLIONS IN BUILDING OUR NEW 21ST CENTURY
NETWORK (21CN).

Soon the first customers, in Cardiff,
should be up and running and by the
end of the decade nearly everyone in
the UK will be on 21CN.

SO WHAT DOES 21CN MEAN
FOR PEOPLE?

It's going to give customers high-speed
broadband on tap via their existing phone
lines, in much the same way that you
currently get your electricity simply by
plugging things into sockets and turning
them on. Flick a switch; download a movie.
Here's the big picture of how this is going
to help make things simpler, easier and
more enjoyable for you, your family and
friends.

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Bringing it all together

CONVERGENCE

NOT SO LONG AGO, IF YOU WANTED TO MAKE A PHONE CALL YOU HAD TO USE A PHONE ATTACHED TO A WALL BY A WIRE. NOW YOU CAN MAKE THAT CALL WHEREVER YOU LIKE WITH A MOBILE.

You can start a call using BT Fusion, at low cost UK* landline rates, sitting comfortably on your home sofa and finish it on your way to the shops.

From calling up your auntie on the other side of the world for a videochat to watching your favourite movie on your laptop wherever you are, whatever you're doing, at home, at work, at play, we're helping to bring it all together. So that things become simpler, more useful and more enjoyable. More in keeping with who you are and what you want.

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Calls from home on your mobile

at UK landline rates

BT Fusion is another innovative service from BT. It brings together the freedom of a mobile phone, the low costs of fixed line calls and the quality of broadband at home. When you're out and about you can use your BT Fusion mobile just like any other mobile. When you're at home you can carry on using it for calls at low cost UK landline rates. (Your calls are automatically routed over your BT Broadband connection via your BT Hub.) And soon you'll also be able to use BT Fusion to connect to the BT Openzone wireless broadband network when you're away from home.

Home is where the Hub is

Download recipes in the kitchen, listen to music in the living room, play online games in the bedroom – with the wireless BT Hub you and yours can roam the world wide web while roaming your home.

The TV that thinks it's a PC

From rock concerts to reality TV shows to classic movies – with BT Vision, our broadband TV service, you'll be able to watch what you want when you want, rather than be at the mercy of the schedules. You'll be able to record up to 80 hours of programmes straight on to your set-top box (no more

scrabbling around for video cassettes).

And if you miss something, a new programme from the night before that everyone's raving about for example, you'll be able to catch up – simply download and watch it. You'll also be able to take part in TV votes, buy things at the click of a button, play games on the TV, listen to the radio, make video phone calls and more.

Due this autumn, BT Vision is set to

change the face of TV as we know it.

Help at your fingertips

Whether setting up your home network, diagnosing and fixing faults remotely, sharing music, pictures, solving software problems, the BT Home IT Advisor service provides support 8am to 11pm (for details go to www.bt.com/homeitadvisor).

From friendly games to world

championships

With BT Broadband, you can play the latest online games. Take on your friends, or challenge the world.

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GLOBAL SERVICES

Mary's story

One of the most important things we do is provide global services to major organisations around the world. These long-term, multi-million pound contracts can have a major impact on people's lives. Take for example our work to help the NHS realise its vision of improved patient care.

We are two and a half years into this programme.

TO GIVE YOU AN IDEA OF WHAT WE'RE ALL WORKING TOWARDS, HERE'S MARY'S STORY...

It's 2012 and Mary Roberts is at home watching the London Olympics. She has had an eventful few weeks which began with much gentle nagging from her daughter, Nicky, to go and see the doctor and ended with successful surgery for bowel cancer.

I didn't want to go, says Mary. But in the end I rang up and made an appointment.

Looking back, I knew it was serious when the doctor told me I'd need to see someone else. At least she could make the appointment there and then and I was able to have a say in which hospital I'd go to as well as pick a date and time that suited me.

It was one less thing to worry about.

Having examined Mary, and considering her symptoms, I was concerned about the possibility of bowel cancer she needed to be seen as soon as possible, says Dr Farida Kandari, Mary's GP. I was able to get an instant overview on my computer of suitable appointments at local hospitals together with which specialists were available, so Mary and I could book the best appointment for her.

