



**BRITISH TELECOMMUNICATIONS PUBLIC LIMITED COMPANY**

*(incorporated with limited liability in England and Wales under the Companies Acts 1948 to 1981)  
(Registered Number: 1800000)*

**U.S.\$500,000,000 NC5.25 CAPITAL SECURITIES DUE 2081  
U.S.\$500,000,000 NC10 CAPITAL SECURITIES DUE 2081**

**Fully and Unconditionally Guaranteed by  
BT Group plc**

*(incorporated with limited liability in England and Wales under the Companies Acts 1948 to 1981)  
(Registered Number: 4190816)*

The U.S.\$500,000,000 NC5.25 Capital Securities due 2081 (the “Tranche 1 Securities”) and the U.S.\$ 500,000,000 NC10 Capital Securities due 2081 (the “Tranche 2 Securities”, and together with the Tranche 1 Securities, the “Securities”) will be issued by British Telecommunications public limited company (the “Issuer”) on 23 November 2021 (the “Issue Date”) and guaranteed on a subordinated basis as described herein by BT Group plc (the “Guarantor” and the “Guarantee” respectively, the Guarantee in respect of the Tranche 1 Securities and the Guarantee in respect of the Tranche 2 Securities being together referred to as the “Guarantees”). The Tranche 1 Securities will bear interest on their principal amount from (and including) the Issue Date to (but excluding) 23 November 2081 (the “Maturity Date”). From (and including) the Issue Date to (but excluding) 23 February 2027 (the “First Tranche 1 Reset Date”) the Tranche 1 Securities will bear interest on their principal amount at a rate of 4.250 per cent. per annum, payable semi-annually in arrear on 23 February and 23 August in each year. The first payment of interest, to be made on 23 August 2022, will be in respect of the period from (and including) the Issue Date to (but excluding) 23 August 2022, representing a long first coupon. Thereafter, unless previously redeemed, the Tranche 1 Securities will bear interest from (and including) the First Tranche 1 Reset Date to (but excluding) the First Tranche 1 Step-up Date at a rate per annum which shall be 298.5 bps above the 5-Year Treasury Rate (as defined in the “Terms and Conditions of the Tranche 1 Securities” (the “Tranche 1 Conditions”)), payable semi-annually in arrear on 23 February and 23 August in each year. From (and including) the First Tranche 1 Step-up Date to (but excluding) the Second Tranche 1 Step-up Date the Securities will bear interest at a rate per annum which shall be 323.5 bps above the 5-Year Treasury Rate payable semi-annually in arrear on 23 February and 23 August in each year. From (and including) the Second Tranche 1 Step-up Date to (but excluding) the Maturity Date, the Tranche 1 Securities will bear interest at a rate per annum which shall be 398.5 bps above the 5-Year Treasury Rate payable semi-annually in arrear on 23 February and 23 August in each year, all as more particularly described in “Terms and Conditions of the Tranche 1 Securities — Interest Payments”.

The Tranche 2 Securities will bear interest on their principal amount from (and including) the Issue Date to (but excluding) 23 November 2081 (the “Maturity Date”). From (and including) the Issue Date to (but excluding) 23 November 2031 (the “First Tranche 2 Step-up Date”) at a rate of 4.875 per cent. per annum, payable semi-annually in arrear on 23 May and 23 November in each year. From (and including) the First Tranche 2 Step-up Date to (but excluding) the Second Tranche 2 Step-up Date the Securities will bear interest at a rate per annum which shall be 349.3 bps above the 5-Year Treasury Rate payable semi-annually in arrear on 23 May and 23 November in each year. From (and including) the Second Tranche 2 Step-up Date to (but excluding) the Maturity Date, the Tranche 2 Securities will bear interest at a rate per annum which shall be 424.3 bps above the 5-Year Treasury Rate payable semi-annually in arrear on 23 May and 23 November in each year, all as more particularly described in the “Terms and Conditions of the Tranche 2 Securities” (the “Tranche 2 Conditions” and, together with the Tranche 1 Conditions, the “Conditions”) in “Terms and Conditions of the Tranche 2 Securities — Interest Payments”.

The Guarantees contain provisions which, for so long as BT Group plc remains Guarantor, permit a termination of the Guarantees 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 (as defined in the relevant Conditions) is continuing; and (ii) a deed supplemental to the Guarantees has been entered into discharging the Guarantor’s obligations as the guarantor under the relevant Trust Deed. The Issuer may, at its discretion, elect to defer all or part of any payment of interest on any tranche of the Securities as more particularly described in “Terms and Conditions of the Tranche 1 Securities — Optional Interest Deferral” and the “Terms and Conditions of the Tranche 2 Securities—Optional Interest Deferral”. Any amounts so deferred, together with further interest accrued thereon (at the interest rate per annum prevailing from time to time), shall constitute Deferred Interest (as defined in the relevant Conditions). The Issuer may pay outstanding Deferred Interest, in whole or in part, at any time in accordance with the relevant Conditions. Notwithstanding this, the Issuer shall pay any outstanding 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 Payment Event (as defined in the relevant Conditions), (ii) the next scheduled Tranche 1 Interest Payment Date or Tranche 2 Interest Payment Date, as relevant, if the Issuer pays interest on the relevant Securities on such dates, (iii) the date on which the relevant Securities are redeemed or repaid in accordance with the relevant Conditions, and (iv) the date on which the relevant Securities are substituted for, or the terms of the relevant Securities varied so that they become, Qualifying Securities (as defined in the relevant Conditions), all as more particularly described in “Terms and Conditions of the Tranche 1 Securities — Optional Interest Deferral — Mandatory payment of Deferred Interest” and “Terms and Conditions of the Tranche 2 Securities — Optional Interest Deferral — Mandatory payment of Deferred Interest”.

Unless previously repaid, redeemed, purchased and cancelled or substituted, the Tranche 1 Securities will be redeemed on the Maturity Date at their principal amount, together with any accrued and unpaid interest up to (but excluding) such date and any accrued and unpaid Deferred Interest. The Issuer may redeem the Tranche 1 Securities, in whole but not in part, on any business day prior to 23 November 2026 at the Make-whole Redemption Amount as described in Condition 7(c) of the relevant Conditions, together with any accrued and unpaid interest up to (but excluding) the Make-whole Redemption Date and any accrued and unpaid Deferred Interest. Upon the occurrence of an Accounting Event, a Rating Capital Event, a Change of Control Event, a Tax Deductibility Event or a Withholding Tax Event (each such term as defined in the relevant Conditions), any tranche of the Securities shall be redeemable (at the option of the Issuer) in whole but not in part at the prices set out, and as more particularly described, in “Terms and Conditions of the Tranche 1 Securities — Redemption” together with any accrued and unpaid interest up to (but excluding) the redemption date and any accrued and unpaid Deferred Interest. Unless previously repaid, redeemed, purchased and cancelled or substituted, the Tranche 2 Securities will be redeemed on the Maturity Date at their principal amount, together with any accrued and unpaid interest up to (but excluding) such date and any accrued and unpaid Deferred Interest. The Issuer may redeem the Tranche 2 Securities, in whole but not in part, on any business day prior to 23 August

2031 at the Make-whole Redemption Amount as described in Condition 7(c) of the relevant Conditions. Upon the occurrence of an Accounting Event, a Rating Capital Event, a Change of Control Event, a Tax Deductibility Event or a Withholding Tax Event (each such term as defined in the relevant Conditions), any tranche of the Securities shall be redeemable (at the option of the Issuer) in whole but not in part at the prices set out, and as more particularly described, in “Terms and Conditions of the Tranche 2 Securities — Redemption” together with any accrued and unpaid interest up to (but excluding) the redemption date and any accrued and unpaid Deferred Interest.

The Issuer may, upon the occurrence of an Accounting Event, a Rating Capital Event, a Tax Deductibility Event or a Withholding Tax Event, at any time, without the consent of the holders of the relevant tranche of the Securities, either (i) substitute all, but not some only, of the relevant tranche of the Securities for, or (ii) vary the terms of the relevant tranche of the Securities with the effect that they remain or become, as the case may be, Qualifying Securities, in each case in accordance with Condition 8 and subject to Condition 9, of the relevant Conditions.

The Securities will be unsecured securities of the Issuer and will constitute subordinated obligations of the Issuer, all as more particularly described in “Terms and Conditions of the Tranche 1 Securities — Status of the Securities”, “Terms and Conditions of the Tranche 1 Securities — Subordination of the Securities”, “Terms and Conditions of the Tranche 2 Securities — Status of the Securities” and “Terms and Conditions of the Tranche 2 Securities — Subordination of the Securities”. The obligations of the Guarantor under the Guarantees will be unsecured obligations of the Guarantor and will constitute subordinated obligations of the Guarantor, all as more particularly described in “Terms and Conditions of the Tranche 1 Securities — Status of the Guarantee”, “Terms and Conditions of the Tranche 1 Securities — Subordination of the Guarantee”, “Terms and Conditions of the Tranche 2 Securities — Status of the Guarantee” and “Terms and Conditions of the Tranche 2 Securities — Subordination of the Guarantee”.

Payments in respect of the Securities shall be made without withholding or deduction for, or on account of, taxes of the United Kingdom, unless such withholding or deduction is required by law. In the event that any such withholding or deduction is made, additional amounts may be payable by the Issuer or, as the case may be, the Guarantor, subject to certain exceptions as are more fully described in “Terms and Conditions of the Tranche 1 Securities — Taxation” and “Terms and Conditions of the Tranche 2 Securities — Taxation”.

This Prospectus has been approved 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 (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 Securities that are the subject of this Prospectus. Investors should make their own assessment as to the suitability of investing in the Securities

Application has been made to the FCA for the Securities 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 the Securities to be admitted to trading on the London Stock Exchange’s main market (the “Market”). References in this Prospectus to Securities being “listed” (and all related references) shall mean that the Securities have been admitted to trading on the Market and have been admitted to the Official List. 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”).

Each tranche of the Securities is expected to be rated BB+ by S&P Global Ratings, acting through S&P Global Ratings UK Limited (“S&P”), Ba1 by Moody’s Investors Service Ltd. (“Moody’s”) and BB+ by Fitch Ratings Ltd (“Fitch”) (each, a “Rating Agency”). Each of S&P, Moody’s and Fitch is established in the UK and 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 S&P, 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 S&P, Moody’s Deutschland GmbH has endorsed the ratings of Moody’s and Fitch Ratings Ireland Limited has endorsed the ratings of Fitch. 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. 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.

**Investing in the Securities involves risks. See “Risk Factors” beginning on page 26 of this Prospectus.**

Neither the Securities nor the Guarantee have been, nor will they be, registered under the U.S. Securities Act of 1933, as amended (the “Securities Act”), or the securities laws of any other jurisdiction. The Securities are being offered and sold (i) in the United States of America, its territories and possessions, any state of the United States and the District of Columbia (the “United States”), only to qualified institutional buyers (“QIBs”) as defined in, and in reliance on, Rule 144A under the Securities Act or on another exemption from the registration requirements of the Securities Act and (ii) outside the United States, to non-U.S. Persons (as defined in Regulation S under the Securities Act) in offshore transactions in reliance on Regulation S under the Securities Act. Prospective purchasers that are QIBs are hereby notified that the sellers of the Securities may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. The Securities are not transferable except in accordance with the restrictions described under “Notice to Investors” and “Book-Entry, Delivery and Form”.

The Bookrunners expect to deliver the Securities in book-entry form only through the facilities of The Depository Trust Company (“DTC”), against payment in New York, New York, on or about 23 November 2021. Beneficial interests in the Securities will be shown on, and transfers thereof will be effected only through, records maintained by DTC and its direct and indirect participants, including Clearstream Banking, société anonyme (“Clearstream Luxembourg”) and Euroclear Bank S.A./N.V. (“Euroclear”).

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## STRUCTURING AGENT AND ACTIVE BOOKRUNNER

**Barclays**

### ACTIVE BOOKRUNNERS

**BofA Securities**

**Citigroup**

**HSBC**

The date of this Prospectus is 17 November 2021.

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## NOTICES

**IMPORTANT:** Please read the following before continuing. The following applies to this Prospectus. No person is authorised to give any information or to make any representation not contained in this Prospectus and any information or representation not so contained must not be relied upon as having been authorised by or on behalf of the Issuer, the Guarantor or the Bookrunners. Neither the delivery of this Prospectus nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Guarantor and its consolidated subsidiaries, taken as a whole (the “Group”) since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuer, the Guarantor or the Group since the date hereof or the date upon which this Prospectus has been most recently amended or supplemented or that the information contained in it or any other information supplied in connection with the Offering is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

**Prospective investors should not construe anything in this Prospectus as legal, business or tax advice. Each prospective investor should consult its own advisers as needed to make its investment decision and determine whether it is legally able to purchase the Securities under applicable laws or regulations.**

This Prospectus together with all documents which are deemed to be incorporated herein by reference (see “Documents Incorporated by Reference”) comprises a prospectus for the purposes 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 domestic law in the United Kingdom by virtue of the European Union (Withdrawal) Act 2018.

No representation or warranty, express or implied, is made by the Bookrunners or the Trustee as to the accuracy or completeness of the information set forth in this Prospectus, and nothing contained in or incorporated by reference in this Prospectus is, or shall be relied upon as, a promise or representation, whether as to the past or the future. Neither the Bookrunners nor the Trustee assumes any responsibility for the accuracy or completeness of the information set forth in this Prospectus. Each person contemplating making an investment in the Securities must make its own investigation and analysis of the creditworthiness of the Issuer, the Guarantor and the Group and its own determination of the suitability of any such investment, with particular reference to its own investment objectives and experience, and any other factors which may be relevant to it in connection with such investments.

None of the Issuer, the Guarantor, the Trustee, the Bookrunners or any of their respective representatives is making any representation to any offeree or purchaser of the Securities regarding the legality of an investment by such offeree or purchaser under appropriate legal investment or similar laws. Each prospective investor should consult with its own advisers as to the legal, tax, business, financial and related aspects of a purchase of the Securities.

This Prospectus has been prepared solely for use in connection with the proposed Offering described in this Prospectus. This Prospectus is personal to each offeree and do not constitute an offer or an invitation to any other person or to the public generally to subscribe for or otherwise acquire any of the Securities or the Guarantee. Distribution of this Prospectus to any person other than the prospective investor and any person retained to advise such prospective investor with respect to its purchase is unauthorised, and any other disclosure of any of their contents, without the prior written consent of the Issuer, the Guarantor and the Bookrunners is prohibited. Each prospective investor, by accepting delivery of this Prospectus, agrees to the foregoing and to make no photocopies of or to reproduce this Prospectus or any documents referred to in this Prospectus in whole or in part.

The Issuer and the Guarantor reserve the right to withdraw the Offering at any time. The Issuer, the Guarantor and the Bookrunners reserve the right to reject any offer to purchase the Securities in whole or in part for any reason or no reason and to allot to any prospective investor less than the full principal amount of the Securities sought by it.

***The Issuer and the Guarantor are responsible for the information contained in this Prospectus:*** Each of the Issuer and the Guarantor accepts responsibility for the information contained in this Prospectus. 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 the import of such information.

**Prohibition of sales to EEA retail investors:** The Securities 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; (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 Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities 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 Securities 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) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the “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 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 Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

The Securities are subject to restrictions on resale and transfer except as permitted under the Securities Act and all other applicable securities laws as described under the sections in this Prospectus entitled “Plan of Distribution” and “Notice to Investors”. In particular, book-entry interests in the Securities may only be transferred to QIBs or non-U.S. persons outside the United States and such transfers may be subject to further restrictions. In addition, such transfers may, in certain circumstances, be required to settle in a manner that may not be customary for investors holding similar securities. Please refer to the sections in this Prospectus entitled “Book-Entry, Delivery and Form” and “Notice to Investors”.

The Securities may not be a suitable investment for all investors. Each potential investor in the Securities must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have sufficient knowledge and experience to make a meaningful evaluation of the Securities, the merits and risks of investing in the Securities and the information contained or incorporated by reference in this Prospectus;
- (ii) have access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Securities and the impact the Securities will have on its overall investment portfolio;
- (iii) have sufficient financial resources and liquidity to bear all of the risks of an investment in the Securities, including where the currency for principal or interest payments is different from the potential investor’s currency;
- (iv) understand thoroughly the terms of the Securities and be familiar with the behavior of any relevant indices and financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial advisor) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

The Securities are complex financial instruments and such instruments may be purchased by potential investors as a way to reduce risk or enhance yield with an understood, measured, appropriate addition of risk to their overall portfolios. A potential investor should not invest in the Securities unless it has the expertise (either alone

or with a financial adviser) to evaluate how the Securities will perform under changing conditions, the resulting effects on the value of the Securities and the impact this investment will have on the potential investor's overall investment portfolio.

Prospective investors should also consult their own tax advisers as to the tax consequences of the purchase, ownership and disposition of the Securities.

### **NO REVIEW BY THE SEC**

None of the Securities or the Guarantee have been approved or disapproved by the U.S. Securities and Exchange Commission ("SEC") or any other state securities commission or regulatory authority in the United States. This Prospectus, as well as any other document produced in connection with this offering, has not been and will not be reviewed by the SEC. Any representation to the contrary is a criminal offence in the United States. There are no registration rights associated with the Securities and there is no present intention to offer to exchange the Securities for securities registered under the Securities Act or to file a registration statement with respect to the Securities. The conditions (including any amendments and supplements thereto) that will govern the Securities will not be qualified under the U.S. Trust Indenture Act of 1939, as amended.

### **IMPORTANT NOTICE**

**THIS OFFERING IS AVAILABLE ONLY TO INVESTORS WHO EITHER (1) ARE QIBS AS DEFINED UNDER RULE 144A UNDER THE SECURITIES ACT OR (2) ARE NOT U.S. PERSONS AND ARE LOCATED OUTSIDE OF THE UNITED STATES IN ACCORDANCE WITH REGULATIONS UNDER THE SECURITIES ACT.**

This Prospectus is being provided on a confidential basis to QIBs in the United States and to persons who are not U.S. persons and are located outside the United States for use solely in connection with the offering of the Securities. Its use for any other purpose is not authorized. This Prospectus may not be copied or reproduced in whole or in part, nor may it be distributed or any of its contents be disclosed to any person other than the prospective investors to whom it is being provided.

**Prospective investors should note that there are further restrictions on the offering and sale of the Securities and the distribution of this Prospectus. See "Plan of Distribution" and "Notice to Investors".**

No dealer, salesperson or other person has been authorized to give any information or to make any representation not contained in this Prospectus and, if given or made, such information or representation must not be relied upon as having been authorized by the Issuer, the Guarantor, any of their respective affiliates or the Bookrunners. None of the Issuer, the Guarantor or the Bookrunners takes responsibility for, or provides any assurance as to the reliability of, any information that others may give. Neither the delivery of this Prospectus nor any sale made under it shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuer or the Guarantor since the date of this Prospectus or that the information contained in this Prospectus is correct as of any time subsequent to that date.

The credit ratings assigned to the Securities 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 Securities. A credit rating is not a recommendation to buy, sell or hold Securities and may be revised or withdrawn by the rating agency at any time.

A credit rating is not a statement as to the likelihood of deferral of interest on the Securities. Holders have a greater risk of deferral of interest payments than persons holding other securities with similar credit ratings but no, or more limited, interest deferral provisions. In addition, each of the Rating Agencies, or any other rating agency may change its methodologies for rating securities with features similar to the Securities in the future. This may include the relationship between ratings assigned to an issuer's senior securities and ratings assigned to securities with features similar to the Securities, sometimes called notching. If the Rating Agencies were to change their practices for rating such securities in the future and the ratings of the Securities were to be subsequently lowered, this may have a negative impact on the trading price of the Securities. Moreover, if the status of the rating agency rating the Securities changes, EU and/or UK regulated investors may no longer be able to use the rating for regulatory purposes and the Securities may have a different regulatory treatment. This

may result in EU and/or UK regulated investors selling the Securities which may impact the value of the Securities and any secondary market.

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) the Securities are legal investments for it, (2) the Securities can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any of the Securities. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Securities under any applicable risk-based capital or similar rules.

Unless otherwise specified or the context requires, references to “\$” and “U.S.\$” are to the lawful currency of the United States, references to “£” are to the lawful currency of the UK and references to “euro” and “€” are to the lawful currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community.

In connection with the issue of the each tranche of the Securities, Barclays Capital Inc. (the “Stabilisation Manager”) (or any person acting on behalf of the Stabilisation Manager) may over-allot the relevant Securities or effect transactions with a view to supporting the market price of the relevant Securities at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilisation Manager (or any person acting on behalf of the Stabilisation Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Securities is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Securities and 60 days after the date of the allotment of the relevant Securities. Any stabilisation action or over-allotment must be conducted by the Stabilisation Manager (or any person acting on behalf of the Stabilisation Manager) in accordance with all applicable laws and rules.

#### **AVAILABLE INFORMATION**

The Issuer has agreed that, for so long as any Securities are “restricted securities” within the meaning of Rule-144(a)(3) under the Securities Act, it will, during any period in which it is neither subject to Section-13 or 15(d) of the Exchange Act nor exempt from reporting pursuant to Rule-12g3-2(b) thereunder, provide to any holder or beneficial owner of such restricted securities or to any prospective purchaser of such restricted securities designated by such holder or beneficial owner, in each case upon the request of such holder, beneficial owner or prospective purchaser, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

#### **ENFORCEABILITY OF CERTAIN CIVIL LIABILITIES**

The Issuer and the Guarantor are public limited companies incorporated under the laws of England and Wales. The assets of the Issuer and the Guarantor are located in various jurisdictions and the majority of these assets are located in jurisdictions outside the United States.

The directors and key managers of the Issuer and the Guarantor are citizens of various countries, and most are not citizens of the United States. All or a substantial portion of the assets of such persons as well as the assets of the Group are located outside the United States. As a result, it may not be possible for investors in the Securities to effect service of process in jurisdictions outside the United States against the Issuer, the Guarantor or their respective directors or to enforce in such jurisdictions the judgment of a court outside such jurisdictions. It may be difficult for investors in the Securities to enforce, in original actions or in actions for enforcement brought in jurisdictions located outside the United States, judgments of US courts or civil liabilities predicated upon US federal securities laws. Further, it may be difficult for investors in the Securities to enforce judgments of this nature in many of jurisdictions in which the Group operates and in which its assets are situated and in the countries of which most of the directors and key managers of the Issuer and the Guarantor are citizens.

## FORWARD-LOOKING STATEMENTS

Certain statements in this Prospectus, including those described in “Risk Factors”, are forward-looking. These statements relate to analyses and other information which are based on forecasts of future results and estimates of amounts not yet determinable. These statements include, without limitation, those concerning:

- the impact of global health epidemics, including, but not limited to, the recent ongoing Covid-19 pandemic, on the Group’s business and the global economy;
- current and future years’ outlook;
- adjusted EBITDA;
- normalised free cash flow;
- capital expenditure;
- shareholder returns including dividends and share buyback;
- net debt;
- credit ratings;
- the group-wide transformation and restructuring programme, cost transformation plans and restructuring costs;
- investment in and roll out of the Group’s fibre network and its reach, innovations, increased speeds and speed availability;
- the Group’s broadband-based service and strategy;
- investment in and rollout of 5G;
- the Group’s investment in TV, enhancing its TV service and BT Sport;
- the investment in converged network;
- the recovery plan, operating charge, regular cash contributions and interest expense for the Group’s defined benefit pension schemes;
- effective tax rate;
- growth opportunities in networked IT services, the pay-TV services market, broadband, artificial intelligence and mobility and future voice;
- growth of, and opportunities available in, the communications industry and BT’s positioning to take advantage of those opportunities;
- expectations regarding competition, market shares, prices and growth;
- expectations regarding the convergence of technologies; plans for the launch of new products and services;
- network performance and quality;
- the impact of regulatory initiatives, decisions and outcomes on operations, including the regulation of the UK fixed wholesale and retail businesses and the impact of the Commitments the Group gave to Ofcom to provide Openreach with greater strategic and operational independence following Ofcom’s Digital Communications Review;
- BT’s possible or assumed future results of operations and/or those of its associates and joint ventures; investment plans; adequacy of capital;
- financing plans and refinancing requirements;
- demand for and access to broadband and the promotion of broadband by third-party service providers;
- improvements to the control environment; and

- those preceded by, followed by, or that include the words “aims”, “believes”, “expects”, “anticipates”, “intends”, “will”, “should”, “plans”, “strategy”, “future”, “likely”, “seeks”, “projects”, “estimates” or similar expressions.

Although BT believes that the expectations reflected in these forward-looking statements are reasonable, it can give no assurance that these expectations will prove to have been correct. Because these statements involve risks and uncertainties, actual results may differ materially from those expressed or implied by these forward-looking statements. Factors that could cause differences between actual results and those implied by the forward-looking statements include, but are not limited to:

- market disruptions caused by technological change and/or intensifying competition from established players or new market entrants;
- unfavourable changes to the Group’s business where Ofcom raises competition concerns around market power;
- unfavourable regulatory changes;
- disruption to the Group’s business caused by an uncertain or adversarial political environment;
- geopolitical risks;
- adverse developments in respect of the Group’s defined benefit pension schemes;
- adverse changes in economic conditions in the markets served by BT, including interest rate risk, foreign exchange risk, credit risk, liquidity risk and tax risk; financial controls that may not prevent or detect fraud, financial misstatement or other financial loss;
- security breaches relating to the Group’s customers’ and employees’ data or breaches of data privacy laws;
- failures in the protection of the health, safety and wellbeing of the Group’s people or members of the public or breaches of health and safety law and regulations;
- controls and procedures that could fail to detect unethical or inappropriate behaviour by BT’s people or associates;
- customer experiences that are not brand enhancing nor drive sustainable profitable revenue growth;
- failure to deliver, and other operational failures, with regard to BT’s complex and high-value national and multinational customer contracts;
- changes to BT’s customers’ needs or businesses that adversely affect BT’s ability to meet contractual commitments or realise expected revenues, profitability or cash flow; termination of customer contracts; natural perils, network and system faults or malicious acts that could cause disruptions or otherwise damage the Group’s network;
- supply chain failure, software changes, equipment faults, fire, flood, infrastructure outages or sabotage that could interrupt the Group’s services;
- attacks on the Group’s infrastructure and assets by people inside BT or by external sources like hackers, criminals, terrorists or nation states;
- disruptions to the integrity and continuity of the Group’s supply chain (including any impact of global political developments with respect to Huawei);
- insufficient engagement from the Group’s people; and
- risks relating to the BT transformation plan.

All subsequent written or oral forward-looking statements attributable to BT or any person acting on the Group’s behalf are expressly qualified in their entirety by the factors referred to above.

No assurances can be given that forward-looking statements in this document will be realized. BT undertakes no obligation to update any forward-looking statements whether as a result of new information, future events, or otherwise.

## DOCUMENTS INCORPORATED BY REFERENCE

The following documents, which have previously been published or are published simultaneously with this Prospectus and have been filed with 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):

- a) the unaudited condensed consolidated financial information of the Issuer for the six months ended 30 September 2021 as compared to the six months ended 30 September 2020 and the independent review report thereon by KPMG LLP from the Results for the Half Year to 30 September 2021;
- b) the Annual Report 2021 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 2021;
- c) the Annual Report 2020 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 2020;
- d) the unaudited condensed consolidated financial information of the Guarantor for the six months ended 30 September 2021 as compared to the six months ended 30 September 2020 and the independent review report thereon by KPMG LLP from the Results for the Half Year to 30 September 2021;
- e) the Annual Report 2021 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 2021; and
- f) the Annual Report 2020 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 2020.

Such documents shall be incorporated in, and form part of, this Prospectus, save that any statement contained in a document which is incorporated by reference herein shall be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such earlier statement (whether expressly, by implication or otherwise). Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus. Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus. Where only certain parts of the documents referred to above are incorporated by reference in this Prospectus, the parts of the document which are not incorporated by reference are either not relevant for the prospective investors in the Securities or the relevant information is included elsewhere in 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>). In addition, copies of documents incorporated by reference in this Prospectus are available for viewing on the website of the Regulatory News Service operated by 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>.

Other than indicated above, neither the content of the Issuer's website, nor the content of any website accessible from hyperlinks on the Issuer's website, is incorporated into, or forms part of, this Prospectus and investors should not rely on them, without prejudice to the documents incorporated by reference into this Prospectus, which are made available on the Issuer's website.

## OVERVIEW

*This overview may not contain all the information that may be important to prospective purchasers of the Securities and, therefore, should be read in conjunction with this entire Prospectus, including the more detailed information regarding the Group's business and the financial statements and related securities included elsewhere in this Prospectus. Prospective purchasers of the Securities should also carefully consider the information set forth under the heading "Risk Factors". Certain statements in this Prospectus include forward-looking statements that also involve risks and uncertainties as described under "Forward-Looking Statements".*

### **Overview of the Issuer**

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 81 Newgate Street, London EC1A 7AJ, United Kingdom, and its telephone number is +44 20 7356 5000. Effective 1 January 2022, BT will change its registered office to 1 Braham Street, London, E1 8EE.

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 four customer-facing units: Consumer, Enterprise, Global and Openreach. They are supported by BT's internal Digital, Networks and Corporate units.

Enterprise, 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. Global operates in the UK and globally, providing solutions for customers in over 180 countries.

In the UK, BT supports CPs through Enterprise, and through Openreach, and globally through Global.

### **Overview of the Guarantor**

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 81 Newgate Street, London EC1A 7AJ, United Kingdom, and its telephone number is +44 20 7356 5000. Effective 1 January 2022, the Guarantor will change its registered office to 1 Braham Street, London, E1 8EE.

## **The Offering**

<b>Issuer</b>	British Telecommunications public limited company.
<b>Guarantor</b>	BT Group plc.
<b>Legal Entity Identifier of the Issuer</b>	5493000WFMSO9NYV4H90
<b>Legal Entity Identifier of the Guarantor</b>	213800LRO7NS5CYQMN21
<b>Trustee</b>	The Law Debenture Trust Corporation p.l.c.
<b>Principal Paying Agent, Calculation Agent and Registrar</b>	Citibank, N.A., London Branch

### **U.S.\$500,000,000 NC5.25 Capital Securities due 2081 (the “Tranche 1 Securities”)**

<b>Issue Size</b>	U.S.\$500,000,000
<b>Issue Date</b>	23 November 2021
<b>Maturity Date</b>	23 November 2081

**Interest**

The Tranche 1 Securities will bear interest on their principal amount from (and including) the Issue Date to (but excluding) 23 November 2081 (the “Maturity Date”). From (and including) the Issue Date to (but excluding) 23 February 2027 (the “First Tranche 1 Reset Date”) the Securities will bear interest on their principal amount at a rate of 4.250 per cent. per annum, payable semi-annually in arrear on 23 February and 23 August in each year. The first payment of interest, to be made on 23 August 2022, will be in respect of the period from (and including) the Issue Date to (but excluding) 23 August 2022, representing a long first coupon. Thereafter, unless previously redeemed, the Securities will bear interest from (and including) the First Tranche 1 Reset Date to (but excluding) the First Tranche 1 Step-up Date at a rate per annum which shall be 298.5 bps above the 5-Year Treasury Rate (as defined in the Tranche 1 Conditions), payable semi-annually in arrear on 23 February and 23 August in each year. From (and including) the First Tranche 1 Step-up Date to (but excluding) the Second Tranche 1 Step-up Date the Tranche 1 Securities will bear interest at a rate per annum which shall be 323.5 bps above the 5-Year Treasury Rate payable semi-annually in arrear on 23 February and 23 August in each year. From (and including) the Second Tranche 1 Step-up Date to (but excluding) the Maturity Date, the Tranche 1 Securities will bear interest at a rate per annum which shall be 398.5 bps above the 5-Year Treasury Rate payable semi-annually in

in arrear on 23 February and 23 August in each year, all as more particularly described in “*Terms and Conditions of the Tranche 1 Securities—Interest Payments*”.

<b>Issue Price</b>	100 per cent.
<b>CUSIP</b>	144A: 11102A AF8 Reg S: G15820 EA0
<b>ISIN</b>	144A: US11102AAF84 Reg S: USG15820EA02

**U.S.\$500,000,000 NC10 Capital Securities due 2081 (the “Tranche 2 Securities”)**

<b>Issue Size</b>	U.S.\$500,000,000
<b>Issue Date</b>	23 November 2021
<b>Maturity Date</b>	23 November 2081

**Interest**

The Tranche 2 Securities will bear interest on their principal amount from (and including) the Issue Date to (but excluding) 23 November 2081 (the “Maturity Date”). From (and including) the Issue Date to (but excluding) 23 November 2031 (the “First Tranche 2 Step-up Date”), the Securities will bear interest on their principal amount at a rate of 4.875 per cent. per annum, payable semi-annually in arrear on 23 May and 23 November in each year. The first payment of interest, to be made on 23 May 2022, will be in respect of the period from (and including) the Issue Date to (but excluding) 23 May 2022. Thereafter, unless previously redeemed, the Securities will bear interest from (and including) the First Tranche 2 Step-up Date to (but excluding) the Second Tranche 2 Step-up Date at a rate per annum which shall be 349.3 bps above the 5-Year Treasury Rate (as defined in the Tranche 2 Conditions), payable semi-annually in arrear on 23 May and 23 November in each year. From (and including) the Second Tranche 2 Step-up Date to (but excluding) the Maturity Date, the Tranche 2 Securities will bear interest at a rate per annum which shall be 424.3 bps above the 5-Year Treasury Rate payable semi-annually in arrear on 23 May and 23 November in each year, all as more particularly described in “*Terms and Conditions of the Tranche 2 Securities — Interest Payments*”.

