

PROSPECTUS



BRITISH TELECOMMUNICATIONS PUBLIC LIMITED COMPANY

(incorporated with limited liability in England and Wales with Registered Number: 1800000)

€20,000,000,000

Euro Medium Term Note Programme

unconditionally and irrevocably guaranteed by

BT GROUP PLC

(incorporated with limited liability in England and Wales with Registered Number: 4190816)

Under this €20,000,000,000 Euro Medium Term Note Programme (the **Programme**), British Telecommunications public limited company (the **Issuer** or **BT** or the **Company**) may from time to time issue notes (the **Notes**) denominated in any currency agreed between the Issuer and the relevant Dealer (as defined below). The Notes may be issued as either senior notes (the **Senior Notes**) or as subordinated notes (the **Subordinated Notes**). Subordinated Notes may be issued as either Dated Subordinated Notes or Undated Subordinated Notes.

The payment of all amounts payable by the Issuer in respect of the Notes issued under the Programme will be unconditionally and irrevocably guaranteed by BT Group plc (the **Guarantor**) and, if the Notes are Subordinated Notes, on a subordinated basis.

The maximum aggregate nominal amount of all Notes from time to time outstanding under the Programme will not exceed €20,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement described herein), subject to increase as described herein.

The Notes may be issued on a continuing basis to one or more of the Dealers specified under “*Description of the Programme*” and any additional Dealer appointed under the Programme from time to time by the Issuer (each a **Dealer** and together the **Dealers**), which appointment may be for a specific issue or on an ongoing basis. References in this Prospectus to the **relevant Dealer** shall, in the case of an issue of Notes being (or intended to be) subscribed by more than one Dealer, be to all Dealers agreeing to subscribe for such Notes.

An investment in Notes issued under the Programme involves certain risks. For a discussion of these risks see “Risk Factors”.

This Prospectus has been approved as a base prospectus by the United Kingdom (UK) Financial Conduct Authority (the **FCA**), as competent authority under Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended (the **EUWA**) (the **UK Prospectus Regulation**). The FCA only approves this Prospectus as meeting the standards of completeness, comprehensibility and consistency imposed by the UK Prospectus Regulation. Such approval should not be considered as an endorsement of the Issuer, the Guarantor or the quality of the Notes that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Notes.

Application has been made to the FCA for Notes issued under the Programme during the period of 12 months from the date of this Prospectus to be admitted to the official list of the FCA (the **Official List**) and to the London Stock Exchange plc (the **London Stock Exchange**) for such Notes to be admitted to trading on the London Stock Exchange’s main market (the **Market**). The Market is a UK regulated market for the purposes of Regulation (EU) No 600/2014 on Markets in Financial Instruments as it forms part of UK domestic law by virtue of the EUWA (**UK MiFIR**).

The Issuer’s senior long term debt obligations have been rated BBB by S&P Global Ratings, acting through S&P Global Ratings UK Limited (**Standard & Poor’s**), Baa2 by Moody’s Investors Service Ltd. (**Moody’s**) and BBB by Fitch Ratings Ltd (**Fitch**). Each of Standard & Poor’s, Moody’s and Fitch is established in the UK and each is registered in accordance with Regulation (EC) No. 1060/2009 as it forms part of UK domestic law by virtue of the EUWA (the **UK CRA Regulation**). Each of Standard & Poor’s, Moody’s and Fitch is not established in the European Economic Area (**EEA**) and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended, the **CRA Regulation**). However, S&P Global Ratings Europe Limited has endorsed the ratings of Standard & Poor’s, Moody’s Deutschland GmbH has endorsed the ratings of Moody’s and Fitch Ratings Ireland Limited has endorsed the ratings of Fitch, in accordance with the CRA Regulation. Each of S&P Global Ratings Europe Limited, Moody’s Deutschland GmbH and Fitch Ratings Ireland Limited is established in the EEA and registered under the CRA Regulation. Notes to be issued under the Programme may be rated or unrated. Where a Tranche (as defined under “*Terms and Conditions of the Senior Notes*” or “*Terms and Conditions of the Subordinated Notes*”, as applicable) of Notes is rated, such rating will be specified in the applicable final terms document (the **Final Terms**) and will not necessarily be the same as the ratings specified above. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Notice of the aggregate nominal amount of Notes, interest (if any) payable in respect of Notes, the issue price of Notes and any other terms and conditions not contained herein which are applicable to each Tranche of Notes will be set out in the Final Terms which will be delivered to the FCA and the London Stock Exchange. Copies of the Final Terms will also be published on the website of the London Stock Exchange through a regulatory information service.

The Notes of each Tranche will be in bearer form and will be initially represented by a global Note which will: (i) if the global Note is intended to be issued in new global note (**NGN**) form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to a common safekeeper (the Common Safekeeper) for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**); and (ii) if the global Note is not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to a common depositary (the **Common Depositary**) for Euroclear and Clearstream, Luxembourg.

Arranger
Barclays

Dealers

Barclays
BNP PARIBAS
HSBC
Lloyds Bank Corporate Markets
MUFG
Santander Corporate & Investment Banking
SMBC Nikko

BofA Securities
Citigroup
J.P. Morgan
Mizuho
NatWest Markets
SEB
Société Générale Corporate & Investment Banking

The date of this Prospectus is 9 June 2023.

IMPORTANT INFORMATION

This Prospectus together with all documents which are deemed to be incorporated herein by reference (see “*Documents Incorporated by Reference*”) comprises a base prospectus for the purposes of Article 8 of the UK Prospectus Regulation. When used in this Prospectus, *Prospectus Regulation* means Regulation (EU) 2017/1129 and *UK Prospectus Regulation* means Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended.

Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Prospectus and the Final Terms for each Tranche of Notes issued under the Programme. To the best of the knowledge of each of the Issuer and the Guarantor, the information contained in this Prospectus is in accordance with the facts and this Prospectus makes no omission likely to affect its import.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see “*Documents Incorporated by Reference*”). This Prospectus shall be read and construed on the basis that such documents are incorporated in and form part of this Prospectus.

This Prospectus is valid for a period of twelve months from its date of approval. The Issuer will, in the event of any significant new factor, material mistake or material inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of any Notes, prepare a supplement to this Prospectus. The obligation to prepare a supplement to this Prospectus in the event of any significant new factor, material mistake or material inaccuracy does not apply when this Prospectus is no longer valid.

Neither the Dealers nor the Trustee has independently verified the information contained herein. No representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Dealers or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer and/or the Guarantor in connection with the Programme. Neither the Dealers nor the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer and/or the Guarantor in connection with the Programme.

No person is or has been authorised by the Issuer, the Guarantor, the Dealers or the Trustee to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Programme or the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor, any of the Dealers or the Trustee.

Neither this Prospectus nor any other information supplied in connection with the Programme or any Notes: (a) is intended to provide the basis of any credit or other evaluation; or (b) is or is intended to be, nor should be considered as a recommendation or a statement of opinion (or a report of either of those things) by the Issuer, the Guarantor, any of the Dealers or the Trustee that any recipient of this Prospectus or any other information supplied in connection with the Programme or any Notes should purchase any Notes. Each investor contemplating purchasing any Notes should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Guarantor and its subsidiaries including the Issuer (the *Group*). Neither this Prospectus nor any other information supplied in connection with the Programme or the issue of any Notes constitutes an offer or invitation by or on behalf of the Issuer, the Guarantor, any of the Dealers or the Trustee to any person to subscribe for or to purchase any Notes.

None of the delivery of this Prospectus, any Final Terms or the offering, sale or delivery of any Notes shall in any circumstances imply that the information contained herein concerning the Issuer and/or the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date indicated in the document containing the same. The Dealers and the Trustee expressly do not undertake to review the financial condition or affairs of the Issuer, the Guarantor or the Group during the life of the Programme or to advise any investor in the Notes of any information coming to their attention.

The Notes, the Deed of Guarantee (the *Deed of Guarantee*) dated 27 March 2019 between the Guarantor, the Issuer and the Trustee and the Guarantee in respect of the Subordinated Notes (the *Guarantee*) have not been and will not be registered under the United States Securities Act of 1933, as amended (the *Securities Act*) or with any securities regulatory authority of any state or other jurisdiction of the United States and are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (see “*Subscription and Sale*”).

The Issuer, the Guarantor, the Dealers and the Trustee do not represent that this Prospectus may be lawfully distributed, or that any Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Guarantor, the Dealers or the Trustee which is intended to permit a public offering of any Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the EEA, Belgium, the UK, Japan, Singapore and Canada; see “*Subscription and Sale*”.

The Notes may not be a suitable investment for all investors. Each potential investor in the Notes must make its own assessment as to the suitability of that investment in light of its own circumstances. In particular, each potential investor should consider, either on its own or with the help of its financial and other professional advisers, whether it:

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the relevant Notes, the merits and risks of investing in the relevant Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the relevant Notes and the impact such investment will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the relevant Notes, including Notes with principal or interest payable in one or more currencies, or where the currency for principal or interest payments is different from the potential investor’s currency;
- (iv) understands thoroughly the terms of the relevant Notes and is familiar with the behaviour of the financial markets;
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks; and
- (vi) understands the accounting, legal, regulatory and tax implications of a purchase, holding and disposal of an interest in the relevant Notes.

Legal investment considerations may restrict certain investments. The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

If a jurisdiction requires that the offering be made by a licensed broker or dealer and the Dealers or any parent company or affiliate of the Dealers is a licensed broker or dealer in that jurisdiction, the offering shall be deemed to be made by the Dealers or such parent company or affiliate on behalf of the Issuer in such jurisdiction.

All references in this document to *U.S. dollars*, *U.S.\$* and *\$* refer to United States dollars, to *Sterling* and *£* refer to pounds sterling, to *yen* and *¥* refer to Japanese yen and to *euro*, *EUR* and *€* refer to the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union (*EU*), as amended.

Unless the source is otherwise stated, the market, economic and industry data in this Prospectus about the Issuer constitutes the Issuer’s estimates, using underlying data from various industry sources where appropriate. The Issuer accepts responsibility for the market, economic and industry data contained in this Prospectus. The market, economic and industry data has been extracted from various industry and other independent and public sources,

the publications in which they are contained generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by any such industry and other independent and public sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

In this Prospectus, unless the contrary intention appears, a reference to a law or a provision of a law is a reference to that law or provision as extended, amended or re-enacted.

Forward-Looking Statements

Certain statements in this Prospectus, including those described in “*Risk Factors*” constitute “forward-looking statements”. These forward-looking statements can be identified by the use of forward-looking terminology, including terms “believe”, “estimate”, “anticipate”, “intend”, “may”, “will”, or “should” or in each case their negative, or other variations or comparable terminology. Such forward-looking statements involve risks, uncertainties and other factors which may cause the actual results, performance or achievements of the group, or industry results, to be materially different from any future results, performance or achievements expressed or implied by such forward-looking statements. Such risks, uncertainties and other factors include, among others, general economic and business conditions, industry trends, competition, changes in government regulation, currency fluctuations, changes in business strategy or development, political and economic uncertainty, covid-19 pandemic and other risks described in “*Risk Factors*”. There can be no assurance that the results and events contemplated by the forward-looking statements contained in this Prospectus will, in fact, occur.

These forward-looking statements speak only as at the date of this Prospectus. The Issuer and the Guarantor will not undertake any obligation to release publicly any revisions to these forward-looking statements to reflect events, circumstances or unanticipated events occurring after the date of this Prospectus except as required by law or by any appropriate regulatory authority.

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STABILISATION

In connection with the issue of any Tranche (as defined under “*Terms and Conditions of the Senior Notes*” or “*Terms and Conditions of the Subordinated Notes*”) of Notes, any Dealer or Dealers acting as the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, stabilisation may not necessarily occur. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may cease at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager(s) (or persons acting on behalf of any Stabilisation Manager(s)) in accordance with all applicable laws and rules.

MiFID II PRODUCT GOVERNANCE / TARGET MARKET

The applicable Final Terms in respect of any Notes may include a legend entitled “*MiFID II Product Governance*” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a *distributor*) should take into consideration the target market assessment; however, a distributor subject to Directive 2014/65/EU (as amended, *MiFID II*) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the Product Governance Rules under EU Delegated Directive 2017/593 (the *MiFID Product Governance Rules*), any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the MiFID Product Governance Rules.

UK MiFIR PRODUCT GOVERNANCE / TARGET MARKET

The applicable Final Terms in respect of any Notes may include a legend entitled “*UK MiFIR Product Governance*” which will outline the target market assessment in respect of the Notes and which channels for distribution of the Notes are appropriate. Any person subsequently offering, selling or recommending the Notes (a *UK distributor*) should take into consideration the target market assessment; however, a UK distributor subject to the FCA

Handbook Product Intervention and Product Governance Sourcebook (the *UK MiFIR Product Governance Rules*) is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the target market assessment) and determining appropriate distribution channels.

A determination will be made in relation to each issue about whether, for the purpose of the UK MiFIR Product Governance Rules, any Dealer subscribing for any Notes is a manufacturer in respect of such Notes, but otherwise neither the Arranger nor the Dealers nor any of their respective affiliates will be a manufacturer for the purpose of the UK MiFIR Product Governance Rules.

PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the EEA. For these purposes, a *retail investor* means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the *PRIIPs Regulation*) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the UK. For these purposes a *retail investor* means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (the *FSMA*) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation. Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the *UK PRIIPs Regulation*) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

SINGAPORE SFA PRODUCT CLASSIFICATION

In connection with Section 309B of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the *SFA*) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the *CMP Regulations 2018*), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

BENCHMARKS REGULATION

Amounts payable on certain Subordinated Notes and (in the case of Senior Notes only) Floating Rate Notes to be issued under the Programme may be calculated by reference to certain reference rates such as the Euro Interbank Offered Rate (EURIBOR) or the Sterling Overnight Index Average (SONIA) as specified in the applicable Final Terms. Any such reference rate may constitute a benchmark for the purposes of Regulation (EU) 2016/1011 (the *EU Benchmarks Regulation*) and/or Regulation (EU) No 2016/1011 as it forms part of UK domestic law by virtue of the EUWA (the *UK Benchmarks Regulation*). If any such reference rate does constitute such a benchmark, the applicable Final Terms will indicate whether or not the benchmark is provided by an administrator included in the register of administrators and benchmarks established and maintained by the European Securities and Markets Authority (*ESMA*) and/or the FCA pursuant to Article 36 (*Register of administrators and benchmarks*) of the EU Benchmarks Regulation and/or Article 36 (*Register of administrators and benchmarks*) of the UK Benchmarks Regulation, respectively. The registration status of any administrator under the EU Benchmarks Regulation and the UK Benchmarks Regulation is a matter of public record and, save where required by applicable law, the Issuer does not intend to update any applicable Final Terms to reflect any change in the registration status of the administrator.

DESCRIPTION OF THE PROGRAMME

The following general description of the Programme does not purport to be complete and is taken from, and is qualified in its entirety by, the remainder of this Prospectus and, in relation to the terms and conditions of any particular Tranche of Notes, the applicable Final Terms. Any decision to invest in the Notes should be based on a consideration of this Prospectus as a whole including all documents incorporated by reference.

Notes may be issued as either Senior Notes or as Subordinated Notes. Subordinated Notes may be issued as either Dated Subordinated Notes or Undated Subordinated Notes. Words and expressions defined in “*Form of the Notes*”, “*Terms and Conditions of the Senior Notes*” and “*Terms and Conditions of the Subordinated Notes*” (as applicable) shall have the same meanings in this Description of the Programme.

Issuer:	British Telecommunications public limited company
Guarantor:	BT Group plc
Risk Factors:	There are certain factors that may affect the Issuer’s ability to fulfil its obligations under Notes issued under the Programme and/or the Guarantor’s obligations under the Deed of Guarantee and/or the Guarantor’s obligations under the Guarantee in respect of the Subordinated Notes. These are set out under “ <i>Risk Factors</i> ” below. In addition, there are certain factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme. These are set out under “ <i>Risk Factors</i> ” and include certain risks relating to the structure of particular Series of Notes and certain market risks.
Description:	Euro Medium Term Note Programme
Arranger:	Barclays Bank PLC
Dealers:	Banco Santander, S.A., Barclays Bank PLC, BNP Paribas, Citigroup Global Markets Limited, HSBC Bank plc, J.P. Morgan Securities plc, Lloyds Bank Corporate Markets plc, Merrill Lynch International, Mizuho International plc, MUFG Securities EMEA plc, NatWest Markets Plc, Skandinaviska Enskilda Banken AB (publ), SMBC Nikko Capital Markets Limited, Société Générale, and any other Dealers appointed in accordance with the Programme Agreement.
Trustee:	The Law Debenture Trust Corporation p.l.c.
Certain Restrictions:	Each issue of Notes denominated in a currency in respect of which particular laws, guidelines, regulations, restrictions or reporting requirements apply will only be issued in circumstances which comply with such laws, guidelines, regulations, restrictions or reporting requirements from time to time (see “ <i>Subscription and Sale</i> ”) including the following restrictions applicable at the date of this Prospectus. Notes having a maturity of less than one year Notes having a maturity of less than one year will constitute deposits for the purposes of the prohibition on accepting deposits contained in section 19 of the FSMA unless they are issued to a limited class of professional investors and have a denomination of at least £100,000 or its equivalent in other currencies, see “ <i>Subscription and Sale</i> ”.
Issuing and Principal Paying Agent:	Citibank, N.A., London Branch.
Programme Size:	Up to €20,000,000,000 (or its equivalent in other currencies calculated as described in the Programme Agreement) outstanding at any time. The Issuer may increase the amount of the Programme in accordance with the terms of the Programme Agreement.
Distribution:	Notes may be distributed by way of private or public placement and in each case on a syndicated or non-syndicated basis.

Currencies:	Notes may be denominated in euro, Sterling, U.S. dollars, yen and, subject to any applicable legal or regulatory restrictions, any other currency agreed between the Issuer and the relevant Dealer.
Maturities:	The Senior Notes and the Subordinated Notes with a specified maturity date will have such maturities as may be agreed between the Issuer and the relevant Dealer, subject to such minimum or maximum maturities as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the Issuer or the relevant Specified Currency.
Issue Price:	Notes may be issued at an issue price which is at par or at a discount to, or premium over, par.
Form of Notes:	<p>The Notes will be issued in bearer form as described in “<i>Form of the Notes</i>”.</p> <p>The Notes of each Tranche will be initially represented by a global Note which will (i) if the global Note is intended to be issued in NGN form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to the Common Safekeeper for Euroclear and Clearstream, Luxembourg and (ii) if the global Note is not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to the Common Depository for Euroclear and Clearstream, Luxembourg.</p>
Status of the Senior Notes:	The Notes will constitute direct, unconditional, unsubordinated and unsecured obligations of the Issuer and will rank <i>pari passu</i> among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.
Guarantee of the Senior Notes:	The Notes will be unconditionally and irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under the Deed of Guarantee with respect to the Notes constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor, without preference among themselves and will rank at least equally with all other unsecured and unsubordinated obligations of the Guarantor, subject, in the event of insolvency, to laws of general applicability relating to or affecting creditors’ rights.
Status of the Subordinated Notes:	The Notes will constitute direct, unsecured and subordinated obligations of the Issuer and will rank <i>pari passu</i> without any preference or priority among themselves. The rights and claims of the Noteholders and the Couponholders are subordinated as described in Condition 3 of the Terms and Conditions of the Subordinated Notes.
Subordination (Subordinated Notes only)	<p>The rights and claims of the Noteholders and Couponholders will be subordinated to the claims of holders of all Senior Obligations of the Issuer in that if at any time an order is made, or an effective resolution is passed, for the winding-up of the Issuer (otherwise than for the purposes of a solvent winding-up solely for the purposes of a reorganisation, reconstruction, amalgamation or the substitution in place of the Issuer of a successor in business of the Issuer, (A)(i) the terms of which reorganisation, reconstruction, amalgamation or substitution have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) or (ii) which substitution will be effected in accordance with Condition 18 of the Notes; and (B) in each case the terms of which do not provide that the Notes shall thereby become redeemable or repayable in accordance with the Terms and Conditions of the Subordinated Notes) or an administrator of the Issuer is appointed and such administrator giving notice that it intends to declare and distribute a dividend, the rights and claims of the Noteholders and Couponholders will be subordinated in accordance with Condition 3 of the Terms and Conditions of the Subordinated Notes.</p> <p>Accordingly, without prejudice to the rights of the Trustee and the holders under the Guarantee, the claims of holders of all Senior Obligations of the Issuer will first have to be satisfied in any winding-up or analogous proceedings of the Issuer before the Noteholders and (if applicable) the Couponholders may expect to obtain from the</p>

Issuer any recovery in respect of their Notes and (if applicable) Coupons, respectively, and prior thereto Noteholders and (if applicable) the Couponholders will have only limited ability to influence the conduct of such winding-up or analogous proceedings. See “*Risk Factors — Risks related to the Notes generally — Limited Remedies — Subordinated Notes*”.

Status of the Guarantee
(Subordinated Notes only):

The obligations of the Guarantor under the Guarantee constitute direct, unsecured and subordinated obligations of the Guarantor and rank *pari passu* and without any preference or priority among themselves. The rights and claims of the Noteholders and the Couponholders in respect of the Guarantee against the Guarantor are subordinated as described in Condition 4.3 of the Terms and Conditions of the Subordinated Notes.

Subordination of the Guarantee
(Subordinated Notes only):

The rights and claims of the Noteholders and Couponholders under the Guarantee will be subordinated to the claims of holders of all Senior Obligations of the Guarantor in that if at any time an order is made, or an effective resolution is passed, for the winding-up of the Guarantor (otherwise than for the purposes of a solvent winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation of the Guarantor, (A) the terms of which reorganisation, reconstruction or amalgamation have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed); and (B) in each case the terms of which do not provide that the Notes shall thereby become redeemable or repayable in accordance with the Terms and Conditions of the Subordinated Notes) or an administrator of the Guarantor is appointed and such administrator giving notice that it intends to declare and distribute a dividend, the rights and claims of the Noteholders and Couponholders under the Guarantee will be subordinated in accordance with Condition 4.3 of the Terms and Conditions of the Subordinated Notes.

Accordingly, without prejudice to the rights of the Trustee and the holders against the Issuer, the claims of holders of all Senior Obligations of the Guarantor will first have to be satisfied in any winding-up or analogous proceedings of the Guarantor before the Noteholders and (if applicable) the Couponholders may expect to obtain from the Guarantor any recovery in respect of their Notes and prior thereto Noteholders and (if applicable) the Couponholders will have only limited ability to influence the conduct of such winding-up or analogous proceedings. See “*Risk Factors — Risks related to the Notes generally — Limited Remedies — Subordinated Notes*”.

Termination of the Guarantees:

The Deed of Guarantee and the Guarantee in respect of the Subordinated Notes under the Trust Deed each contain provisions which, for so long as BT Group plc remains Guarantor, permit a termination of the Deed of Guarantee and the Guarantee, respectively, at the sole discretion of the Issuer or the Guarantor where: (i) the Issuer or the Guarantor has issued a certificate signed by two Directors of the Issuer or the Guarantor certifying that no Event of Default is continuing; and (ii) a deed supplemental to the Deed of Guarantee and the Trust Deed, respectively, has been entered into discharging the Guarantor’s obligations as the guarantor under the relevant Guarantee.

Optional Interest Deferral
(Subordinated Notes only):

The Issuer may, at its discretion, elect to defer, in whole or in part, payment of any Interest Amount (a **Deferred Interest Payment**) which is otherwise scheduled to be paid on an Interest Payment Date by giving a Deferral Notice. Subject as described in Condition 6.3 of the Terms and Conditions of the Subordinated Notes, if the Issuer elects not to pay all or part of any Interest Amount on an Interest Payment Date, then it will not have any obligation to pay such interest on the relevant Interest Payment Date and any such non-payment of interest will not constitute a default or any other breach of by the Issuer or the Guarantor of its obligations under the Notes or the Guarantee in respect of the Subordinated Notes or for any other purpose.

Deferred Interest may be paid at the option of the Issuer in whole or in part at any time (the **Deferred Interest Settlement Date**) following delivery of a notice to such effect given by the Issuer to the Noteholders, the Trustee and the Agent informing them of its election to so settle such Deferred Interest (or part thereof) and specifying the relevant Deferred Interest Settlement Date. Any Deferred Interest Payment (or part

thereof) shall itself bear interest (such further interest, and together with the Deferred Interest Payment, being **Deferred Interest**), at the Rate of Interest prevailing from time to time, from (and including) the date on which (but for such deferral) the Deferred Interest Payment would otherwise have been due to be made to (but excluding) the relevant Deferred Interest Settlement Date or, as appropriate, such other date on which such Deferred Interest Payment is paid in accordance with Condition 6.3 of the Terms and Conditions of the Subordinated Notes, in each case such further interest being compounded on each Interest Payment Date. Non-payment of Deferred Interest (or part thereof) shall not constitute a default or breach by the Issuer or the Guarantor of its obligations under the Notes or the Guarantee in respect of the Subordinated Notes or for any other purpose, unless such payment is required in accordance with Condition 6.3 of the Terms and Conditions of the Subordinated Notes.

Mandatory Settlement
(Subordinated Notes only)

Notwithstanding the right to defer payment of interest, the Issuer shall pay any accrued but unpaid Deferred Interest, in whole but not in part, on the first to occur of (i) the date which is 10 Business Days following the occurrence of a Compulsory Deferred Interest Payment Event, (ii) the next scheduled Interest Payment Date if the Issuer pays interest on the Notes on such date, (iii) the date on which the Notes are redeemed or repaid in accordance with Condition 3, Condition 4 any paragraph of Condition 8 or Condition 13, and (iv) the date on which the Notes substituted for, or where the terms of the Notes are varied so that they become, Qualifying Notes in accordance with Condition 9, all as more particularly described in Condition 6.3 of the Terms and Conditions of the Subordinated Notes.

Reset Notes
(Subordinated Notes only):

Fixed interest will be payable at the Initial Rate of Interest in arrear on the Interest Payment Date(s) in each year for an initial period as specified in the applicable Final Terms. Thereafter, subject, if applicable, to the benchmark discontinuation provisions described in Condition 5.2 of the Terms and Conditions of the Subordinated Notes, the interest rate may be recalculated on certain dates specified by reference to a Benchmark Gilt Rate, Mid-Swap Rate or Reset Reference Bond Rate for the relevant currency, and for a period equal to the Reset Period, as adjusted for any applicable margin, in each case as specified in the applicable Final Terms.

Fixed Rate Notes
(Senior Notes only):

Fixed interest will be payable on such date or dates as may be agreed between the Issuer and the relevant Dealer and on redemption and will be calculated on the basis of such Day Count Fraction as may be agreed between the Issuer and the relevant Dealer.

Floating Rate Notes
(Senior Notes only):

Floating Rate Notes will bear interest at a rate determined on the basis of a reference rate set out in the applicable Final Terms appearing on the agreed screen page of a commercial quotation service.

The margin (if any) relating to such floating rate will be agreed between the Issuer and the relevant Dealer for each Series of Floating Rate Notes.

Floating Rate Notes may also have a maximum interest rate, a minimum interest rate or both.

Interest on Floating Rate Notes in respect of each Interest Period, as agreed prior to issue by the Issuer and the relevant Dealer, will be payable on such Interest Payment Dates, and will be calculated on the basis of such Day Count Fraction, as may be agreed between the Issuer and the relevant Dealer.

Zero Coupon Notes
(Senior Notes only):

Zero Coupon Notes will be offered and sold at a discount to their nominal amount and will not bear interest.

Redemption:

The applicable Final Terms will indicate either that the relevant Notes cannot be redeemed prior to their stated maturity (other than (a) in the case of Senior Notes only, for taxation reasons or following an Event of Default or (b) in the case of Subordinated Notes only, as described in "*Special Event or Clean-up Call Event Redemption*" below) or that such Notes will be redeemable at the option of the Issuer and/or, in the

case of Senior Notes only, the Noteholders upon giving notice to the Noteholders or the Issuer, as the case may be, on a date or dates specified prior to such stated maturity and at a price or prices and on such other terms as may be agreed between the Issuer and the relevant Dealer.

Notes having a maturity of less than one year are subject to restrictions on their denomination and distribution, see “*Certain Restrictions – Notes having a maturity of less than one year*” above.

Special Event or Clean-up Call Event Redemption (Subordinated Notes only)	If a Special Event has occurred and is continuing and/or a Clean-up Call Event has occurred if Clean-up Call is specified in the applicable Final Terms, then the Issuer may redeem at any time all, but not some only, of the Notes at the relevant early redemption amount together with any accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Deferred Interest.
Change of Control (Subordinated Notes only):	<p>If a Change of Control Event has occurred and is continuing, the Issuer may elect to redeem all, but not some only, of the Notes at their relevant early redemption amount together with any accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Deferred Interest.</p> <p>If the Issuer does not elect to redeem the Notes following the occurrence of a Change of Control Event, the then prevailing Rate of Interest, and each subsequent Rate of Interest, on the Notes shall be increased by the Change of Control Step-Up Margin (as specified in the applicable Final Terms) with effect from the date on which the first Change of Control Event occurred under Condition 5.7 of the Terms and Conditions of the Subordinated Notes.</p>
Substitution or Variation instead of Special Event Redemption (Subordinated Notes only):	If an Accounting Event, a Rating Capital Event, a Tax Deductibility Event or a Withholding Tax Event has occurred and is continuing, without the consent of the Noteholders, the Issuer may either (i) substitute all, but not some only, of the Notes for, or (ii) vary the terms of the Notes with the effect that they remain or become, as the case may be, Qualifying Notes, in each case in accordance with Condition 9 and 10 of the Terms and Conditions of the Subordinated Notes and subject, <i>inter alia</i> , to the receipt by the Trustee of the certificate of the directors of the Issuer.
Denomination of Notes:	The Notes will be issued in such denominations as may be agreed between the Issuer and the relevant Dealer save that the minimum denomination of each Note will be €100,000 (or, if the Notes are denominated in a currency other than euro, the equivalent amount in such currency as at the Issue Date of such Notes) or such higher amount as may be allowed or required from time to time by the relevant central bank (or equivalent body) or any laws or regulations applicable to the relevant Specified Currency, see “ <i>Certain Restrictions – Notes having a maturity of less than one year</i> ” above.
Taxation:	All payments in respect of the Notes will be made without deduction for or on account of withholding taxes imposed by any Tax Jurisdiction, as provided in Condition 7 of the Terms and Conditions of the Senior Notes and Condition 11 of the Terms and Conditions of the Subordinated Notes, as applicable, unless such deduction is required by law. In the event that any such deduction is made, the Issuer will, save in certain limited circumstances provided in Condition 7 of the Terms and Conditions of the Senior Notes and Condition 11 of the Terms and Conditions of the Subordinated Notes, as applicable, be required to pay additional amounts to cover the amounts so deducted.
Negative Pledge (Senior Notes only):	The applicable Final Terms may provide that the terms and conditions of the Notes will include the negative pledge provisions as described in Condition 3 of the Terms and Conditions of the Senior Notes.
Events of Default (Senior Notes only):	The terms of the Senior Notes will contain a cross default provision as further described in Condition 9 of the Terms and Conditions of the Senior Notes.

Event of Default (Subordinated Notes only):	If a default is made by the Issuer or the Guarantor for a period of 28 days or more in the payment of any interest (including any Deferred Interest) or for a period of 14 days or more in the payment of principal, due in respect of the Notes (an Event of Default) then the Issuer and/or the Guarantor, as the case may be, shall without notice from the Trustee be deemed to be in default under the Trust Deed, the Notes and, if applicable, the Coupons and the Trustee at its discretion may, and if so requested by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject to Condition 13.2(b) of the Terms and Conditions of the Subordinated Notes) institute actions, steps or proceedings for the winding-up of the Issuer and/or the Guarantor and/or prove in the winding-up or administration of the Issuer and/or the Guarantor and/or claim in the liquidation or administration of the Issuer and/or the Guarantor for such payment.
Ratings:	The Issuer's senior long term debt obligations have been rated BBB by Standard & Poor's, Baa2 by Moody's and BBB by Fitch. Dated Subordinated Notes are expected to be rated BB+ by Standard & Poor's, Ba1 by Moody's and BB+ by Fitch. Notes issued under the Programme may be rated or unrated. Where a Tranche of Notes is rated, such rating will be specified in the applicable Final Terms. A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.
Replacement Intention (Subordinated Notes only):	<p>The Issuer intends (without thereby assuming a legal obligation), that if it redeems the Notes or repurchases some or all of the Notes, it will so redeem or repurchase the Notes only to the extent the part of the aggregate principal amount of the Notes to be redeemed or repurchased does not exceed such part of the net proceeds received by the Issuer or any Subsidiary of the Issuer from the sale or issuance by the Issuer or such Subsidiary to third party purchasers (other than group entities of the Issuer) of securities which are assigned by Standard & Poor's an aggregate "equity credit" (or such other nomenclature used by Standard & Poor's from time to time) that is equal to or greater than the "equity credit" assigned to the Notes at the time of their issuance (but taking into account any changes in hybrid capital methodology or the interpretation thereof since the issuance of the Notes), unless:</p> <ul style="list-style-type: none"> (i) the long term corporate rating (or such similar nomenclature then used by Standard & Poor's) assigned by Standard & Poor's to the Issuer is at least the same as or higher than the long-term corporate credit rating assigned to the Issuer on the date of the most recent additional hybrid issuance (excluding any refinancing transaction of the hybrid securities which were assigned a similar "equity credit" by Standard & Poor's or such similar nomenclature then used by Standard & Poor's) and the Issuer is of the view that such rating would not fall below this level as a result of such redemption or repurchase; or (ii) in the case of a repurchase or redemption, taken together with relevant repurchases or redemptions of other hybrid securities of the Issuer, such repurchase or redemption is of less than (i) 10 per cent. of the aggregate principal amount of the Issuer's hybrid securities outstanding in any period of 12 consecutive months or (ii) 25 per cent. of the aggregate principal amount of the Issuer's hybrid securities outstanding in any period of 10 consecutive years, provided that such repurchase or redemption has no materially negative effect on the Issuer's credit profile; or (iii) the Notes are not assigned an "equity credit" (or such similar nomenclature then used by Standard & Poor's) at the time of such redemption or repurchase; or (iv) the Notes are redeemed pursuant to a Rating Capital Event, an Accounting Event, a Tax Deductibility Event, a Withholding Tax Event or a Change of Control Event; or (v) in the case of a repurchase, such repurchase relates to an aggregate principal amount of Notes which is less than or equal to the excess (if any) above the

maximum aggregate principal amount of the Issuer's hybrid securities to which Standard & Poor's then assigns equity content under its prevailing methodology; or

- (vi) such redemption or repurchase occurs on or after the date specified under the item headed "Replacement Intention" in Part B of the applicable Final Terms.

Admission to trading: Application has been made to the FCA for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the Market.

Governing Law: The Notes and any non-contractual obligations arising out of or in connection with the Notes will be governed by, and shall be construed in accordance with, English law.

Selling Restrictions: There are restrictions on the offer, sale and transfer of the Notes in the United States, the EEA, Belgium, the UK, Japan, Singapore, Canada and such other restrictions as may be required in connection with the offering and sale of a particular Tranche of Notes, see "*Subscription and Sale*".

United States Selling Restrictions: The Issuer is Category 2 for the purposes of Regulation S under the United States Securities Act of 1933, as amended, unless the applicable Final Terms states otherwise.

The Notes will be issued in compliance with United States Treasury regulations section 1.163-5(c)(2)(i)(D) (or any successor United States Treasury Regulation section, including without limitation, regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the **D Rules**) unless: (i) the applicable Final Terms states that Notes are issued in compliance with United States Treasury regulations section 1.163-5(c)(2)(i)(C) (or any successor United States Treasury Regulation section, including without limitation, regulations issued in accordance with Internal Revenue Service Notice 2012-20 or otherwise in connection with the United States Hiring Incentives to Restore Employment Act of 2010) (the **C Rules**); or (ii) the Notes are issued other than in compliance with the D Rules or the C Rules but in circumstances in which the Notes will not constitute "registration required obligations" under the United States Tax Equity and Fiscal Responsibility Act of 1982 (**TEFRA**), which circumstances will be referred to in the applicable Final Terms as a transaction to which TEFRA is not applicable.

RISK FACTORS

Any investment in the Notes is subject to a number of risks. Prior to investing in the Notes, prospective investors should consider carefully the factors and risks associated with any investment in the Notes, the business of each of the Issuer and the Guarantor and the industry in which they operate, together with all other information contained in this Prospectus including, in particular, the risk factors described below.

Each of the Issuer and the Guarantor believes that the following factors are specific to the Issuer and the Guarantor and/or to the Notes and are material for taking an informed assessment decision as these risks may affect the ability of the Issuer and the Guarantor to fulfil its obligations under Notes issued under the Programme. Most of these factors are contingencies which may or may not occur. If any of these risks occur, the business, financial condition and performance of each of the Issuer and the Guarantor could suffer and the trading price and liquidity of the Notes could decline.

Each of the Issuer and the Guarantor believes that the factors described below represent the material risks inherent in investing in Notes issued under the Programme, but the inability of the Issuer or the Guarantor to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and neither the Issuer nor the Guarantor represents that the statements below regarding the risks of holding any Notes are exhaustive.

Factors that may affect (i) the Issuer's ability to fulfil its obligations under Notes issued under the Programme and (ii) the Guarantor's ability to fulfil its obligations with respect to the Notes under the Deed of Guarantee in respect of the Senior Notes and the Guarantee in respect of the Subordinated Notes, as applicable

STRATEGIC RISKS

The Group faces an uncertain economic outlook, strong competition in highly competitive markets and rapid technological change which could negatively affect the Group's growth prospects

As the Group develops and executes a strategy to grow value for stakeholders, the Group must manage risks from an uncertain economic outlook, intensifying competition and rapid changes in customer and technology trends. The Group's strategy and business model could be disrupted if the Group fails to respond effectively to changes in economic circumstances, changes in the competitive or technological environment or if it fails to develop products and services in line with changing market dynamics or customer requirements and expectations and thereby affects the Group's profit, shareholder value and reputation. Similarly, pursuing the wrong strategy, not reflecting strategy in business plans, or not executing against it could make the Group less competitive and create less long-term sustainable value.

There is increasing competition, in particular, in the fixed infrastructure market. Potential challenges include the emergence of competitors enabled by new disruptive technologies which substitute the Group's products and over-the-top content services providers joining the fixed broadband and/or mobile connectivity markets. Ecosystem changes in the communications industry (for example, private 5G networks) could reduce the Group's revenue and increase customer churn.

Technology development is a key characteristic of the communications sector. The Group has to be able to identify emerging technologies, assess how customers will adopt these technologies and invest accordingly, frequently a long time before the demand materialises, in order to compete effectively. The Group also needs to respond to changes in use of existing technology, such as the exponential growth the sector has seen in data consumption and network capacity requirements and upgrade its older services and technologies.

New technology developments can lead to accelerated shifts that affect the Group's current product propositions, changes in customer behaviours, increased investment requirements, new sources of competition and/or the deterioration of its competitive position. This in turn can result in lower volumes and prices, stranded assets and higher costs. A failure to invest optimally in technology at the right time can have implications for the Group's market position and ability to generate future revenue and/or profit.

There is a risk of uncertain economic outlook which may suppress demand, increase customers' price sensitivity and drive up costs. The intensifying competition in the retail broadband and fixed wholesale access markets could increase churn and impact the Group's market share. In addition, slower than expected progress on key programmes could limit the Group's ability to deliver its strategy and growth ambitions.

Increased competition might challenge the Group's market share, revenue or profit, or it could make it more difficult for the Group to increase the value of its business.

The Group may fail to manage its stakeholders properly which could affect the Group's business, financial condition, results of operations and prospects, as well as exacerbating the adverse effects of other risks to its business

In the UK, information and communication technology is increasingly seen as an essential part of people's lives. As a result, debate continues to focus on network coverage, quality and speed of service as well as broader issues of online safety and security, the digital divide between individuals, households, businesses and geographic areas and their access to information and communication technologies as well as the impact of inflation and cost of living on customers, which may reduce demand or increase customer churn.

As well as providing a critical element of the UK's national infrastructure, both fixed and wireless, the Group is also engaged in supporting high profile programmes such as the Broadband Delivery UK regional fibre deployment programme and the UK Emergency Services Network (ESN). The pace and scale of the Group's network investments, most notably in fibre to the premises (FTTP), where the Group intends to build FTTP to 25 million premises by December 2026, as well as 5G, and the assumptions underlying the Group's FTTP rollout may also be influenced by government decisions.

If the Group fails to manage the expectations of its stakeholders effectively, for example, those around buying, using, selling or developing new or emerging technology responsibly or those of its pension scheme trustees, regulators (such as Ofcom, the FCA and the Pensions Regulator), government partners, investors, bondholders and/or recognised trade unions, or if the Group fails to anticipate the potential effects of risks on the communities that the Group services, this could lead to business disruption and/or trust in the Group might be damaged. Stakeholder management is key to the Group's performance, building strong and sustainable relationships based on trust. Failure by the Group to manage its stakeholders responsibly and effectively around sensitive topics, for example, protecting customer interests while migrating to digital products and closing legacy networks, network plans, customer fairness, net neutrality, responsible use of technology, the environment, social and governance factors, human rights and industrial relations could affect the Group's performance and reputation.

The impacts of escalating geopolitical tensions, climate change and perceptions of the communications sector's role in carbon emissions are emerging risks for the Group's business.

FINANCIAL RISKS

The Group faces the risk that it cannot fund its business cashflows or meet its payment commitments and has a significant funding obligation in relation to its defined benefit pension schemes. Low investment returns, high inflation, longer life expectancy and regulatory changes may result in the cost of funding these schemes becoming a significant burden on the Group's financial resources

The Group relies on cash generated by business performance, supplemented by funding in the capital markets, utilising credit facilities and cash balances to finance operations, pension schemes, dividends and debt repayments. Accordingly, there is a financial risk that the Group cannot fund its business cash flows or meet its payment commitments to shareholders, lenders or its pension schemes. These could result from the increasingly volatile nominal interest rate and inflation forecasts which might affect the Group's cost of borrowing and lead to higher pension deficits. In addition, macroeconomic and geopolitical events, could result in lower actual and forecast business performance for the Group.

The BT Pension Scheme (BTPS), which represents over 97 per cent. of the Group's pension obligations, faces similar risks to other defined benefit schemes in the UK. Future low investment returns, changes in inflation expectations, longer life expectancy, a more prudent approach being taken (for example, if the financial strength of the Group is viewed as having worsened), and/or regulatory changes may all result in the cost of funding the BTPS becoming a more significant burden on the Group's financial resources.

The 30 June 2020 actuarial valuation of the BTPS was announced in May 2021 and showed a decrease in pension liability compared to the previous valuation in 2017 (broadly in line with the projected position from 30 June 2017). Preparations are underway in relation to the next triennial valuation which will be as at June 2023.

When an actuarial valuation of the BTPS (and the Group's other defined benefit pension schemes) is calculated, the funding position is affected by the financial market conditions at the valuation date. For example, when determining expected future returns on the assets of the BTPS, different factors are taken into account, including yields (or returns) on government bonds. If the returns on the assets are lower than expected over the period to the next valuation, or a lower future investment return assumption is adopted at the next valuation, the deficit would likely increase, potentially leading to a higher level of future contributions for the BTPS. An increase in cash contributions to the BTPS could reduce the Group's ability to invest in its business and/or pay dividends. An increase in the BTPS deficit could negatively affect the Group's share price and/or credit rating. Any deterioration in the Group's credit rating would increase the cost of

borrowing and may limit the availability or flexibility of future funding for the Group. Changes to pension funding regulations could result in higher pension deficits or shorter recovery periods.

The Group faces a variety of financial risks which could adversely affect profitability, liquidity and reputation

As a business with global operations, the Group is exposed to a variety of financial risks (for example, foreign exchange and counterparty risk, interest rate risk, credit risk and liquidity risk (including those arising from the Group's underlying business operations)). Furthermore, a failure to properly anticipate future tax changes and/or comply with the tax rules of the countries in which the Group operates could expose it to poor business decisions (for example, under-pricing contract bids), financial penalties and reputational damage.

Funding and liquidity risk could impact the viability of the Group's business and its ability to continue as a going concern. This could result from a decline in the Group's business operations because of severe market disruption and/or economic downturn. A deterioration in liquidity could adversely impact the Group's assessment of going concern, particularly if combined with an inability to refinance maturing debt. There is an emerging risk that future debt capital markets might not suit all the Group's debt requirements.

An adverse movement in foreign exchange, interest rates and/or inflation rates could negatively impact the Group's profitability, cash flow and balance sheet. In addition, unfavourable competitive and market conditions may arise which could impact the Group's ability to generate sufficient cash flow or to access capital markets to enable the Group to service or repay its indebtedness or to fund its other liquidity requirements on commercially reasonable terms. If economic conditions worsen, the Group may find that its financial performance could be impacted by delays in its customers making purchasing decisions, reductions in customers' use of the Group's services, default of customers, counterparties and suppliers, or the redenomination of their contractual payment obligations.

The failure of the Group's treasury counterparties to honour financial obligations could also have an adverse impact on the Group's liquidity (for example, from the loss of cash deposits) and its profitability (for example, from increased finance expenses).

In addition, lack of adequate tax planning reflecting current and future tax consequences could result in deficient strategies resulting in financial losses and potentially financial misstatements, as well as reputational damage.

Failures in the Group's financial control framework can result in financial misstatement and financial loss

Financial controls, and the assurance that exists over them, are an important part of the Group's ability to prevent and detect inappropriate behaviour and financial errors. Failures in the Group's financial control framework could result in financial misstatement, improper accounting practices, financial loss including a failure to prevent fraud, breaches of anti-corruption, bribery or sanctions legislation, or key decisions being taken based on incorrect information, leading to dissatisfied stakeholders, breaches and associated penalties, legal action and damage to the Group's reputation. Due to its inherent limitations, internal control over financial reporting may not prevent or detect misstatements. Therefore, even those systems determined to be effective can provide only reasonable assurance with respect to financial statement preparation and presentation. A material financial misstatement could lead to regulatory fines, lawsuits and reputational damage. Failure to apply appropriate tax processes could result in the Group failing to meet its tax compliance or reporting obligations and facing challenge and fines from tax authorities.

