



**BRITISH TELECOMMUNICATIONS
PUBLIC LIMITED COMPANY**

(incorporated with limited liability in England and Wales under the Companies Acts 1948 to 1981)

(Registered Number: 1800000)

€20,000,000,000

Euro Medium Term Note Programme

**Issue of GBP 330,000,000 3.64 per cent. Notes due 25 June 2033,
GBP 330,000,000 3.883 per cent. Notes due 25 June 2039,
GBP 340,000,000 3.924 per cent. Notes due 25 June 2042,
GBP 330,000,000 1.613 per cent. CPI Linked Notes due 25 June 2033,
GBP 330,000,000 1.739 per cent. CPI Linked Notes due 25 June 2039 and
GBP 340,000,000 1.774 per cent. CPI Linked Notes due 25 June 2042**

This drawdown prospectus (this **Prospectus**) has been prepared in connection with the issue of GBP 330,000,000 3.64 per cent. Notes due 25 June 2033 (the **2033 Notes**), the issue of GBP 330,000,000 3.883 per cent. Notes due 25 June 2039 (the **2039 Notes**), the issue of GBP 340,000,000 3.924 per cent. Notes due 25 June 2042 (the **2042 Notes**), the issue of GBP 330,000,000 1.613 per cent. CPI Linked Notes due 25 June 2033 (the **2033 CPI Linked Notes**), the issue of GBP 330,000,000 1.739 per cent. CPI Linked Notes due 25 June 2039 (the **2039 CPI Linked Notes**) and the issue of GBP 340,000,000 1.774 per cent. CPI Linked Notes due 25 June 2042 (the **2042 CPI Linked Notes**) and, together with the 2033 Notes, the 2039 Notes, the 2042 Notes, the 2033 CPI Linked Notes and 2039 CPI Linked Notes, the **Notes**) by British Telecommunications public limited company (the **Issuer**) under its €20,000,000,000 Euro Medium Term Note Programme (the **Programme**).

This Prospectus is to be read and construed as one document with the documents incorporated by reference herein, including, without limitation, the Issuer's base prospectus dated 15 June 2018 in relation to the Programme (the **Base Prospectus**). See "*Documents Incorporated by Reference*" below.

An investment in the Notes involves certain risks. For a discussion of these risks see "*Risk Factors*".

Application has been made to the Financial Conduct Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the **UK Listing Authority**) for the Notes to be admitted to the Official List of the UK Listing Authority (the **Official List**) and to the London Stock Exchange plc (the **London Stock Exchange**) for the Notes to be admitted to trading on the London Stock Exchange's regulated market (the **Market**) on or about the issue date of the Notes. The Market is a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments. 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 Article 5.4 of Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and any relevant implementing measure in the relevant Member State of the European Economic Area) (the **Prospectus Directive**).

The Notes of each Tranche will be in bearer form and will be initially represented by a new global Note which will be delivered on or prior to the issue date of each Tranche to a common safekeeper for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking S.A. (**Clearstream, Luxembourg**).

The Issuer's senior long term debt obligations have been rated, and the Notes are expected on issue to be rated, BBB by S&P Global Ratings, acting through Standard & Poor's Credit Market Services Europe Limited (**Standard & Poor's**), Baa2 by Moody's Investors Service España, S.A. (**Moody's**) and BBB by Fitch Ratings Limited (**Fitch**). Each of Standard & Poor's, Moody's and Fitch is established in the European Union and is registered under Regulation (EC) No. 1060/2009 (as amended) (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.

IMPORTANT INFORMATION

The Issuer accepts responsibility for the information contained in this Prospectus and the Final Terms for each Tranche of the Notes. To the best of the knowledge of the Issuer (having taken all reasonable care to ensure that such is the case) the information contained in this Prospectus is in accordance with the facts and does not omit anything likely to affect the import of such information.

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

Save for the Issuer, no other party has independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by Britel Scotland II L.P. (the *Purchaser*) or the Trustee as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer in connection with the Notes. Neither the Purchaser nor the Trustee accepts any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer in connection with the Notes.

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

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

Neither the delivery of this Prospectus nor the offering, sale or delivery of the Notes shall in any circumstances imply that the information contained herein concerning the Issuer is correct at any time subsequent to the date hereof.