<b>Issue Price</b>	100 per cent.
<b>CUSIP</b>	144A: 11102A AG6 Reg S: G15820 EB8

**ISIN**

144A: US11102AAG67

Reg S: USG15820EB84

**The following terms apply to each tranche of the Securities:**

**Status**

The Securities constitute direct, unsecured and subordinated obligations of the Issuer and rank *pari passu* and without any preference among themselves and with any Parity Securities of the Issuer.

**Subordination**

The rights and claims of the Holders 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” (as defined in the relevant Trust Deed) 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 relevant Trust Deed) or (y) which substitution will be effected in accordance with Condition 15 of the relevant Securities; and (B) in each case the terms of which do not provide that the Securities shall thereby become redeemable or repayable in accordance with the relevant Conditions) or an administrator of the Issuer is appointed and such administrator gives notice that it intends to declare and distribute a dividend, the rights and claims of the Holders will be subordinated in accordance with Condition 3(a) of the relevant Securities. Accordingly without prejudice to the rights of the Trustee and the Holders under the relevant 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 before the Holders may expect to obtain any recovery in respect of their Securities and prior thereto Holders will have only limited ability to influence the conduct of such winding-up or analogous proceedings. See “*Risk Factors — Risks related to the Securities generally — Limited Remedies*”.

**Status of the Guarantees**

The payment obligations of the Guarantor under the Guarantees constitute direct, unsecured and subordinated obligations of the Guarantor and rank *pari passu* and without any preference among themselves and with any Parity Securities of the Guarantor.

**Subordination of the Guarantees**

The rights and claims of the Holders under the Guarantees 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 relevant Trust Deed); and (B) in each case the terms of which do not provide that the Securities shall thereby become redeemable or repayable in accordance with the relevant Conditions) or an administrator of the Guarantor is appointed and such administrator gives notice that it intends to declare and distribute a dividend, the rights and claims of the Holders under the relevant Guarantee will be subordinated in accordance with Condition 4(c) of the relevant Securities. 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 before the Holders may expect to obtain from the Guarantor any recovery under the relevant Guarantee in respect of their Securities and prior thereto Holders will have only limited ability to influence the conduct of such winding-up or analogous proceedings. See “*Risk Factors — Risks related to the Securities generally — Limited Remedies*”.

#### **Termination of the Guarantees**

The Trust Deed in respect of each tranche of the Securities contains provisions which, for so long as BT Group plc remains Guarantor, permit a termination of the Guarantee 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 (as defined in the relevant Conditions) is continuing; and (ii) a deed supplemental to the relevant Trust Deed has been entered into discharging the Guarantor’s obligations as the guarantor under the relevant Guarantee.

#### **Optional Interest Deferral**

The Issuer may, at its discretion, elect to defer all or part of any Interest Payment (a “Deferred Interest Payment”) which is otherwise scheduled to be paid on a Tranche 1 Interest Payment Date or a Tranche 2 Interest Payment Date (collectively, an “Interest Payment Date”), as relevant, (except on the Maturity Date) by giving a Deferral Notice of such election to the Holders of the relevant tranche of the Securities, the Trustee, the Registrar and the Principal Paying Agent. Subject as described in “*Terms and Conditions of the Tranche 1 Securities – Optional Interest Deferral – Mandatory payment of Deferred Interest*” and *Terms and Conditions of the Tranche 2 Securities – Optional Interest Deferral – Mandatory payment of Deferred Interest*”, if the Issuer elects not to make all or part

of any Interest Payment on a relevant Interest Payment Date, 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 will not constitute a default of the Issuer or any other breach of its obligations under the relevant tranche of the relevant Securities or the relevant Guarantee 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 relevant Holders, the Trustee, the Registrar and the Principal Paying 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 shall itself bear interest (such further interest, together with the Deferred Interest Payment, being “Deferred Interest”), at the Interest Rate 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(c) of the relevant Securities, in each case such further interest being compounded on each relevant Interest Payment Date. Non-payment of Deferred Interest shall not constitute a default by the Issuer under the relevant tranche of the Securities or for any other purpose, unless such payment is required in accordance with Condition 6(c) of the relevant Securities.

#### **Mandatory Settlement**

Notwithstanding the right to defer payment of interest, the Issuer shall pay any outstanding 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 Payment Event, (ii) the next relevant scheduled Interest Payment Date if the Issuer pays interest on the relevant tranche of the Securities on such date, (iii) the date on which the relevant tranche of the Securities are redeemed or repaid in accordance with the relevant Conditions on such date, and (iv) the date on which the relevant tranche of the Securities are substituted for, or where the terms of the relevant tranche of the Securities are varied so that they become Qualifying Securities, all as more particularly described in “*Terms and Conditions of the Tranche 1 Securities — Optional Interest Deferral — Mandatory payment of Deferred Interest*” and “*Terms and Conditions of the Tranche 2 Securities — Optional Interest Deferral — Mandatory payment of Deferred Interest*”.

## **Optional Redemption**

The Issuer may redeem all, but not some only, of the Tranche 1 Securities on any Business Day during the period commencing on (and including) 23 November 2026 to (and including) the First Tranche 1 Reset Date and on any Tranche 1 Interest Payment Date thereafter at their principal amount together with any accrued and unpaid interest up to (but excluding) the redemption date and any accrued and unpaid Deferred Interest.

In addition, the Issuer may redeem all, but not some only, of the Tranche 1 Securities on any Business Day prior to 23 November 2026 at an amount equal to the Make-whole Redemption Amount together with any accrued and unpaid interest up to (but excluding) the Make-whole Redemption Date and any accrued and unpaid Deferred Interest as described in Condition 7(c) of the Tranche 1 Conditions.

The Issuer may redeem all, but not some only, of the Tranche 2 Securities on any Business Day during the period commencing on (and including) 23 August 2031 to (and including) the First Tranche 2 Step-up Date and on any Tranche 2 Interest Payment Date thereafter at their principal amount together with any accrued and unpaid interest up to (but excluding) the redemption date and any accrued and unpaid Deferred Interest.

In addition, the Issuer may redeem all, but not some only, of the Tranche 2 Securities on any Business Day prior to 23 August 2031 at an amount equal to the Make-whole Redemption Amount together with any accrued and unpaid interest up to (but excluding) the Make-whole Redemption Date and any accrued and unpaid Deferred Interest as described in Condition 7(c) of the Tranche 2 Conditions.

## **Special Event Redemption**

If a Special Event has occurred and is continuing, then the Issuer may redeem at any time all, but not some only, of the Tranche 1 Securities at:

- (i) in the case of a Rating Capital Event, Tax Deductibility Event or Accounting Event where the relevant date fixed for redemption falls prior to 23 November 2026, 101 per cent. of their principal amount; or
- (ii) in the case of a Rating Capital Event, Tax Deductibility Event or Accounting Event where the relevant date fixed for redemption falls on or after 23 November 2026, 100 per cent. of their principal amount; or
- (iii) in relation to a Withholding Tax Event, 100 per cent.

of their principal amount,

in each case together with any accrued and unpaid interest up to (but excluding) the redemption date and any accrued and unpaid Deferred Interest in respect of the Tranche 1 Securities.

If a Special Event has occurred and is continuing, then the Issuer may redeem at any time all, but not some only, of the Tranche 2 Securities at:

- (i) in the case of a Rating Capital Event, Tax Deductibility Event or Accounting Event where the relevant date fixed for redemption falls prior to 23 August 2031, 101 per cent. of their principal amount; or
- (ii) in the case of a Rating Capital Event, Tax Deductibility Event or Accounting Event where the relevant date fixed for redemption falls on or after 23 August 2031, 100 per cent of their principal amount; or
- (iii) in relation to a Withholding Tax Event, 100 per cent. of their principal amount,

in each case together with any accrued and unpaid interest up to (but excluding) the redemption date and any accrued and unpaid Deferred Interest in respect of the Tranche 2 Securities.

#### **Change of Control**

If a Change of Control Event has occurred and is continuing, the Issuer may elect to redeem all, but not some only, of any tranche of the Securities at any time at 101 per cent. of their principal amount together with any accrued and unpaid interest up to (but excluding) the redemption date and any accrued and unpaid Deferred Interest.

If the Issuer does not elect to redeem the Securities following the occurrence of a Change of Control Event, the then prevailing Interest Rate on the Securities shall be increased by 500 bps per annum with effect from (and including) the date on which the first Change of Control Event occurred.

#### **Substitution or Variation instead of Special Event Redemption**

The Issuer may, 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 Holders of the relevant tranche of the relevant Securities, either (i) substitute all, but not some only, of the relevant Securities for, or (ii) vary the relevant Securities with the effect that they remain or become, as the case may be, Qualifying Securities, in each case in accordance with Condition 8 of the relevant Securities and subject, *inter alia*, to the receipt by the Trustee

of the certificate of the directors of the Issuer.

**Event of Default**

If a default is made by the Issuer or 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) in respect of either tranche of the Securities which is due and payable (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 relevant Trust Deed and the relevant Securities and the Trustee at its discretion may, and if so requested by the holders of at least one-quarter in principal amount of the relevant Securities then outstanding or if so directed by an Extraordinary Resolution shall (subject to Condition 12(c) of the relevant Securities) 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.

**Additional Amounts**

Payments by or on behalf of the Issuer in respect of the Securities or on behalf of the Guarantor in respect of the Guarantees shall be made without withholding or deduction for, or on account of, taxes of the United Kingdom, unless such withholding or deduction is required by law. In the event that any such withholding or deduction is made, additional amounts may be payable by the Issuer, or, as the case may be, the Guarantor, subject to certain exceptions as are more fully described under “*Terms and Conditions of the Tranche 1 Securities — Taxation*” and “*Terms and Conditions of the Tranche 2 Securities — Taxation*”.

**Replacement intention**

The Issuer intends (without thereby assuming a legal obligation), that if it redeems any tranche of the Securities pursuant to Condition 7(b) of the relevant Securities or repurchases the relevant Securities, it will so redeem or repurchase the relevant Securities only to the extent the part of the aggregate principal amount of the relevant Securities to be redeemed or repurchased which was assigned equity credit (or such other nomenclature used by S&P from time to time) at the time of the issuance of the relevant Securities 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 Europe Limited (“S&P”) “equity credit” (or such similar nomenclature used by S&P from time to time) (but taking into account any changes in hybrid capital methodology or the interpretation thereof since the issuance of

the relevant Securities), 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 last 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, such repurchase is of less than (i) 10 per cent. of the aggregate hybrid capital outstanding in any period of 12 consecutive months or (ii) 25 per cent. of the aggregate hybrid capital outstanding in any period of 10 consecutive years; or
- (iii) the relevant tranche of the Securities 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 relevant tranche of the Securities 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 any tranche of the Securities which is less than or equal to the excess (if any) above the maximum aggregate principal amount of the Issuer's hybrid capital to which S&P then assigns equity content under its prevailing methodology; or
- (vi) such redemption or repurchase occurs on or after (a) in the case of the Tranche 1 Securities, 23 February 2047 and (b) in the case of the Tranche 2 Securities, 23 November 2051.

**Form**

The Securities will be issued in registered form in the

denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. A security certificate (each a “Certificate”) will be issued to each holder in respect of its registered holding of Securities. Each Certificate will be serially numbered with an identifying number which will be recorded on the relevant Certificate and in the register of holders which the Issuer will procure to be kept by Citibank, N.A., London Branch as registrar.

**Denominations**

U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof.

**Listing and Admission to Trading**

Application has been made to the FCA for the Securities to be admitted to the Official List and to the London Stock Exchange for the Securities to be admitted to trading on the Market.

**Governing Law of the Securities and the Guarantees**

English law.

**Ratings**

The Securities are expected to be rated BB+ by S&P, Ba1 by Moody’s and BB+ by Fitch. 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. As of the date of this Prospectus, each Rating Agency is a credit rating agency established in the UK and is registered in accordance with the UK CRA Regulation. Each Rating Agency is not established in the EEA and has not applied for registration under the CRA Regulation. However, S&P Global Ratings Europe Limited has endorsed the ratings of S&P, Moody’s Deutschland GmbH has endorsed the ratings of Moody’s and Fitch Ratings Ireland Limited has endorsed the ratings of Fitch. 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.

In respect of the S&P rating of the Securities, obligations rated “BB”, “B”, “CCC”, “CC”, and “C” are regarded as having significant speculative characteristics. “BB” indicates the least degree of speculation and “C” the highest. An obligation rated “BB” is less vulnerable to non-payment than other speculative issues. However, it faces major ongoing uncertainties or exposure to adverse business, financial, or economic conditions that could lead to the obligor's inadequate capacity to meet its financial commitments on the obligation. The “+” sign shows relative standing within the rating categories. See further (<https://www.spglobal.com/>).

In respect of the Moody’s rating of the Securities, obligations

rated “Ba” are judged to be speculative and are subject to substantial credit risk. The modifier “1” indicates that the obligation ranks in the higher end of its generic rating category. See further (<https://www.moodys.com/>).

In respect of Fitch’s rating of the Securities, obligations rated “BB” indicate an elevated vulnerability to default risk, particularly in the event of adverse changes in business or economic conditions over time; however, business or financial flexibility exists that supports the servicing of financial commitments. The additional “+” indicates relative differences of probability of default or recovery issues. See further (<https://www.fitchratings.com/>).

**Use and Estimated Net Amount of Proceeds** The estimated net proceeds of the issue of the Securities, after deduction of commissions, fees, and estimated expenses, will be U.S.\$994 million and the estimated net proceeds will be used for general corporate purposes.

**Selling Restrictions** The United States, the EEA, the UK, the Republic of Italy, Japan, Hong Kong, Singapore and Switzerland. See “*Plan of Distribution*”.

Category 2 offering restrictions have been implemented for the purposes of Regulation S under the Securities Act.

**Risk Factors** Prospective investors should carefully consider the information set out in “*Risk Factors*” in conjunction with the other information contained or incorporated by reference in this Prospectus.

### Selected Historical Financial Information of BT Group Plc

The selected financial information set out below has been extracted without material adjustment from the historical financial information relating to the Guarantor and its consolidated subsidiaries published in the Results for the Half Year to 30 September 2021 and the Annual Report 2021. Financial information for the Issuer is incorporated by reference into this Prospectus as set out under “*Documents Incorporated by Reference*”.

#### *Consolidated income statement*

	<b>For the six months ended 30 September</b>		<b>For the year ended 31 March</b>	
	<b>2021</b>	<b>2020</b>	<b>2021</b>	<b>2020</b>
	<i>(£ millions)</i>			
<b>Revenue .....</b>	<b>10,305</b>	<b>10,590</b>	<b>21,331</b>	<b>22,905</b>
Operating costs .....	(8,867)	(9,136)	(18,744)	(19,622)
<b>Operating profit</b>	<b>1,438</b>	<b>1,454</b>	<b>2,587</b>	<b>3,283</b>
Finance expense	(432)	(402)	(803)	(941)
Finance income	3	9	12	44
<b>Net finance expense</b>	<b>(429)</b>	<b>(393)</b>	<b>(791)</b>	<b>(897)</b>
Share of post tax profit (loss) of associates and joint ventures .....	-	1	8	(33)
<b>Profit before taxation .....</b>	<b>1,009</b>	<b>1,062</b>	<b>1,804</b>	<b>2,353</b>
Taxation .....	(578)	(206)	(332)	(619)
<b>Profit for the period.....</b>	<b>431</b>	<b>856</b>	<b>1,472</b>	<b>1,734</b>

*Consolidated balance sheet*

	At 30 September		At 31 March	
	2021	2020	2021	2020
	<i>(£ millions)</i>			
Intangible assets.....	13,865	13,660	13,357	13,889
Property, plant and equipment.....	19,745	18,840	19,397	18,474
<b>Total non-current assets</b>	<b>41,801</b>	<b>41,204</b>	<b>40,477</b>	<b>41,075</b>
<b>Current assets</b>	<b>9,781</b>	<b>12,303</b>	<b>10,400</b>	<b>11,992</b>
<b>Current liabilities</b>	<b>9,424</b>	<b>10,811</b>	<b>9,006</b>	<b>10,986</b>
<b>Total assets less current liabilities.....</b>	<b>42,158</b>	<b>42,696</b>	<b>41,871</b>	<b>42,081</b>
Loans and other borrowings .....	15,455	16,512	15,774	16,492
Retirement benefit obligations.....	5,261	4,856	5,096	1,140
Other payables .....	648	763	682	754
<b>Total non-current liabilities</b>	<b>30,093</b>	<b>30,630</b>	<b>30,192</b>	<b>27,318</b>
<b>Equity</b>				
Share capital .....	499	499	499	499
Share premium.....	1,051	1,051	1,051	1,051
Own shares .....	(259)	(134)	(143)	(237)
Merger reserve.....	998	998	998	2,572
Other reserves .....	739	888	436	1,119
Retained earnings .....	9,037	8,764	8,838	9,759
<b>Total equity .....</b>	<b>12,065</b>	<b>12,066</b>	<b>11,679</b>	<b>14,763</b>

*Consolidated statement of cash flows*

	For the six months ended 30 September		For the year ended 31 March	
	2021	2020	2021	2020
	<i>(£ millions)</i>			
<b>Cash generated from operations</b> .....	2,414	2,790	6,251	6,481
Income taxes paid .....	(20)	(77)	(288)	(210)
<b>Net cash inflow from operating activities</b> .....	<b>2,394</b>	<b>2,713</b>	<b>5,963</b>	<b>6,271</b>
<b>Net cash outflow from investing activities</b> .....	<b>(2,131)</b>	<b>(2,468)</b>	<b>(3,240)</b>	<b>(5,650)</b>
<b>Net cash inflow (outflow) from financing activities</b> .....	<b>(842)</b>	<b>(923)</b>	<b>(3,219)</b>	<b>(807)</b>
<b>Net increase (decrease) in cash and cash equivalents</b> .....	<b>(579)</b>	<b>(678)</b>	<b>(496)</b>	<b>(186)</b>
Opening cash and cash equivalents <sup>(1)</sup> .....	<b>896</b>	<b>1,409</b>	<b>1,409</b>	<b>1,594</b>
Net (decrease) increase in cash and cash equivalents .....	(579)	(678)	(496)	(186)
Effect of exchange rate changes .....	3	(3)	(17)	1
<b>Closing cash and cash equivalents<sup>(1)</sup></b> .....	<b>320</b>	<b>728</b>	<b>896</b>	<b>1,409</b>

(1) Net of bank overdrafts of £73 million at 30 September 2021 (31 March 2021: £104 million, 30 September 2020: £116 million, 31 March 2020: £183 million), and including £nil million cash and cash equivalents classified as held for sale (31 March 2021: £nil million, 30 September 2020: £43 million, 31 March 2020: £43 million).

## **RISK FACTORS**

*Any investment in the Securities is subject to a number of risks. Prior to investing in the Securities, prospective investors should consider carefully the factors and risks associated with any investment in the Securities, 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 Securities 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 the Securities. 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 Securities could decline.*

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

**Factors that may affect (i) the Issuer's ability to fulfil its obligations under the Securities and (ii) the Guarantor's ability to fulfil its obligations with respect to the Securities under the Guarantees**

### **STRATEGIC RISKS**

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

The Group's strategy and business model could be disrupted if the Group fails to respond effectively to an uncertain economic outlook, intensifying competition and rapid technology developments or if it fails to develop products and services in line with changing market dynamics or customer expectations. 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.

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. There is a risk of stronger competition in the converged telecommunications market, increasing competitive intensity and a shrinking global economy as a result of the Covid-19 pandemic.

Technology development is a key characteristic of the telecoms 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.

Furthermore, major economic uncertainty could significantly impact the Group's customers leading to weaker demand, customers being less willing to pay for premium services and an increase in the risk of bad debts, which could each result in a reduction in the Group's revenue and/or profit.

***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 climate change policy. 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 increase and accelerate its total FTTP build from 20 million 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 and the Group's rollout of 5G may be affected by misinformation about health concerns.

In July 2020 the UK Government announced a revised set of proposals to remove Huawei equipment from 5G communication networks in the UK by the end of 2027. The Group currently estimates that full compliance with these proposals would require additional activity, both in removing and replacing Huawei equipment from the Group's existing mobile network, and in excluding Huawei from the 5G network that the Group continues to build. However, there is a risk that unforeseen difficulties with the very complex implementation process and/or further political and geopolitical developments concerning Huawei could lead to additional costs. The Group will continue to work with relevant authorities on the future procurement strategy for fixed and mobile networks.

If the Group does not 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 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. Failure by the Group to manage its stakeholders responsibly could affect the Group's performance and its licence to operate and might also limit new growth opportunities. Future strategy and growth plans could be undermined and there might be legal liabilities for the Group or individual employees.

The impacts of the UK leaving the European Union ("Brexit") are still uncertain and disruptive trade policies such as the evolving trade tensions between the United States and China as well as climate change policy agenda and perceptions of the telecommunications sector's role in carbon emissions are emerging risks for the Group's business and stakeholder management, in addition to the potential for misuse of the Group's products or technologies in the context of the Group's commitment to human rights.

## **FINANCIAL RISKS**

***The Group 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 the Group's main defined benefit pension scheme, the BT Pension Scheme ("BTPS"), becoming a significant burden on the Group's financial resources***

The 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). The valuation outcome provides greater certainty as to the level of cash contributions required until the next triennial valuation, due to be as at June 2023.

When an actuarial valuation of the BTPS 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. Pension Regulator review of funding regulations could result in bigger pension liabilities or less time to make payments to reduce the deficit.

***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, including funding and liquidity risks (including those arising from the Group's underlying business operations) and also financial risks such as foreign exchange and counterparty risk, interest rate risk, credit risk, liquidity risk. 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, including a downturn in its business operations because of the economic downturn resulting from the Covid 19 pandemic. 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 be suitable for 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 economic 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 in how it is designed and operated 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. However, because of 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.

There is also the risk that the Group may fail to modernise its business and financial processes by simplifying and automating controls which could make it more difficult for the Group to be agile, proactive and customer focused.

In addition to failing to simplify and modernise its finance processes, 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 that any changes to the requirements of the Group's control framework resulting from changes to applicable laws and regulations in the future may impact the Group's business.

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.

## **COMPLIANCE RISKS**

### ***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. 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.

The Group also 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 recognise 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. Further, if fraud is committed, there is a risk of financial misstatement which if undetected can have a material financial impact and potential litigation and regulatory consequences.

Changes to laws and regulations applicable to the Group as a result of Brexit may also adversely impact the Group. There is also an emerging risk of the Group's increased reliance on third parties following the divestment of assets as well the geopolitical risk for further sanctions applying in high-risk territories.

### ***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 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. The ability to use data in a compliant manner is therefore critical to the future success of the Group.

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 ("GDPR") created a range of new compliance obligations, increased financial penalties for non-compliance and extended the scope of the European Union's and the UK's data protection laws.

Changes to data protection laws and regulations that apply to the Group wherever it operates, including the UK losing data adequacy status from the European Union, could also adversely affect the Group's business. In addition, complying with new and changing data protection laws and regulations, while seeking innovative uses for data and preventing data loss in remote working environments are also risks for 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. The sanctions for breaching the GDPR are significantly higher than under the previous regime, which could result in a substantial fine in the event of a breach.

***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 the way the Group operates and competes, both at a wholesale and retail level. This includes powers to set the prices the Group can charge in certain markets and to set 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 means the Group might not be able to compete with other networks on fair terms. Regulation can also define and control the terms of access to necessary regulated inputs, which raises the Group's costs.

An overly-restrictive or inflexible regulatory environment may make it more difficult for the Group to innovate and develop new products and services.

Lack of supportive regulation, or disruptive regulation, could impact the Group's ability to invest at pace and scale in ultrafast networks and converged connectivity and financial services and could reduce its ability to innovate in building these systems – for example the uncertainty around the broadband Universal Service Obligation. An unclear or unpredictable environment could make it more difficult for the Group to meet the expectations of customers and society at the same time as increasing the value of the Group's business.

Furthermore, failure to comply with regulations applicable to the Group could lead to regulatory action that might damage the Group's reputation and its ability to influence regulatory and governmental policy development which could adversely affect the Group's business. Increased regulation for new technologies may affect the Group's customer experience and new or extended customer fairness regulations may adversely affect the Group's business. Shutting down the Group's legacy networks as required may also adversely affect the Group's business.

## **OPERATIONAL RISKS**

### ***Failure to prevent or respond to interruptions to the Group's services could adversely affect the Group's reputation and market share as well as resulting in financial loss***

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 customer 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. An increase in the frequency and severity of extreme weather events which might lead to service interruptions is an emerging risk for the Group's business as is the ability of the Group to be able to transform its business and its technology without service interruptions.

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 hacktivists, 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 leader in cyber-security. 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 and it relies on externally hosted cloud services. AI ("Artificial Intelligence") and machine learning being weaponised as security threats and the growing numbers of connected home devices requiring more attention to protect customers are emerging risks for the Group's business.

A failure of the Group's protective measures to prevent or contain a major security incident or business interruption or data being compromised, at a time when there has been increased levels of remote working which may continue after the Covid-19 pandemic, could result in major financial loss, long-term reputational damage and loss of market share. 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 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. The Group is moving into the next phase of its transformation programme that will transform the experience of the Group's customers and that of the workforce through the simplification of the Group's products, processes, IT systems and networks. The next phase of transformation has required the Group to adapt the way in which it executes change management through a new set of capabilities and enablers.

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, and which may negatively impact the Group's ability to make future investments. If the Group does not have the appropriate 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 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 also an emerging risk for the Group's business. There is a risk that BT's wide-ranging transformation programme is disrupted by industrial action as recently threatened by the Communication Workers Union.

***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 in the post-pandemic and post-Brexit employment environment 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 resulting in a loss of critical skills. Poor engagement 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. Furthermore, there is a risk of social disruption and challenges around the post-pandemic return to the workplace. Growing activism among the workforce on social or environmental topics is also an emerging risk for the Group.

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

The Group, and in particular its UK engineering workforce, undertakes activities that involve risk of injury or illness. Many of the Group's workforce, especially its UK engineers, often 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.

A failure to promote and maintain a culture of continual improvement could lead to the Group being unable to build 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 safety and wellbeing management could generate significant human and financial costs as a result of injury to the Group's workforce or members of the public, financial penalties, hindered or stopped operations and/or reputational damage.

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 is a risk the Group may fail to look after the health, safety and wellbeing of its workforce or members of the public, in breach of health and safety laws and regulations. Any health and safety failure could result in injury to members of the public or the Group's workforce, financial penalties, disruption of the Group's operations and/or reputational damage.

***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 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.

Covid-19 related challenges, supplier disruption and changing customer demands, may also impact the Group's ability to deliver on all aspects of its major contracts such as contract delivery timescales and service levels. Additionally, the Group's customers may experience shrinkage, consolidation or failure as a result of the Covid-19 pandemic, which could have a negative impact on profits.

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 impact profitability negatively. 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 Emergency Services Network (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.

Fast-changing customer requirements in a post-Brexit business environment and as a result of changed working patterns during the Covid-19 pandemic, together with changes to the geopolitical landscape affecting growth prospects for the Group in certain regions is an emerging risk for the Group.

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

Failure of the Group to deliver customers the positive experience they expect with respect to modern, competitive products and solutions combined with outstanding customer service, may cause customers to leave BT for a competitor and damage the Group's brand and reputation. Failure to transform the customer experience

could negatively impact customer satisfaction and retention, resulting in a reduction in revenue and damage to the Group's brand and reputation. Service levels may decrease as a result of the reduced retail presence or as a result of migrating to new service platforms. Failure to meet regulatory commitments could result in financial penalties. Any such failure could impact the experience of employees as well, including their pride and advocacy in working for the Group. 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 is 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 a significant risk to its business.

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. 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, for example, disruption due to worldwide shortages of critical supplies as a result of the Covid-19 pandemic, Brexit and geo-political tensions. The Group's business might also be impacted by supplier-related cyber and data security threats.

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, including their compliance with ethical business practices, could result in business disruption, regulatory fines and/or brand damage, for example, if suppliers fail to meet key regulatory obligations such as the European Union's General Data Protection Regulation 2018 and/or human rights laws and policies.

Emerging risks for the Group include political tensions in regions where the Group has a high concentration of suppliers, reliance on single-source vendors' delivery performance and driver shortages which affect the Group's suppliers' delivery models and consequently may adversely impact the Group's business.

**Risks related to the Securities generally**

***The Securities will be subject to optional redemption by the Issuer including upon the occurrence of certain events***

Unless previously repaid, redeemed, purchased and cancelled or (pursuant to Condition 8 of the relevant Conditions) substituted, the Issuer will redeem the Tranche 1 Securities on 23 November 2081, at 100 per cent. of their principal amount together with any accrued and unpaid interest to such date (including any accrued but unpaid Deferred Interest). The Tranche 1 Securities will be redeemable, at the option of the Issuer, in whole but not in part on (i) any business day during the period commencing on (and including) 23 November 2026 to (and including) the First Tranche 1 Reset Date and (ii) any Tranche 1 Interest Payment Date thereafter at their principal amount together with any accrued and unpaid interest up to (but excluding) the redemption date and any outstanding Deferred Interest. In addition, the Issuer may redeem the Tranche 1 Securities, in whole but not in part, on any business day prior to 23 November 2026 at the Make-whole Redemption Amount as described in Condition 7(c) of the Tranche 1 Conditions. The Tranche 2 Securities will be redeemable, at the option of the Issuer, in whole but not in part on (i) any business day during the period commencing on (and including) 23 August 2031 to (and including) the First Tranche 2 Step-up Date and (ii) any Tranche 2 Interest Payment Date thereafter at their principal amount together with any accrued and unpaid interest up to (but excluding) the

redemption date and any outstanding Deferred Interest. In addition, the Issuer may redeem the Tranche 2 Securities, in whole but not in part, on any business day prior to 23 August 2031 at the Make-whole Redemption Amount as described in Condition 7(c) of the Tranche 2 Conditions.

In addition, upon the occurrence of an Accounting Event, a Rating Capital Event, a Change of Control Event, a Tax Deductibility Event or a Withholding Tax Event (each as defined in the Conditions and as more fully described in Condition 7 of the relevant Conditions and subject to the relevant provisions in Condition 7 and Condition 9 of the relevant Conditions), the Issuer shall have the option to redeem, in whole but not in part, either tranche of the Securities at (i) 101 per cent. of their principal amount, together with any accrued and unpaid interest up to (but excluding) the redemption date, including any accrued but unpaid Deferred Interest (in the case of an Accounting Event, a Rating Capital Event or a Tax Deductibility Event where any such redemption occurs before, in respect of the Tranche 1 Securities, 23 November 2026 or, in respect of the Tranche 2 Securities, 23 August 2031, and in the case of a Change of Control Event where any such redemption occurs at any time) or (ii) 100 per cent. of their principal amount, together with any accrued and unpaid interest up to (but excluding) the redemption date, including any accrued but unpaid Deferred Interest (in the case of a Withholding Tax Event where any such redemption occurs at any time or in the case of an Accounting Event, a Rating Capital Event or a Tax Deductibility Event where any such redemption occurs on or after, in respect of the Tranche 1 Securities 23 November 2026 or, in respect of the Tranche 2 Securities, 23 August 2031. In the case of a Change of Control Event, in event that the Issuer does not elect to redeem the relevant Securities, the then prevailing Interest Rate shall be increased by 5 per cent. per annum with effect from (and including) the date on which the first Change of Control Event occurred.

Furthermore, if an Accounting Event, a Rating Capital Event, a Tax Deductibility Event or a Withholding Tax Event occurs, then, subject to the provisions of Conditions 8 and 9 of the relevant Conditions, the Issuer may at any time, instead of giving notice to redeem the relevant Securities, substitute all, but not some only, of the relevant Securities for, or vary the terms of such Securities so that they remain or become, as the case may be, Qualifying Securities (as defined in the relevant Conditions). Whilst Qualifying Securities are required to have terms not otherwise materially less favourable to Holders of the relevant tranche of the relevant Securities (as defined below) than the terms of the relevant Securities, there can be no assurance that the substitution or variation of the relevant Securities will not have a significant adverse impact on the price of, and/or market for, the relevant Securities or the circumstances of relevant individual Holders. For example, it is possible that the relevant Qualifying Securities will contain conditions that are contrary to the investment criteria of certain investors and the tax and stamp duty consequences of holding the relevant Qualifying Securities could be different for some categories of Holders from the tax and stamp duty consequences for them of holding the relevant Securities prior to such substitution or variation.

During any period when the Issuer may, or may be perceived to be able to, elect to redeem either tranche, the market value of the relevant Securities 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 the relevant Securities when its cost of borrowing is lower than the interest payable on such Securities. 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 payable on the relevant Securities 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.

***The interest rate on the relevant Securities will reset on the First Tranche 1 Reset Date and the First Tranche 2 Step-up Date, respectively, and on every Reset Date thereafter, which can be expected to affect the interest payable on the relevant Securities and the market value of such Securities***

Although each tranche of the Securities will earn interest at a fixed rate until (but excluding) the First Tranche 1 Reset Date and the First Tranche 2 Step-up Date, respectively, 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 each tranche will be reset on the First Tranche 1 Reset Date and the First Tranche 2 Step-up Date (as set out in the relevant Conditions) and on each subsequent Reset Date (as set out in the relevant Conditions), the interest payable on the relevant Securities will also change. If the market interest rate increases, the price of such security typically falls, until the yield of such security is approximately equal to the market interest rate. If the market interest rate falls, the price of a fixed interest rate security typically increases, until the yield of such security is approximately equal to the market interest rate. Holders of the Securities (respectively, the

“Holders”) should be aware that movements in these market interest rates can adversely affect the price of the Securities and might lead to losses for the Holders if they sell the Securities.

Holders 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 Securities.