There is the risk that the Group may fail to modernise its business and financial processes and operating model which could reduce the speed and quality of decision-making and reporting. In addition to not simplifying and modernising its finance processes and operating model, there is the risk that the Group's internal controls will be adversely impacted by the Group's complex legacy systems or that the Group is unable to maintain effective internal controls. There is also the risk of higher fraudulent behaviour occurring as a result of the increasing cost of living.

The failure of the Group's financial controls to prevent fraud (including misappropriation of assets) and to report accurately could result in material financial losses for the Group or cause the Group to misrepresent its financial position.

Notwithstanding anything stated in this risk factor, this risk factor should not be taken as implying that the Issuer or the Guarantor will be unable to comply with its obligations as a company with securities admitted to the Official List.

GEOPOLITICAL UNCERTAINTY

The geopolitical uncertainty from Russia's invasion of Ukraine raises and intensifies risks for the Group

The geopolitical uncertainty from Russia's invasion of Ukraine that is dynamic and fast moving imposes a serious threat to the global security order and liberal democracy which raises and intensifies risks for the Group. These risks include the safety and security of the Group's workforce in the region, the possibility that retaliatory cyber attacks could affect the Group's networks and data or those of its customers, the impact on the Group's direct and indirect supply chain and the wider economic uncertainty (particularly on inflation and cost of living) which could adversely affect the Group's business, financial condition, results of operations and prospects.

The Group has no physical presence in Ukraine but does have a very small presence in Russia. The volume and value of the sanctions compliant telecommunications traffic facilitated by the Group in or through these jurisdictions is *de minimis* in relation to the Group's overall international telecommunications activities.

In response to Russia's invasion of Ukraine, a number of jurisdictions including the United States, UK and EU have enacted and implemented a comprehensive set of sanctions and measures and could enact and implement wider sanctions on Russia, Russian citizens or Russian companies that could adversely impact the Group business. The Group has implemented measures to monitor and comply with these sanctions, including through screening of third parties and the use of applicable regulatory general licences.

COMPLIANCE RISKS

Some of the Group's activities continue to be subject to significant price and other regulatory controls, which may affect the Group's market share, competitive position and future profitability

Communications industry regulation impacts the Group's activities across all jurisdictions. In the UK, Ofcom (the independent regulator for the UK communications industries) can identify competition concerns in the communications markets and it is able to change its policies and requirements that can affect the way the Group operates and competes, both at a wholesale and retail level. This includes powers to set limits on the prices the Group can charge in certain markets and to set minimum service standards. Ofcom reviews markets regularly and can introduce, extend, relax or remove rules as a result of its findings in a market review. Ofcom has powers to conduct specific investigations about market behaviour, including price levels. In addition, Ofcom can set out rules for spectrum auctions and acts to promote consumer protection in the sector.

Ofcom will investigate the Group's compliance with regulatory requirements and can impose fines and restitution on the Group for non-compliance.

Ofcom also has powers to regulate the terms on which the Group is supplied with certain services by others — for example, mobile call termination from other suppliers - and can resolve disputes between the Group and other communications providers about the terms on which services are supplied. Appeals of regulatory decisions can also give rise to risks as well as opportunities.

Outside the UK, regulation defines where and how the Group is able to compete through licensing rules and defining the terms on which it is able to access networks of incumbent operators.

Ofcom has found the Group to have significant market power in certain markets and has therefore implemented price controls for the Group's services. Ofcom can also adjust historic prices and require the Group to make repayments to wholesale customers. In addition to regulating the Group's prices, Ofcom has the ability to make the Group provide additional services and/or regulate how the Group structures its business.

Outside the UK, overly-restrictive licensing requirements or ineffective regulation of access to other networks could mean the Group is unable to compete with other networks on fair terms. Regulation can also define and control the terms of access to necessary regulated inputs, which affects the Group's costs.

Areas of ongoing, industry-wide regulatory scrutiny include billing accuracy, customer complaints, support for vulnerable customers, migration away from legacy services and management of major incidents.

In addition, challenges shutting down the Group's legacy networks may adversely impact service delivery, resulting in regulatory intervention and reputational damage. Furthermore, the Group's business may be adversely affected if it fails to meet its roadmap for Telecommunications (Security) Act 2021 compliance. There could also be negative regulatory

sentiment around pricing. There is also a risk that regulation might not keep pace with the changing economics required in order for the Group to deliver its products and services, which may adversely affect the Group's ability to compete.

Failure to comply with relevant data protection and privacy laws could adversely affect the Group

As a major data controller and processor of customer information around the world, the Group recognises the importance of adhering to data privacy laws. The Group must be vigilant in protecting all types of data, including high volumes of sensitive customer data, workforce and personal data. It must all be appropriately risk assessed, classified and managed. The ability to use data in a compliant manner is critical to the future success of the Group.

The Group wants individuals and businesses to be confident that when they give their data to the Group, they can trust the Group to do the right thing with that data. This includes properly securing customer data, keeping it protected against both internal and external threats (such as cyber attacks), preserving the integrity of the personal data processed, only keeping the data required to provide customers with the services for which they have signed up. It also includes ensuring transparency around how the Group uses and shares that data, ensuring personal data is processed in a way that is legal, fair and in line with customers' rights and wishes as well as ensuring that the Group fulfils its legal obligations when customers want to exercise their rights under data legislation.

Today the need to protect the privacy rights of the individual is reflected in data privacy laws in force in over 100 countries. The Group, and other multinational companies, are increasingly having to evidence that personal data is being handled in accordance with a complex matrix of national data laws and societal ethical expectations and, in the case of a personal data security breach, the Group will have varying reporting obligations (for instance, in the UK, the Group is required to report any such security breaches to the Information Commissioner's Office and also report to the affected individuals as quickly as possible if the incident is likely to have an impact on them). Furthermore, the General Data Protection Regulation created a range of new compliance obligations, increased financial penalties for non-compliance and extended the scope of the EU's and the UK's data protection laws.

There is the risk that international data transfers could be restricted or deemed unlawful, which might affect business operations or lead to fines, claims and/or reputational damage. In addition, there are emerging risks that there could be changes to data protection laws and regulations where the Group conducts business as well as increased regulatory focus on governance and ethics around data propositions and processes, in particular, with respect to generative artificial intelligence that could adversely affect the Group's business.

Failure to comply with data protection and privacy laws and regulations applicable to the Group wherever it operates may result in regulatory enforcement action, significant fines, legal action (class-action or breach of contract), criminal sanctions (including prison sentences), significant reputational damage, customer churn and the Guarantor's shareholder divestment and financial loss.

Failure to comply with legal requirements and ethical standards can have a significant impact and lead to damage to the brand and a loss of reputation

The Group is committed to maintaining high ethical standards, and has a zero tolerance approach to fraud, bribery, any form of corruption or any illegal or unethical activity. The Group has to comply with a wide range of local and international laws, including anti-corruption and bribery laws. The UK Bribery Act and the United States Foreign Corrupt Practices Act have extraterritorial reach and thereby cover the Group's global operations. The Group also has to ensure compliance with trade sanctions as well as import and export controls and corporate governance obligations. The Group complies with the UK Modern Slavery Act and follows international standards on human rights, such as the International Labour Organisation's Principles and the United Nations Guiding Principles on Business and Human Rights. However, serious breaches of legal obligations could occur, particularly in higher risk regions, countries and transactions as well as on complex matters and those where there is high pressure to deliver products and services.

The Group faces the risks associated with inappropriate and unethical behaviour in local and other markets by its workforce or associates, such as suppliers or agents, which can be difficult to detect. For instance, there is a risk of failing to foster a culture where the Group's workforce recognises and promptly report wrongdoing by the Group's workforce or those working for the Group or on its behalf. This includes a failure to comply with the Group's internal policies and procedures or the laws to which the Group is subject, such as anti-bribery and corruption, trade sanctions and human rights. There is also the risk that the Group's controls, which are designed to prevent, detect and correct such behaviour may be circumvented. Controls and procedures, no matter how well designed and operated, can provide only reasonable assurance of achieving their objectives and there can be no assurance that any design will succeed in achieving its stated goals under all potential conditions, regardless of how remote.

Failure by the Group's workforce, or associated persons such as suppliers or agents, to comply with anti-corruption, bribery, sanctions or other legislation could result in significant penalties, criminal prosecution, damage to the Group's brand and reputation and loss of customers and revenue. This could in turn impact the Group's future revenue and cash flow, the extent of which would depend on the nature of the breach, the legislation concerned and any penalties. Allegations of corruption, bribery, abuse of human rights or violation of sanctions regulations or other laws and regulations could also lead to reputational damage with investors, regulators, civil society and customers.

Serious breaches of laws and regulations applicable to the Group could lead to prosecution, litigation or to intervention by the Group's regulator, Ofcom, leading to fines or adversely affecting the Group's ability to operate, especially if the breaches were deemed to be criminal and could adversely affect the Group's reputation. Further, if fraud is committed, there is a risk of financial misstatement which if undetected could have a material financial impact and potential litigation and regulatory consequences.

There is a risk that the Group's business may also be adversely impacted where new technologies are being exploited in multiple countries, as well as from working with third parties in multiple jurisdictions. There is also an emerging risk to the Group from changes to existing or potential new laws, or trade sanctions, which may be implemented in response to geopolitical dynamics or to address concerns in a particular area of law. Breaches of sanctions or export controls imposed by the UK, the United States or the EU could lead to regulatory investigation, fines, exclusion from public contracts and reputational damage which would adversely affect the business of the Group.

The Group faces the risk that the financial services and products provided by the Group, including EE Limited (EE), could result in unfavourable outcomes for its customers and/or the Group's failure to comply with regulatory requirements with respect to which EE is authorised and regulated by the FCA for the provision of consumer credit

The Group has recently launched, through EE, a mass-market proposition regulated by the FCA for interest free loans enabling customers to purchase products, for example, new mobile handsets, and then spread the cost across their monthly bills over the term of the loan. The Group expects to increase the amount and scope of the financial services and products that it provides to its customers in the coming years that will require the Group to meet applicable FCA principles, rules and regulations.

The Group's products, services and activities, including those provided by subsidiaries, local business partners and franchisees, could result in unfavourable outcomes for the Group's customers. The Group could fail to establish new organisational and operational capabilities that understand, interpret and manage compliance with applicable FCA rules, regulations and authorisations that are required to enable it to launch new financial services and products that are governed by such FCA rules, regulations and authorisations. The Group's failure to comply with applicable FCA rules, regulations or authorisations could result in harm to the Group's customers, fines, loss of authorisations granted by the FCA upon which it depends to provide the financial services and products, as well as less than favourable adoption of new services, adversely affecting the Group's reputation.

The Group faces the risk that it may not have adequate project resources and operational capabilities in place as it increases and broadens the scope of the financial services and products the Group provides to its customers and as a result the Group could fail to deliver its planned rollout of its mass-market proposition. The Group could also fail to meet the FCA's requirements concerning duties to its customers, leading to regulatory scrutiny or challenge and brand damage which would adversely affect the business of the Group.

OPERATIONAL RISKS

Failure to be operationally resilient to interruptions to the Group's services could result in poor customer service, financial loss and adversely affect the Group's reputation and market share

The security and resilience of the Group's services are critical factors in its commercial success. There is a risk that the Group is unable to protect the customer experience through the continuity of end-to-end services including network connectivity, network performance, IT systems and service platforms. This could be caused by failing to prevent or respond to incidents caused by natural perils, pandemics (as demonstrated by the impact of the global Covid-19 pandemic), network and system faults, malicious acts, supply chain restrictions (whether in the UK or elsewhere) and/or failure, software or infrastructure outages.

The impact of poorly planned or executed maintenance and upgrade changes to the Group's networks and IT can contribute to service interruptions, and some service interruptions may depend on the reliability of the Group's suppliers and partners which highlights the importance of the Group selecting the right partners and maintaining effective relationships with them. Not creating robust contracts and/or managing relationships with third parties might lead to gaps in support arrangements and extended fix times, creating poor customer experience and churn. Also, increasing flood risk

at non-protected sites could lead to flooding, interrupting services which could adversely affect the Group's business. There is also the risk of the Group failing to properly manage significant changes to its digital estate, which could interrupt services and delay fix times.

The consequences of service interruptions affect the Group's customers directly and could result in regulatory breaches, financial penalties, reduced productivity and potential harm to individuals. Service interruptions could also make it more difficult for the Group to deliver critical services and damage the Group's reputation and its ability to retain and grow its customer base. Regulatory sanctions, fines and contract penalties might be applied, contracts might be terminated, and costly concessions might be required, together with unplanned and rapid improvements to retain business and rebuild trust. The Group might also miss opportunities to grow revenue and launch new services before its competitors. There is a risk that the Group may be unable to remove high-risk vendors from the Group's network in the required timescales which could result in business disruption, regulatory fines and/or brand damage and there is a risk the Group becomes overly reliant on the performance of its remaining suppliers.

Failure to manage cyber and information security threats

The Group's networks and systems are exposed to a number of security threats, including cyber attacks. Cyber security risks could arise from people inside the Group or from external sources including hackers, criminals, terrorists and/or nation states, attempting to disrupt service availability through the use of hacking tools, phishing scams and disruptive malware.

Any failure to effectively manage cyber risk presents a material threat to the Group's reputation as a provider of critical national infrastructure. A cyber attack could lead to disruption for its customers and the country and data could be compromised. Cyber attacks from nation states could target critical national infrastructure which could lead to service disruption, data loss, regulatory action and damage to the Group's reputation. The Group strives to, as far as possible, detect, prevent, limit the impact of, and respond to, any cyber attacks that could threaten its operations, to keep the likelihood of any 'successful' attack to an absolute minimum, but complete protection can never be guaranteed.

The Group is also exposed to suppliers with cyber security vulnerabilities which might result in compromised supply chains, increased costs, loss of data or interrupted services, and relying on externally hosted cloud services could potentially adversely impact service delivery and customer experience. Emerging risks for the Group's business include the potential for AI (Artificial Intelligence) and machine learning to be weaponised as security threats and increased exposure from more connected home devices requiring extra attention to protect customers.

A failure of the Group's protective measures to prevent or contain a major security incident or business interruption or data being compromised could lead to a successful class action against the Group and result in major financial loss, long-term reputational damage and loss of market share. There is a risk that the Group fails to comply with applicable laws and regulations, including the Telecommunications (Security) Act 2021. Regulatory sanctions, fines and contract penalties might be applied, contracts might be terminated, and costly concessions might be needed, together with unplanned and rapid improvements to retain business and rebuild trust.

Failure to recruit, retain and engage a talented workforce could impact the Group's ability to successfully deliver services and products to its customers

The Group's people are central to its business and a vital part of its ambition to deliver a positive customer experience and sustainable, profitable growth. Attracting and retaining a talented workforce in critical roles or with critical skills and fostering a positive workforce engagement is necessary to ensure the Group meets its strategic aims. The Group is transforming its business and at the same time continuing to recruit, retain and engage its workforce to deliver a positive customer experience and grow the business. A less diverse workforce could lead to poorer decision-making and could impact the Group's ability to attract and retain key staff. Poor engagement and failure by the Group to ensure the health and welfare of its workforce could also reduce productivity, hinder innovation and slow the change agenda and/or raise the risk of general industrial unrest and action, which in turn could cause disruption to the Group's operations and services that the Group provides to its customers. Large-scale, escalated industrial action could increase disruption, affect colleague engagement and damage the Group's reputation. In addition, changes to the Group's strategy, technology or business model could affect what skills the Group requires and coupled with tightened talent markets, higher pay within a constrained labour cost budget and increased attrition, could lead to skills gaps, adversely affecting the Group's business. Long-term social and workplace changes as well as growing activism among the workforce on social or environmental topics are also emerging risks for the Group.

Failure to comply with health and safety and environment legislation could adversely affect the Group

The Group has diverse operations in various environments that can pose a health, safety and environment risk to the Group's workforce, partners or members of the public. The Group's UK engineering workforce undertakes activities that involve risk of injury or illness. Many of the Group's UK engineers work in community settings where the Group has limited control over the working environment. Much of the network is carried above ground level and temporary work at height is a major risk for the Group.

More specifically, there are certain high hazard operations, for example, occupational road risk, working with high voltage electricity, electro-magnetic fields, lasers, aerial rigging, civil engineering works (road works and construction), highway and railway operations, high pressure pipelines, manual handling and hazardous substances. All of the Group's staff work in a fast-paced and highly competitive sector where change is constant and psychological pressures are significant. Managing physical and mental wellbeing is therefore complex.

There are heightened risks from the extra civil and construction work supporting the full fibre roll-out, including harm to colleagues, increased regulatory scrutiny, legal claims and reputational damage. Failure to manage contractors properly when they start, and during their contracts could potentially lead to harm to colleagues, partners or the public, regulatory intervention and legal claims. Additionally, the Group's failure to keep its sites clean, tidy and environmentally safe could lead to increased fire risks or compliance breaches.

A failure to promote and embed a suitable safety management and environmental management systems incorporating continual improvement will impact the Group's ability to establish and maintain a safe and compliant business that protects the workforce which would affect workforce morale and make the Group a less attractive place to work. A failure to maintain effective health and safety and environmental standards could generate significant human and financial costs as a result of injury to the Group's workforce or members of the public, legal and financial penalties, hindered or stopped operations and/or reputational and commercial damage and potentially restrict future enterprise projects.

Complying with future health, safety and environment regulation is also an emerging risk which could adversely affect the Group's business.

The Group's business may be adversely affected if it fails to perform on major contracts

The Group has a number of complex and high-value national and multinational customer contracts. The revenue arising from, and the profitability of, these contracts is affected by a number of factors including: variation in the Group's cost of performing the contracts; achievement of cost reductions anticipated in the contract pricing (both in terms of scale and time); delays in the achievement of agreed milestones owing to factors either within or outside the Group's control; changes in customers' needs, their budgets, strategies or businesses; and the performance of the Group's suppliers. Any of these factors could make a contract less profitable or even loss-making.

The Group's strategy, products, services and target markets must align with the requirements of the Group's major customers in order to pursue and obtain new customer contracts in a dynamic and highly competitive environment.

The degree of risk varies in proportion to the scope and life of the contract and is typically higher in the early stages of the contract. Some customer contracts require investment in the early stages, which is expected to be recovered over the life of the contract.

Major contracts often involve the implementation of new systems and communications networks, transformation of legacy networks, management of customer networks and the development of new technologies. The recoverability of these upfront costs may be impacted by delays or failure to meet milestones. Substantial performance risk exists in some of these highly complex contracts. Customer contractual terms can be onerous and unfavourable if they are challenging to meet, and could lead to delays, penalties and disputes and is particularly prevalent in public service contracts. Delivery and service failures in meeting obligations and commitments could damage the Group's brand and reputation, in particular, if critical infrastructure contracts or security and data protection services are affected.

Inflationary pressures affecting the Group's supply chain might not be fully offset by adjusted prices given market challenges or the Group not having leverage to negotiate, which could have a negative impact on profits. New IT infrastructure challenges, skills shortages, scale or complexity could stop the Group from delivering its digital portfolio transformation and adversely affecting the Group's business.

Failure by the Group to manage and meet its commitments under these contracts, as well as changes in customers' requirements, their budgets, strategies or businesses, may lead to a reduction in the Group's expected future revenue,

profitability and cash generation. Unexpectedly high costs associated with the fulfilment of particular transformational contracts could also adversely affect profitability. The Group's brand and reputation may be damaged by service failures, particularly those associated with critical infrastructure contracts and security and data protection services.

One of the Group's highest profile contracts is providing a key element of the UK ESN, which is being delivered on its EE mobile network. The complexities described above will apply to this contract. The service is delivered alongside several partners and is managed by the UK Home Office. Furthermore, the criticality of this service increases the Group's risk exposure, and given the network provides emergency services communications for the UK, any in-life network performance issues could have reputational consequences for the Group.

In addition, the Group continues to deliver a number of contracts with UK local authorities through regional fibre deployment programmes including the Building Digital UK programme. As with the Group's other major contracts, failure to deliver either of these contracts successfully may lead to a reduction in the Group's expected future revenue, profitability and cash generation. These contracts are high-profile and therefore carry a higher reputational risk, and they present specific risks around deployment, delivery and the Group's ability to recover public funding. The Group also has an obligation to potentially either re-invest or repay grant funding depending on a number of factors, including the level of customer take-up achieved.

Failure to effectively manage major contract exits, migrations, renewals and disputes could adversely impact profit margins and future customer relationships.

There is an emerging risk that increasing geopolitical tensions and the global east/west divide could affect the Group's multinational customers and the Group's ability to provide global connectivity, thereby adversely affecting the Group's business. In addition, there is an emerging risk that it could be difficult to manage EU contracts if the UK and EU do not renew their data adequacy agreement also adversely affecting the Group's business.

The Group's customer experience may not be brand enhancing nor drive sustainable profitable growth

Failure to continuously digitise and improve the customer experience could negatively impact customer satisfaction and retention, the experience of the workforce, including their pride and advocacy in working for the Group, resulting in a reduction in revenue and damage to the Group's brand and reputation. Central to this is the Group being accurate and competitive with its pricing, billing and collection, managing the lifecycle of the Group's products and services, managing inventory and the supply chain, as well as operating in compliance with customer obligations and product and service standards. The Group may fail to take particular care of vulnerable customers and handle customer complaints empathetically.

Service could be interrupted by switching customers from old to new service platforms resulting in customer churn and/or regulatory intervention. Failure to meet regulatory commitments could result in financial penalties. Failing to ensure the Group has the right current and future skill sets to serve customers could lead to the Group not meeting customer expectations, reputational damage and loss of customers and market share. Perceptions around poor customer experience also have the potential to influence political and regulatory discussions and interventions, which can in turn impact the Group's business. Long-term changes in customer behaviour, requirements and expectations are therefore an emerging risk for the Group.

The integrity and continuity of the Group's supply chain is critical to its operations

The Group operates in a global supply market, and its supply chains range from simple to very complex. There are often several links in the 'chain' of supply of a product or service to the Group. Guaranteeing the integrity and continuity of those links in the supply chain is critical to the Group's operations, and therefore failure of the supply chain is a significant risk to the Group's business. The Group's reputation is entrusted to its suppliers. The Group must make sustainable and strategic sourcing decisions that affect the value and quality of the products and services the Group provides to its customers.

A global supply market brings better sourcing opportunities, but also brings its own challenges if suppliers become more geographically and culturally remote from the Group's customers, or if governments put barriers in the way of doing business to protect national or regional economic interests.

The Group is committed to ensuring that all dealings with its suppliers, from selection and consultation through to contracting and payment, are in accordance with its trading and ethical policies across a spectrum of decision criteria including financial, operational, environmental, ethical, diversity and reputational perspectives. A failure in the supplier selection process or in the ongoing management of any of the Group's suppliers could result in disruption to the Group's

business. The Group faces the risk of its business being impacted by rising energy prices, supply shortages, and inflationary pressures, which could affect cost reduction targets and future investments. In addition, an escalating Russia-Ukraine war and/or China-Taiwan tensions could compound supply chain challenges and adversely affect the Group's business.

The speed and scale of the impact from a supply chain failure can vary. The Group must determine the potential damage to the customer experience, the likelihood of higher costs and the potential damage to its brand. Selecting the wrong suppliers for the Group's requirements or over-dependence on certain suppliers could result in poor commercial terms, leading to a detrimental impact on the Group's strategic, market and competitive position.

Failure by the Group to effectively manage its suppliers and sub-suppliers, in particular with respect to complex contracts, performance and obligation delivery, compliance, payments, supplier records and relationship management, including their compliance with ethical business practices, could result in business disruption, regulatory fines and/or brand damage.

Emerging risks for the Group include long-term metal shortages resulting in higher prices and extreme climate conditions disrupting supply chains, which may adversely impact the Group's business.

Failure to successfully implement its wide-ranging transformation programme could create risks for the Group's business

The Group is implementing a wide-ranging transformation programme across the entire organisation, including a projected considerable reduction in total workforce by the end of the decade. The Group is accelerating the delivery of its transformation programme that will transform the experience of the Group's customers and that of the workforce through the simplification and modernisation of the Group's products, processes, IT systems and networks, reducing dependence on legacy IT systems and networks and delivering smart differentiated products and services. The Group may fail to manage complex interdependencies to complete migrating customers and close legacy IT and networks as well as to deliver the volume of change at a pace while still focusing on cutting costs.

Failure to realise the benefits of the Group's transformation programme could result in poorer customer experiences and the Group may not be able to achieve the efficient processes, cost savings or differentiated products and services as intended, which may negatively impact the Group's ability to make future investments. If the Group does not have the appropriate people, processes, tools and techniques to implement the transformation programme, the Group may be unable to realise the benefits, such as improving the Group's productivity through simplification. Migrating to digital platforms and allocation of the appropriate resources, capabilities and organisational design to maximise the creation of value to the Group are risks for the Group's business. Delays to the Group's ability to build its fibre network might make it more difficult for the Group to simplify and modernise its portfolio. The ability to switch off the public switch telephone network – PSTN in December 2025, having migrated customers to a fully digital network, is a risk for the Group's business. There is also an emerging risk of the changing external environment impacting the size, scale and speed of transformation required to deliver the Group's strategy and adversely affecting its business.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

Risks related to the structure of a particular issue of Notes

A wide range of Notes may be issued under the Programme. A number of these Notes may have features which contain particular risks for potential investors. Set out below is a description of the most common such features:

If the Issuer has the right to redeem any Notes at its option, this may limit the market value of the Notes concerned and an investor may not be able to reinvest the redemption proceeds in a manner which achieves a similar effective return

An optional redemption feature of Notes is likely to limit their market value and the secondary market of the Notes. During any period when the Issuer may elect, or is perceived to be able to elect, to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

If the Notes include a feature to convert the interest basis from a fixed rate to a floating rate, or vice versa, this may affect the secondary market and the market value of the Notes concerned

Fixed/Floating Rate Notes bear interest at a rate that converts from a fixed rate to a floating rate, or from a floating rate to a fixed rate. Such a feature to convert the interest basis, and any conversion of the interest basis, may affect the secondary market in, and the market value of, such Notes. Where the Notes convert from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. Where the Notes convert from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing interest rates on those Notes and could affect the market value of an investment in the relevant Notes.

The regulation and reform of “benchmarks” may adversely affect the value of Notes linked to or referencing such “benchmarks”

Reference rates and indices which are deemed to be “benchmarks” (including EURIBOR) are the subject of national and international regulatory guidance and proposals for reform. Some of these reforms are already effective whilst others are still to be implemented. These reforms may cause such “benchmarks” to perform differently than in the past, or to disappear entirely, and may have other consequences which cannot be predicted. Any such consequence could have a material adverse effect on any Notes linked or referencing such a “benchmark”.

The EU Benchmarks Regulation applies to the provision of benchmarks, the contribution of input data to a benchmark and the use of a benchmark within the EU. It, among other things: (i) requires benchmark administrators to be authorised or registered (or, if non-EU based, to be subject to an equivalent regime or otherwise recognised or endorsed); and (ii) prevents certain uses by EU supervised entities of “benchmarks” of administrators that are not authorised or registered (or, if non-EU based, not deemed equivalent or recognised or endorsed). The UK Benchmarks Regulation, among other things, applies to the provision of benchmarks and the use of a benchmark in the UK. Similarly, it prohibits the use in the UK by UK supervised entities of benchmarks of administrators that are not authorised by the FCA or registered on the FCA register (or, if non-UK based, not deemed equivalent or recognised or endorsed).

The EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable, could have a material impact on any Notes linked to or referencing a “benchmark”, in particular, if the methodology or other terms of the “benchmark” are changed in order to comply with the requirements of the EU Benchmarks Regulation and/or the UK Benchmarks Regulation, as applicable. Such changes could, among other things, have the effect of reducing, increasing or otherwise affecting the volatility of the published rate or level of the “benchmark”.

More broadly, any of the national or international reforms, or the general increased regulatory scrutiny of “benchmarks”, could increase the costs and risks of administering or otherwise participating in the setting of a “benchmark” and complying with any such regulations or requirements.

The euro risk free-rate working group for the euro area has published a set of guiding principles and high level recommendations for fallback provisions in, among other things, new euro denominated cash products (including bonds) referencing EURIBOR. The guiding principles indicate, among other things, that continuing to reference EURIBOR in relevant contracts (without robust fallback provisions) may increase the risk to the euro area financial system. On 11 May 2021, the euro risk-free rate working group published its recommendations on EURIBOR fallback trigger events and fallback rates.

Such factors may have (without limitation) the following effects on certain benchmarks:

- sudden or prolonged increases or decreases or volatility in the reported benchmark rates or a delay in the publication of any such benchmark rates;
- triggering changes in the rules or methodologies used in the benchmark;
- discouraging market participants from continuing to administer or contribute to a benchmark; and/or
- the disappearance of a benchmark.

Any of the above changes, or any other consequential changes as a result of international or national reforms or other initiatives or investigations, could have a material adverse effect on the market value of and return on any Notes referencing a benchmark (including potential rates of interest thereon).

Investors should be aware that, if a benchmark rate were discontinued or otherwise unavailable, the rate of interest on the Relevant Notes (as defined below) which reference such a benchmark rate will be determined by the fallback provisions applicable to such Notes.

In the case of (A) Senior Notes which are Floating Rate Notes where Screen Rate Determination is specified in the applicable Final Terms as the manner in which the Rate of Interest is to be determined or (B) Subordinated Notes when the relevant Rate of Interest (or any component part thereof) remains to be determined by reference to certain benchmarks (such as, if the relevant Subordinated Notes are denominated in euro, the relevant euro mid-swap rate) (together, **Relevant Notes**), unless Benchmark Discontinuation is specified in the applicable Final Terms to be “Not Applicable”, the Terms and Conditions of the Notes provide for certain fallback arrangements in the event that a Benchmark Discontinuation Event (as described in the Terms and Conditions of the Notes) occurs. These fallback arrangements will include the possibility that:

- (a) the relevant rate of interest (or, as applicable, any component thereof) could be set or, as the case may be, determined by reference to a successor reference rate or an alternative reference rate or replaced (as applicable) as determined by the Issuer (acting in good faith and in consultation with an Independent Adviser); and
- (b) such successor reference rate or alternative reference rate (as applicable) may be adjusted by reference to an adjustment spread (if required) determined by the Issuer (acting in good faith and in consultation with an Independent Adviser),

in any such case, as described more fully in the Terms and Conditions of the Notes.

In addition, in the case of Relevant Notes, the Issuer (acting in good faith) may also in its discretion require that other changes to the Terms and Conditions of the Notes be effected in order to follow market practice in relation to the relevant successor reference rate or alternative reference rate or to ensure the proper operation of the relevant successor reference rate or alternative reference rate (as applicable), as described more fully in the Terms and Conditions of the Notes.

No consent of any Noteholders or Couponholders (as defined below) shall be required in connection with effecting any relevant successor reference rate or alternative reference rate (as applicable) or any other related adjustments and/or amendments described above. Any such adjustment could have unexpected commercial consequences and there can be no assurance that, due to the particular circumstances of each Noteholder or Couponholder, any such adjustment will be favourable to each Noteholder or Couponholder.

In certain circumstances, the ultimate fallback for the purposes of calculation of the Rate of Interest for a particular Interest Period may result in the Rate of Interest for the last preceding Interest Period being used. This may result in the effective application of a fixed rate for the Relevant Notes. In addition, in the case of Relevant Notes, due to the uncertainty concerning the availability of successor reference rates and alternative reference rates and the involvement of an Independent Adviser, the relevant fallback provisions may not operate as intended at the relevant time.

Any such consequences could have a material adverse effect on the value of and return on any such Notes. Moreover, any of the above matters or any other significant change to the setting or existence of any relevant rate could affect the ability of the Issuer to meet its obligations under the Relevant Notes or could have a material adverse effect on the value or liquidity of, and the amount payable under, such Notes. Investors should consider all of these matters when making their investment decision with respect to the Relevant Notes.

The market continues to develop in relation to risk-free rates (including SONIA) as reference rates

The use of overnight rates (such as SONIA) as reference rates for eurobonds is subject to continued change and development, both in terms of the substance of the calculation and in the development and adoption of market infrastructure for the issuance and trading of bonds referencing such overnight rates. Investors should be aware that the market continues to develop in relation to SONIA as a reference rate in the capital markets for sterling bonds and its adoption as an alternative to the London Interbank Offered Rate.

SONIA is recently reformed. Therefore, this risk-free rate has a limited performance history and the future performance of this risk-free rate is impossible to predict. As a consequence, no future performance of this risk-free rate or Notes referencing this risk-free rate may be inferred from any of the hypothetical or actual historical performance data. In addition, investors should be aware that SONIA (and other risk-free rates) differ from inter-bank offered rates such as EURIBOR for example in a number of material respects, including that SONIA (and other risk-free rates) are backwards-looking, compounded, risk-free overnight rates, whereas inter-bank offered rates such as EURIBOR are expressed on the basis of a forward-looking term and include a risk-element based on inter-bank lending. As such, investors should be

aware that risk-free rates and inter-bank offered rates may behave materially differently as interest reference rates across the Issuer's various financing arrangements leading to differing interest calculations.

Interest for Notes referencing risk-free rates, such as SONIA, is calculated on the basis of the compounded risk-free rate. For this and other reasons, the interest rate on such Notes during any Interest Period will not be the same as the interest rate on other investments linked to the risk-free rate that use an alternative basis to determine the applicable interest rate.

In addition, market conventions for calculating the interest rate for bonds referencing risk-free rates continue to develop and market participants and relevant working groups are exploring alternative rates based on risk-free rates. For example, on 3 August 2020, the Bank of England, as the administrator of SONIA, began publishing the SONIA Compounded Index. Accordingly, the specific formula for calculating the rate used in the Notes issued under this Prospectus may not be widely adopted by other market participants, if at all. The Issuer may in the future also issue Notes referencing risk-free rates that differ materially in terms of interest determination when compared with any previous Notes referencing risk-free rate rates issued by it. If the market adopts a different calculation method, that could adversely affect the market value of Notes issued pursuant to this Prospectus.

Interest on Notes which reference a risk-free rate is only capable of being determined immediately prior to the relevant Interest Payment Date. It may be difficult for investors in Notes which reference risk-free rates to reliably estimate the amount of interest which will be payable on such Notes, and some investors may be unable or unwilling to trade such Notes without changes to their IT systems, both of which factors could adversely impact the liquidity of such Notes. Furthermore, if the Notes become due and payable under Condition 9, or are otherwise redeemed early on a date which is not an Interest Payment Date, the Rate of Interest payable shall be determined on the date the Notes became due and payable and shall not be reset thereafter.

Risk-free rates such as SONIA are published and calculated by third parties based on data received from other sources and the Issuer has no control over their respective determinations, calculations or publications. There can be no guarantee that SONIA or the SONIA Compounded Index will not be discontinued or fundamentally altered in a manner that is materially adverse to the interests of investors in Notes linked to or which reference such rates (or that any applicable benchmark fallback provisions provided for in the Terms and Conditions of the Senior Notes will provide a rate which is economically equivalent for Noteholders). The Bank of England does not have an obligation to consider the interests of Noteholders in calculating, adjusting, converting, revising or discontinuing SONIA or the SONIA Compounded Index. If the manner in which the relevant risk-free rate, such as SONIA, is calculated is changed, that change may result in a reduction of the amount of interest payable on such Notes and the trading prices of such Notes.

In addition, the market or a significant part thereof may adopt an application of SONIA that differs significantly from that set out in the Terms and Conditions of the Senior Notes and used in relation to Notes that reference SONIA issued under this Prospectus. Investors should carefully consider how any mismatch between the adoption of such reference rates in the bond, loan and derivatives markets may impact any hedging or other financial arrangements which they may put in place in connection with any acquisition, holding or disposal of any Notes.

Notes which are issued at a substantial discount or premium may experience price volatility in response to general changes in interest rates

The market values of securities issued at a substantial discount (such as Zero Coupon Notes) or premium from their principal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Risks related to Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

The Terms and Conditions of the Notes contain provisions which may permit their modification without the consent of all investors and confer significant discretions on the Trustee which may be exercised without the consent of the Noteholders and without regard to the individual interests of particular Noteholders

The Terms and Conditions of the Notes contain provisions for calling meetings (including the holding of physical or, wholly or partly, virtual meetings by means of electronic facility or facilities (including telephone and video conference platforms)) of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that the Trustee (as defined under “*Terms and Conditions of the Senior Notes*” and “*Terms and Conditions of the Subordinated Notes*”, as applicable) may, without the consent of Noteholders and without regard to the interests of particular Noteholders: (i) agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed (as defined under “*Terms and Conditions of the Notes*”); (ii) determine that an Event of Default (as defined under “*Terms and Conditions of the Senior Notes*” and “*Terms and Conditions of the Subordinated Notes*”, as applicable) or potential Event of Default shall not be treated as such, where in any such case it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders; (iii) agree to any modification which is of a formal or minor or technical nature or is made to correct a manifest error; or (iv) agree to the substitution of another company as principal debtor under any Notes in place of the Issuer, in the circumstances described in Condition 14 of the Terms and Conditions of the Senior Notes and Condition 18 of the Terms and Conditions of the Subordinated Notes, as applicable.

Investors who hold less than the minimum Specified Denomination may be unable to sell their Notes and may be adversely affected if definitive Notes are subsequently required to be issued

In relation to any issue of Notes which have denominations consisting of a minimum Specified Denomination plus one or more higher integral multiples of another smaller amount, it is possible that such Notes may be traded in amounts in excess of the minimum Specified Denomination that are not integral multiples of such minimum Specified Denomination. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in their account with the relevant clearing system would not be able to sell the remainder of such holding without first purchasing a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination. Further, a holder who, as a result of trading such amounts, holds an amount which is less than the minimum Specified Denomination in their account with the relevant clearing system at the relevant time may not receive a definitive Note in respect of such holding (should definitive Notes be printed) and would need to purchase a principal amount of Notes at or in excess of the minimum Specified Denomination such that its holding amounts to a Specified Denomination.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

The value of the Notes could be adversely affected by a change in English law or administrative practice

The Terms and Conditions of the Notes are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or any administrative practice after the date of issue of the relevant Notes and any such change could materially adversely impact the value of any Notes affected by it.

The Guarantees may be terminated

The Deed of Guarantee and the Guarantee in respect of the Subordinated Notes under the Trust Deed each contain provisions which permit a termination of each of the Guarantees at the sole discretion of the Issuer or the Guarantor. There can be no guarantee that any such termination of a Guarantee will not have an adverse effect on the price of the relevant Notes and subsequently lead to losses for the Noteholders if they sell such Notes.

The current IFRS accounting classification of financial instruments such as the Subordinated Notes as equity/financial liabilities may change, which may result in the occurrence of an Accounting Event

In June 2018, the IASB (International Accounting Standards Board) published the discussion paper DP/2018/1 on “*Financial Instruments with Characteristics of Equity*” (the **DP/2018/1 Paper**). The IASB Board decided to move the project to its standard-setting programme at the December 2020 Board meeting. The next milestone is to produce an exposure draft, which is expected at the end of 2023. If the proposals set out in the DP/2018/1 Paper or any other similar proposals that may be made in the future are implemented, the current IFRS accounting classification of financial instruments such as the Subordinated Notes as equity / financial liabilities (as applicable) may change in the future and this may result in the occurrence of an Accounting Event (as described in the relevant Conditions in the Terms and Conditions of the Subordinated Notes). In such an event, the Issuer may have the option to redeem, in whole but not in part, the Subordinated Notes (pursuant to Condition 8.7 of the Terms and Conditions of the Subordinated Notes) or substitute, or vary the terms of, the Subordinated Notes in accordance with Condition 9 of the Terms and Conditions of the Subordinated Notes. No assurance can be given as to the future classification of the Subordinated Notes from an accounting perspective or whether any such change may result in the occurrence of an Accounting Event, thereby providing the Issuer with the option to redeem, substitute or vary the terms of the Subordinated Notes pursuant to the Terms and Conditions of the Subordinated Notes.

The implementation of any of the proposals set out in the DP/2018/1 Paper or any other similar such proposals that may be made in the future, including the extent and timing of any such implementation, if at all, is still uncertain. Accordingly, no assurance can be given as to the future classification of the Subordinated Notes from an accounting perspective or whether any such change may result in the occurrence of an Accounting Event, thereby providing the Issuer with the option to redeem the Subordinated Notes pursuant to the relevant Conditions in the Terms and Conditions of the Subordinated Notes or substitute, or vary the terms of, the Subordinated Notes in accordance with the relevant Conditions in the Terms and Conditions of the Subordinated Notes.

The redemption of the Subordinated Notes by the Issuer or the perception that the Issuer will exercise its optional redemption right might negatively affect the market value of the Subordinated Notes. During any period when the Issuer may elect to redeem the Subordinated Notes, the market value of the Subordinated Notes generally will not rise substantially above the price at which they can be redeemed.

The interest rate on the Subordinated Notes will reset on the First Reset Date and on every Subsequent Reset Date thereafter, which can be expected to affect the interest payment on the Subordinated Notes and the market value of such Subordinated Notes

Although the Subordinated Notes will earn interest at a fixed rate until (but excluding) the First Reset Date, the current market interest rate on the capital markets (the **market interest rate**) typically changes on a daily basis. Since the initial fixed rate of interest for the Subordinated Notes will be reset on the First Reset Date (as set out in the Terms and Conditions of the Subordinated Notes) and on each Subsequent Reset Date, the interest payment on the Subordinated Notes will also change and could be less than the Initial Rate of Interest. Noteholders should be aware that movements in these market interest rates can adversely affect the price of the Subordinated Notes and can lead to losses for the Noteholders if they sell the Subordinated Notes. Noteholders are exposed to the risk of fluctuating interest rate levels and uncertain interest income as the reset rates could affect the market value of an investment in the Subordinated Notes.

The Issuer's and Guarantor's obligations under the Subordinated Notes are subordinated

The Issuer's obligations under the Subordinated Notes will be unsecured and subordinated. In the event that an order is made, or an effective resolution is passed, for the winding-up of the Issuer (otherwise than for the purposes of a solvent winding-up solely for the purposes of a reorganisation, reconstruction, amalgamation or the substitution in place of the Issuer of a successor in business of the Issuer: (A) (i) the terms of which reorganisation, reconstruction, amalgamation or substitution have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) or (ii) which substitution will be effected in accordance with Condition 18; and (B) in each case the terms of which do not provide that the Subordinated Notes shall thereby become redeemable or repayable in accordance with the relevant Conditions of the Terms and Conditions of the Subordinated Notes) or an administrator of the Issuer has been appointed and such administrator gives notice that it intends to declare and distribute a dividend, the claims of the Noteholders will rank (i) junior to the claims of holders of all Senior Obligations of the Issuer, (ii) *pari passu* with the claims of holders of all Parity Securities of the Issuer and (iii) in priority to the claims of holders of the ordinary share capital of the Issuer and any other obligations of the Issuer, issued directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with such ordinary share capital. See "*Terms and Conditions of the Subordinated Notes – Status of the Notes*" and "*Terms and Conditions of the Subordinated Notes – Subordination*".

The Guarantor's obligations under the Guarantees will be unsecured and subordinated. In the event that an order is made, or an effective resolution is passed, for the winding-up of the Guarantor (otherwise than for the purposes of a solvent winding-up solely for the purposes of a reorganisation, reconstruction, amalgamation of the Guarantor or an administrator of the Guarantor has been appointed and such administrator gives notice that it intends to declare and distribute a dividend, the claims of the Noteholders under the Guarantees will rank (i) junior to the claims of holders of all Senior Obligations of the Guarantor, (ii) *pari passu* with the claims of holders of all Parity Securities of the Guarantor and (iii) in priority to the claims of holders of the ordinary share capital of the Guarantor and any other obligations of the Guarantor, issued directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with such ordinary share capital. See "*Terms and Conditions of the Subordinated Notes – Status of the Guarantee*" and "*Terms and Conditions of the Subordinated Notes – Subordination of the Guarantee*".

By virtue of such subordination, payments to a Noteholder will, in the events described in the Terms and Conditions of the Subordinated Notes, only be made after all obligations of the Issuer and/or the Guarantor resulting from higher ranking claims have been satisfied. A Noteholder may, therefore, recover less than the holders of unsubordinated or other prior ranking subordinated liabilities of the Issuer and/or the Guarantor. Furthermore, the Terms and Conditions of the Subordinated Notes will not limit the amount of the liabilities ranking senior to, or *pari passu* with, the Subordinated Notes which may be incurred or assumed by the Issuer and the Guarantor from time to time, whether before or after the Issue Date. The incurrence of any such other liabilities may reduce the amount (if any) recoverable by Noteholders on a

winding-up or administration of the Issuer and/or the Guarantor and/or may increase the likelihood of a deferral of interest payments under the Subordinated Notes.

In addition, the Terms and Conditions of the Subordinated Notes provide that, subject to applicable law, no Noteholder or Couponholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer or the Guarantor in respect of, or arising under or in connection with, the Subordinated Notes or the Coupons and each Noteholder and Couponholder shall, by virtue of its holding of any Subordinated Note or Coupon, be deemed to have waived all such rights of set-off, compensation or retention.

Although subordinated debt securities, such as the Subordinated Notes, may pay a higher rate of interest than comparable debt securities which are not subordinated, there is a real risk that an investor in subordinated securities such as the Subordinated Notes will lose all or some of their investment should the Issuer become insolvent.