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Once we'd chosen a specialist Mr Jones at the Queen Beatrice the system immediately told me that Mary would need to have a blood test and a colonoscopy ahead of the appointment. So the practice nurse took Mary's blood sample at the surgery to send off for analysis, and the colonoscopy was arranged at the hospital. Mr Jones had the results of both investigations by the time Mary saw him. **The whole thing saves a lot of unnecessary back and forth.**

The blood test results came back to us electronically through the system and were added to Mary's records, says Dr Kandari. That way I can see them and so can Mr Jones at the hospital. **It's a lot more efficient like this.** Notes from me, from Mr Jones, and from anyone else associated with Mary's case can be keyed straight into the system, and everyone with the appropriate level of access can see them.

The new system makes it simpler and easier to book tests and scans such as Mary's colonoscopy, says Marcus Jones, consultant gastroenterologist at the Queen Beatrice.

What's more, when a radiologist conducts a scan the images are captured and stored electronically and linked to the patient's record reducing the time it takes to process scans and, in turn, to diagnose conditions.

They gave me a date for my operation straightaway, just like at the doctor's, says Mary. And I knew there'd be a bed for me, because it was all booked in.

On the day of Mary's operation the theatre software imported all her relevant details from the care record, so we knew about any allergies and so on, says Marcus Jones. **During the procedure**

one of the surgery team regularly updated the system so that by the time we'd finished there was a complete record of what we'd found, what we did and how long it took.

Essential information from the operation was then fed back into the care record and my clinical notes went straight into the system too, so they could be added to Mary's record.

Every day the system generates a list for each surgeon and each theatre, showing who is scheduled where and when, says Marcus. **A tracking facility lets us monitor the progress of each patient - you can see if they are in pre-op, in surgery or in recovery.** Ward staff can plan accordingly, and relatives can also be kept informed of the progress of operations.

Mary was pleasantly surprised when we gave her a copy of her discharge summary, says Gavin Rogers, a Senior House Officer at the Queen Beatrice.

She knew her GP would have exactly the same information, so they could discuss things on an informed basis, and she also had a record of exactly what had happened to her, which I'd gone through with her to explain anything she wasn't clear about. **It gives the patient a real feeling of understanding and involvement in the course of their own treatment.** And if Mary should happen to move, wherever she goes in the country her local hospital will be able to access a summary of her care record.

The whole way through people seemed to be expecting me, says Mary. And they all knew what had already happened and what was coming next.

I REALLY GOT THE FEELING
THAT EVERYONE WAS
WORKING TOWARDS A
COMMON GOAL OF MAKING
ME FEEL BETTER.

IMPROVING PATIENT CARE FOR EVERYONE

In 2002, NHS Connecting for Health began a ten-year journey to create, for the first time, an integrated computerised system for the whole of the NHS in England. Said to be the largest civilian IT programme in the world, it involves the development and roll-out of a new IT infrastructure, underpinned by a national broadband network, to support new patientcentric services for over 50 million patients in England. To give you an idea of the scale of the task, in 2002-3 more than 624 million prescription items were dispensed, more than 5.3 million people were admitted to hospital for planned treatment, there were 13 million outpatient consultations, and nearly 13 million people attended accident and emergency of which 2.3 million were emergencies.

That s a lot of patient care and a big opportunity to change things for the better. The NHS project is long-term and complex and there will inevitably be ups and downs along the way. BT is committed to working with partners to help secure its delivery.

SOME KEY ACHIEVEMENTS

N3 the new national broadband network for the NHS will connect 18,000 NHS sites in England, and provide similar services in Scotland. By April 2006 we had provided over 14,000 connections in England, and over 1,300 connections in Scotland.

95% of GPs now have high-speed N3 broadband connections enabling, for example, online appointment booking, electronic prescriptions and, in future, receipt of digital x-rays.

In 2005, the infrastructure to enable Choose and Book (selecting Trusts and services online) and the electronic transfer of prescriptions was completed to date over one million prescriptions

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have been transferred electronically and
about 300,000 bookings made online.

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INNOVATION

How does BT go about
inventing the future?

FROM PLUG AND PLAY PHONE CALLS OVER THE INTERNET
(VIA BROADBAND TALK, AVAILABLE HERE AND NOW) TO
SIMPLE AND RELIABLE TV ON YOUR MOBILE (VIA BT MOVIO,
COMING SOON), BT IS BUSY INVENTING THE FUTURE.

How, exactly, does the company go
about it? We went to Adastral Park,
BT's research and development labs,
to find out.