***The Holders of the Securities are exposed to risks relating to the reset of interest rates linked to the 5-Year Treasury Rate***

From and including the First Tranche 1 Reset Date and the First Tranche 2 Step-up Date for the Tranche 1 Securities and the Tranche 2 Securities, respectively, to the date on which the Issuer redeems the relevant Securities in whole pursuant to the relevant Conditions, the relevant Securities bear interest at a rate which will be determined on each relevant Reset Interest Determination Date at the 5-Year Treasury Rate for the relevant Reset Period plus the relevant Margin for the relevant Reset Period. Potential investors should be aware that the performance of the 5-Year Treasury Rate and the interest income on the Securities cannot be anticipated. Due to varying interest income, potential investors are not able to determine a definite yield of the Securities at the time they purchase them, therefore their return on investment cannot be compared with that of investments having longer fixed interest periods. In addition, after relevant Interest Payment Dates, Holders are exposed to the reinvestment risk if market interest rates decline. That is, Holders may reinvest the interest income paid to them only at the relevant lower interest rates then prevailing.

Potential investors in the Securities should bear in mind that neither the current nor the historical level of the 5-Year Treasury Rate is an indication of the future development of such 5-Year Treasury Rate during the term of the Securities.

Furthermore, during each Reset Period, it cannot be ruled out that the price of the relevant Securities may fall as a result of changes in the market interest rate, as the market interest rate fluctuates. During each of these periods, the Holders are exposed to the risks as described under “–The interest rate on the relevant Securities will reset on the First Tranche 1 Reset Date and the First Tranche 2 Step-up Date, respectively, and on every Reset Date thereafter, which can be expected to affect the interest payable on the relevant Securities and the market value of such Securities”.

***Historical U.S. treasury rates are not an indication of future U.S. treasury rates***

In the past, U.S. treasury rates have experienced significant fluctuations. Holders should note that historical levels, fluctuations and trends of U.S. treasury rates are not necessarily indicative of future levels. Any historical upward or downward trend in U.S. treasury rates is not an indication that U.S. treasury rates are more or less likely to increase or decrease at any time after the First Tranche 1 Reset Date and the First Tranche 2 Step-up Date, respectively, and historical U.S. treasury rates should not be taken as an indication of future Five-Year Treasury Rates. Any fluctuations in the U.S. treasury rates could have an adverse effect on the interest on, and the market value of, the Securities.

***The manner of administration of the 5-Year Treasury Rate may change and adversely affect the value of the Securities***

The manner of administration of the 5-Year Treasury Rate may change, with the result that it may perform differently than in the past, or there could be other consequences that cannot be predicted.

Changes in the manner of the 5-Year Treasury Rate’s administration, could require or result in an adjustment to the interest calculation provisions of the Conditions, or result in adverse consequences to Holders. Furthermore, even prior to the implementation of any changes, uncertainty as to the nature of alternative reference rates during the terms of the Securities, the return on the Securities and the trading market for hybrid securities (including the Securities). 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 5-Year Treasury Rate.

The Conditions also provide for certain fallback arrangements in the event that the Issuer determines that the relevant 5-Year Treasury Rate cannot be determined, without any requirement for consent or approval of the relevant Holders. The use of any such arrangements may result in the relevant Securities performing differently (including paying a lower Reset Interest Rate than they would do if the relevant 5-Year Treasury Rate were to continue to apply in its current form).

Any of the foregoing could have an adverse effect on the value or liquidity of, and return on, the Securities.

***The Issuer has the right to defer interest payments on the Securities***

The Issuer may, at its discretion, elect to defer all or part of any payment of interest on any tranche of the Securities, subject to limited exceptions. See “Terms and Conditions of the Tranche 1 Securities — Optional Interest Deferral” and “Terms and Conditions of the Tranche 2 Securities — Optional Interest Deferral”. While the deferral of payment of interest continues, the Issuer is not prohibited from making payments on any instrument ranking senior to the Securities or on certain instruments ranking pari passu with the Securities and, in such event, the Holders are not entitled to claim immediate payment of interest so deferred.

Any such deferral of interest payments or perceived likelihood of a future deferral of interest payments will not constitute a default for any purpose unless such payments are required in accordance with Condition 6(c) of the relevant Securities.

Any deferral of interest payments in respect of any tranche of the Securities or any perceived increase in the likelihood thereof is likely to have an adverse effect on the market price of such Securities. In addition, as a result of the interest deferral provision of such Securities, the market price of such Securities 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 and/or the Guarantor’s financial condition.

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

***Integral multiples of less than the specified denomination***

The denominations of the Securities are U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. Therefore, it is possible that the Securities may be traded in amounts in excess of U.S.\$200,000 that are not integral multiples of U.S.\$200,000. In such a case, a Holder who, as a result of trading such amounts, holds a principal amount of less than U.S.\$200,000 in its account with the relevant clearing system, will not receive a definitive Security in respect of such holding (should definitive Securities be printed) and would need to purchase a principal amount of the relevant Securities such that it holds an amount equal to one or more denominations. If definitive Securities are issued, Holders should be aware that definitive Securities which have a denomination that is not an integral multiple of U.S.\$200,000 may be illiquid and difficult to trade.

***The Issuer’s and Guarantor’s obligations under the Securities are subordinated***

The Issuer’s obligations under the Securities 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” (as defined in the relevant Trust Deed) 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 relevant Trust Deed) or (y) which substitution will be effected in accordance with Condition 15; and (B) in each case the terms of which do not provide that the Securities shall thereby become redeemable or repayable in accordance with the relevant Conditions) 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 Holders 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 Tranche 1 Securities — Status of the Securities”, “Terms and Conditions of the Tranche 1 Securities — Subordination of the Securities”, “Terms and Conditions of the Tranche 2 Securities — Status of the Securities” and “Terms and Conditions of the Tranche 2 Securities — Subordination of the Securities”.

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 Holders 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 Tranche 1 Securities — Status of the Guarantee”, “Terms and Conditions of the Tranche 1 Securities — Subordination of the Guarantee”, Terms and Conditions of the Tranche 2 Securities — Status of the Guarantee” and “Terms and Conditions of the Tranche 2 Securities — Subordination of the Guarantee”.

By virtue of such subordination, payments to a Holder will, in the events described in the Conditions, only be made after all obligations of the Issuer and/or the Guarantor resulting from higher ranking claims have been satisfied. A Holder may, therefore, recover less than the holders of unsubordinated or other prior ranking subordinated liabilities of the Issuer and/or the Guarantor. Furthermore, the Conditions will not limit the amount of the liabilities ranking senior to, or pari passu with, the Securities 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 Holders 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 Securities. Subject to applicable law, no Holder 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 Securities and each Holder shall, by virtue of his holding of any Security, be deemed to have waived all such rights of set-off, compensation or retention.

Although subordinated debt securities, such as the Securities, 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 Securities will lose all or some of his investment should the Issuer become insolvent.

#### ***The Guarantees may be terminated***

The Guarantees contain provisions which permit a termination of the Guarantees at the sole discretion of the Issuer or the Guarantor. There can be no guarantee that any such termination of the Guarantees will not have an adverse effect on the price of the relevant Securities and subsequently lead to losses for the Holders if they sell the relevant Securities.

#### ***The current IFRS accounting classification of financial instruments such as the Securities as 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”) and public meetings were held on 23 October 2019, 16 December 2020 and 16 February 2021 to discuss the proposals contained therein. If the proposals set out in the DP/2018/1 Paper are implemented in their current form, the current IFRS accounting classification of financial instruments such as the Securities as financial liabilities may change in the future and this may result in the occurrence of an “Accounting Event” (as described in the relevant Conditions). In such an event, the Issuer may have the option to redeem, in whole but not in part, the relevant Securities pursuant to the relevant Conditions.

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 Securities 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 relevant Securities pursuant to the relevant Conditions or substitute, or vary the terms of, the relevant Securities in accordance with the relevant Conditions.

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

### ***No limitation on issuing senior or pari passu securities***

There is no restriction on the amount of securities or other liabilities which the Issuer or the Guarantor may issue, guarantee or incur and which rank senior to, or pari passu with, the Securities or the Guarantees. The issue of any such securities or the incurrence of any such other liabilities may reduce the amount (if any) recoverable by Holders 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 Securities.

If the Issuer's and/or the Guarantor's financial condition were to deteriorate, the Holders 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 Holders could suffer loss of their entire investment.

### ***Limited Remedies***

Payments of interest on the Securities may be deferred in accordance with Condition 6(a) of the relevant Securities and interest will not, therefore, be due other than in the limited circumstances described in Condition 6(c) of the relevant Securities.

The only event of default in the Conditions 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), in each case in respect of the relevant Securities 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 Holders to enforce claims for payment of principal or interest in respect of the Securities when the same are due.

In addition, if 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 or substitution in place of the Issuer of a "successor in business" of the Issuer) 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 will be subordinated to the claims of holders of all Senior Obligations of the Issuer as further described in Condition 3(a) of the relevant Securities. Accordingly, without prejudice to the rights of the Trustee and the Holders 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 may expect to obtain any recovery in respect of their Securities and prior thereto the Holders 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 of the Guarantor) or an administrator of the Guarantor is appointed and such administrator gives notice that it intends to declare and distribute a dividend, the rights and claims of the Holders under the relevant Guarantee will be subordinated in accordance with Condition 4(c) of the relevant Securities. 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 before the relevant Holders may expect to obtain from the Guarantor any recovery pursuant to the relevant Guarantees in respect of their Securities and prior thereto the relevant Holders will have only limited ability to influence the conduct of such winding-up or analogous proceedings.

### ***Modification, Waiver and Substitution***

The Conditions contain provisions for calling meetings of Holders to consider matters affecting their interests generally. These provisions will permit defined majorities of Holders of the relevant tranche of the Securities to bind all Holders of such tranche of Securities, including those Holders who did not attend and vote at the meetings and Holders who voted in a manner contrary to the majority.

The Conditions and the Trust Deed in respect of each tranche of the Securities will also provide that the Trustee may, without the consent of the Holders, agree to (i) any modification of the relevant Conditions or of any other

provisions of the relevant Trust Deed or the relevant Paying Agency Agreement in respect of the relevant Securities which is in each case, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error and (ii) any other modification to (except as mentioned in the Trust Deed in respect of the relevant Securities), and any waiver or authorisation of, any breach or proposed breach by the Issuer and/or the Guarantor of, any of the relevant Conditions or of the provisions of the relevant Trust Deed or the relevant Paying Agency Agreement in respect of the relevant Securities which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Holders (which will not include, for the avoidance of doubt, any modification entitling the Holders to institute actions, steps or proceedings for the winding-up of the Issuer and/or the Guarantor which are more extensive than those set out in Condition 12 of the relevant Securities) or (iii) if so requested by the Issuer, agree to the substitution on a subordinated basis equivalent to that referred to in Conditions 2 and 3 of the relevant Securities of certain other entities in place of the Issuer (or any previous substituted Issuer) as a new principal debtor under the relevant Trust Deed and the relevant Securities (and in certain circumstances, if so requested by the Issuer, the Trustee shall agree, without the consent of the Holders, to such substitution). Additionally, the Trustee shall, without any requirement for the consent or approval of the Holders, execute any documents necessary to effect either (a) the substitution of all, but not some only, of either tranche of the Securities for, or (b) the variation of the terms of either tranche of the Securities with the effect that they remain or become, as the case may be, Qualifying Securities, in each case in accordance with Condition 8 of the relevant Securities, upon the occurrence of an Accounting Event, a Rating Capital Event, a Tax Deductibility Event or a Withholding Tax Event and subject to certain conditions specified in Conditions 8 and 9 of the relevant Securities.

Any such modification, waiver, and/or substitution may have a significant adverse impact on the price of, and/or the market for, the relevant Securities.

#### ***Credit ratings may not reflect all risks***

The Securities are expected to be assigned a rating of BB+ by S&P, Ba1 by Moody's and BB+ by Fitch. The ratings may not reflect the potential impact of all risks related to the structure, market and other factors that may affect the value of the Securities. A credit rating is not a statement as to the likelihood of deferral of interest on the Securities. Holders have a greater risk of deferral of interest payments than persons holding other securities with similar credit ratings but no, or more limited, interest deferral provisions.

In addition, each of S&P, Moody's and Fitch, or any other rating agency may change its methodologies for rating securities with features similar to the Securities in the future. This may include the relationship between ratings assigned to an issuer's senior securities and ratings assigned to securities with features similar to the Securities sometimes called "notching". If the rating agencies were to change their practices for rating such securities in the future and the ratings of the Securities were to be subsequently lowered, or if the ratings of the Securities were lowered for any other reason (including, for example, adverse developments in relation to the Issuer's and the Guarantor's business or industry) this may have a negative impact on the trading price of the Securities.

#### ***Change of law***

The Securities will be governed by English law. No assurance can be given as to the impact of any possible judicial decision or change to English law or any administrative practice thereof after the Issue Date.

#### ***Risks related to the secondary market***

Although application will be made to admit the Securities to trading on the Market, the Securities may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Securities 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 securities that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been prepared to meet the investment requirements of limited categories of investors. These types of securities 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 the Securities.

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

Securities, such lack of liquidity may result in investors suffering losses on the Securities in secondary resales even if there is no decline in the performance of the assets of the Issuer.

***If the Issuer fails to maintain a listing on a “recognised stock exchange”, interest on the Securities may be subject to U.K. withholding tax and the Issuer’s liquidity and financial position may be adversely affected by the requirement to pay additional amounts on the Securities***

Interest payable on the Securities on or after the date of this Prospectus will be paid free of U.K. withholding tax if the Issuer maintains a listing of the Securities on a “recognised stock exchange” within the meaning of Section 1005 of the U.K. Income Tax Act 2007. The Issuer has applied to list the Securities on the London Stock Exchange, which is currently designated as a “recognised stock exchange”. The inability to maintain such a listing may have an adverse effect on the Issuer’s liquidity and financial position by reason of the Issuer’s obligation to pay additional amounts as may be necessary so that the net amount received by the holders after such reduction will not be less than the amount the holders would have received in the absence of such withholding or deduction. While the Issuer will use its best efforts to obtain and maintain such a listing, as needed, it cannot guarantee that it will be successful.

***The characterisation of the Securities for U.S. federal income tax purposes is uncertain***

The determination of whether an obligation represents debt or equity for U.S. federal income tax purposes is based on all relevant facts and circumstances. There is no direct legal authority as to the proper U.S. federal income tax characterisation of instruments similar to the Securities. To the extent required for U.S. federal income tax purposes, the Issuer intends to treat the Securities as indebtedness for such purposes. In addition, to the extent required for U.S. federal income tax purposes, the Issuer intends to take the position that certain features of the Securities do not cause them to be “contingent payment debt instruments” (“CPDIs”). These characterisations are binding on all U.S. Holders (as defined below under “Taxation—United States Taxation”) unless the U.S. Holder discloses on its U.S. federal income tax return that it is treating the Securities in a manner inconsistent with such characterisations. The Issuer has not and will not seek a ruling from the U.S. Internal Revenue Service (“IRS”) as to the characterisation of the Securities for U.S. federal income tax purposes and therefore no assurance can be given that the IRS will not assert, or a court would not sustain, a different characterisations of the Securities.

If the Securities were subject to the CPDI rules or were treated as equity of the Issuer for U.S. federal income tax purposes, the character, timing and amount (in a given tax period) of income earned by a U.S. Holder may be materially different than as described under “Taxation—United States Taxation—Interest and OID” and “Taxation—United States Taxation—Disposition” below. Specifically, if the Securities were treated as equity interests, interest payments on the Securities would be treated as dividends taxable when actually or constructively received and would qualify as qualified dividend income for non-corporate U.S. Holders that satisfy relevant requirements and we are not a passive foreign investment company or “PFIC” in the year the dividends are received by such U.S. Holder or the prior taxable year. Corporate U.S. Holders would not be eligible for the dividends received deduction on any such dividends. If the Securities were respected as debt but were considered to be CPDIs, then U.S. Holders would be required to include interest on a daily accrual basis (whether or not the amount of any payment is fixed or determinable in the taxable year) in an amount for each accrual period that is determined by constructing a projected payment schedule for a hypothetical fixed rate debt instrument with a comparable yield which may differ in amount and/or timing from the treatment described in “Taxation—United States Taxation—Interest and OID”. Additionally, gain realised on a sale, exchange, or retirement of the Securities will be treated as additional interest income and any loss generally will be ordinary loss.

U.S. Holders should consult their tax advisers regarding any potential characterisation of the Securities as equity, CPDIs, or any other alternate characterisations as well as the resulting potential tax considerations relevant to them under their particular circumstances.

***The Securities will be issued with original issue discount for U.S. federal income tax purposes***

Because the Issuer may elect to defer payment of stated interest on the Securities, such interest is not qualified stated interest and, therefore, all interest on the Securities together with any excess of stated principal over issue price will be treated as original issue discount (“OID”). U.S. Holders (as defined below) will generally be required to include the amounts representing OID in gross income on a constant yield basis in advance of receipt

of the cash payments to which such income is attributable. See “United States Taxation—Interest and OID” for further discussion.

***Additional Securities may be issued with greater OID than the original Securities which could affect the price of the original Securities.***

The Issuer may issue further securities (“Additional Securities”) as described under “Terms and Conditions of the Tranche 1 Securities—Further Issues” and “Terms and Conditions of the Tranche 2 Securities—Further Issues”. These Additional Securities, even if they are treated for non-tax purposes as fungible with the original Securities in some cases, may be treated as a separate instrument for U.S. federal income tax purposes. In such a case, the relevant Additional Securities may be considered to have OID (or a greater amount of OID) which may adversely affect the market value of the relevant original Securities if the relevant Additional Securities are not otherwise distinguishable from the relevant original Securities.

***U.S. Holders may be required to recognise gain or loss as a result of an exchange of the Securities or a modification to the terms of the Securities or a Substitution of the Issuer***

As discussed under “Terms and Conditions of the Tranche 1 Securities—Substitution or Variation”, “Terms and Conditions of the Tranche 1 Securities—Meetings of Holders, Modification, Waiver and Substitution”, “Terms and Conditions of the Tranche 2 Securities—Substitution or Variation” and “Terms and Conditions of the Tranche 2 Securities—Meetings of Holders, Modification, Waiver and Substitution”, under certain circumstances the Issuer may either cause the either tranche of the Securities to be exchanged for relevant Qualifying Securities, modify the terms of either tranche of the Securities or substitute a new obligor in place of the Issuer with respect to either tranche of the Securities. Certain exchanges, modifications or substitutions may be treated for U.S. federal income tax purposes as an actual or deemed disposition of the relevant Securities by a U.S. Holder in exchange for new securities. If an exchange, modification or substitution results in an actual or deemed disposition of the relevant Securities for U.S. federal income tax purposes, a U.S. Holder could be required to recognise capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the issue price of the new securities (as determined for U.S. federal income tax purposes), and the U.S. Holder’s tax basis in the relevant Securities, unless the exchange qualifies as a recapitalisation for U.S. federal income tax purposes. In addition, if the issue price of the modified securities or substituted Qualifying Securities actually or deemed received is less than the issue price of the relevant Securities exchanged, a U.S. Holder may be required to recognise additional OID on such modified securities or substituted Qualifying Securities.

U.S. Holders should consult their tax advisers regarding the U.S. federal income tax treatment of any modification to the terms of the Securities, exchange of the Securities or substitution of the Issuer and the relevant tax considerations to them under their particular circumstances.

## **USE OF PROCEEDS**

The Issuer estimates that the net proceeds (after bookrunners' discounts and estimated net offering expenses) from the sale of the Securities will be approximately U.S.\$994 million. The Group intends to use the net proceeds from the sale of the Securities offered hereby for general corporate purposes.

## CAPITALISATION AND INDEBTEDNESS

The following table sets forth the Issuer's capitalisation and indebtedness as of 30 September 2021. The data included in the table below is extracted from the Issuer's condensed consolidated interim financials statements, incorporated by reference in this prospectus, which were prepared on the basis of UK-adopted IAS 34 'Interim Financial Reporting'.

	<b>As of 30 September 2021</b>
	<i>(in £ millions)</i>
<b>Current loans and other borrowings:</b>	
Total listed bonds, debentures and notes, and other loans .....	1,388
Amounts owed to ultimate parent company .....	-
<b>Total current loans and other borrowings.....</b>	<b>1,388<sup>(1)</sup></b>
<b>Non-current loans and other borrowings:</b>	
Total listed bonds, debentures and notes, and other loans .....	15,455
Amounts owed to ultimate parent company .....	827
<b>Total non-current loans and other borrowings.....</b>	<b>16,282</b>
Lease liabilities .....	5,988
<b>Equity:</b>	
Share capital .....	2,172
Share premium.....	8,000
Other reserves .....	1,446
Retained earnings .....	10,695
<b>Total equity .....</b>	<b>22,313</b>
<b>Total capitalisation<sup>(2)</sup> .....</b>	<b>45,971</b>

Notes:

- (1) Bank overdrafts of £73 million at 31 March 2021 are included within total current loans and other borrowings.
- (2) There has been no other material change to the Issuer's capitalisation and indebtedness since 30 September 2021.

The following table sets forth the Guarantor's capitalisation and indebtedness as of 30 September 2021. The data included in the table below is prepared on the basis of UK-adopted IAS 34 'Interim Financial Reporting'.

	<b>As of 30 September 2021</b>
	<i>(in £ millions)</i>
<b>Current loans and other borrowings .....</b>	<b>1,386</b>
<b>Non-current loans and other borrowings .....</b>	<b>15,455</b>
Lease liabilities .....	5,988
<b>Equity:</b>	
Share capital .....	499
Share premium.....	1,051
Own shares .....	(259)
Merger reserve.....	998
Other reserves .....	739
Retained earnings .....	9,037
<b>Total equity .....</b>	<b>12,065</b>
<b>Total capitalisation<sup>(1)</sup> .....</b>	<b>34,894</b>

Note:

- (1) There has been no other material change to the Guarantor's capitalisation and indebtedness since 30 September 2021.

## DESCRIPTION OF THE ISSUER

### Overview

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 81 Newgate Street, London EC1A 7AJ, United Kingdom, and its telephone number is +44 20 7356 5000. Effective 1 January 2022, BT will change its registered office to 1 Braham Street, London E1 8EE, United Kingdom.

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 four customer-facing units: Consumer, Enterprise, Global and Openreach. They are supported by BT’s internal Digital, Networks and Corporate units.

Enterprise, 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. Global operates in the UK and globally, providing solutions for customers in over 180 countries.

In the UK, BT supports CPs through Enterprise, and through Openreach, and globally through Global.

### 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 European Union regulations and recommendations. In the countries in the European Union, 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 81 Newgate Street, London EC1A 7AJ, 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, Tax, Treasury, Insurance & Pensions. 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. Edward has held the Legal Director role since 2018 having joined BT as a Senior Corporate Lawyer in 2014. 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.

### **Martin Smith (appointed 13 July 2021)**

Martin was appointed as Director, Group Finance on 1 July 2021. Martin joined BT in 2017 and was previously Chief Financial Officer, Global. Prior to joining BT, Martin held several senior group, commercial and operational finance roles at BG Group and British Airways.

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.

## DESCRIPTION OF THE GUARANTOR

### OVERVIEW

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 81 Newgate Street, London EC1A 7AJ, United Kingdom, and its telephone number is +44 20 7356 5000. Effective 1 January 2022, the Guarantor will change its registered office to 1 Braham Street, London E1 8EE, United Kingdom.

### DIVIDEND HISTORY

The historic dividend payment made by the Guarantor to its shareholders was per the following table:

Year	Dividend payment (£)
2009/10	534m
2010/11	574m
2011/12	654m
2012/13	749m
2013/14	880m
2014/15	1,028m
2015/16	1,324m
2016/17	1,532m
2017/18	1,524m
2018/19	1,503m
2019/20	1,521m
2020/21	0m

### 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 has acquired 1,200,000,000 shares, equivalent to 12.1 per cent. of the voting rights, of the Guarantor. Altice has confirmed in its announcement on 10 June 2021 that it does not intend to make a takeover offer for the Guarantor and Altice will be bound by that statement for the purposes of Rule 2.8 of the UK’s Takeover Code up to, and including, 9 December 2021.

## **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 81 Newgate Street, London EC1A 7AJ, United Kingdom, are as follows:

**Jan du Plessis (appointed chairman in November 2017 and on the Board since June 2017, to be succeeded by Adam Crozier as chairman from 1 December 2021 when Jan will retire from the Board)**

### *Chairman*

Jan has announced that he will be retiring from BT with effect from 30 November 2021.

### *Experience*

Jan was chairman of Rio Tinto from 2009 to 2018 and chairman of SABMiller from 2015 until 2016. Jan was also a director and later senior independent director of Marks & Spencer from 2008 until 2015. Before that Jan served as chairman or non-executive director of a number of public companies. Prior to that, until 2004, Jan was group finance director of Richemont.

### *Relevant skills and contribution to the Board*

Significant experience serving as chairman and as a non-executive director on the boards of FTSE 100 international companies across varying sectors. Jan has the knowledge and insight to lead an effective board and an in-depth understanding of UK corporate governance requirements.

### *External appointments*

None outside the Group.

**Adam Crozier (appointed chairman from 1 December 2021 and on the Board since 1 November 2021)**

### *Chairman Designate*

### *Experience*

Adam is an experienced chairman with significant operational and transformational experience in both public and private businesses across a range of industries. Earlier in his career and for over 20 years Adam was a chief executive officer (“CEO”) across four different sectors, most recently as the CEO of ITV from April 2010 to June 2017 and before that as CEO of Royal Mail Holdings. Prior to Royal Mail, Adam 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.

### *External appointments*

Adam is currently chairman of Whitbread, Kantar Group and ASOS (though he will step down as chairman of ASOS on 29 November 2021). He is also a non-executive director of Sony Corporation but will step down from this role with effect from 31 December 2021.

**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's experience and implementation of cost transformation and performance improvement programmes provide valuable expertise.

*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 2017 and is a member of the management board of Deutsche Telekom AG. Previously, Adel was CEO of Northgate Information Solutions from 2011 to 2017, and before that he held a variety of senior posts at both IMS Health (IQVIA today) and IBM.

*Relevant skills and contribution to the Board*

Adel has significant experience in managing global technology companies, enterprise transformation and digitalisation.

*External appointments*

Member of the Boston University, College of Engineering Advisory Board.

**Sir Ian Cheshire (appointed March 2020)**

*Independent non-executive director*

*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. He 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.

*External appointments*

Chairman of Spire Healthcare Group and chairman of Menhaden, a UK investment trust.

**Iain Conn (appointed June 2014)**

*Senior independent non-executive director*

*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*

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.

**Isabel Hudson (appointed November 2014)**

*Independent non-executive director*

*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. Isabel is also 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.

*External appointments*

Non-executive director and audit committee chair of Burberry and chairman of Dallaglio Rugbyworks.

**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 and CEO of Telia Company.

**Leena Nair (appointed July 2019)**

*Independent non-executive director*

*Experience*

Since 2016, Leena has been the chief human resources officer at Unilever. Leena is responsible for Unilever's global people agenda, working across 160 markets to help deliver Unilever's business financial performance as well as its environmental and social impact objectives. Leena joined Unilever in 1992 and has held a wide variety of HR roles throughout her career, including senior vice president for leadership and organisational development and global head of diversity, executive director of Hindustan Unilever and vice president HR South Asia.

Leena was previously a non-executive director at the Department for Business, Energy and Industrial Strategy until December 2020.

*Relevant skills and contribution to the Board*

A deep understanding of the strategic and practical challenges of driving large-scale cultural transformation.

*External appointments*

Chief human resources officer at Unilever.

**Sara Weller CBE (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. She was also the lead non-executive director at the Department for Work and Pensions until April 2020. She 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 September 2021)**

*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 June 2021 and was appointed as company secretary from September 2021. Before joining BT, Sabine was chief legal and corporate affairs officer and company secretary of Anheuser-BuschInBev 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-BuschInBev.

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*

Philip joined the Guarantor from Worldpay where he had been CEO since April 2013. Before that he 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 operating officer and chief executive, Europe, South Africa and India. Prior to that he 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 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 he was CFO of AstraZeneca, and finance director and executive director of ScottishPower. Simon was also previously a director of McKinsey & Company.

*External appointments*

None outside the Group.

**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 and became chief technology officer in March 2021)**

*Chief technology officer*

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 30 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.

**Marc Allera (appointed September 2017)**

*CEO, Consumer*

Marc was previously CEO, EE and prior to that chief commercial officer for EE from 2011 to 2015. He 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 June 2017)**

*CEO, Global*

Bas was formerly 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. He was also CEO and managing director of KPN Entercom Solutions.

*External appointments*

None outside the Group.

**Sabine Chalmers (appointed April 2018 as general counsel and appointed director of regulatory affairs from June 2021 as well as Company Secretary from September 2021)**

*General counsel, company secretary and director of regulatory affairs*

Before joining BT, Sabine was chief legal and corporate affairs officer and company secretary of Anheuser-BuschInBev 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-BuschInBev.

**Harmeen Mehta (appointed March 2021)**

*Chief digital and innovation officer*

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 Max Healthcare Institute and appointed as a non-executive director of Lloyds Banking Group with effect from 1 November 2021.

**Rob Shuter (appointed February 2021)**

*CEO, Enterprise*

Before joining BT, Rob was group president and CEO of MTN Group. Prior to joining MTN, Rob was CEO of the Europe cluster of Vodafone Group having worked there from 2009 to 2016. Earlier in his career, Rob held various roles in the financial sector in South Africa sector including managing director of retail banking at Nedbank and head of investment banking at Standard Bank.

*External appointments*

None outside the Group.

**Alison Wilcox (appointed July 2015, to be succeeded by Debbie White as HR Director on an interim basis from December 2021)**

*HR director*

Alison was formerly regional HR director for Vodafone Europe and, before that, regional HR director for Vodafone’s Africa, Middle East and Asia Pacific footprint. Alison joined Vodafone in 2006 as group director of leadership following a career in consulting.

*External appointments*

None outside the Group.

**Debbie White (appointed on an interim basis from December 2021)**

*Interim HR director*

Debbie has previously held a number of roles at Sodexo, including CEO of its global healthcare and global government areas of business. She has led businesses across 40 countries and served as a member of the group's executive committee, CEO and Chair of Sodexo UK & Ireland and CFO of North America.

Earlier in her career she worked at AstraZeneca and PwC Consulting, having started at Arthur Andersen.

*External appointments*

Non-executive director of Howdens Joinery, PAVmed and Xanitos.

**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.

## Terms and Conditions of the Tranche 1 Securities

*The following, except for paragraphs in italics, are the terms and conditions of the Securities which will be endorsed on the Certificates issued in respect of the Tranche 1 Securities.*

The issue of the U.S.\$500,000,000 NC5.25 Capital Securities due 2081 (the “Securities”, which expression shall, unless the context otherwise requires, include any further securities issued pursuant to Condition 20 and forming a single series with the Securities) of British Telecommunications public limited company (the “Issuer”) was authorised by a resolution of the board of directors of the Issuer dated 11 September 2020. The obligations of the Issuer in respect of the Securities and the Trust Deed are guaranteed (such guarantee, the “Guarantee”) by BT Group plc (the “Guarantor”) as described below and in the Trust Deed. The Guarantee was authorised by a resolution of the board of directors of the Guarantor dated 2 November 2021. The Securities are constituted by a trust deed (as amended and/or supplemented and/or restated from time to time, the “Trust Deed”) dated 23 November 2021 between the Issuer, the Guarantor and The Law Debenture Trust Corporation p.l.c. (the “Trustee”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Securities. These terms and conditions (the “Conditions”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the forms of the Securities. Copies of (i) the Trust Deed and (ii) a paying agency agreement (as amended and/or supplemented and/or restated from time to time) (the “Paying Agency Agreement”) dated 23 November 2021 relating to the Securities between the Issuer, Citibank, N.A., London Branch as principal paying agent (the “Principal Paying Agent”, and together with any additional or successor paying agents, the “Paying Agents”), Citibank, N.A., London Branch as calculation agent (the “Calculation Agent”), Citibank, N.A., London Branch as registrar (the “Registrar”) and the transfer agents named therein (together with the Registrar, the “Transfer Agents”, which expression includes any successor or additional transfer agents appointed from time to time in connection with the Securities) and the Trustee are available for inspection by prior arrangement during usual business hours at the principal office of the Trustee and at the specified offices of each of the Paying Agents. The holders of the Securities are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, and are deemed to have notice of those provisions applicable to them of the Paying Agency Agreement.

### 1. Form, Denomination and Title

#### (a) *Form and Denomination*

The Securities are issued in registered form in the denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. A security certificate (each a “Certificate”) will be issued to each Holder (as defined below) in respect of its registered holding of Securities. Each Certificate will be serially numbered with an identifying number which will be recorded on the relevant Certificate and in the register of Holders which the Issuer will procure to be kept by the Registrar (the “Register”).

#### (b) *Title*

Title to the Securities shall pass only by registration in the Register. Except as ordered by a court of competent jurisdiction or as otherwise required by law, the Holder of any Security shall be deemed to be, and may be treated as, its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on the Certificate representing it or the theft or loss of such Certificate) and no person will be liable for so treating the holder. In these Conditions, Holder or holder means the person in whose name a Security is registered in the Register.

#### (c) *Transfers*

A Security may be transferred by depositing the Certificate issued in respect of that Security, with the form of transfer on the back duly completed and signed, at the specified office of the Registrar or any of the Transfer Agents.

#### (d) *Delivery of new Certificates*

Each new Certificate to be issued upon transfer of Securities will, within five business days of receipt by the Registrar or the relevant Transfer Agent of the duly completed form of transfer endorsed on the

relevant Certificate, be mailed by uninsured mail at the risk of the Holder entitled to the Security to the address specified in the form of transfer. For the purposes of this Condition, business day shall mean a day on which banks are open for business in the city in which the specified office of the Registrar or Transfer Agent with whom a Certificate is deposited in connection with a transfer is located.