The Issuer has the right to defer interest payments on the Subordinated Notes

The Issuer may, at its discretion, elect to defer all or part of any payment of interest on the Subordinated Notes. See Terms and Conditions of the Subordinated Notes –“Deferral of Interest”. While the deferral of payment of interest continues, the Issuer is not prohibited from making payments on any instrument ranking senior to the Subordinated Notes or on certain instruments ranking *pari passu* with the Subordinated Notes and, in such event, the Noteholders are not entitled to claim immediate payment of interest so deferred. Only upon the occurrence of a Compulsory Deferred Interest Payment Event or upon the Issuer making payment of interest on the Subordinated Notes on a scheduled Interest Payment Date following the Interest Payment Date on which a Deferred Interest Payment first arose or the date of which the Subordinated Notes are redeemed or repaid in accordance with Conditions 3, 4, 8 or 13 of the Terms and Conditions of the Subordinated Notes, will the Issuer be obliged to pay any such Deferred Interest to Noteholders.

Any such deferral of interest payments shall not constitute a default or any other breach by the Issuer or the Guarantor of its obligations under the Subordinated Notes or the Guarantee in respect thereof for any other purpose, unless such payment is required in accordance with Condition 6.4 of the Terms and Conditions of the Subordinated Notes.

Any deferral of interest payments is likely to have an adverse effect on the market price of the Subordinated Notes. In addition, as a result of the interest deferral provision of the Subordinated Notes, the market price of the Subordinated Notes may be more volatile than the market prices of other debt securities on which original issue discount or interest accrues that are not subject to such deferrals and may be more sensitive generally to adverse changes in the Issuer’s financial condition.

The Subordinated Notes may not be redeemed unless and until all outstanding Deferred Interest in respect of such Subordinated Notes are satisfied in full, on or prior to the date set for the relevant redemption.

Limited Remedies – Subordinated Notes

Payments of interest on the Subordinated Notes may be deferred in accordance with Condition 6.1 of the Terms and Conditions of the Subordinated Notes and interest will not therefore be due other than in the limited circumstances described in Condition 6.3 of the Terms and Conditions of the Subordinated Notes.

The only Event of Default in the Terms and Conditions of the Subordinated Notes is if a default is made by the Issuer and the Guarantor for a period of 14 days or more in relation to the payment of principal or for a period of 28 days or more in respect of any payment of interest (including any Deferred Interest payable under Condition 6.3), in each case in respect of the Subordinated Notes and which is due and payable. In the event of such a default the Trustee may institute actions, steps or proceedings for the winding-up of the Issuer and/or the Guarantor and/or prove in the winding-up or administration of the Issuer and/or the Guarantor and/or claim in the liquidation or administration of the Issuer and/or the Guarantor for such payment.

Therefore, it will only be possible for the Noteholders to enforce claims for payment of principal or interest in respect of the Subordinated Notes when the same are due.

In addition, in the event that an order is made, or an effective resolution is passed, for the winding-up of the Issuer (otherwise than for the purposes of a solvent winding-up solely for the purposes of a reorganisation, reconstruction, amalgamation or the substitution in place of the Issuer of a successor in business of the Issuer, as more fully described in the Terms and Conditions of the Subordinated Notes) or an administrator of the Issuer has been appointed and such administrator gives notice that it intends to declare and distribute a dividend, the claims of holders of Subordinated Notes will be subordinated to the claims of holders of all Senior Obligations as further described in Condition 3.1 of the Terms

and Conditions of the Subordinated Notes. Accordingly, without prejudice to the rights of the Trustee and the holders of Subordinated Notes against the Guarantor, the claims of holders of all Senior Obligations of the Issuer will first have to be satisfied in any winding-up or administration proceedings before the holders of Subordinated Notes may expect to obtain any recovery in respect of their Subordinated Notes and prior thereto the holders of Subordinated Notes will have only limited ability to influence the conduct of such winding-up or administration proceedings.

Furthermore, in the event that an order is made, or an effective resolution is passed, for the winding-up of the Guarantor (otherwise than for the purposes of a solvent winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation of the Guarantor) or an administrator of the Guarantor has been appointed and such administrator gives notice that it intends to declare and distribute a dividend, the rights and claims of the holders of Subordinated Notes under the relevant Guarantee will be subordinated in accordance with Condition 4.3 of the Subordinated Notes. Accordingly, without prejudice to the rights of the Trustee and the holders of Subordinated Notes against the Issuer, the claims of holders of all Senior Obligations of the Guarantor will first have to be satisfied in any winding-up or analogous proceedings before the holders of Subordinated Notes may expect to obtain from the Guarantor any recovery pursuant to the Guarantee of the Subordinated Notes in respect of their Subordinated Notes and prior thereto the holders of Subordinated Notes will have only limited ability to influence the conduct of such winding-up or analogous proceedings.

Variation or substitution of the Subordinated Notes without the consent of Noteholders

Subject as provided in Conditions 9 and 10 of the Terms and Conditions of the Subordinated Notes, the Issuer may, in its sole discretion and without the consent or approval of Noteholders, elect to substitute the Subordinated Notes for, or vary the terms of the Subordinated Notes with the effect that they become or remain, Qualifying Notes at any time following the occurrence of a Tax Deductibility Event, a Withholding Tax Event, a Rating Capital Event or an Accounting Event which is continuing. Whilst Qualifying Notes are required to have terms not otherwise materially less favourable to Noteholders than the terms of the Subordinated Notes, there can be no assurance that the Qualifying Notes will not have a significant adverse impact on the price of, and/or market for, the Subordinated Notes or the circumstances of individual Noteholders.

No limitation on issuing senior or pari passu to the Subordinated Notes

There is no restriction on the amount of other securities or other liabilities which the Issuer or the Guarantor may issue, guarantee or incur and which may rank senior to, or *pari passu* with, the Subordinated Notes or the Guarantee in respect of the Subordinated Notes. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by holders of Subordinated Notes on a winding-up of the Issuer or the Guarantor (as the case may be) and/or may increase the likelihood of a deferral of interest payments under the Subordinated Notes.

If the Issuer's and/or the Guarantor's financial condition were to deteriorate, the Noteholders could suffer direct and materially adverse consequences, including loss of interest and, if the Issuer and/or the Guarantor were liquidated (whether voluntarily or not), the Noteholders could suffer loss of their entire investment.

The Subordinated Notes may be undated securities

Pursuant to Condition 8.1(b) of the Terms and Conditions of the Subordinated Notes, the Subordinated Notes may be undated securities, with no specified maturity date. Subject to any early redemption of the Notes in accordance with the Terms and Conditions of the Subordinated Notes, the Issuer is under no obligation to redeem or repurchase the undated Subordinated Notes at any time and the Noteholders have no right to require redemption of such Subordinated Notes, except in accordance with the Terms and Conditions of the Subordinated Notes. See "*Terms and Conditions of the Subordinated Notes – Event of Default and Enforcement*".

Therefore, Noteholders may bear material financial risks of an investment in the Subordinated Notes for an indefinite period and may not recover their investment in the foreseeable future. The Noteholders would only be able to realise value from the Subordinated Notes prior to an early redemption by selling their Subordinated Notes at their then market value in an available secondary market. In the absence of a secondary market for the Subordinated Notes, Noteholders may therefore not recover all or part of their investment in the foreseeable future. Therefore, the principal amount of the Subordinated Notes may not be repaid and Noteholders may lose the value of their capital investment in the Subordinated Notes.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

An active secondary market in respect of the Notes may never be established or it may be illiquid and this would adversely affect the value at which an investor could sell their Notes

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

If the level of global credit market conditions experienced during 2008 were to recur at the same level or worsen, whereby there is a general lack of liquidity in the secondary market for instruments similar to the Notes, such lack of liquidity may result in investors suffering losses on the Notes in secondary resales even if there is no decline in the performance of the assets of the Issuer.

If an investor holds Notes which are not denominated in the investor's home currency, they will be exposed to movements in exchange rates adversely affecting the value of their holding. In addition, the imposition of exchange controls in relation to any Notes could result in an investor not receiving payments on those Notes

The Issuer will pay principal and interest on the Notes and the Guarantor will make any payments under the Deed of Guarantee in respect of the Senior Notes and the Guarantee in respect of the Subordinated Notes, as applicable, in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the **Investor's Currency**) other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency-equivalent value of the principal payable on the Notes and (3) the Investor's Currency-equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate or the ability of the Issuer or the Guarantor to make payments in respect of the Notes. As a result, investors may receive less interest or principal than expected, or no interest or principal.

The value of Fixed Rate Notes may be adversely affected by movements in market interest rates

Investment in Fixed Rate Notes involves the risk that if market interest rates subsequently increase above the rate paid on the Fixed Rate Notes, this will adversely affect the value of the Fixed Rate Notes.

Credit ratings assigned to the Issuer or any Notes may not reflect all risks associated with an investment in those Notes

As described on the front page of this Prospectus, certain credit rating agencies have assigned credit ratings to the Issuer's senior long term debt obligations and one or more independent credit rating agencies may assign credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised, suspended or withdrawn by the rating agency at any time.

In general, EEA regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes in the EEA, unless such ratings are issued by a credit rating agency established in the EEA and registered under the CRA Regulation (and such registration has not been withdrawn or suspended), subject to transitional provisions that apply in certain circumstances whilst the registration application is pending. Such general restrictions will also apply in the case of credit ratings issued by third country non-EEA credit rating agencies, unless the relevant credit ratings are endorsed by an EEA-registered credit rating agency or the relevant third country rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended, subject to transitional provisions that apply in certain circumstances). The list of registered and certified rating agencies published by ESMA on its website in accordance with the CRA Regulation is not conclusive evidence of the status of the relevant rating agency included in such list, as there may be delays between certain supervisory measures being taken against a relevant rating agency and the publication on the ESMA list.

Investors regulated in the UK are subject to similar restrictions under the UK CRA Regulation. As such, UK regulated investors are required to use for UK regulatory purposes ratings issued by a credit rating agency established in the UK and registered under the UK CRA Regulation. In the case of ratings issued by third country non-UK credit rating agencies, third country credit ratings can either be: (a) endorsed by a UK-registered credit rating agency; or (b) issued by a third country credit rating agency that is certified in accordance with the UK CRA Regulation. Note this is subject, in each case, to (a) the relevant UK registration, certification or endorsement, as the case may be, not having been withdrawn or suspended, and (b) transitional provisions that apply in certain circumstances.

If the status of the rating agency rating the Notes changes, for the purposes of the CRA Regulation or the UK CRA Regulation, relevant regulated investors may no longer be able to use the rating for regulatory purposes in the EEA or the UK, as applicable, and the Notes may have a different regulatory treatment. This may result in relevant regulated investors selling the Notes which may impact the value of the Notes and their liquidity in the secondary market. Where a Tranche of Notes is rated, such rating will be specified in the applicable Final Terms and certain information with respect to the credit rating agencies will be disclosed in the applicable Final Terms.

Notes issued with a specific use of proceeds, such as specified green projects, may not be suitable for the specific investment criteria of an investor

The Final Terms relating to any specific Tranche of Notes may provide that it will be the Issuer's intention to apply an amount equal to the net proceeds of the issue of such Notes to specified projects and activities that promote social, sustainability, climate-friendly and other environmental purposes (**Green Projects**), in accordance with certain prescribed eligibility criteria. The Dealers are not responsible for assessing or verifying whether or not the specified Green Projects meet the prescribed eligibility criteria or for the monitoring of the use of proceeds. Prospective investors should have regard to the information set out in the applicable Final Terms regarding such use of proceeds and must determine for themselves the relevance of such information for the purpose of any investment in such Notes together with any other investigation such investor deems necessary. In particular, no assurance is given by the Issuer or the Dealers that the use of such proceeds for any Green Projects will satisfy, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any Green Projects.

The definition (legal, regulatory or otherwise) of, and market consensus as to what constitutes or may be classified as "social" or "green" or "sustainable" or an equivalently-labelled project and the requirements for a particular project to be defined as "social" or "green" or "sustainable" or such other equivalent label continue to develop and evolve, and different organisations may develop definitions or labels that are different from, and may be incompatible with, those set by other organisations. No assurance can be given that a clear definition or consensus will develop over time. Accordingly, no assurance is or can be given to investors that any projects or uses the subject of, or related to, any Green Projects will meet any or all investor expectations regarding such "social", "green", "sustainable" or other equivalently labelled performance objectives or that any adverse environmental, social and/or other impacts will not occur during the implementation of any projects or uses the subject of, or related to, any Green Projects.

A basis for the determination of the definitions of "social", "green", "sustainable" and "sustainability-linked" has been established in the EU with the publication in the Official Journal of the EU on 22 June 2020 of Regulation (EU) 2020/852 of the European Parliament and of the Council of 18 June 2020 (the **Sustainable Finance Taxonomy Regulation**) on the establishment of a framework to facilitate sustainable investment (the **EU Sustainable Finance Taxonomy**). The EU Sustainable Finance Taxonomy is subject to further development by way of the implementation by the European Commission through delegated regulations of technical screening criteria for the environmental objectives set out in the Sustainable Finance Taxonomy Regulation. Until the technical screening criteria for such objectives have been developed, it is not known whether any specified Green Projects will satisfy those criteria. Accordingly, alignment with the EU Sustainable Finance Taxonomy, once the technical screening criteria are established, is not certain.

No assurance or representation by the Issuer, the Dealers or any other person is given as to the suitability or reliability for any purpose whatsoever of any opinion or certification of any third party (whether or not solicited by the Issuer) which may be made available in connection with the issue of any Notes and, in particular, with any specified Green Projects to fulfil any environmental, sustainability, social and/or other criteria. For the avoidance of doubt, any such opinion or certification is not, nor shall be deemed to be, incorporated in and/or form part of this Prospectus. Any such opinion or certification is not, nor should be deemed to be, a recommendation by the Issuer or any other person to buy, sell or hold any such Notes. Any such opinion or certification is only current as of the date that opinion was initially issued. Prospective investors must determine for themselves the relevance of any such opinion or certification and/or the information contained therein and/or the provider of such opinion or certification for the purpose of any investment in

such Notes. Currently, the providers of such opinions and certifications are not subject to any specific regulatory or other regime or oversight.

In the event that any such Notes are listed or admitted to trading on any dedicated “social”, “green”, “environmental”, “sustainable” or other equivalently-labelled segment of any stock exchange or securities market (whether or not regulated), or are included in any dedicated “social”, “green”, “environmental”, “sustainable” or other equivalently-labelled index or indices, no representation or assurance is given by the Issuer, the Dealers or any other person that such listing or admission, or inclusion in such index or indices, satisfies, whether in whole or in part, any present or future investor expectations or requirements as regards any investment criteria or guidelines with which such investor or its investments are required to comply, whether by any present or future applicable law or regulations or by its own by-laws or other governing rules or investment portfolio mandates, in particular with regard to any direct or indirect environmental, sustainability or social impact of any projects or uses, the subject of or related to, any specified Green Projects. Furthermore, it should be noted that the criteria for any such listings or admission to trading may vary from one stock exchange or securities market to another and also the criteria for inclusion in such index or indices may vary from one index to another. Nor is any representation or assurance given or made by the Issuer, the Dealers or any other person that any such listing or admission to trading, or inclusion in any such index or indices, will be obtained in respect of any such Notes or, if obtained, that any such listing or admission to trading, or inclusion in such index or indices, will be maintained during the life of the Notes.

While it is the intention of the Issuer to apply the proceeds of any Notes so specified for Green Projects in, or substantially in, the manner described in the applicable Final Terms, there can be no assurance that the relevant project(s) or use(s) the subject of, or related to, any Green Projects will be capable of being implemented in, or substantially in, such manner and/or in accordance with any timing schedule and that accordingly such proceeds will be totally or partially disbursed for such Green Projects. Nor can there be any assurance that such Green Projects will be completed within any specified period or at all or with the results or outcome (whether or not related to the environment) as originally expected or anticipated by the Issuer.

Any such event or failure to apply the proceeds of any issue of Notes for any Green Projects as aforesaid and/or withdrawal of any such opinion or certification or any such opinion or certification attesting that the Issuer is not complying in whole or in part with any matters for which such opinion or certification is opining or certifying on and/or any such Notes no longer being listed or admitted to trading on any stock exchange or securities market or inclusion in such index or indices as aforesaid may have a material adverse effect on the value of such Notes and also potentially the value of any other Notes which are intended to finance or refinance Green Projects and/or result in adverse consequences for certain investors with portfolio mandates to invest in securities to be used for a particular purpose.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Prospectus and which have been approved by, filed with or notified to the FCA shall be deemed to be incorporated in, and form part of, this Prospectus (excluding all information incorporated by reference in any such documents either expressly or implicitly and excluding the section under the heading “Financial outlook” on page 51 of the Annual Report 2023 of the Guarantor as well as (i) sections and references to a “Sports JV pro forma basis” under the heading “Performance”, including with respect to Adjusted revenue, Reported revenue and Adjusted EBITDA including notes e and f on page 51, under the headings “Revenue” and “Adjusted EBITDA” including note e on pages 52 and 53, and in the first paragraph under the heading “Additional information – Alternative performance measures – Introduction” on page 233, and the section headed “Sports JV pro forma basis” on page 235; and (ii) references under the heading “Consumer” to “pro forma adjusted revenue”, “pro forma adjusted EBITDA”, and the first two paragraphs beginning “Adjusted revenue” and “Adjusted EBITDA” including note d on pages 56 and 57, in each case of the Annual Report 2023 of the Guarantor):

- (a) the Annual Report and Financial Statements of the Issuer which contains the auditors’ report and audited consolidated annual financial statements of the Issuer in respect of the financial year ended 31 March 2023;
- (b) the Annual Report and Financial Statements of the Issuer which contains the auditors’ report and audited consolidated annual financial statements of the Issuer in respect of the financial year ended 31 March 2022;
- (c) the Annual Report 2023 of the Guarantor which contains the auditors’ report and audited consolidated annual financial statements of the Guarantor in respect of the financial year ended 31 March 2023;
- (d) the Annual Report 2022 of the Guarantor which contains the auditors’ report and audited consolidated annual financial statements of the Guarantor in respect of the financial year ended 31 March 2022; and
- (e) the Terms and Conditions of the Senior Notes contained in the previous Prospectuses dated 29 May 2015 (pages 30-55 inclusive); 16 June 2017 (pages 28-53 inclusive); 15 June 2018 (pages 31-56 inclusive); 16 July 2019 (pages 34-62 inclusive); and 17 June 2022 (pages 40-72 inclusive) and prepared by the Issuer in connection with the Programme.

Following the publication of this Prospectus a supplement may be prepared by the Issuer and approved by the FCA in accordance with Article 23 of the UK Prospectus Regulation. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus are available for viewing on the website of the Issuer (<https://www.bt.com/about/investors>), save for the Terms and Conditions of the Senior Notes, set out in paragraph (e) above, which are available at <https://data.fca.org.uk/#/nsm/nationalstoragemechanism>.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

Any non-incorporated parts of a document referred to herein are either deemed not relevant for an investor or are otherwise covered elsewhere in this Prospectus.

FORM OF THE NOTES

Each Tranche of Notes will be in bearer form and will initially be issued in the form of a temporary global note (a **Temporary Global Note**) or, if so specified in the applicable Final Terms, a permanent global note (a **Permanent Global Note**) and, together with a Temporary Global Note, the **Global Notes**) which, in the case of either Global Note, will:

- (i) if it is intended to be issued in NGN form, as stated in the applicable Final Terms, be delivered on or prior to the original issue date of the Tranche to the Common Safekeeper for Euroclear and Clearstream, Luxembourg; and
- (ii) if it is not intended to be issued in NGN form, be delivered on or prior to the original issue date of the Tranche to the Common Depository for Euroclear and Clearstream, Luxembourg.

Where the Global Notes issued in respect of any Tranche are in NGN form, the applicable Final Terms will indicate whether or not such Global Notes are intended to be held in a manner which would allow Eurosystem eligibility. Any indication that the Global Notes are to be so held does not necessarily mean that the Notes of the relevant Tranche will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any times during their life as such recognition depends upon satisfaction of the Eurosystem eligibility criteria.

Whilst any Note is represented by a Temporary Global Note, payments of principal, interest (if any) and any other amount payable in respect of the Notes due prior to the Exchange Date (as defined below) will be made (against presentation of the Temporary Global Note if the Temporary Global Note is not intended to be issued in NGN form) only to the extent that certification (in a form to be provided) to the effect that the beneficial owners of interests in such Note are not U.S. persons or persons who have purchased for resale to any U.S. person, as required by U.S. Treasury regulations, has been received by Euroclear and/or Clearstream, Luxembourg and Euroclear and/or Clearstream, Luxembourg, as applicable, has given a like certification (based on the certifications it has received) to the Agent.

On and after the date (the **Exchange Date**) which is 40 days after a Temporary Global Note is issued, interests in such Temporary Global Note will be exchangeable (free of charge) upon a request as described therein either for: (a) interests in a Permanent Global Note of the same Series; or (b) definitive Notes of the same Series with, where applicable, interest coupons and talons attached (as indicated in the applicable Final Terms and subject, in the case of definitive Notes, to such notice period as is specified in the applicable Final Terms), in each case against certification of non-U.S. beneficial ownership as described above unless such certification has already been given. The holder of a Temporary Global Note will not be entitled to collect any payment of interest, principal or other amount due on or after the Exchange Date unless, upon due certification, exchange of the Temporary Global Note for an interest in a Permanent Global Note or for definitive Notes is properly withheld or refused.

Payments of principal, interest (if any) or any other amounts on a Permanent Global Note will be made through Euroclear and/or Clearstream, Luxembourg (against presentation or surrender (as the case may be) of the Permanent Global Note if the Permanent Global Note is not intended to be issued in NGN form) without any requirement for certification.

If a Global Note is a NGN, the Issuer shall procure that details of payment of principal, interest (if any) or any other amounts payable in respect of such Global Note, shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by such Global Note will be reduced accordingly. Payments under the NGN will be made to its holder. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.

The applicable Final Terms will specify that a Permanent Global Note will be exchangeable (free of charge), in whole but not in part, for definitive Notes with, where applicable, interest coupons and talons attached upon either: (a) not less than 60 days' written notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) to the Agent as described therein; or (b) only upon the occurrence of an Exchange Event. For these purposes, **Exchange Event** means that the Issuer has been notified that both Euroclear and Clearstream, Luxembourg have been closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or have announced an intention permanently to cease business or have in fact done so and no successor clearing system satisfactory to the Trustee is available. The Issuer will promptly give notice to Noteholders in accordance with Condition 13 if an Exchange Event occurs. In the event of the occurrence of an Exchange Event, Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder of an interest in such Permanent Global Note) or the Trustee may give notice to the Agent requesting exchange. Any such exchange shall occur not later than 45 days after the date of receipt of the first relevant notice by the Agent.

The applicable Final Terms will specify whether the Notes will be represented upon issue by:

- (i) a Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for definitive Notes only upon an Exchange Event; or
- (ii) a Temporary Global Note exchangeable for definitive Notes on and after the Exchange Date; or
- (iii) a Permanent Global Note exchangeable for definitive Notes only upon an Exchange Event.

The exchange of a Permanent Global Note for definitive Notes upon notice from Euroclear and/or Clearstream, Luxembourg (acting on the instructions of any holder) or at any time at the request of the Issuer should not be expressed to be applicable in the applicable Final Terms if the Notes are issued with a minimum Specified Denomination such as €100,000 (or its equivalent in another currency) plus one or more higher integral multiples of another smaller amount such as €1,000 (or its equivalent in another currency). Furthermore, such Specified Denomination construction is not permitted in relation to any issue of Notes which is to be represented on issue by a Temporary Global Note exchangeable for definitive Notes.

The applicable Final Terms will specify whether or not talons for future interest coupons are to be attached to definitive Notes where the Notes have more than 27 coupon payments, as talons may be required if, on exchange of such Notes into definitive form, more than 27 coupon payments remain to be made.

The following legend will appear on all Notes which have an original maturity of more than one year and on all interest coupons relating to such Notes:

“ANY UNITED STATES PERSON WHO HOLDS THIS OBLIGATION WILL BE SUBJECT TO LIMITATIONS UNDER THE UNITED STATES INCOME TAX LAWS, INCLUDING THE LIMITATIONS PROVIDED IN SECTIONS 165(j) AND 1287(a) OF THE INTERNAL REVENUE CODE.”

The sections referred to provide that United States holders, with certain exceptions, will not be entitled to deduct any loss on Notes or interest coupons and will not be entitled to capital gains treatment in respect of any gain on any sale, disposition, redemption or payment of principal in respect of such Notes or interest coupons.

Notes which are represented by a Global Note will only be transferable in accordance with the rules and procedures for the time being of Euroclear or Clearstream, Luxembourg, as the case may be.

Pursuant to the Agency Agreement (as defined under “*Terms and Conditions of the Senior Notes*” and “*Terms and Conditions of the Subordinated Notes*”, as applicable), the Agent shall arrange that, where a further Tranche of Notes is issued which is intended to form a single Series with an existing Tranche of Notes at a point after the Issue Date of the further Tranche, the Notes of such further Tranche shall be assigned a common code and ISIN which are different from the common code and ISIN assigned to Notes of any other Tranche of the same Series until such time as the Tranches are consolidated and form a single Series, which shall not be prior to the expiry of the distribution compliance period (as defined in Regulation S under the Securities Act) applicable to the Notes of such Tranche.

Any reference herein to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits (but not in the case of any NGN), be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

FORM OF FINAL TERMS FOR SENIOR NOTES

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a “retail investor” means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**UK**). For these purposes, a “retail investor” means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended (**EUWA**); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, **FSMA**) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA (the **UK Prospectus Regulation**). Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

[MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

[UK MiFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA (**UK MiFIR**); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **UK distributor**) should take into consideration the manufacturer[’s/s’] target market assessment; however, a UK distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

[Notification under Section 309B of the Securities and Futures Act 2001 of Singapore – In connection with Section 309B of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the **SFA**) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the **CMP Regulations 2018**), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are [prescribed capital markets products]/[capital markets products other than prescribed capital markets products] (as defined in the CMP Regulations 2018) and [are] [Excluded]/[Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]

Final Terms dated []

British Telecommunications public limited company
Legal Entity Identifier (LEI): 549300OWFMSO9NYV4H90
Issue of [] []
unconditionally and irrevocably guaranteed by BT Group plc
Legal Entity Identifier (LEI): 213800LRO7NS5CYQMN21
under the €20,000,000,000
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Prospectus dated 9 June 2023 [and the supplement[s] to it dated [] [and []], including all documents incorporated by reference, which [together] constitute[s] a base prospectus (the **Prospectus**) for the purposes of the UK Prospectus Regulation. This document constitutes the Final Terms of the Notes described herein for the purposes of the UK Prospectus Regulation and must be read in conjunction with the Prospectus in order to obtain all the relevant information. The Prospectus has been published on the website of the London Stock Exchange at <https://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.]

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions (the **Conditions**) set forth in, and extracted from, the Prospectus dated [] which are incorporated by reference in the Prospectus dated 9 June 2023. This document constitutes the Final Terms of the Notes described herein for the purposes of the UK Prospectus Regulation and must be read in conjunction with the Prospectus dated 9 June 2023, including the Conditions which are incorporated by reference in the Prospectus dated 9 June 2023 [and the supplement[s] to it dated [] [and []], including all documents incorporated by reference, which [together] constitute[s] a base prospectus (the **Prospectus**) for the purposes of the UK Prospectus Regulation, in order to obtain all the relevant information. The Prospectus has been published on the website of the London Stock Exchange at <https://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.]

1. (a) Issuer: British Telecommunications public limited company
- (b) Guarantor: BT Group plc
2. Status: Senior Notes
3. (a) Series Number: []
- (b) Tranche Number: []
- (c) Date on which the Notes will be consolidated and form a single Series: [Not Applicable]/[The Notes shall be consolidated and form a single Series and be interchangeable for trading purposes with the [] on []/[the Issue Date]/[exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 24 below [which is expected to occur on or about []]]
4. Specified Currency: []
5. Aggregate Nominal Amount:
 - (a) Series: []
 - (b) Tranche: []
6. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus [] days' accrued interest in respect of the period from, and including, [] to, but excluding, []]
7. (a) Specified Denominations: [] [and integral multiples of [] in excess thereof up to and including []]. Definitive Notes will not be issued in denominations in excess of []
- (b) Calculation Amount: []
8. (a) Issue Date: []

- (b) Interest Commencement Date: []/[Issue Date]/[Not Applicable]
9. Maturity Date: []/[the Interest Payment Date falling in or nearest to []]
10. Interest Basis: [[] per cent. Fixed Rate]
[[[] month] [EURIBOR/SONIA] +/- [] per cent. Floating Rate]
[Zero Coupon]
11. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [[] per cent. of their nominal amount]/[par]
12. Change of Interest Basis: []/[Not Applicable]
13. Put/Call Options: [General Investor Put]
[Change of Control Investor Put]
[Issuer Call]
[Issuer Maturity Par Call]
[Not Applicable]
14. [Date [Board] approval for issuance of Notes obtained: [] [and []], respectively]]
15. Negative Pledge (Condition 3): [Applicable/Not Applicable]
- PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE**
16. Fixed Rate Note Provisions [Applicable]/[Not Applicable]
- [(a) Rate(s) of Interest: [] per cent. per annum [payable [annually]/[semi-annually]/[quarterly] in arrear] on each Interest Payment Date[. There will be a [short]/[long] first coupon from and including [] to but excluding []]
- [(b) Interest Payment Date(s) and Business Day Convention for Payment: [] [and [] and []] in each year up to and including the Maturity Date [adjusted in accordance with the [Following Business Day Convention]/[Modified Following Business Day Convention] [with the Additional Business Centres for the definition of “Business Day” being []] [[adjusted]/[no adjustment] for period end dates]
- [(c) Fixed Coupon Amount(s): [] per Calculation Amount [(applicable to the Notes in definitive form) and [] per Aggregate Nominal Amount of the Notes (applicable to the Notes in global form), payable on each Interest Payment Date [, except for the amount of interest payable on the first Interest Payment Date falling on []]
- [(d) Broken Amount(s): [] per Calculation Amount [(applicable to the Notes in definitive form) and [] per Aggregate Nominal Amount of the Notes (applicable to the Notes in global form)], payable on the Interest Payment Date falling [in/on]/[Not Applicable]
- [(e) Day Count Fraction: [30/360]/
[Actual/Actual (ICMA)]
- [(f) Determination Date(s): [[] in each year]/[Not Applicable]
- [(g) Step Up Rating Change and/or Step Down Rating Change: [Applicable]/[Not Applicable]
- [(h) Step Up Margin: [[] per cent. per annum]/[Not Applicable]
17. Floating Rate Note Provisions [Applicable]/[Not Applicable]
- [(a) Specified Period(s)/Specified Interest Payment Dates: []

[(b)]	First Interest Payment Date:	[]
[(c)]	Business Day Convention:	[Floating Rate Convention]/ [Following Business Day Convention]/ [Modified Following Business Day Convention]/ [Preceding Business Day Convention] [[adjusted]/[no adjustment] for period end dates]
[(d)]	Additional Business Centre(s):	[]
[(e)]	Party responsible for calculating the Rate of Interest and Interest Amount (if not the Agent):	[] (the Calculation Agent)
[(f)]	Screen Rate Determination:	
	• Reference Rate:	[[] month EURIBOR]/[SONIA]
	• Calculation Method:	[Compounded Daily Rate]/[Compounded Index Rate]/[Not Applicable]
	• D:	[365]/[]/[Not Applicable]
	• Observation Method:	[Lag]/[Shift]/[Not Applicable]
	• Interest Determination Date(s):	[]
	• Relevant Number:	[]/[Not Applicable]
	• Relevant Screen Page:	[]
	• Specified Time:	[]/[Not Applicable]
	• Reference Banks:	[]/[Not Applicable]
	• Observation Look-Back Period:	[[] London Banking Days]/[Not Applicable]
[(g)]	Linear Interpolation:	[Not Applicable]/[Applicable – the Rate of Interest for the [long/short]/[first/last] [Specified]/[Interest] Period shall be calculated using Linear Interpolation]
[(h)]	Margin(s):	[[+/-] [] per cent. per annum]/[Not Applicable]
[(i)]	Minimum Rate of Interest:	[zero]/[[] per cent. per annum]
[(j)]	Maximum Rate of Interest:	[[] per cent. per annum]/[Not Applicable]
[(k)]	Day Count Fraction:	[Actual/Actual (ISDA)]/[Actual/Actual]/ [Actual/365 (Fixed)]/ [Actual/365 (Sterling)]/ [Actual/360]/ [30/360]/[360/360]/[Bond Basis]/ [30E/360]/[Eurobond Basis]/ [30E/360 (ISDA)]
[(l)]	Step Up Rating Change and/or Step Down Rating Change:	[Applicable]/[Not Applicable]
[(m)]	Step Up Margin:	[[] per cent. per annum]/[Not Applicable]

- [(n)] Fallback provisions, rounding provisions and any other terms relating to the method of calculating interest on Floating Rate Notes, if different from those set out in the Conditions: []
18. Zero Coupon Note Provisions [Applicable]/[Not Applicable]
- [(a)] Accrual Yield: [] per cent. per annum
- [(b)] Reference Price: []
- [(c)] Day Count Fraction in relation to Early Redemption Amounts: [30/360]/[Actual/360]/[Actual/365]

PROVISIONS RELATING TO REDEMPTION

19. Issuer Maturity Par Call: [Applicable]/[Not Applicable]
- [(a)] [Par Call Period:] [From (and including) [] (the **Par Call Period Commencement Date**) to (but excluding) the Maturity Date]
- [(b)] [Notice periods (if other than as set out in the Conditions):] [Minimum period: [] days]/[Not Applicable]
[Maximum period: [] days]/[Not Applicable]
20. Issuer Call: [Applicable]/[Not Applicable]
- [(a)] Optional Redemption Date(s): []
- [(b)] Optional Redemption Amount of each Note and method, if any, of calculation of such amount(s): [[] per Calculation Amount]/[Make-Whole Amount]
- [(c)] Reference Bond: []/[Not Applicable]
- [(d)] Quotation Time: []/[Not Applicable]
- [(e)] Redemption Margin: [[] per cent]/[Not Applicable]
- [(f)] Day Count Fraction: [30/360]/[Actual/Actual (ICMA)]
- [(g)] If redeemable in part: [Applicable]/[Not Applicable]
- [(i)] Minimum Redemption Amount: []/[Not Applicable]
- [(ii)] Maximum Redemption Amount: []/[Not Applicable]
- [(h)] Notice periods (if other than as set out in the Conditions): [Minimum period: [] days]/[Not Applicable]
[Maximum period: [] days]/[Not Applicable]
- [(i)] Calculation Agent (if not the Agent): []/[Not Applicable]
21. General Investor Put: [Applicable]/[Not Applicable]
- [(a)] Optional Redemption Date(s): []

- [(b)] Optional Redemption Amount(s) of each Note: [[] per Calculation Amount]
- [(c)] Notice Period (if other than as set out in the Conditions): [Minimum period: [] days]/[Not Applicable]
[Maximum period: [] days]/[Not Applicable]
22. Change of Control Investor Put: [Applicable]/[Not Applicable]
- [(a)] Optional Redemption Amount: [[] per Calculation Amount]
- [(b)] Put Period (if other than as set out in the Conditions): [Within the period of [] days after a Put Event Notice is given]/[Not Applicable]
23. Final Redemption Amount: [[] per Calculation Amount]
24. Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 6.6): [[] per Calculation Amount]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

25. Form of Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]
[Temporary Global Note exchangeable for definitive Notes on and after the Exchange Date]
[Permanent Global Note exchangeable for definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]
26. New Global Note: [Yes]/[No]
27. Additional Financial Centre(s) or other special provisions relating to Payment Days: [Not Applicable]/[]
28. Talons for future Coupons to be attached to definitive Notes: [Yes]/[No]
29. Relevant Benchmark: [[*specify benchmark*] is provided by [*administrator legal name*]. As at the date hereof, [*administrator legal name*] [appears]/[does not appear] in the register of administrators and benchmarks established and maintained by [the European Securities and Markets Authority] [and/or] [the UK Financial Conduct Authority] pursuant to [Article 36 (*Register of administrators and benchmarks*) of Regulation (EU) 2016/1011] [and/or] [Article 36 (*Register of administrators and benchmarks*) of Regulation (EU) 2016/1011 as it forms part of UK domestic law by virtue of the EUWA]]/[Not Applicable]

THIRD PARTY INFORMATION

[[*Relevant third party information*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]/[With respect to any information included herein and specified to be sourced from a third party, the Issuer confirms that any such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information available to it from such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: *Duly authorised*

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Admission to trading: Application [has been]/[is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's main market and admitted to the Official List of the Financial Conduct Authority with effect from [].
- (ii) Estimate of total expenses related to admission to trading: []

2. RATINGS

- Ratings: [The Notes to be issued [have been]/[are expected to be] rated:
[S&P Global Ratings, acting through S&P Global Ratings UK Limited (**Standard & Poor's**): []]
[Moody's Investors Service Ltd. (**Moody's**): []]
[Fitch Ratings Ltd (**Fitch**): []]
[Each of Standard & Poor's, Moody's and Fitch is established in the [United Kingdom (**UK**)]/[UK] and each is registered in accordance with Regulation (EC) No. 1060/2009 as it forms part of UK domestic law by virtue of the EUWA. Each of Standard & Poor's, Moody's and Fitch is not established in the [European Economic Area (**EEA**)]/[EEA] and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended, the **CRA Regulation**). However, S&P Global Ratings Europe Limited has endorsed the ratings of Standard & Poor's, Moody's Deutschland GmbH has endorsed the ratings of Moody's and Fitch Ratings Ireland Limited has endorsed the ratings of Fitch, in accordance with the CRA Regulation. Each of S&P Global Ratings Europe Limited, Moody's Deutschland GmbH and Fitch Ratings Ireland Limited is established in the EEA and registered under the CRA Regulation.]
[The Issuer has not applied to S&P Global Ratings, acting through S&P Global Ratings UK Limited, Moody's Investors Service Ltd. or Fitch Ratings Ltd for ratings to be assigned to the Notes.]
[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for the fees [of []] payable to the Dealer[s], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. [The Dealer[s] and [its]/[their] affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer, the Guarantor and each of their affiliates in the ordinary course of business.]

4. REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

- (i) Reasons for the offer: [As set out in "Use of Proceeds" in the Prospectus dated 9 June 2023]/[]
- (ii) Estimated net proceeds: []

5. YIELD (*Fixed Rate Notes only*)

Indication of yield: []

6. OPERATIONAL INFORMATION

- (i) ISIN: []
- (ii) Common Code: []

- (iii) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable]/[]
- (iv) Delivery: Delivery [against]/[free of] payment
- (v) Names and addresses of additional Paying Agent(s) (if any): [Not Applicable]/[]
- (vi) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes]/[No]/[Not Applicable]
 [Note that the designation “yes” means that the Notes are intended upon issue to be deposited with Euroclear Bank SA/NV or Clearstream Banking S.A. as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/[Note that the designation “no” means that should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting such criteria, the Notes may then be deposited with Euroclear Bank SA/NV or Clearstream Banking S.A. as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

7. DISTRIBUTION

- (i) Method of distribution: [Syndicated]/[Non-syndicated]
- (ii) If syndicated:
- (A) Names of Managers: [Not Applicable]/[]
- (B) Stabilisation Manager(s) (if any): [Not Applicable]/[]
- (iii) If non-syndicated, name of Dealer: [Not Applicable]/[]
- (iv) U.S. Selling Restrictions/TEFRA Rules: [Reg. S Compliance Category []]; [TEFRA D/TEFRA C/TEFRA Not Applicable]

FORM OF FINAL TERMS FOR SUBORDINATED NOTES

PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a “retail investor” means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); (ii) a customer within the meaning of Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129. Consequently, no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

PROHIBITION OF SALES TO UK RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the United Kingdom (**UK**). For these purposes, a “retail investor” means a person who is one (or more) of: (i) a retail client as defined in point (8) of Article 2 of Regulation (EU) 2017/565 as it forms part of UK domestic law by virtue of the European Union (Withdrawal) Act 2018, as amended (**EUWA**); (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, **FSMA**) and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97 (as amended), where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA; or (iii) not a qualified investor as defined in Article 2 of Regulation (EU) 2017/1129 as it forms part of UK domestic law by virtue of the EUWA (the **UK Prospectus Regulation**). Consequently, no key information document required by Regulation (EU) No 1286/2014 as it forms part of UK domestic law by virtue of the EUWA (the **UK PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

[MiFID II product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is eligible counterparties and professional clients only, each as defined in MiFID II; and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **distributor**) should take into consideration the manufacturer[’s/s’] target market assessment; however, a distributor subject to MiFID II is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

[UK MiFIR product governance / Professional investors and ECPs only target market – Solely for the purposes of [the/each] manufacturer’s product approval process, the target market assessment in respect of the Notes has led to the conclusion that: (i) the target market for the Notes is only eligible counterparties, as defined in the FCA Handbook Conduct of Business Sourcebook and professional clients, as defined in Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA (**UK MiFIR**); and (ii) all channels for distribution of the Notes to eligible counterparties and professional clients are appropriate. Any person subsequently offering, selling or recommending the Notes (a **UK distributor**) should take into consideration the manufacturer[’s/s’] target market assessment; however, a UK distributor subject to the FCA Handbook Product Intervention and Product Governance Sourcebook is responsible for undertaking its own target market assessment in respect of the Notes (by either adopting or refining the manufacturer[’s/s’] target market assessment) and determining appropriate distribution channels.]

[Notification under Section 309B of the Securities and Futures Act 2001 of Singapore – In connection with Section 309B of the Securities and Futures Act 2001 of Singapore, as modified or amended from time to time (the **SFA**) and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the **CMP Regulations 2018**), the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are [prescribed capital markets products]/[capital markets products other than prescribed capital markets products] (as defined in the CMP Regulations 2018) and [are] [Excluded]/[Specified] Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).]

Final Terms dated [] []

British Telecommunications public limited company
Legal Entity Identifier (LEI): 549300OWFMSO9NYV4H90
Issue of [] []
unconditionally and irrevocably guaranteed by BT Group plc
Legal Entity Identifier (LEI): 213800LRO7NS5CYQMN21
under the €20,000,000,000
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

[Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions of the Subordinated Notes set forth in the Prospectus dated 9 June 2023 [and the supplement[s] to it dated [] [and []], including all documents incorporated by reference, which [together] constitute[s] a base prospectus (the **Prospectus**) for the purposes of the UK Prospectus Regulation. This document constitutes the Final Terms of the Notes described herein for the purposes of the UK Prospectus Regulation and must be read in conjunction with the Prospectus in order to obtain all the relevant information. The Prospectus has been published on the website of the London Stock Exchange at <https://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.]