The Notes have not been and will not be registered under the United States Securities Act of 1933, as amended (the *Securities Act*) or with any securities regulatory authority of any state or other jurisdiction of the United States and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons (see “*Subscription and Sale*” in the Base Prospectus).

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus and the offer or sale of the Notes may be restricted by law in certain jurisdictions. The Issuer, the Purchaser and the Trustee do not represent that this Prospectus may be lawfully distributed, or that the Notes may be lawfully offered, in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution or offering. In particular, no action has been taken by the Issuer, the Purchaser or the Trustee which is intended to permit a public offering of the Notes or distribution of this Prospectus in any jurisdiction where action for that purpose is required. Accordingly, no Notes may be offered or sold, directly or indirectly, and neither this Prospectus nor any advertisement or other offering material may be distributed or published in any jurisdiction, except under circumstances that will result in compliance with any applicable laws and regulations. Persons into whose possession this Prospectus or the Notes may come must inform themselves about, and observe, any such restrictions on the distribution of this Prospectus and the offering and sale of the Notes. In particular, there are restrictions on the distribution of this Prospectus and the offer or sale of Notes in the United States, the European Economic Area (including the United Kingdom) and Japan; see “*Subscription and Sale*” in the Base Prospectus.

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

- (i) has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus and the applicable Final Terms set out below;
- (ii) has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio;
- (iii) has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the potential investor's currency is not sterling;
- (iv) understands thoroughly the terms of the Notes and is familiar with the behaviour of the financial markets; and
- (v) is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

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

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

Unless the source is otherwise stated, the market, economic and industry data in this Prospectus about the Issuer constitutes the Issuer's estimates, using underlying data from various industry sources where appropriate. The Issuer accepts responsibility for the market, economic and industry data contained in this Prospectus. The market, economic and industry data has been extracted from various industry and other independent and public sources, the publications in which they are contained generally state that the information they contain has been obtained from sources believed to be reliable, but that the accuracy and completeness of such information is not guaranteed. The Issuer confirms that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by any such industry and other independent and public sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.

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PROHIBITION OF SALES TO EEA RETAIL INVESTORS

The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (EEA). For these purposes, a *retail investor* means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, *MiFID II*); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the *PRIIPs Regulation*) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

RISK FACTORS

*The Issuer believes that the factors described in the Base Prospectus under the heading “Risk Factors” on pages 10 to 19 of the Base Prospectus and the additional risk factors set out below (together, the **Risk Factors**) may affect its ability to fulfil its obligations under the Notes. Most of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.*

The Issuer believes that the factors described in the Risk Factors represent the principal risks inherent in investing in the Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons and the Issuer does not represent that the statements in the Risk Factors regarding the risks of holding the Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Certain risks relating to CPI Index-linked Notes

Potential investors should be aware that:

- (a) the market price of such Notes may be volatile;
- (b) interest payments will fluctuate to reflect changes to the index from time to time;
- (c) they may lose all or a substantial portion of their principal;
- (d) the index may be subject to significant fluctuations that may not correlate with changes in interest rates or other indices;
- (e) the effect of changes in the index on principal or interest payable is likely to be magnified where the index is applied to such Notes in conjunction with a multiplier and/or contains some other leverage factor; and
- (f) the timing of changes in the index may affect the actual yield to investors, even if the average level is consistent with their expectations. In general the earlier the change in the index, the greater the effect on yield.

The historical performance of the index should not be viewed as an indication of future performance of such index during the term of any CPI Index-linked Notes.

An active trading market for the Notes cannot be assured

The Issuer cannot assure investors in the Notes that there will be at any given time an active trading market for the Notes. On their issue date, the Purchaser will purchase all the Notes. The Purchaser has confirmed to the Issuer that the Purchaser and Morgan Stanley & Co. International plc have entered into an arrangement to provide, subject to the satisfaction of certain conditions, for up to £600,000,000 in aggregate nominal amount of the Notes to be sold in the secondary market at intervals during the first three years after their issuance. There can, however, be no guarantee that such an amount of Notes will be sold in the secondary market in such time period or at all nor can there be any certainty in relation to which Series of Notes will be sold.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published and which have been approved by, filed with or notified to the Financial Conduct Authority shall be deemed to be incorporated in, and form part of, this Prospectus:

- (a) the Base Prospectus, other than (i) the documents incorporated by reference in the Base Prospectus set out on page 20 of the Base Prospectus; and (ii) the “Applicable Final Terms” set out on pages 23 to 30 (inclusive) of the Base Prospectus; and
- (b) the Annual Report & Form 20-F 2018 of the Issuer which contains the auditors’ report and audited consolidated annual financial statements of the Issuer in respect of the financial years ended 31 March 2018 and 31 March 2017.