Where some but not all of the Securities in respect of which a Certificate is issued are to be transferred, a new Certificate in respect of the Securities not so transferred will, within five business days of receipt by the Registrar or the relevant Transfer Agent of the original Certificate, be mailed by uninsured mail at the risk of the Holder of the Securities not so transferred to the address of such Holder appearing on the Register or as specified in the form of transfer.

(e) *Formalities free of charge*

Registration of transfer of Securities will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent upon payment (or the giving of such indemnity as the Issuer, the Registrar or any Transfer Agent may reasonably require) in respect of any stamp duty, tax or other governmental charges which may be imposed in relation to such transfer.

(f) *Closed periods*

No Holder may require the transfer of a Security to be registered during the period of 15 days ending on the due date for any payment of principal or premium on that Security or in the period falling 15 days prior to any Tranche 1 Interest Payment Date.

(g) *Regulations*

All transfers of Securities and entries on the Register will be made subject to such reasonable regulations as the Issuer, the Registrar and the Trustee may from time to time agree (the initial such regulations being set out in Schedule 3 to the Paying Agency Agreement).

**2. Status of the Securities**

The Securities constitute direct, unsecured and subordinated obligations of the Issuer and rank pari passu and without any preference or priority among themselves and with any Parity Securities of the Issuer. The rights and claims of the Holders in respect of the Securities against the Issuer are subordinated as described in Condition 3.

**3. Subordination of the Securities**

(a) *General*

In the event of:

- (i) 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” (as defined in the Trust Deed) 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 15; and (B) in each case the terms of which do not provide that the Securities shall thereby become redeemable or repayable in accordance with these Conditions); or
- (ii) 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 Security, such amounts, if any, as would have been payable to the Holder of such Security 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 (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, in the case of a Security and its Holder, an amount equal to the principal amount of the relevant Security and any accrued and unpaid interest (including any accrued but unpaid Deferred Interest) (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.

*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 Holders may expect to obtain from the Issuer any recovery in respect of their Securities and prior thereto any Holder will have only limited ability to influence the conduct of such winding-up or analogous proceedings. See “Risk Factors – Risks related to the Securities generally – Limited Remedies”.*

(b) *Set-off*

Subject to applicable law, no Holder 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 Securities and each Holder shall, by virtue of his holding of any Security, be deemed to have waived all such rights of set-off, compensation or retention.

**4. Guarantee**

(a) *Guarantee*

The payment of the principal, premium and interest in respect of the Securities 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 17.

(b) *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. The rights and claims of the Holders in respect of the Guarantee against the Guarantor are subordinated as described in Condition 4(c).

(c) *Subordination of the Guarantee*

In the event of:

- (i) 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 Securities shall thereby become redeemable or repayable in accordance with these Conditions); or
- (ii) 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 Security, such amounts, if any, as would have been payable to the Holder of such Security 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 (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, in the case of a Security and its Holder, an amount equal to the principal amount of the relevant Security and any accrued and unpaid interest (including any accrued but unpaid Deferred Interest) (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).

*Accordingly, without prejudice to the rights of the Trustee, 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 Holders may expect to obtain from the Guarantor any recovery pursuant to the Guarantee in respect of their Securities, as the case may be, under the Guarantee and prior thereto any Holder will have only limited ability to influence the conduct of such winding-up or analogous proceedings. See “Risk Factors – Risks related to the Securities generally – Limited Remedies”.*

(d) *Set-off*

Subject to applicable law, no Holder 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 Securities or the Guarantee and each Holder shall, by virtue of his holding of any Security, be deemed to have waived all such rights of set-off, compensation or retention.

## 5. Interest Payments

### (a) *Tranche 1 Interest Payment Dates*

The Securities bear interest on their principal amount at the applicable Interest Rate from (and including) 23 November 2021 (the “Issue Date”) up to (but excluding) the Maturity Date in accordance with the provisions of this Condition 5.

Subject to Condition 6, interest shall be payable on the Securities semi-annually in arrears on 23 February and 23 August in each year (each a “Tranche 1 Interest Payment Date”) and ending on the Maturity Date, as provided in this Condition 5, except that the first payment of interest, to be made on 23 August 2022, representing a long first coupon, will be in respect of the period from (and including) the Issue Date to (but excluding) 23 August 2022.

### (b) *Interest Accrual*

The Securities (and any unpaid amounts thereon) will cease to bear interest from (and including) the date of redemption thereof pursuant to the relevant paragraph of Condition 7 or the date of substitution or variation thereof pursuant to Condition 8, as the case may be, unless, upon due surrender (where such surrender is required), payment of all unpaid amounts in respect of the Securities is not made, in which event interest shall continue to accrue in respect of the principal amount of, and any other unpaid amounts on, the Securities, both before and after judgment, and shall be payable, as provided in these Conditions up to (but excluding) the Relevant Date.

Save as provided in Condition 5(c), where it is necessary to compute an amount of interest in respect of any Security for a period which is less than or equal to a complete Interest Period, such interest shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days (“day-count fraction”). Where it is necessary to compute an amount of interest in respect of any Security for a period of more than one Interest Period, such interest shall be the aggregate of the interest computed in respect of a full Interest Period plus the interest computed in respect of the remaining period calculated in the manner as aforesaid.

Interest in respect of any Security shall be calculated per U.S.\$1,000 in principal amount thereof (the “Calculation Amount”). The amount of interest calculated per Calculation Amount for any period shall, save as provided in Condition 5(c), be equal to the product of the relevant Interest Rate, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards). The amount of interest payable in respect of each Security shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the denomination of such Security without any further rounding.

### (c) *Initial Interest Rate*

The Interest Rate in respect of each Interest Period ending on or before the First Tranche 1 Reset Date is 4.250 per cent. per annum (the “Initial Interest Rate”). The Interest Payment in respect of each such Interest Period will amount to U.S.\$21.25 per Calculation Amount. The first payment of interest, to be made on 23 August 2022, representing a long first coupon, will be in respect of the period from (and including) the Issue Date to (but excluding) 23 August 2022 and will amount to U.S.\$31.875 per Calculation Amount.

(d) *Reset Interest Rates*

The Interest Rate in respect of each Interest Period falling in a Reset Period shall be the aggregate of the relevant Margin and the relevant 5-Year Treasury Rate for such Reset Period, all as determined by the Calculation Agent (each a “Reset Interest Rate”).

“5-Year Treasury Rate” means, as of any Reset Interest Determination Date, the average of the yields on actively traded U.S. treasury securities adjusted to constant maturity, for five-year maturities, for the most recent five Business Days appearing under the caption “Treasury Constant Maturities” in the most recent H.15.

If the Issuer, in its sole discretion, determines that the 5-Year Treasury Rate cannot be determined pursuant to the method described above, the Issuer may use reasonable efforts to designate an unaffiliated agent or advisor, which may include an unaffiliated Bookrunner for the offering of the Securities or any affiliate of any such Bookrunner (the “designee”), to determine whether there is an industry-accepted successor rate to the 5-Year Treasury Rate. If the designee determines that there is such an industry-accepted successor rate to the 5-Year Treasury Rate, then the 5-Year Treasury Rate shall be such successor rate and, in that case, the designee may then determine and adjust the business day convention, the definition of business day and the Reset Interest Determination Date to be used and any other relevant methodology for calculating such substitute or successor base rate, including any adjustment factor needed to make such substitute or successor base rate comparable to the 5-Year Treasury Rate, in a manner that is consistent with industry accepted practices for such substitute or successor base rate. No such adjustment shall affect the Trustee’s or the Agents’ own rights, duties or immunities under the Trust Deed, the Payment Agent Agreement, the Calculation Agent Agreement or otherwise.

If the 5-Year Treasury Rate cannot be determined pursuant to the methods described in the paragraphs above, the rate will be equal to the 5-Year Treasury Rate for the last preceding Reset Period (or, in the case of the first Reset Period, the rate equal to 1.265 per cent. per annum).

(e) *Determination of Reset Interest Rates and Calculation of Interest Amounts*

The Calculation Agent will, as soon as practicable after 11.00 a.m. (New York City time) on each Reset Interest Determination Date, determine the Reset Interest Rate in respect of the relevant Reset Period and calculate the amount of interest payable in respect of a Calculation Amount on each Tranche 1 Interest Payment Date falling in the period from (but excluding) such relevant Reset Date to (and including) the next Reset Date (the “Interest Amount”).

(f) *Publication of Reset Interest Rates and Interest Amounts*

Unless the Securities are to be redeemed on or prior to the next following Reset Date, the Issuer (failing which the Guarantor) shall cause notice of each Reset Interest Rate and the related Interest Amount per Calculation Amount to be given to the Trustee, the Registrar, the Paying Agents, any stock exchange on which the Securities are for the time being listed or admitted to trading and, in accordance with Condition 19, the Holders, in each case as soon as practicable after its determination but in any event not later than the fourth Business Day thereafter.

(g) *Calculation Agent*

Unless the Securities are to be redeemed on or prior to the First Tranche 1 Reset Date, the Issuer will, no later than fourteen days before the first Reset Interest Determination Date, appoint and thereafter maintain a Calculation Agent.

The Issuer may, with the prior written approval of the Trustee, from time to time replace the Calculation Agent with another independent financial institution. If the Calculation Agent is unable or unwilling to continue to act as the Calculation Agent or fails to determine a Reset Interest Rate or calculate the related Interest Amount or effect the required publication thereof (in each case as required pursuant to these Conditions), the Issuer shall forthwith appoint another independent financial institution approved in writing by the Trustee to act as such in the Calculation Agent's place. The Calculation Agent may not resign its duties or be removed without a successor having been appointed as aforesaid.

(h) *Determinations of Calculation Agent Binding*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5 by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Guarantor, the Calculation Agent, the Trustee, the Registrar, the Transfer Agents, the Paying Agents and all Holders and (in the absence as aforesaid) no liability to the Holders, the Issuer or the Guarantor shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

(i) *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 Securities in accordance with Condition 7(h) following the occurrence of a Change of Control Event, the then prevailing Interest Rate, and each subsequent Interest Rate otherwise determined in accordance with the provisions of this Condition 5, on the Securities shall be increased by 500 bps per annum 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 Securities in accordance with Condition 7(h) following the occurrence of any Change of Control Event, this Condition 5(j) shall only apply in relation to the first Change of Control Event to occur while any of the Securities remain outstanding.

**6. Optional Interest Deferral**

(a) *Deferral of Interest Payments*

The Issuer may, at its discretion, elect to defer, in whole or in part, payment of any Interest Payment (any such deferred Interest Payment, a "Deferred Interest Payment") which is otherwise scheduled to be paid on a Tranche 1 Interest Payment Date (except on the Maturity Date) by giving notice (a "Deferral Notice") of such election to the Holders in accordance with Condition 19, the Trustee, the Registrar and the Principal Paying Agent not more than 30 nor fewer than seven Business Days prior to the relevant Tranche 1 Interest Payment Date. Subject to Condition 6(c), if the Issuer elects to defer (in whole or in part) payment of any Interest Payment on a Tranche 1 Interest Payment Date in accordance with this Condition 6(a), then neither it nor the Guarantor will have any obligation to pay such interest on the relevant Tranche 1 Interest Payment Date and any such non-payment of interest will not constitute a default or any other breach of its obligations under the Securities or the Guarantee or for any other purpose.

Any Deferred Interest Payment shall itself bear interest (such further interest, together with the Deferred Interest Payment, being "Deferred Interest"), at the Interest Rate 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(c), in each case such further interest being compounded on each Tranche 1 Interest Payment Date.

Non-payment of Deferred Interest (or part thereof) shall not constitute a default by the Issuer or the Guarantor under the Securities or the Guarantee or for any other purpose, unless such payment is required in accordance with Condition 6(c).

(b) *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 Holders in accordance with Condition 19, the Trustee, the Registrar and the Principal Paying Agent not more than 30 nor fewer than 7 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.

(c) *Mandatory payment of Deferred Interest*

Notwithstanding the preceding provisions of this Condition 6, 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:

- (i) the date which is 10 Business Days following the occurrence of a Compulsory Payment Event;
- (ii) the next scheduled Tranche 1 Interest Payment Date if the Issuer pays interest on the Securities on such date;
- (iii) the date on which the Securities are redeemed or repaid in accordance with Condition 3, Condition 4, any paragraph of Condition 7 or Condition 12; and
- (iv) the date on which the Securities are substituted for, or where the terms of the Securities are varied so that they become, Qualifying Securities in accordance with Condition 8.

## **7. Redemption**

(a) *Final Redemption Date*

Unless previously repaid, redeemed, purchased and cancelled or (pursuant to Condition 8) substituted as provided in these Conditions, the Securities will be redeemed on the Maturity Date at 100 per cent. of their principal amount together with any accrued and unpaid interest up to (but excluding) the Maturity Date (including any accrued but unpaid Deferred Interest).

(b) *Issuer’s Call Option*

The Issuer may, having given not fewer than 10 nor more than 60 days’ notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 19, the Holders (which notice shall be irrevocable), redeem all, but not some only, of the Securities on any Optional Redemption Date at 100 per cent. of their principal amount together with any accrued and unpaid interest up to (but excluding) the redemption date (including any accrued but unpaid Deferred Interest). Upon the expiry of such notice, the Issuer shall redeem the Securities.

(c) *Make-whole Redemption by the Issuer*

The Issuer may, by giving not less than 10 nor more than 60 days’ notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 19, the Holders (which notice shall be irrevocable), redeem all, but not some only, of the Securities on any Business Day prior to 23 November 2026 (any such date, a “Make-whole Redemption Date”) at an amount equal to the Make-whole Redemption Amount together with any accrued and unpaid interest up to (but excluding) the

Make-whole Redemption Date and any Deferred Interest. No later than the Business Day immediately following the Make-whole Calculation Date, the Calculation Agent shall notify the Issuer, the Trustee and the Principal Paying Agent of the Make-whole Redemption Amount and the Reference Bond Rate. The Issuer shall notify the Holders in accordance with Condition 19 of the Make-whole Redemption Amount and the Reference Bond Rate as soon as reasonably practicable after the Issuer is notified of such by the Calculation Agent on the Make-whole Calculation Date.

For the purposes of this Condition 7(c):

“Make-whole Calculation Date” means the third Business Day preceding the Make-whole Redemption Date.

“Make-whole Redemption Amount” means an amount in U.S. dollars equal to the higher of (A) the principal amount of the Securities to be redeemed and (B) the sum (rounding the resulting figure, if necessary, to the nearest cent (half a cent being rounded upwards)) of the then present values as at the Make-whole Redemption Date of the principal amount of the Securities to be redeemed and the remaining scheduled payments of interest on such Securities to 23 November 2026 (exclusive of any interest accrued but not paid on the Securities since the last Tranche 1 Interest Payment Date or, as the case may be, the Issue Date, immediately preceding such Make-whole Redemption Date to (but excluding) the Make-whole Redemption Date, and any Deferred Interest) discounted to the relevant Make-whole Redemption Date on a semi-annual basis (based on the day count fraction) at a rate equal to the Reference Bond Rate, plus the Make-whole Redemption Margin (the “Make-whole Redemption Rate”) all as determined by the Calculation Agent.

“Quotation Time” means 11:00a.m. (New York City time).

“Make-whole Redemption Margin” means 0.450 per cent.

“Reference Bond” means UST 1.125 per cent. Oct-26 / ISIN: US91282CDG33.

“Reference Bond Yield” means, with respect to the Make-whole Redemption Date, (a) the arithmetic average of the Reference Government Bond Dealer Quotations for the Make-whole Redemption Date, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (b) if the Calculation Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations.

“Reference Bond Rate” means, with respect to the Make-whole Redemption Date, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its principal amount) equal to the Reference Bond Yield for such Make-whole Redemption Date;

“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 (and which may include, for the avoidance of doubt, an unaffiliated Bookrunner for the offering of the Securities).

“Reference Government Bond Dealer Quotations” means, with respect to each Reference Government Bond Dealer and the Make-whole Redemption Date, the arithmetic average, as determined by the Calculation Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its principal amount) at the Quotation Time on the Make-whole Calculation Date quoted in writing to the Calculation Agent by such Reference Government Bond Dealer.

(d) *Redemption for Certain Taxation Reasons*

If a Tax Deductibility Event or a Withholding Tax Event has occurred and is continuing, then the Issuer may, having given not fewer than 10 nor more than 60 days' notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 19, the Holders (which notice shall be irrevocable) and subject to Condition 9, redeem all, but not some only, of the Securities at any time at 100 per cent. of their principal amount in the case of a Withholding Tax Event, or, in the case of a Tax Deductibility Event, (i) 101 per cent. of their principal amount where such redemption occurs before 23 November 2026, or (ii) 100 per cent. of their principal amount where such redemption occurs on or after 23 November 2026, together, in each case, with any accrued and unpaid interest up to (but excluding) the redemption date (including any accrued but unpaid Deferred Interest). Upon the expiry of such notice, the Issuer shall redeem the Securities.

(e) *Redemption following a Rating Capital Event*

If a Rating Capital Event has occurred and is continuing, then the Issuer may, having given not fewer than 10 nor more than 60 days' notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 19, the Holders (which notice shall be irrevocable) and subject to Condition 9, redeem all, but not some only, of the Securities at any time at (i) 101 per cent. of their principal amount, where such redemption occurs before 23 November 2026, or (ii) 100 per cent. of their principal amount, where such redemption occurs on or after 23 November 2026, together, in each case, with any accrued and unpaid interest up to (but excluding) the redemption date (including any accrued but unpaid Deferred Interest). Upon the expiry of such notice, the Issuer shall redeem the Securities.

(f) *Redemption following an Accounting Event*

If an Accounting Event has occurred and is continuing, then the Issuer may, having given not fewer than 10 nor more than 60 days' notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 19, the Holders (which notice shall be irrevocable) and subject to Condition 9, redeem all, but not some only, of the Securities at any time at (i) 101 per cent. of their principal amount, where such redemption occurs before 23 November 2026, or (ii) 100 per cent. of their principal amount, where such redemption occurs on or after 23 November 2026, together, in each case, with any accrued and unpaid interest up to (but excluding) the redemption date (including any accrued but unpaid Deferred Interest). Upon the expiry of such notice, the Issuer shall redeem the Securities.

The period during which the Issuer may notify the redemption of the Securities as a result of the occurrence of an Accounting Event shall start on the Accounting Event Adoption Date. For the avoidance of doubt, such period shall include any transitional period between the Accounting Event Adoption Date and the date on which it comes into effect.

(g) *Redemption following a Change of Control Event*

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, subject to having given not less than 45 nor more than 60 days' notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 19, the Holders (which notice shall be irrevocable) and subject to Condition 9, redeem all, but not some only, of the Securities at any time at 101 per cent. of their principal amount, together with any accrued and unpaid interest up to (but excluding) the redemption date (including any accrued but unpaid Deferred Interest). Upon the expiry of such notice, the Issuer shall redeem the Securities.

*The Issuer intends (without thereby assuming a legal or contractual obligation) that for so long as the Securities remain outstanding, if a Change of Control Event has occurred, 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 principal amount plus accrued and unpaid interest as soon as reasonably practicable following such event.*

## **8. Substitution or Variation**

If a Rating Capital Event, an Accounting Event, a Tax Deductibility Event or a Withholding Tax Event has occurred and is continuing, then the Issuer may, subject to Condition 9 (without any requirement for the consent or approval of the Holders) 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 8 and Condition 9 have been complied with, and having given not fewer than 10 nor more than 60 days' notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 19, the Holders (which notice shall be irrevocable), at any time either (i) substitute all, but not some only, of the Securities for, or (ii) vary the terms of the Securities with the effect that they remain or become, as the case may be, Qualifying Securities, and the Trustee shall (subject to the following provisions of this Condition 8 and subject to the receipt by it of the certificate of the directors of the Issuer referred to in Condition 9 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 Securities in accordance with this Condition 8.

In connection therewith, any accrued but unpaid Deferred Interest will be satisfied in full in accordance with the provisions of Condition 6(c).

The Trustee shall, without any requirement for the consent or approval of the Holders, execute any documents necessary to effect the substitution of the Securities for, or the variation of the terms of the Securities so that they remain, or as the case may be, become, Qualifying Securities, 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 Securities as provided in Condition 7.

In connection with any substitution or variation in accordance with this Condition 8, the Issuer and the Guarantor shall comply with the rules of any stock exchange on which the Securities 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 Securities or the Qualifying Securities.

## **9. Preconditions to Special Event Redemption, Change of Control Event, Substitution and Variation**

Prior to the publication of any notice of redemption pursuant to Condition 7 (other than redemption pursuant to Condition 7(b)) or any notice of substitution or variation pursuant to Condition 8, 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 7(c) 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 8, such certificate shall also include further certifications that the terms of the Qualifying Securities are not materially less favourable to Holders than the terms of the Securities, that such determination was reached by the Issuer, acting reasonably, in consultation with an independent investment bank or counsel of international standing and that the criteria specified in paragraphs (a) to (j) of the definition of Qualifying Securities will be satisfied by the Qualifying Securities 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 set out in such paragraphs, in which event it shall be conclusive and binding on the Holders.

Any redemption of the Securities in accordance with Condition 7 or any substitution or variation of the Securities in accordance with Condition 8 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 or Change of Control or any event which could lead to the occurrence of, or could constitute, any such Special Event, Change of Control Event or Change of Control 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 or Change of Control or such other event has occurred.

## **10. Purchases and Cancellation**

### **(a) Purchases**

Each of the Issuer, the Guarantor and any of their respective Subsidiaries may at any time purchase or procure others to purchase beneficially for its account Securities in any manner and at any price.

### **(b) Cancellation**

All Securities redeemed or substituted by the Issuer pursuant to Condition 7 or 8, as the case may be, will forthwith be cancelled. All Securities purchased by or on behalf of the Issuer, the Guarantor or any of their respective Subsidiaries may, at the option of the Issuer or the Guarantor, as the case may be, be held, reissued, resold or surrendered for cancellation to a Paying Agent. Securities held by the Issuer, the Guarantor and/or any of their respective Subsidiaries shall not entitle the holder to vote at any meeting of Holders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of Holders or for any other purpose specified in Condition 15.

## **11. Payments**

### **(a) Method of Payment**

Payments of principal, premium and interest in respect of each Security will be made by transfer to the registered account of the Holder or by cheque drawn on a bank (nominated in writing to the Registrar by the Holder) that processes payments in dollars mailed to the registered address of the Holder if it does not have a registered account, provided that the nomination is received by the Registrar not later than 10 Business Days before any date on which payment is scheduled. Payments of principal and premium and payment of interest (including, for the avoidance of doubt, Deferred Interest) due

otherwise than on a Tranche 1 Interest Payment Date (other than payments due pursuant to Condition 6(a)) will only be made against surrender of the relevant Certificate at the specified office of any of the Paying Agents or the Registrar. Interest on the Securities due on a Tranche 1 Interest Payment Date will be paid to the holder shown on the Register at the close of business on the date (the “record date”) being the fifteenth day before the due date for the payment of interest.

If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested by the Issuer or a Holder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of interest so paid.

(b) *Payments Subject to Fiscal Laws*

Without prejudice to the terms of Condition 13, all payments made in accordance with these Conditions shall be made subject to any fiscal or other laws and regulations applicable in the place of payment. No commissions or expenses shall be charged to the Holders in respect of such payments.

(c) *Payments on Business Days*

If any date for payment in respect of any Security is not a business day, the Holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 11, business day means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London, New York and the place in which the specified office of the Registrar is located.

## **12. Events of Default**

(a) *Proceedings*

If a default is made by the Issuer or 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) in respect of the Securities which is due and payable (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 and the Securities and the Trustee at its discretion may, and if so requested by the holders of at least one-quarter in principal amount of the Securities then outstanding or if so directed by an Extraordinary Resolution shall (subject to Condition 12(c)) 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.

(b) *Enforcement*

The Trustee may at its discretion (subject to Condition 12(c)) 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 Securities but in no event shall the Issuer or the Guarantor, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

(c) *Entitlement of Trustee*

The Trustee shall not be bound to take any of the actions referred to in Condition 12(a) or 12(b) above against the Issuer and/or the Guarantor to enforce the terms of the Trust Deed or the Securities or any other action or step unless (i) it shall have been so requested by an Extraordinary Resolution of the Holders or in writing by the Holders of at least one-quarter in principal amount of the Securities then outstanding and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

(d) *Right of Holders*

No Holder 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 Holder 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 12.

(e) *Extent of Holders' remedy*

No remedy against the Issuer and/or the Guarantor, other than as referred to in this Condition 12, shall be available to the Trustee (on behalf of the Holders) or to the Holders, whether for the recovery of amounts owing in respect of the Securities 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 Securities or the Trust Deed.

**13. Taxation**

All payments of principal, premium and interest by or on behalf of the Issuer in respect of the Securities or by or on behalf of the Guarantor in respect of the Guarantee shall be made without withholding or deduction for, or on account of, any present or future taxes or duties of whatever nature ("Taxes") imposed or levied by or on behalf of the United Kingdom or any political subdivision of the United Kingdom or any authority thereof or therein having power to tax, unless such withholding or deduction is compelled by law. In that event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts ("Additional Amounts") as shall result in receipt by the Holders of such amounts as would have been receivable in respect of the Securities had no such withholding or deduction been made, except that no such Additional Amounts shall be payable in respect of any Security:

- (i) held by or on behalf of, a person who is liable to such taxes or duties in respect of such Security by reason of his having some connection with the United Kingdom other than the mere holding of such Security; or
- (ii) to a person who would not be liable or subject to such deduction or withholding by making a declaration of non-residence or other claim for exemption to a tax authority; or
- (iii) in respect of which the Certificate representing it is surrendered for payment (where such surrender is required) more than 30 days after the Relevant Date except to the extent that the Holder would have been entitled to such additional amounts on surrendering the same for payment on such 30th day (assuming that day to have been a day on which surrender for payment is permitted by Condition 11(c)); or

in respect of which the Certificate representing it is surrendered for payment (where such surrender is required) by or on behalf of a Holder who would have been able to avoid such withholding or deduction by satisfying any statutory or procedural requirements (including, without limitation, the provision of information).

Notwithstanding any other provision of these Conditions or the Trust Deed, any amounts to be paid on the Securities 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 U.S. Internal Revenue Code of 1986, as amended (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 nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

References in these Conditions to principal, premium, Interest Payments, Deferred Interest and/or any other amount in respect of interest shall be deemed to include any Additional Amounts which may become payable pursuant to the foregoing provisions or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

#### **14. Prescription**

Claims against the Issuer and/or the Guarantor in respect of Securities or under the Guarantee will become void unless surrendered for payment (where such surrender is required) or made, as the case may be, within a period of 10 years (in respect of claims relating to principal and premium) and five years (in respect of claims relating to interest) from the Relevant Date relating thereto.

#### **15. Meetings of Holders, 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 Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Holders holding not less than 10 per cent. in principal amount of the Securities for the time being outstanding.

The quorum at any such meeting for passing an Extraordinary Resolution shall be one or more persons holding or representing not less than 50 per cent. in principal amount of the Securities for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders whatever the principal amount of the Securities so held or represented, except that at any meeting the business of which includes the modification of certain of these Conditions (including, inter alia, the provisions regarding subordination referred to in Condition 3 and/or Condition 4, the terms concerning currency and due dates for payment of principal, any applicable premium or Interest Payments in respect of the Securities and reducing or cancelling the principal amount of any Securities, any applicable premium or the Interest Rate) and certain other provisions of the Trust Deed, the quorum shall be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting one or more persons holding or representing not less than one-third, in principal amount of the Securities for the time being outstanding.

The agreement or approval of the Holders shall not be required in the case of any variation of these Conditions and/or the Trust Deed required to be made in the circumstances described in Condition 8 in

connection with the substitution or variation of the terms of the Securities so that they remain or become Qualifying Securities, to which the Trustee has agreed pursuant to the relevant provisions of Condition 8.

An Extraordinary Resolution passed at any meeting of Holders will be binding on all Holders, whether or not they are present at the meeting.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Securities outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Holders 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 Holders.

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 Holders, to (i) any modification of these Conditions or of any other provisions of the Trust Deed or the Paying Agency Agreement which is, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification to (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach by the Issuer and/or the Guarantor of, any of these Conditions or of the provisions of the Trust Deed or the Paying Agency Agreement which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Holders (which will not include, for the avoidance of doubt, any modification which would entitle the Holders to institute actions, steps or proceedings for the winding-up of the Issuer and/or the Guarantor in circumstances which are more extensive than those set out in Condition 12). Any such modification, authorisation or waiver shall be binding on the Holders and such modification, authorisation or waiver shall be notified to the Holders in accordance with Condition 19, as soon as practicable.

If so requested by the Issuer, the Trustee shall, without the consent of the Holders, 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 Securities 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, (a "Substituted Obligor") subject to (a) the Securities 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 Holders 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 Securities that the substitution will not adversely affect the then current rating of the Securities, (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 Holders, agree with the Issuer to the substitution, on a subordinated basis equivalent to that referred to in Condition 2 and 3, in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Securities and the Trust Deed of a Substituted Obligor subject to (a) the Securities being unconditionally and irrevocably guaranteed by the Issuer, (b) the Trustee being satisfied that the interests of the Holders will not be materially prejudiced by the substitution and (c) certain other conditions set out in the Trust Deed being complied with.

In connection with the exercise of its trusts, powers, authorities and discretions (including but not limited to those referred to in this Condition 15), the Trustee shall have regard to the general interests of the Holders as a class but shall not have regard to the consequences of such exercise for individual Holders. In connection with any substitution or such exercise as aforesaid, no Holder shall be entitled to claim, whether from the Issuer, the Guarantor, the Substituted Obligor or the Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such substitution or any such exercise upon any individual Holders, except to the extent already provided in Condition 13 and/or any undertaking given in addition thereto or in substitution therefor pursuant to the Trust Deed.

Any such substitution shall be binding on all Holders and shall be notified to the Holders in accordance with Condition 19 as soon as practicable thereafter.

#### **16. Replacement of the Securities**

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Registrar or such other Paying Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Holders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer and the Principal Paying Agent may require. Mutilated or defaced Certificates must be surrendered before any replacement Certificates will be issued.

#### **17. Termination of 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:

- (i) 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
- (ii) a deed supplemental to the Trust Deed has been entered into discharging the Guarantor's obligations as the guarantor under the Guarantee.

BT Group plc has undertaken in the Trust Deed to promptly notify Holders in accordance with Condition 19 of any such termination of the Guarantee.

#### **18. Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification or prefunding of, and/or provision of security for, the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer, the Guarantor or any of their respective subsidiary undertakings, parent undertakings, joint ventures or associated undertakings without accounting for any profit resulting from these transactions and to act as trustee for the holders of any other securities issued by the Issuer, the Guarantor or any of their respective subsidiary undertakings, parent undertakings, joint ventures or associated undertakings. The Trustee may act and rely without liability to Holders and without further investigation on a report, confirmation, certificate or opinion or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to act and rely on any such report, confirmation or certificate, opinion or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Guarantor, the Trustee and the Holders.

**19. Notices**

All notices to the Holders will be valid if mailed to them by first class mail or (if posted to an address overseas) by airmail to the Holders (or the first of any joint named Holders) at their respective addresses in the Register maintained by the Registrar. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Securities are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the fourth day after being so mailed or on the date of publication or, if published more than once, on the first date on which such publication is made.

**20. Further Issues**

The Issuer may from time to time without the consent of the Holders create and issue further securities ranking *pari passu* in all respects (or in all respects save for the date from which interest thereon accrues and the amount of the first payment of interest on such further securities) and so that such further issue shall be consolidated and form a single series with the outstanding Securities. Any such further securities shall be constituted by a deed supplemental to the Trust Deed.

**21. Agents**

The initial Agents and their initial specified offices are listed below. The Issuer reserves the right, subject to the approval of the Trustee, at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents, provided that the Issuer will:

- (i) at all times maintain a Principal Paying Agent and a Registrar; and
- (ii) at all times maintain a Paying Agent having its specified office in a major European city, which shall be London so long as the Securities are admitted to the Official List and admitted to trading on the London Stock Exchange's Main Market.

Notice of any such termination or appointment and of any change in the specified offices of the Agents will be given to the Holders in accordance with Condition 19.

If the Principal Paying Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Conditions or the Paying Agency Agreement (as the case may be), the Issuer shall appoint, on terms acceptable to the Trustee, an independent financial institution acceptable to the Trustee to act as such in its place.

**22. Governing Law and Jurisdiction**

The Trust Deed and the Securities and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, the laws of England.

The courts of England have exclusive jurisdiction to settle any dispute (a "Dispute"), arising from or connected with the Trust Deed and the Securities and any non-contractual obligations arising out of or in connection with them.

Each of the Issuer and the Guarantor agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

Nothing in this Condition 22 prevents the Trustee or any Holder from taking proceedings relating to a Dispute ("Proceedings") in any other courts with jurisdiction. To the extent allowed by law, the Trustee or Holders may take concurrent Proceedings in any number of jurisdictions.

**23. Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Securities by virtue of the Contracts (Rights of Third Parties) Act 1999.

**24. Definitions**

In these Conditions:

an “Accounting Event” shall 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 the application thereof) which have been officially adopted by the International Accounting Standards Board (or any other body responsible for IFRS or any other accounting standards that may replace IFRS) after 23 November 2021 (such date of adoption being the “Accounting Event Adoption Date”), the Securities may no longer be recorded as a “financial liability” 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. The Accounting Event shall be deemed to have occurred on the Accounting Event Adoption Date notwithstanding any later effective date;

“Additional Amounts” has the meaning given in Condition 13;

“Agents” means the Principal Paying Agent, the Calculation Agent, the Registrar, the Transfer Agents and the Paying Agents or any of them;

“Business Day” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks and foreign exchange markets are open for general business in London and New York City;

“Calculation Agent” has the meaning given to it in the preamble to these Conditions;

“Calculation Amount” has the meaning given to it in Condition 5(b);

a “Change of Control Event” shall be deemed to occur if:

- (a) a Change of Control has occurred; and
- (b) 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), any of 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;
  - (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, Ba1 to Ba2 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

- (c) in making any decision to downgrade or withdraw a credit rating pursuant to paragraphs (b)(i) and (b)(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.