1. (a) Issuer: British Telecommunications public limited company
(b) Guarantor: BT Group plc
2. Status: [Dated]/[Undated] Subordinated Notes
3. (a) Series Number: []
(b) Tranche Number: []
(c) Date on which the Notes will be consolidated and form a single Series: [Not Applicable]/[The Notes shall be consolidated and form a single Series and be interchangeable for trading purposes with the [] on []/[the Issue Date]/[exchange of the Temporary Global Note for interests in the Permanent Global Note, as referred to in paragraph 24 below [which is expected to occur on or about []]]
4. Specified Currency: []
5. Aggregate Nominal Amount:
(a) Series: []
(b) Tranche: []
6. Issue Price: [] per cent. of the Aggregate Nominal Amount [plus [] days' accrued interest in respect of the period from, and including, [] to, but excluding, []]
7. (a) Specified Denomination(s): [] [and integral multiples of [] in excess thereof up to and including []]. Definitive Notes will not be issued in denominations in excess of []
(b) Calculation Amount: []
8. (a) Issue Date: []
(b) Interest Commencement Date: []/[Issue Date]/[Not Applicable]
9. Maturity Date: []/[Not Applicable]
10. Interest Basis: Reset Rate
(see paragraph 14 below)
11. Redemption Basis: Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at [[] per cent. of their nominal amount]/[par]/[Not Applicable]

12. Call Options: [Issuer Par Call]
 [Issuer Call (Make-Whole)]
 [Clean-up Call]
 [(see paragraph(s) [16][,/and]/[17] [and] [18] below)]
 [Not Applicable]

13. [Date [Board] approval for issuance of Notes obtained: [] [and [], respectively]]

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

14. Reset Rate/Rate of Interest Provisions Applicable
- [(a)] Initial Rate of Interest: [] per cent. per annum [payable [annually]/[semi-annually]/[quarterly] in arrear] on each Interest Payment Date[. There will be a [short]/[long] first coupon from and including [] to but excluding []]
- [(b)] Interest Payment Date(s) and Business Day Convention for Payment: [] [and [] and []] in each year up to and including the Maturity Date [adjusted in accordance with the [Following Business Day Convention]/[Modified Following Business Day Convention] [with the Additional Business Centres for the definition of “Business Day” being [] [[adjusted]/[no adjustment] for period end dates]
- [(c)] First Margin: [+/-][] per cent. per annum
- [(d)] Subsequent Margin: [+/-][] per cent. per annum in the Reset Period from (and including) [] to (but excluding) [] [and [+/-][] per cent. per annum in the Reset Period from (and including) [] to (but excluding) []]/[Not Applicable]
- [(e)] Change of Control Step-Up Margin: [] per cent. per annum
- [(f)] Fixed Coupon Amount(s): Subject as provided in Condition 5.3, [] per Calculation Amount [(applicable to the Notes in definitive form) and [] per Aggregate Nominal Amount of the Notes (applicable to the Notes in global form), payable on each Interest Payment Date [, except for the amount of interest payable on the first Interest Payment Date falling on []]/[Not Applicable]
- [(g)] Broken Amount(s): Subject as provided in Condition 5.3, [] per Calculation Amount [(applicable to the Notes in definitive form) and [] per Aggregate Nominal Amount of the Notes (applicable to the Notes in global form)], payable on the Interest Payment Date falling [in/on]/[Not Applicable]
- [(h)] First Reset Date: []
- [(i)] Subsequent Reset Date[s]: []
- [(j)] Reset Determination Dates: []
- [(k)] Reset Rate: [[semi-annual]/[annualised]Mid-Swap Rate]/[Benchmark Gilt Rate]/[Reset Reference Bond Rate]
- [(l)] First Reset Period Fallback: []
- [(m)] Benchmark Frequency: []
- [(n)] Swap Rate Period: []
- [(o)] Screen Page: []
- [(p)] Fixed Leg: [[semi-annual]/[annual] calculated on a[n Actual/365 [(Fixed)]]/[30/360]/[] day count basis]/[Not Applicable]

- [(q)] Floating Leg: [[3]/[6]/[]]-month EURIBOR/[SONIA]/[] rate calculated on a[n Actual/365 [(Fixed)]]/[Actual/360]/[] day count basis/[Not Applicable]
- [(r)] Relevant (Reset) Time: []
- [(s)] Relevant Screen Page: []
- [(t)] Day Count Fraction: [Actual/Actual (ICMA)]/[Actual/Actual (ISDA)]/[Actual/Actual]/[Actual 365 (Fixed)]/[Actual/365 (Sterling)]/[Actual/360]/[30/360]/[360/360]/[Bond Basis]/[30E/360]/[Eurobond Basis]/[30E/360 (ISDA)]
- [(u)] Determination Date(s): [[] in each year]/[Not Applicable]
- [(v)] Calculation Agent (if not the Agent): []/[Not Applicable]
15. Benchmark Discontinuation: [Applicable]/[Not Applicable]

PROVISIONS RELATING TO REDEMPTION

16. Issuer Par Call: [Applicable]/[Not Applicable]
- [(a)] [Par Call Optional Redemption Date(s):] []
- [(b)] [Par Call Optional Redemption Amount (if other than the Final Redemption Amount:)] [[] per Calculation Amount]/[Not Applicable]
- [(c)] [Notice periods (if other than as set out in the Conditions):] [Minimum period: [] days]/[Not Applicable]
[Maximum period: [] days]/[Not Applicable]
17. Issuer Call (Make-Whole): [Applicable]/[Not Applicable]
- [(a)] Make-Whole Optional Redemption Date(s): []
- [(b)] Reference Bond: []/[Not Applicable]
- [(c)] Quotation Time: []/[Not Applicable]
- [(d)] Redemption Margin: [[] per cent]/[Not Applicable]
- [(e)] Day Count Fraction: [30/360]/[Actual/Actual (ICMA)]
- [(f)] If redeemable in part: [Applicable]/[Not Applicable]
- [(i)] Minimum Redemption Amount: []/[Not Applicable]
- [(ii)] Maximum Redemption Amount: []/[Not Applicable]
- [(g)] Notice periods (if other than as set out in the Conditions): [Minimum period: [] days]/[Not Applicable]
[Maximum period: [] days]/[Not Applicable]
- [(h)] Calculation Agent (if not the Agent): []/[Not Applicable]
18. Clean-up Call: [Applicable]/[Not Applicable]
- [(a)] [Clean-up Call Optional Redemption Amount:] []
- [(b)] [Clean-up Call Optional Redemption Date:] []

- [(c)] [Clean-up Call Threshold Percentage:] [] per cent.
19. Final Redemption Amount: [[] per Calculation Amount]
20. Early Redemption Amount (Tax): [[] per Calculation Amount [before [] and [] per Calculation Amount after []]
21. Early Redemption Amount (Change of Control): [[] per Calculation Amount [before [] and [] per Calculation Amount after []]
22. Early Redemption Amount (Rating): [[] per Calculation Amount [before [] and [] per Calculation Amount after []]
23. Early Redemption Amount (Accounting): [[] per Calculation Amount [before [] and [] per Calculation Amount after []]
- Accounting Treatment: [financial liability]/[equity]

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24. Form of Notes: [Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]
 [Temporary Global Note exchangeable for definitive Notes on and after the Exchange Date]
 [Permanent Global Note exchangeable for definitive Notes [on 60 days' notice given at any time/only upon an Exchange Event]]
25. New Global Note: [Yes]/[No]
26. Additional Financial Centre(s) or other special provisions relating to Payment Days: [Not Applicable]/[]
27. Talons for future Coupons to be attached to definitive Notes: [Yes, as the Notes have more than 27 coupon payments, Talons may be required if, on exchange into definitive form, more than 27 coupon payments are still to be made]/[No]

THIRD PARTY INFORMATION

[[*Relevant third party information*] has been extracted from [*specify source*]. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by [*specify source*], no facts have been omitted which would render the reproduced information inaccurate or misleading.]/[With respect to any information included herein and specified to be sourced from a third party, the Issuer confirms that any such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information available to it from such third party, no facts have been omitted which would render the reproduced information inaccurate or misleading.]

Signed on behalf of the Issuer:

By: *Duly authorised*

PART B – OTHER INFORMATION

1. LISTING AND ADMISSION TO TRADING

- (i) Admission to trading: Application [has been]/[is expected to be] made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's main market and admitted to the Official List of the Financial Conduct Authority with effect from [].
- (ii) Estimate of total expenses related to admission to trading: []

2. RATINGS

- Ratings: [The Notes to be issued [have been]/[are expected to be] rated:
[S&P Global Ratings, acting through S&P Global Ratings UK Limited (**Standard & Poor's**): []]
[Moody's Investors Service Ltd. (**Moody's**): []]
[Fitch Ratings Ltd (**Fitch**): []]
[Each of Standard & Poor's, Moody's and Fitch is established in the [United Kingdom (**UK**)]/[UK] and each is registered in accordance with Regulation (EC) No. 1060/2009 as it forms part of UK domestic law by virtue of the EUWA. Each of Standard & Poor's, Moody's and Fitch is not established in the [European Economic Area (**EEA**)]/[EEA] and has not applied for registration under Regulation (EC) No. 1060/2009 (as amended, the **CRA Regulation**). However, S&P Global Ratings Europe Limited has endorsed the ratings of Standard & Poor's, Moody's Deutschland GmbH has endorsed the ratings of Moody's and Fitch Ratings Ireland Limited has endorsed the ratings of Fitch, in accordance with the CRA Regulation. Each of S&P Global Ratings Europe Limited, Moody's Deutschland GmbH and Fitch Ratings Ireland Limited is established in the EEA and registered under the CRA Regulation.]
[The Issuer has not applied to S&P Global Ratings, acting through S&P Global Ratings UK Limited, Moody's Investors Service Ltd. or Fitch Ratings Ltd for ratings to be assigned to the Notes.]
[Need to include a brief explanation of the meaning of the ratings if this has previously been published by the rating provider.]

3. INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE ISSUE

Save for the fees [of []] payable to the Dealer[s], so far as the Issuer is aware, no person involved in the issue of the Notes has an interest material to the offer. [The Dealer[s] and [its]/[their] affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer, the Guarantor and each of their affiliates in the ordinary course of business.]

4. REASONS FOR THE OFFER AND ESTIMATED NET PROCEEDS

- (i) Reasons for the offer: [As set out in "Use of Proceeds" in the Prospectus dated 9 June 2023]/[]
- (ii) Estimated net proceeds: []

5. YIELD

Indication of yield: []

6. REPLACEMENT INTENTION

Date specified in relation to repurchase and redemption for replacement intention: []

7. **PARITY OBLIGATIONS** []

8. **OPERATIONAL INFORMATION**

(i) ISIN: []

(ii) Common Code: []

(iii) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): [Not Applicable]/[]

(iv) Delivery: Delivery [against]/[free of] payment

(v) Names and addresses of additional Paying Agent(s) (if any): [Not Applicable]/[]

(vi) Intended to be held in a manner which would allow Eurosystem eligibility: [Yes]/[No]/[Not Applicable]
[Note that the designation “yes” means that the Notes are intended upon issue to be deposited with Euroclear Bank SA/NV or Clearstream Banking S.A. as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]/[Note that the designation “no” means that should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting such criteria, the Notes may then be deposited with Euroclear Bank SA/NV or Clearstream Banking S.A. as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]

9. **DISTRIBUTION**

(i) Method of distribution: [Syndicated]/[Non-syndicated]

(ii) If syndicated:

(A) Names of Managers: [Not Applicable]/[]

(B) Stabilisation Manager(s) (if any): [Not Applicable]/[]

(iii) If non-syndicated, name of Dealer: [Not Applicable]/[]

(iv) U.S. Selling Restrictions/TEFRA Rules: [Reg. S Compliance Category []]; [TEFRA D/TEFRA C/TEFRA Not Applicable]

TERMS AND CONDITIONS OF THE SENIOR NOTES

The following, except for paragraphs in italics, are the Terms and Conditions of the Senior Notes which will be incorporated by reference into each Global Note (as defined below) and each Senior Note in definitive form, in the latter case only if permitted by the London Stock Exchange or other relevant authority (if any) and agreed by the Issuer and the relevant Dealer at the time of issue but, if not so permitted and agreed, such Senior Note in definitive form will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and Senior Note in definitive form. These Terms and Conditions shall be applicable to those securities that are specified to be “Senior Notes” in the applicable Final Terms. References in the following Terms and Conditions to “Notes” are to the Senior Notes of one Series only, not to all Notes that may be issued.

This Note is one of a Series (as defined below) of Notes issued by British Telecommunications public limited company (the **Issuer**) constituted by a Trust Deed dated 12 December 1997 (such Trust Deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) made between the Issuer and The Law Debenture Trust Corporation p.l.c. (the **Trustee**, which expression shall include any successor as Trustee).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note; and
- (c) any definitive Notes issued in exchange for a Global Note.

The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement dated 12 December 1997 (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) made between the Issuer, the Trustee, Citibank, N.A., London Branch as issuing and principal paying agent and agent bank (the **Agent**, which expression shall include any successor agent and where the Agent is acting as calculation agent in respect of any Notes, shall include any successor calculation agent) and the other paying agents named therein (together with the Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents).

Interest bearing definitive Notes have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Global Notes do not have Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which supplement these Terms and Conditions (the **Conditions**). References to the **applicable Final Terms** are to the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

The Trustee acts for the benefit of the holders for the time being of the Notes (the **Noteholders**, which expression shall, in relation to any Notes represented by a Global Note, be construed as provided below) and the holders of the Coupons (the **Couponholders**, which expression shall, unless the context otherwise requires, include the holders of the Talons), in accordance with the provisions of the Trust Deed.

As used herein, **Tranche** means Notes which are identical in all respects (including as to admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed and the Agency Agreement (i) are available for inspection during normal business hours at the registered office for the time being of the Trustee being at Eighth Floor, 100 Bishopsgate, London EC2N 4AG and at the specified office of each of the Paying Agents or (ii) may be provided by email to a Noteholder following their prior written request to any Paying Agent and provision of proof of holding and identity (in a form satisfactory to the relevant Paying Agent). Copies of the applicable Final Terms are available for viewing at the registered office of the Issuer being 1 Braham Street, London E1 8EE and are expected to be published on the website of the London Stock Exchange through a regulatory information service. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Final Terms which are

applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Words and expressions defined in the Trust Deed, the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed or the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

In the Conditions, **euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

1. FORM, DENOMINATION AND TITLE

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the currency (the **Specified Currency**) and the denomination(s) (the **Specified Denomination(s)**) specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination.

This Note may be a Note bearing interest on a fixed rate basis (**Fixed Rate Note**), a Note bearing interest on a floating rate basis (**Floating Rate Note**), a Note issued on a non-interest bearing basis (**Zero Coupon Note**), or a combination of any of the foregoing, depending upon the interest basis specified in the applicable Final Terms.

Definitive Notes are issued with Coupons attached, unless they are Zero Coupon Notes in which case references to Coupons and Couponholders in the Conditions are not applicable.

Subject as set out below, title to the Notes and Coupons will pass by delivery. The Issuer, the Paying Agents and the Trustee will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes are represented by a Global Note held on behalf of Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking S.A. (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Paying Agents and the Trustee as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer, any Paying Agent and the Trustee as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly. In determining whether a particular person is entitled to a particular nominal amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

2. STATUS OF THE NOTES

The Notes and any relative Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 3) unsecured obligations of the Issuer and rank *pari passu* among themselves and (save for certain obligations required to be preferred by law) equally with all other unsecured obligations (other than subordinated obligations, if any) of the Issuer, from time to time outstanding.

3. **NEGATIVE PLEDGE**

If Negative Pledge is specified in the applicable Final Terms, then so long as any of the Notes is outstanding (as defined in the Trust Deed), the Issuer shall not, and shall cause the Subsidiaries not to, directly or indirectly, create, assume or incur or permit to be created, assumed or incurred, any Lien on or with respect to any of the assets of the Issuer or any of the Subsidiaries whether now or hereafter owned, to secure any present or future Capital Markets Indebtedness issued or guaranteed by the Issuer or any other Person without at the same time according to the Notes, to the satisfaction of the Trustee, the same security or such other arrangement (whether or not comprising security) as the Trustee shall, in its absolute discretion, deem not materially less beneficial to the Noteholders, or as shall have been approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

Save as provided below, in these Conditions:

Capital Markets Indebtedness means any obligation for the payment of borrowed money which is in the form of, or represented or evidenced by, a certificate of indebtedness or in the form of, or represented or evidenced by, bonds, notes or other securities which are, or which the Issuer has publicly declared that it intends to have, quoted, listed, dealt in or traded on a stock exchange or other recognised securities market;

Lien means any mortgage, pledge, hypothecation, charge, assignment, deposit arrangement, encumbrance, security interest, lien (statutory or otherwise), or preference, priority or other security or similar agreement or preferential arrangement of any kind or nature whatsoever (including, without limitation, any agreement to give or grant a Lien or any lease, conditional sale or other title retention agreement having substantially the same economic effect as any of the foregoing);

Person means any individual, corporation, partnership, joint venture, trust, unincorporated organisation or government or any agency or political subdivision thereof; and

Subsidiary means, for the purpose of this Condition 3 only, (i) a corporation more than 50 per cent. of the outstanding voting shares of which are owned, directly or indirectly, by the Issuer, or by one or more other Subsidiaries of the Issuer, or by the Issuer and one or more other Subsidiaries of the Issuer; (ii) any general partnership, joint venture or similar entity, at least 50 per cent. of the outstanding partnership or similar interest of which is owned, directly or indirectly, by the Issuer, or by one or more other Subsidiaries of the Issuer, or by the Issuer and one or more other Subsidiaries of the Issuer; and (iii) any limited partnership of which the Issuer or any other Subsidiary of the Issuer is a general partner.

4. **INTEREST**

4.1 **Interest on Fixed Rate Notes**

Each Fixed Rate Note bears interest from (and including) the Interest Commencement Date at the rate(s) per annum equal to the Rate(s) of Interest. Interest will be payable in arrear on the Interest Payment Date(s) in each year up to (and including) the Maturity Date.

If the Notes are in definitive form, except as provided in the applicable Final Terms, or if the applicable Final Terms specify that a Fixed Coupon Amount or Broken Amount(s) applies in the case of Notes represented by a Global Note, the amount of interest payable on each Interest Payment Date in respect of the Fixed Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.

As used in the Conditions, **Fixed Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

Unless specified otherwise in the applicable Final Terms, the **Following Business Day Convention** will apply to the payment of all Fixed Rate Notes, meaning that if the Interest Payment Date or Maturity Date would otherwise fall on a day which is not a Business Day (as defined in Condition 4.2(a) below), the related payment of principal or interest will be made on the next succeeding Business Day as if made on the date such payment was due. If the **Modified Following Business Day Convention** is specified in the applicable Final Terms for any Fixed Rate Note, it shall mean that if the Interest Payment Date or Maturity Date would otherwise fall on a day which is not a Business Day (as defined in Condition 4.2(a) below), the related payment of principal or

interest will be made on the next succeeding Business Day as if made on the date such payment was due unless it would thereby fall into the next calendar month in which event the full amount of payment shall be made on the immediately preceding Business Day as if made on the day such payment was due. Unless specified otherwise in the applicable Final Terms, the amount of interest due shall not be changed if payment is made on a day other than an Interest Payment Date or the Maturity Date as a result of the application of a Business Day Convention specified above or other Business Day Convention specified in the applicable Final Terms.

Except in the case of Notes in definitive form where an applicable Fixed Coupon Amount or Broken Amount is specified in the applicable Final Terms, interest shall be calculated in respect of any period by applying the Rate of Interest to:

- (a) in the case of Fixed Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Fixed Rate Notes represented by such Global Note; or
- (b) in the case of Fixed Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Fixed Rate Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Fixed Rate Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4.1:

- (a) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:
 - (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
 - (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (b) if “30/360” is specified in the applicable Final Terms, the number of days in the period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360.

In the Conditions:

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date); and

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent.

4.2 Interest on Floating Rate Notes

(a) Interest Payment Dates

Each Floating Rate Note bears interest from (and including) the Interest Commencement Date and such interest will be payable in arrear on either:

- (i) the Specified Interest Payment Date(s) in each year specified in the applicable Final Terms; or
- (ii) if no Specified Interest Payment Date(s) is/are specified in the applicable Final Terms, each date (each such date, together with each Specified Interest Payment Date, an **Interest Payment Date**) which falls the number of months or other period specified as the Specified Period in the applicable Final Terms after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

Such interest will be payable in respect of each Interest Period. In the Conditions, **Interest Period** means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date.

If a Business Day Convention is specified in the applicable Final Terms and (x) if there is no numerically corresponding day in the calendar month in which an Interest Payment Date should occur or (y) if any Interest Payment Date would otherwise fall on a day which is not a Business Day, then, if the Business Day Convention specified is:

- (A) in any case where Specified Periods are specified in accordance with Condition 4.2(a)(ii) above, the Floating Rate Convention, such Interest Payment Date (a) in the case of (x) above, shall be the last day that is a Business Day in the relevant month and the provisions of (ii) below shall apply mutatis mutandis or (b) in the case of (y) above, shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event (i) such Interest Payment Date shall be brought forward to the immediately preceding Business Day and (ii) each subsequent Interest Payment Date shall be the last Business Day in the month which falls the Specified Period after the preceding applicable Interest Payment Date occurred; or
- (B) the Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day; or
- (C) the Modified Following Business Day Convention, such Interest Payment Date shall be postponed to the next day which is a Business Day unless it would thereby fall into the next calendar month, in which event such Interest Payment Date shall be brought forward to the immediately preceding Business Day; or
- (D) the Preceding Business Day Convention, such Interest Payment Date shall be brought forward to the immediately preceding Business Day.

In the Conditions, **Business Day** means a day which is both:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Final Terms; and
- (b) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (ii) in relation to any sum payable in euro, a day on which the real time gross settlement system operated by the Eurosystem, or any successor system (the **TARGET System**) is open.

(b) Rate of Interest

The Rate of Interest payable from time to time in respect of Floating Rate Notes will be determined as provided below:

(1) where the Reference Rate is specified in the applicable Final Terms as being a Reference Rate other than the Sterling Overnight Index Average (**SONIA**), the Rate of Interest for each Interest Period will be either:

(A) the rate or offered quotation (if there is only one rate or offered quotation on the Relevant Screen Page); or

(B) the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates or offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate (as specified in the applicable Final Terms) for deposits in the Specified Currency for that Interest Period which appears or appear, as the case may be, on the Relevant Screen Page (or such replacement page on that service which displays the information) (as specified in the applicable Final Terms) as at the Specified Time on the Interest Determination Date in question plus or minus (as specified in the applicable Final Terms) the Margin (if any), all as determined by the Agent (or such other Calculation Agent specified in the applicable Final Terms). If, in the case of (B) above, five or more of such rates or offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest rate or offered quotation, one only of such rates or offered quotations) and the lowest (or, if there is more than one such lowest rate or offered quotation, one only of such rates or offered quotations) shall be disregarded by the Agent (or such other Calculation Agent specified in the applicable Final Terms) for the purpose of determining the arithmetic mean (rounded as provided above) of such rates or offered quotations.

If the Relevant Screen Page is not available or if, in the case of (A) above, no such rate or offered quotation appears or, in the case of (B) above, fewer than three of such rates or offered quotations appear, in each case as at the Specified Time, the Issuer shall request the principal London office of each of the Reference Banks to provide the Issuer with its rate or offered quotation (expressed as a percentage rate per annum) for the Reference Rate (as specified in the applicable Final Terms) for deposits in the Specified Currency for that Interest Period, at approximately the Specified Time, on the Interest Determination Date in question and any such rates or offered quotations received shall be provided by the Issuer to the Agent (or such other Calculation Agent specified in the applicable Final Terms). If two or more of the Reference Banks provide such rates or offered quotations, the Rate of Interest for such Interest Period shall be the arithmetic mean (rounded if necessary to the fifth decimal place with 0.000005 being rounded upwards) of such rates or offered quotations plus or minus (as appropriate) the Margin (if any), all as determined by the Agent (or such other Calculation Agent specified in the applicable Final Terms).

If on any Interest Determination Date one only or none of the Reference Banks provides the Issuer with such rates or offered quotations as provided in the preceding paragraph (and any rates or offered quotations received shall be provided by the Issuer to the Agent (or such other Calculation Agent specified in the applicable Final Terms)), the Rate of Interest for the relevant Interest Period shall be the rate per annum which the Agent (or such other Calculation Agent specified in the applicable Final Terms) determines as being the arithmetic mean (rounded if necessary to the fifth decimal place, with 0.000005 being rounded upwards) of the rates or quotations, as communicated by the Reference Banks or any two or more of them to the Issuer (and any such rates or quotations received shall be provided by the Issuer to the Agent (or such other Calculation Agent specified in the applicable Final Terms)), at which such banks were offered, at approximately the Specified Time, on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in the relevant inter-bank market or principal financial centre of the country of the Specified Currency, plus or minus (as appropriate) the Margin (if any) or, if fewer than two of the Reference Banks provide the Issuer with such rates or offered quotations (and any rates or offered quotations received shall be provided by the Issuer to the Agent (or such other Calculation Agent specified in the applicable Final Terms)), the rate or quotation offered for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean (rounded as provided above) of the rates or offered quotations for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, which, at approximately the Specified Time, on the relevant Interest Determination

Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Issuer who shall inform the Agent (or such other Calculation Agent specified in the applicable Final Terms) such bank is quoting to leading banks in the relevant inter-bank market or principal financial centre of the country of the Specified Currency, plus or minus (as appropriate) the Margin (if any), provided that, if the Rate of Interest cannot be determined in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall be that determined as at the Interest Determination Date for the last preceding Interest Period (though substituting, where a different Margin is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin relating to the relevant Interest Period, in place of the Margin relating to that last preceding Interest Period).

- (2) (A) where the Reference Rate is specified in the applicable Final Terms as being SONIA and the Calculation Method is specified in the applicable Final Terms as being Compounded Daily Rate, the Rate of Interest for each Interest Period will be Compounded Daily SONIA for the Interest Period plus or minus (as indicated in the applicable Final Terms) the Margin, if any, all determined by the Agent (or such other Calculation Agent specified in the applicable Final Terms) on each relevant Interest Determination Date.

Compounded Daily SONIA means, with respect to an Interest Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) as calculated by the Agent (or such other Calculation Agent specified in the applicable Final Terms) on the Interest Determination Date in accordance with the following formula and the resulting percentage will be rounded if necessary to the fourth decimal place, with 0.00005 per cent. being rounded upwards:

$$\left[\prod_{i=1}^{d_o} \left(1 + \frac{\text{Relevant SONIA}_i \times n_i}{D} \right) - 1 \right] \times \frac{D}{d}$$

where:

d is the number of calendar days in:

- (i) where Lag is specified as the Observation Method in the applicable Final Terms, the relevant Interest Period; or
- (ii) where Shift is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

D is the number specified as such in the applicable Final Terms (or, if no such number is specified, 365);

d_o is the number of London Banking Days in:

- (i) where Lag is specified as the Observation Method in the applicable Final Terms, the relevant Interest Period; or
- (ii) where Shift is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period;

i is a series of whole numbers from one to **d_o**, each representing the relevant London Banking Day in chronological order from, and including, the first London Banking Day in:

- (i) where Lag is specified as the Observation Method in the applicable Final Terms, the relevant Interest Period; or
- (ii) where Shift is specified as the Observation Method in the applicable Final Terms, the relevant Observation Period,

to and including, the last London Banking Day in such Interest Period or Observation Period, as the case may be;

London Banking Day means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London;

n_i for any London Banking Day i , means the number of calendar days from, and including, such London Banking Day i up to but excluding the following London Banking Day;

Observation Look-Back Period is as specified in the applicable Final Terms;

Observation Period means the period from, and including, the date falling p London Banking Days prior to the first day of the relevant Interest Period (and the first Interest Period shall begin on and include the Interest Commencement Date) to but excluding, the date falling p London Banking Days prior to the Interest Payment Date for such Interest Period (or the date falling p London Banking Days prior to such earlier date, if any, on which the Notes become due and payable);

p means the number of London Banking Days specified as the Observation Look-Back Period in the applicable Final Terms and which shall not be specified in the applicable Final Terms as less than five without the prior agreement of the Agent (or such other Calculation Agent specified in the applicable Final Terms);

Relevant SONIA i means:

- (i) where Lag is specified as the Observation Method in the applicable Final Terms, SONIA i - p LBD; or
- (ii) where Shift is specified as the Observation Method in the applicable Final Terms, SONIA i LBD;

For the avoidance of doubt, the formula for the calculation of Compounded Daily SONIA only compounds the SONIA reference rate in respect of any London Banking Day. The SONIA reference rate applied to a day that is a non-London Banking Day will be taken by applying the SONIA reference rate for the previous London Banking Day but without compounding.

SONIA i LBD means, in respect of any London Banking Day i the SONIA reference rate for such London Banking Day i ;

SONIA i - p LBD means, in respect of any London Banking Day i falling in the relevant Interest Period, the SONIA reference rate for the London Banking Day falling p London Banking Days prior to the relevant London Banking Day i ; and

SONIA reference rate means, in respect of any London Banking Day, a reference rate equal to the daily SONIA rate for such London Banking Day as provided by the administrator of SONIA to authorised distributors and as then published on the Relevant Screen Page or, if the Relevant Screen Page is unavailable, as otherwise published by such authorised distributors, in each case on the London Banking Day immediately following such London Banking Day.

If, in respect of any London Banking Day on which an applicable SONIA reference rate is required to be determined, the Agent (or such other Calculation Agent specified in the applicable Final Terms) determines that the SONIA reference rate is not made available on the Relevant Screen Page and has not otherwise been published by the relevant authorised distributors, then unless the Agent (or such other Calculation Agent specified in the applicable Final Terms) has been notified of any Successor Rate or Alternative Rate (and any related Adjustment Spread or Benchmark Amendments) pursuant to Condition 4.3, if applicable, the SONIA reference rate in respect of such London Banking Day shall be:

- (x) the sum of (i) the Bank of England's Bank Rate (the **Bank Rate**) prevailing at the close of business on the relevant London Banking Day; and (ii) the mean of the spread of the SONIA reference rate to the Bank Rate over the previous five London Banking Days in respect of which a SONIA reference rate has been published, excluding the highest spread (or, if there is more than one highest spread, one only of those highest spreads) and lowest spread (or, if there is more than one lowest spread, one only of those lowest spreads); or

- (y) if the Bank Rate under paragraph (x) above is not available at the relevant time, either (A) the SONIA reference rate published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) for the first preceding London Banking Day in respect of which the SONIA reference rate was published on the Relevant Screen Page (or otherwise published by the relevant authorised distributors) or (B) if this is more recent, the latest rate determined under (x) above,

and, in each case, references to “SONIA reference rate” in Condition 4.2(b)(2)(A) above shall be construed accordingly.

In the event that the Rate of Interest cannot be determined in accordance with the foregoing provisions of this Condition 4.2(b)(2)(A), and without prejudice to Condition 4.3, the Rate of Interest shall be:

- (i) that determined as at the last preceding Interest Determination Date on which the Rate of Interest was so determined (though substituting, where a different Margin, Maximum Rate of Interest and/or Minimum Rate of Interest is to be applied to the relevant Interest Period from that which applied to the last preceding Interest Period, the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as the case may be) relating to the relevant Interest Period, in place of the Margin, Maximum Rate of Interest and/or Minimum Rate of Interest (as applicable) relating to that last preceding Interest Period); or
- (ii) if there is no such preceding Interest Determination Date, the initial Rate of Interest which would have been applicable to the Notes for the first scheduled Interest Period had the Notes been in issue for a period equal in duration to the first scheduled Interest Period but ending on (and excluding) the Interest Commencement Date (applying the Margin and, if applicable, any Maximum Rate of Interest and/or Minimum Rate of Interest, applicable to the first scheduled Interest Period),

in each case as determined by the Agent (or such other Calculation Agent specified in the applicable Final Terms).

(B) where the Reference Rate is specified in the applicable Final Terms as being SONIA and the Calculation Method is specified in the applicable Final Terms as being Compounded Index Rate, the Rate of Interest for each Interest Period will be Compounded Daily SONIA for the Interest Period, plus or minus (as indicated in the applicable Final Terms) the Margin, if any, all determined by the Agent (or such other Calculation Agent specified in the applicable Final Terms) on each relevant Interest Determination Date.

Compounded Daily SONIA means, with respect to an Interest Period, the rate of return of a daily compound interest investment (with the daily Sterling overnight reference rate as reference rate for the calculation of interest) (expressed as a percentage and rounded if necessary to the fourth decimal place, with 0.00005 being rounded upwards) determined by the Agent (or such other Calculation Agent specified in the applicable Final Terms) by reference to the screen rate or index for compounded daily SONIA rates administered by the administrator of the SONIA reference rate that is published or displayed on the Relevant Screen Page specified in the applicable Final Terms or, if no such page is so specified or if such page is unavailable at the relevant time, as otherwise published or displayed by such administrator or other information service from time to time on the relevant Interest Determination Date (the **SONIA Compounded Index**), and in accordance with the following formula:

$$\left(\frac{\text{SONIA Compounded Index}_y}{\text{SONIA Compounded Index}_x} - 1 \right) \times \frac{365}{d}$$

where:

d is the number of calendar days from (and including) the day in relation to which SONIA Compounded Index_x is determined to (but excluding) the day in relation to which SONIA Compounded Index_y is determined;

SONIA Compounded Index_x means, with respect to an Interest Period, the SONIA Compounded Index determined in relation to the day falling the Relevant Number of London Banking Days prior to the first day of such Interest Period;

SONIA Compounded Index_y means, with respect to an Interest Period, the SONIA Compounded Index determined in relation to the day falling the Relevant Number of London Banking Days prior to the Interest Payment Date for such Interest Period, or such other date as when the relevant payment of interest falls to be due (but which by definition or the operation of the relevant provisions is excluded from such Interest Period);

London Banking Day means any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in London; and

Relevant Number is as specified in the applicable Final Terms (or, if no such number is specified, five).

If the relevant SONIA Compounded Index is not published or displayed by the administrator of the SONIA reference rate or other information service by 5.00 p.m. (London time) (or, if later, by the time falling one hour after the customary or scheduled time for publication thereof in accordance with the then-prevailing operational procedures of the administrator of the SONIA reference rate or of such other information service, as the case may be) on the relevant Interest Determination Date, the Compounded Daily SONIA rate for the applicable Interest Period for which SONIA Compounded Index is not available shall be Compounded Daily SONIA determined in accordance with Condition 4.2(b)(2)(A) above as if Compounded Index Rate is not specified as being applicable in the applicable Final Terms. For these purposes, the Calculation Method shall be deemed to be Compounded Daily Rate, and for these purposes: (i) the Observation Method shall be deemed to be Shift and (ii) the Observation Lookback Period shall be deemed to be equal to the Relevant Number of London Banking Days, as if those alternative elections had been made.

(C) if the Notes become due and payable otherwise than on an Interest Payment Date, the final Interest Determination Date shall, notwithstanding any Interest Determination Date specified in the applicable Final Terms, be deemed to be the due date on which such Notes become due and payable and the Rate of Interest on such Notes shall, for so long as any such Note remains outstanding, be that determined on such date and as if (solely for the purpose of such interest determination) the relevant Interest Period had been shortened accordingly.

(3) Other definitions:

Banking Day means, in respect of any place, any day on which commercial banks are open for general business (including dealings in foreign exchange and foreign currency deposits) in that place or, as the case may be, as indicated in the applicable Final Terms;

Interest Determination Date means the day or Banking Day, as the case may be, as of which any rate is to be determined as specified in the applicable Final Terms, or if none is specified, the day or Banking Day on which it is customary to determine such rate;

Reference Banks means, in the case where the Reference Rate is EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, or otherwise such banks as may be specified in the applicable Final Terms as the Reference Banks;

Reference Rate means EURIBOR or SONIA as specified in the Final Terms;

Relevant Screen Page means such page, whatever its designation, on which the Reference Rate that is for the time being displayed on the Reuters Monitor Money Rates Service or Dow Jones Market Limited or other such service, as specified in the applicable Final Terms; and

Specified Time means the time as of which any rate is to be determined as specified in the applicable Final Terms, or if none is specified, the time at which it is customary to determine such rate.

(c) **Minimum Rate of Interest and/or Maximum Rate of Interest**

If the applicable Final Terms specifies a Minimum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is less than such Minimum Rate of Interest, the Rate of Interest for such Interest Period shall be such Minimum Rate of Interest.

If the applicable Final Terms specifies a Maximum Rate of Interest for any Interest Period, then, in the event that the Rate of Interest in respect of such Interest Period determined in accordance with the provisions of paragraph (b) above is greater than such Maximum Rate of Interest, the Rate of Interest for such Interest Period shall be such Maximum Rate of Interest.

(d) **Determination of Rate of Interest and calculation of Interest Amounts**

The Agent will at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.

The Agent will calculate the amount of interest (the **Interest Amount**) payable on the Floating Rate Notes for the relevant Interest Period by applying the Rate of Interest to:

- (A) in the case of Floating Rate Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
- (B) in the case of Floating Rate Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Floating Rate Note in definitive form is a multiple of the Calculation Amount, the Interest Amount payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

Day Count Fraction means, in respect of the calculation of an amount of interest in accordance with this Condition 4.2:

- (i) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (ii) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (iii) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (iv) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (v) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (vi) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D₂ will be 30;

- (vii) if “30E/360 (ISDA)” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30.

(e) Linear Interpolation

Where Linear Interpolation is specified as applicable in respect of an Interest Period or Specified Period in the applicable Final Terms, the Rate of Interest for such Interest Period or Specified Period shall be calculated by the Agent (or if the Agent is not the Calculation Agent, the Calculation Agent specified in the applicable Final Terms) by straight line linear interpolation by reference to two rates based on the relevant Reference Rate, one of which shall be determined as if the Designated Maturity (as defined below) were the period of time for which rates are available next shorter than the length of the relevant Interest Period or Specified Period and the other of which shall be determined as if the Designated Maturity were the period of time for which rates are available next longer than the length of the relevant Interest Period or Specified Period, provided however, that if there is no rate available for a period of time next shorter or, as the case may be, next longer, then the Agent (or if the Agent is not the Calculation Agent, the Calculation Agent specified in the applicable Final Terms) shall determine such rate at such time and by reference to such sources as the Issuer shall determine as appropriate for such purposes. For the purposes of this paragraph, the expression **Designated Maturity** means the period of time designated in the Reference Rate.

(f) Notification of Rate of Interest and Interest Amounts

The Agent will cause the Rate of Interest and each Interest Amount for each Interest Period or Specified Period and the relevant Interest Payment Date to be notified to the Issuer, the Trustee and the London Stock Exchange on which the relevant Floating Rate Notes are for the time being admitted to trading and notice thereof to be published in accordance with Condition 13 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. Each Interest Amount and Interest Payment Date so notified may subsequently be amended (or appropriate alternative arrangements made by way of adjustment) without prior notice in the event of an extension or shortening of the Interest Period or Specified Period. Any such amendment will promptly be notified to the London Stock Exchange on which the relevant Floating Rate Notes are for the time being admitted to trading and to the Noteholders in accordance with Condition 13. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

(g) Determination or Calculation by Calculation Agent

If for any reason at any relevant time the Agent defaults in its obligation to determine the Rate of Interest or to calculate any Interest Amount in accordance with subparagraph (b)(i) or subparagraph (b)(ii) above as the case may be, and in each case in accordance with paragraph (d) and/or (e) above, the Issuer shall appoint a calculation agent (which shall be an investment bank or other suitable financial services entity of international repute, and any fees, costs and expenses in relation thereto shall be met by the Issuer) to determine such Rate of Interest at such rate as, in the calculation agent's absolute discretion (having such regard as it shall think fit to the foregoing provisions of this Condition, but subject always to any Minimum Rate of Interest or Maximum Rate of Interest specified in the applicable Final Terms), it shall deem fair and reasonable in all the circumstances or, as the case may be, the calculation agent shall calculate the Interest Amount(s) in such manner as the calculation agent shall deem fair and reasonable in all the circumstances and each such determination or calculation shall be deemed to have been made by the Agent.

(h) Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 4.2, whether by the Agent (or if the Agent is not the Calculation Agent, the Calculation Agent specified in the applicable Final Terms) shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent or such other Calculation Agent, the other Paying Agents, the Trustee, the Noteholders and the Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Trustee, the Noteholders or the Couponholders shall attach to the Agent or such other Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

4.3 Benchmark Discontinuation

Notwithstanding the provisions in Condition 4.2 above, if the Issuer, in consultation with the Agent, determines that a Benchmark Event has occurred in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to that Original Reference Rate, then the following provisions of this Condition 4.3 shall apply.

(a) Successor Rate or Alternative Rate

If there is a Successor Rate, then the Issuer shall promptly notify the Agent (or such other Calculation Agent specified in the applicable Final Terms), the Trustee and, in accordance with Condition 13, the Noteholders of such Successor Rate and that Successor Rate shall (subject to adjustment as provided in Condition 4.3(b)) subsequently be used by the Agent (or such other Calculation Agent specified in the applicable Final Terms) in place of the Original Reference Rate to determine the relevant Rate of Interest (or the relevant component part) thereof for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 4.3).

If there is no Successor Rate but the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines that there is an Alternative Rate, then the Issuer shall promptly notify the Agent (or such other Calculation Agent specified in the applicable Final Terms), the Trustee and, in accordance with Condition 13, the Noteholders of such Alternative Rate and that Alternative Rate shall (subject to adjustment as provided in Condition 4.3(b)) subsequently be used in place of the Original Reference Rate to determine the relevant Rate of Interest (or the relevant component part thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 4.3).

(b) Adjustment Spread

If a Successor Rate or Alternative Rate is determined in accordance with Condition 4.3(a), the Issuer, acting in good faith and in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, shall determine an Adjustment Spread (which may be expressed as a specified quantum or a formula or methodology for determining the applicable Adjustment Spread (and for the avoidance of doubt, an Adjustment Spread may be positive, negative or zero)), which Adjustment Spread shall be applied to the relevant Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or the relevant component part) thereof by reference to such Successor Rate or Alternative Rate (as applicable)).

Following any such determination of the Adjustment Spread, the Issuer shall promptly notify the Agent (or such other Calculation Agent specified in the applicable Final Terms), the Trustee and, in accordance with Condition 13, the Noteholders of such Adjustment Spread and the Agent (or such other Calculation Agent specified in the applicable Final Terms) shall apply such Adjustment Spread to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or any component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

(c) Benchmark Amendments

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 4.3 and the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines in its discretion (A) that amendments to these Conditions and/or the Trust Deed and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the "Benchmark Amendments") and (B) the terms of the Benchmark Amendments, then the Issuer shall, subject to the Issuer having to give notice thereof to the Trustee and the Noteholders in accordance with Condition 13, without any requirement for the consent or approval of Noteholders or the Couponholders, modify these Conditions and/or the Trust Deed and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

Prior to any such Benchmark Amendments taking effect, the Issuer shall provide a certificate signed by two Directors to the Trustee confirming, in the Issuer's reasonable opinion (following consultation with the Independent Adviser), (i) that a Benchmark Event has occurred, (ii) the Successor Rate or Alternative Rate (as applicable), (iii) where applicable, any Adjustment Spread and (iv) where applicable, the terms of any Benchmark Amendments in each case determined in accordance with this Condition 4 that such Benchmark Amendments are necessary to give effect to any application of this Condition 4 and the Trustee shall be entitled to rely on such certificate without further enquiry or liability to any person. For the avoidance of doubt, the Trustee shall not be

liable to the Noteholders, the Couponholders or any other person for so acting or relying on such certificate, irrespective of whether any modification to give effect to a Benchmark Amendment is or may be materially prejudicial to the interests of any such person. The Successor Rate or Alternative Rate (as applicable), any Adjustment Spread (where applicable) and any Benchmark Amendments, without prejudice to the Trustee's ability to rely on such certificate (as aforesaid), will be binding on the Issuer, the Trustee, the Agent (or such other Calculation Agent specified in the applicable Final Terms), the other Paying Agents, the Noteholders and the Couponholders.

The Trustee shall, at the direction and expense of the Issuer, but subject to receipt by the Trustee of a certificate signed by two Directors (as aforesaid), be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed and, if required, the Agency Agreement), provided that the Trustee shall not be required to effect any Benchmark Amendments if the same would, in the Trustee's sole opinion, impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend its rights and/or the protective provisions afforded to it. For the avoidance of doubt, no Noteholder or Couponholder consent shall be required in connection with effecting the Benchmark Amendments or such other changes, including for the execution of any documents, amendments or other steps by the Issuer or the Trustee (if required).

In connection with any such modifications in accordance with this Condition 4.3(c), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Any Benchmark Amendments determined under this Condition 4.3(c) shall be notified promptly by the Issuer to the Agent (or such other Calculation Agent specified in the applicable Final Terms), the Trustee and, in accordance with Condition 13, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of such Benchmark Amendments.

(d) Independent Adviser

In the event the Issuer is to consult with an Independent Adviser in connection with any determination to be made by the Issuer pursuant to this Condition 4.3, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, for the purposes of any such consultation.

An Independent Adviser appointed pursuant to this Condition 4.3 shall act in good faith, in a commercially reasonable manner and (in the absence of fraud or wilful default) shall have no liability whatsoever to the Issuer or the Noteholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 4.3 or otherwise in connection with the Notes.

If the Issuer is in any doubt as to whether there is an Alternative Rate and/or any Adjustment Spread is required to be applied and/or in relation to the quantum of, or any formula or methodology for determining such Adjustment Spread and/or whether any Benchmark Amendments are necessary and/or in relation to the terms of any such Benchmark Amendments, a written determination of an Independent Adviser in respect thereof shall be conclusive and binding on all parties, save in the case of manifest error, and (in the absence of fraud or wilful default) the Issuer shall have no liability whatsoever to the Noteholders in respect of anything done, or omitted to be done, in relation to that matter in accordance with any such written determination.

No Independent Adviser appointed in connection with the Notes (acting in such capacity), shall have any relationship of agency or trust with the Noteholders.

(e) Survival of Original Reference Rate Provisions

Without prejudice to the obligations of the Issuer under this Condition 4.3, the Original Reference Rate and the fallback provisions provided for in Condition 4.2 and the applicable Final Terms will continue to apply unless and until a Benchmark Event has occurred and only then once the Agent (or such other Calculation Agent specified in the applicable Final Terms) has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread (if applicable) and Benchmark Amendments (if applicable), in accordance with the relevant provisions of this Condition 4.3.

(f) Definitions

In this Condition 4.3:

Adjustment Spread means either a spread (which may be positive, negative or zero), or the formula or methodology for calculating a spread and the spread resulting from such calculation, which spread is to be

applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body;
- (ii) in the case of an Alternative Rate or (where (i) above does not apply) in the case of a Successor Rate, the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as applicable); or
- (iii) if no such determination has been made, the Independent Adviser (in consultation with the Issuer) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as applicable);

Alternative Rate means an alternative rate to the Original Reference Rate which the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines in accordance with this Condition 4.3 has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for debt securities, with a commensurate interest period and in the same Specified Currency as the Notes or, if no such rate exists, the rate which is most comparable (among other factors, on the basis of interest period and Specified Currency) to the Original Reference Rate;

Benchmark Event means:

- (i) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist or ceasing permanently to be calculated, administered and published;
- (ii) the later of (a) the making of a public statement by the administrator of the Original Reference Rate that it will, on or before a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and (b) the date falling six months prior to the specified date referred to in (a) above;
- (iii) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued;
- (iv) the later of (a) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (b) the date falling six months prior to the specified date referred to in (a) above;
- (v) the later of (a) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case on or before a specified date and (b) the date falling six months prior to the specified date referred to in (a) above;
- (vi) the later of (a) the making of a public statement by the supervisor of the administrator of the Original Reference Rate announcing that such Original Reference Rate is or will, on or before a specified date, be no longer representative and (b) the date falling six months prior to the specified date referred to in (a) above; or
- (vii) it has or will prior to the next Interest Determination Date become unlawful for the Agent, any Calculation Agent, any Paying Agent or the Issuer to determine any Rate of Interest and/or calculate any Interest Amount using the Original Reference Rate;

Calculation Agent means such person appointed by the Issuer as calculation agent in relation to the Notes and, if not the Agent, as specified in the applicable Final Terms and shall include any successor calculation agent appointed in respect of such Notes;

Independent Adviser means an independent financial institution of international repute or other independent financial adviser of recognised standing with appropriate expertise in the debt capital markets appointed by the Issuer at its own expense;

Original Reference Rate means the Reference Rate originally specified in the applicable Final Terms for the purposes of determining the relevant Rate of Interest (or any component part thereof) in respect of the Notes (provided that if, following one or more Benchmark Events, such Reference Rate originally specified in the applicable Final Terms for the purposes of determining the relevant Rate of Interest (or any component part thereof) in respect of the Notes (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate and a Benchmark Event subsequently occurs in respect of such Successor Rate or Alternative Rate, the term **Original Reference Rate** shall include any such Successor Rate or Alternative Rate);

Relevant Nominating Body means, in respect of an Original Reference Rate:

- (i) the central bank for the currency to which the Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate; or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (A) the central bank for the currency to which the Original Reference Rate relates, (B) any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate, (C) a group of the aforementioned central banks or other supervisory authorities, or (D) the Financial Stability Board or any part thereof; and

Successor Rate means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

4.4 Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption unless payment of principal is improperly withheld or refused. In such event, interest will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) as provided in the Trust Deed.