Innovation has always been at the heart of
Adastral Park. The site, at Martlesham Heath,
near Ipswich, began life as a First World War
aircraft testing station for the Royal Flying
Corps. These days it is a hive of information,
communications and technology research and
development.

Reflecting the company's open, collaborative
approach to innovation, Adastral is home not
only to around 3,500 of BT's top scientists,
engineers and business people but also to a
further 1,000 of their peers from over 30 other
organisations located in the Park. Walk
through the main gate and you'll see signs for
Alcatel, Cisco, HP, Siemens, University
College London (UCL), University of Essex
, Xerox

Open innovation takes BT beyond its own
people to work with partners, customers,
suppliers and universities in innovation
networks. There is currently no such thing as
disruptive technology only disruptive uses of
technology. When you apply technology to
enhance the quality of people's lives and the
success of organisations, then and only then
will technology become disruptive. BT has a
history of innovation but today it is even
innovating its approach to innovation.

Open innovation is BT's ability to identify
innovations in products, services and

technologies globally, bring them back and fuse them together with the work of the men and women of BT. This ensures there is never a gap between what is possible and what is delivered into the markets BT serves.

Moving movies around

One of the concept demonstrations BT is developing is Push to TV. With this service, you can start watching a movie on your mobile while you're out and about and when you get home the movie will automatically and seamlessly be transferred to, say, your widescreen TV (and back again, as and when you like).

Using your wedding ring to call up your wedding photos

Once you've uploaded your photos, movie clips and other digital content on to your PC, how do you go about making it easy to catalogue and recall everything? BT is tackling the problem in an innovative way with the Digital Media Album. You can assign a physical object, your wedding ring for example, to your wedding photos. Simply take the ring, put it on the Digital Media Album pad and up come your wedding photos on your screen.

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From mobile photo to online album

BT's researchers have also developed a way for people to easily transfer photos on their mobile phone to their online photo album. With the Photo Uploader system, you simply mark which photos you want added to your album and when the mobile is in range of a broadband access point it automatically connects and transfers the photos.

Good ideas are two a penny. They only become valuable when someone implements them. Then they become innovation.

Ian Pearson, BT Futurologist

Checking the weather with a wave of your hand

Adastral's experts are also working in the area of ambient technology simple, intuitive technology. Take, for example, the ambient orb. You can personalise the orb to give you pretty much any kind of information, from incoming e-mails to share prices to weather forecasts. If a weather report comes in, the orb could let you know by playing a tune, changing colour, or simply saying 'weather'. If you're interested in the weather at that point, simply sweep your hand over the orb and it will give you the forecast.

The essence of innovation comes from people. People make things work, boxes don't.

Matt Bross, BT Chief Technology Officer

The plant that reminds you to call your loved ones

The digital plant is another ambient device that's been nurtured at Adastral. The plant has a series of metal stems. Each one can represent a member of your family, a friend, a work colleague and reflect the contact you have with each of them. If you have lots of contact with someone, their stem stands upright and healthy. If you haven't contacted them for a while, the stem starts to droop - time to call them up! Just one more example of how BT is bringing together digital technology, physical objects and human emotion to create simple, intuitive innovations.

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RESPONSIBILITY

Responsible
innovation

NEW STUFF ISN'T ALWAYS GOOD NEWS. TEN YEARS AGO, WHO WOULD VE THOUGHT THAT SOMEONE COULD STEAL YOUR IDENTITY DOWN A PHONE LINE.

Making sure that kind of thing doesn't happen is a big part of our responsible approach to innovation. Whether it's creating services to prevent nuisance calls or building resilience into our networks to help combat computer viruses, we're doing everything we can to ensure that the great opportunities of innovation aren't undermined by the threats that come with it.

Safety and security

To help keep everything safe and secure, BT Broadband is available with BT Yahoo! anti-spy and BT Yahoo! mail protection with e-mail anti-virus and anti-phishing that automatically update against the latest threats.

Protecting your identity

Our new BT Identity Support offers advice on how to reduce the chances of someone stealing your identity.

Your privacy

BT Privacy at Home is a service that helps block unwanted sales calls by signing customers up to the Telephone Preference Service. It also offers caller display so that you can see who's calling before you answer the phone.

Looking after your data

Our Digital Vault service provides online storage for any content on your computer. So if your PC crashes or is

stolen, you won't lose your photos, music files, documents and so on.

A self-healing network

We are working on a self-healing network that can recover by itself from a virus attack.

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