For the purposes of the definition of a Change of Control Event:

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 any of 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);

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; 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;

Each of the following is a “Compulsory 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(a)) 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 17 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 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;

“Conditions” means these terms and conditions of the Securities, as amended from time to time;

“Deferral Notice” has the meaning given in Condition 6(a);

“Deferred Interest” has the meaning given in Condition 6(a);

“Deferred Interest Payment” has the meaning given in Condition 6(a);

“Deferred Interest Settlement Date” has the meaning given in Condition 6(b);

“Event of Default” has the meaning given in Condition 12(a);

“First Tranche 1 Reset Date” means 23 February 2027;

“First Tranche 1 Step-up Date” means 23 February 2032;

“Guarantee” has the meaning given in the preamble to these Conditions;

“Guarantor” means BT Group plc;

“H.15” means the daily statistical release designated as such, or any successor publication as determined by the Issuer in its sole discretion, published by the Board of Governors of the United States Federal Reserve System, and “most recent H.15” means the H.15 published closest in time but prior to the close of business on the Reset Interest Determination Date.

“Holder” has the meaning given in Condition 1(b);

“Initial Interest Rate” has the meaning given in Condition 5(c);

“Interest Amount” has the meaning given in Condition 5(e);

“Interest Payment” means, in respect of an interest payment on a Tranche 1 Interest Payment Date, the amount of interest payable for the relevant Interest Period in accordance with Condition 5;

“Interest Period” means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Tranche 1 Interest Payment Date and each successive period beginning on (and including) a Tranche 1 Interest Payment Date and ending on (but excluding) the next succeeding Tranche 1 Interest Payment Date;

“Interest Rate” means the Initial Interest Rate or the relevant Reset Interest Rate, as the case may be;

“Issue Date” has the meaning given in Condition 5(a);

“Issuer” means British Telecommunications public limited company;

“Margin” means (i) 298.5 bps per annum from and including the First Tranche 1 Reset Date to (but excluding) the First Tranche 1 Step-up Date (ii) 323.5 bps per annum from (and including) the First Tranche 1 Step-up Date to (but excluding) the Second Tranche 1 Step-up Date and (iii) 398.5 bps per annum from (and including) the Second Tranche 1 Step-up Date to (but excluding) the Maturity Date;

“Maturity Date” means 23 November 2081;

“Notional Preference Shares of the Guarantor” has the meaning given in Condition 4(c);

“Notional Preference Shares of the Issuer” has the meaning given in Condition 3(a);

“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);

“Optional Redemption Date” means (i) any Business Day from (and including) 23 November 2026 to (and including) the First Tranche 1 Reset Date and (ii) each Tranche 1 Interest Payment Date thereafter;

“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 17 and the Trust Deed; or (ii) any Subsidiary of BT Group plc (other than the Securities) 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 17 and the Trust Deed and its obligations under the guarantee relating to the €500,000,000 Capital Securities due 2080 and the U.S.\$500,000,000 NC10 Capital Securities due 2081 of the Issuer had that guarantee not been terminated in accordance with its terms;

“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 Securities) 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 including its obligations under the guarantee relating to the €500,000,000 Capital Securities due 2080 and the U.S.\$500,000,000 NC10 Capital Securities due 2081 of the Issuer;

“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 Securities or such preference shares including the to the €500,000,000 Capital Securities due 2080 and the U.S.\$500,000,000 NC10 Capital Securities due 2081 of the Issuer 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 Securities or such preference shares;

“Paying Agency Agreement” has the meaning given to it in the preamble to these Conditions;

“Paying Agents” has the meaning given to it in the preamble to these Conditions;

“Principal Paying Agent” has the meaning given to it in the preamble to these Conditions;

“Qualifying Securities” means securities that contain terms not materially less favourable to Holders than the terms of the Securities (as reasonably determined by the Issuer (in consultation with an independent investment bank or counsel of international standing)) and provided that a certification to such effect (and confirming that the conditions set out in (a) to (j) below have been satisfied) of two directors of the Issuer shall have been delivered to the Trustee prior to the substitution or variation of the Securities upon which certificate the Trustee shall rely absolutely), provided that:

- (a) they shall be issued by (x) 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, (y) the Guarantor or (z) 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 Securities; and
- (c) they shall contain terms which provide for the same Interest Rate from time to time applying to the Securities and preserve the same Tranche 1 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 Securities, 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 Holders 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 Securities, save where (without prejudice to the requirement that the terms are not materially less favourable to Holders than the terms of the Securities 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;
- (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;
- (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 Securities 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;

“Rating Agency” means Fitch Ratings Ltd or any of its subsidiaries and their successors or Moody's Investors Service Ltd. or any of its subsidiaries and their successors or S&P Global Ratings, acting through S&P Global Ratings UK Limited or any of its subsidiaries and their successors or any rating agency substituted for any of them (or any permitted substitute of them) by the Issuer from time to time with the prior written approval of the Trustee (such approval not to be unreasonably withheld or delayed having regard to the interests of the Holders);

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 that, as a result of a change in its hybrid capital methodology or the interpretation thereof which becomes, or would become, effective on or after 23 November 2021 (or, if later, effective after the date when the equity credit is assigned to the Securities by such Rating Agency for the first time), the Securities will no longer be eligible (or if the Securities have been partially or fully refinanced since the Issue Date 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 Securities 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 Securities at the Issue Date or, if later, at the time when the relevant Rating Agency first publishes its confirmation of the “equity credit” attributed by it to the Securities or if the period of time during which the relevant Rating Agency attributed to the Securities a particular category of “equity credit” at the Issue Date (or if a particular category of “equity credit” is not assigned to the Securities by the relevant Rating Agency on the Issue Date, at the date on which a particular category of “equity credit” is assigned by such Rating Agency for the first time) is shortened;

“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;

“Register” has the meaning given to it in Condition 1(a);

“Registrar” has the meaning given in the preamble to these Conditions;

“Relevant Date” means:

- (a) in respect of any payment other than a sum to be paid by the Issuer or the Guarantor, as the case may be, in a winding-up or administration of the Issuer or the Guarantor, as the case may be, the date on which such payment first becomes due and payable but, if the full amount of the moneys payable on such date has not been received by the Principal Paying Agent or the Trustee on or prior to such date, the Relevant Date means the date on which such moneys shall have been so received and notice to that effect shall have been given to the Holders in accordance with Condition 19; and
- (b) in respect of any sum (i) to be paid by or on behalf of the Issuer or the Guarantor, as the case may be, in a winding-up of the Issuer or the Guarantor, as the case may be, or (ii) if following the appointment of an administrator of the Issuer or the Guarantor, as the case may be, the administrator gives notice of an intention to declare and distribute a dividend, to be paid by the administrator by way of such dividend, the date which is one day prior to the date on which an order is made or a resolution is passed for the winding-up or, in the case of an administration, one day prior to the date on which any dividend is distributed;

“Reset Date” means the First Tranche 1 Reset Date and each fifth anniversary thereof up to and including 23 February 2076;

“Reset Interest Determination Date” means the day falling two Business Days prior to the relevant Reset Date;

“Reset Interest Rate” has the meaning given in Condition 5(d);

“Reset Period” means each period beginning on (and including) a Reset Date and ending on (but excluding) the next succeeding Reset Date thereafter and “relevant Reset Period” shall be construed accordingly;

“Second Tranche 1 Step-up Date” means 23 February 2047;

“Securities” has the meaning given in the preamble to 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 of the Guarantor) other than Parity Securities of the Guarantor and the ordinary share capital of the Guarantor;

“Senior Obligations of the Issuer” means all obligations of the Issuer, issued directly or indirectly by it, other than Parity Securities of the Issuer and the ordinary share capital of the Issuer;

“Special Event” means any of an Accounting Event, a Rating Capital Event, a Tax Deductibility Event or a Withholding Tax Event or any combination of the foregoing;

“Subsidiary” means a subsidiary within the meaning of Section 1159 of the Companies Act 2006 and “Subsidiaries” shall be construed accordingly;

“Substituted Obligor” has the meaning given in Condition 15;

“Taxes” has the meaning given in Condition 13;

a “Tax Deductibility Event” shall be deemed to have occurred if as a result of a Tax Law Change:

- (a) in respect of the Issuer’s obligation to make any Interest Payment on the next following Tranche 1 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 Payment 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 make any Interest Payment on the next following Tranche 1 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 23 November 2021 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 Securities by taking measures reasonably available to it;

“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 23 November 2021;

“Tranche 1 Interest Payment Date” has the meaning given in Condition 5(a);

“Trust Deed” has the meaning given in the preamble to these Conditions;

“Trustee” has the meaning given in the preamble to these Conditions;

“United Kingdom” means the United Kingdom of Great Britain and Northern Ireland; 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 Securities or the Guarantee, the Issuer or the Guarantor, as the case may be, has paid

or will or would on the next Tranche 1 Interest Payment Date be required to pay Additional Amounts on the Securities and the Issuer or the Guarantor, as the case may be, cannot avoid the foregoing in connection with the Securities or the Guarantee, as the case may be, by taking reasonable measures available to it.

*The following paragraph does not form part of the terms and conditions of the Securities.*

*The Issuer intends (without thereby assuming a legal obligation), that if it redeems the Securities or repurchases the Securities, it will so redeem or repurchase the Securities only to the extent the part of the aggregate principal amount of the Securities to be redeemed or repurchased which was assigned equity credit (or such other nomenclature used by S&P Global Ratings, acting through S&P Global Ratings UK Limited (“S&P”) from time to time) at the time of the issuance of the Securities 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 “equity credit” (or such similar nomenclature used by S&P from time to time) (but taking into account any changes in hybrid capital methodology or the interpretation thereof since the issuance of the Securities), 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 last 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, such repurchase is of less than (i) 10 per cent. of the aggregate hybrid capital outstanding in any period of 12 consecutive months or (ii) 25 per cent. of the aggregate hybrid capital outstanding in any period of 10 consecutive years; or*
- (iii) the relevant Securities 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 relevant Securities 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 Securities which is less than or equal to the excess (if any) above the maximum aggregate principal amount of the Issuer’s hybrid capital to which S&P then assigns equity content under its prevailing methodology; or*
- (vi) such redemption or repurchase occurs on or after 23 February 2047.*

*Terms used but not defined in the above paragraphs shall have the same meaning as that set out in the Conditions.*

## Terms and Conditions of the Tranche 2 Securities

*The following, except for paragraphs in italics, are the terms and conditions of the Securities which will be endorsed on the Certificates issued in respect of the Tranche 2 Securities.*

The issue of the U.S.\$500,000,000 NC10 Capital Securities due 2081 (the “Securities”, which expression shall, unless the context otherwise requires, include any further securities issued pursuant to Condition 20 and forming a single series with the Securities) of British Telecommunications public limited company (the “Issuer”) was authorised by a resolution of the board of directors of the Issuer dated 11 September 2020. The obligations of the Issuer in respect of the Securities and the Trust Deed are guaranteed (such guarantee, the “Guarantee”) by BT Group plc (the “Guarantor”) as described below and in the Trust Deed. The Guarantee was authorised by a resolution of the board of directors of the Guarantor dated 2 November 2021. The Securities are constituted by a trust deed (as amended and/or supplemented and/or restated from time to time, the “Trust Deed”) dated 23 November 2021 between the Issuer, the Guarantor and The Law Debenture Trust Corporation p.l.c. (the “Trustee”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Securities. These terms and conditions (the “Conditions”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the forms of the Securities. Copies of (i) the Trust Deed and (ii) a paying agency agreement (as amended and/or supplemented and/or restated from time to time) (the “Paying Agency Agreement”) dated 23 November 2021 relating to the Securities between the Issuer, Citibank, N.A., London Branch as principal paying agent (the “Principal Paying Agent”, and together with any additional or successor paying agents, the “Paying Agents”), Citibank, N.A., London Branch as calculation agent (the “Calculation Agent”), Citibank, N.A., London Branch as registrar (the “Registrar”) and the transfer agents named therein (together with the Registrar, the “Transfer Agents”, which expression includes any successor or additional transfer agents appointed from time to time in connection with the Securities) and the Trustee are available for inspection by prior arrangement during usual business hours at the principal office of the Trustee and at the specified offices of each of the Paying Agents. The holders of the Securities are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, and are deemed to have notice of those provisions applicable to them of the Paying Agency Agreement.

### 1. Form, Denomination and Title

#### (a) *Form and Denomination*

The Securities are issued in registered form in the denominations of U.S.\$200,000 and integral multiples of U.S.\$1,000 in excess thereof. A security certificate (each a “Certificate”) will be issued to each Holder (as defined below) in respect of its registered holding of Securities. Each Certificate will be serially numbered with an identifying number which will be recorded on the relevant Certificate and in the register of Holders which the Issuer will procure to be kept by the Registrar (the “Register”).

#### (b) *Title*

Title to the Securities shall pass only by registration in the Register. Except as ordered by a court of competent jurisdiction or as otherwise required by law, the Holder of any Security shall be deemed to be, and may be treated as, its absolute owner for all purposes (whether or not it is overdue and regardless of any notice of ownership, trust or any interest in it, any writing on the Certificate representing it or the theft or loss of such Certificate) and no person will be liable for so treating the holder. In these Conditions, Holder or holder means the person in whose name a Security is registered in the Register.

#### (c) *Transfers*

A Security may be transferred by depositing the Certificate issued in respect of that Security, with the form of transfer on the back duly completed and signed, at the specified office of the Registrar or any of the Transfer Agents.

#### (d) *Delivery of new Certificates*

Each new Certificate to be issued upon transfer of Securities will, within five business days of receipt by the Registrar or the relevant Transfer Agent of the duly completed form of transfer endorsed on the

relevant Certificate, be mailed by uninsured mail at the risk of the Holder entitled to the Security to the address specified in the form of transfer. For the purposes of this Condition, business day shall mean a day on which banks are open for business in the city in which the specified office of the Registrar or Transfer Agent with whom a Certificate is deposited in connection with a transfer is located.

Where some but not all of the Securities in respect of which a Certificate is issued are to be transferred, a new Certificate in respect of the Securities not so transferred will, within five business days of receipt by the Registrar or the relevant Transfer Agent of the original Certificate, be mailed by uninsured mail at the risk of the Holder of the Securities not so transferred to the address of such Holder appearing on the Register or as specified in the form of transfer.

(e) *Formalities free of charge*

Registration of transfer of Securities will be effected without charge by or on behalf of the Issuer, the Registrar or any Transfer Agent upon payment (or the giving of such indemnity as the Issuer, the Registrar or any Transfer Agent may reasonably require) in respect of any stamp duty, tax or other governmental charges which may be imposed in relation to such transfer.

(f) *Closed periods*

No Holder may require the transfer of a Security to be registered during the period of 15 days ending on the due date for any payment of principal or premium on that Security or in the period falling 15 days prior to any Tranche 2 Interest Payment Date.

(g) *Regulations*

All transfers of Securities and entries on the Register will be made subject to such reasonable regulations as the Issuer, the Registrar and the Trustee may from time to time agree (the initial such regulations being set out in Schedule 3 to the Paying Agency Agreement).

**2. Status of the Securities**

The Securities constitute direct, unsecured and subordinated obligations of the Issuer and rank pari passu and without any preference or priority among themselves and with any Parity Securities of the Issuer. The rights and claims of the Holders in respect of the Securities against the Issuer are subordinated as described in Condition 3.

**3. Subordination of the Securities**

(a) *General*

In the event of:

- (i) 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” (as defined in the Trust Deed) 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 15; and (B) in each case the terms of which do not provide that the Securities shall thereby become redeemable or repayable in accordance with these Conditions); or
- (ii) 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 Security, such amounts, if any, as would have been payable to the Holder of such Security 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 (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, in the case of a Security and its Holder, an amount equal to the principal amount of the relevant Security and any accrued and unpaid interest (including any accrued but unpaid Deferred Interest) (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.

*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 Holders may expect to obtain from the Issuer any recovery in respect of their Securities and prior thereto any Holder will have only limited ability to influence the conduct of such winding-up or analogous proceedings. See “Risk Factors – Risks related to the Securities generally – Limited Remedies”.*

(b) *Set-off*

Subject to applicable law, no Holder 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 Securities and each Holder shall, by virtue of his holding of any Security, be deemed to have waived all such rights of set-off, compensation or retention.

**4. Guarantee**

(a) *Guarantee*

The payment of the principal, premium and interest in respect of the Securities 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 17.

(b) *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. The rights and claims of the Holders in respect of the Guarantee against the Guarantor are subordinated as described in Condition 4(c).

(c) *Subordination of the Guarantee*

In the event of:

- (i) 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 Securities shall thereby become redeemable or repayable in accordance with these Conditions); or
- (ii) 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 Security, such amounts, if any, as would have been payable to the Holder of such Security 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 (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, in the case of a Security and its Holder, an amount equal to the principal amount of the relevant Security and any accrued and unpaid interest (including any accrued but unpaid Deferred Interest) (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).

*Accordingly, without prejudice to the rights of the Trustee, 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 Holders may expect to obtain from the Guarantor any recovery pursuant to the Guarantee in respect of their Securities, as the case may be, under the Guarantee and prior thereto any Holder will have only limited ability to influence the conduct of such winding-up or analogous proceedings. See “Risk Factors – Risks related to the Securities generally – Limited Remedies”.*

(d) *Set-off*

Subject to applicable law, no Holder 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 Securities or the Guarantee and each Holder shall, by virtue of his holding of any Security, be deemed to have waived all such rights of set-off, compensation or retention.

## 5. Interest Payments

### (a) *Tranche 2 Interest Payment Dates*

The Securities bear interest on their principal amount at the applicable Interest Rate from (and including) 23 November 2021 (the “Issue Date”) up to (but excluding) the Maturity Date in accordance with the provisions of this Condition 5.

Subject to Condition 6, interest shall be payable on the Securities semi-annually in arrears on 23 May and 23 November in each year (each a “Tranche 2 Interest Payment Date”) and ending on the Maturity Date, as provided in this Condition 5.

### (b) *Interest Accrual*

The Securities (and any unpaid amounts thereon) will cease to bear interest from (and including) the date of redemption thereof pursuant to the relevant paragraph of Condition 7 or the date of substitution or variation thereof pursuant to Condition 8, as the case may be, unless, upon due surrender (where such surrender is required), payment of all unpaid amounts in respect of the Securities is not made, in which event interest shall continue to accrue in respect of the principal amount of, and any other unpaid amounts on, the Securities, both before and after judgment, and shall be payable, as provided in these Conditions up to (but excluding) the Relevant Date.

Save as provided in Condition 5(c), where it is necessary to compute an amount of interest in respect of any Security for a period which is less than or equal to a complete Interest Period, such interest shall be calculated on the basis of a 360-day year consisting of 12 months of 30 days each and, in the case of an incomplete month, the number of days elapsed on the basis of a month of 30 days (“day-count fraction”). Where it is necessary to compute an amount of interest in respect of any Security for a period of more than one Interest Period, such interest shall be the aggregate of the interest computed in respect of a full Interest Period plus the interest computed in respect of the remaining period calculated in the manner as aforesaid.

Interest in respect of any Security shall be calculated per U.S.\$1,000 in principal amount thereof (the “Calculation Amount”). The amount of interest calculated per Calculation Amount for any period shall, save as provided in Condition 5(c), be equal to the product of the relevant Interest Rate, the Calculation Amount and the day-count fraction for the relevant period, rounding the resulting figure to the nearest cent (half a cent being rounded upwards). The amount of interest payable in respect of each Security shall be the aggregate of the amounts (determined in the manner provided above) for each Calculation Amount comprising the denomination of such Security without any further rounding.

### (c) *Initial Interest Rate*

The Interest Rate in respect of each Interest Period ending on or before the First Tranche 2 Step-up Date is 4.875 per cent. per annum (the “Initial Interest Rate”). The Interest Payment in respect of each such Interest Period will amount to U.S.\$24.375 per Calculation Amount. The first payment of interest, to be made on 23 May 2022, will be in respect of the period from (and including) the Issue Date to (but excluding) 23 May 2022 and will amount to U.S.\$24.375 per Calculation Amount.

### (d) *Reset Interest Rates*

The Interest Rate in respect of each Interest Period falling in a Reset Period shall be the aggregate of the relevant Margin and the relevant 5-Year Treasury Rate for such Reset Period, all as determined by the Calculation Agent (each a “Reset Interest Rate”).

“5-Year Treasury Rate” means, as of any Reset Interest Determination Date, the average of the yields on actively traded U.S. treasury securities adjusted to constant maturity, for five-year maturities, for the most recent five Business Days appearing under the caption “Treasury Constant Maturities” in the most recent H.15.

If the Issuer, in its sole discretion, determines that the 5-Year Treasury Rate cannot be determined pursuant to the method described above, the Issuer may use reasonable efforts to designate an unaffiliated agent or advisor, which may include an unaffiliated Bookrunner for the offering of the Securities or any affiliate of any such Bookrunner (the “designee”), to determine whether there is an industry-accepted successor rate to the 5-Year Treasury Rate. If the designee determines that there is such an industry-accepted successor rate to the 5-Year Treasury Rate, then the 5-Year Treasury Rate shall be such successor rate and, in that case, the designee may then determine and adjust the business day convention, the definition of business day and the Reset Interest Determination Date to be used and any other relevant methodology for calculating such substitute or successor base rate, including any adjustment factor needed to make such substitute or successor base rate comparable to the 5-Year Treasury Rate, in a manner that is consistent with industry accepted practices for such substitute or successor base rate. No such adjustment shall affect the Trustee’s or the Agents’ own rights, duties or immunities under the Trust Deed, the Payment Agent Agreement, the Calculation Agent Agreement or otherwise.

If the 5-Year Treasury Rate cannot be determined pursuant to the methods described in the paragraphs above, the rate will be equal to the 5-Year Treasury Rate for the last preceding Reset Period (or, in the case of the first Reset Period, the rate equal to 1.632 per cent. per annum).

(e) *Determination of Reset Interest Rates and Calculation of Interest Amounts*

The Calculation Agent will, as soon as practicable after 11.00 a.m. (New York City time) on each Reset Interest Determination Date, determine the Reset Interest Rate in respect of the relevant Reset Period and calculate the amount of interest payable in respect of a Calculation Amount on each Tranche 2 Interest Payment Date falling in the period from (but excluding) such relevant Reset Date to (and including) the next Reset Date (the “Interest Amount”).

(f) *Publication of Reset Interest Rates and Interest Amounts*

Unless the Securities are to be redeemed on or prior to the next following Reset Date, the Issuer (failing which the Guarantor) shall cause notice of each Reset Interest Rate and the related Interest Amount per Calculation Amount to be given to the Trustee, the Registrar, the Paying Agents, any stock exchange on which the Securities are for the time being listed or admitted to trading and, in accordance with Condition 19, the Holders, in each case as soon as practicable after its determination but in any event not later than the fourth Business Day thereafter.

(g) *Calculation Agent*

Unless the Securities are to be redeemed on or prior to the First Tranche 2 Step-up Date, the Issuer will, no later than fourteen days before the first Reset Interest Determination Date, appoint and thereafter maintain a Calculation Agent.

The Issuer may, with the prior written approval of the Trustee, from time to time replace the Calculation Agent with another independent financial institution. If the Calculation Agent is unable or unwilling to continue to act as the Calculation Agent or fails to determine a Reset Interest Rate or calculate the related Interest Amount or effect the required publication thereof (in each case as required pursuant to these Conditions), the Issuer shall forthwith appoint another independent financial institution approved in writing by the Trustee to act as such in the Calculation Agent’s place. The

Calculation Agent may not resign its duties or be removed without a successor having been appointed as aforesaid.

(h) *Determinations of Calculation Agent Binding*

All notifications, opinions, determinations, certificates, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 5 by the Calculation Agent shall (in the absence of manifest error) be binding on the Issuer, the Guarantor, the Calculation Agent, the Trustee, the Registrar, the Transfer Agents, the Paying Agents and all Holders and (in the absence as aforesaid) no liability to the Holders, the Issuer or the Guarantor shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of any of its powers, duties and discretions.

(i) *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 Securities in accordance with Condition 7(h) following the occurrence of a Change of Control Event, the then prevailing Interest Rate, and each subsequent Interest Rate otherwise determined in accordance with the provisions of this Condition 5, on the Securities shall be increased by 500 bps per annum 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 Securities in accordance with Condition 7(h) following the occurrence of any Change of Control Event, this Condition 5(j) shall only apply in relation to the first Change of Control Event to occur while any of the Securities remain outstanding.

**6. Optional Interest Deferral**

(a) *Deferral of Interest Payments*

The Issuer may, at its discretion, elect to defer, in whole or in part, payment of any Interest Payment (any such deferred Interest Payment, a "Deferred Interest Payment") which is otherwise scheduled to be paid on a Tranche 2 Interest Payment Date (except on the Maturity Date) by giving notice (a "Deferral Notice") of such election to the Holders in accordance with Condition 19, the Trustee, the Registrar and the Principal Paying Agent not more than 30 nor fewer than seven Business Days prior to the relevant Tranche 2 Interest Payment Date. Subject to Condition 6(c), if the Issuer elects to defer (in whole or in part) payment of any Interest Payment on a Tranche 2 Interest Payment Date in accordance with this Condition 6(a), then neither it nor the Guarantor will have any obligation to pay such interest on the relevant Tranche 2 Interest Payment Date and any such non-payment of interest will not constitute a default or any other breach of its obligations under the Securities or the Guarantee or for any other purpose.

Any Deferred Interest Payment shall itself bear interest (such further interest, together with the Deferred Interest Payment, being "Deferred Interest"), at the Interest Rate 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(c), in each case such further interest being compounded on each Tranche 2 Interest Payment Date.

Non-payment of Deferred Interest (or part thereof) shall not constitute a default by the Issuer or the Guarantor under the Securities or the Guarantee or for any other purpose, unless such payment is required in accordance with Condition 6(c).

(b) *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 Holders in accordance with Condition 19, the Trustee, the Registrar and the Principal Paying Agent not more than 30 nor fewer than 7 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.

(c) *Mandatory payment of Deferred Interest*

Notwithstanding the preceding provisions of this Condition 6, 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:

- (i) the date which is 10 Business Days following the occurrence of a Compulsory Payment Event;
- (ii) the next scheduled Tranche 2 Interest Payment Date if the Issuer pays interest on the Securities on such date;
- (iii) the date on which the Securities are redeemed or repaid in accordance with Condition 3, Condition 4, any paragraph of Condition 7 or Condition 12; and
- (iv) the date on which the Securities are substituted for, or where the terms of the Securities are varied so that they become, Qualifying Securities in accordance with Condition 8.

**7. Redemption**

(a) *Final Redemption Date*

Unless previously repaid, redeemed, purchased and cancelled or (pursuant to Condition 8) substituted as provided in these Conditions, the Securities will be redeemed on the Maturity Date at 100 per cent. of their principal amount together with any accrued and unpaid interest up to (but excluding) the Maturity Date (including any accrued but unpaid Deferred Interest).

(b) *Issuer’s Call Option*

The Issuer may, having given not fewer than 10 nor more than 60 days’ notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 19, the Holders (which notice shall be irrevocable), redeem all, but not some only, of the Securities on any Optional Redemption Date at 100 per cent. of their principal amount together with any accrued and unpaid interest up to (but excluding) the redemption date (including any accrued but unpaid Deferred Interest). Upon the expiry of such notice, the Issuer shall redeem the Securities.

(c) *Make-whole Redemption by the Issuer*

The Issuer may, by giving not less than 10 nor more than 60 days’ notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 19, the Holders (which notice shall be irrevocable), redeem all, but not some only, of the Securities on any Business Day prior to 23 August 2031 (any such date, a “Make-whole Redemption Date”) at an amount equal to the Make-whole Redemption Amount together with any accrued and unpaid interest up to (but excluding) the Make-whole Redemption Date and any Deferred Interest. No later than the Business Day immediately following the Make-whole Calculation Date, the Calculation Agent shall notify the Issuer, the Trustee and the Principal Paying Agent of the Make-whole Redemption Amount and the Reference Bond Rate.

The Issuer shall notify the Holders in accordance with Condition 19 of the Make-whole Redemption Amount and the Reference Bond Rate as soon as reasonably practicable after the Issuer is notified of such by the Calculation Agent on the Make-whole Calculation Date.

For the purposes of this Condition 7(c):

“Make-whole Calculation Date” means the third Business Day preceding the Make-whole Redemption Date.

“Make-whole Redemption Amount” means an amount in U.S. dollars equal to the higher of (A) the principal amount of the Securities to be redeemed and (B) the sum (rounding the resulting figure, if necessary, to the nearest cent (half a cent being rounded upwards)) of the then present values as at the Make-whole Redemption Date of the principal amount of the Securities to be redeemed and the remaining scheduled payments of interest on such Securities to 23 August 2031 (exclusive of any interest accrued but not paid on the Securities since the last Tranche 2 Interest Payment Date or, as the case may be, the Issue Date, immediately preceding such Make-whole Redemption Date to (but excluding) the Make-whole Redemption Date, and any Deferred Interest) discounted to the relevant Make-whole Redemption Date on a semi-annual basis (based on the day count fraction) at a rate equal to the Reference Bond Rate, plus the Make-whole Redemption Margin (the “Make-whole Redemption Rate”) all as determined by the Calculation Agent.

“Quotation Time” means 11:00a.m. (New York City time).

“Make-whole Redemption Margin” means 0.500 per cent.

“Reference Bond” means UST 1.375 per cent. Nov-31 / ISIN: US91282CDJ71.

“Reference Bond Yield” means, with respect to the Make-whole Redemption Date, (a) the arithmetic average of the Reference Government Bond Dealer Quotations for the Make-whole Redemption Date, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (b) if the Calculation Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations.

“Reference Bond Rate” means, with respect to the Make-whole Redemption Date, the rate per annum equal to the annual or semi-annual yield (as the case may be) to maturity or interpolated yield to maturity (on the relevant day count basis) of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its principal amount) equal to the Reference Bond Yield for such Make-whole Redemption Date;

“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 (and which may include, for the avoidance of doubt, an unaffiliated Bookrunner for the offering of the Securities).

“Reference Government Bond Dealer Quotations” means, with respect to each Reference Government Bond Dealer and the Make-whole Redemption Date, the arithmetic average, as determined by the Calculation Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its principal amount) at the Quotation Time on the Make-whole Calculation Date quoted in writing to the Calculation Agent by such Reference Government Bond Dealer.

(d) *Redemption for Certain Taxation Reasons*

If a Tax Deductibility Event or a Withholding Tax Event has occurred and is continuing, then the Issuer may, having given not fewer than 10 nor more than 60 days' notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 19, the Holders (which notice shall be irrevocable) and subject to Condition 9, redeem all, but not some only, of the Securities at any time at 100 per cent. of their principal amount in the case of a Withholding Tax Event, or, in the case of a Tax Deductibility Event, (i) 101 per cent. of their principal amount where such redemption occurs before 23 August 2031, or (ii) 100 per cent. of their principal amount where such redemption occurs on or after 23 August 2031, together, in each case, with any accrued and unpaid interest up to (but excluding) the redemption date (including any accrued but unpaid Deferred Interest). Upon the expiry of such notice, the Issuer shall redeem the Securities.

(e) *Redemption following a Rating Capital Event*

If a Rating Capital Event has occurred and is continuing, then the Issuer may, having given not fewer than 10 nor more than 60 days' notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 19, the Holders (which notice shall be irrevocable) and subject to Condition 9, redeem all, but not some only, of the Securities at any time at (i) 101 per cent. of their principal amount, where such redemption occurs before 23 August 2031, or (ii) 100 per cent. of their principal amount, where such redemption occurs on or after 23 August 2031, together, in each case, with any accrued and unpaid interest up to (but excluding) the redemption date (including any accrued but unpaid Deferred Interest). Upon the expiry of such notice, the Issuer shall redeem the Securities.

(f) *Redemption following an Accounting Event*

If an Accounting Event has occurred and is continuing, then the Issuer may, having given not fewer than 10 nor more than 60 days' notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 19, the Holders (which notice shall be irrevocable) and subject to Condition 9, redeem all, but not some only, of the Securities at any time at (i) 101 per cent. of their principal amount, where such redemption occurs before 23 August 2031, or (ii) 100 per cent. of their principal amount, where such redemption occurs on or after 23 August 2031, together, in each case, with any accrued and unpaid interest up to (but excluding) the redemption date (including any accrued but unpaid Deferred Interest). Upon the expiry of such notice, the Issuer shall redeem the Securities.

The period during which the Issuer may notify the redemption of the Securities as a result of the occurrence of an Accounting Event shall start on the Accounting Event Adoption Date. For the avoidance of doubt, such period shall include any transitional period between the Accounting Event Adoption Date and the date on which it comes into effect.

(g) *Redemption following a Change of Control Event*

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, subject to having given not less than 45 nor more than 60 days' notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 19, the Holders (which notice shall be irrevocable) and subject to Condition 9, redeem all, but not some only, of the Securities at any time at 101 per cent. of their principal amount, together with any accrued and unpaid interest up to (but excluding) the redemption date (including any accrued but unpaid Deferred Interest). Upon the expiry of such notice, the Issuer shall redeem the Securities.