4.5 Adjustment of Rate of Interest for Fixed Rate Notes and Floating Rate Notes

If Step Up Rating Change and/or Step Down Rating Change is specified in the applicable Final Terms, the following terms relating to the Rate of Interest for the Notes shall apply:

- (a) The Rate of Interest payable on the Notes will be subject to adjustment in the event of a Step Up Rating Change or a Step Down Rating Change, as the case may be.
- (b) Subject to paragraphs (d) and (g) below, from and including the first Interest Payment Date following the date of a Step Up Rating Change, if any, the Rate of Interest (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) shall be increased by the Step Up Margin specified in the applicable Final Terms.
- (c) Subject to paragraphs (d) and (g) below, in the event of a Step Down Rating Change following a Step Up Rating Change, with effect from and including the first Interest Payment Date following the date of such Step Down Rating Change, the Rate of Interest (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) shall be decreased by the Step Up Margin back to the initial Rate of Interest (in the case of Fixed Rate Notes) or the initial Margin (in the case of Floating Rate Notes).
- (d) If a Step Up Rating Change and, subsequently, a Step Down Rating Change occur during the same Fixed Interest Period (in the case of Fixed Rate Notes) or the same Interest Period/Specified Period (in the case of Floating Rate Notes), the Rate of Interest (in the case of Fixed Rate Notes) or the Margin (in the case of Floating Rate Notes) shall be neither increased nor decreased as a result of either such event.

- (e) The Issuer shall use all reasonable efforts to maintain credit ratings for its senior unsecured long-term debt from the Rating Agencies. If, notwithstanding such reasonable efforts, any Rating Agency fails or ceases to assign a credit rating to the Issuer's senior unsecured long-term debt, the Issuer shall use all reasonable efforts to obtain a credit rating of its senior unsecured long-term debt from a substitute rating agency that shall be a Statistical Rating Agency, and references in this Condition to Moody's, Standard & Poor's or Fitch, as the case may be, or the credit ratings thereof, shall be to such substitute rating agency or, as the case may be, the equivalent credit ratings thereof.
- (f) The Issuer will cause the occurrence of a Step Up Rating Change or a Step Down Rating Change giving rise to an adjustment to the Rate of Interest payable on the Notes pursuant to this Condition to be notified to the Trustee and the Principal Paying Agent and notice thereof to be published in accordance with Condition 13 as soon as reasonably practicable after the occurrence of such Step Up Rating Change or Step Down Rating Change, but in no event later than the fifth London Business Day thereafter.
- (g) Only the first Step Up Rating Change (if any) and the first Step Down Rating Change (if any) shall give rise to an adjustment to the Rate of Interest payable on the Notes.

In these Conditions:

Fitch means Fitch Ratings Ltd or any other entity that is part of the group to which Fitch Ratings Ltd or its successor belongs;

Moody's means Moody's Investors Service Ltd. or any other entity that is part of the group to which Moody's Investors Service Ltd. or its successor belongs;

Rating Agency means any of Fitch, Moody's or Standard & Poor's and **Rating Agencies** means all of them;

Standard & Poor's means S&P Global Ratings, acting through S&P Global Ratings UK Limited or any entity that is part of the group to which S&P Global Ratings UK Limited or its successor belongs;

Statistical Rating Agency means a rating agency approved by the Trustee, such approval not to be unreasonably withheld;

Step Down Rating Change means the public announcement by all of the Rating Agencies, after a Step Up Rating Change, that the credit rating of the Issuer's senior unsecured long-term debt is at least Baa3 in the case of Moody's and is at least BBB in the case of Standard & Poor's and Fitch. For the avoidance of doubt, any further increase in the credit rating of the Issuer's senior unsecured long-term debt above Baa3 in the case of Moody's or above BBB in the case of Standard & Poor's or Fitch shall not constitute a Step Down Rating Change; and

Step Up Rating Change means the first public announcement by any or all of the Rating Agencies of a decrease in the credit rating of the Issuer's senior unsecured long-term debt to below Baa3 in the case of Moody's or below BBB in the case of Standard & Poor's or Fitch. For the avoidance of doubt, any further decrease in the credit rating of the Issuer's senior unsecured long-term debt from below Baa3 in the case of Moody's or from below BBB in the case of Standard & Poor's or Fitch shall not constitute a Step Up Rating Change.

5. PAYMENTS

5.1 Method of payment

Subject as provided below:

- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency (which, if the Specified Currency is Australian dollars or New Zealand dollars, shall be Sydney and Auckland, respectively); and
- (b) payments in euro will be made by credit or transfer to a euro account (or to any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 7.

5.2 Presentation of definitive Notes and Coupons

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 5.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Fixed Rate Notes in definitive form (other than Long Maturity Notes (as defined below)) should be presented for payment together with all unmaturing Coupons appertaining thereto (which expression shall for this purpose include Coupons falling to be issued on exchange of matured Talons), failing which the amount of any missing unmaturing Coupon (or, in the case of payment not being made in full, the same proportion of the amount of such missing unmaturing Coupon as the sum so paid bears to the sum due) will be deducted from the sum due for payment. Each amount of principal so deducted will be paid in the manner mentioned above against surrender of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 7) in respect of such principal (whether or not such Coupon would otherwise have become void under Condition 8) or, if later, five years from the date on which such Coupon would otherwise have become due, but in no event thereafter.

Upon any Fixed Rate Note in definitive form becoming due and repayable prior to its Maturity Date, all unmaturing Talons (if any) appertaining thereto will become void and no further Coupons will be issued in respect thereof.

Upon the date on which any Floating Rate Note or Long Maturity Note in definitive form becomes due and repayable, unmaturing Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof. A **Long Maturity Note** is a Fixed Rate Note (other than a Fixed Rate Note which on issue had a Talon attached) whose nominal amount on issue is less than the aggregate interest payable thereon provided that such Note shall cease to be a Long Maturity Note on the Interest Payment Date on which the aggregate amount of interest remaining to be paid after that date is less than the nominal amount of such Note.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

5.3 Payments in respect of Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States.

Except in the case of a New Global Note, a record of each payment made against presentation or surrender of any Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made.

In the case of a New Global Note, the Issuer shall procure that details of payment of principal and interest (if any) in respect of any Global Note, shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by such Global Note will be reduced accordingly. Payments under the New Global Note will be made to its holder. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.

5.4 General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

5.5 Payment Day

Unless specified otherwise in the applicable Final Terms, if the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 8) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and:
 - (i) in the case of Notes in definitive form only, the relevant place of presentation;
 - (ii) any Additional Financial Centre specified in the applicable Final Terms; and
- (b) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency (which if the Specified Currency is Australian dollars or New Zealand dollars shall be Sydney and Auckland, respectively) or (B) in relation to any sum payable in euro, a day on which the TARGET System is open.

5.6 Interpretation of principal and interest

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 7 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes;
- (d) the Optional Redemption Amount(s) (if any) of the Notes;
- (e) in relation to Zero Coupon Notes, the Amortised Face Amount (as defined in Condition 6.6); and

- (f) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

6. REDEMPTION AND PURCHASE

6.1 Redemption at maturity

Unless previously redeemed or purchased and cancelled as specified below, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms in the relevant Specified Currency on the Maturity Date, each as specified in the applicable Final Terms.

6.2 Redemption for tax reasons

Subject to Condition 6.6, the Notes may be redeemed at the option of the Issuer in whole, but not in part, at any time (if this Note is not a Floating Rate Note) or on any Interest Payment Date (if this Note is a Floating Rate Note), on giving not less than 10 nor more than 60 days' notice to the Trustee and the Agent and, in accordance with Condition 13, the Noteholders (which notice shall be irrevocable), if the Issuer satisfies the Trustee immediately before the giving of such notice that:

- (a) on the occasion of the next payment due under the Notes, the Issuer has or will become obliged to pay additional amounts as provided or referred to in Condition 7 as a result of any change in, or amendment to, the laws or regulations of a Tax Jurisdiction (as defined in Condition 7) or any change in the application or interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which agreement is reached to issue the first Tranche of the Notes; and
- (b) such obligation cannot be avoided by the Issuer taking reasonable measures available to it,

provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be obliged to pay such additional amounts were a payment in respect of the Notes then due.

Prior to the publication of any notice of redemption pursuant to this Condition, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem have occurred, and an opinion of independent legal advisers of recognised standing to the effect that the Issuer has or will become obliged to pay such additional amounts as a result of such change or amendment and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

Notes redeemed pursuant to this Condition 6.2 will be redeemed at their Early Redemption Amount referred to in Condition 6.6 below together (if appropriate) with interest accrued to (but excluding) the date of redemption.

6.3 Redemption at the option of the Issuer (Issuer Maturity Par Call)

If Issuer Maturity Par Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than 10 nor more than 60 days' notice (or such other period of notice as is specified in the applicable Final Terms) to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem the Notes then outstanding in whole, but not in part, at any time during the Par Call Period specified in the applicable Final Terms, at the Final Redemption Amount specified in the applicable Final Terms, together (if appropriate) with interest accrued to (but excluding) the date of redemption.

6.4 Redemption at the option of the Issuer (Issuer Call)

If Issuer Call is specified in the applicable Final Terms, the Issuer may, having given not less than 10 nor more than 60 days' notice (or such other period of notice as is specified in the applicable Final Terms) to the Noteholders in accordance with Condition 13 (which notice shall be irrevocable and shall specify the date fixed

for redemption), redeem all or some only of the Notes then outstanding on any Optional Redemption Date (that is, if the Issuer Maturity Par Call is specified to be applicable in the applicable Final Terms, prior to the Par Call Period Commencement Date specified in the applicable Final Terms) and at the Optional Redemption Amount(s) specified in the applicable Final Terms together (if appropriate) with interest accrued to (but excluding) the relevant Optional Redemption Date. If the applicable Final Terms specify the Notes are redeemable in part, such redemption must be of a nominal amount not less than the Minimum Redemption Amount and/or not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

If Make-Whole Amount is specified in the applicable Final Terms as the Optional Redemption Amount, the Optional Redemption Amount shall be an amount calculated by the Agent (or such other Calculation Agent specified in the applicable Final Terms) equal to the higher of (i) 100 per cent. of the principal amount outstanding of the Notes to be redeemed and (ii) the sum (rounding the resulting figure, if necessary, to the nearest sub-unit of the Specified Currency (half of any such sub-unit being rounded upwards)) of the present values as at the date of redemption of (A) the principal amount outstanding of the Notes to be redeemed, discounted from the Maturity Date or, if the Issuer Maturity Par Call is specified to be applicable in the applicable Final Terms, from the Par Call Period Commencement Date specified in the applicable Final Terms, to the date of redemption and (B) the Remaining Term Interest on such Note (exclusive of interest accrued to the date of redemption) discounted to the date of redemption on an annual basis or semi-annual basis (as the case may be, on the relevant day count basis and if “30/360” is specified in the applicable Final Terms, the number of days in the relevant period from (and including) the most recent Interest Payment Date (or if none, the Interest Commencement Date) to (but excluding) the date of redemption (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360 or, in the case of an incomplete month, the number of days elapsed) at a rate equal to the higher of (x) the Reference Bond Rate, plus the Redemption Margin; and (y) zero per cent.

In this Condition 6.4:

Redemption Margin shall be as set out in the applicable Final Terms;

Reference Bond shall be as set out in the applicable Final Terms (or if it is no longer outstanding, as at the Reference Date, the then current on-the-run government securities having an actual or interpolated maturity comparable with the remaining term of the Notes (or if the Issuer Maturity Par Call is specified to be applicable in the applicable Final Terms, the remaining term to the Par Call Period Commencement Date specified in the applicable Final Terms) that would be utilised in pricing new issues of corporate debt securities denominated in the same currency as the Notes and of a comparable maturity to the remaining term of the Notes (or if the Issuer Maturity Par Call is specified to be applicable in the applicable Final Terms, the remaining term to the Par Call Period Commencement Date specified in the applicable Final Terms), as determined by the Issuer in consultation with the Reference Government Bond Dealers);

Reference Bond Rate means, with respect to any date of redemption, (A) the arithmetic average of the Reference Government Bond Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (B) if the Agent (or such other Calculation Agent specified in the applicable Final Terms) receives from the Issuer fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

Reference Date will be set out in the relevant notice of redemption;

Reference Government Bond Dealer means each of the five banks selected by the Issuer, or their affiliates, which are (A) primary government securities dealers, and their respective successors, or (B) market makers in pricing corporate bond issues;

Reference Government Bond Dealer Quotations means, with respect to each Reference Government Bond Dealer and any date for redemption, the arithmetic average, as determined by the Agent (or such other Calculation Agent specified in the applicable Final Terms), of the bid and offered yields (converted, if necessary, to an annualised yield rounded up to four decimal places) for the Reference Bond at the Quotation Time specified in the applicable Final Terms on the Reference Date quoted in writing to the Issuer by such Reference Government Bond Dealer (and any such quotations received shall be provided by the Issuer to the Agent (or such other Calculation Agent specified in the applicable Final Terms)); and

Remaining Term Interest means, with respect to any Note, the aggregate amount of scheduled payment(s) of interest on such Note for the remaining term of such Note (or if the Issuer Maturity Par Call is specified to be applicable in the applicable Final Terms, to the Par Call Period Commencement Date specified in the applicable

Final Terms) determined on the basis of the rate of interest applicable to such Note from and including the date on which such Note is to be redeemed by the Issuer pursuant to this Condition 6.4.

All notifications, opinions, determinations, certifications, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 6.4 by the Agent (or such other Calculation Agent specified in the applicable Final Terms), shall (in the absence of negligence, wilful default or bad faith) be binding on the Issuer, the Agent (or such other Calculation Agent specified in the applicable Final Terms), the Trustee, the Paying Agents and all Noteholders and Couponholders.

In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 13 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 6.4 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 13 at least five days prior to the Selection Date.

6.5 Redemption at the option of the Noteholders (Investor Put)

- (a) If General Investor Put is specified in the applicable Final Terms, upon the holder of any Note giving notice to the Issuer in accordance with Condition 13 within the period of not less than 10 nor more than 60 days before the Optional Redemption Date or such other period as specified in the applicable Final Terms (the **Notice Period**) the Issuer will, upon the expiry of such notice, redeem, subject to, and in accordance with, the terms specified in the applicable Final Terms, such Note on the Optional Redemption Date and at the Optional Redemption Amount together (if appropriate) with interest accrued to (but excluding) the Optional Redemption Date.

To exercise the right to require redemption of this Note the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the Notice Period, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from any specified office of any Paying Agent (a **Put Notice**) and in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the right to require redemption of this Note the holder of this Note must, within the Notice Period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Agent for notation accordingly.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 6.5(a) shall be irrevocable except where, prior to the due date of redemption, an Event of Default has occurred and the Trustee has declared the Notes to be due and payable pursuant to Condition 9, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the notice given pursuant to this Condition 6.5(a).

- (b) If Change of Control Investor Put is specified in the applicable Final Terms, the holder of each Note will have the option (a **Put Option**) (unless prior to the giving of the relevant Put Event Notice (as defined below) the Issuer has given notice of redemption under Condition 6.2, 6.3 or 6.4) to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) that Note on the Optional Redemption Date (as defined below) at the Optional Redemption Amount together with interest accrued to (but excluding) the Optional Redemption Date.

Promptly upon the Issuer becoming aware that a Put Event (as defined below) has occurred the Issuer shall, and at any time upon the Trustee becoming similarly so aware the Trustee may, and if so requested by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, shall, (subject in each case to the Trustee being indemnified and/or secured and/or pre-funded to its satisfaction) give notice (a **Put Event Notice**) to the Noteholders in accordance with Condition 14 specifying the nature of the Put Event and the procedure for exercising the Put Option.

To exercise the Put Option, the holder of this Note must, if this Note is in definitive form and held outside Euroclear and Clearstream, Luxembourg, deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the period of 45 days or such other period as specified in the applicable Final Terms (the **Put Period**) after a Put Event Notice is given, such Note and a duly completed and signed Put Notice (as defined in Condition 6.5(a)) in which the holder must specify a bank account (or, if payment is required to be made by cheque, an address) to which payment is to be made under this Condition accompanied by this Note or evidence satisfactory to the Paying Agent concerned that this Note will, following delivery of the Put Notice, be held to its order or under its control. The Note should be delivered together with all Coupons appertaining thereto maturing after the date which is seven days after the expiration of the Put Period (the **Optional Redemption Date**), failing which the Paying Agent will require payment from or on behalf of the Noteholder of an amount equal to the face value of any such missing Coupon. Any amount so paid will be reimbursed by the Paying Agent to the Noteholder against presentation and surrender of the relevant missing Coupon (or any replacement therefor issued pursuant to Condition 10) at any time after such payment, but before the expiry of the period of ten years from the date on which such Coupon would have become due, but not thereafter.

If this Note is represented by a Global Note or is in definitive form and held through Euroclear or Clearstream, Luxembourg, to exercise the Put Option the holder of this Note must, within the Put Period, give notice to the Agent of such exercise in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instruction by Euroclear or Clearstream, Luxembourg or any common depositary or common safekeeper, as the case may be, for them to the Agent by electronic means) in a form acceptable to Euroclear and Clearstream, Luxembourg from time to time and, if this Note is represented by a Global Note, at the same time present or procure the presentation of the relevant Global Note to the Agent for notation accordingly.

The Paying Agent to which such Note and Put Notice are delivered will issue to the Noteholder concerned a non-transferable receipt in respect of the Note so delivered or, in the case of a Note held through Euroclear and/or Clearstream, Luxembourg, notice received. Payment in respect of any Note so delivered will be made, if the holder duly specified a bank account in the Put Notice to which payment is to be made, on the Optional Redemption Date by transfer to that bank account and, in every other case, on or after the Optional Redemption Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of any Paying Agent. For the purposes of these Conditions, receipts issued pursuant to this Condition 6.5(b) shall be treated as if they were Notes. The Issuer shall redeem or purchase (or procure the purchase of) the Notes in respect of which the Put Option has been validly exercised in accordance with the provisions of this Condition 6.5(b) on the Optional Redemption Date unless previously redeemed (or purchased) and cancelled.

Any Put Notice or other notice given in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg given by a holder of any Note pursuant to this Condition 6.4(b) shall be irrevocable except where, prior to the Optional Redemption Date, an Event of Default has occurred and the Trustee has declared the Notes to be due and payable pursuant to Condition 9, in which event such holder, at its option, may elect by notice to the Issuer to withdraw the Put Notice given pursuant to this Condition 6.5(b).

If 80 per cent. or more in principal amount of the Notes then outstanding have been redeemed or purchased pursuant to this Condition 6.5(b), the Issuer may, on giving not less than 10 nor more than 60 days' notice to the Noteholders (such notice being given within 30 days after the Optional Redemption Date), redeem or purchase (or procure the purchase of), at its option, all but not some only of the remaining outstanding Notes at their principal amount, together with interest accrued to (but excluding) the date fixed for such redemption or purchase.

If the rating designations employed by any of Moody's, Fitch or Standard & Poor's are changed from those which are described in paragraph (i) of the definition of "Put Event" below, or if a rating is

procured from a Substitute Rating Agency, the Issuer shall determine, in good faith, and notify the Trustee of the rating designations of Moody's, Fitch or Standard & Poor's or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody's, Fitch or Standard & Poor's and this Condition 6.5(b) shall be construed accordingly.

The Trustee is under no obligation to ascertain whether a Put Event, Change of Control or any event which could lead to the occurrence of or could constitute a Put Event or Change of Control has occurred, or to seek any confirmation from any Rating Agency pursuant to the definition of Negative Rating Event below, and, until it shall have received express written notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Put Event, Change of Control or other such event has occurred.

In this Condition:

a **Put Event** will be deemed to occur if a Change of Control has occurred and:

- (i) on the date (the **Relevant Announcement Date**) that is the earlier of (1) the date of the first public announcement of the relevant Change of Control and (2) the date of the earliest Relevant Potential Change of Control Announcement (if any), the Notes carry from any Rating Agency (as defined below):
 - (A) an investment grade credit rating (Baa3/BBB-, or equivalent, or better), and such rating from any Rating Agency is, within the Change of Control Period, either downgraded to a non-investment grade credit rating (Ba1/BB+, or equivalent, or worse) (a **Non-Investment Grade Rating**) or withdrawn and is not, within the Change of Control Period, subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to an investment grade credit rating by such Rating Agency; or
 - (B) a Non-Investment Grade Rating and such rating from any Rating Agency is, within the Change of Control Period, either downgraded by one or more notches (by way of example, Baal to Baa2 being one notch) or withdrawn and is not, within the Change of Control Period, subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to its earlier credit rating or better by such Rating Agency; or
 - (C) no credit rating and a Negative Rating Event also occurs within the Change of Control Period,

provided that if at the time of the occurrence of the Change of Control the Notes carry a credit rating from more than one Rating Agency, at least one of which is investment grade, then subparagraph (A) will apply; and

- (ii) in making any decision to downgrade or withdraw a credit rating pursuant to paragraphs (A) and (B) above or not to award a credit rating of at least investment grade as described in paragraph (ii) of the definition of Negative Rating Event, the relevant Rating Agency announces publicly or confirms in writing to the Issuer or the Trustee that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control or the Relevant Potential Change of Control Announcement;

a **Change of Control** will be deemed to have occurred if:

- (i) any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), other than a holding company (as defined in Section 1159 of the Companies Act 2006 as amended) whose shareholders are or are to be substantially similar to the pre-existing shareholders of any direct or indirect holding company of the Issuer, shall become interested (within the meaning of Part 22 of the Companies Act 2006) in (A) more than 50 per cent. of the issued or allotted ordinary share capital of the Issuer or (B) shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer; or

- (ii) any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), other than a holding company (as defined in Section 1159 of the Companies Act 2006 as amended) whose shareholders are or are to be substantially similar to the pre-existing shareholders of any direct or indirect holding company of the Issuer, shall become interested (within the meaning of Part 22 of the Companies Act 2006) in (A) more than 50 per cent. of the issued or allotted ordinary share capital of any direct or indirect holding company of the Issuer or (B) shares in the capital of any direct or indirect holding company of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of any such direct or indirect holding company of the Issuer;

Change of Control Period means the period commencing on the Relevant Announcement Date and ending 90 days after the Change of Control (or such longer period for which the Notes are under consideration (such consideration having been announced publicly within the period ending 90 days after the Change of Control) for rating review or, as the case may be, rating by a Rating Agency, such period not to exceed 60 days after the public announcement of such consideration);

a **Negative Rating Event** shall be deemed to have occurred if at such time as there is no rating assigned to the Notes by a Rating Agency (i) the Issuer does not, either prior to, or not later than 21 days after, the occurrence of the Change of Control seek, and thereafter throughout the Change of Control Period use all reasonable endeavours to obtain, a rating of the Notes, or any other unsecured and unsubordinated debt of the Issuer or (ii) if the Issuer does so seek and use such endeavours, it is unable to obtain such a rating of at least investment grade by the end of the Change of Control Period; and

Substitute Rating Agency means any rating agency substituted for any of the Rating Agencies by the Issuer from time to time with the prior written approval of the Trustee; and

Relevant Potential Change of Control Announcement means any public announcement or statement by or on behalf of the Issuer, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Change of Control where within 180 days following the date of such announcement or statement, a Change of Control occurs.

6.6 Early Redemption Amounts

For the purpose of Condition 6.2 above and Condition 9, each Note will be redeemed at its Early Redemption Amount calculated as follows:

- (a) in the case of a Note (other than a Zero Coupon Note) with a Final Redemption Amount which is or may be less or greater than the Issue Price or which is payable in a Specified Currency other than that in which the Note is denominated, at the amount specified in, or determined in the manner specified in, the applicable Final Terms or, if no such amount or manner is so specified in the applicable Final Terms, at its nominal amount; or
- (b) in the case of a Zero Coupon Note, at an amount (the **Amortised Face Amount**) calculated in accordance with the following formula:

$$\text{Early Redemption Amount} = \text{RP} \times (1 + \text{AY})^y$$

where:

RP means the Reference Price;

AY means the Accrual Yield expressed as a decimal; and

y is the Day Count Fraction specified in the applicable Final Terms which will be either (i) 30/360 (in which case the numerator will be equal to the number of days (calculated on the basis of a 360-day year consisting of 12 months of 30 days each) from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 360) or (ii) Actual/360 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date for the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which

such Note becomes due and repayable and the denominator of which is 360) or (iii) Actual/365 (in which case the numerator will be equal to the actual number of days from (and including) the Issue Date of the first Tranche of the Notes to (but excluding) the date fixed for redemption or (as the case may be) the date upon which such Note becomes due and repayable and the denominator of which is 365).

6.7 Purchases

Each of the Issuer, BT Group plc and any of their respective Subsidiaries may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, BT Group plc or any of their Subsidiaries surrendered to any Paying Agent for cancellation.

6.8 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 6.7 above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

6.9 Late payment on Zero Coupon Notes

If the amount payable in respect of any Zero Coupon Note upon redemption of such Zero Coupon Note pursuant to Condition 6.1, 6.2, 6.3, 6.4 or 6.5 above or upon its becoming due and repayable as provided in Condition 9 is improperly withheld or refused, the amount due and repayable in respect of such Zero Coupon Note shall be the amount calculated as provided in Condition 6.6(b) above as though the references therein to the date fixed for the redemption or the date upon which such Zero Coupon Note becomes due and payable were replaced by references to the date which is the earlier of:

- (a) the date on which all amounts due in respect of such Zero Coupon Note have been paid; and
- (b) five days after the date on which the full amount of the moneys payable in respect of such Zero Coupon Notes has been received by the Agent or the Trustee and notice to that effect has been given to the Noteholders in accordance with Condition 13.

7. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by the Issuer will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (a) presented for payment by or on behalf of a holder who (i) could avoid such withholding or deduction by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority, or (ii) is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note or Coupon; or
- (b) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 5.5); or
- (c) where such withholding or deduction is required pursuant to an agreement described in section 1471(b) of the Code, or is otherwise imposed pursuant to sections 1471 through 1474 of the Code and any

regulations, agreements or undertakings thereunder or official interpretations thereof or similar law implementing an intergovernmental approach thereto.

As used herein:

- (i) **Code** means the United States Internal Revenue Code of 1986, as amended;
- (ii) **Tax Jurisdiction** means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax; and
- (iii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 13.

8. PRESCRIPTION

The Notes and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 7) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 8 or Condition 5.2 or any Talon which would be void pursuant to Condition 5.2.

9. EVENTS OF DEFAULT AND ENFORCEMENT

9.1 Events of Default

If any one or more of the following events (each an **Event of Default**) shall occur:

- (a) default is made for a period of 28 days or more in the payment in the Specified Currency of any interest, or for a period of 14 days or more in the payment in the Specified Currency of principal, due in respect of the Notes; or
- (b) there is a failure in the performance of any obligation under the Notes or the Trust Deed other than an obligation to make payment of principal or interest thereunder:
 - (i) which in the opinion of the Trustee is incapable of remedy; or
 - (ii) which, being in the opinion of the Trustee capable of remedy, continues for more than 90 days after written notification requiring such failure to be remedied shall have been given to the Issuer by the Trustee; or
- (c) except for the purpose of a reconstruction or an amalgamation the terms of which have previously been approved in writing by the Trustee or for the purposes of a consolidation or merger or conveyance, transfer or lease permitted by Condition 14, an order is made (and not discharged or stayed within a period of 90 days) or an effective resolution is passed for winding-up the Issuer or an administration order is made in relation to the Issuer; or
- (d) an administrative or other receiver is appointed of the whole or substantially the whole of the assets of the Issuer and is not removed, paid out or discharged within 90 days or, following such 90 day period, the appointment is not being disputed in good faith; or
- (e) the Issuer is unable to pay its debts or makes a general assignment for the benefit of its creditors; or
- (f) any loan or other indebtedness for borrowed money (as defined in the Trust Deed) of the Issuer (if applicable, translated into sterling), amounting in aggregate to not less than the higher of £25,000,000 and one per cent. of the Adjusted Share Capital and Reserves (as defined below), becomes due and repayable prematurely by reason of an event of default (however described) or the Issuer fails to make any payment in respect thereof on the due date for such payment (as extended by any applicable grace

period as originally provided) or the security for any such loan or other indebtedness for borrowed money becomes enforceable and steps are taken to enforce the same or default is made by the Issuer in making any payment due (if applicable, translated into sterling), amounting in aggregate to not less than the higher of £25,000,000 and one per cent. of the Adjusted Share Capital and Reserves, under any guarantee or indemnity given by it in respect of any loan or other indebtedness for borrowed money,

the Trustee may at its discretion, and if so directed by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders or in writing by the holders of at least 25 per cent. in nominal amount of the Notes then outstanding shall (subject in each case to being indemnified and/or secured and/or pre-funded to its satisfaction), (but in the case of (b), (c), (d), (e) and (f) above only if it certifies that such event is, in its opinion, materially prejudicial to the interests of Noteholders), give notice to the Issuer that the Notes are, and they shall accordingly immediately become, due and repayable each at their Early Redemption Amount (as described in Condition 6.6), plus accrued interest, if any (calculated as provided in the Trust Deed).

For the purposes of this Condition 9, **Adjusted Share Capital and Reserves** means at any time the aggregate of:

- (a) the amount paid up or credited as paid up on the share capital of the Issuer; and
- (b) the total of the capital, revaluation and revenue reserves of the Issuer and its Subsidiaries (as defined in the Trust Deed) taken as a whole (the **Group**), including any share premium account, capital redemption reserve and credit balance on the profit and loss account, sums set aside for taxation and amounts attributable to minority interests but deducting any debit balance on the profit and loss account and the cost of any shares of the Issuer held in an employee share ownership trust or otherwise held by a member of the Group,

all as shown in the then latest audited consolidated balance sheet of the Group prepared in accordance with generally accepted accounting principles in the United Kingdom, but adjusted as may be necessary in respect of any variation in the paid up share capital or share premium account of the Issuer since the date of that balance sheet and further adjusted as may be necessary to reflect any change since the date of that balance sheet in the Subsidiaries comprising the Group. A certificate of the Issuer signed by two Directors (as defined in the Trust Deed) of the Issuer as to the amount of the Adjusted Share Capital and Reserves as at any specified date may, in the absence of manifest error, be relied upon by the Trustee and, if so relied upon, shall be conclusive and binding on the Issuer, the Noteholders and the Couponholders.

9.2 Enforcement

The Trustee may at any time, at its discretion and without further notice, take such proceedings against the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes or the Coupons unless (a) it shall have been so directed by an Extraordinary Resolution of the Noteholders or in writing by the holders of at least 25 per cent. in nominal amount of the Notes then outstanding and (b) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer, except that if the Trustee, having become bound so to proceed, fails or is unable to do so within a reasonable period and such failure or inability shall be continuing, then any such holder may, on giving an indemnity satisfactory to the Trustee, in the name of the Trustee (but not otherwise), himself take proceedings to the same extent (but not further or otherwise) that the Trustee would have been entitled so to do.

10. REPLACEMENT OF NOTES, COUPONS AND TALONS

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

11. PAYING AGENTS

The names of the initial Paying Agents and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with the Notes, the names of such Paying Agents will be specified in the applicable Final Terms.

The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (a) there will at all times be an Agent; and
- (b) so long as the Notes are admitted to trading on the main market of the London Stock Exchange, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the London Stock Exchange.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 5.4. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 10 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 13.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

12. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 8.

13. NOTICES

All notices regarding the Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the *Financial Times* in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of the London Stock Exchange or other relevant authority on which the Notes are for the time being admitted. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are admitted to trading on the main market of the London Stock Exchange where the rules of such stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the day after such notice is delivered to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

14. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

The Trust Deed contains provisions for convening meetings (including the holding of physical or, wholly or partly, virtual meetings by means of electronic facility or facilities (including telephone and video conference platforms)) of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Trust Deed. Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if required in writing by Noteholders holding not less than ten per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons or the Trust Deed (including modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes or altering the currency of payment of the Notes or the Coupons), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Couponholders.

The Trust Deed provides that a resolution in writing signed by, or on behalf of, the holders of not less than 75 per cent. of the nominal amount of the Notes shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of the Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders. In the case of Notes represented by a Global Note, the Trust Deed provides that consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes for the time being outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of the Noteholders duly convened and held.

A meeting of Noteholders may be held electronically rather than at a physical location or a combination of both in accordance with the procedures set out in the Trust Deed.

The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or potential Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do or may agree, without any such consent as aforesaid, to any modification which is of a formal, minor or technical nature or to correct a manifest error. In addition, the Trustee shall be obliged to concur with the Issuer in effecting any Benchmark Amendments without the consent of the Noteholders or Couponholders. Any such modification shall (unless the Trustee agrees otherwise) be binding on the Noteholders and the Couponholders and any such modification shall be notified to the Noteholders in accordance with Condition 13 as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Noteholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 7 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 7 pursuant to the Trust Deed.

If so requested by the Issuer, the Trustee shall, without the consent of the Noteholders, agree to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes, the Coupons and the Trust Deed of another company, being a successor in business or a Holding Company (as defined in the Trust Deed) of the Issuer or a Subsidiary (as defined in the Trust Deed) of such Holding Company

subject to (a) the Notes being unconditionally and irrevocably guaranteed by the Issuer, (b) certification to the Trustee by two Directors of the Issuer that, in the opinion of the Issuer, the substitution will not be materially prejudicial to the interests of the Noteholders and will not have any adverse effect on the payment in a timely manner of all moneys payable under the Conditions and the Trust Deed, (c) confirmations being received by the Trustee from each rating agency which has, at the request of the Issuer, rated the Notes that the substitution will not adversely affect the then current rating of the Notes, (d) an opinion of independent legal advisers of recognised standing being provided to the Trustee as further described in the Trust Deed and (e) certain other conditions set out in the Trust Deed being complied with.

The Trustee may, without the consent of the Noteholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes, Coupons and the Trust Deed of another company, being a successor in business or a Holding Company (as defined in the Trust Deed) of the Issuer or a Subsidiary (as defined in the Trust Deed) of such Holding Company subject to (a) the Notes being unconditionally and irrevocably guaranteed by the Issuer, (b) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution and (c) certain other conditions set out in the Trust Deed being complied with.

15. INDEMNIFICATION OF THE TRUSTEE AND TRUSTEE CONTRACTING WITH THE ISSUER

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any of its Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of its Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

16. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

17. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

18. GOVERNING LAW AND SUBMISSION TO JURISDICTION

The Trust Deed, the Agency Agreement, the Notes, the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement, the Notes and the Coupons are governed by, and shall be construed in accordance with, English law.

(a) Subject to Condition 18(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Deed, the Notes and/or Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes and/or Coupons (a **Dispute**) and accordingly, each of the Issuer, the Trustee and any Noteholders and the Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.

(b) For the purpose of this Condition 18, the Issuer waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.

- (c) To the extent allowed by law, the Trustee, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

TERMS AND CONDITIONS OF THE SUBORDINATED NOTES

The following, except for paragraphs in italics, are the Terms and Conditions of the Subordinated Notes which will be incorporated by reference into each Global Note (as defined below) and each Subordinated Note in definitive form, in the latter case only if permitted by the London Stock Exchange or other relevant authority (if any) and agreed by the Issuer, the Guarantor and the relevant Dealer at the time of issue but, if not so permitted and agreed, such Subordinated Note in definitive form will have endorsed thereon or attached thereto such Terms and Conditions. The applicable Final Terms (or the relevant provisions thereof) will be endorsed upon, or attached to, each Global Note and Subordinated Note in definitive form. These Terms and Conditions shall be applicable to those securities that are specified to be “Subordinated Notes” in the applicable Final Terms. References in the following Terms and Conditions to “Notes” are to the Subordinated Notes of one Series only, not to all Notes that may be issued.

This Note is one of a Series (as defined below) of Notes issued by British Telecommunications public limited company (the **Issuer**). Notwithstanding the provisions of the Deed of Guarantee dated 27 March 2019 between the Issuer, BT Group plc (the **Guarantor**) and The Law Debenture Trust Corporation p.l.c., the obligations of the Issuer in respect of the Notes and the Trust Deed are guaranteed (such guarantee, the **Guarantee**) by the Guarantor as described below and in the Trust Deed. The Notes are constituted by a Trust Deed dated 12 December 1997 (such Trust Deed as modified and/or supplemented and/or restated from time to time, the **Trust Deed**) made between the Issuer, the Guarantor and The Law Debenture Trust Corporation p.l.c. (the **Trustee**, which expression shall include any successor as Trustee).

References herein to the **Notes** shall be references to the Notes of this Series and shall mean:

- (a) in relation to any Notes represented by a global Note (a **Global Note**), units of each Specified Denomination in the Specified Currency;
- (b) any Global Note; and
- (c) any definitive Notes issued in exchange for a Global Note.

The Notes and the Coupons (as defined below) have the benefit of an Agency Agreement dated 12 December 1997 (such Agency Agreement as amended and/or supplemented and/or restated from time to time, the **Agency Agreement**) made between the Issuer, the Trustee, Citibank, N.A., London Branch as issuing and principal paying agent and agent bank (the **Agent**, which expression shall include any successor agent and where the Agent is acting as calculation agent in respect of any Notes, shall include any successor calculation agent) and the other paying agents named therein (together with the Agent, the **Paying Agents**, which expression shall include any additional or successor paying agents).

Interest bearing definitive Notes have interest coupons (**Coupons**) and, if indicated in the applicable Final Terms, talons for further Coupons (**Talons**) attached on issue. Any reference herein to Coupons or coupons shall, unless the context otherwise requires, be deemed to include a reference to Talons or talons. Global Notes do not have Coupons or Talons attached on issue.

The final terms for this Note (or the relevant provisions thereof) are set out in Part A of the Final Terms attached to or endorsed on this Note which supplement these Terms and Conditions (the **Conditions**). References to the **applicable Final Terms** are to the Final Terms (or the relevant provisions thereof) attached to or endorsed on this Note.

The Trustee acts for the benefit of the holders for the time being of the Notes (the **Noteholders**, which expression shall, in relation to any Notes represented by a Global Note, be construed as provided below) and the holders of the Coupons (the **Couponholders**, which expression shall, unless the context otherwise requires, include the holders of the Talons), in accordance with the provisions of the Trust Deed.

As used herein, **Tranche** means Notes which are identical in all respects (including as to admission to trading) and **Series** means a Tranche of Notes together with any further Tranche or Tranches of Notes which are (a) expressed to be consolidated and form a single series and (b) identical in all respects (including as to admission to trading) except for their respective Issue Dates, Interest Commencement Dates and/or Issue Prices.

Copies of the Trust Deed and the Agency Agreement (i) are available for inspection during normal business hours at the registered office for the time being of the Trustee being at Eighth Floor, 100 Bishopsgate, London EC2N 4AG and at the specified office of each of the Paying Agents or (ii) may be provided by email to a Noteholder following their prior written request to any Paying Agent and provision of proof of holding and identity (in a form satisfactory to the relevant Paying Agent). Copies of the applicable Final Terms are available for viewing at the registered office of the Issuer being 1 Braham Street, London E1 8EE and are expected to be published on the website of the London Stock Exchange through a

regulatory information service. The Noteholders and the Couponholders are deemed to have notice of, and are entitled to the benefit of, all the provisions of the Trust Deed, the Agency Agreement and the applicable Final Terms which are applicable to them. The statements in the Conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed and the Agency Agreement.

Words and expressions defined in the Trust Deed, the Agency Agreement or used in the applicable Final Terms shall have the same meanings where used in the Conditions unless the context otherwise requires or unless otherwise stated and provided that, in the event of inconsistency between the Trust Deed and the Agency Agreement, the Trust Deed will prevail and, in the event of inconsistency between the Trust Deed or the Agency Agreement and the applicable Final Terms, the applicable Final Terms will prevail.

In the Conditions, **euro** means the currency introduced at the start of the third stage of European economic and monetary union pursuant to the Treaty on the Functioning of the European Union, as amended.

1. **FORM, DENOMINATION AND TITLE**

The Notes are in bearer form and, in the case of definitive Notes, serially numbered, in the currency (the **Specified Currency**) and the denomination(s) (the **Specified Denomination(s)**) specified in the applicable Final Terms. Notes of one Specified Denomination may not be exchanged for Notes of another Specified Denomination. Definitive Notes are issued with Coupons attached.

The Notes will be Reset Rate Notes.

Subject as set out below, title to the Notes and Coupons will pass by delivery. The Issuer, the Paying Agents and the Trustee will (except as otherwise required by law) deem and treat the bearer of any Note or Coupon as the absolute owner thereof (whether or not overdue and notwithstanding any notice of ownership or writing thereon or notice of any previous loss or theft thereof) for all purposes but, in the case of any Global Note, without prejudice to the provisions set out in the next succeeding paragraph.

For so long as any of the Notes are represented by a Global Note held on behalf of Euroclear Bank SA/NV (**Euroclear**) and/or Clearstream Banking S.A. (**Clearstream, Luxembourg**), each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or of Clearstream, Luxembourg as the holder of a particular nominal amount of such Notes (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the nominal amount of such Notes standing to the account of any person shall be conclusive and binding for all purposes save in the case of manifest error) shall be treated by the Issuer, the Paying Agents and the Trustee as the holder of such nominal amount of such Notes for all purposes other than with respect to the payment of principal or interest on such nominal amount of such Notes, for which purpose the bearer of the relevant Global Note shall be treated by the Issuer, any Paying Agent and the Trustee as the holder of such nominal amount of such Notes in accordance with and subject to the terms of the relevant Global Note and the expressions **Noteholder** and **holder of Notes** and related expressions shall be construed accordingly. In determining whether a particular person is entitled to a particular nominal amount of Notes as aforesaid, the Trustee may rely on such evidence and/or information and/or certification as it shall, in its absolute discretion, think fit and, if it does so rely, such evidence and/or information and/or certification shall, in the absence of manifest error, be conclusive and binding on all concerned.

Notes which are represented by a Global Note will be transferable only in accordance with the rules and procedures for the time being of Euroclear and Clearstream, Luxembourg, as the case may be. References to Euroclear and/or Clearstream, Luxembourg shall, whenever the context so permits, be deemed to include a reference to any additional or alternative clearing system specified in the applicable Final Terms.

2. **STATUS OF THE NOTES**

The Notes and any relative Coupons are direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* without any preference or priority among themselves and with any Parity Securities of the Issuer. The rights and claims of the Noteholders and the Couponholders are subordinated as described in Condition 3.

3. **SUBORDINATION**

3.1 **General**

In the event of:

- (a) an order being made, or an effective resolution being passed, for the winding-up of the Issuer (except, in any such case, a solvent winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation or the substitution in place of the Issuer of a successor in business of the Issuer, (A)(x) the terms of which reorganisation, reconstruction, amalgamation or substitution have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) or (y) which substitution will be effected in accordance with Condition 18; and (B) in each case the terms of which do not provide that the Notes shall thereby become redeemable or repayable in accordance with these Conditions); or
- (b) an administrator of the Issuer being appointed and such administrator giving notice that it intends to declare and distribute a dividend,

there shall be payable by the Issuer in respect of each Note and (if applicable) Coupon (in lieu of any other payment by the Issuer) such amounts, if any, as would have been payable to the relevant holder thereof if, on the day prior to the commencement of the winding-up or such administration, as the case may be, and thereafter, such holder were the holder of one of a class of preference shares in the capital of the Issuer (**Notional Preference Shares of the Issuer**) having an equal right to a return of assets in the winding-up or such administration, as the case may be, and so ranking *pari passu* with, the holders of that class or classes of preference shares (if any) which have a preferential right to a return of assets in the winding-up over, and so rank ahead of, the holders of the ordinary share capital of the Issuer and any other obligations of the Issuer, issued directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with such ordinary shares, but ranking junior to the claims of holders of all Senior Obligations of the Issuer (as defined below) (except as otherwise provided by mandatory provisions of law), on the assumption that the amounts that such holder were entitled to receive in respect of each Notional Preference Share of the Issuer on a return of assets in such winding-up or such administration, as the case may be, were an amount equal to the principal amount of the relevant Note and any accrued and unpaid interest in respect thereof (including any accrued but unpaid Deferred Interest (as defined below)) (and, in the case of an administration, on the assumption that shareholders were entitled to claim and recover in respect of their shares to the same degree as in a winding-up). For the purpose of construing the provisions of the Guarantee and the Guarantor's payment obligations in respect thereof, the latter amounts shall be treated as due and payable by the Issuer on the date such order is made or such resolution is passed or notice is given, as the case may be and, consequently, a claim under the Guarantee in respect of such amount may be made on, or at any time after, such date.

In these Conditions, **Senior Obligations of the Issuer** means all obligations of the Issuer, issued directly or indirectly by it, other than Parity Securities of the Issuer (as defined in Condition 6.3) and the ordinary share capital of the Issuer.

Accordingly, without prejudice to the rights of the Trustee and the holders under the Guarantee, the claims of holders of all Senior Obligations of the Issuer will first have to be satisfied in any winding-up or analogous proceedings of the Issuer before the Noteholders and (if applicable) the Couponholders may expect to obtain from the Issuer any recovery in respect of their Notes and (if applicable) Coupons, respectively, and prior thereto Noteholders and (if applicable) the Couponholders will have only limited ability to influence the conduct of such winding-up or analogous proceedings. See "Risk Factors – Risks related to the Notes generally – Limited Remedies – Subordinated Notes".

3.2 Set-off

Subject to applicable law, no Noteholder or Couponholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Notes or the Coupons and each Noteholder or Couponholder shall, by virtue of its holding of any Note or Coupon, be deemed to have waived all such rights of set-off, compensation or retention.

4. GUARANTEE

4.1 Guarantee

The payment of the principal, premium and interest in respect of the Notes and (if applicable) the Coupons has been guaranteed by the Guarantor pursuant to the Guarantee.

The Guarantee may be terminated by the Guarantor or the Issuer at any time as described in the Trust Deed and Condition 21.

4.2 Status of the Guarantee

The obligations of the Guarantor under the Guarantee constitute direct, unsecured and subordinated obligations of the Guarantor and rank *pari passu* and without any preference or priority among themselves and with any Parity Securities of the Guarantor (as defined below). The rights and claims of the Noteholders and the Couponholders in respect of the Guarantee against the Guarantor are subordinated as described in Condition 4.3.