Following the publication of this Prospectus a supplement may be prepared by the Issuer and approved by the UK Listing Authority in accordance with section 87G of the FSMA. Statements contained in any such supplement (or contained in any document incorporated by reference therein) shall, to the extent applicable (whether expressly, by implication or otherwise), be deemed to modify or supersede statements contained in this Prospectus or in a document which is incorporated by reference in this Prospectus. Any statement so modified or superseded shall not, except as so modified or superseded, constitute a part of this Prospectus.

Copies of documents incorporated by reference in this Prospectus are available for viewing on the website of the Issuer (*www.btplc.com*) and at the specified offices of the Paying Agent for the time being in London.

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

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

The Issuer will in connection with the admission of the Notes to the Official List and to trading on the Market in the event of any significant new factor, material mistake or inaccuracy relating to information included in this Prospectus which is capable of affecting the assessment of the Notes, which occurs between the time when this Prospectus is approved and the time when trading on the Market begins, prepare a supplement to this Prospectus.

TERMS AND CONDITIONS OF THE NOTES

The terms and conditions of the Notes shall consist of the “Terms and Conditions” set out on pages 31 to 56 inclusive of the Base Prospectus (the **Conditions**), as completed by:

- (i) in respect of the 2033 Notes, the Final Terms issued in respect of the 2033 Notes (the **Final Terms 2033 Notes**);
- (ii) in respect of the 2039 Notes, the Final Terms issued in respect of the 2039 Notes (the **Final Terms 2039 Notes**);
- (iii) in respect of the 2042 Notes, the Final Terms issued in respect of the 2042 Notes (the **Final Terms 2042 Notes**);
- (iv) in respect of the 2033 CPI Linked Notes, the Final Terms issued in respect of the 2033 CPI Linked Notes (the **Final Terms 2033 CPI Linked Notes**);
- (v) in respect of the 2039 CPI Linked Notes, the Final Terms issued in respect of the 2039 CPI Linked Notes (the **Final Terms 2039 CPI Linked Notes**); and
- (vi) in respect of the 2042 CPI Linked Notes, the Final Terms issued in respect of the 2042 CPI Linked Notes (the **Final Terms 2042 CPI Linked Notes**),

in each case, the form of which is set out below. References in the Conditions to “Final Terms” shall be deemed to refer, in respect of the 2033 Notes to the Final Terms 2033 Notes, in respect of the 2039 Notes to the Final Terms 2039 Notes, in respect of the 2042 Notes to the Final Terms 2042 Notes, in respect of the 2033 CPI Linked Notes to the Final Terms 2033 CPI Linked Notes, in respect of the 2039 CPI Linked Notes to the Final Terms 2039 CPI Linked Notes and in respect of the 2042 CPI Linked Notes to the Final Terms 2042 CPI Linked Notes, respectively, the form of which, in each case, is set out below.

FINAL TERMS 2033 NOTES

PRIIPs Regulation / PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Final Terms dated 21 June 2018

British Telecommunications public limited company
Legal Entity Identifier (LEI): 549300OWFMSO9NYV4H90
Issue of GBP 330,000,000 3.64 per cent. Notes due 25 June 2033
under the €20,000,000,000
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Prospectus dated 15 June 2018 relating to the Issuer's Euro Medium Term Note Programme (the **Base Prospectus**) and incorporated by reference in the drawdown prospectus dated 21 June 2018, which constitutes a prospectus (the **Prospectus**) for the purposes of Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and any relevant implementing measure in the relevant Member State of the European Economic Area (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus is available for viewing at the specified office of the Paying Agent for the time being in London and) on the website of the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