*The Issuer intends (without thereby assuming a legal or contractual obligation) that for so long as the Securities remain outstanding, if a Change of Control Event has occurred, 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 principal amount plus accrued and unpaid interest as soon as reasonably practicable following such event.*

## **8. Substitution or Variation**

If a Rating Capital Event, an Accounting Event, a Tax Deductibility Event or a Withholding Tax Event has occurred and is continuing, then the Issuer may, subject to Condition 9 (without any requirement for the consent or approval of the Holders) 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 8 and Condition 9 have been complied with, and having given not fewer than 10 nor more than 60 days' notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 19, the Holders (which notice shall be irrevocable), at any time either (i) substitute all, but not some only, of the Securities for, or (ii) vary the terms of the Securities with the effect that they remain or become, as the case may be, Qualifying Securities, and the Trustee shall (subject to the following provisions of this Condition 8 and subject to the receipt by it of the certificate of the directors of the Issuer referred to in Condition 9 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 Securities in accordance with this Condition 8.

In connection therewith, any accrued but unpaid Deferred Interest will be satisfied in full in accordance with the provisions of Condition 6(c).

The Trustee shall, without any requirement for the consent or approval of the Holders, execute any documents necessary to effect the substitution of the Securities for, or the variation of the terms of the Securities so that they remain, or as the case may be, become, Qualifying Securities, 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 Securities as provided in Condition 7.

In connection with any substitution or variation in accordance with this Condition 8, the Issuer and the Guarantor shall comply with the rules of any stock exchange on which the Securities 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 Securities or the Qualifying Securities.

## **9. Preconditions to Special Event Redemption, Change of Control Event, Substitution and Variation**

Prior to the publication of any notice of redemption pursuant to Condition 7 (other than redemption pursuant to Condition 7(b)) or any notice of substitution or variation pursuant to Condition 8, 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 7(c) 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 8, such certificate shall also include further certifications that the terms of the Qualifying Securities are not materially less favourable to Holders than the terms of the Securities, that such determination was reached by the Issuer, acting reasonably, in consultation with an independent investment bank or counsel of international standing and that the criteria specified in paragraphs (a) to (j) of the definition of Qualifying Securities will be satisfied by the Qualifying Securities 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 set out in such paragraphs, in which event it shall be conclusive and binding on the Holders.

Any redemption of the Securities in accordance with Condition 7 or any substitution or variation of the Securities in accordance with Condition 8 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 or Change of Control or any event which could lead to the occurrence of, or could constitute, any such Special Event, Change of Control Event or Change of Control 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 or Change of Control or such other event has occurred.

## **10. Purchases and Cancellation**

### **(a) Purchases**

Each of the Issuer, the Guarantor and any of their respective Subsidiaries may at any time purchase or procure others to purchase beneficially for its account Securities in any manner and at any price.

### **(b) Cancellation**

All Securities redeemed or substituted by the Issuer pursuant to Condition 7 or 8, as the case may be, will forthwith be cancelled. All Securities purchased by or on behalf of the Issuer, the Guarantor or any of their respective Subsidiaries may, at the option of the Issuer or the Guarantor, as the case may be, be held, reissued, resold or surrendered for cancellation to a Paying Agent. Securities held by the Issuer, the Guarantor and/or any of their respective Subsidiaries shall not entitle the holder to vote at any meeting of Holders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of Holders or for any other purpose specified in Condition 15.

## **11. Payments**

### **(a) Method of Payment**

Payments of principal, premium and interest in respect of each Security will be made by transfer to the registered account of the Holder or by cheque drawn on a bank (nominated in writing to the Registrar by the Holder) that processes payments in dollars mailed to the registered address of the Holder if it does not have a registered account, provided that the nomination is received by the Registrar not later than 10 Business Days before any date on which payment is scheduled. Payments of principal and premium and payment of interest (including, for the avoidance of doubt, Deferred Interest) due

otherwise than on a Tranche 2 Interest Payment Date (other than payments due pursuant to Condition 6(a)) will only be made against surrender of the relevant Certificate at the specified office of any of the Paying Agents or the Registrar. Interest on the Securities due on a Tranche 2 Interest Payment Date will be paid to the holder shown on the Register at the close of business on the date (the “record date”) being the fifteenth day before the due date for the payment of interest.

If the amount of principal being paid upon surrender of the relevant Certificate is less than the outstanding principal amount of such Certificate, the Registrar will annotate the Register with the amount of principal so paid and will (if so requested by the Issuer or a Holder) issue a new Certificate with a principal amount equal to the remaining unpaid outstanding principal amount. If the amount of interest being paid is less than the amount then due, the Registrar will annotate the Register with the amount of interest so paid.

(b) *Payments Subject to Fiscal Laws*

Without prejudice to the terms of Condition 13, all payments made in accordance with these Conditions shall be made subject to any fiscal or other laws and regulations applicable in the place of payment. No commissions or expenses shall be charged to the Holders in respect of such payments.

(c) *Payments on Business Days*

If any date for payment in respect of any Security is not a business day, the Holder shall not be entitled to payment until the next following business day nor to any interest or other sum in respect of such postponed payment. In this Condition 11, business day means a day (other than a Saturday or a Sunday) on which banks and foreign exchange markets are open for business in London, New York and the place in which the specified office of the Registrar is located.

## **12. Events of Default**

(a) *Proceedings*

If a default is made by the Issuer or 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) in respect of the Securities which is due and payable (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 and the Securities and the Trustee at its discretion may, and if so requested by the holders of at least one-quarter in principal amount of the Securities then outstanding or if so directed by an Extraordinary Resolution shall (subject to Condition 12(c)) 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.

(b) *Enforcement*

The Trustee may at its discretion (subject to Condition 12(c)) 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 Securities but in no event shall the Issuer or the Guarantor, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

(c) *Entitlement of Trustee*

The Trustee shall not be bound to take any of the actions referred to in Condition 12(a) or 12(b) above against the Issuer and/or the Guarantor to enforce the terms of the Trust Deed or the Securities or any other action or step unless (i) it shall have been so requested by an Extraordinary Resolution of the Holders or in writing by the Holders of at least one-quarter in principal amount of the Securities then outstanding and (ii) it shall have been indemnified and/or secured and/or prefunded to its satisfaction.

(d) *Right of Holders*

No Holder 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 Holder 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 12.

(e) *Extent of Holders' remedy*

No remedy against the Issuer and/or the Guarantor, other than as referred to in this Condition 12, shall be available to the Trustee (on behalf of the Holders) or to the Holders, whether for the recovery of amounts owing in respect of the Securities 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 Securities or the Trust Deed.

**13. Taxation**

All payments of principal, premium and interest by or on behalf of the Issuer in respect of the Securities or by or on behalf of the Guarantor in respect of the Guarantee shall be made without withholding or deduction for, or on account of, any present or future taxes or duties of whatever nature ("Taxes") imposed or levied by or on behalf of the United Kingdom or any political subdivision of the United Kingdom or any authority thereof or therein having power to tax, unless such withholding or deduction is compelled by law. In that event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts ("Additional Amounts") as shall result in receipt by the Holders of such amounts as would have been receivable in respect of the Securities had no such withholding or deduction been made, except that no such Additional Amounts shall be payable in respect of any Security:

- (i) held by or on behalf of, a person who is liable to such taxes or duties in respect of such Security by reason of his having some connection with the United Kingdom other than the mere holding of such Security; or
- (ii) to a person who would not be liable or subject to such deduction or withholding by making a declaration of non-residence or other claim for exemption to a tax authority; or
- (iii) in respect of which the Certificate representing it is surrendered for payment (where such surrender is required) more than 30 days after the Relevant Date except to the extent that the Holder would have been entitled to such additional amounts on surrendering the same for payment on such 30th day (assuming that day to have been a day on which surrender for payment is permitted by Condition 11(c)); or

in respect of which the Certificate representing it is surrendered for payment (where such surrender is required) by or on behalf of a Holder who would have been able to avoid such withholding or deduction by satisfying any statutory or procedural requirements (including, without limitation, the provision of information).

Notwithstanding any other provision of these Conditions or the Trust Deed, any amounts to be paid on the Securities 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 U.S. Internal Revenue Code of 1986, as amended (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 nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

References in these Conditions to principal, premium, Interest Payments, Deferred Interest and/or any other amount in respect of interest shall be deemed to include any Additional Amounts which may become payable pursuant to the foregoing provisions or any undertakings given in addition thereto or in substitution therefor pursuant to the Trust Deed.

#### **14. Prescription**

Claims against the Issuer and/or the Guarantor in respect of Securities or under the Guarantee will become void unless surrendered for payment (where such surrender is required) or made, as the case may be, within a period of 10 years (in respect of claims relating to principal and premium) and five years (in respect of claims relating to interest) from the Relevant Date relating thereto.

#### **15. Meetings of Holders, 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 Holders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution (as defined in the Trust Deed) of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Holders holding not less than 10 per cent. in principal amount of the Securities for the time being outstanding.

The quorum at any such meeting for passing an Extraordinary Resolution shall be one or more persons holding or representing not less than 50 per cent. in principal amount of the Securities for the time being outstanding, or at any adjourned meeting one or more persons being or representing Holders whatever the principal amount of the Securities so held or represented, except that at any meeting the business of which includes the modification of certain of these Conditions (including, inter alia, the provisions regarding subordination referred to in Condition 3 and/or Condition 4, the terms concerning currency and due dates for payment of principal, any applicable premium or Interest Payments in respect of the Securities and reducing or cancelling the principal amount of any Securities, any applicable premium or the Interest Rate) and certain other provisions of the Trust Deed, the quorum shall be one or more persons holding or representing not less than two-thirds, or at any adjourned such meeting one or more persons holding or representing not less than one-third, in principal amount of the Securities for the time being outstanding.

The agreement or approval of the Holders shall not be required in the case of any variation of these Conditions and/or the Trust Deed required to be made in the circumstances described in Condition 8 in

connection with the substitution or variation of the terms of the Securities so that they remain or become Qualifying Securities, to which the Trustee has agreed pursuant to the relevant provisions of Condition 8.

An Extraordinary Resolution passed at any meeting of Holders will be binding on all Holders, whether or not they are present at the meeting.

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Securities outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Holders 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 Holders.

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 Holders, to (i) any modification of these Conditions or of any other provisions of the Trust Deed or the Paying Agency Agreement which is, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification to (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach by the Issuer and/or the Guarantor of, any of these Conditions or of the provisions of the Trust Deed or the Paying Agency Agreement which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Holders (which will not include, for the avoidance of doubt, any modification which would entitle the Holders to institute actions, steps or proceedings for the winding-up of the Issuer and/or the Guarantor in circumstances which are more extensive than those set out in Condition 12). Any such modification, authorisation or waiver shall be binding on the Holders and such modification, authorisation or waiver shall be notified to the Holders in accordance with Condition 19, as soon as practicable.

If so requested by the Issuer, the Trustee shall, without the consent of the Holders, 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 Securities 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, (a "Substituted Obligor") subject to (a) the Securities 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 Holders 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 Securities that the substitution will not adversely affect the then current rating of the Securities, (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 Holders, agree with the Issuer to the substitution, on a subordinated basis equivalent to that referred to in Condition 2 and 3, in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Securities and the Trust Deed of a Substituted Obligor subject to (a) the Securities being unconditionally and irrevocably guaranteed by the Issuer, (b) the Trustee being satisfied that the interests of the Holders will not be materially prejudiced by the substitution and (c) certain other conditions set out in the Trust Deed being complied with.

In connection with the exercise of its trusts, powers, authorities and discretions (including but not limited to those referred to in this Condition 15), the Trustee shall have regard to the general interests of the Holders as a class but shall not have regard to the consequences of such exercise for individual Holders. In connection with any substitution or such exercise as aforesaid, no Holder shall be entitled to claim, whether from the Issuer, the Guarantor, the Substituted Obligor or the Trustee or any other person, any indemnification or payment in respect of any tax consequence of any such substitution or any such exercise upon any individual Holders, except to the extent already provided in Condition 13 and/or any undertaking given in addition thereto or in substitution therefor pursuant to the Trust Deed.

Any such substitution shall be binding on all Holders and shall be notified to the Holders in accordance with Condition 19 as soon as practicable thereafter.

#### **16. Replacement of the Securities**

If any Certificate is lost, stolen, mutilated, defaced or destroyed, it may be replaced, subject to applicable laws, regulations and stock exchange or other relevant authority regulations, at the specified office of the Registrar or such other Paying Agent as may from time to time be designated by the Issuer for that purpose and notice of whose designation is given to Holders, in each case on payment by the claimant of the fees and costs incurred in connection therewith and on such terms as to evidence, security, indemnity and otherwise as the Issuer and the Principal Paying Agent may require. Mutilated or defaced Certificates must be surrendered before any replacement Certificates will be issued.

#### **17. Termination of 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:

- (i) 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
- (ii) a deed supplemental to the Trust Deed has been entered into discharging the Guarantor's obligations as the guarantor under the Guarantee.

BT Group plc has undertaken in the Trust Deed to promptly notify Holders in accordance with Condition 19 of any such termination of the Guarantee.

#### **18. Indemnification of the Trustee**

The Trust Deed contains provisions for the indemnification or prefunding of, and/or provision of security for, the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer, the Guarantor or any of their respective subsidiary undertakings, parent undertakings, joint ventures or associated undertakings without accounting for any profit resulting from these transactions and to act as trustee for the holders of any other securities issued by the Issuer, the Guarantor or any of their respective subsidiary undertakings, parent undertakings, joint ventures or associated undertakings. The Trustee may act and rely without liability to Holders and without further investigation on a report, confirmation, certificate or opinion or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to it and whether their liability in relation thereto is limited (by its terms or by any engagement letter relating thereto entered into by the Trustee or any other person or in any other manner) by reference to a monetary cap, methodology or otherwise. The Trustee may accept and shall be entitled to act and rely on any such report, confirmation or certificate, opinion or advice and such report, confirmation or certificate or advice shall be binding on the Issuer, the Guarantor, the Trustee and the Holders.

**19. Notices**

All notices to the Holders will be valid if mailed to them by first class mail or (if posted to an address overseas) by airmail to the Holders (or the first of any joint named Holders) at their respective addresses in the Register maintained by the Registrar. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules of any stock exchange or other relevant authority on which the Securities are for the time being listed or by which they have been admitted to trading. Any such notice will be deemed to have been given on the fourth day after being so mailed or on the date of publication or, if published more than once, on the first date on which such publication is made.

**20. Further Issues**

The Issuer may from time to time without the consent of the Holders create and issue further securities ranking *pari passu* in all respects (or in all respects save for the date from which interest thereon accrues and the amount of the first payment of interest on such further securities) and so that such further issue shall be consolidated and form a single series with the outstanding Securities. Any such further securities shall be constituted by a deed supplemental to the Trust Deed.

**21. Agents**

The initial Agents and their initial specified offices are listed below. The Issuer reserves the right, subject to the approval of the Trustee, at any time to vary or terminate the appointment of any Agent and to appoint additional or other Agents, provided that the Issuer will:

- (i) at all times maintain a Principal Paying Agent and a Registrar; and
- (ii) at all times maintain a Paying Agent having its specified office in a major European city, which shall be London so long as the Securities are admitted to the Official List and admitted to trading on the London Stock Exchange's Main Market.

Notice of any such termination or appointment and of any change in the specified offices of the Agents will be given to the Holders in accordance with Condition 19.

If the Principal Paying Agent is unable or unwilling to act as such or if it fails to make a determination or calculation or otherwise fails to perform its duties under these Conditions or the Paying Agency Agreement (as the case may be), the Issuer shall appoint, on terms acceptable to the Trustee, an independent financial institution acceptable to the Trustee to act as such in its place.

**22. Governing Law and Jurisdiction**

The Trust Deed and the Securities and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, the laws of England.

The courts of England have exclusive jurisdiction to settle any dispute (a "Dispute"), arising from or connected with the Trust Deed and the Securities and any non-contractual obligations arising out of or in connection with them.

Each of the Issuer and the Guarantor agrees that the courts of England are the most appropriate and convenient courts to settle any Dispute and, accordingly, that it will not argue to the contrary.

Nothing in this Condition 22 prevents the Trustee or any Holder from taking proceedings relating to a Dispute ("Proceedings") in any other courts with jurisdiction. To the extent allowed by law, the Trustee or Holders may take concurrent Proceedings in any number of jurisdictions.

**23. Contracts (Rights of Third Parties) Act 1999**

No person shall have any right to enforce any term or condition of the Securities by virtue of the Contracts (Rights of Third Parties) Act 1999.

**24. Definitions**

In these Conditions:

an “Accounting Event” shall 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 the application thereof) which have been officially adopted by the International Accounting Standards Board (or any other body responsible for IFRS or any other accounting standards that may replace IFRS) after 23 November 2021 (such date of adoption being the “Accounting Event Adoption Date”), the Securities may no longer be recorded as a “financial liability” 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. The Accounting Event shall be deemed to have occurred on the Accounting Event Adoption Date notwithstanding any later effective date;

“Additional Amounts” has the meaning given in Condition 13;

“Agents” means the Principal Paying Agent, the Calculation Agent, the Registrar, the Transfer Agents and the Paying Agents or any of them;

“Business Day” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks and foreign exchange markets are open for general business in London and New York City;

“Calculation Agent” has the meaning given to it in the preamble to these Conditions;

“Calculation Amount” has the meaning given to it in Condition 5(b);

a “Change of Control Event” shall be deemed to occur if:

- (a) a Change of Control has occurred; and
- (b) 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), any of 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;
  - (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, Ba1 to Ba2 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

- (c) in making any decision to downgrade or withdraw a credit rating pursuant to paragraphs (b)(i) and (b)(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.

For the purposes of the definition of a Change of Control Event:

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

- (d) 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
- (e) 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 any of 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);

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; 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;

Each of the following is a “Compulsory Payment Event”:

- (f) (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(a)) 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;
- (g) 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 17 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 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;

“Conditions” means these terms and conditions of the Securities, as amended from time to time;

“Deferral Notice” has the meaning given in Condition 6(a);

“Deferred Interest” has the meaning given in Condition 6(a);

“Deferred Interest Payment” has the meaning given in Condition 6(a);

“Deferred Interest Settlement Date” has the meaning given in Condition 6(b);

“Event of Default” has the meaning given in Condition 12(a);

“First Tranche 2 Step-up Date” means 23 November 2031;

“Guarantee” has the meaning given in the preamble to these Conditions;

“Guarantor” means BT Group plc;

“H.15” means the daily statistical release designated as such, or any successor publication as determined by the Issuer in its sole discretion, published by the Board of Governors of the United States Federal Reserve System, and “most recent H.15” means the H.15 published closest in time but prior to the close of business on the Reset Interest Determination Date.

“Holder” has the meaning given in Condition 1(b);

“Initial Interest Rate” has the meaning given in Condition 5(c);

“Interest Amount” has the meaning given in Condition 5(e);

“Interest Payment” means, in respect of an interest payment on a Tranche 2 Interest Payment Date, the amount of interest payable for the relevant Interest Period in accordance with Condition 5;

“Interest Period” means the period beginning on (and including) the Issue Date and ending on (but excluding) the first Tranche 2 Interest Payment Date and each successive period beginning on (and including) a Tranche 2 Interest Payment Date and ending on (but excluding) the next succeeding Tranche 2 Interest Payment Date;

“Interest Rate” means the Initial Interest Rate or the relevant Reset Interest Rate, as the case may be;

“Issue Date” has the meaning given in Condition 5(a);

“Issuer” means British Telecommunications public limited company;

“Margin” means (i) 349.3 bps per annum from and including the First Tranche 2 Step-up Date to (but excluding) the Second Tranche 2 Step-up Date and (ii) 424.3 bps per annum from (and including) the Second Tranche 2 Step-up Date to (but excluding) the Maturity Date;

“Maturity Date” means 23 November 2081;

“Notional Preference Shares of the Guarantor” has the meaning given in Condition 4(c);

“Notional Preference Shares of the Issuer” has the meaning given in Condition 3(a);

“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);

“Optional Redemption Date” means (i) any Business Day from (and including) 23 August 2031 to (and including) the First Tranche 2 Step-up Date and (ii) each Tranche 2 Interest Payment Date thereafter;

“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 17 and the Trust Deed; or (ii) any Subsidiary of BT Group plc (other than the Securities) 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 17 and the Trust Deed and its obligations under the guarantee relating to the €500,000,000 Capital Securities due 2080 and the U.S.\$500,000,000 NC5.25 Capital Securities due 2081 of the Issuer had that guarantee not been terminated in accordance with its terms;

“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 Securities) 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 including its obligations under the guarantee relating to the €500,000,000 Capital Securities due 2080 and the U.S.\$500,000,000 NC5.25 Capital Securities due 2081 of the Issuer;

“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 Securities or such preference shares including the to the €500,000,000 Capital Securities due 2080 and the U.S.\$500,000,000 NC5.25 Capital Securities due 2081 of the Issuer 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 Securities or such preference shares;

“Paying Agency Agreement” has the meaning given to it in the preamble to these Conditions;

“Paying Agents” has the meaning given to it in the preamble to these Conditions;

“Principal Paying Agent” has the meaning given to it in the preamble to these Conditions;

“Qualifying Securities” means securities that contain terms not materially less favourable to Holders than the terms of the Securities (as reasonably determined by the Issuer (in consultation with an independent investment bank or counsel of international standing)) and provided that a certification to such effect (and confirming that the conditions set out in (a) to (j) below have been satisfied) of two directors of the Issuer shall have been delivered to the Trustee prior to the substitution or variation of the Securities upon which certificate the Trustee shall rely absolutely), provided that:

- (h) they shall be issued by (x) 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, (y) the Guarantor or (z) 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

- (i) 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 Securities; and
- (j) they shall contain terms which provide for the same Interest Rate from time to time applying to the Securities and preserve the same Tranche 2 Interest Payment Dates; and
- (k) they shall preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Securities, including (without limitation) as to timing of, and amounts payable upon, such redemption; and
- (l) they shall preserve any existing rights under these Conditions to any accrued interest which has accrued to Holders and not been paid: and
- (m) they shall not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares; and
- (n) they shall otherwise contain substantially identical terms (as reasonably determined by the Issuer) to the Securities, save where (without prejudice to the requirement that the terms are not materially less favourable to Holders than the terms of the Securities 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
- (o) 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;
- (p) 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 Securities at the invitation of or with the consent of the Issuer immediately prior to such substitution or variation; and
- (q) they shall not provide for the mandatory deferral or cancellation of payments of interest and/or principal;

“Rating Agency” means Fitch Ratings Ltd or any of its subsidiaries and their successors or Moody’s Investors Service Ltd. or any of its subsidiaries and their successors or S&P Global Ratings, acting through S&P Global Ratings UK Limited or any of its subsidiaries and their successors or any rating agency substituted for any of them (or any permitted substitute of them) by the Issuer from time to time with the prior written approval of the Trustee (such approval not to be unreasonably withheld or delayed having regard to the interests of the Holders);

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 that, as a result of a change in its hybrid capital methodology or the interpretation thereof which becomes, or would become, effective on or after 23 November 2021 (or, if later, effective after the date when the equity credit is assigned to the Securities by such Rating Agency for the first time), the Securities will no longer be eligible (or if the Securities have been partially or fully refinanced since the Issue Date 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 Securities 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 Securities at the Issue Date or, if later, at the time when the relevant Rating Agency first publishes its confirmation of the “equity credit” attributed by it to the Securities or if the period of time during which the relevant Rating Agency attributed to the Securities a particular category of “equity credit” at the Issue Date (or if a particular category of “equity credit” is not assigned to the Securities by the relevant Rating Agency on the Issue Date, at the date on which a particular category of “equity credit” is assigned by such Rating Agency for the first time) is shortened;

“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;

“Register” has the meaning given to it in Condition 1(a);

“Registrar” has the meaning given in the preamble to these Conditions;

“Relevant Date” means:

- (r) in respect of any payment other than a sum to be paid by the Issuer or the Guarantor, as the case may be, in a winding-up or administration of the Issuer or the Guarantor, as the case may be, the date on which such payment first becomes due and payable but, if the full amount of the moneys payable on such date has not been received by the Principal Paying Agent or the Trustee on or prior to such date, the Relevant Date means the date on which such moneys shall have been so received and notice to that effect shall have been given to the Holders in accordance with Condition 19; and
- (s) in respect of any sum (i) to be paid by or on behalf of the Issuer or the Guarantor, as the case may be, in a winding-up of the Issuer or the Guarantor, as the case may be, or (ii) if following the appointment of an administrator of the Issuer or the Guarantor, as the case may be, the administrator gives notice of an intention to declare and distribute a dividend, to be paid by the administrator by way of such dividend, the date which is one day prior to the date on which an order is made or a resolution is passed for the winding-up or, in the case of an administration, one day prior to the date on which any dividend is distributed;

“Reset Date” means the First Tranche 2 Step-up Date and each fifth anniversary thereof up to and including 23 November 2076;

“Reset Interest Determination Date” means the day falling two Business Days prior to the relevant Reset Date;

“Reset Interest Rate” has the meaning given in Condition 5(d);

“Reset Period” means each period beginning on (and including) a Reset Date and ending on (but excluding) the next succeeding Reset Date thereafter and “relevant Reset Period” shall be construed accordingly;

“Second Tranche 2 Step-up Date” means 23 November 2051;

“Securities” has the meaning given in the preamble to 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 of the Guarantor) other than Parity Securities of the Guarantor and the ordinary share capital of the Guarantor;

“Senior Obligations of the Issuer” means all obligations of the Issuer, issued directly or indirectly by it, other than Parity Securities of the Issuer and the ordinary share capital of the Issuer;

“Special Event” means any of an Accounting Event, a Rating Capital Event, a Tax Deductibility Event or a Withholding Tax Event or any combination of the foregoing;

“Subsidiary” means a subsidiary within the meaning of Section 1159 of the Companies Act 2006 and “Subsidiaries” shall be construed accordingly;

“Substituted Obligor” has the meaning given in Condition 15;

“Taxes” has the meaning given in Condition 13;

a “Tax Deductibility Event” shall be deemed to have occurred if as a result of a Tax Law Change:

- (t) in respect of the Issuer’s obligation to make any Interest Payment on the next following Tranche 2 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 Payment in computing its taxation liabilities in the United Kingdom, or such entitlement is materially reduced or materially delayed (a “disallowance”); or
- (u) in respect of the Issuer’s obligation to make any Interest Payment on the next following Tranche 2 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 23 November 2021 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 Securities by taking measures reasonably available to it;

“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 23 November 2021;

“Tranche 2 Interest Payment Date” has the meaning given in Condition 5(a);

“Trust Deed” has the meaning given in the preamble to these Conditions;

“Trustee” has the meaning given in the preamble to these Conditions;

“United Kingdom” means the United Kingdom of Great Britain and Northern Ireland; 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 Securities or the Guarantee, the Issuer or the Guarantor, as the case may be, has paid

or will or would on the next Tranche 2 Interest Payment Date be required to pay Additional Amounts on the Securities and the Issuer or the Guarantor, as the case may be, cannot avoid the foregoing in connection with the Securities or the Guarantee, as the case may be, by taking reasonable measures available to it.

*The following paragraph does not form part of the terms and conditions of the Securities.*

*The Issuer intends (without thereby assuming a legal obligation), that if it redeems the Securities or repurchases the Securities, it will so redeem or repurchase the Securities only to the extent the part of the aggregate principal amount of the Securities to be redeemed or repurchased which was assigned equity credit (or such other nomenclature used by S&P Global Ratings, acting through S&P Global Ratings UK Limited (“S&P”) from time to time) at the time of the issuance of the Securities 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 “equity credit” (or such similar nomenclature used by S&P from time to time) (but taking into account any changes in hybrid capital methodology or the interpretation thereof since the issuance of the Securities), 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 last 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, such repurchase is of less than (i) 10 per cent. of the aggregate hybrid capital outstanding in any period of 12 consecutive months or (ii) 25 per cent. of the aggregate hybrid capital outstanding in any period of 10 consecutive years; or*
- (iii) the relevant Securities 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 relevant Securities 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 Securities which is less than or equal to the excess (if any) above the maximum aggregate principal amount of the Issuer’s hybrid capital to which S&P then assigns equity content under its prevailing methodology; or*
- (vi) such redemption or repurchase occurs on or after 23 November 2051.*

*Terms used but not defined in the above paragraphs shall have the same meaning as that set out in the Conditions.*

## **BOOK-ENTRY, DELIVERY AND FORM**

### **The Global Security Certificates**

The Unrestricted Securities will be evidenced on issue by one or more Unrestricted Global Certificates deposited with a custodian for, and registered in the name of a nominee of, DTC. Beneficial interests in the Unrestricted Global Certificate may be held only through DTC at any time. See “—Book-entry Procedures for the Global Certificates” below. By acquisition of a beneficial interest in the Unrestricted Global Certificate, the purchaser thereof will be deemed to represent, among other things, that it is located outside the United States.

The Restricted Securities will be evidenced on issue by one or more Restricted Global Certificates deposited with a custodian for, and registered in the name of a nominee of, DTC. Beneficial interests in the Restricted Global Certificate may only be held through DTC at any time. See “—Book-entry Procedures for the Global Certificates” below. By acquiring a beneficial interest in the Restricted Global Certificate, the purchaser thereof will be deemed to represent, among other things, that it is a QIB and that, if in the future it determines to transfer such beneficial interest, it will transfer such interest in accordance with the procedures and restrictions contained in the conditions. See “Notice to Investors”.

Beneficial interests in the Global Certificates will be subject to certain restrictions on transfer set forth therein and in the Conditions, and the Global Certificates will bear the applicable legends regarding the restrictions set forth under “Notice to Investors”. A beneficial interest in the Unrestricted Global Certificate may be transferred to a person who takes delivery in the form of an interest in the Restricted Global Certificate only in denominations greater than or equal to the minimum denominations applicable to interests in the Restricted Global Certificate and only upon receipt by the Registrar of a written certification (in the form provided in the conditions) to the effect that the transferor reasonably believes that the transferee is a QIB and that such transaction is in accordance with any applicable securities laws of any state of the United States or any other jurisdiction. Beneficial interests in the Restricted Global Certificate may be transferred to a person who takes delivery in the form of an interest in the Unrestricted Global Certificate only upon receipt by the Registrar of a written certification (in the form provided in the conditions) from the transferor to the effect that the transfer is being made in an offshore transaction in accordance with Regulation S.

Securities offered under Regulation S will be represented by one or more Unrestricted Global Certificates, which will initially be restricted as described above for a period ending 40 days after the later of the commencement of the offering and the closing date (the “distribution compliance period”). During the distribution compliance period, before any interest in the Global Certificates may be offered, sold, pledged or otherwise transferred to a purchaser outside the United States in compliance with Rule 904 under the Securities Act, the transferor will be required to provide the Transfer Agent with a written certificate (in the form provided in the Conditions) as to compliance with the transfer restriction referred to above.

Any beneficial interest in the Unrestricted Global Certificate that is transferred to a person who takes delivery in the form of an interest in the Restricted Global Certificate will thereafter be subject to any applicable transfer restrictions and other procedures applicable to beneficial interests in the Restricted Global Certificate for as long as it remains such an interest. Any beneficial interest in the Restricted Global Certificate that is transferred to a person who takes delivery in the form of an interest in the Unrestricted Global Certificate will thereafter be subject to any applicable transfer restrictions and other procedures applicable to beneficial interests in the Unrestricted Global Certificate for so long as it remains such an interest. No service charge will be made for any registration of transfer or exchange of Securities, but the Registrar may require payment of a sum sufficient to cover any tax or other governmental charge payable in connection therewith.

Except in the limited circumstances described below, owners of beneficial interests in Global Certificates will not be entitled to receive physical delivery of Definitive Certificates. The Securities are not issuable in bearer form.

### **Exchange and Registration of Title**

Owners of interests in the Securities in respect of which the Global Certificates are issued will only be entitled to have title to the Securities registered in their names and to receive individual definitive Securities if: (1) DTC notifies the Issuer that it is no longer willing or able to discharge its responsibilities as depository or has ceased to be a “Clearing Agency” under the Exchange Act, and the Issuer is unable to locate a qualified successor within 90 days of such notice; (2) if instructions have been given for the transfer of an interest in the Securities

represented by one Global Certificate to a person who would otherwise take delivery thereof in the form of an interest in the Securities represented by the other Global Certificate where such other Global Certificate has been exchanged for definitive Certificates; or (3) if principal in respect of the Securities is not paid when due.

In such circumstances, the Issuer will cause sufficient individual definitive Securities to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Security holders. A person with an interest in the Securities in respect of which the Global Certificate is issued must provide the Registrar with (1) a written order containing instructions and other such information as the Issuer and the Registrar may require to complete, execute and deliver such individual definitive Securities; and (2) either (a) a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its Security at the time of such exchange, or (b) in the case of a simultaneous transfer, a certification substantially in the form provided for in the Paying Agency Agreement. Individual Definitive Certificates issued in respect of Securities sold in reliance on Rule 144A under the Securities Act shall also bear the relevant legends.

For as long as any of the Securities are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the Issuer will, during any period in which it is neither subject to Section 13 or 15(d) of the Exchange Act, nor exempt from reporting pursuant to Rule 12g3-2(b) thereunder, provide to the holder of such restricted securities, or to any prospective purchaser thereof designated by such holder of the Securities, upon request, the information required to be provided by Rule 144A(d)(4) under the Securities Act.

If only one of the Global Certificates (the “Exchanged Global Certificate”) becomes exchangeable for Definitive Certificates in accordance with the above paragraphs, transfers of Securities may not take place between, on the one hand, persons holding Definitive Certificates issued in exchange for beneficial interests in the Exchanged Global Certificate and, on the other hand, persons wishing to purchase beneficial interests in the other Global Certificate.