4.3 Subordination of the Guarantee

In the event of:

- (a) an order being made, or an effective resolution being passed, for the winding-up of the Guarantor (except, in any such case, a solvent winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation of the Guarantor, (A) the terms of which reorganisation, reconstruction or amalgamation have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed); and (B) in each case the terms of which do not provide that the Notes shall thereby become redeemable or repayable in accordance with these Conditions); or
- (b) an administrator of the Guarantor being appointed and such administrator giving notice that it intends to declare and distribute a dividend,

there shall be payable by the Guarantor under the Guarantee in respect of each Note and (if applicable) Coupon (in lieu of any other payment by the Guarantor) such amounts, if any, as would have been payable to the relevant holder thereof if, on the day prior to the commencement of the winding-up or such administration, as the case may be, and thereafter, such holder were the holder of one of a class of preference shares in the capital of the Guarantor (**Notional Preference Shares of the Guarantor**) having an equal right to a return of assets in the winding-up or such administration, as the case may be, and so ranking *pari passu* with, the holders of that class or classes of preference shares (if any) which have a preferential right to a return of assets in the winding-up over, and so rank ahead of, the holders of the ordinary share capital of the Guarantor and any other obligations of the Guarantor, issued directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with such ordinary shares, but ranking junior to the claims of holders of all Senior Obligations of the Guarantor (as defined below) (except as otherwise provided by mandatory provisions of law), on the assumption that the amounts that such holder were entitled to receive in respect of each Notional Preference Share of the Guarantor on a return of assets in such winding-up or such administration, as the case may be, were an amount equal to the principal amount of the relevant Note and any accrued and unpaid interest in respect thereof (including any accrued but unpaid Deferred Interest (as defined below)) (and, in the case of an administration, on the assumption that shareholders were entitled to claim and recover in respect of their shares to the same degree as in a winding-up).

In these Conditions, **Senior Obligations of the Guarantor** means all obligations of the Guarantor issued directly or indirectly by it (including, without limitation, any obligation of the Guarantor under any guarantee which ranks or is expressed to rank *pari passu* with the most senior present or future preferred stock or preference shares of the Guarantor and with any present or future guarantee entered into by the Guarantor in respect of any of the most senior present or future preferred stock or preference stock of any Subsidiary (as defined in Condition 6.3) of the Guarantor) other than Parity Securities of the Guarantor and the ordinary share capital of the Guarantor.

Accordingly, without prejudice to the rights of the Trustee and the holders against the Issuer, the claims of holders of all Senior Obligations of the Guarantor will first have to be satisfied in any winding-up or analogous proceedings of the Guarantor before the Noteholders and (if applicable) the Couponholders may expect to obtain from the Guarantor any recovery pursuant to the Guarantee in respect of their Notes and (if applicable) Coupons, respectively, under the Guarantee and prior thereto Noteholders and (if applicable) the Couponholders will have only limited ability to influence the conduct of such winding-up or analogous proceedings. See "Risk Factors – Risks related to the Notes generally – Limited Remedies – Subordinated Notes".

4.4 Set-off

Subject to applicable law, no Noteholder or Couponholder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Guarantor in respect of, or arising under or in connection with the Notes, the Coupons or the Guarantee and each Noteholder or Couponholder shall, by virtue of its holding of any Note or Coupon, be deemed to have waived all such rights of set-off, compensation or retention.

5. INTEREST

5.1 Interest Rate

Each Note bears interest (unless a Benchmark Event has occurred, in which case the First Reset Rate of Interest and/or any Subsequent Reset Rate of Interest, as applicable, shall be determined pursuant to and in accordance with Condition 5.2):

- (a) from (and including) the Interest Commencement Date to (but excluding) the First Reset Date, at the Initial Rate of Interest as specified in the applicable Final Terms;
- (b) for the First Reset Period, at the First Reset Rate of Interest; and
- (c) for each Subsequent Reset Period thereafter (if any), at the relevant Subsequent Reset Rate of Interest,

and such interest shall (subject to Condition 6) be payable, in each case, in arrear on the Interest Payment Dates specified in the applicable Final Terms.

The amount of interest payable shall be determined in accordance with Condition 5.3.

Unless specified otherwise in the applicable Final Terms, the **Following Business Day Convention** will apply to the payment of all Notes, meaning that if the Interest Payment Date or Maturity Date would otherwise fall on a day which is not a Business Day (as defined in Condition 5.8 below), the related payment of principal or interest will be made on the next succeeding Business Day as if made on the date such payment was due. If the **Modified Following Business Day Convention** is specified in the applicable Final Terms for any Note, it shall mean that if the Interest Payment Date or Maturity Date would otherwise fall on a day which is not a Business Day (as defined in Condition 5.8 below), the related payment of principal or interest will be made on the next succeeding Business Day as if made on the date such payment was due unless it would thereby fall into the next calendar month in which event the full amount of payment shall be made on the immediately preceding Business Day as if made on the day such payment was due. Unless specified otherwise in the applicable Final Terms, the amount of interest due shall not be changed if payment is made on a day other than an Interest Payment Date or the Maturity Date as a result of the application of a Business Day Convention specified above or other Business Day Convention specified in the applicable Final Terms.

5.2 Benchmark Discontinuation

This Condition 5.2 applies unless Benchmark Discontinuation is specified in the applicable Final Terms to be “Not Applicable”. If the Issuer, in consultation with the Agent, determines that a Benchmark Event has occurred in relation to an Original Reference Rate when any Rate of Interest (or any component part thereof) remains to be determined by reference to that Original Reference Rate, then the following provisions of this Condition 5.2 shall apply.

(a) Successor Rate or Alternative Rate

If there is a Successor Rate, then the Issuer shall promptly notify the Agent (or such other Calculation Agent specified in the applicable Final Terms), the Trustee and, in accordance with Condition 17, the Noteholders of such Successor Rate and that Successor Rate shall (subject to adjustment as provided in Condition 5.2(b)) subsequently be used by the Agent (or such other Calculation Agent specified in the applicable Final Terms) in place of the Original Reference Rate to determine the relevant Rate of Interest (or the relevant component part thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 5.2).

If there is no Successor Rate but the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines that there is an Alternative Rate, then the Issuer shall promptly notify the Agent (or such other Calculation Agent specified in the applicable Final Terms), the Trustee and, in accordance with Condition 17, the Noteholders of such Alternative Rate and that Alternative Rate shall (subject to adjustment as provided in Condition 5.2(b)) subsequently be used in place of the Original Reference Rate to determine the relevant Rate of Interest (or the relevant component part thereof) for all relevant future payments of interest on the Notes (subject to the further operation of this Condition 5.2).

(b) **Adjustment Spread**

If a Successor Rate or Alternative Rate is determined in accordance with Condition 5.2(a), the Issuer, acting in good faith and in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, shall determine an Adjustment Spread (which may be expressed as a specified quantum or a formula or methodology for determining the applicable Adjustment Spread (and for the avoidance of doubt, an Adjustment Spread may be positive, negative or zero)), which Adjustment Spread shall be applied to the relevant Successor Rate or the Alternative Rate (as the case may be for each subsequent determination of a relevant Rate of Interest (or the relevant component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable)).

Following any such determination of the Adjustment Spread, the Issuer shall promptly notify the Agent (or such other Calculation Agent specified in the applicable Final Terms), the Trustee and, in accordance with Condition 17, the Noteholders of such Adjustment Spread and the Agent (or such other Calculation Agent specified in the applicable Final Terms) shall apply such Adjustment Spread to the Successor Rate or the Alternative Rate (as the case may be) for each subsequent determination of a relevant Rate of Interest (or any component part thereof) by reference to such Successor Rate or Alternative Rate (as applicable).

(c) **Benchmark Amendments**

If any Successor Rate, Alternative Rate or Adjustment Spread is determined in accordance with this Condition 5.2 and the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines in its discretion (A) that amendments to these Conditions and/or the Trust Deed and/or the Agency Agreement are necessary to ensure the proper operation of such Successor Rate, Alternative Rate and/or Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (B) the terms of the Benchmark Amendments, then the Issuer shall, subject to the Issuer having to give notice thereof to the Trustee and the Noteholders in accordance with Condition 17, without any requirement for the consent or approval of Noteholders or the Couponholders, modify these Conditions and/or the Trust Deed and/or the Agency Agreement to give effect to such Benchmark Amendments with effect from the date specified in such notice.

Prior to any such Benchmark Amendments taking effect, the Issuer shall provide a certificate signed by two Directors to the Trustee confirming, in the Issuer's reasonable opinion (following consultation with the Independent Adviser), (i) that a Benchmark Event has occurred, (ii) the Successor Rate or Alternative Rate (as applicable), (iii) where applicable, any Adjustment Spread and (iv) where applicable, the terms of any Benchmark Amendments in each case determined in accordance with this Condition 5.2 that such Benchmark Amendments are necessary to give effect to any application of this Condition 5.2 and the Trustee shall be entitled to rely on such certificate without further enquiry or liability to any person. For the avoidance of doubt, the Trustee shall not be liable to the Noteholders, the Couponholders or any other person for so acting or relying on such certificate, irrespective of whether any modification to give effect to a Benchmark Amendment is or may be materially prejudicial to the interests of any such person. The Successor Rate or Alternative Rate (as applicable), any Adjustment Spread (where applicable) and any Benchmark Amendments, without prejudice to the Trustee's ability to rely on such certificate (as aforesaid), will be binding on the Issuer, the Trustee, the Agent (or such other Calculation Agent specified in the applicable Final Terms), the other Paying Agents, the Noteholders and the Couponholders.

The Trustee shall, at the direction and expense of the Issuer, but subject to receipt by the Trustee of a certificate signed by two Directors (as aforesaid), be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed and, if required, the Agency Agreement), provided that the Trustee shall not be required to effect any Benchmark Amendments if the same would, in the Trustee's sole opinion, impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend its rights and/or the protective provisions afforded to it. For the avoidance of doubt, no Noteholder or Couponholder consent shall be required in connection with effecting the Benchmark Amendments or such other changes, including for the execution of any documents, amendments or other steps by the Issuer or the Trustee (if required).

In connection with any such modifications in accordance with this Condition 5.2(c), the Issuer shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Any Benchmark Amendments determined under this Condition 5.2(c) shall be notified promptly by the Issuer to the Agent (or such other Calculation Agent specified in the applicable Final Terms), the Trustee and, in accordance with Condition 17, the Noteholders. Such notice shall be irrevocable and shall specify the effective date of such Benchmark Amendments.

Notwithstanding any other provision of this Condition 5.2, no Successor Rate or Alternative Rate will be adopted, nor any Adjustment Spread applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to cause a reduction in or loss of the “equity credit” (or such other nomenclature that a Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) for the Notes from a Rating Agency or shortening in the length of time the Notes are assigned a particular level of “equity credit” by the relevant Rating Agency.

(d) Independent Adviser

In the event the Issuer is to consult with an Independent Adviser in connection with any determination to be made by the Issuer pursuant to this Condition 5.2, the Issuer shall use its reasonable endeavours to appoint an Independent Adviser, as soon as reasonably practicable, for the purposes of any such consultation.

An Independent Adviser appointed pursuant to this Condition 5.2 shall act in good faith, in a commercially reasonable manner and (in the absence of fraud or wilful default) shall have no liability whatsoever to the Issuer or the Noteholders for any determination made by it or for any advice given to the Issuer in connection with any determination made by the Issuer pursuant to this Condition 5.2 or otherwise in connection with the Notes.

If the Issuer is in any doubt as to whether there is an Alternative Rate and/or any Adjustment Spread is required to be applied and/or in relation to the quantum of, or any formula or methodology for determining such Adjustment Spread and/or whether any Benchmark Amendments are necessary and/or in relation to the terms of any such Benchmark Amendments, a written determination of an Independent Adviser in respect thereof shall be conclusive and binding on all parties, save in the case of manifest error, and (in the absence of fraud or wilful default) the Issuer shall have no liability whatsoever to the Noteholders in respect of anything done, or omitted to be done, in relation to that matter in accordance with any such written determination.

No Independent Adviser appointed in connection with the Notes (acting in such capacity), shall have any relationship of agency or trust with the Noteholders.

(e) Survival of Original Reference Rate Provisions

Without prejudice to the obligations of the Issuer under this Condition 5.2, the Original Reference Rate will continue to apply unless and until a Benchmark Event has occurred and only then (i) until the end of the then current Reset Period; and (ii) once the Agent (or such other Calculation Agent specified in the applicable Final Terms) has been notified of the Successor Rate or the Alternative Rate (as the case may be), and any Adjustment Spread (if applicable) and Benchmark Amendments (if applicable), in accordance with the relevant provisions of this Condition 5.2 to determine the First Reset Rate of Interest or the relevant Subsequent Reset Rate of Interest, as the case may be (or the relevant component part thereof), for future payments of interest on the Notes from the end of the then current Reset Period (and subject thereafter to the operation of this Condition 5.2).

(f) Definitions

In this Condition 5.2:

Adjustment Spread means either a spread (which may be positive, negative or zero), or the formula or methodology for calculating a spread and the spread resulting from such calculation, which spread is to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (i) in the case of a Successor Rate, is formally recommended, or formally provided as an option for parties to adopt, in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body;
- (ii) in the case of an Alternative Rate or (where (i) above does not apply) in the case of a Successor Rate, the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines is recognised or acknowledged as being in customary market usage in international debt capital markets transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as applicable); or
- (iii) if no such determination has been made, the Independent Adviser (in consultation with the Issuer) determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as applicable);

Alternative Rate means an alternative rate to the Original Reference Rate which the Issuer, acting in good faith, in a commercially reasonable manner and by reference to such sources as it deems appropriate, which may include consultation with an Independent Adviser, determines in accordance with this Condition 5.2 has replaced the Original Reference Rate in customary market usage in the international debt capital markets for the purposes of determining rates of interest (or the relevant component part thereof) for debt securities, with a commensurate interest period and in the same Specified Currency as the Notes or, if no such rate exists, the rate which is most comparable (among other factors, on the basis of interest period and Specified Currency) to the Original Reference Rate;

Benchmark Event means:

- (i) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist or ceasing permanently to be calculated, administered and published;
- (ii) the later of (a) the making of a public statement by the administrator of the Original Reference Rate that it will, on or before a specified date, cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate) and (b) the date falling six months prior to the specified date referred to in (a) above;
- (iii) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate has been permanently or indefinitely discontinued;
- (iv) the later of (a) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that the Original Reference Rate will, on or before a specified date, be permanently or indefinitely discontinued and (b) the date falling six months prior to the specified date referred to in (a) above;
- (v) the later of (a) the making of a public statement by the supervisor of the administrator of the Original Reference Rate that means the Original Reference Rate will be prohibited from being used or that its use will be subject to restrictions or adverse consequences, in each case on or before a specified date and (b) the date falling six months prior to the specified date referred to in (a) above;
- (vi) the later of (a) the making of a public statement by the supervisor of the administrator of the Original Reference Rate announcing that such Original Reference Rate is or will, on or before a specified date, be no longer representative and (b) the date falling six months prior to the specified date referred to in (a) above; or
- (vii) it has or will prior to the next Interest Determination Date become unlawful for the Agent, any Calculation Agent, any Paying Agent or the Issuer to determine any Rate of Interest and/or calculate any Interest Amount using the Original Reference Rate;

Calculation Agent means such person appointed by the Issuer as calculation agent in relation to the Notes and, if not the Agent, as specified in the applicable Final Terms and shall include any successor calculation agent appointed in respect of such Notes;

Independent Adviser means an independent financial institution of international repute or other independent financial adviser of recognised standing with appropriate expertise in the debt capital markets appointed by the Issuer at its own expense;

Original Reference Rate means the Reference Rate originally specified in the applicable Final Terms for the purposes of determining the relevant Rate of Interest (or any component part thereof) in respect of the Notes (provided that if, following one or more Benchmark Events, such Reference Rate originally specified in the applicable Final Terms for the purposes of determining the relevant Rate of Interest (or any component part thereof) in respect of the Notes (or any Successor Rate or Alternative Rate which has replaced it) has been replaced by a (or a further) Successor Rate or Alternative Rate and a Benchmark Event subsequently occurs in respect of such Successor Rate or Alternative Rate, the term **Original Reference Rate** shall include any such Successor Rate or Alternative Rate);

Relevant Nominating Body means, in respect of an Original Reference Rate:

- (i) the central bank for the currency to which the Original Reference Rate relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate; or
- (ii) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (A) the central bank for the currency to which the Original Reference Rate relates, (B) any central bank or other supervisory authority which is responsible for supervising the administrator of the Original Reference Rate, (C) a group of the aforementioned central banks or other supervisory authorities, or (D) the Financial Stability Board or any part thereof; and

Successor Rate means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

5.3 Determination of Rate of Interest and calculation of Interest Amounts

- (a) Save in the case where Condition 5.1(b) applies, the Agent (or such other Calculation Agent specified in the applicable Final Terms) will, at or as soon as practicable after each time at which the Rate of Interest is to be determined, determine the Rate of Interest for the relevant Interest Period.
- (b) If the Notes are in definitive form, except as provided in the applicable Final Terms, or if the applicable Final Terms specify that a Fixed Coupon Amount or Broken Amount(s) applies in the case of Notes represented by a Global Note, then (unless the Initial Rate of Interest has been increased in accordance with Condition 5.7) the amount of interest payable on each Interest Payment Date in respect of the Interest Period ending on (but excluding) such date will amount to the Fixed Coupon Amount. Payments of interest on any Interest Payment Date will, if so specified in the applicable Final Terms, amount to the Broken Amount so specified.
- (c) Subject to Condition 5.3(b), in all other cases (and including where the Initial Rate of Interest has been increased in accordance with Condition 5.7), the Agent (or such other Calculation Agent specified in the applicable Final Terms) will calculate the amount of interest (the **Interest Amount**) payable on the Notes for the relevant Interest Period by applying the Rate of Interest to:
 - (i) in the case of Notes which are represented by a Global Note, the aggregate outstanding nominal amount of the Notes represented by such Global Note; or
 - (ii) in the case of Notes in definitive form, the Calculation Amount,

and, in each case, multiplying such sum by the applicable Day Count Fraction, and rounding the resultant figure to the nearest sub-unit of the relevant Specified Currency, half of any such sub-unit being rounded upwards or otherwise in accordance with applicable market convention. Where the Specified Denomination of a Note in definitive form is a multiple of the Calculation Amount, the amount of interest payable in respect of such Note shall be the product of the amount (determined in the manner provided above) for the Calculation Amount and the amount by which the Calculation Amount is multiplied to reach the Specified Denomination, without any further rounding.

The Reset Rate shall be determined as provided above in respect of each Reset Period, provided that if the Reset Rate is determined to be less than zero per cent. such Reset Rate shall be deemed to be zero per cent.

5.4 Notification of Rate of Interest and Interest Amounts

Where Condition 5.3(c) applies, the Agent (or such other Calculation Agent specified in the applicable Final Terms) will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to the Issuer and (if the Agent is not the Calculation Agent) the Agent as soon as possible after their determination. The Issuer will cause the Rate of Interest and each Interest Amount for each Interest Period and the relevant Interest Payment Date to be notified to any stock exchange on which the Notes are for the time being listed or admitted to trading where the rules of such stock exchange so require and the Agent will cause notice thereof to be published in accordance with Condition 17 as soon as possible after their determination but in no event later than the fourth London Business Day thereafter. For the purposes of this paragraph, the expression **London Business Day** means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for general business in London.

5.5 Certificates to be final

All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of this Condition 5, whether by the Agent (or if the Agent is not the Calculation Agent, the Calculation Agent specified in the applicable Final Terms) shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent or such other Calculation Agent, the other Paying Agents, the Trustee, the Noteholders and the Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Trustee, the Noteholders or the Couponholders shall attach to the Agent or such other Calculation Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

5.6 Accrual of interest

Each Note (or in the case of the redemption of part only of a Note, that part only of such Note) will cease to bear interest (if any) from the date for its redemption under Condition 8 or substitution pursuant to Condition 9, unless payment of principal is improperly withheld or refused. In such event, interest (including on any Deferred Interest Payment, as defined below) will continue to accrue until whichever is the earlier of:

- (a) the date on which all amounts due in respect of such Note have been paid; and
- (b) as provided in the Trust Deed.

5.7 Step-up after a Change of Control Event

Notwithstanding any other provision of this Condition 5, if the Issuer does not elect to redeem the Notes in accordance with Condition 8.5 following the occurrence of a Change of Control Event (as defined in Condition 8.5), the then prevailing Rate of Interest, and each subsequent Rate of Interest otherwise determined in accordance with the provisions of this Condition 5 (including, for the avoidance of doubt, in accordance with the provisions of Condition 5.2), on the Notes shall be increased by the Change of Control Step-Up Margin specified in the applicable Final Terms with effect from (and including) the date on which the Change of Control Event occurred.

Without prejudice to the Issuer's right to redeem the Notes in accordance with Condition 8.5 following the occurrence of any Change of Control Event, this Condition 5.7 shall only apply in relation to the first Change of Control Event to occur while any of the Notes remain outstanding.

5.8 Definitions

Any terms not defined below or elsewhere in these Conditions shall be as set out in the applicable Final Terms;

Benchmark Gilt means, in respect of a Reset Period, the then current on-the run United Kingdom government security having an actual or interpolated maturity date on or about the last day of such Reset Period as the Issuer (on the advice of an investment bank or financial adviser of international repute) may determine to be

appropriate, at the time of selection and in accordance with customary financial practice, in the pricing of new issuances of corporate debt securities denominated in sterling with a similar tenor to such Reset Period;

Benchmark Gilt Quotation means, with respect to a Reset Reference Bank and a Reset Period, the arithmetic average, as determined by the Agent (or such other Calculation Agent specified in the applicable Final Terms), of the bid and offered yields (converted, if necessary, to an annualised yield rounded up to four decimal places) for the Benchmark Gilt in respect of that Reset Period, expressed as a percentage, as quoted by such Reset Reference Bank on a dealing basis for settlement on the next following Benchmark Gilts dealing day in London at the request of, or on behalf of, the Issuer;

Benchmark Gilt Rate means, with respect to any Reset Period, the arithmetic average of the Benchmark Gilt Quotations, expressed as a percentage (rounded, if necessary, to the third decimal place (0.0005 per cent. being rounded upwards)) determined by the Agent (or such other Calculation Agent specified in the applicable Final Terms), on the basis of the Benchmark Gilt Quotations provided (upon request by or on behalf of the Issuer) by the Reset Reference Banks to the Issuer and by the Issuer to the Agent (or such other Calculation Agent specified in the Final Terms) at approximately 11.00 a.m. (London time) on the Reset Determination Date in respect of such Reset Period. If at least four quotations are provided, the Benchmark Gilt Rate will be the arithmetic average of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Benchmark Gilt Rate will be the arithmetic average of the quotations provided. If only one quotation is provided, the Benchmark Gilt Rate will be the quotation provided. If no quotations are provided, the Benchmark Gilt Rate will be (i) in the case of each Reset Period other than the Reset Period commencing on the First Reset Date, the Reset Rate in respect of the immediately preceding Reset Period or (ii) in the case of the Reset Period commencing on the First Reset Date, the percentage rate specified in the applicable Final Terms as the First Reset Period Fallback;

Business Day means a day which is both:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and any Additional Business Centre specified in the applicable Final Terms; and
- (b) either (i) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency; or (ii) in relation to any sum payable in euro, a day on which the real time gross settlement system operated by the Eurosystem, or any successor system (the **TARGET System**) is open (a **TARGET Business Day**);

Day Count Fraction means, in respect of the calculation of an amount of interest:

- (a) if “Actual/Actual (ICMA)” is specified in the applicable Final Terms:
 - (i) in the case of Notes where the number of days in the relevant period from (and including) the most recent Interest Payment Date (or, if none, the Interest Commencement Date) to (but excluding) the relevant payment date (the **Accrual Period**) is equal to or shorter than the Determination Period during which the Accrual Period ends, the number of days in such Accrual Period divided by the product of (I) the number of days in such Determination Period and (II) the number of Determination Dates (as specified in the applicable Final Terms) that would occur in one calendar year; or
 - (ii) in the case of Notes where the Accrual Period is longer than the Determination Period during which the Accrual Period ends, the sum of:
 - (A) the number of days in such Accrual Period falling in the Determination Period in which the Accrual Period begins divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and

- (B) the number of days in such Accrual Period falling in the next Determination Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Dates that would occur in one calendar year; and
- (b) if “Actual/Actual (ISDA)” or “Actual/Actual” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 (or, if any portion of that Interest Period falls in a leap year, the sum of (I) the actual number of days in that portion of the Interest Period falling in a leap year divided by 366 and (II) the actual number of days in that portion of the Interest Period falling in a non-leap year divided by 365);
- (c) if “Actual/365 (Fixed)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365;
- (d) if “Actual/365 (Sterling)” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 365 or, in the case of an Interest Payment Date falling in a leap year, 366;
- (e) if “Actual/360” is specified in the applicable Final Terms, the actual number of days in the Interest Period divided by 360;
- (f) if “30/360”, “360/360” or “Bond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless such number is 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31 and D₁ is greater than 29, in which case D₂ will be 30;

- (g) if “30E/360” or “Eurobond Basis” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless such number would be 31, in which case D₂ will be 30;

- (h) if “30E/360 (ISDA)” is specified in the applicable Final Terms, the number of days in the Interest Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“Y₁” is the year, expressed as a number, in which the first day of the Interest Period falls;

“Y₂” is the year, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“M₁” is the calendar month, expressed as a number, in which the first day of the Interest Period falls;

“M₂” is the calendar month, expressed as a number, in which the day immediately following the last day of the Interest Period falls;

“D₁” is the first calendar day, expressed as a number, of the Interest Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case D₁ will be 30; and

“D₂” is the calendar day, expressed as a number, immediately following the last day included in the Interest Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case D₂ will be 30.

Determination Period means each period from (and including) a Determination Date to (but excluding) the next Determination Date (including, where either the Interest Commencement Date or the final Interest Payment Date is not a Determination Date, the period commencing on the first Determination Date prior to, and ending on the first Determination Date falling after, such date);

First Reset Period means the period from (and including) the First Reset Date to (but excluding) the first (or only) Subsequent Reset Date, or, if no such Subsequent Reset Date is specified in the applicable Final Terms, the Maturity Date;

First Reset Rate of Interest means the rate of interest being determined by the Agent (or such other Calculation Agent specified in the applicable Final Terms) on the relevant Reset Determination Date specified in the applicable Final Terms as the sum of the relevant Reset Rate plus the First Margin (with such sum converted (if necessary) from a basis equivalent to the Benchmark Frequency to a basis equivalent to the frequency with which scheduled interest payments are payable on the Notes during the First Reset Period);

Interest Period means the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date;

Mid-Swap Quotations means the arithmetic average of the bid and offered rates for the Fixed Leg (calculated on a 30/360 day count basis if the Specified Currency is euro) of a fixed for floating interest rate swap transaction in the Specified Currency which (i) has a term commencing on the relevant Reset Date which is equal to that of the relevant Swap Rate Period; (ii) is an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the relevant swap market and (iii) has a floating leg based on the Floating Leg;

Mid-Swap Rate means in respect of a Reset Period (i) the applicable semi-annual or annual mid-swap rate for swap transactions in the Specified Currency with a maturity equal to that of the relevant Swap Rate Period as

displayed on the Screen Page at 11.00 a.m. (in the principal financial centre of the Specified Currency) on the relevant Reset Determination Date or (ii) if such a rate is not displayed on the Screen Page at such time and date, the relevant Reset Reference Bank Rate;

Rate of Interest means the Initial Rate of Interest, the First Reset Rate of Interest and/or each Subsequent Reset Rate of Interest, as the case may be;

Relevant (Reset) Time shall mean 11.00 a.m. (in the principal financial centre of the Specified Currency) or such other time as specified in the applicable Final Terms;

Relevant Screen Page has the meaning specified in the applicable Final Terms or such other page, section or other part as may replace it on the relevant information service or such other information service, in each case, as may be nominated by the person providing or sponsoring the information appearing there for the purpose of displaying rates or yields (as the case may be) comparable to the Reset Rate;

Reset Date means the First Reset Date and/or each Subsequent Reset Date, as the case may be;

Reset Determination Date means, in respect of a Reset Period, each date specified in the applicable Final Terms or, if none is so specified: (i) if the Specified Currency is sterling, the first Business Day of such Reset Period, or (ii) if the Specified Currency is euro, the day falling two TARGET Business Days prior to the first day of such Reset Period;

Reset Period means the First Reset Period and/or each Subsequent Reset Period, as the case may be;

Reset Rate means (a) if Mid-Swap Rate is specified in the applicable Final Terms, the relevant Mid-Swap Rate, (b) if Benchmark Gilt Rate is specified in the applicable Final Terms, the relevant Benchmark Gilt Rate, or (c) if Reset Reference Bond Rate is specified in the applicable Final Terms, the relevant Reset Reference Bond Rate;

Reset Reference Bank Rate means the percentage rate determined on the basis of (a) if Mid-Swap Rate is specified in the applicable Final Terms, the Mid-Swap Quotations provided by the Reset Reference Banks to the Issuer (and any such quotations received shall be provided by the Issuer to the Agent (or such other Calculation Agent specified in the applicable Final Terms) at or around 11.00 a.m. in the principal financial centre of the Specified Currency on the relevant Reset Determination Date; (b) if Reset Reference Bond Rate is specified in the applicable Final Terms, the Reset Reference Bond Quotations provided by the Reset Reference Banks to the Calculation Agent at or around the Relevant (Reset) Time on such Reset Determination Date, and, in each case, rounded, if necessary, to the third decimal place (0.0005 per cent. being rounded upwards). If at least four quotations are provided, the Reset Reference Bank Rate will be the arithmetic average of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two or three quotations are provided, the Reset Reference Bank Rate will be the arithmetic average of the quotations provided. If only one quotation is provided, the Reset Reference Bank Rate will be the quotation provided. If no quotations are provided, the Reset Reference Bank Rate will be (i) in the case of each Reset Period other than the Reset Period commencing on the First Reset Date, the relevant Mid-Swap Rate or Reset Reference Bond Rate (as applicable) in respect of the immediately preceding Reset Period or (ii) in the case of the Reset Period commencing on the First Reset Date, the percentage rate specified in the applicable Final Terms as the “First Reset Period Fallback”;

Reset Reference Banks means (i) in the case of the calculation of a Reset Reference Bank Rate where Mid-Swap Rate is specified in the applicable Final Terms, five leading swap dealers in the principal interbank market relating to the Specified Currency, (ii) in the case of a Benchmark Gilt Rate, five brokers of gilts and/or gilt-edged market makers, in each case, as selected by the Issuer or (iii) in the case of Reset Reference Bond Rate, the principal office in the principal financial centre of the Specified Currency of five major banks which are primary government securities dealers or market makers in pricing corporate bond issues in the Specified Currency;

Reset Reference Bond means, in relation to any Reset Period, a government security or securities issued by the state responsible for issuing the Specified Currency (which, if the Specified Currency is euro, shall be Germany), as selected by the Issuer on the advice of an investment bank of international repute, that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities denominated in the Specified Currency and of a comparable maturity to such Reset Period;

Reset Reference Bond Rate means, in respect of a Reset Period:

- (i) the arithmetic average (expressed as a percentage rate per annum and rounded, if necessary, to the third decimal place (0.0005 per cent. being rounded upwards)) of the bid and offered yields of the relevant Reset Reference Bond, as determined by the Calculation Agent by reference to the Relevant Screen Page at the Relevant (Reset) Time on such Reset Determination Date; or
- (ii) if such rate does not appear on the Relevant Screen Page at such Relevant (Reset) Time on such Reset Determination Date, the Reset Reference Bank Rate on such Reset Determination Date;

Reset Reference Bond Quotation means, in relation to a Reset Reference Bank and a Reset Determination Date, if Reset Reference Bond Rate is specified as the Reset Rate in the applicable Final Terms, the arithmetic average of the bid and offered yields for the relevant Reset Reference Bond provided by such Reset Reference Bank to the Issuer (and such bid and offered yields for the relevant Reset Reference Bond shall be provided by the Issuer to the Agent (or such other Calculation Agent specified in the applicable Final Terms)) at approximately the Relevant (Reset) Time on such Reset Determination Date;

sub-unit means, with respect to any currency other than euro, the lowest amount of such currency that is available as legal tender in the country of such currency and, with respect to euro, one cent;

Subsequent Margin means, in respect of a Subsequent Reset Period, the relevant margin (expressed as a percentage) specified in the applicable Final Terms as applying to such Subsequent Reset Period;

Subsequent Reset Period means the period from (and including) the first (or only) Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date (if any) or, if there is no such succeeding Subsequent Reset Date, the Maturity Date, and if applicable, each successive period from (and including) a Subsequent Reset Date to (but excluding) the next succeeding Subsequent Reset Date or, if there is no such Subsequent Reset Date, the Maturity Date; and

Subsequent Reset Rate of Interest means, in respect of any Subsequent Reset Period, the rate of interest being determined by the Agent (or such other Calculation Agent specified in the applicable Final Terms) on the relevant Reset Determination Date as the sum of the relevant Reset Rate plus the relevant Subsequent Margin (with such sum converted (if necessary) from a basis equivalent to the Benchmark Frequency to a basis equivalent to the frequency with which scheduled interest payments are payable on the relevant Notes during the relevant Subsequent Reset Period (such calculation to be made by the Calculation Agent)).

6. DEFERRAL OF INTEREST

6.1 Deferral of Interest Payments

The Issuer may, at its discretion, elect to defer in whole or in part, payment of any Interest Amount (any such deferred Interest Amount, a **Deferred Interest Payment**) which is otherwise scheduled to be paid on an Interest Payment Date (except on the Maturity Date) by giving notice (a **Deferral Notice**) of such election to the Noteholders in accordance with Condition 17 and to the Trustee and the Agent not more than 30 nor less than seven Business Days prior to the relevant Interest Payment Date. Subject to Condition 6.3, if the Issuer elects to defer (in whole or in part) payment of any Interest Amount on an Interest Payment Date in accordance with this Condition 6.1, then neither it nor the Guarantor will have any obligation to pay such interest on the relevant Interest Payment Date and any such non-payment of interest shall not constitute a default or any other breach by the Issuer or the Guarantor of its obligations under the Notes or the Guarantee or for any other purpose.

Any Deferred Interest Payment shall itself bear interest (such further interest being an **Additional Interest Amount** and, together with the Deferred Interest Payment, being **Deferred Interest**), at the Rate of Interest prevailing from time to time, from (and including) the date on which (but for such deferral) the relevant Deferred Interest Payment would otherwise have been due to be made to (but excluding) the relevant Deferred Interest Settlement Date (as defined below) or, as appropriate, such other date on which such Deferred Interest Payment is paid in accordance with Condition 6.3, in each case such further interest being compounded on each Interest Payment Date.

Non-payment of Deferred Interest (or part thereof) shall not constitute a default or any other breach by the Issuer or the Guarantor of its obligations under the Notes or the Guarantee or for any other purpose, unless such payment is required in accordance with Condition 6.3.

6.2 Optional payment of Deferred Interest

Deferred Interest may be paid at the option of the Issuer in whole or in part at any time (the **Deferred Interest Settlement Date**) following delivery of a notice to such effect given by the Issuer to the Noteholders in accordance with Condition 17, the Trustee and Agent not more than 30 nor less than seven Business Days prior to the relevant Deferred Interest Settlement Date informing them of its election to so settle such Deferred Interest (or part thereof) and specifying the relevant Deferred Interest Settlement Date.

6.3 Mandatory payment of Deferred Interest

Notwithstanding the preceding provisions of this Condition 6 relating to the ability of the Issuer to defer Interest Amounts, the Issuer shall pay any accrued but unpaid Deferred Interest, in whole but not in part, on the first to occur of the following dates:

- (a) the date which is 10 Business Days following the occurrence of a Compulsory Deferred Interest Payment Event;
- (b) the next scheduled Interest Payment Date if the Issuer pays interest on the Notes on such date;
- (c) the date on which the Notes are redeemed or repaid in accordance with Condition 3, Condition 4, any paragraph of Condition 8 or Condition 13; and
- (d) the date on which the Notes are substituted for, or where the terms of the Notes are varied so that they become, Qualifying Notes in accordance with Condition 9.

Each of the following is a **Compulsory Deferred Interest Payment Event**:

- (a) (subject as provided below) the Issuer, the Guarantor or any Subsidiary of the Issuer or the Guarantor declares or pays any distribution or dividend (other than a dividend declared by the Issuer or the Guarantor, as the case may be, before the earliest Deferral Notice in respect of the then-outstanding Deferred Interest was given in accordance with Condition 6.1) or makes any other payment on the ordinary share capital of the Issuer or the Guarantor or any Parity Securities of the Issuer or any Parity Securities of the Guarantor (other than, for the avoidance of doubt, the payment or making of a dividend or distribution by any Subsidiary of the Issuer and/or the Guarantor on any of its share capital or other securities which do not benefit from a guarantee or support agreement of the type referred to in the definition of either Parity Securities of the Issuer or Parity Securities of the Guarantor) except where (A) such distribution or dividend or other payment was required to be made in respect of any stock option plan of the Issuer, the Guarantor or any Subsidiary of the Issuer or the Guarantor; (B) such distribution, dividend or other payment was required to be declared, paid or made under the terms of such Parity Securities of the Issuer or Parity Securities of the Guarantor or by mandatory operation of law; or (C) such distribution, dividend or other payment is made (or to be made) only to the Issuer, the Guarantor and/or any Subsidiary of the Issuer or the Guarantor;
- (b) the Issuer, the Guarantor or any Subsidiary of the Issuer or the Guarantor redeems, purchases, cancels, reduces or otherwise acquires any ordinary shares of the Issuer, any ordinary shares of the Guarantor, any Parity Securities of the Issuer or any Parity Securities of the Guarantor, except where (A) such redemption, purchase, cancellation, reduction or other acquisition was required to be made in respect of any stock option plan or employee share scheme of the Issuer, the Guarantor or any Subsidiary of the Issuer or the Guarantor; (B) such redemption, purchase, cancellation, reduction or other acquisition is effected as a public cash tender offer or public exchange offer in respect of Parity Securities of the Issuer or Parity Securities of the Guarantor at a purchase price per security which is below its par value; (C) the Issuer, the Guarantor or any Subsidiary of the Issuer or the Guarantor is obliged under the terms and conditions of such Parity Securities of the Issuer or Parity Securities of the Guarantor or by mandatory operation of law to make such redemption, purchase, cancellation, reduction or other acquisition; or (D) any payment in respect of such redemption, purchase, cancellation, reduction or acquisition is made (or to be made) only to the Issuer, the Guarantor and/or any Subsidiary of the Issuer or the Guarantor,

and provided that following termination of the Guarantee pursuant to Condition 21 and the Trust Deed, (i) references in this definition to “the Guarantor” shall be deemed to be references to “BT Group plc”; and (ii)

references in this definition to “Parity Securities of the Guarantor” shall be deemed to be references to “Parity Securities of BT Group plc”.

A Compulsory Deferred Interest Payment Event shall not occur pursuant to paragraph (a) above in respect of any *pro rata* payment of deferred interest on a Parity Security of the Issuer and/or any Parity Security of the Guarantor which is made simultaneously with a *pro rata* payment of any Deferred Interest provided that such *pro rata* payment on a Parity Security of the Issuer and/or a Parity Security of the Guarantor is not proportionately more than the *pro rata* settlement of any such Deferred Interest.

In these Conditions:

Parity Securities of BT Group plc means (if any) the most junior class of preference share capital in BT Group plc and any other obligations of (i) BT Group plc, issued directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with such preference shares and/or which would have ranked *pari passu* with the Guarantee had the Guarantee not been terminated in accordance with Condition 21 and the Trust Deed; or (ii) any Subsidiary of BT Group plc (other than the Notes) having the benefit of a guarantee or support agreement from BT Group plc which ranks and/or is expressed to rank *pari passu* with such preference shares or which would have ranked *pari passu* with the Guarantee had the Guarantee not been terminated in accordance with Condition 21 and the Trust Deed;

Parity Securities of the Guarantor means (if any) the most junior class of preference share capital in the Guarantor and any other obligations of (i) the Guarantor, issued directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with the Guarantee or such preference shares or (ii) any Subsidiary of the Guarantor (other than the Notes) having the benefit of a guarantee or support agreement from the Guarantor which ranks or is expressed to rank *pari passu* with the Guarantee or such preference shares;

Parity Securities of the Issuer means (if any) the most junior class of preference share capital in the Issuer and any other obligations of (i) the Issuer, issued directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with the Notes or such preference shares or (ii) any Subsidiary of the Issuer having the benefit of a guarantee or support agreement from the Issuer which ranks or is expressed to rank *pari passu* with the Notes or such preference shares; and

Subsidiary means a subsidiary within the meaning of Section 1159 of the Companies Act 2006 and **Subsidiaries** shall be construed accordingly.

The relevant parity securities as at the Issue Date will be specified in Part B of the applicable Final Terms as “Parity Obligations”.

7. PAYMENTS

7.1 Method of payment

Subject as provided below:

- (a) payments in a Specified Currency other than euro will be made by credit or transfer to an account in the relevant Specified Currency maintained by the payee with, or, at the option of the payee, by a cheque in such Specified Currency drawn on, a bank in the principal financial centre of the country of such Specified Currency; and
- (b) payments in euro will be made by credit or transfer to a euro account (or to any other account to which euro may be credited or transferred) specified by the payee or, at the option of the payee, by a euro cheque.

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 11.

7.2 Presentation of definitive Notes and Coupons

Payments of principal in respect of definitive Notes will (subject as provided below) be made in the manner provided in Condition 7.1 above only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of definitive Notes, and payments of interest in respect of definitive Notes will (subject

as provided below) be made as aforesaid only against presentation and surrender (or, in the case of part payment of any sum due, endorsement) of Coupons, in each case at the specified office of any Paying Agent outside the United States (which expression, as used herein, means the United States of America (including the States and the District of Columbia and its possessions)).

Upon the date on which any Note in definitive form becomes due and repayable, unmatured Coupons and Talons (if any) relating thereto (whether or not attached) shall become void and no payment or, as the case may be, exchange for further Coupons shall be made in respect thereof.

If the due date for redemption of any definitive Note is not an Interest Payment Date, interest (if any) accrued in respect of such Note from (and including) the preceding Interest Payment Date or, as the case may be, the Interest Commencement Date shall be payable only against surrender of the relevant definitive Note.

7.3 Payments in respect of Global Notes

Payments of principal and interest (if any) in respect of Notes represented by any Global Note will (subject as provided below) be made in the manner specified above in relation to definitive Notes and otherwise in the manner specified in the relevant Global Note against presentation or surrender, as the case may be, of such Global Note at the specified office of any Paying Agent outside the United States.

Except in the case of a New Global Note, a record of each payment made against presentation or surrender of any Global Note, distinguishing between any payment of principal and any payment of interest, will be made on such Global Note by the Paying Agent to which it was presented and such record shall be *prima facie* evidence that the payment in question has been made.

In the case of a New Global Note, the Issuer shall procure that details of payment of principal and interest (if any) in respect of any Global Note, shall be entered *pro rata* in the records of the relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by such Global Note will be reduced accordingly. Payments under the New Global Note will be made to its holder. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge.

7.4 General provisions applicable to payments

The holder of a Global Note shall be the only person entitled to receive payments in respect of Notes represented by such Global Note and the Issuer will be discharged by payment to, or to the order of, the holder of such Global Note in respect of each amount so paid. Each of the persons shown in the records of Euroclear or Clearstream, Luxembourg as the beneficial holder of a particular nominal amount of Notes represented by such Global Note must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for his share of each payment so made by the Issuer to, or to the order of, the holder of such Global Note.

Notwithstanding the foregoing provisions of this Condition, if any amount of principal and/or interest in respect of Notes is payable in U.S. dollars, such U.S. dollar payments of principal and/or interest in respect of such Notes will be made at the specified office of a Paying Agent in the United States if:

- (a) the Issuer has appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment in U.S. dollars at such specified offices outside the United States of the full amount of principal and interest on the Notes in the manner provided above when due;
- (b) payment of the full amount of such principal and interest at all such specified offices outside the United States is illegal or effectively precluded by exchange controls or other similar restrictions on the full payment or receipt of principal and interest in U.S. dollars; and
- (c) such payment is then permitted under United States law without involving, in the opinion of the Issuer, adverse tax consequences to the Issuer.

7.5 Payment Day

Unless specified otherwise in the applicable Final Terms, if the date for payment of any amount in respect of any Note or Coupon is not a Payment Day, the holder thereof shall not be entitled to payment until the next following Payment Day in the relevant place and shall not be entitled to further interest or other payment in respect of such delay. For these purposes, **Payment Day** means any day which (subject to Condition 12) is:

- (a) a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in London and:
 - (i) in the case of Notes in definitive form only, the relevant place of presentation;
 - (ii) any Additional Financial Centre specified in the applicable Final Terms; and
- (b) either (A) in relation to any sum payable in a Specified Currency other than euro, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in the principal financial centre of the country of the relevant Specified Currency or (B) in relation to any sum payable in euro, a day on which the TARGET System is open.

7.6 Interpretation of principal and interest

Any reference in the Conditions to principal in respect of the Notes shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 11 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed;
- (b) the Final Redemption Amount of the Notes;
- (c) the Early Redemption Amount of the Notes (being the Early Redemption Amount (Tax), Early Redemption Amount (Change of Control), Early Redemption Amount (Rating), Early Redemption Amount (Accounting) and Early Redemption Amount (Event of Default), as applicable);
- (d) the Optional Redemption Amount(s) (if any) of the Notes (being the Par Call Optional Redemption Amount, the Make-Whole Amount and/or the Clean-up Call Optional Redemption Amount, as applicable); and
- (e) any premium and any other amounts (other than interest) which may be payable by the Issuer under or in respect of the Notes.