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| 1. | Issuer: | British Telecommunications public limited company |
| 2. | (a) Series Number: | 20181 |
| | (b) Tranche Number: | 1 |
| | (c) Date on which the Notes will be consolidated and form a single Series: | Not Applicable |
| 3. | Specified Currency: | Pounds Sterling (GBP) |
| 4. | Aggregate Nominal Amount: | |
| | (a) Series: | GBP 330,000,000 |
| | (b) Tranche: | GBP 330,000,000 |
| 5. | Issue Price: | 100.00 per cent. of the Aggregate Nominal Amount |
| 6. | (a) Specified Denominations: | GBP 100,000 and integral multiples of GBP 1,000 in excess thereof up to and including GBP 199,000. Definitive Notes will not be issued in denominations in excess of GBP 199,000 |
| | (b) Calculation Amount: | GBP 1,000 |
| 7. | (a) Issue Date: | 25 June 2018 |

	(b) Interest Commencement Date:	Issue Date
8.	Maturity Date:	25 June 2033
9.	Interest Basis:	3.64 per cent. Fixed Rate
10.	Redemption/Payment Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at par
11.	Change of Interest Basis or Redemption/Payment Basis:	Not Applicable
12.	Put/Call Options:	Change of Control Investor Put Issuer Call Issuer Maturity Par Call
13.	Date Board approval for issuance of Notes obtained:	26 April 1994, 23 October 2001 and 14 June 2018
14.	Negative Pledge (Condition 3):	Applicable

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15.	Fixed Rate Note Provisions	Applicable
	(a) Rate of Interest:	3.64 per cent. per annum payable annually in arrear on each Interest Payment Date
	(b) Interest Payment Date(s) and Business Day Convention:	25 June in each year from and including 25 June 2019 up to and including the Maturity Date adjusted in accordance with the Following Business Day Convention, with no adjustment for period end dates
	(c) Fixed Coupon Amount(s):	GBP 36.40 per Calculation Amount (applicable to the Notes in definitive form) and GBP 12,012,000 per Aggregate Nominal Amount of the Notes (applicable to the Notes in global form), payable on each Interest Payment Date
	(d) Broken Amount(s):	Not Applicable
	(e) Day Count Fraction:	Actual/Actual (ICMA)
	(f) Determination Date(s):	25 June in each year
	(g) Step Up Rating Change and/or Step Down Rating Change:	Not Applicable
	(h) Step Up Margin:	Not Applicable
16.	Floating Rate Note Provisions	Not Applicable
17.	Zero Coupon Note Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION

18.	Issuer Call:	Applicable
	(a) Optional Redemption Date(s):	Any day prior to the Maturity Date
	(b) Optional Redemption Amount of each Note and method, if any, of calculation of such amount(s):	Make Whole Amount
	(c) Reference Bond:	UKT 4.25% June 2032
	(d) Quotation Time:	11.00 a.m. London time
	(e) Redemption Margin:	0.30 per cent.
	(f) If redeemable in part:	Not Applicable

	(g) Notice periods (if other than as set out in the Conditions):	Minimum period: 15 days Maximum period: 30 days
19.	Issuer Maturity Par Call:	Applicable
	Notice periods (if other than as set out in the Conditions):	Minimum period: 15 days Maximum period: 30 days
20.	General Investor Put:	Not Applicable
21.	Change of Control Investor Put:	Applicable
	(a) Optional Redemption Amount:	GBP 1,000 per Calculation Amount
	(b) Put Period (if other than as set out in the Conditions):	Minimum period: 30 days Maximum period: 45 days
22.	Final Redemption Amount:	GBP 1,000 per Calculation Amount
23.	Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 6.6):	GBP 1,000 per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24.	Form of Notes:	Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event
25.	New Global Note:	Yes
26.	Additional Financial Centre(s) or other special provisions relating to Payment Days:	Not Applicable
27.	Talons for future Coupons to be attached to Definitive Notes:	No
28.	Relevant Benchmark:	Not Applicable

Signed on behalf of the Issuer:

By:

Duly authorised

PART B – OTHER INFORMATION

1. ADMISSION TO TRADING

- (i) Admission to trading: Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's regulated market and admitted to the Official List of the UK Listing Authority with effect from the Issue Date
- (ii) Estimate of total expenses related to admission to trading: GBP 4,500

2. RATINGS

- Ratings: The Notes to be issued are expected to be rated:
- S&P Global Ratings, acting through Standard & Poor's Credit Market Services Europe Limited (**Standard and Poor's**): BBB
- Moody's Investors Service España, S.A. (**Moody's**): Baa2
- Fitch Ratings Limited (**Fitch**): BBB

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

Britel Scotland II L.P. is an investment holding vehicle established for the purpose of holding certain investments for the BT Pension Scheme (the **Scheme**). The Issuer is the sponsor to the Scheme. Save as discussed in the risk factor titled "An active trading market for the Notes cannot be assured" in the Prospectus, so far as the Issuer is aware, no other person involved in the offer of the Notes has an interest that is material to the offer.

4. YIELD (*Fixed Rate Notes only*)

- Indication of yield: 3.64 per cent. per annum calculated on an annual basis

5. REASONS FOR THE OFFER

As set out in "Use of Proceeds" on page 57 of the Base Prospectus

6. OPERATIONAL INFORMATION

- (i) ISIN: XS1833075259
- (ii) Common Code: 183307525
- (iii) CFI Code: Not Applicable
- (iv) FISN: Not Applicable
- (v) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): Not Applicable
- (vi) Delivery: Delivery against payment
- (vii) Names and addresses of additional Paying Agent(s) (if any): Not Applicable
- (viii) Intended to be held in a manner which would allow Eurosystem eligibility: Yes
- Note that the designation "yes" means that the Notes are intended upon issue to be deposited with Euroclear Bank SA/NV or Clearstream Banking S.A. as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

7. DISTRIBUTION

- (i) Method of distribution: Non-syndicated
- (ii) If syndicated: Not Applicable
- (iii) If non-syndicated, name of Dealer/Purchaser: Britel Scotland II L.P.
- (iv) U.S. Selling Restrictions/TEFRA Rules: Reg. S Compliance Category 2; TEFRA D

FINAL TERMS 2039 NOTES

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Final Terms dated 21 June 2018

British Telecommunications public limited company
Legal Entity Identifier (LEI): 549300OWFMSO9NYV4H90
Issue of GBP 330,000,000 3.883 per cent. Notes due 25 June 2039
under the €20,000,000,000
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

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| 1. | Issuer: | British Telecommunications public limited company |
| 2. | (a) Series Number: | 20182 |
| | (b) Tranche Number: | 1 |
| | (c) Date on which the Notes will be consolidated and form a single Series: | Not Applicable |
| 3. | Specified Currency: | Pounds Sterling (GBP) |
| 4. | Aggregate Nominal Amount: | |
| | (a) Series: | GBP 330,000,000 |
| | (b) Tranche: | GBP 330,000,000 |
| 5. | Issue Price: | 100.00 per cent. of the Aggregate Nominal Amount |
| 6. | (a) Specified Denominations: | GBP 100,000 and integral multiples of GBP 1,000 in excess thereof up to and including GBP 199,000. Definitive Notes will not be issued in denominations in excess of GBP 199,000 |
| | (b) Calculation Amount: | GBP 1,000 |
| 7. | (a) Issue Date: | 25 June 2018 |

	(b) Interest Commencement Date:	Issue Date
8.	Maturity Date:	25 June 2039
9.	Interest Basis:	3.883 per cent. Fixed Rate
10.	Redemption/Payment Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at par
11.	Change of Interest Basis or Redemption/Payment Basis:	Not Applicable
12.	Put/Call Options:	Change of Control Investor Put Issuer Call Issuer Maturity Par Call
13.	Date Board approval for issuance of Notes obtained:	26 April 1994, 23 October 2001 and 14 June 2018
14.	Negative Pledge (Condition 3):	Applicable