## **Legends**

The holder of a Definitive Certificate may transfer the Securities evidenced thereby in whole or in part in the applicable minimum denomination by surrendering it at the specified office of the Registrar or any Transfer Agent, together with the completed form of transfer thereon. Upon the transfer, exchange or replacement of a Restricted Definitive Certificate bearing the legend referred to under “Notice to Investors”, or upon specific request for removal of the legend on a Restricted Definitive Certificate, the Issuer will deliver only Restricted Definitive Certificates that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the Registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

## **Book-Entry Procedures for the Global Certificates**

DTC has advised the Issuer as follows: DTC is a limited-purpose trust company organised under the laws of the State of New York, a “banking organisation” under the laws of the State of New York, a member of the U.S. Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants (“DTC Participants”) and facilitate the clearance and settlement of securities transactions between DTC Participants through electronic computerised book-entry changes in accounts of its DTC Participants, thereby eliminating the need for physical movement of certificates. DTC Participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a DTC Participant, either directly or indirectly.

Investors may hold their interests in the Restricted Global Certificate or the Unrestricted Global Certificate directly through DTC if they are DTC Participants in DTC system, or indirectly through organisations which are DTC Participants in such system.

DTC has advised the Issuer that it will take any action permitted to be taken by a holder of Securities only at the direction of one or more DTC Participants and only in respect of such portion of the aggregate principal amount of the relevant Global Certificates as to which such DTC Participant or DTC Participants has or have given such direction. However, in the circumstances described under “*Book-entry Ownership*”, DTC will surrender the

relevant Global Certificates for exchange for individual Definitive Certificates (which will bear any applicable legend as set forth in the conditions).

### **Book-Entry Ownership**

#### ***DTC***

The Unrestricted Global Certificate will have a CUSIP number, an ISIN and a Common Code and the Restricted Global Certificate will have a CUSIP number, an ISIN and a Common Code. Each of the Unrestricted Global Certificate and the Restricted Global Certificate will be deposited with a custodian (the “Custodian”) for, and registered in the name of a nominee of, DTC. The Custodian and DTC will electronically record the principal amount of the Securities held within DTC system. The address of DTC is 55 Water Street, New York, New York 10041, United States of America.

#### ***Relationship of Participants with Clearing Systems***

Each of the persons shown in the records of DTC as the holder of a Security evidenced by a Global Certificate must look solely to DTC (as the case may be) for his, her or its share of each payment made by the Issuer to the holder of such Global Certificate and in relation to all other rights arising under the Global Certificate, subject to and in accordance with the rules and procedures of DTC. The Issuer expects that, upon receipt of any payment in respect of Securities evidenced by a Global Certificate, the custodian by whom such Security is held, or nominee in whose name it is registered, will immediately credit the relevant participants’ or account holders’ accounts in the relevant clearing system with payments in amounts proportionate to their respective beneficial interests in the principal amount of the relevant Global Certificate as shown on the records of the relevant clearing system or its nominee. The Issuer also expects that payments by Direct Participants or DTC Participants, as the case may be, in any clearing system to owners of beneficial interests in any Global Certificate held through such Direct Participants or DTC Participants, as the case may be, in any clearing system will be governed by standing instructions and customary practices. Save as aforesaid, such persons shall have no claim directly against the Issuer in respect of payments due on the Securities for so long as the Securities are evidenced by such Global Certificate and the obligations of the Issuer will be discharged by payment to the registered holder, as the case may be, of such Global Certificate in respect of each amount so paid. None of the Issuer, the Trustee, Paying Agent, Transfer Agent, Calculation Agent or Registrar will have any responsibility or liability for any aspect of the records relating to or payments made on account of ownership interests in any Global Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

### **Settlement and Transfer of Securities**

Subject to the rules and procedures of each applicable clearing system, purchases of Securities held within a clearing system must be made by or through Direct Participants or DTC Participants, as the case may be, which will receive a credit for such Securities on the clearing system’s records. The ownership interest of each actual purchaser of each such Security (the “Beneficial Owner”) will in turn be recorded on the Direct Participants’ or DTC Participants’, as the case may be, records. Beneficial Owners will not receive written confirmation from any clearing system of their purchase, but Beneficial Owners are expected to receive written confirmations providing details of the transaction, as well as periodic statements of their holdings, from the Direct Participant or DTC Participants, as the case may be, through which such Beneficial Owner entered into the transaction. Transfers of ownership interests in Securities held within the clearing system will be affected by entries made on the books of Direct Participants or DTC Participants, as the case may be, acting on behalf of Beneficial Owners. Beneficial Owners will not receive certificates representing their ownership interests in such Securities, unless and until interests in any Global Certificate held within a clearing system are exchanged for Definitive Certificates.

No clearing system has knowledge of the actual Beneficial Owners of the Securities held within such clearing system and their records will reflect only the identity of the Direct Participants or DTC Participants, as the case may be, to whose accounts such Securities are credited, which may or may not be the Beneficial Owners. The Direct Participants or DTC Participants, as the case may be, will remain responsible for keeping account of their holdings on behalf of their customers. Conveyance of notices and other communications by the clearing systems to Direct Participants or DTC Participants, as the case may be; by Direct Participants to Indirect Participants, and by Direct Participants, Indirect Participants or DTC Participants, as the case may be, to Beneficial Owners will be governed by arrangements among them, subject to any statutory or regulatory requirements as may be in effect from time to time.

For so long as the Global Certificates are held on behalf of DTC, notices to Holders represented thereby may be given by delivery of the relevant notice to DTC for communication to the entitled accountholders rather than by publication in accordance with Conditions. Any such notice shall be deemed to have been given to the Holders on the second day after the day on which such notice is delivered to DTC as aforesaid.

The laws of some jurisdictions may require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Global Certificate to such persons may be limited. Because DTC can only act on behalf of DTC Participants, the ability of a person having an interest in the Restricted Global Certificate to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

#### ***Trading between DTC Participants***

Secondary market sales of book-entry interests in the Securities between DTC Participants will occur in the ordinary way in accordance with DTC rules and will be settled using the procedures applicable to U.S. corporate debt obligations in DTC's Same-Day Funds Settlement system in same-day funds, if payment is effected in U.S. dollars or, free of payment, if payment is not effected in U.S. dollars. Where payment is not effected in U.S. dollars, separate payment arrangements outside DTC are required to be made between DTC Participants.

## TAXATION

### UNITED KINGDOM TAXATION

*The comments below, which apply only to persons who are beneficial owners of the Securities, concern only certain taxation obligations with respect to the Securities and are of a general nature based on current UK tax law as applied in England and Wales, and HM Revenue & Customs practice (which may not be binding on HM Revenue & Customs), and are not intended to be exhaustive. The comments below do not deal with any other transaction implications of acquiring, holding or disposing of the Securities. Any Holders who are in doubt as to their own tax position should consult their professional advisers.*

#### **Interest on the Securities**

The Securities issued will constitute “quoted Eurobonds” within the meaning of section 987 of the UK Income Tax Act 2007 provided they are and continue to be listed on a “recognised stock exchange”, within the meaning of section 1005 Income Tax Act 2007. The London Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the London Stock Exchange if they are admitted to listing on the Official List and to trading on the London Stock Exchange.

Whilst the Securities are and continue to be quoted Eurobonds, payments of interest by the Issuer on the Securities may be made without withholding or deduction for or on account of UK income tax.

In all other cases, an amount must generally be withheld on account of UK income tax at the basic rate (currently 20 per cent), subject to the availability of other reliefs or exceptions or to any direction to the contrary from HM Revenue & Customs under an applicable double taxation treaty. If any amount must be withheld by the Issuer on account of UK tax from payments of interest on the relevant Securities then such Issuer will, subject to the provisions of Condition 13 (Taxation) of the relevant Securities, pay such additional amounts as will result in the Holders receiving an amount equal to that which they would have received had no such withholding been required.

Interest on the Securities constitutes UK source income for UK tax purposes and, as such, may be subject to UK income tax by direct assessment even where paid without withholding. However, interest with a UK source received without deduction or withholding on account of UK tax will not be chargeable to UK tax in the hands of a Holder who is not resident for tax purposes in the UK unless that Holder carries on a trade, profession or vocation in the UK through a UK branch or agency or for holders who are companies through a UK permanent establishment, in connection with which the interest is received or to which the Securities are attributable. There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers).

The provisions relating to additional amounts referred to in Condition 13 (Taxation) of the relevant Securities would not apply if HM Revenue & Customs sought to assess the person entitled to the relevant interest or (where applicable) profit on any Security directly to UK income tax. However, exemption from or reduction of such UK tax liability might be available under an applicable double taxation treaty.

The Securities may in certain circumstances on occurrence of a Special Event be redeemed at 101 per cent. of their principal amount. Recently published HM Revenue & Customs guidance indicates that any premium payable in such circumstances might be treated as interest, in which case the position will be as for other interest payments made on the Securities (see above).

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).

#### ***Stamp duty and stamp duty reserve tax***

No stamp duty or stamp duty reserve tax should be payable on issue of the Securities or on a transfer of the Securities.

## **FTT**

### ***Proposed Financial Transaction Tax (“FTT”)***

On 14 February 2013, the European Commission published a proposal (the “European Commission’s Proposal”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “participating Member States”). However, Estonia has since stated it will not participate.

The European Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in the Securities (including secondary market transactions) in certain circumstances. The issuance and subscription of Securities should, however, be exempt.

Under the European Commission’s Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in the Securities where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or deemed to be, established in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

However, the FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation, the timing of which remains unclear. Additional EU Member States may decide to participate. In any event, the UK’s position has been that it will not be a participating Member State and, as the UK has left the European Union as a result of Brexit, it is no longer a Member State.

Prospective holders of the Securities are advised to seek their own professional advice in relation to the FTT.

## **UNITED STATES TAXATION**

The following is a summary based on present law of certain material U.S. federal income tax considerations relevant to the acquisition, ownership and disposition of Securities. This discussion addresses only U.S. Holders (as defined below) who purchase Securities in the original Offering at the original issue price, hold Securities as capital assets and use the U.S. dollar as their functional currency. The discussion is a general summary only; it is not a substitute for tax advice. This summary is not a complete description of all U.S. federal tax considerations relating to the purchase, ownership and disposition of Securities and does not address all of the U.S. federal income tax considerations that may be relevant in light of a U.S. Holder’s particular circumstances. This summary does not address the tax treatment of U.S. Holders subject to special rules, such as banks and certain other financial institutions, insurance companies, regulated investment companies, real estate investment trusts, dealers in securities or currencies, securities traders that elect to mark-to-market, certain U.S. expatriates, individual retirement accounts and other tax-deferred accounts, tax-exempt entities, pass-through entities (including S-corporations) persons using the accrual method of accounting for U.S. federal tax purposes and who are required to recognise income for such purposes no later than when such income is taken into account in an applicable financial statement, or investors that will hold Securities as part of a straddle, hedging, conversion or other integrated financial transaction. It also does not address the tax treatment of U.S. Holders that will hold Securities in connection with a permanent establishment or fixed base outside of the United States. This summary does not address U.S. federal taxes other than the income tax (such as estate or gift taxes, the alternative minimum tax or the Medicare contribution tax on net investment income), state, local, non-U.S. or other tax laws or matters.

For purposes of this discussion, a “U.S. Holder” is a beneficial owner of Securities that is, for U.S. federal income tax purposes, (i) a citizen or individual resident of the United States, (ii) a corporation created or organised under the laws of the United States, any state thereof or the District of Columbia, (iii) a trust subject to the control of a U.S. person and the primary supervision of a U.S. court or (iv) an estate the income of which is subject to U.S. federal income taxation regardless of its source.

The U.S. federal income tax treatment of partnership (or other entity treated as a partnership for U.S. federal income tax purposes) or a partner therein that acquires, holds and disposes of Securities will depend on the status of the partner and the activities of the partnership. Partnerships are urged to consult their own tax advisers

regarding the specific tax consequences to them and their partners of purchasing, owning and disposing of Securities.

**EACH PROSPECTIVE PURCHASER SHOULD SEEK ADVICE FROM ITS OWN TAX ADVISERS ABOUT THE TAX CONSEQUENCES UNDER ITS OWN PARTICULAR CIRCUMSTANCES OF INVESTING IN THE SECURITIES UNDER THE LAWS OF THE UNITED KINGDOM AND ITS CONSTITUENT JURISDICTIONS AND ANY OTHER JURISDICTION WHERE THE PURCHASER MAY BE SUBJECT TO TAXATION.**

#### *U.S. Federal Income Tax Characterisation of the Securities*

The determination of whether an obligation represents debt or equity for U.S. federal income tax purposes is based on all relevant facts and circumstances. There is no direct legal authority as to the proper U.S. federal income tax characterisation of instruments similar to the Securities. To the extent required for U.S. federal income tax purposes, we intend to treat the Securities as indebtedness for such purposes and this discussion assumes that treatment is correct. In addition, to the extent required for U.S. federal income tax purposes, we intend to take the position, and the discussion below assumes, that certain features of the Securities do not cause them to be “contingent payment debt instruments” (“CPDIs”) These characterisations are binding on all U.S. Holders unless the U.S. Holder discloses on its U.S. federal income tax return that it is treating the Securities in a manner inconsistent with such characterisations. We have not and will not seek a ruling from the U.S. Internal Revenue Service (“IRS”) as to the characterisation of the Securities for U.S. federal income tax purposes and therefore no assurance can be given that the IRS will not assert, or a court would not sustain, a position regarding the characterisations of the Securities that is contrary to our position.

If the Securities were subject to the CPDI rules or were treated as equity of the Issuer for U.S. federal income tax purposes, the character, timing and amount (in a given tax period) of income earned by a U.S. Holder may be materially different than as described under “Interest and OID” and “Disposition” below. Specifically, if the Securities were treated as equity, interest payments on the Securities would be treated as dividends taxable when actually or constructively received and would generally qualify for special tax rates applicable to qualified dividend income for non-corporate U.S. Holders that satisfy certain requirements. Corporate U.S. Holders would not be eligible for the dividends received deduction on any such dividends. If the Securities were respected as debt but considered to be CPDIs, then U.S. Holders of the Securities would be required to include interest on a daily accrual basis (whether or not the amount of any payment is fixed or determinable in the taxable year) in an amount for each accrual period that is determined by constructing a projected payment schedule for a hypothetical fixed rate debt instrument with a comparable yield which may differ in amount and/or timing from the treatment described below under “Interest and OID.” Additionally, gain realised on a sale, exchange, or retirement of the Securities will be treated as additional interest income and any loss generally will be ordinary loss.

U.S. Holders should consult their tax advisers regarding any potential characterisation of the Securities as equity, CPDIs, or any other alternate characterisations as well as the resulting potential tax considerations relevant to them under their particular circumstances.

#### *Interest and OID*

A debt instrument will be treated as issued with original issue discount (“OID”) if its stated redemption price at maturity exceeds its issue price by more than a statutory de minimis amount. The issue price of a debt instrument is the initial price at which a substantial amount is first sold to the public (excluding sales to underwriters, placement agents, brokers or similar persons). A debt instrument’s stated redemption price at maturity is the sum of all payments due on the debt instrument other than payments of “qualified stated interest.” Stated interest on a debt instrument constitutes “qualified stated interest” only if the interest is unconditionally payable at least annually at a single fixed rate or, subject to certain conditions, one or more qualified floating rate.

Because the Issuer may elect to defer payment of stated interest on the Securities, such interest is not qualified stated interest and, therefore, all interest on the Securities (together with any excess of stated principal over issue price) will be treated as OID. Any redemption premium or increased interest that the Issuer is required to offer to pay following a Change of Control is not part of the stated redemption price for this purpose because the Issuer does not believe that such events are significantly more likely than not to occur. In addition, “make whole” or redemption premiums payable on certain optional redemptions of our Securities are not treated as part

of the stated redemption price for this purpose because under applicable OID rules, an issuer option that would increase a debt instrument's yield to maturity is presumed not to be exercised.

A U.S. Holder must accrue the OID into income on a constant yield to maturity basis whether or not it receives cash payments. A U.S. Holder generally must include in income the sum of the "daily portions" of OID with respect to the Securities for each day during the taxable year or portion of the taxable year in which such holder holds Securities. The daily portion is determined by allocating to each day in any "accrual period" a pro rata portion of the OID allocable to that accrual period. The amount of OID allocable to any accrual period other than the final accrual period is an amount equal to the excess, if any, of: (i) the product of the "adjusted issue price" of the Securities at the beginning of the accrual period and the yield to maturity, determined on the basis of compounding at the close of each accrual period and properly adjusting for the length of the accrual period, over (ii) the aggregate of all qualified stated interest allocable to the accrual period. As discussed above, no interest on the Securities will be treated as qualified stated interest. OID on the Securities that is allocable to a final accrual period is the difference between the amount payable at maturity and the adjusted issue price at the beginning of the final accrual period. Special rules will apply for calculating OID for an initial short accrual period. The "adjusted issue price" of the Securities at the beginning of any accrual period is equal to its issue price increased by the accrued OID for each prior accrual period and reduced by any payments on the Securities made prior to the beginning of such accrual period.

Solely for purposes of determining the amount and timing of OID on the Securities, although no legal authority clearly addresses instruments similar to the Securities, the Issuer believes U.S. Holders should calculate OID on each tranche of the Securities as if they will mature on the First Tranche 1 Reset Date and the First Tranche 2 Step-up Date, respectively. If the Issuer does not redeem the Securities at the First Tranche 1 Reset Date or First Tranche 2 Step-up Date, as applicable, U.S. Holders generally would be required to redetermine the amount and timing of OID for accrual periods after such Reset Date as though the Securities had been retired and then reissued on such Reset Date for an amount equal to the adjusted issue price of the relevant Securities on that date. In making such redetermination, the Issuer believes that U.S. Holders should calculate OID on the Securities as if they will mature on the First Tranche 1 Step-up Date and the First Tranche 2 Step-up Date, respectively. If the Issuer does not redeem the Securities at the relevant First Step-up Date, U.S. Holders generally would be required to redetermine the amount and timing of OID for accrual periods after the First Step-up Date as though the Securities had been retired and then reissued on the respective First Step-up Date for an amount equal to the adjusted issue price of the relevant Securities on that date. In making such redetermination, the Issuer believes that U.S. Holders should calculate OID on the Securities as if they will mature on their respective Second Step-up Date. If the Issuer does not redeem the Securities at the relevant Second Step-up Date, U.S. Holders generally would be required to redetermine the amount and timing of OID for accrual periods after the relevant Second Step-up Date as though the Securities had been retired and then reissued on the respective Second Step-up Date for an amount equal to the adjusted issue price of the relevant Securities on that date. In making such redetermination, the Issuers believe that U.S. Holders should calculate OID on the Securities as if they will mature on their Maturity Date. Any deemed retirement and reissuance of the Securities described herein is solely for purposes of determining the amount of OID on the Securities and will not give rise to gain or loss. U.S. Holders should consult their own tax advisers concerning the calculation of OID with respect to the Securities and the relevant tax considerations to them in the event that we do not redeem the Securities on or prior to the First Tranche 1 Reset Date and the First Tranche 2 Step-up Date, respectively.

A U.S. Holder may elect to include in gross income all yield on a Security using a constant yield method. The constant yield election will apply only to the Security with respect to which it is made, and it may not be revoked without the consent of the IRS.

### ***Disposition***

A U.S. Holder generally will recognize gain or loss on a sale, redemption or other taxable disposition of a Security in an amount equal to the difference between the amount realized (less any accrued but unpaid OID, which will be taxable as interest income to the extent not previously included in income) and the U.S. Holder's adjusted tax basis in the Security. A U.S. Holder's adjusted tax basis in a Security generally will be the amount paid for the Security reduced by any payments on the Security other than payments of stated interest.

Gain or loss on the taxable disposition of a Security will generally be U.S. source capital gain or loss. Any capital gain or loss will be long-term capital gain or loss if the U.S. Holder has held the Security for more than

one year at the time of disposition. A non-corporate U.S. Holder's long-term capital gain may be taxed at lower rates. Deductions for capital losses are subject to limitations.

### ***Substitution of the Issuer; Permitted Modifications***

As discussed under “Terms and Conditions of the Tranche 1 Securities—Substitution or Variation”, “Terms and Conditions of the Tranche 1 Securities—Meetings of Holders, Modification, Waiver and Substitution”, “Terms and Conditions of the Tranche 2 Securities—Substitution or Variation” and “Terms and Conditions of the Tranche 2 Securities—Meetings of Holders, Modification, Waiver and Substitution,” under certain circumstances the Issuer may either cause the Securities to be exchanged for Qualifying Securities, modify the terms of the Securities or substitute a new obligor in place of the Issuer. Certain exchanges, modifications or substitutions may be treated for U.S. federal income tax purposes as an actual or deemed disposition of Securities by a U.S. Holder in exchange for new securities.

If an exchange, modification or substitution results in an actual or deemed disposition of the Securities for U.S. federal income tax purposes, a U.S. Holder could be required to recognise capital gain or loss for U.S. federal income tax purposes equal to the difference, if any, between the issue price of the new securities (as determined for U.S. federal income tax purposes), and the U.S. Holder's tax basis in the Securities, unless the exchange qualifies as a recapitalisation for U.S. federal income tax purposes. In addition, if the issue price of the modified securities or substituted Qualifying Securities actually or deemed received is less than the issue price of the Securities exchanged, a U.S. Holder may be required to recognise additional OID on such modified securities or substituted Qualifying Securities.

U.S. Holders should consult their tax advisers regarding the U.S. federal income tax treatment of any modification to the terms of the Securities, exchange of the Securities for Qualifying Securities or substitution of the Issuer and the relevant tax considerations to them under their particular circumstances.

### ***Reporting and backup withholding***

Payments of interest (including the accrual of OID) on, and proceeds from the sale, redemption or other taxable disposition of, a Security may be reported to the IRS unless the holder is a corporation or otherwise establishes a basis for exemption. Backup withholding may apply to amounts subject to reporting if the holder fails to provide an accurate taxpayer identification number or fails to report all interest and dividends required to be shown on its U.S. federal income tax returns. Backup withholding tax is not an additional tax. A U.S. Holder can claim a credit against its U.S. federal income tax liability for the amount of any backup withholding and a refund of any excess.

Certain non-corporate U.S. Holders are required to report information with respect to their investment in Securities not held through an account with a financial institution to the IRS. Investors who fail to report required information could become subject to substantial penalties. Potential investors are encouraged to consult with their own tax advisers about these rules and any other reporting obligations arising from their investment in Securities.

**THE DISCUSSION ABOVE IS A GENERAL SUMMARY. IT DOES NOT COVER ALL TAX MATTERS THAT MAY BE OF IMPORTANCE TO A PARTICULAR INVESTOR. EACH PROSPECTIVE INVESTOR IS URGED TO CONSULT ITS OWN TAX ADVISER ABOUT THE TAX CONSEQUENCES TO IT OF AN INVESTMENT IN THE SECURITIES IN LIGHT OF THE INVESTOR'S OWN CIRCUMSTANCES.**

## CERTAIN ERISA CONSIDERATIONS

*The following is a summary of certain considerations associated with the purchase of the Securities by employee benefit plans that are subject to Title I of the U.S. Employee Retirement Income Security Act of 1974, as amended (“ERISA”), plans, individual retirement accounts and other arrangements that are subject to Section 4975 of the Code or provisions under any other federal, state, local, non-U.S. or other laws or regulations that are similar to such provisions of the Code or ERISA (collectively, “Similar Laws”), and entities whose underlying assets are considered to include “plan assets” (within the meaning of 29 CFR § 2510.3-101, as modified by Section 3(42) of ERISA (the “Plan Asset Regulations”)) of any such employee benefit plan, plan, account or arrangement (each, a “Plan”).*

### **General Fiduciary Matters**

ERISA and the Code impose certain duties on persons who are fiduciaries of a Plan subject to Title I of ERISA or Section 4975 of the Code (an “ERISA Plan”) and prohibit certain transactions involving the assets of an ERISA Plan and its fiduciaries or other interested parties. Under ERISA and the Code, any person who exercises any discretionary authority or control over the administration of such an ERISA Plan or the management or disposition of the assets of such an ERISA Plan, or who renders investment advice for a fee or other compensation to such an ERISA Plan, is generally considered to be a fiduciary of the ERISA Plan.

In considering an investment in the Securities of the portion of assets of any Plan, a fiduciary should determine whether the investment is in accordance with the documents and instruments governing the Plan and the applicable provisions of ERISA, the Code or any Similar Law relating to a fiduciary’s duties to the Plan, including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of Section 406 of ERISA, Section 4975 of the Code and any Similar Laws. In addition, a fiduciary of a Plan should consult with its counsel in order to determine if the investment satisfies the fiduciary’s duties to the Plan, including, without limitation, the prudence, diversification, delegation of control and prohibited transaction provisions of ERISA, the Code and any other applicable Similar Laws.

### **Prohibited Transaction Issues**

Section 406 of ERISA and Section 4975 of the Code prohibit ERISA Plans from engaging in specified transactions involving plan assets with persons or entities who are “parties in interest,” within the meaning of ERISA, or “disqualified persons,” within the meaning of Section 4975 of the Code, unless an exemption is available. A party in interest or disqualified person who engages in a non-exempt prohibited transaction may be subject to excise taxes and other penalties and liabilities under ERISA and the Code. In addition, the fiduciary of the ERISA Plan that engages in such a non-exempt prohibited transaction may be subject to penalties and liabilities under ERISA and the Code.

The acquisition and/or holding of the Securities by an ERISA Plan with respect to which any of the Issuer, Guarantor or Bookrunners or any of their respective affiliates (the “Transaction Parties”) is considered a party in interest or a disqualified person may constitute or result in a direct or indirect prohibited transaction under Section 406 of ERISA and/or Section 4975 of the Code, unless the investment is acquired and is held in accordance with an applicable statutory, class or individual prohibited transaction exemption. In this regard, the U.S. Department of Labor (the “DOL”) has issued prohibited transaction class exemptions (“PTCEs”) that may apply to the acquisition and holding of the Securities. These exemptions include, without limitation, PTCE 91-38 (relating to investments by bank collective investment funds), PTCE 84-14 (relating to transactions effected by an “independent qualified professional asset manager”), PTCE 95-60 (relating to investments by an insurance company general account), PTCE 96-23 (relating to transactions directed by an in-house asset manager) and PTCE 90-1 (relating to investments by insurance company pooled separate accounts). In addition, Section 408(b)(17) of ERISA and Section 4975(d)(20) of the Code could provide relief from the prohibited transaction provisions of Section 406 of ERISA and Section 4975 of the Code for certain transactions between an ERISA Plan and non-fiduciary service providers to the ERISA Plan; *provided that* neither the service provider nor any of its affiliates (directly or indirectly) have or exercise any discretionary authority or control or render any investment advice with respect to the assets of any ERISA Plan involved in the transaction and provided further that the ERISA Plan pays no more than “adequate consideration” (as defined in such Sections) in connection with the transaction. Each of these exemptions contains conditions and limitations on its application, and there can be no assurance that all of the conditions will be satisfied. Therefore, each person that is considering acquiring or holding the Securities in reliance on an exemption should carefully review and consult with its legal advisors to confirm that it is applicable to the purchase and holding of the Securities.

In light of the above, the Securities should not be purchased or held by any person investing “plan assets” of any Plan, unless (i) such person or Plan has obtained the written approval of the Issuer to subscribe for an purchase of the Securities (an “Approved Plan”), and (ii) such purchase and holding will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or violate any applicable Similar Laws. Any purported purchase, transfer or holding in violation of these limitations will be void.

### ***Plan Asset Considerations***

The Plan Asset Regulations provide that when an ERISA Plan acquires an “equity interest” in an entity that is neither a “publicly offered security” nor a security issued by an investment company registered under the Investment Company Act, the ERISA Plan’s assets include both the equity interest and an undivided interest in each of the underlying assets of the entity unless it is established either that equity participation in the entity by “benefit plan investors” is not “significant” or that the entity is an “operating company,” in each case as defined in the Plan Asset Regulations. For purposes of the Plan Asset Regulations, equity participation in an entity by benefit plan investors will not be significant if benefit plan investors hold, in the aggregate, less than 25 per cent. of the total value of each class of equity interests of such entity, excluding equity interests held by any person (other than a benefit plan investor) who has discretionary authority or control with respect to the assets of the entity or who provides investment advice for a fee (direct or indirect) with respect to such assets, and any “affiliates” (as defined in the Plan Asset Regulations) of such person. For purposes of this 25 per cent. test, “benefit plan investors” include ERISA Plans and any entity whose underlying assets include, or are deemed for purposes of ERISA or Section 4975 of the Code to include, “plan assets” by reason of an ERISA Plan’s investment in the entity under the Plan Asset Regulations (“Benefit Plan Investors”), but exclude governmental, church and non-U.S. plans.

While the discussion under “*Taxation*” assumes that the Securities will be treated as debt for U.S. federal income tax purposes, such characterisation is not entirely clear, and no assurances can be given that the IRS would not assert, or that a court would not uphold, a different characterisation of the Securities. In addition, it is anticipated that (i) the Securities will not constitute “publicly offered securities” for purposes of the Plan Asset Regulations and (ii) the Issuer will not be an investment company registered under the Investment Company Act.

If the Issuer’s assets were deemed to be “plan assets” of an ERISA Plan holding the Securities, this would result in, among other things, (i) the application of the prudence and other fiduciary responsibility standards of ERISA to investments made by the Issuer, and (ii) the possibility that certain transactions that the Issuer might enter into, or may have entered into, in the ordinary course of business might constitute or result in non-exempt prohibited transactions under Section 406 of ERISA and/or Section 4975 of the Code and might have to be rescinded.

Because of the foregoing, the Securities may not be purchased by, transferred to held by or disposed of by any Plan or any person acting on behalf of any Plan, unless such Plan is an Approved Plan and such purchase, transfer, holding or disposition, as applicable, of the Securities would not constitute or result in a non-exempt prohibited transaction under ERISA, the Code or any other Similar Law. In no case, however, shall Benefit Plan Investors be authorised by the Issuer to subscribe for and purchase, in the aggregate, 25 per cent. or more of any class of equity interests of the Issuer, the percentage as determined under the Plan Asset Regulations. Moreover, Plans and persons acting on behalf of a Plan may only subscribe for and purchase the Securities from the initial purchasers after obtaining the written approval of the Issuer.

## ***Representations***

Accordingly, by acceptance of a Security, each purchaser, holder and subsequent transferee of a Security (or any interest therein) will be deemed to have represented and warranted that (A) either (i) it is not, and is not acting on behalf of, a Benefit Plan Investor or a governmental, church or non-U.S. plan that is subject to any Similar Law, or (ii) it is, or is acting on behalf of, an Approved Plan and the purchase, holding and subsequent disposition of the Securities by such purchaser, holder or transferee will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or violate any applicable Similar Laws, (B) it will not sell or otherwise transfer the Securities (or any interest therein) to any transferee that is a Benefit Plan Investor or any person acting on behalf of a Benefit Plan Investor, and (C) it will not sell or otherwise transfer the Securities to any person without first obtaining the same foregoing representations from that person.

Each purchaser and holder of the Securities (or any interest therein) that is, or is acting on behalf of, an Approved Plan, will be further deemed to have represented, warranted and agreed that (A) none of the Transaction Parties or any of their respective affiliates (i) has provided any investment recommendation or investment advice on which it, or any fiduciary or other person investing the assets of the Approved Plan ("Plan Fiduciary"), has relied in connection with its decision to invest in the Securities, or (ii) is acting as a "fiduciary", as defined in Section 3(21) of ERISA, Section 4975(e)(3) of the Code or applicable Similar Law, to the Approved Plan or the Plan Fiduciary in connection with the Approved Plan's acquisition of the Securities, and (B) the Plan Fiduciary is exercising its own independent judgment in evaluating the investment in the Securities.

Any purported purchase, transfer, holding or disposition in violation of these representations will be void.

The foregoing discussion is general in nature and is not intended to be all inclusive. Due to the complexity of these rules and the penalties that may be imposed upon persons involved in non-exempt prohibited transactions, it is particularly important that fiduciaries, or other persons considering purchasing the Securities on behalf of, or with the assets of, any Plan, consult with their counsel regarding the potential applicability of ERISA, Section 4975 of the Code and any Similar Laws to such investment and whether an exemption would be applicable to the purchase and holding of the Securities.

Purchasers of the Securities have the exclusive responsibility for ensuring that their purchase and holding of the Securities complies with the fiduciary responsibility rules of ERISA, the Code or of applicable Similar Laws and does not violate the prohibited transaction rules of ERISA, the Code or applicable Similar Laws. Each of the Transaction Parties make no representation as to whether an investment in the Securities is appropriate for any Plan in general or whether such investment is appropriate for any particular plan or arrangement. Neither this discussion nor anything provided in this Prospectus is or is intended to be investment advice directed at any potential Plan purchaser or at Plan purchasers generally and such purchasers of the Securities should consult and rely on their own counsel and advisers as to whether an investment in the Securities is suitable.

## PLAN OF DISTRIBUTION

Barclays Capital Inc., BofA Securities, Inc., Citigroup Global Markets Inc. and HSBC Securities (USA) Inc. are acting as Active Bookrunners of the Offering.

Subject to the terms and conditions stated in the subscription agreement, dated 16 November 2021, each Bookrunner named below has severally, and not jointly, agreed to purchase, and the Issuer has agreed to sell to the Bookrunner, the principal amount of the Securities set forth opposite such Bookrunner's name.