Any reference in the Conditions to interest will, unless the context otherwise requires, include Deferred Interest. Any reference in the Conditions to interest (including in relation to any Deferred Interest) in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest (including in respect of any Deferred Interest) under Condition 11 or under any undertaking or covenant given in addition thereto, or in substitution therefor, pursuant to the Trust Deed.

8. REDEMPTION AND PURCHASE

8.1 Final redemption

- (a) *Notes with a specified maturity date*

Unless previously redeemed or purchased and cancelled or (pursuant to Condition 9) substituted as provided in these Conditions, each Note will be redeemed by the Issuer at its Final Redemption Amount specified in the applicable Final Terms, together with any accrued and unpaid interest up to (but excluding) the Maturity Date (including any accrued but unpaid Deferred Interest) in the relevant Specified Currency on the Maturity Date.

(b) *Notes with no specified maturity date*

Notes with no specified maturity date are undated obligations of the Issuer and have no fixed maturity date, but may be redeemed early at the option of the Issuer under certain circumstances set out below.

8.2 Redemption for tax reasons

If a Tax Deductibility Event or a Withholding Tax Event has occurred and is continuing, then the Issuer may, having given not less than 10 nor more than 60 days' notice to the Trustee, the Agent and, in accordance with Condition 17, the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Condition 10, redeem at any time all, but not some only, of the Notes at the Early Redemption Amount (Tax), together with any accrued and unpaid interest up to (but excluding) the redemption date and any accrued but unpaid Deferred Interest.

In these Conditions:

a **Tax Deductibility Event** shall be deemed to have occurred if as a result of a Tax Law Change other than an Excluded Change:

- (a) in respect of, or as a result of, the Issuer's obligation to pay an Interest Amount on the next following Interest Payment Date, the Issuer would not be entitled to claim a deduction in respect of the expense recognised by the Issuer for accounting purposes as attributable to such Interest Amount in computing its taxation liabilities in the United Kingdom, or such entitlement is materially reduced or materially delayed (a **disallowance**); or
- (b) in respect of the Issuer's obligation to pay any Interest Amount on the next following Interest Payment Date, the Issuer would not to any material extent be entitled to have any loss attributable to, or resulting from, such deduction set against the profits of companies with which it is grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at the Issue Date of the last Tranche of the Notes or any similar system or systems having like effect as may from time to time exist) otherwise than as a result of a disallowance in (a),

and, in each case, the Issuer cannot avoid the foregoing in connection with the Notes by taking measures reasonably available to the Issuer (provided measures reasonably available to the Issuer shall not include allocating a disallowance provided in (a) above to any other company or security);

Excluded Change means a Tax Law Change resulting in a disallowance within (a) where the Tax Law Change arises as a result of the enactment of provisions in the Finance (No. 2) Bill 2023 which are intended to implement the model rules published by the Organisation for Economic Co-operation and Development as "Tax Challenges Arising from the Digitalisation of the Economy – Global Anti-Base Erosion Model Rules (Pillar Two): Inclusive Framework on BEPS", save in circumstances where the disallowance within (a) results from changes to the Finance (No. 2) Bill 2023 after the Issue Date;

Tax Law Change means a change in or proposed change in, or amendment or proposed amendment to, the laws or regulations of the United Kingdom or any political subdivision or any authority thereof or therein having the power to tax, including any treaty or convention to which the United Kingdom is a party, or any change in the application or interpretation of such laws or regulations or any such treaty or convention, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations or interpretation thereof that differs from the previously generally accepted position in relation to similar transactions, which change or amendment becomes, or would become, effective on or after the Issue Date of the last Tranche of the Notes; and

a **Withholding Tax Event** shall be deemed to occur if as a result of a Tax Law Change, in making any payments on the Notes, the Coupons or the Guarantee, the Issuer or the Guarantor, as the case may be, has paid or will or would on the next Interest Payment Date be required to pay additional amounts on the Notes or the Coupons and the Issuer or the Guarantor, as the case may be, cannot avoid the foregoing in connection with the Notes or the Guarantee, as the case may be, by taking reasonable measures available to it.

8.3 Redemption at the option of the Issuer (Issuer Par Call)

If Issuer Par Call is specified as being applicable in the applicable Final Terms, the Issuer may, having given not less than 10 nor more than 60 days' notice (or such other period of notice as is specified in the applicable Final Terms) to the Noteholders in accordance with Condition 17 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem the Notes then outstanding in whole, but not in part, on any Par Call Optional Redemption Date specified in the applicable Final Terms at the Final Redemption Amount specified in the applicable Final Terms, unless a Par Call Optional Redemption Amount is specified in the applicable Final Terms in which case at such Par Call Optional Redemption Amount, together (if appropriate) with interest accrued to (but excluding) the date of redemption and any accrued but unpaid Deferred Interest.

8.4 Redemption at the option of the Issuer (Issuer Call (Make-Whole))

If Issuer Call (Make-Whole) is specified in the applicable Final Terms, the Issuer may, having given not less than 10 nor more than 60 days' notice (or such other period of notice as is specified in the applicable Final Terms) to the Noteholders in accordance with Condition 17 (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all or some only of the Notes then outstanding on any Make-Whole Optional Redemption Date at an amount equal to the Make-Whole Amount, together (if appropriate) with interest accrued to (but excluding) the relevant Make-Whole Optional Redemption Date and any accrued but unpaid Deferred Interest. If the applicable Final Terms specify the Notes are redeemable in part, such redemption must be of a nominal amount not less than the Minimum Redemption Amount and/or not more than the Maximum Redemption Amount, in each case as may be specified in the applicable Final Terms.

In this Condition 8.4:

Make-Whole Amount shall be an amount calculated by the Agent (or such other Calculation Agent specified in the applicable Final Terms) equal to the higher of (i) 100 per cent. of the principal amount outstanding of the Notes to be redeemed and (ii) the sum (rounding the resulting figure, if necessary, to the nearest sub-unit of the Specified Currency (half of any such sub-unit being rounded upwards)) of the present values as at the date of redemption of (A) the principal amount outstanding of the Notes to be redeemed, discounted from the next Par Call Optional Redemption Date specified in the applicable Final Terms to the date of redemption and (B) the Remaining Term Interest on such Note (exclusive of interest accrued to the date of redemption and exclusive of any accrued but unpaid Deferred Interest to the date of redemption) discounted to the date of redemption on an annual basis or semi-annual basis (as the case may be, on the relevant day count basis and if "30/360" is specified in the applicable Final Terms, the number of days in the relevant period from (and including) the most recent Interest Payment Date (or if none, the Interest Commencement Date) to (but excluding) the date of redemption (such number of days being calculated on the basis of a year of 360 days with 12 30-day months) divided by 360 or, in the case of an incomplete month, the number of days elapsed) at a rate equal to the higher of (x) the Reference Bond Rate, plus the Redemption Margin; and (y) zero per cent.

Redemption Margin shall be as set out in the applicable Final Terms;

Reference Bond shall be as set out in the applicable Final Terms (or if it is no longer outstanding, as at the Reference Date, the then current on-the-run government securities having an actual or interpolated maturity comparable with a term of the Notes to the next Par Call Optional Redemption Date specified in the applicable Final Terms that would be utilised in pricing new issues of corporate debt securities denominated in the same currency as the Notes and of a comparable maturity to the term of the Notes to such next Par Call Optional Redemption Date, as determined by the Issuer in consultation with the Reference Government Bond Dealers);

Reference Bond Rate means, with respect to any date of redemption, (A) the arithmetic average of the Reference Government Bond Dealer Quotations for such date of redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (B) if the Agent (or such other Calculation Agent specified in the applicable Final Terms) receives from the Issuer fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

Reference Date will be set out in the relevant notice of redemption;

Reference Government Bond Dealer means each of the five banks selected by the Issuer, or their affiliates, which are (A) primary government securities dealers, and their respective successors, or (B) market makers in pricing corporate bond issues;

Reference Government Bond Dealer Quotations means, with respect to each Reference Government Bond Dealer and any date for redemption, the arithmetic average, as determined by the Agent (or such other Calculation Agent specified in the applicable Final Terms), of the bid and offered yields (converted, if necessary, to an annualised yield rounded up to four decimal places) for the Reference Bond at the Quotation Time specified in the applicable Final Terms on the Reference Date quoted in writing to the Issuer by such Reference Government Bond Dealer (and any such quotations received shall be provided by the Issuer to the Agent (or such other Calculation Agent specified in the applicable Final Terms)); and

Remaining Term Interest means, with respect to any Note, the aggregate amount of scheduled payment(s) of interest on such Note for the remaining term of such Note to the next Par Call Optional Redemption Date specified in the applicable Final Terms determined on the basis of the rate of interest applicable to such Note from and including the date on which such Note is to be redeemed by the Issuer pursuant to this Condition 8.4.

All notifications, opinions, determinations, certifications, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 8.4 by the Agent (or such other Calculation Agent specified in the applicable Final Terms), shall (in the absence of negligence, wilful default or bad faith) be binding on the Issuer, the Agent (or such other Calculation Agent specified in the applicable Final Terms), the Trustee, the Paying Agents and all Noteholders and Couponholders.

In the case of a partial redemption of Notes, the Notes to be redeemed (**Redeemed Notes**) will be selected individually by lot, in the case of Redeemed Notes represented by definitive Notes, and in accordance with the rules of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion), in the case of Redeemed Notes represented by a Global Note, not more than 30 days prior to the date fixed for redemption (such date of selection being hereinafter called the **Selection Date**). In the case of Redeemed Notes represented by definitive Notes, a list of the serial numbers of such Redeemed Notes will be published in accordance with Condition 17 not less than 15 days prior to the date fixed for redemption. No exchange of the relevant Global Note will be permitted during the period from (and including) the Selection Date to (and including) the date fixed for redemption pursuant to this Condition 8.4 and notice to that effect shall be given by the Issuer to the Noteholders in accordance with Condition 17 at least five days prior to the Selection Date.

8.5 Redemption following a Change of Control

If immediately prior to the giving of the notice referred to below, a Change of Control Event has occurred and is continuing, then the Issuer may, having given not less than 10 nor more than 60 days' notice to the Trustee, the Agent and, in accordance with Condition 17, the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Condition 10, redeem all, but not some only, of the Notes at any time at the Early Redemption Amount (Change of Control), together with any accrued and unpaid interest up to (but excluding) the redemption date and any accrued but unpaid Deferred Interest.

The Trustee is under no obligation to ascertain whether a Change of Control Event, Change of Control or any event which could lead to the occurrence of or could constitute a Change of Control Event or Change of Control has occurred, or to seek any confirmation from any Rating Agency pursuant to the definition of Negative Rating Event below, and, until it shall have received express written notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no Change of Control Event, Change of Control or other such event has occurred.

The Issuer intends (without thereby assuming a legal or contractual obligation) that for so long as any Notes remain outstanding, if (i) a Change of Control Event occurs, and (ii) the Issuer elects to redeem the Notes pursuant to this Condition 8.5, it will launch a tender offer for all outstanding unsubordinated debt securities (which do not already contain a contractual right of the holders of such debt securities for such securities to be redeemed or repurchased as a result of the events giving rise to the Change of Control Event) at a price equal to not less than their aggregate nominal amount plus accrued and unpaid interest as soon as reasonably practicable following such event.

In these Conditions:

a **Change of Control Event** shall be deemed to occur if a Change of Control has occurred and:

- (a) on the date (the **Relevant Announcement Date**) that is the earlier of (1) the date of the first public announcement of the relevant Change of Control and (2) the date of the earliest Relevant Potential Change of Control Announcement (if any), the Issuer's senior unsecured obligations (the **Senior Unsecured Obligations**) carry from any Rating Agency:

- (i) an investment grade credit rating (Baa3/BBB-, or equivalent, or better), and such rating from any Rating Agency is, within the Change of Control Period, either downgraded to a non-investment grade credit rating (Ba1/BB+, or equivalent, or worse) (a **Non-Investment Grade Rating**) or withdrawn and is not, within the Change of Control Period, subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to an investment grade credit rating by such Rating Agency; or
- (ii) a Non-Investment Grade Rating and such rating from any Rating Agency is, within the Change of Control Period, either downgraded by one or more notches (by way of example, Baal to Baa2 being one notch) or withdrawn and is not, within the Change of Control Period, subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to its earlier credit rating or better by such Rating Agency; or
- (iii) no credit rating and a Negative Rating Event also occurs within the Change of Control Period,

provided that if at the time of the occurrence of the Change of Control the Senior Unsecured Obligations carry a credit rating from more than one Rating Agency, at least one of which is investment grade, then sub-paragraph (i) will apply; and

- (b) in making any decision to downgrade or withdraw a credit rating pursuant to paragraphs (i) and (ii) above or not to award a credit rating of at least investment grade as described in paragraph (ii) of the definition of Negative Rating Event, the relevant Rating Agency announces publicly or confirms in writing to the Issuer or the Trustee that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control or the Relevant Potential Change of Control Announcement.

If the rating designations employed by any of Moody's, Fitch or Standard & Poor's are changed from those which are described in paragraph (a) of the definition of Change of Control Event above, or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine, in good faith, and notify the Trustee of the rating designations of Moody's, Fitch or Standard & Poor's or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody's, Fitch or Standard & Poor's and the definition of Change of Control Event shall be construed accordingly.

a **Change of Control** will be deemed to have occurred if:

- (a) any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), other than a holding company (as defined in Section 1159 of the Companies Act 2006 as amended) whose shareholders are or are to be substantially similar to the pre-existing shareholders of any direct or indirect holding company of the Issuer, shall become interested (within the meaning of Part 22 of the Companies Act 2006) in (A) more than 50 per cent. of the issued or allotted ordinary share capital of the Issuer or (B) shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer; or
- (b) any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), other than a holding company (as defined in Section 1159 of the Companies Act 2006 as amended) whose shareholders are or are to be substantially similar to the pre-existing shareholders of any direct or indirect holding company of the Issuer, shall become interested (within the meaning of Part 22 of the Companies Act 2006) in (A) more than 50 per cent. of the issued or allotted ordinary share capital of any direct or indirect holding company of the Issuer or (B) shares in the capital of any direct or indirect holding company of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of any such direct or indirect holding company of the Issuer;

Change of Control Period means the period commencing on the Relevant Announcement Date and ending 90 days after the Change of Control (or such longer period for which the Senior Unsecured Obligations are under consideration (such consideration having been announced publicly within the period ending 90 days after the Change of Control) for rating review or, as the case may be, rating by a Rating Agency, such period not to exceed 60 days after the public announcement of such consideration);

Fitch means Fitch Ratings Ltd or any other entity that is part of the group to which Fitch Ratings Ltd or its successor belongs;

Moody's means Moody's Investors Service Ltd. or any other entity that is part of the group to which Moody's Investors Service Ltd. or its successor belongs;

a **Negative Rating Event** shall be deemed to have occurred if at such time as there is no rating assigned to the Senior Unsecured Obligations by a Rating Agency (i) the Issuer does not, either prior to, or not later than 21 days after, the occurrence of the Change of Control seek, and thereafter throughout the Change of Control Period use all reasonable endeavours to obtain, a rating of any of the Senior Unsecured Obligations, or (ii) if the Issuer does so seek and use such endeavours, it is unable to obtain such a rating of at least investment grade by the end of the Change of Control Period;

Rating Agency means any of Fitch, Moody's or Standard & Poor's and Rating Agencies means all of them;

Relevant Potential Change of Control Announcement means any public announcement or statement by or on behalf of the Issuer, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Change of Control where within 180 days following the date of such announcement or statement, a Change of Control occurs;

Standard & Poor's means S&P Global Ratings, acting through S&P Global Ratings UK Limited or any entity that is part of the group to which S&P Global Ratings UK Limited or its successor belongs; and

Substitute Rating Agency means any rating agency substituted for any of the Rating Agencies by the Issuer from time to time.

8.6 Redemption following a Rating Capital Event

If a Rating Capital Event has occurred and is continuing, then the Issuer may, having given not less than 10 nor more than 60 days' notice to the Trustee, the Agent and, in accordance with Condition 17, the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Condition 10, redeem all, but not some only, of the Notes at any time at the Early Redemption Amount (Rating), together with any accrued and unpaid interest up to (but excluding) the redemption date and any accrued but unpaid Deferred Interest.

In these Conditions:

a **Rating Capital Event** shall be deemed to occur if the Issuer and/or Guarantor has received, and confirmed in writing to the Trustee that it has so received, confirmation from any Rating Agency then providing a solicited rating of the Issuer and/or the Guarantor or the Notes at the invitation of, or with the consent of, the Issuer and/or the Guarantor and in accordance with which the Notes are assigned an "equity credit", either directly or via a publication by such Rating Agency that, as a result of a change in its hybrid capital methodology or the interpretation thereof which becomes effective on or after the Issue Date of the last Tranche of Notes (or, if later, effective after the date when the "equity credit" is assigned to the Notes by such Rating Agency for the first time), and as a result of which, but not otherwise, the Notes will no longer be eligible (or if the Notes have been partially or fully refinanced since the Issue Date of the first Tranche of the Notes and are no longer eligible for "equity credit" from such Rating Agency in part or in full as a result, any or all of the Notes would no longer have been eligible as a result of such change had they not been refinanced) for the same, or higher amount of, "equity credit" (or such other nomenclature as the Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) attributed to the Notes at the Issue Date of the last Tranche of the Notes or, if later, at the time when the relevant Rating Agency first publishes its confirmation of the "equity credit" attributed by it to the Notes or if the period of time during which the relevant Rating Agency attributed to the Notes a particular category of "equity credit" at the Issue Date of the last Tranche of Notes (or if a particular category of "equity credit" is not assigned to the Notes by the relevant Rating Agency on the Issue Date of the last Tranche of the Notes, at the date on which a particular category of "equity credit" is assigned by such Rating Agency for the first time) is shortened.

8.7 Redemption following an Accounting Event

If an Accounting Event has occurred and is continuing, then the Issuer may, having given not less than 10 nor more than 60 days' notice to the Trustee, the Agent and, in accordance with Condition 17, the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Condition 10, redeem all, but not some only, of the Notes at any time at the Early Redemption Amount (Accounting), together

with any accrued and unpaid interest up to (but excluding) the redemption date and any accrued but unpaid Deferred Interest.

In these Conditions:

an **Accounting Event** shall be deemed to occur if a recognised accountancy firm, acting upon instructions of the Issuer, has delivered a letter or report to the Issuer, stating that, as a result of a change in accounting principles or methodology (or in each case the application thereof) which have been officially adopted by the International Accounting Standards Board (or any other body responsible for International Financial Reporting Standards (IFRS) or any other accounting standards that may replace IFRS or that the Issuer may adopt in the future for the preparation of the audited annual or the semi-annual consolidated financial statements of the Issuer in accordance with United Kingdom company law) after the Issue Date of the last Tranche of the Notes (such date of adoption being the **Accounting Event Adoption Date**), the Notes may no longer be recorded as a “financial liability” if “financial liability” is specified in the applicable Final Terms or “equity” if “equity” is specified in the applicable Final Terms, as the case may be, in full in the audited annual or the semi-annual consolidated financial statements of the Issuer pursuant to IFRS or any other accounting standards that may replace IFRS or that the Issuer may adopt in the future for the preparation of the audited annual or the semi-annual consolidated financial statements of the Issuer in accordance with United Kingdom law. The Accounting Event shall be deemed to have occurred on the Accounting Event Adoption Date notwithstanding any later effective date.

8.8 Clean-up redemption at the option of the Issuer

If Clean-up Call is specified in the applicable Final Terms and a Clean-up Call Event has occurred, then the Issuer may, having given not less than 10 nor more than 60 days’ notice to the Trustee, the Agent and, in accordance with Condition 17, the Noteholders (which notice shall be irrevocable and shall specify the date fixed for redemption) and subject to Condition 10, redeem all, but not some only, of the Notes on, or at any time after, the Clean-up Call Optional Redemption Date specified in the applicable Final Terms. Any such redemption of the Notes shall be at their Clean-up Call Optional Redemption Amount, together with any accrued and unpaid interest up to (but excluding) the redemption date and any accrued but unpaid Deferred Interest.

In these Conditions:

Clean-up Call Event means the Clean-up Call Threshold Percentage specified in the applicable Final Terms or more of the aggregate nominal amount of the Notes originally issued (and, for these purposes, any further securities issued pursuant to Condition 20 will be deemed to have been originally issued) have been redeemed and/or purchased by the Issuer (except, if applicable, for the Notes redeemed at the Make-Whole Amount).

8.9 Early Redemption Amounts

For the purpose of Condition 8.2, 8.5, 8.6 and 8.7 above and Condition 13, each Note will be redeemed at its Early Redemption Amount specified in the applicable Final Terms (being the Early Redemption Amount (Tax), Early Redemption Amount (Change of Control), Early Redemption Amount (Rating), Early Redemption Amount (Accounting) and Early Redemption Amount (Event of Default), as applicable), together with any accrued and unpaid interest up to (but excluding) the redemption date and any accrued but unpaid Deferred Interest.

8.10 Purchases

Each of the Issuer, the Guarantor and any of their respective Subsidiaries may at any time purchase Notes (provided that, in the case of definitive Notes, all unmatured Coupons and Talons appertaining thereto are purchased therewith) at any price in the open market or otherwise. Such Notes may be held, reissued, resold or, at the option of the Issuer, the Guarantor or any of their respective Subsidiaries surrendered to any Paying Agent for cancellation.

8.11 Cancellation

All Notes which are redeemed will forthwith be cancelled (together with all unmatured Coupons and Talons attached thereto or surrendered therewith at the time of redemption). All Notes so cancelled and any Notes purchased and cancelled pursuant to Condition 8.10 above (together with all unmatured Coupons and Talons cancelled therewith) shall be forwarded to the Agent and cannot be reissued or resold.

9. SUBSTITUTION OR VARIATION

If a Rating Capital Event, an Accounting Event, a Tax Deductibility Event or a Withholding Tax Event (each, or any combination of the foregoing, a **Special Event**) has occurred and is continuing, then the Issuer may, subject to Condition 10 (without any requirement for the consent or approval of the Noteholders) and subject to its having satisfied the Trustee immediately prior to the giving of any notice referred to herein that the provisions of this Condition 9 and Condition 10 have been complied with, and having given not less than 10 nor more than 60 days' notice to the Trustee, the Agent and, in accordance with Condition 17, the Noteholders (which notice shall be irrevocable and specify the date for substitution or variation, as the case may be), at any time either (i) substitute all, but not some only, of the Notes for, or (ii) vary the terms of the Notes with the effect that they remain or become, as the case may be, Qualifying Notes, and the Trustee shall (subject to the following provisions of this Condition 9 and subject to the receipt by it of the certificate of the Directors of the Issuer referred to in Condition 10 below) agree to such substitution or variation but without further responsibility or liability on the part of the Trustee.

Upon expiry of such notice, the Issuer shall either vary the terms of or, as the case may be, substitute the Notes in accordance with this Condition 9.

In connection therewith, any accrued but unpaid Deferred Interest will be satisfied in full in accordance with the provisions of Condition 6.3.

The Trustee shall, without any requirement for the consent or approval of the Holders, execute any documents necessary to effect the substitution of the Notes for, or the variation of the terms of the Notes so that they remain, or as the case may be, become, Qualifying Notes, provided that the Trustee shall not be obliged to execute any such documents if, in the Trustee's opinion, doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the rights and/or the protective provisions afforded to it in these Conditions and/or any documents to which it is a party in any way. If the Trustee does not execute any necessary documents as provided above, the Issuer may redeem the Notes as provided in Condition 8.

In connection with any substitution or variation in accordance with this Condition 9, the Issuer and the Guarantor shall comply with the rules of any stock exchange on which the Notes are for the time being listed or admitted to trading.

Any such substitution or variation in accordance with the foregoing provisions shall not be permitted if any such substitution or variation would give rise to a Special Event with respect to the Notes or the Qualifying Notes.

In these Conditions:

Official List means the Official List of the Financial Conduct Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (as amended or superseded);

Qualifying Notes means securities that contain terms not materially less favourable to Noteholders than the terms of the Notes (as reasonably determined by the Issuer (in consultation with an independent investment bank, independent financial adviser or counsel of international standing)) and provided that:

- (a) they shall be issued by (i) the Issuer with a guarantee of the Guarantor (which shall be permitted to include termination rights on substantially the same terms as the existing Guarantee) to the extent the Guarantee has not been terminated at such time, (ii) the Guarantor or (iii) a wholly-owned direct or indirect finance Subsidiary of the Issuer with a guarantee of the Issuer and, to the extent the Guarantee has not been terminated at such time, the Guarantor (which shall be permitted to include termination rights on substantially the same terms as the existing Guarantee); and
- (b) they (and/or, as appropriate, the guarantee as aforesaid) shall rank *pari passu* on a winding-up or administration (in circumstances where the administrator has given notice of its intention to declare and distribute a dividend) of the Issuer with the Notes; and
- (c) they shall contain terms which provide for the same Interest Rate from time to time applying to the Notes and preserve the same Interest Payment Dates; and

- (d) they shall preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Notes, including (without limitation) as to timing of, and amounts payable upon, such redemption; and
- (e) they shall preserve any existing rights under these Conditions to any accrued interest which has accrued to Noteholders and Couponholders and not been paid; and
- (f) they shall not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares; and
- (g) they shall otherwise contain substantially identical terms (as reasonably determined by the Issuer) to the Notes, save where (without prejudice to the requirement that the terms are not materially less favourable to Noteholders than the terms of the Notes as described above) any modifications to such terms are required to be made to avoid the occurrence or effect of a Rating Capital Event, an Accounting Event, a Tax Deductibility Event or, as the case may be, a Withholding Tax Event; and
- (h) they shall be (i) listed on the Official List and admitted to trading on the London Stock Exchange's Main Market or (ii) listed on such other stock exchange as is a Recognised Stock Exchange at that time as selected by the Issuer; and
- (i) they shall, immediately after such substitution or variation, be assigned at least the same solicited credit rating(s) from each Rating Agency as the credit rating assigned to the Notes at the invitation of or with the consent of the Issuer immediately prior to such substitution or variation; and
- (j) they shall not provide for the mandatory deferral or cancellation of payments of interest and/or principal; and

Recognised Stock Exchange means a recognised stock exchange as defined in section 1005 of the Income Tax Act 2007 as the same may be amended from time to time and any provision, statute or statutory instrument replacing the same from time to time.

10. PRECONDITIONS TO SPECIAL EVENT REDEMPTION, CHANGE OF CONTROL EVENT, CLEAN-UP CALL EVENT, SUBSTITUTION AND VARIATION

Prior to the publication of any notice of redemption pursuant to Condition 8 (other than redemption pursuant to Condition 8.3 or Condition 8.4) or any notice of substitution or variation pursuant to Condition 9, the Issuer shall deliver to the Trustee (i) a certificate signed by two Directors of the Issuer stating that the relevant requirement or circumstance giving rise to the right to redeem, substitute or vary is satisfied, and where the relevant Special Event requires measures reasonably available to the Issuer to be taken, the relevant Special Event cannot be avoided by the Issuer or, as the case may be, the Guarantor taking such measures and (ii) in the case of redemption pursuant to Condition 8.2 only, an opinion from a nationally recognised law firm or other tax adviser in the United Kingdom experienced in such matters to the effect that the relevant requirement or circumstance giving rise to such right of redemption applies. In relation to a substitution or variation pursuant to Condition 9, such certificate referred to in (i) above shall also include further certifications that the terms of the Qualifying Notes are not materially less favourable to Noteholders than the terms of the Notes, that such determination was reached by the Issuer, acting reasonably, in consultation with an independent investment bank, independent financial adviser or counsel of international standing and that the criteria specified in paragraphs (a) to (j) of the definition of Qualifying Notes will be satisfied by the Qualifying Notes upon issue. The Trustee shall be entitled to accept such certificate without liability to any person and without any further inquiry as sufficient evidence of the satisfaction of the conditions precedent to redemption, substitution or variation set out in the relevant Conditions, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

Any redemption of the Notes in accordance with Condition 8 or any substitution or variation of the Notes in accordance with Condition 9 shall be conditional on all accrued but unpaid Deferred Interest being paid in full in accordance with the provisions of Condition 6 on or prior to the date of such redemption, substitution or, as the case may be, variation, together with any accrued and unpaid interest up to (but excluding) such redemption, substitution or, as the case may be, variation date.

The Trustee is under no obligation to ascertain whether any Special Event, Change of Control Event, Change of Control or Clean-up Call Event or any event which could lead to the occurrence of, or could constitute, any such Special Event, Change of Control Event, Change of Control or Clean-up Call Event has occurred and, until it

shall have received express written notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no such Special Event, Change of Control Event, Change of Control, Clean-up Call Event or such other event has occurred.

11. TAXATION

All payments of principal and interest in respect of the Notes and Coupons by the Issuer or by the Guarantor in respect of the Guarantee will be made without withholding or deduction for or on account of any present or future taxes or duties of whatever nature imposed or levied by or on behalf of any Tax Jurisdiction unless such withholding or deduction is required by law. In such event, the Issuer or, as the case may be, the Guarantor will pay such additional amounts as shall be necessary in order that the net amounts received by the holders of the Notes or Coupons after such withholding or deduction shall equal the respective amounts of principal and interest which would otherwise have been receivable in respect of the Notes or Coupons, as the case may be, in the absence of such withholding or deduction; except that no such additional amounts shall be payable with respect to any Note or Coupon:

- (a) presented for payment by or on behalf of a holder who (i) could avoid such withholding or deduction by complying or procuring that any third party complies with any statutory requirements or by making or procuring that any third party makes a declaration of non-residence or other similar claim for exemption to any tax authority, or (ii) is liable for such taxes or duties in respect of such Note or Coupon by reason of his having some connection with a Tax Jurisdiction other than the mere holding of such Note or Coupon; or
- (b) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that the holder thereof would have been entitled to an additional amount on presenting the same for payment on such thirtieth day assuming that day to have been a Payment Day (as defined in Condition 7.5).

Notwithstanding any other provision of these Conditions or the Trust Deed, any amounts to be paid on the Notes by or on behalf of the Issuer or the Guarantor will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the Code, or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a **FATCA Withholding**). None of the Issuer, the Guarantor or any other person will be required to pay any additional amounts in respect of FATCA Withholding.

As used herein:

- (i) **Code** means the United States Internal Revenue Code of 1986, as amended;
- (ii) **Tax Jurisdiction** means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax; and
- (iii) the **Relevant Date** means the date on which such payment first becomes due, except that, if the full amount of the moneys payable has not been duly received by the Trustee or the Agent on or prior to such due date, it means the date on which, the full amount of such moneys having been so received, notice to that effect is duly given to the Noteholders in accordance with Condition 17.

12. PRESCRIPTION

The Notes and Coupons will become void unless claims in respect of principal and/or interest are made within a period of 10 years (in the case of principal) and five years (in the case of interest) after the Relevant Date (as defined in Condition 11) therefor.

There shall not be included in any Coupon sheet issued on exchange of a Talon any Coupon the claim for payment in respect of which would be void pursuant to this Condition 12 or Condition 7.2 or any Talon which would be void pursuant to Condition 7.2.

13. EVENT OF DEFAULT AND ENFORCEMENT

13.1 Event of Default

If a default is made by the Issuer or the Guarantor for a period of 28 days or more in the payment in the Specified Currency of any interest (including any Deferred Interest payable under Condition 6.3), or for a period of 14 days or more in the payment in the Specified Currency of principal, due in respect of the Notes (an **Event of Default**) then the Issuer and/or the Guarantor, as the case may be, shall without notice from the Trustee be deemed to be in default under the Trust Deed, the Notes and, if applicable, the Coupons and the Trustee at its discretion may, and if so requested by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall (subject to Condition 13.2(b)) institute actions, steps or proceedings for the winding-up of the Issuer and/or the Guarantor and/or prove in the winding-up or administration of the Issuer and/or the Guarantor and/or claim in the liquidation or administration of the Issuer and/or the Guarantor for such payment (such amount, the **Early Redemption Amount (Event of Default)**).

13.2 Enforcement

- (a) The Trustee may at its discretion (subject to Condition 13.2(b)) and without further notice institute such actions, steps or proceedings against the Issuer and/or the Guarantor, as the case may be, as it may think fit to enforce any term or condition binding on the Issuer and/or the Guarantor, as the case may be, under the Trust Deed or the Notes but in no event shall the Issuer or the Guarantor, by virtue of the institution of any such actions, steps or proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.
- (b) The Trustee shall not be bound to take any of the actions referred to in Condition 13.1 or Condition 13.2(a) above against the Issuer and/or the Guarantor to enforce the terms of the Trust Deed or the Notes or any other action or step unless (i) it shall have been so requested by an Extraordinary Resolution of the Noteholders or in writing by the Noteholders of at least one-quarter in principal amount of the Notes then outstanding and (ii) it shall have been indemnified and/or secured and/or pre-funded to its satisfaction.
- (c) No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer and/or the Guarantor or to institute actions, steps or proceedings for the winding-up of the Issuer and/or the Guarantor and/or prove in the winding-up or administration of the Issuer and/or the Guarantor and/or claim in the liquidation or administration of the Issuer and/or the Guarantor unless the Trustee, having become so bound to proceed or being able to prove in such winding-up or claim in such liquidation, fails or is unable to do so within a reasonable period and such failure or inability shall be continuing, in which case the Noteholder or Couponholder shall have only such rights against the Issuer and/or the Guarantor as those which the Trustee is entitled to exercise as set out in this Condition 13.
- (d) No remedy against the Issuer and/or the Guarantor, other than as referred to in this Condition 13, shall be available to the Trustee (on behalf of the Noteholders or Couponholders) or to the Noteholders or Couponholders, whether for the recovery of amounts owing in respect of the Notes or under the Trust Deed (including the Guarantee) or in respect of any breach by the Issuer and/or the Guarantor of any of its/their other obligations under or in respect of the Notes or the Trust Deed.

14. REPLACEMENT OF NOTES, COUPONS AND TALONS

Should any Note, Coupon or Talon be lost, stolen, mutilated, defaced or destroyed, it may be replaced at the specified office of the Agent upon payment by the claimant of such costs and expenses as may be incurred in connection therewith and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes, Coupons or Talons must be surrendered before replacements will be issued.

15. PAYING AGENTS

The names of the initial Paying Agents and their initial specified offices are set out below. If any additional Paying Agents are appointed in connection with the Notes, the names of such Paying Agents will be specified in the applicable Final Terms.

The Issuer is entitled, with the prior written approval of the Trustee, to vary or terminate the appointment of any Paying Agent and/or appoint additional or other Paying Agents and/or approve any change in the specified office through which any Paying Agent acts, provided that:

- (a) there will at all times be an Agent and a Calculation Agent; and
- (b) so long as the Notes are admitted to trading on the main market of the London Stock Exchange, there will at all times be a Paying Agent with a specified office in such place as may be required by the rules and regulations of the London Stock Exchange.

In addition, the Issuer shall forthwith appoint a Paying Agent having a specified office in New York City in the circumstances described in Condition 7.4. Any variation, termination, appointment or change shall only take effect (other than in the case of insolvency, when it shall be of immediate effect) after not less than 10 nor more than 45 days' prior notice thereof shall have been given to the Noteholders in accordance with Condition 17.

In acting under the Agency Agreement, the Paying Agents act solely as agents of the Issuer and, in certain circumstances specified therein, of the Trustee and do not assume any obligation to, or relationship of agency or trust with, any Noteholders or Couponholders. The Agency Agreement contains provisions permitting any entity into which any Paying Agent is merged or converted or with which it is consolidated or to which it transfers all or substantially all of its assets to become the successor paying agent.

16. EXCHANGE OF TALONS

On and after the Interest Payment Date on which the final Coupon comprised in any Coupon sheet matures, the Talon (if any) forming part of such Coupon sheet may be surrendered at the specified office of the Agent or any other Paying Agent in exchange for a further Coupon sheet including (if such further Coupon sheet does not include Coupons to (and including) the final date for the payment of interest due in respect of the Note to which it appertains) a further Talon, subject to the provisions of Condition 12.

17. NOTICES

All notices regarding the Notes will be deemed to be validly given if published in a leading English language daily newspaper of general circulation in London. It is expected that such publication will be made in the *Financial Times* in London. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of the London Stock Exchange or other relevant authority on which the Notes are for the time being admitted. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, a notice will be given in such other manner, and will be deemed to have been given on such date, as the Trustee shall approve.

Until such time as any definitive Notes are issued, there may, so long as any Global Notes representing the Notes are held in their entirety on behalf of Euroclear and/or Clearstream, Luxembourg, be substituted for such publication in such newspaper(s) the delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg for communication by them to the holders of the Notes and, in addition, for so long as any Notes are admitted to trading on the main market of the London Stock Exchange where the rules of such stock exchange or relevant authority so require, such notice will be published in a daily newspaper of general circulation in the place or places required by those rules. Any such notice shall be deemed to have been given to the holders of the Notes on the day after such notice is delivered to Euroclear and/or Clearstream, Luxembourg.

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together (in the case of any Note in definitive form) with the relative Note or Notes, with the Agent. Whilst any of the Notes are represented by a Global Note, such notice may be given by any holder of a Note to the Agent through Euroclear and/or Clearstream, Luxembourg, as the case may be, in such manner as the Agent and Euroclear and/or Clearstream, Luxembourg, as the case may be, may approve for this purpose.

18. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER AND SUBSTITUTION

The Trust Deed contains provisions for convening meetings (including the holding of physical or, wholly or partly, virtual meetings by means of electronic facility or facilities (including telephone and video conference platforms)) of the Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of the Notes, the Coupons or any of the provisions of the Trust Deed.

Such a meeting may be convened by the Issuer or the Trustee and shall be convened by the Issuer if required in writing by Noteholders holding not less than ten per cent. in nominal amount of the Notes for the time being remaining outstanding. The quorum at any such meeting for passing an Extraordinary Resolution is one or more persons holding or representing not less than 50 per cent. in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting one or more persons being or representing Noteholders whatever the nominal amount of the Notes so held or represented, except that at any meeting the business of which includes the modification of certain provisions of the Notes or the Coupons or the Trust Deed (including the provisions regarding subordination referred to in Condition 2, Condition 3 and/or Condition 4, modifying the date of maturity of the Notes or any date for payment of interest thereon, reducing or cancelling the amount of principal or the rate of interest payable in respect of the Notes, altering the currency of payment of the Notes or the Coupons or the provisions concerning the quorum required at a meeting or the majority required to pass an Extraordinary Resolution), the quorum shall be one or more persons holding or representing not less than two-thirds in nominal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons holding or representing not less than one-third in nominal amount of the Notes for the time being outstanding. An Extraordinary Resolution passed at any meeting of the Noteholders shall be binding on all the Noteholders, whether or not they are present at the meeting, and on all Couponholders.

The agreement or approval of Noteholders or Couponholders shall not be required in the case of any Benchmark Amendments required by the Issuer pursuant to Condition 5.2, or of any variation of these Conditions and/or the Trust Deed required to be made in the circumstances described in Condition 9 in connection with the substitution or variation of the terms of the Notes so that they remain or become Qualifying Notes, to which the Trustee has agreed pursuant to the relevant provisions of Condition 9.

The Trust Deed provides that a resolution in writing signed by, or on behalf of, the holders of not less than 75 per cent. of the nominal amount of the Notes shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of the Noteholders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Noteholders. In the case of Notes represented by a Global Note, the Trust Deed provides that consent given by way of electronic consents through the relevant clearing system(s) (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than 75 per cent. in nominal amount of the Notes for the time being outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of the Noteholders duly convened and held.

A meeting of Noteholders may be held electronically rather than at a physical location or a combination of both in accordance with the procedures set out in the Trust Deed.

The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or the Trust Deed, or determine, without any such consent as aforesaid, that any Event of Default or potential Event of Default shall not be treated as such, where, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the Noteholders so to do or may agree, without any such consent as aforesaid, to any modification which is of a formal, minor or technical nature or to correct a manifest error. In addition, the Trustee shall be obliged to concur with the Issuer in effecting any Benchmark Amendments or any variation of these Conditions and/or the Trust Deed required to be made in the circumstances described in Condition 9 in connection with the substitution or variation of the terms of the Notes so that they remain or become Qualifying Notes, without the consent of the Noteholders or Couponholders. Any such modification or variation shall (unless the Trustee agrees otherwise) be binding on the Noteholders and the Couponholders and any such modification or variation shall be notified to the Noteholders in accordance with Condition 17 as soon as practicable thereafter.

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation or determination), the Trustee shall have regard to the general interests of the Noteholders as a class (but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequences of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 11 and/or any undertaking or covenant given in addition to, or in substitution for, Condition 11 pursuant to the Trust Deed.

If so requested by the Issuer, the Trustee shall, without the consent of the Noteholders, agree to the substitution, on a subordinated basis equivalent to that referred to in Conditions 2 and 3, in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes, the Coupons and the Trust Deed of another company, being a successor in business or a Holding Company (as defined in the Trust Deed) of the Issuer or a Subsidiary (as defined in the Trust Deed) of such Holding Company subject to (a) the Notes being unconditionally and irrevocably guaranteed by the Issuer, (b) certification to the Trustee by two Directors of the Issuer that, in the opinion of the Issuer, the substitution will not be materially prejudicial to the interests of the Noteholders and will not have any adverse effect on the payment in a timely manner of all moneys payable under the Conditions and the Trust Deed, (c) confirmations being received by the Trustee from each rating agency which has, at the request of the Issuer, rated the Notes that the substitution will not adversely affect the then current rating of the Notes, (d) an opinion of independent legal advisers of recognised standing being provided to the Trustee as further described in the Trust Deed and (e) certain other conditions set out in the Trust Deed being complied with.

The Trustee may, without the consent of the Noteholders, agree with the Issuer to the substitution on a subordinated basis equivalent to that referred to in Conditions 2 and 3, in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes, Coupons and the Trust Deed of another company, being a successor in business or a Holding Company (as defined in the Trust Deed) of the Issuer or a Subsidiary (as defined in the Trust Deed) of such Holding Company subject to (a) the Notes being unconditionally and irrevocably guaranteed by the Issuer, (b) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution and (c) certain other conditions set out in the Trust Deed being complied with.

19. INDEMNIFICATION OF THE TRUSTEE AND TRUSTEE CONTRACTING WITH THE ISSUER

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction.

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer, the Guarantor and/or any of their respective Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer, the Guarantor and/or any of their respective Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

20. FURTHER ISSUES

The Issuer shall be at liberty from time to time without the consent of the Noteholders or the Couponholders to create and issue further notes having terms and conditions the same as the Notes or the same in all respects save for the amount and date of the first payment of interest thereon and so that the same shall be consolidated and form a single Series with the outstanding Notes.

21. TERMINATION OF THE GUARANTEE

Notwithstanding any provision of these Conditions, the Trust Deed contains provisions which, for so long as BT Group plc remains the Guarantor, permit a termination of the Guarantee at the sole discretion of the Issuer or the Guarantor where:

- (a) the Issuer or the Guarantor has issued a certificate to the Trustee signed by two Directors of the Issuer or the Guarantor certifying that no Event of Default is continuing; and
- (b) a deed supplemental to the Trust Deed has been entered into discharging the Guarantor's obligations as the guarantor under the Guarantee.

The Guarantor has undertaken in the Trust Deed to promptly notify Holders in accordance with Condition 17 of any such termination of the Guarantee.

22. CONTRACTS (RIGHTS OF THIRD PARTIES) ACT 1999

No person shall have any right to enforce any term or condition of this Note under the Contracts (Rights of Third Parties) Act 1999, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

23. GOVERNING LAW AND SUBMISSION TO JURISDICTION

The Trust Deed, the Agency Agreement, the Notes, the Coupons and any non-contractual obligations arising out of or in connection with the Trust Deed, the Agency Agreement, the Notes and the Coupons are governed by, and shall be construed in accordance with, English law.

- (a) Subject to Condition 23(c) below, the English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with the Trust Deed, the Notes and/or Coupons, including any dispute as to their existence, validity, interpretation, performance, breach or termination or the consequences of their nullity and any dispute relating to any non-contractual obligations arising out of or in connection with the Trust Deed, the Notes and/or Coupons (a **Dispute**) and accordingly, each of the Issuer, the Guarantor, the Trustee and any Noteholders and the Couponholders in relation to any Dispute submits to the exclusive jurisdiction of the English courts.
- (b) For the purpose of this Condition 23, each of the Issuer and the Guarantor waives any objection to the courts of England on the grounds that they are an inconvenient or inappropriate forum to settle any Dispute.
- (c) To the extent allowed by law, the Trustee, the Noteholders and the Couponholders may, in respect of any Dispute or Disputes, take (i) proceedings in any other court with jurisdiction; and (ii) concurrent proceedings in any number of jurisdictions.

The following paragraph does not form part of the terms and conditions of the Notes.

The Issuer intends (without thereby assuming a legal obligation), that if it redeems the Notes or repurchases some or all of the Notes, it will so redeem or repurchase the Notes only to the extent the part of the aggregate principal amount of the Notes to be redeemed or repurchased does not exceed such part of the net proceeds received by the Issuer or any Subsidiary of the Issuer from the sale or issuance by the Issuer or such Subsidiary to third party purchasers (other than group entities of the Issuer) of securities which are assigned by S&P Global Ratings, acting through S&P Global Ratings UK Limited (S&P) an aggregate "equity credit" (or such other nomenclature used by S&P from time to time) that is equal to or greater than the "equity credit" assigned to the Notes at the time of their issuance (but taking into account any changes in hybrid capital methodology or the interpretation thereof since the issuance of the Notes), unless:

- (i) *the long term corporate rating (or such similar nomenclature then used by S&P) assigned by S&P to the Issuer is at least the same as or higher than the long-term corporate credit rating assigned to the Issuer on the date of the most recent additional hybrid issuance (excluding any refinancing transaction of the hybrid securities which were assigned a similar "equity credit" by S&P or such similar nomenclature then used by S&P) and the Issuer is of the view that such rating would not fall below this level as a result of such redemption or repurchase; or*
- (ii) *in the case of a repurchase or redemption, taken together with relevant repurchases or redemptions of other hybrid securities of the Issuer, such repurchase or redemption is of less than (i) 10 per cent. of the aggregate principal amount of the Issuer's hybrid securities outstanding in any period of 12 consecutive months or (ii) 25 per cent. of the aggregate principal amount of the Issuer's hybrid securities outstanding in any period of 10 consecutive years, provided that such repurchase or redemption has no materially negative effect on the Issuer's credit profile; or*
- (iii) *the Notes are not assigned an "equity credit" (or such similar nomenclature then used by S&P) at the time of such redemption or repurchase; or*
- (iv) *the Notes are redeemed pursuant to a Rating Capital Event, an Accounting Event, a Tax Deductibility Event, a Withholding Tax Event or a Change of Control Event; or*

- (v) *in the case of a repurchase, such repurchase relates to an aggregate principal amount of Notes which is less than or equal to the excess (if any) above the maximum aggregate principal amount of the Issuer's hybrid securities to which S&P then assigns equity content under its prevailing methodology; or*
- (vi) *such redemption or repurchase occurs on or after the date specified under the item headed "Replacement Intention" in Part B of the applicable Final Terms.*

USE OF PROCEEDS

Unless otherwise specified in the applicable Final Terms, the net proceeds from each issue of Notes will be applied by the Issuer for the general corporate purposes of the Issuer and/or any of its subsidiaries.