<b>Bookrunner</b>	<b>Principal Amount of Tranche 1 Securities</b>	<b>Principal Amount of Tranche 2 Securities</b>
Barclays Capital Inc.	U.S.\$125,000,000	U.S.\$125,000,000
BofA Securities, Inc.	U.S.\$125,000,000	U.S.\$125,000,000
Citigroup Global Markets Inc.	U.S.\$125,000,000	U.S.\$125,000,000
HSBC Securities (USA) Inc.	U.S.\$125,000,000	U.S.\$125,000,000
Total.....	<u>U.S.\$500,000,000</u>	<u>U.S.\$500,000,000</u>

Subject to the terms and conditions set forth in the subscription agreement, the Bookrunners have agreed to purchase all of the Securities sold under the subscription agreement if any Securities are purchased.

The Issuer has agreed to indemnify the Bookrunners and their controlling persons against certain liabilities in connection with this offering, including liabilities under the Securities Act, or to contribute to payments the Bookrunners may be required to make in respect of those liabilities.

The Bookrunners are offering the Securities, subject to prior sale, when, as and if issued to and accepted by them, subject to approval of legal matters by their counsel, including the validity of the Securities, and other conditions contained in the subscription agreement, such as the receipt by the Bookrunners of officer's certificates and legal opinions. The Bookrunners reserve the right to withdraw, cancel or modify offers to investors and to reject orders in whole or in part.

The Bookrunners have advised the Issuer that they propose initially to offer the Securities at the offering price set forth on the cover page of this Prospectus. After the initial offering, the offering price or any other term of the offering may be changed. The Bookrunners may offer and sell the Securities through certain of their affiliates. Certain of the Bookrunners will conduct sales into the United States through their respective U.S. registered broker dealers.

### **Securities Are Not Being Registered**

The Securities have not been, and will not be, registered under the Securities Act or the securities laws of any state of the United States or any other jurisdiction. Unless they are registered, the Securities may not be offered or sold within the United States or to, or for the account or benefit of, U.S. Persons (as defined in Regulation S), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act, applicable state securities laws and applicable laws of other jurisdictions. Each purchaser of the Securities will be deemed to have made acknowledgements, representations and agreements as described under "Notice to Investors." In the subscription agreement, each Bookrunner has agreed that during the initial distribution of the Securities, it will offer or sell the Securities only to (i) QIBs in compliance with Rule 144A or (ii) non-U.S. Persons participating in offshore transactions outside the United States in compliance with Regulation S.

The Bookrunners propose to offer the Securities for resale in transactions not requiring registration under the Securities Act or applicable state securities laws, including sales pursuant to Rule 144A. The Bookrunners will not offer or sell the Securities except:

- in the United States to persons they reasonably believe to be QIBs; or
- outside the United States to non-U.S. Persons in offshore transactions in compliance with Regulation S.

## **New Issue of Securities**

The Securities are subject to certain restrictions on resale and transfer as described under “Notice to Investors.” The Securities are expected to be listed on the London Stock Exchange, however there can be no assurance that the Securities will remain listed and that an active trading market for the Securities will develop.

The Bookrunners have advised that they intend to make a market in the Securities, but they are not obligated to do so. The Bookrunners may discontinue any market making in the Securities at any time in their sole discretion. Accordingly, there can be no assurance that a liquid trading market will develop for the Securities, that the Securities will be able to be sold at a particular time or that the prices received when selling will be favourable.

The Issuer and the Guarantor have agreed that they will not at any time offer, sell, pledge, contract to sell, pledge or otherwise dispose of directly or indirectly, any securities under circumstances in which such offer, sale, pledge, contract or disposition would cause the exemption afforded by Rule 144A under the Securities Act or Regulation S under the Securities Act to cease to be applicable to the offer and sale of the Securities.

## **Settlement**

It is expected that delivery of the Securities will be made against payment therefor on or about 23 November 2021, which is the fifth business day following the date hereof (such settlement cycle being referred to as “T+5”). Under Rule 15c6-1 of the Exchange Act, trades in the secondary market generally are required to settle in two business days unless the parties to any such trade expressly agree otherwise. Accordingly, purchasers who wish to trade the Securities on the date of pricing will be required, by virtue of the fact that the Securities initially will settle in T+5, to specify an alternative settlement cycle at the time of any such trade to prevent failed settlement. Purchasers of the Securities who wish to trade the Securities on the date of pricing should consult their own advisors.

## **Other Relationships**

The Bookrunners and their affiliates are full service financial institutions engaged in various activities and have engaged in, and may in the future engage in, investment banking and other commercial dealings in the ordinary course of business with the Group or its affiliates. They have received, or may in the future receive, customary fees and commissions for these transactions. The Bookrunners and certain of their affiliates may also communicate independent investment recommendations, market colour or trading ideas and/or publish or express independent research views in respect of such securities or instruments and may at any time hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

In addition, in the ordinary course of their business activities, the Bookrunners 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 Group or its affiliates. Certain of the Bookrunners or their affiliates that have a lending relationship with the Group routinely hedge their credit exposure to the Group consistent with their customary risk management policies. Typically, such Bookrunners 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 the Issuer’s securities, including potentially the Securities offered hereby. Any such short positions could adversely affect future trading prices of the Securities offered hereby. The Bookrunners 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.

## **Selling Restrictions**

### ***General***

No action has been or will be taken in any jurisdiction by any Bookrunner, the Issuer or the Guarantor that would permit a public offering of the Securities, or possession or distribution of this Prospectus (in preliminary, proof or final form) or any other offering or publicity material relating to the Securities, in any country or jurisdiction where action for that purpose is required.

Accordingly, the Securities may not be offered or sold, directly or indirectly, and neither this Prospectus nor any other offering material or advertisements in connection with the Securities may be distributed or published, in or from any country or jurisdiction, except in compliance with any applicable rules and regulations of any such country or jurisdiction. This Prospectus does not constitute an offer to purchase or a solicitation of an offer to sell in any jurisdiction where such offer or solicitation would be unlawful. Persons into whose possession this Prospectus comes are advised to inform themselves about, and to observe any restrictions relating to, the Offering, the distribution of this Prospectus and re-sales of the Securities.

#### ***Prohibition of sales to EEA retail investors***

The Securities 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; (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 Securities or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Securities 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 Securities 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) No 2017/565 as it forms part of UK domestic law by virtue of the EUWA; (ii) a customer within the meaning of the provisions of the Financial Services and Markets Act 2000 (as amended, the “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 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 Securities or otherwise making them available to retail investors in the UK has been prepared and therefore offering or selling the Securities or otherwise making them available to any retail investor in the UK may be unlawful under the UK PRIIPs Regulation.

#### ***United States***

The Securities and the Guarantee have not been and will not be registered under the Securities Act or any state securities laws of any other jurisdiction and may not be offered or sold within the United States except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act.

Each Bookrunner has acknowledged that the Securities have not been and will not be registered under the Securities Act or the securities laws of any state of the United States or other relevant jurisdiction within 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 accordance with Regulation S under the Securities Act or pursuant to an exemption from or in a transaction not subject to, the registration requirements of the Securities Act. Terms used in the preceding sentence have the meanings given to them by Regulation S under the Securities Act.

Each Bookrunner has agreed that it has not offered, sold or delivered Securities and it will not offer, sell or deliver Securities (i) as part of their distribution at any time or (ii) otherwise until 40 days after the completion of the distribution of the Securities (the “Distribution Compliance Period”), within the United States or to, or for the account or benefit of U.S. persons and only in accordance with Rule 903 of Regulation S or, if applicable, Rule 144A under the Securities Act and it will have sent to each distributor, dealer or person receiving a selling concession, fee or other remuneration that purchases Securities from it or through it during the distribution compliance period a confirmation or notice setting forth the restrictions on offers and sales of the Securities within the United States or to or for the account or benefit of U.S. persons.

The subscription agreement provides that the Bookrunners may offer and sell the Securities within the United States to QIBs in reliance on Rule 144A under the Securities Act. Any offers and sales by the Bookrunners in the United States will be conducted by broker-dealers registered as such under the Exchange Act.

In addition, until 40 days after the commencement of the offering, an offer or sale of Securities within the United States by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act. See “Notice to Investors”.

### ***United Kingdom***

Each Bookrunner has severally and not jointly or jointly and severally represented, warranted and agreed that:

- it has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of section 21 of the Financial Services and Markets Act 2000 (“FSMA”)) received by it in connection with the issue or sale of any Securities in circumstances in which section 21(1) of the FSMA does not apply to the Issuer or the Guarantor; and
- it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom.

### ***Republic of Italy***

The offering of the Securities has not been registered with *Commissione Nazionale per le Società e la Borsa* (“CONSOB”) pursuant to Italian securities legislation and, accordingly, no Securities may be offered, sold or delivered and no copies of this Prospectus or any other document relating to any Securities may be distributed in the Republic of Italy (“Italy”), except in accordance with any Italian securities, tax and other applicable laws and regulations.

Each Bookrunner has severally and not jointly or jointly and severally represented, warranted and undertaken that it has not made and will not make an offer of Securities which are the subject of the offering contemplated by this Prospectus to the public in Italy other than:

- to qualified investors (*investitori qualificati*) as defined pursuant to Article 100 of Legislative Decree No. 58, 24 February 1998 (the “Financial Services Act”) and Article 34-ter, paragraph 1 (b), of CONSOB Regulation 11971, 14 May 1999 (the “Regulation No. 11971”), all as amended and restated from time to time; or
- in other circumstances which are exempted from the rules on public offerings pursuant to Article 100 of the Financial Services Act and Article 34-ter, first paragraph of Regulation No. 11971.

Moreover, and subject to the foregoing, any offer, sale or delivery of the Securities or distribution of copies of this document or any other document relating to the Securities in Italy under paragraphs (a) or (b) above must be:

- made by an investment firm, bank or financial intermediary permitted to conduct such activities in Italy in accordance with the Financial Services Act, Legislative Decree No. 385 of 1 September 1993 (the “Banking Act”) and CONSOB regulation No. 16190, 29 October 2007, all as amended; and
- in compliance with any other applicable laws and regulations including any relevant limitations which may be imposed by CONSOB and/or the Bank of Italy (including, the reporting requirements, where applicable, pursuant to Article 129 of the Banking Act and the implementing guidelines of the Bank of Italy, as amended from time to time) and/or any other Italian competent authority.

Any investor purchasing the Securities is solely responsible for ensuring that any offer or resale of the Securities by such investor occurs in compliance with applicable laws and regulations.

This Prospectus and the information contained herein is intended only for the use of its recipient and is not to be distributed to any third party resident or located in Italy for any reason. No person resident or located in Italy other than the original recipients of this Prospectus may rely on it or its contents.

### ***Japan***

Each Bookrunner has represented, warranted and agreed that the Securities and this Prospectus 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 the Securities have not been offered or sold and will not be offered or sold directly or indirectly, in Japan or to, or for the account or benefit of, any Japanese Person or to, or for the benefit of others for re-offering or resale, directly or indirectly, in Japan or to, or for the account or benefit of any Japanese Person, except pursuant to an exemption from the registration requirements of the FIEA and otherwise in compliance with applicable laws, regulations ministerial guidelines of Japan. For the purpose of this paragraph “Japanese Person” means any person resident in Japan, including any corporation or other entity organized under the laws of Japan.

### ***Hong Kong***

Each Bookrunner has represented, warranted and agreed that it has not offered or sold and will not offer or sell in the Hong Kong Special Administrative Region of the People’s Republic of China (“Hong Kong”), by means of any document, any Securities other than (a) to “professional investors” as defined in the Securities and Futures Ordinance (Cap. 571 of the laws of Hong Kong) (“SFO”) and any rules made thereunder, or (b) in circumstances which do not result in such document being a “prospectus” as defined in the meaning of the Companies (Winding Up and Miscellaneous Provisions) Ordinance (Cap. 32) of the laws of Hong Kong (the “C(WUMP)O”) or which do not constitute an offer to the public within the meaning of the C(WUMP)O; and it has not issued or had in its possession for the purpose of issue, and will not issue, or have in its possession for the purposes of issue (in each case whether in Hong Kong or elsewhere), any advertisement, invitation or document relating to the Securities which is directed at, or the contents of which are likely to be accessed or read by, the public in Hong Kong (except if permitted to do so under the laws of Hong Kong) other than with respect to Securities which are or are intended to be disposed of only to persons outside Hong Kong or only to “professional investors” as defined within the meaning of the SFO and any rules made thereunder.

### ***Singapore***

Each Bookrunner has acknowledged that this Prospectus has not been registered as a prospectus in Singapore with the Monetary Authority of Singapore. Accordingly, this Prospectus and any other document or material in connection with the offer or sale, or invitation for subscription or purchase, of the Securities may not be circulated or distributed, nor may the Securities be offered or sold, or be made the subject of an invitation for subscription or purchase, whether directly or indirectly, to persons in Singapore other than (i) to an institutional investor under Section 274 of the Securities and Futures Act, Chapter 289 of Singapore (the “SFA”), (ii) to a relevant person (as defined in Section 275(2) of the SFA) pursuant to Section 275(1), or any person pursuant to Section 275(1A), and in accordance with the conditions specified in Section 275, of the SFA, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provision of the SFA.

Where the Securities 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 (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 Securities pursuant to an offer made under Section 275 of the SFA except:

- (i) to an institutional investor or to a relevant person defined in Section 275(2) of the SFA, or to any person from an offer referred to in Section 275(1A) or Section 276(4)(i)(B) 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.

Pursuant to Section 309B(1)(c) of SFA, the Issuer has determined, and hereby notifies all relevant persons (as defined in Section 309A of the SFA), that the Securities are prescribed capital markets products (as defined in the Securities and Futures (Capital Markets Products) 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).

Any reference above to the SFA is a reference to the Securities and Futures Act, Chapter 289 of Singapore and a reference to any term as defined in the SFA or any provision in the SFA is a reference to that term as modified or amended from time to time including by such of its subsidiary legislation as may be applicable at the relevant time.

### ***Switzerland***

The Securities may not be publicly offered, sold or advertised, directly or indirectly, in, into or from Switzerland within the meaning of the Swiss Financial Services Act (the “FinSA”) and will not be listed on the SIX Swiss Exchange or on any other exchange or regulated trading facility in Switzerland. Neither this Prospectus nor any other offering or marketing material relating to the Securities constitutes a prospectus as such term is understood pursuant to the FinSA or a listing prospectus within the meaning of the listing rules of the SIX Swiss Exchange or any other regulated trading facility in Switzerland or a simplified prospectus or a prospectus as such term is defined in the Swiss Collective Scheme Act, and neither this Prospectus nor any other offering or marketing material relating to the Securities may be publicly distributed or otherwise made publicly available in Switzerland.

Neither this Prospectus nor any other offering or marketing material relating to the Securities constitutes direct or indirect distribution of collective investment schemes, i.e. any offering of or advertising for collective investment schemes, as such term is defined in the Swiss Collective Scheme Act. The Issuer will not distribute, directly or indirectly, in, into or from Switzerland shares of the Issuer at the same time as the Securities are offered.

Neither this Prospectus nor any other offering or marketing material relating to the Offering, the Issuer or the Securities have been or will be filed with or approved by any Swiss regulatory authority. In particular, this document will not be filed with, and the offer of Securities will not be supervised by, the Swiss Financial Market Supervisory Authority (“FINMA”), and the offer of Securities has not been and will not be authorized under the Swiss Federal Act on Collective Investment Schemes CISA. The investor protection afforded to acquirers of interests in collective investment schemes under the CISA does not extend to acquirers of the Securities.

## NOTICE TO INVESTORS

Purchasers of the Securities in the United States are advised to consult legal counsel prior to making any purchase, offer, sale, resale or other transfer of such Securities.

By its purchase of Securities, each purchaser of Securities (other than the Bookrunners) will be deemed to:

1. Represent that it is not an “affiliate”, as defined under Rule 144A, of the Issuer or the Guarantor or acting on their behalf and that it (A)(i) is purchasing the Securities for its own account or an account with respect to which it exercises sole investment discretion and that it, (ii) is a QIB, and (iii) is aware that the sale to it is being made in reliance on Rule 144A (and is acquiring such Securities for its own account or for the account of another QIB) or (B) is not a U.S. person and is purchasing the Securities in an offshore transaction pursuant to Regulation S.
2. Acknowledge and understand that the Securities (including the Guarantees) have not been registered under the Securities Act or any other applicable securities laws and that the Securities are being offered for resale in a transaction not requiring registration under the Securities Act or any other securities laws, and may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except as set forth below.
3. Understand and agree that if in the future it decides to offer, resell, pledge or otherwise transfer any of the Securities (including the Guarantees) or any beneficial interest in the Securities, it will only do so (i) to the Issuer or the Guarantor or any of their respective subsidiaries, (ii) for so long as the Securities are eligible pursuant to Rule 144A under the Securities Act, in the United States to a person whom the seller reasonably believes is a QIB in a transaction meeting the requirements of Rule 144A, (iii) outside the United States in compliance with Rule 904 under the Securities Act, (iv) pursuant to another available exemption from registration under the Securities Act, (v) pursuant to an effective registration statement under the Securities Act, in each of cases (i) through (v) in accordance with any applicable securities laws of any state of the United States. Subject to the procedures set forth under “Book-Entry, Delivery and Form”, prior to any proposed exchange or transfer of any Security the holder thereof must check the appropriate box set forth on its Security relating to the manner of such exchange or transfer and submit the Security to the Transfer Agent, together with any certificates required in connection with such exchange or transfer.
4. Agree that it will deliver to each person to whom it transfers Securities notice of any restrictions on transfer of such Securities.
5. If it is not a U.S. person outside the United States, understand that the Securities offered under Regulation S will be represented by one or more Unrestricted Global Certificates, which will initially be restricted as described under “Book-Entry, Delivery and Form” for the distribution compliance period. During the distribution compliance period, before any interest in the Global Security Certificates may be offered, sold, pledged or otherwise transferred to a purchaser outside the United States in compliance with Rule 904 under the Securities Act, the transferor will be required to provide the Transfer Agent with a written certificate (in the form included in the relevant Conditions) as to compliance with the transfer restriction referred to above.
6. Understand that the Securities will, unless otherwise agreed by the Issuer and holder thereof, bear a legend to the following effect unless otherwise agreed by the Issuer and the holder thereof:

“THIS SECURITY HAS NOT BEEN REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933, AS AMENDED (THE “SECURITIES ACT”), OR OTHER SECURITIES LAWS OF ANY STATE OR OTHER JURISDICTION. NEITHER THIS SECURITY NOR ANY INTEREST OR PARTICIPATION HEREIN MAY BE OFFERED, SOLD, ASSIGNED, TRANSFERRED, PLEDGED, ENCUMBERED OR OTHERWISE DISPOSED OF IN THE ABSENCE OF SUCH REGISTRATION UNLESS THE TRANSACTION IS

EXEMPT FROM, OR NOT SUBJECT TO, THE REGISTRATION REQUIREMENTS OF THE SECURITIES ACT.

ACCORDINGLY, THE SECURITIES MAY NOT BE OFFERED OR SOLD WITHIN THE UNITED STATES OR TO, OR FOR THE ACCOUNT OR BENEFIT OF, ANY PERSONS, EXCEPT AS SET FORTH IN THE FOLLOWING SENTENCE. THE HOLDER OF THIS SECURITY BY ITS ACCEPTANCE HEREOF (1) REPRESENTS THAT (A) IT IS A “QUALIFIED INSTITUTIONAL BUYER” (AS DEFINED IN RULE 144A UNDER THE SECURITIES ACT (“RULE 144A”)) OR (B) IT IS NOT A U.S. PERSON AND IS ACQUIRING THIS SECURITY IN AN “OFFSHORE TRANSACTION” PURSUANT TO RULE 904 UNDER REGULATION S UNDER THE SECURITIES ACT (“REGULATION S”); (2) AGREES ON ITS OWN BEHALF AND ON BEHALF OF ANY INVESTOR ACCOUNT FOR WHICH IT HAS PURCHASED SECURITIES THAT IT WILL NOT (A) IN THE CASE OF SECURITIES SOLD IN RELIANCE ON REGULATION S, PRIOR TO THE DATE WHICH IS 40 DAYS AFTER THE LATER OF THE ORIGINAL ISSUE DATE HEREOF (OR OF ANY PREDECESSOR OF THIS SECURITY) OR THE LAST DAY ON WHICH THE ISSUER OR ANY AFFILIATE OF THE ISSUER WERE THE OWNERS OF THIS SECURITY (OR ANY PREDECESSOR OF THIS SECURITY) AND (B) IN THE CASE OF SECURITIES SOLD IN RELIANCE ON RULE 144A, IN EACH CASE, OFFER, SELL OR OTHERWISE TRANSFER THIS SECURITY EXCEPT (i) TO THE ISSUER OR THE GUARANTOR OR ANY OF THEIR RESPECTIVE SUBSIDIARIES, (ii) FOR SO LONG AS THE SECURITIES ARE ELIGIBLE FOR RESALE PURSUANT TO RULE 144A, IN THE UNITED STATES TO A PERSON WHOM THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER IN COMPLIANCE WITH RULE 144A UNDER THE SECURITIES ACT, (iii) OUTSIDE THE UNITED STATES IN AN OFFSHORE TRANSACTION IN COMPLIANCE WITH RULE 904 UNDER THE SECURITIES ACT, (iv) PURSUANT TO ANOTHER AVAILABLE EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT, OR (v) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT, AND IN EACH OF SUCH CASES IN COMPLIANCE WITH ANY APPLICABLE SECURITIES LAW IN ANY STATE OF THE UNITED STATES; (3) AGREES THE SECURITIES HAVE NOT BEEN OFFERED TO IT BY MEANS OF ANY DIRECTED SELLING EFFORTS AS DEFINED IN REGULATION S; AND (4) AGREES THAT IT WILL DELIVER TO EACH PERSON TO WHOM THIS SECURITY IS TRANSFERRED A NOTICE SUBSTANTIALLY TO THE EFFECT OF THIS LEGEND. IN CONNECTION WITH ANY TRANSFER OF THIS SECURITY, THE HOLDER MUST CHECK THE APPROPRIATE BOX SET FORTH ON THE REVERSE HEREOF RELATING TO THE MANNER OF SUCH TRANSFER AND SUBMIT THIS SECURITY TO THE TRANSFER AGENT. THE CONDITIONS CONTAIN PROVISIONS REQUIRING THE TRANSFER AGENT TO REFUSE TO REGISTER ANY TRANSFER OF THIS SECURITY IN VIOLATION OF THE FOREGOING RESTRICTIONS. AS USED HEREIN, THE TERMS “OFFSHORE TRANSACTION”, “UNITED STATES” AND “U.S. PERSON” HAVE THE MEANINGS GIVEN TO THEM BY REGULATION S UNDER THE SECURITIES ACT”

THIS SECURITY IS ISSUED WITH ORIGINAL ISSUE DISCOUNT FOR PURPOSES OF SECTION 1271 ET SEQ. OF THE U.S. INTERNAL REVENUE CODE. A HOLDER MAY OBTAIN THE ISSUE PRICE, AMOUNT OF ORIGINAL ISSUE DISCOUNT, ISSUE DATE AND YIELD TO MATURITY FOR SUCH SECURITY BY SUBMITTING A WRITTEN REQUEST FOR SUCH INFORMATION TO THE ISSUER AT THE FOLLOWING ADDRESS: 81 NEWGATE STREET, LONDON, EC1A 7AJ, UNITED KINGDOM, OR EFFECTIVE 1 JANUARY 2022, 1 BRAHAM STREET, LONDON E1 8EE, UNITED KINGDOM.

7. Represent and agree that: (i) 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 the Securities in circumstances in which section 21(1) of the FSMA does not apply to the Issuer; and (ii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Securities in, from or otherwise involving the United Kingdom.
8. Represent and agree that: (i) it is able to fend for itself in the transactions contemplated by this Prospectus; (ii) no other representation with respect to the offer or sale of the Securities has been made, other than the information contained in this Prospectus; (iii) the investment decision is solely based on the information contained in the Prospectus; (iv) the Bookrunners make no representation or warranty

as to the accuracy or completeness of this Prospectus; and (v) it has such knowledge and experience in financial and business matters as to be capable of evaluating the merits and risks of its prospective investment and can afford the complete loss of such investment.

9. Represent and agree that it has received a copy of this Prospectus and acknowledge that it has had access to such financial and other information and has been afforded the opportunity to ask questions of the Issuer and the Guarantor and receive answers thereto, as it deemed necessary in connection with its decision to purchase the Securities.
10. Acknowledge that this Prospectus has been prepared on the basis that all offers of Securities will be made pursuant to an exemption under the Prospectus Regulation from the requirement to produce a prospectus for offers of securities.
11. Acknowledge that this Prospectus is for distribution only to persons who (i) have professional experience in matters relating to investments falling within Article 19(5) of the FSMA (Financial Promotion) Order 2005 (as amended, the "Financial Promotion Order"), (ii) are persons falling within Article 49(2)(a) through (d) ("high net worth companies, unincorporated associations, etc.") of the Financial Promotion Order or (iii) are persons to whom an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) in connection with the issue or sale of any securities may otherwise lawfully be communicated or caused to be communicated (all such persons together being referred to as "relevant persons"). This Prospectus is directed only at relevant persons and must not be acted on or relied on by persons who are not relevant persons. Any investment or investment activity to which this Prospectus relates is available only to relevant persons and will be engaged in only with relevant persons.
12. Acknowledge that the Issuer, the Guarantor, the Bookrunners and others will rely upon the truth and accuracy of the foregoing acknowledgments, representations, warranties and agreements and agree that, if any of the acknowledgments, representations, warranties and agreements deemed to have been made by its purchase of the Securities is no longer accurate, it shall promptly notify the Issuer and the Bookrunners. If it is acquiring any Securities as a fiduciary or agent of one or more investor accounts, it represents that it has sole investment discretion with respect to each such investor account and that it has full power to make the foregoing acknowledgments, representations and agreements on behalf of each such investor account.
13. Represent that either (A) it is not, and is not acting on behalf of, a Benefit Plan Investor or a governmental, church or non-U.S. plan that is subject to any Similar Law, or (B) it is, or is acting on behalf of, an Approved Plan and the purchase, holding and subsequent disposition of the Securities by such purchaser, holder or transferee will not constitute or result in a non-exempt prohibited transaction under Section 406 of ERISA or Section 4975 of the Code or violate any applicable Similar Laws, (ii) it will not sell or otherwise transfer the Securities (or any interest therein) to any transferee that is a Benefit Plan Investor or any person acting on behalf of a Benefit Plan Investor, and (iii) it will not sell or otherwise transfer the Securities to any person without first obtaining the same foregoing representations from that person.
14. If it is, or is acting on behalf of, an Approved Plan, represent that (i) none of the Transaction Parties or any of their respective affiliates (A) has provided any investment recommendation or investment advice on which it or any Plan Fiduciary has relied in connection with its decision to invest in the Securities, or (B) is acting as a "fiduciary", as defined in Section 3(21) of ERISA, Section 4975(e)(3) of the Code or applicable Similar Law, to the Approved Plan or the Plan Fiduciary in connection with the Approved Plan's acquisition of the Securities, and (ii) the Plan Fiduciary is exercising its own independent judgment in evaluating the investment in the Securities.

## **LEGAL MATTERS**

The validity of the Securities and the Guarantees and certain legal matters will be passed upon for the Issuer and the Guarantor by Freshfields Bruckhaus Deringer LLP, English and U.S. counsel for the Issuer and the Guarantor. Certain U.S. legal matters in connection with the Securities and the Guarantees will be passed upon for the Bookrunners by Linklaters LLP, U.S. counsel for the Bookrunners.

## **INDEPENDENT AUDITORS**

KPMG LLP are the Issuer and the Guarantor's independent auditors, with an address of 15 Canada Square, London E14 5GL, United Kingdom, as stated in their reports incorporated by reference. The financial statements of the Issuer and the Guarantor as of 31 March 2021, and for the year then ended, incorporated by reference in this Prospectus, have been audited by KPMG LLP, independent auditors, as stated in their reports also incorporated by reference in this Prospectus, and with respect to the unaudited condensed consolidated interim financial statements of the Issuer and the Guarantor as of and for the six-month period ended 30 September 2021, incorporated by reference in this Prospectus, KPMG LLP has reported that they applied limited procedures in accordance with professional standards for a review of such information. However, their separate reports, also incorporated by reference in this Prospectus, state that they did not audit and do not express an opinion on these interim financial statements. Accordingly, the degree of reliance on their reports on such information should be restricted in light of the limited nature of the review procedures applied.

## GENERAL INFORMATION

### Listing

Application has been made to the FCA in its capacity as competent authority under the Financial Services and Markets Act 2000 for the securities to be admitted to the Official List and to the London Stock Exchange for the Securities to be admitted to trading on the London Stock Exchange's main market

### Authorization

The issue of securities has been duly authorized by resolutions of the Board of Directors of the Issuer dated 11 September 2020. The issue of securities has been duly authorized by resolutions of the Board of Directors of the Guarantor dated 2 November 2021.

### Documents Available

For the life of this Prospectus, copies of the following documents will be available on the website of the Issuer (<https://www.bt.com/about/investors>):

- a) the Articles of Association of the Issuer and the Guarantor;
- b) the unaudited condensed consolidated financial information of the Issuer for the six months ended 30 September 2021;
- c) the unaudited condensed consolidated financial information of the Guarantor for the six months ended 30 September 2021;
- d) the Annual Report 2021 of each of the Issuer and the Guarantor which contains the auditors' report and audited consolidated annual financial statements of the Issuer and the Guarantor in respect of the financial year ended 31 March 2021;
- e) the Annual Report 2020 of each of the Issuer and the Guarantor which contains the auditors' report and audited consolidated annual financial statements of the Issuer and the Guarantor in respect of the financial year ended 31 March 2020;
- f) the Trust Deed between the Issuer, the Guarantor and the Trustee relating to the Tranche 1 Securities and the Paying Agency Agreement between the Issuer, the Trustee and the agents named therein;
- g) the Trust Deed between the Issuer, the Guarantor and the Trustee relating to the Tranche 2 Securities and the Paying Agency Agreement between the Issuer, the Trustee and the agents named therein; and
- h) a copy of this Prospectus together with any supplement to this Prospectus or further Prospectus.

In addition, a copy of this Prospectus will also be available for viewing on the website of the Regulatory News Service operated by 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>.

### Clearing Systems

The address of DTC is 55 Water Street, New York, NY 10041, United States.

### Significant or Material Change

There has been no significant change in the financial performance of the Issuer and its consolidated subsidiaries (considered as a whole) since 30 September 2021 and there has been no material adverse change in the prospects of the Issuer since 31 March 2021. There has been no significant change in the financial position of the Issuer and its consolidated subsidiaries (considered as a whole) since 30 September 2021.

There has been no significant change in the financial performance of the Guarantor and its consolidated subsidiaries (considered as a whole) since 30 September 2021 and there has been no material adverse change in the prospects of the Guarantor since 31 March 2021. There has been no significant change in the financial position of the Guarantor and its consolidated subsidiaries (considered as a whole) since 30 September 2021.

### **Litigation**

Save as disclosed in note 9 and note 30 to the Issuer's consolidated financial statements on pages 49 and 50 and page 98, respectively, of its Annual Report 2021, incorporated by reference in this Prospectus and in note 9 on page 17 of the Issuer's Results for the half year to 30 September 2021, incorporated by reference in this Prospectus, as well as in note 9 and note 31 to the Guarantor's consolidated financial statements on page 135 and 136 and pages 185 and 186, respectively, of its Annual Report 2021, incorporated by reference in this Prospectus and in note 11 on pages 23 and 24 of the Guarantor's Results for the half year to 30 September 2021, 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.

### **Expenses**

The total expenses related to the admission of the Securities to the Official List and to the London Stock Exchange's main market is expected to amount to approximately £7,515.

### **Material Contracts**

Excluding contracts entered into in the ordinary course of business, the Group is not party to any contracts which could result in its being under an obligation or entitlement that is material to its ability to meet its obligations under the Securities.

### **Auditors**

#### *The Issuer*

The consolidated financial statements of British Telecommunications plc and its subsidiaries as of 31 March 2021 and 2020, and for the two years then ended, incorporated by reference in this prospectus, have been audited by KPMG LLP, independent auditors, as stated in their reports incorporated by reference.

#### *The Guarantor*

The consolidated financial statements of BT Group plc and its subsidiaries as of 31 March 2021 and 2020, and for the two year then ended, incorporated by reference in this prospectus, have been audited by KPMG LLP, independent auditors, as stated in their reports incorporated by reference.

### **Post-issuance information**

The Issuer does not intend to provide any post-issuance information in relation to any issues of Securities.

### **Yield**

For the period from (and including) the Issue Date to (but excluding) the First Tranche 1 Reset Date, the yield on the Tranche 1 Securities will be 4.250 per cent. per annum. Such yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

For the period from (and including) the Issue Date to (but excluding) the First Tranche 2 Step-up Date, the yield on the Tranche 2 Securities will be 4.875 per cent. per annum. Such yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.

### **Bookrunners transacting with the Issuer and/or the Guarantor**

Certain of the Bookrunners and their affiliates 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. Certain of the Bookrunners and their affiliates may have positions, deal or make markets in the Securities, 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.

In addition, in the ordinary course of their business activities, the Bookrunners 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 the Issuer's affiliates. Certain of the Bookrunners 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 Bookrunners 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 Securities. Any such positions could adversely affect future trading prices of the Securities. The Bookrunners 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.

Save for the fees payable to the Bookrunners, the Trustee and the Paying Agents, so far as the Issuer is aware, no person, natural or legal, involved in the issue of any Securities has an interest that is material to the issue of the Securities.

### **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.

**REGISTERED OFFICE OF THE ISSUER**

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81 Newgate Street  
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*Effective 1 January 2022:*

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**GUARANTOR**

**BT Group plc**

81 Newgate Street  
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*Effective 1 January 2022:*

1 Braham Street  
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**ACTIVE BOOKRUNNERS**

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**HSBC Securities (USA) Inc.**

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**REGISTRAR**

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