BRITISH TELECOMMUNICATIONS PUBLIC LIMITED COMPANY

INTRODUCTION

British Telecommunications public limited company (**BT** or the **Company**) is a wholly-owned subsidiary of the Guarantor and is its principal operating subsidiary.

BT was incorporated with limited liability in England and Wales under the Companies Acts 1948 to 1981 on 1 April 1984 with registered number 1800000. The registered office of BT is located at 1 Braham Street, London E1 8EE, United Kingdom, and its telephone number is +44 20 7356 5000.

The Guarantor is the listed holding company for an integrated group of businesses that provide communications solutions and services in the UK and globally. The Company holds virtually all businesses and assets of the Group.

BT's purpose is "we connect for good". BT is one of the world's leading communications services companies, serving the needs of customers in the UK and globally, providing fixed, mobile and converged connectivity solutions, including broadband, mobile, TV, networking, IT services and related services and applications.

In the UK, BT is a leading communications services provider, selling products and services to consumers, small and medium sized enterprises and the public sector, as well as communications providers (**CPs**).

BT also sells wholesale products and services to CPs in the UK and around the world. Globally, BT integrates, secures and manages network and cloud infrastructure and services for multinational corporations.

BT's assets and resources include its brand and reputation, people, networks and platforms, properties, its innovation, expertise and intellectual property, and close relationships with people and organisations, including major customers and suppliers. BT deals with its resources in a responsible and sustainable way.

HOW BT IS ORGANISED

BT has three customer-facing units: Consumer, Business and Openreach. They are supported by BT's internal Digital, Networks and Corporate units. The Business unit was formed on 1 January 2023 from the combination of the former Enterprise and Global units. It commenced reporting as a single unit from 1 April 2023.

Consumer and Openreach operate mainly within the UK, selling products and services to consumers, businesses, central and local government organisations and other public sector bodies, as well as CPs. Business operates in the UK and globally, providing solutions for customers in over 180 countries.

In the UK, BT supports CPs through Business, and through Openreach, and globally through Business.

REGULATION

Communications and TV services are regulated by governmental and non-governmental bodies in the UK and around the world. The UK telecoms and broadcasting industries are regulated primarily by Ofcom (the UK's independent communications regulator) within the framework set by the various European directives that are applicable in the UK, the UK Communications Act 2003 and other UK and EU regulations and recommendations. In the countries in the EU, electronic communications networks and services are governed by directives and regulations set by the European Commission. In Europe these create a framework (known as the European Common Regulatory Framework) covering services such as fixed and mobile voice, broadband, cable and satellite transmission.

In other overseas countries, the degree of regulation in international markets varies widely. This can hinder BT's ability to compete and provide the services BT's customers require.

BOARD OF DIRECTORS OF THE ISSUER

As at the date of this Prospectus, the directors of the Issuer, each having as their business address 1 Braham Street, London E1 8EE, United Kingdom, are as follows:

Simon Lowth (appointed 17 October 2017)

Simon Lowth is Chief Financial Officer (**CFO**). Simon was CFO of BG Group before the takeover by Royal Dutch Shell in February 2016. Prior to that, Simon was CFO of AstraZeneca from 2007 to 2013. Simon was an executive director of ScottishPower from 2003 to 2007 having been appointed as the finance director in 2005. Before 2003, Simon was a director of McKinsey & Company.

Neil Harris (appointed 17 October 2017)

Neil Harris is Director, Corporate Finance. Neil joined BT in May 2015. Prior to that, Neil held similar leadership roles at Cable & Wireless, BHP Billiton, Centrica, AstraZeneca and Serco Group. Neil is a Fellow of the Institute of Chartered Accountants in England and Wales and a Chartered Tax Adviser, having trained with Arthur Andersen & Co.

Edward Heaton (appointed 4 March 2020)

Edward is Legal Director, Corporate Transactions and Deputy Company Secretary. Edward has held the Legal Director role since 2018 having joined BT as a Senior Corporate Lawyer in 2014. He was appointed as Deputy Company Secretary in late 2022. Prior to joining BT, Edward was a private practice lawyer specialising in mergers and acquisitions and company law. Edward has been a solicitor of the Senior Courts of England & Wales since 2007.

Daniel Rider (appointed 1 April 2021)

Daniel is Director of Human Resources (**HR**) for the Corporate units. Prior to joining BT in September 2018 Daniel held several senior HR roles at Barclays Bank across Wealth, Investment Banking, Group and Technology. Earlier in his career he held roles in HR at EY and BlueCrest Capital, a London based Hedge Fund.

Roger Michael Eyre (appointed 3 April 2023)

Roger is Director of External Reporting and Financial Control. Roger joined BT in 2016 and before this held various finance roles at T-Mobile and EE. Roger is a member of the Institute of Chartered Accountants in England and Wales having trained with PwC.

There are no potential conflicts of interest between any duties to the Company of any of the directors and their private interests or other duties outside the Group.

BT GROUP PLC

INTRODUCTION

BT Group plc (the **Guarantor**) is the listed holding company for an integrated group of businesses that provide communications solutions and services in the UK and globally. The Issuer holds virtually all businesses and assets of the Group.

The Guarantor was incorporated with limited liability in England and Wales on 30 March 2001 as Newgate Telecommunications Limited with registered number 4190816. The Guarantor re-registered as a public limited company and changed its name to BT Group plc on 11 September 2001. The principal laws and legislation under which the Guarantor operates and the ordinary shares have been created are the Companies Act 2006, as amended and regulations made under it. The registered office of the Guarantor is located at 1 Braham Street, London E1 8EE, United Kingdom, and its telephone number is +44 20 7356 5000.

The Guarantor's equity securities are listed on the London Stock Exchange. In September 2019, the Guarantor delisted from the New York Stock Exchange and terminated its American depository receipts programme in order to reduce reporting costs and complexity. In addition, the Issuer deregistered its United States Securities Exchange Commission (**US SEC**)-registered US dollar-denominated bonds from the US SEC in August 2019. Prior to such deregistration, the Guarantor and the Issuer had concurrent reporting obligations under Section 13 and Section 15(d) of the US Securities Exchange Act of 1934, to file separate annual reports on Form 20-F and other submissions on Form 6-K with the US SEC. In accordance with applicable US SEC rules and guidance, it was decided by the Guarantor and the Issuer to suspend the Issuer's Section 13 and Section 15(d) reporting obligations by having the Guarantor fully and unconditionally guarantee the Issuer's obligations under its then-(US SEC)-registered US dollar-denominated bonds. The guarantees of such bonds were implemented by way of a supplemental indenture dated 27 March 2019 entered into by the Guarantor, the Issuer and Delaware Trust Company as the trustee. In addition, outstanding Notes issued under the Programme and Notes to be issued under the Programme have also been unconditionally and irrevocably guaranteed by the Guarantor under the Deed of Guarantee. Notwithstanding the provisions of the Deed of Guarantee, the obligations of the Issuer in respect of the Subordinated Notes and the Trust Deed are guaranteed under the Trust Deed on a subordinated basis.

ALTICE INVESTMENT

On 10 June 2021, the Guarantor announced that it noted the announcement from Altice UK S.à r.l (**Altice**) of its investment in the Guarantor and its statement of support for its management and strategy. The Guarantor welcomes all investors who recognise the long-term value of its business and the important role it plays in the UK.

Altice also announced on 10 June 2021 that it had acquired 1,200,000,000 shares, equivalent to 12.1 per cent. of the voting rights, of the Guarantor. Altice also confirmed in that announcement that it did not intend to make a takeover offer for the Guarantor. Altice was bound by that statement for the purposes of Rule 2.8 of the UK's Takeover Code up to, and including, 9 December 2021.

On 14 December 2021, the Guarantor announced that it had been notified that Altice has increased its interest in the Guarantor's voting share capital from 12.1 per cent. to 18.0 per cent. That announcement confirmed that the Board and management of the Guarantor will continue to operate the business in the interest of all shareholders and remains focussed on the successful execution of its strategy and building on recent performance momentum.

Altice also announced on 14 December 2021 that it has acquired a further 585,476,188 shares in the Guarantor, increasing its ownership to 1,785,476,188 shares, representing 18.0 per cent. of the Guarantor's issued share capital. In that announcement, Altice also restated its position that it does not intend to make a takeover offer for the Guarantor and Altice is bound by that statement for the purposes of Rule 2.8 of the UK's Takeover Code up to, and including, 13 June 2022.

On 26 May 2022, the Guarantor announced that it has received notification from the Secretary of State for Business, Energy and Industrial Strategy that he has considered the increase by Altice of its shareholding in the Guarantor from 12.1 per cent. to 18 per cent. and is exercising his call-in power under section 1 of the National Security and Investment Act 2021 (the **Act**). On 23 August 2022, the Guarantor announced that it had been notified by the Secretary of State that no further action is to be taken under the Act in relation to the increase by Altice of its shareholding in the Guarantor.

On 23 May 2023, Altice announced that it has acquired a further 650,000,000 shares in the Guarantor, increasing its ownership to 2,435,476,188 shares, which represents approximately 24.5 per cent. of the Guarantor's issued share capital (excluding treasury shares). In that announcement, Altice also restated its position that it does not intend to make a

takeover offer for the Guarantor and Altice is bound by that statement for the purposes of Rule 2.8 of the UK's Takeover Code up to, and including, 22 November 2023.

BOARD OF DIRECTORS OF THE GUARANTOR

As at the date of this Prospectus, the directors of the Guarantor and members of the Executive Committee of the Guarantor, each having as their business address 1 Braham Street, London E1 8EE, United Kingdom, are as follows:

Adam Crozier (appointed chairman in December 2021 and on the Board since November 2021)

Chairman

Experience

Adam was previously chairman of ASOS, Stage Entertainment BV and Vue International Cinema Group, and a non-executive director of Sony Corporation. Adam has had over 20 years' experience as a CEO across four different industries, most recently as the CEO of ITV from 2010 to 2017. Before joining ITV, Adam was chief executive of Royal Mail, where over seven years he led its modernisation and transformation. Prior to Royal Mail he was CEO of the Football Association between 2000 and 2002 and Joint CEO of Saatchi & Saatchi from 1995 to 2000.

Relevant skills and contribution to the Board

Adam has significant experience in leading public company boards, developing teams and managing stakeholders and brings a strong transformational and operational track record in large-scale executive roles. Adam has also built a strong track record in turning around troubled organisations and in building and leading successful management teams.

External appointments

Chairman of Whitbread and Kantar Group

Philip Jansen (appointed chief executive in February 2019 and on the Board since January 2019)

Chief executive

Experience

From April 2013 until joining the Guarantor, Philip was CEO of Worldpay. Before that Philip was CEO and then chairman at Brakes Group between 2010 and 2015. Philip spent the previous six years at Sodexo where he was group chief executive, Europe, South Africa and India. Prior to that Philip was chief operating officer at MyTravel Group from 2002 to 2004 and managing director of Telewest Communications (now Virgin Media) from 2000 to 2002, after initially starting his career at Procter & Gamble.

Relevant skills and contribution to the Board

Extensive experience of leading and growing large private and publicly listed UK and international businesses, delivering transformational change and large technology programmes.

External appointments

Senior adviser at Bain Capital and trustee of Wellbeing of Women.

Simon Lowth (appointed July 2016)

Chief financial officer

Experience

Simon was CFO of BG Group before the takeover by Royal Dutch Shell in February 2016. Prior to that, Simon was CFO of AstraZeneca from 2007 to 2013. Simon was an executive director of ScottishPower from 2003 to 2007 having been appointed as the finance director in 2005. Before 2003, Simon was a director of McKinsey & Company.

Relevant skills and contribution to the Board

A strong background in finance, accounting, risk, corporate strategy and mergers and acquisitions. Simon has experience and a track record of implementing cost transformation and performance improvement programmes.

External appointments

None outside the Group.

Adel Al-Saleh (appointed May 2020)

Non-independent, non-executive director

Experience

Adel has been CEO of T-Systems International GmbH (a subsidiary of Deutsche Telekom AG) since 2018 and is a member of the management board of Deutsche Telekom AG. Adel was CEO of Northgate Information Solutions from 2011 to 2017, and before that held a variety of posts at both IMS Health (now IQVIA) and IBM.

Relevant skills and contribution to the Board

Extensive experience in leading global private and public businesses across many industries. Deep experience in managing global technology and IT services businesses. Strong expertise in telecommunications industry as a whole and particularly B2B businesses. Led several large-scale transformation and digitalisation initiatives in complex environments.

External appointments

Member of the Boston University, College of Engineering Advisory Board.

Ruth Cairnie (appointed April 2023)

Senior independent non-executive director

Experience

Ruth has a wealth of experience gained from a 37 year international career at Royal Dutch Shell holding senior functional and line roles and having responsibility for group strategy and planning. Ruth was a non-executive director and chair of the remuneration committee of Rolls Royce from 2014 to 2019, a non-executive director of ContourGlobal from 2018 to 2019 and non-executive director and chair of the remuneration committee at Keller Group from 2010 to 2017.

Relevant skills and contribution to the Board

Ruth has extensive experience gained from a broad range of executive and non-executive roles at leading industrial companies, both in the UK and Internationally. Ruth also has experience advising government departments on strategic development and capability building.

External appointments

Non-executive director of Associated British Foods having stepped down as senior independent director and Remuneration Committee chair in May 2023. Ruth is also chair of Babcock International Group and a trustee of Windsor Leadership and the White Ensign Association.

Maggie Chan Jones (appointed March 2023)

Independent non-executive director

Experience

Maggie is the founder and CEO of Tenshey, a tech-enabled executive coaching company that focuses on elevating more women and underrepresented people into leadership roles and the boardroom. This builds on a highly successful career in marketing at several of the world's largest technology companies, including Microsoft and SAP.

Relevant skills and contribution to the Board

Deep international marketing and brand experience. Maggie is a recognised executive in business transformation, ESG and as an industry thought-leader in the marketing and technology sector.

External appointments

Maggie is the founder and chief executive of Tenshey, Inc. and a non-executive director of Sage Group. Maggie is also a non-executive advisor to Open Systems AG.

Sir Ian Cheshire (appointed March 2020)

Independent non-executive director until the conclusion of the Annual General Meeting of the Guarantor on 13 July 2023

Experience

Ian was chairman of Barclays Bank UK until December 2020 and a non-executive director of Barclays until May 2021. Ian was also previously group chief executive of Kingfisher and senior independent director and remuneration committee chair of Whitbread. Ian held a variety of posts whilst at Kingfisher from 1998 to 2014, including chief executive of B&Q from 2005 to 2008 and group chief executive from 2008 to 2014. Ian was also previously the chairman of Debenhams and the lead non-executive director for HM Government and former chairman of the Corporate Leaders Group on Climate Change.

Relevant skills and contribution to the Board

A wealth of listed company experience, with a notable background in strategy, international retail and eCommerce as well as extensive experience of government.

External appointments

Chairman of Channel 4, Spire Healthcare Group and We Mean Business and a non-executive director at Land Securities. Also chairman of Menhaden Resource Efficiency, a UK investment trust and Chair of The Prince of Wales's Charitable Fund.

Iain Conn (appointed June 2014)

Senior independent non-executive director until the conclusion of the Annual General Meeting of the Guarantor on 13 July 2023

Experience

Iain was group chief executive of Centrica for over five years from 2015 to 2020. Prior to that, Iain spent 29 years at BP and was a board director for ten years from 2004 to 2014 including as chief executive Downstream from 2007 to 2014, and a member of the executive committee from 2002 to 2014. Until May 2014, Iain was a non-executive director of Rolls-Royce for nine years and senior independent director. Iain also served as a member of Council of the Imperial College from 2010 to 2019 and was chairman of the advisory board of the Imperial College Business School from 2004 to 2020.

Relevant skills and contribution to the Board

Deep experience in the global energy markets, industrial operations, regulated consumer markets, and in finance, technology and engineering. Broad international experience.

External appointments

Non-executive director of Applegreen. Senior adviser to Blackstone on energy, infrastructure and sustainability and to the Boston Consulting Group. Iain is also adviser to Oxford Sciences Innovation and an advisory board member of Columbia University Center on Global Energy Policy.

Steven Guggenheimer (appointed October 2022)

Independent non-executive director

Experience

Steven has more than 25 years of experience at Microsoft, where he held a variety of senior and large-scale leadership roles between 1993 and 2020. The last 12 years he held the position of corporate vice president leading the OEM, Developer, and AI/Partner organisations. Prior to joining Microsoft, Steven worked at Spectra-Physics Lasers.

Relevant skills and contribution to the Board

Accomplished technology executive with a strong track record of advising businesses on digital transformation and extensive insight into technologies ranging from artificial intelligence to cloud computing.

External appointments

Steven is a non-executive director of HSBC Holdings, Forrit, Software Acquisition Group and Leupold & Stevens. He is also an advisor to the 5G Open Innovation Lab and UC Davis – Department of Physics and Tensility Venture Partners.

Isabel Hudson (appointed November 2014)

Independent non-executive director and designated non-executive director for workforce engagement

Experience

Isabel was previously non-executive chair of National House Building Council until May 2020. Isabel was also previously senior independent director of RSA Insurance, non-executive director of The Pensions Regulator, MGM Advantage, QBE Insurance, Standard Life and an executive director of Prudential Assurance Company in the UK.

Relevant skills and contribution to the Board

A wealth of experience in financial services, in the life, non-life and pensions industries as well as risk, control, governance and international business. Insight and expertise in regulatory, pensions and financial matters.

External appointments

Non-executive director and chair of the audit committee of Axa S.A. and an ambassador for the disability charity, SCOPE.

Matthew Key (appointed October 2018)

Independent non-executive director

Experience

Matthew held various positions at Telefónica from 2007 to 2014 including as chairman and CEO of Telefónica Europe and chairman and CEO of Telefónica Digital. From 2002 to 2004 Matthew was the CFO, strategy and regulation director of O2 UK before becoming CEO in 2004. Matthew has also served as finance director at Vodafone UK and chairman of Tesco Mobile. Matthew has previously held positions at companies including Kingfisher, Coca-Cola and Schweppes Beverages and Grand Metropolitan.

Relevant skills and contribution to the Board

Strong strategic skills and a wealth of experience in finance and the telecoms sector. Matthew is also a director of the joint venture between BT Group and Warner Media Discovery.

External appointments

Non-executive director and audit committee chair of Burberry. Matthew will step down from this role at the Burberry Annual General Meeting in July 2023.

Allison Kirkby (appointed March 2019)

Independent non-executive director

Experience

Allison was appointed president and CEO of Telia Company in May 2020. Allison was previously president and group CEO of TDC Group until October 2019, and president and group CEO of Tele2 AB from 2015 to 2018, having been Tele2 AB's Group CFO from 2014. Allison was chair of the audit committee and a non-executive director of Greggs until May 2019. Allison has also held financial and operational roles within 21st Century Fox, Virgin Media, Procter & Gamble and Guinness.

Relevant skills and contribution to the Board

Valuable and recent experience in finance and the international telecoms and media sector, combined with strong experience in driving performance, improving customer service and delivering shareholder value.

External appointments

President & CEO of Telia Company AB and non-executive director and member of Audit Committee of Brookfield Asset Management Ltd.

Sara Weller (appointed July 2020)

Independent non-executive director

Experience

Sara's previous roles include managing director of Argos and various senior positions at J Sainsbury, including deputy managing director and serving on its board between 2002 and 2004. Sara was a non-executive director of Lloyds Banking Group until May 2021 and United Utilities Group until July 2020. Sara was also the lead non-executive director at the Department for Work and Pensions until April 2020. Sara has also previously been a non-executive director of Mitchells & Butlers and held senior management roles at Abbey National and Mars Confectionery.

Relevant skills and contribution to the Board

A broad perspective coming from a background in retail, fast moving consumer goods and financial services, as well as strong board experience at both executive and non-executive level.

External appointments

None outside the Group.

Sabine Chalmers (appointed April 2018 as general counsel and appointed director of regulatory affairs from May 2021 as well as Company Secretary in September 2021)

Group general counsel, company secretary and director of regulatory affairs

Having joined BT in 2018 as group general counsel and a member of the Executive Committee, Sabine subsequently became director of regulatory affairs from May 2021 and was appointed as company secretary in September 2021. Prior to joining BT, Sabine was chief legal and corporate affairs officer and company secretary of Anheuser-Busch InBev for 12 years. She also held various legal leadership roles at Diageo. Sabine is qualified to practise law in England and Wales and New York State.

External appointments

Non-executive director of Anheuser-Busch InBev and of the Court of Directors of the Bank of England.

There are no potential conflicts of interest between any duties to the Guarantor of any of the directors or any members of the Executive Committee of the Guarantor and their private interests or other duties outside the Group.

EXECUTIVE COMMITTEE OF THE GUARANTOR

The Executive Committee provides input and recommendations to assist the chief executive with strategy development and operational management. It is chaired by the chief executive.

The Executive Committee assists the chief executive to:

- (a) develop group strategy and budget for approval by the Board;
- (b) execute the strategy once the Board approves it; and
- (c) give assurance to the Board on overall performance and management of risks.

The chief executive, or his delegate, take all decisions. This is so there is a single point of accountability.

Philip Jansen (appointed as chief executive in February 2019 and to the Board in January 2019)

Chief executive

From April 2013 until joining the Guarantor, Philip was CEO of Worldpay. Before that Philip was CEO and then chairman at Brakes Group between 2010 and 2015. Philip spent the previous six years at Sodexo where he was group chief executive, Europe, South Africa and India. Prior to that Philip was chief operating officer at MyTravel Group from 2002 to 2004 and managing director of Telewest Communications (now Virgin Media) from 2000 to 2002, after initially starting his career at Procter & Gamble.

External appointments

Senior adviser at Bain Capital and trustee of Wellbeing of Women.

Simon Lowth (appointed July 2016)

Chief financial officer

Simon was CFO of BG Group before the takeover by Royal Dutch Shell in February 2016. Prior to that, Simon was CFO of AstraZeneca from 2007 to 2013. Simon was an executive director of ScottishPower from 2003 to 2007 having been appointed as the finance director in 2005. Before 2003, Simon was a director of McKinsey & Company.

External appointments

None outside the Group.

Marc Allera (appointed September 2017)

CEO, Consumer

Marc is also chairman and a BT appointed director of the sports joint venture between BT Group and Warner Bros. Discovery. Marc was previously CEO, EE and prior to that chief commercial officer for EE from 2011 to 2015. Marc spent ten years at Three UK as sales and marketing director and chief commercial officer. Prior to that, Marc was general manager of Sega UK and Europe.

External appointments

None outside the Group.

Bas Burger (appointed July 2016)

CEO, Business

Bas was formerly CEO BT Global and prior to this was president, BT in the Americas, Global Services. Bas joined BT in 2008 as CEO Benelux. Before joining BT, Bas was executive president and a member of the management committee of Getronics NV, where he ran global sales, channels and partnerships, developing the company's international business. Bas was also CEO and managing director of KPN Entercom Solutions.

External appointments

None outside the Group.

Harmeen Mehta (appointed March 2021)

Chief digital and innovation officer

Harmeen is a global leader in incubating new businesses and creating revenue streams, with over 25 years' experience of digital transformation and running technology-led businesses. Before joining BT, Harmeen was group chief information officer (CIO) and head of cloud & security business at Bharti Airtel. Harmeen has experience leading digital, engineering, IT and innovation transformation. Harmeen has previously been CIO at Bank of America Merrill Lynch, BBVA and HSBC.

External appointments

Non-executive director of Lloyds Banking Group and Max Healthcare Institute.

Ed Petter (appointed November 2016)

Corporate affairs director

Ed was formerly deputy director of corporate affairs at Lloyds Banking Group. Prior to that he held corporate affairs roles at McDonald's Europe, McKinsey & Company and the Blue Rubicon communications consultancy, having previously worked as a news producer and editor at the BBC.

External appointments

None outside the Group.

Howard Watson (appointed February 2016 as chief technology and information officer, became chief technology officer in March 2021 and became chief security and networks officer in September 2022)

Chief security and networks officer

Howard's expanded role put security at the core of BT's business. Howard was formerly chief architect and managing director of global IT systems and led the technical teams behind the launch of BT Sport in 2013. Howard joined BT in 2011 and has 40 years of telecoms experience having spent time at Telewest Communications (now Virgin Media) and Cartesian, a telecommunications consultancy and software company.

External appointments

None outside the Group.

Athalie Williams (appointed December 2022)

Chief Human Resources Officer

Before joining BT, Athalie was chief people officer for BHP, the world's largest mining and resources company. She led BHP's organisation, people and culture transformation agenda and shaped their industry-leading inclusion and diversity agenda. Before that, Athalie was general manager, cultural transformation for National Australia Bank. She also spent 14

years leading complex business transformation and change programmes in Australia and Asia as an organisation strategy and change management consultant with Accenture (formerly Andersen Consulting).

External appointments

None outside the Group.

Sabine Chalmers (appointed April 2018 as general counsel and appointed director of regulatory affairs from May 2021 as well as Company Secretary in September 2021)

Group general counsel, company secretary and director of regulatory affairs

Having joined BT in 2018 as group general counsel and a member of the Executive Committee, she subsequently became director of regulatory affairs from May 2021 and was appointed as company secretary in September 2021. Prior to joining BT, Sabine was chief legal and corporate affairs officer and company secretary of Anheuser-Busch InBev for 12 years. Sabine also held various legal leadership roles at Diageo. Sabine is qualified to practise law in England and Wales and New York State.

External appointments

Non-executive director of Anheuser-Busch InBev and of the Court of Directors of the Bank of England.

Clive Selley (appointed February 2016)

Executive Committee Invitee, CEO, Openreach

Clive was formerly CEO, Technology, Service & Operations, CEO innovate & design and before that president, Global Services portfolio & service design. The CEO, Openreach cannot be a member of the Executive Committee under the provisions of the commitments BT gave to Ofcom (the independent regulator for the UK communications industries) to provide Openreach with greater strategic and operational independence following Ofcom's strategic review of the digital communications market. Clive attends Executive Committee meetings as appropriate.

External appointments

None outside the Group.

There are no potential conflicts of interest between any duties to the Guarantor of any of the directors or any members of the Executive Committee of the Guarantor and their private interests or other duties outside the Group.

TAXATION

UNITED KINGDOM

The following applies only to persons who are the beneficial owners of Notes and is a summary of the Issuer's understanding of current UK law (as applied in England and Wales) and HM Revenue & Customs practice (which may not be binding on HM Revenue & Customs), in each case as at the date of this Prospectus, relating only to UK withholding tax on payments of interest in respect of the Notes. It does not deal with any of the other UK tax implications of acquiring, holding or disposing of the Notes. It assumes that there will be no substitution of the Issuer and does not address the consequences of any such substitution (notwithstanding that such substitution may be permitted by the terms and conditions of the Notes). The UK tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who may be subject to tax in a jurisdiction other than the UK or who may be unsure as to their tax position should seek their own professional advice.

Payment of interest on the Notes

There is no UK withholding tax on interest payments made in respect of securities which (i) are issued by a company, (ii) carry a right to interest and (iii) are and continue to be listed on a "recognised stock exchange", as defined in section 1005 of the Income Tax Act 2007 as it applies for the purposes of section 987 of the Act. The London Stock Exchange is a recognised stock exchange for these purposes. The Notes will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the FSMA) and are admitted to trading on the Main Market (excluding the High Growth Segment) of the London Stock Exchange. Provided, therefore, that the Notes carry a right to interest and are and remain so listed, interest on the Notes will be payable without withholding or deduction for or on account of UK tax.

Interest on the Notes may also be payable without withholding or deduction for or on account of UK tax in cases where the maturity of the Notes is less than 365 days and those Notes do not form part of a scheme or arrangement of borrowing intended to be capable of remaining outstanding for more than 364 days.

In other cases, an amount must generally be withheld from payments of interest on the Notes that has a UK source on account of UK income tax at the basic rate (currently 20 per cent.), subject to any other available exemptions and reliefs. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HM Revenue & Customs can issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Depending on the correct legal analysis of any payments made by the Guarantor as a matter of UK tax law, it is possible that payments by the Guarantor would be subject to withholding on account of UK tax, subject to any applicable exemptions or reliefs (and noting that not all of the exemptions and reliefs set out above would necessarily be applicable).

The references to "interest" in this United Kingdom Taxation section means "interest" as that term is understood for UK tax purposes, and in particular any premium element of the redemption amount of any Notes redeemable at a premium may constitute a payment of interest subject to the withholding tax provisions discussed above. In certain cases, the same could be true for amounts of discount where Notes are issued at a discount. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the Terms and Conditions of the Senior Notes or Terms and Conditions of the Subordinated Notes, as applicable, or any related documentation.

PROPOSED FINANCIAL TRANSACTION TAX (FTT)

On 14 February 2013, the European Commission published a proposal (the **Commission's Proposal**) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (each, other than Estonia, a **participating Member State**). However, Estonia has since stated that it will not participate.

The Commission's Proposal has very broad scope and could, if introduced, apply to certain dealings in the Notes (including secondary market transactions) in certain circumstances. Primary market transactions referred to in Article 5(c) of Regulation (EC) No. 1287/2006 are expected to be exempt.

The Commission's Proposal has not yet been implemented. However, the Commission has stated that if no agreement was reached by the participating Member States by the end of 2022, the Commission would make new proposals. The Commission stated that it would endeavour to make any such proposals by June 2024, with a view to introduction in 1

January 2026. However, at the current time the status of the participating Member States' negotiations, and the scope and timing of any new proposals by the Commission, remain unclear.

Prospective holders of the Notes are advised to seek their own professional advice in relation to the FTT.

SUBSCRIPTION AND SALE

The Issuer has, in a programme agreement (such Programme Agreement as modified and/or amended and restated from time to time, the **Programme Agreement**) dated 9 June 2023, agreed a basis upon which Dealers may from time to time agree to purchase Notes. Any such agreement will extend to those matters stated under “*Form of the Notes*” and “*Terms and Conditions of the Senior Notes*” and “*Terms and Conditions of the Subordinated Notes*”. In the Programme Agreement, the Issuer has agreed to reimburse the Dealers for certain of their expenses in connection with the establishment and any future update of the Programme and the issue of Notes under the Programme and to indemnify the Dealers against certain liabilities incurred by them in connection therewith.

United States

The Notes have not been and will not be registered under the Securities Act or with any securities regulatory authority of any state or other jurisdiction of the United States and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

The Notes are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a United States person, except in certain transactions permitted by U.S. Treasury regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code of 1986, as amended and Treasury regulations promulgated thereunder. The applicable Final Terms will identify whether TEFRA C Rules or TEFRA D Rules apply or whether TEFRA is not applicable.

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer, sell or deliver Notes: (a) as part of their distribution at any time; or (b) otherwise until 40 days after the completion of the distribution of all Notes of the Tranche of which such Notes are a part, within the United States or to, or for the account or benefit of, U.S. persons. Each Dealer has further agreed, and each further Dealer appointed under the Programme will be required to agree, that it will send to each dealer to which it sells any Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Until 40 days after the commencement of the offering of any Series of Notes, an offer or sale of such Notes within the United States by any dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with an available exemption from registration under the Securities Act.

Prohibition of Sales to EEA Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to any retail investor in the EEA. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) a retail client as defined in point (11) of Article 4(1) of MiFID II; or
 - (ii) a customer within the meaning of Insurance Distribution Directive (Directive (EU) 2016/97 (as amended)), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II; or
 - (iii) not a qualified investor as defined in Article 2 of the Prospectus Regulation; and
- (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

United Kingdom

Prohibition of Sales to UK Retail Investors

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it has not offered, sold or otherwise made available and will not offer, sell or otherwise make available any Notes which are the subject of the offering contemplated by this Prospectus as completed by the Final Terms in relation thereto to any retail investor in the UK. For the purposes of this provision:

- (a) the expression “retail investor” means a person who is one (or more) of the following:
 - (i) a retail client, as defined in point (8) of Article 2 of Regulation (EU) 2017/565 as it forms part of UK domestic law by virtue of the EUWA; or
 - (ii) a customer within the meaning of the provisions of the FSMA and any rules or regulations made under the FSMA to implement Directive (EU) 2016/97, where that customer would not qualify as a professional client, as defined in point (8) of Article 2(1) of Regulation (EU) No 600/2014 as it forms part of UK domestic law by virtue of the EUWA; or
 - (iii) not a qualified investor as defined in Article 2 of the UK Prospectus Regulation; and
- (b) the expression an “offer” includes the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe for the Notes.

Other regulatory restrictions

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that:

- (a) in relation to any Notes which have a maturity of less than one year: (i) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business; and (ii) it has not offered or sold and will not offer or sell any Notes other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or as agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of Section 19 of the FSMA by the Issuer;
- (b) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- (c) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the UK.

Belgium

Each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that an offering of Notes may not be advertised to any individual in Belgium qualifying as a consumer within the meaning of Article I.1 of the Belgian Code of Economic Law, as amended from time to time (a **Belgian Consumer**) and that it has not offered, sold or resold, transferred or delivered, and will not offer, sell, resell, transfer or deliver, the Notes, and that it has not distributed, and will not distribute, any prospectus, memorandum, information circular, brochure or any similar documents in relation to the Notes, directly or indirectly, to any Belgian Consumer.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended; the **FIEA**) and each Dealer has represented and agreed, and each further Dealer appointed under the Programme will be required to represent and agree, that it will not offer or sell any Notes, directly or indirectly, in Japan or to, or for the benefit of, any resident of Japan (as defined under Item 5, Paragraph 1, Article 6 of the Foreign Exchange and Foreign Trade Act (Act No. 228 of 1949, as amended)), or to others for re-offering or resale, directly or indirectly, in Japan or to, or for the benefit of, a resident of Japan, except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the FIEA and any other applicable laws, regulations and ministerial guidelines of Japan.

Singapore

Each Dealer has acknowledged, and each further Dealer appointed under the Programme will be required to acknowledge, that this Prospectus has not been and will not be registered as a prospectus with the Monetary Authority of Singapore. Accordingly, each Dealer has represented, warranted and agreed, and each further Dealer appointed under the Programme will be required to represent, warrant and agree, that it has not offered or sold, and will not offer or sell, any Notes or caused the Notes to be made the subject of an invitation for subscription or purchase and will not offer or sell any Notes or cause the Notes to be made the subject of an invitation for subscription or purchase, and has not circulated or distributed, nor will it circulate or distribute, this Prospectus or any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of any Notes, whether directly or indirectly, to any person in Singapore other than: (a) to an institutional investor (as defined in Section 4A of the Securities and Futures Act 2001 of Singapore, as

modified or amended from time to time (the **SFA**) pursuant to Section 274 of the SFA; (b) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1) of the SFA, or any person pursuant to Section 275(1A) of the SFA, and in accordance with the conditions specified in Section 275 of the SFA; or (c) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Notes are subscribed or purchased under Section 275 of the SFA by a relevant person which is:

- (a) a corporation (which is not an accredited investor (as defined in Section 4A of the SFA)) the sole business of which is to hold investments and the entire share capital of which is owned by one or more individuals, each of whom is an accredited investor; or
- (b) a trust (where the trustee is not an accredited investor) whose sole purpose is to hold investments and each beneficiary of the trust is an individual who is an accredited investor,

securities or securities-based derivatives contracts (each term as defined in Section 2(1) of the SFA) of that corporation or the beneficiaries' rights and interest (howsoever described) in that trust shall not be transferred within six months after that corporation or that trust has acquired the Notes pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person (as defined in Section 275(2) of the SFA), or to any person arising from an offer referred to in Section 275(1A) or Section 276(4)(c)(ii) of the SFA;
- (ii) where no consideration is or will be given for the transfer;
- (iii) where the transfer is by operation of law;
- (iv) as specified in Section 276(7) of the SFA; or
- (v) as specified in Regulation 37A of the Securities and Futures (Offers of Investments) (Securities and Securities-based Derivatives Contracts) Regulations 2018 of Singapore.

Singapore SFA Product Classification: In connection with Section 309B of the SFA and the Securities and Futures (Capital Markets Products) Regulations 2018 of Singapore (the **CMP Regulations 2018**), unless otherwise specified before an offer of Notes, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A(1) of the SFA), that the Notes are 'prescribed capital markets products' (as defined in the CMP Regulations 2018) and Excluded Investment Products (as defined in MAS Notice SFA 04-N12: Notice on the Sale of Investment Products and MAS Notice FAA-N16: Notice on Recommendations on Investment Products).

Canada

The Notes may be sold only to purchasers purchasing, or deemed to be purchasing, as principal that are accredited investors, as defined in National Instrument 45-106 Prospectus Exemptions or subsection 73.3(1) of the Securities Act (Ontario), and are permitted clients, as defined in National Instrument 31-103 Registration Requirements, Exemptions and Ongoing Registrant Obligations. Any resale of the Notes must be made in accordance with an exemption from, or in a transaction not subject to, the prospectus requirements of applicable securities laws.

Securities legislation in certain provinces or territories of Canada may provide a purchaser with remedies for rescission or damages if this Prospectus (including any amendment thereto) contains a misrepresentation, provided that the remedies for rescission or damages are exercised by the purchaser within the time limit prescribed by the securities legislation of the purchaser's province or territory. The purchaser should refer to any applicable provisions of the securities legislation of the purchaser's province or territory for particulars of these rights or consult with a legal advisor.

General

Each Dealer has agreed and each further Dealer appointed under the Programme will be required to agree that it will comply with all applicable securities laws and regulations in force in any jurisdiction in which it purchases, offers, sells or delivers Notes or possesses or distributes this Prospectus and will obtain any consent, approval or permission required by it for the purchase, offer, sale or delivery by it of Notes under the laws and regulations in force in any jurisdiction to which it is subject or in which it makes such purchases, offers, sales or deliveries and none of the Issuer, the Guarantor, the Trustee or any of the other Dealers shall have any responsibility therefor.

None of the Issuer, the Guarantor, the Trustee and the Dealers represents that Notes may at any time lawfully be sold in compliance with any applicable registration or other requirements in any jurisdiction, or pursuant to any exemption available thereunder, or assumes any responsibility for facilitating such sale.

GENERAL INFORMATION

Authorisation

The issue of Notes under the Programme and the maximum aggregate nominal amount of all Notes outstanding at any time under the Programme of €20,000,000,000 (or its equivalent in other currencies) have been duly authorised by resolutions of the Board of Directors of the Issuer dated 14 June 2018 and 11 September 2020. The entry into the Deed of Guarantee and the granting of the Guarantee with respect to Subordinated Notes have been duly authorised by resolutions of the Board of Directors of the Guarantor dated 4 March 2019 and 15 May 2023, respectively.

Listing of Notes

It is expected that each Tranche of Notes will be admitted to the Official List and to trading on the Market separately as and when such Tranche of Notes is issued. Application has been made to the FCA for Notes issued under the Programme to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the Market. The listing of the Programme in respect of Notes is expected to be granted on or around 14 June 2023.

Documents Available

For the period of 12 months following the date of this Prospectus, copies of the following documents will, when published, be available for inspection on the website of the Issuer (<https://www.bt.com/about/investors>):

- (a) the Articles of Association of the Issuer and of the Guarantor;
- (b) the Annual Report and Financial Statements of the Issuer which contains the auditors' report and audited consolidated annual financial statements of the Issuer in respect of the financial year ended 31 March 2023;
- (c) the Annual Report and Financial Statements of the Issuer which contains the auditors' report and audited consolidated annual financial statements of the Issuer in respect of the financial year ended 31 March 2022;
- (d) the Annual Report 2023 of the Guarantor which contains the auditors' report and audited consolidated annual financial statements of the Guarantor in respect of the financial year ended 31 March 2023;
- (e) the Annual Report 2022 of the Guarantor which contains the auditors' report and audited consolidated annual financial statements of the Guarantor in respect of the financial year ended 31 March 2022;
- (f) the Agency Agreement, the Trust Deed (which contains the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons) and the Deed of Guarantee; and
- (g) a copy of this Prospectus.

The Prospectus and any future prospectuses, supplements and any other documents incorporated therein by reference and, in the case of an issue of Notes that are admitted to the Official List and admitted to trading on the Market, the Final Terms, will be published on the website of the London Stock Exchange at <https://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html> and will be available at <https://data.fca.org.uk/#nsm/nationalstoragemechanism>.

In addition, the Terms and Conditions of the Senior Notes contained in the previous Prospectuses dated 29 May 2015 (pages 30-55 inclusive); 16 June 2017 (pages 28-53 inclusive); 15 June 2018 (pages 31-56 inclusive); 16 July 2019 (pages 34-62 inclusive); and 17 June 2022 (pages 40-72 inclusive) prepared by the Issuer in connection with the Programme are available at <https://data.fca.org.uk/#nsm/nationalstoragemechanism>.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg will be specified in the applicable Final Terms. If the Notes are to clear through an additional or alternative clearing system, the appropriate information will be specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking S.A., 42 Avenue JF Kennedy, L-1855 Luxembourg.

Conditions for determining price

The price and amount of Notes to be issued under the Programme will be determined by the Issuer and each relevant Dealer at the time of issue in accordance with prevailing market conditions.

Significant or Material Change

- (i) There has been no significant change in the financial performance or financial position of the Issuer and its consolidated subsidiaries (considered as a whole) since 31 March 2023, the date of the most recently published financial information of the Issuer. There has been no material adverse change in the prospects of the Issuer since 31 March 2023, the date of the most recently published audited financial information of the Issuer; and
- (ii) There has been no significant change in the financial performance or financial position of the Guarantor and its consolidated subsidiaries (considered as a whole) since 31 March 2023, the date of the most recently published financial information of the Guarantor. There has been no material adverse change in the prospects of the Guarantor since 31 March 2023, the date of the most recently published audited financial information of the Guarantor.

Litigation

Save as disclosed in note 9 and note 18 to the Issuer's consolidated financial statements on pages 53 and 54 and pages 71 to 73, respectively, of its Annual Report and Financial Statements for the year ended 31 March 2023, incorporated by reference in this Prospectus, and in note 9 and note 19 to the Guarantor's consolidated financial statements on pages 166 to 168 and pages 187 to 189, respectively, of its Annual Report 2023, incorporated by reference in this Prospectus, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantor is aware) in the 12 months preceding the date of this Prospectus which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Guarantor and their respective consolidated subsidiaries.

Auditors

The Issuer

The auditors of the Issuer are KPMG LLP (Registered Auditors and a member of the Institute of Chartered Accountants in England and Wales), who have audited the Issuer's accounts, without qualification, in accordance with generally accepted auditing standards in the UK for the financial years ended on 31 March 2023 and 31 March 2022. The auditors of the Issuer have no material interest in the Issuer.

The Guarantor

The auditors of the Guarantor are KPMG LLP (Registered Auditors and a member of the Institute of Chartered Accountants in England and Wales), who have audited the Guarantor's accounts, without qualification, in accordance with generally accepted auditing standards in the UK for the financial years ended on 31 March 2023 and 31 March 2022. The auditors of the Guarantor have no material interest in the Guarantor.

Post-issuance information

The Issuer does not intend to provide any post-issuance information in relation to any issues of Notes.

Dealers transacting with the Issuer and/or the Guarantor

Certain of the Dealers and their affiliates may have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuer and its affiliates in the ordinary course of business and/or for companies involved directly or indirectly in the sector in which the Issuer and its affiliates operate, and for which such Dealers have received or may receive customary fees, commissions, reimbursement of expenses and indemnification. Certain of the Dealers may also have positions, deals or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuer and its affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. They have received, or may in the future receive, customary fees and commissions for these transactions. Certain of the Dealers may from time to time also enter into swap and other derivative transactions with the Issuer and its affiliates.

In addition, in the ordinary course of their business activities, the Dealers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or its affiliates. The Dealers and/or their affiliates may receive allocations of the Notes (subject to customary conditions), which could affect future trading of the Notes. Certain of the Dealers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

Trust Deed

The Trust Deed provides that the Trustee may rely on certificates or reports from the auditors and/or any other expert (whether or not addressed to the Trustee) as sufficient evidence of the facts stated therein notwithstanding that such certificate or report and/or any engagement letter or other document entered into by the Trustee and the auditors or such other expert in connection therewith contains a monetary or other limit on the liability of the auditors or such other expert in respect thereof.

Yield

In relation to any Tranche of Subordinated Notes or (in the case of Senior Notes) Fixed Rate Notes, an indication of the yield in respect of such Notes will be specified in the applicable Final Terms. The yield is calculated at the Issue Date of the Notes on the basis of the relevant Issue Price. The yield indicated will be calculated as the yield to maturity as at the Issue Date of the Notes and will not be an indication of future yield.

Websites

In this Prospectus, references to websites or uniform resource locators (**URLs**) are inactive textual references. The contents of any such website or URL shall not form part of, or be deemed to be incorporated by reference into, this Prospectus, unless that information is incorporated by reference into this Prospectus.

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GUARANTOR

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London E1 8EE

TRUSTEE

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London EC2N 4AG

ISSUING AND PRINCIPAL PAYING AGENT

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