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15.	Fixed Rate Note Provisions	Applicable
	(a) Rate of Interest:	3.883 per cent. per annum payable annually in arrear on each Interest Payment Date
	(b) Interest Payment Date(s) and Business Day Convention:	25 June in each year from and including 25 June 2019 up to and including the Maturity Date adjusted in accordance with the Following Business Day Convention, with no adjustment for period end dates
	(c) Fixed Coupon Amount(s):	GBP 38.83 per Calculation Amount (applicable to the Notes in definitive form) and GBP 12,813,900 per Aggregate Nominal Amount of the Notes (applicable to the Notes in global form), payable on each Interest Payment Date
	(d) Broken Amount(s):	Not Applicable
	(e) Day Count Fraction:	Actual/Actual (ICMA)
	(f) Determination Date(s):	25 June in each year
	(g) Step Up Rating Change and/or Step Down Rating Change:	Not Applicable
	(h) Step Up Margin:	Not Applicable
16.	Floating Rate Note Provisions	Not Applicable
17.	Zero Coupon Note Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION

18.	Issuer Call:	Applicable
	(a) Optional Redemption Date(s):	Any day prior to the Maturity Date
	(b) Optional Redemption Amount of each Note and method, if any, of calculation of such amount(s):	Make Whole Amount
	(c) Reference Bond:	UKT 4.25% September 2039
	(d) Quotation Time:	11.00 a.m. London time
	(e) Redemption Margin:	0.35 per cent.
	(f) If redeemable in part:	Not Applicable

	(g) Notice periods (if other than as set out in the Conditions):	Minimum period: 15 days Maximum period: 30 days
19.	Issuer Maturity Par Call:	Applicable
	Notice periods (if other than as set out in the Conditions):	Minimum period: 15 days Maximum period: 30 days
20.	General Investor Put:	Not Applicable
21.	Change of Control Investor Put:	Applicable
	(a) Optional Redemption Amount:	GBP 1,000 per Calculation Amount
	(b) Put Period (if other than as set out in the Conditions):	Minimum period: 30 days Maximum period: 45 days
22.	Final Redemption Amount:	GBP 1,000 per Calculation Amount
23.	Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 6.6):	GBP 1,000 per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24.	Form of Notes:	Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event
25.	New Global Note:	Yes
26.	Additional Financial Centre(s) or other special provisions relating to Payment Days:	Not Applicable
27.	Talons for future Coupons to be attached to Definitive Notes:	No
28.	Relevant Benchmark:	Not Applicable

Signed on behalf of the Issuer:

By:

Duly authorised

PART B – OTHER INFORMATION

1. ADMISSION TO TRADING

- (i) Admission to trading: Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's regulated market and admitted to the Official List of the UK Listing Authority with effect from the Issue Date
- (ii) Estimate of total expenses related to admission to trading: GBP 4,500

2. RATINGS

- Ratings: The Notes to be issued are expected to be rated:
- S&P Global Ratings, acting through Standard & Poor's Credit Market Services Europe Limited (**Standard and Poor's**): BBB
- Moody's Investors Service España, S.A. (**Moody's**): Baa2
- Fitch Ratings Limited (**Fitch**): BBB

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

Britel Scotland II L.P. is an investment holding vehicle established for the purpose of holding certain investments for the BT Pension Scheme (the **Scheme**). The Issuer is the sponsor to the Scheme. Save as discussed in the risk factor titled "An active trading market for the Notes cannot be assured" in the Prospectus, so far as the Issuer is aware, no other person involved in the offer of the Notes has an interest that is material to the offer.

4. YIELD (*Fixed Rate Notes only*)

- Indication of yield: 3.883 per cent. per annum calculated on an annual basis

5. REASONS FOR THE OFFER

As set out in "Use of Proceeds" on page 57 of the Base Prospectus

6. OPERATIONAL INFORMATION

- (i) ISIN: XS1833075846
- (ii) Common Code: 183307584
- (iii) CFI Code: Not Applicable
- (iv) FISN: Not Applicable
- (v) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): Not Applicable
- (vi) Delivery: Delivery against payment
- (vii) Names and addresses of additional Paying Agent(s) (if any): Not Applicable
- (viii) Intended to be held in a manner which would allow Eurosystem eligibility: Yes
- Note that the designation "yes" means that the Notes are intended upon issue to be deposited with Euroclear Bank SA/NV or Clearstream Banking S.A. as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

7. DISTRIBUTION

- (i) Method of distribution: Non-syndicated
- (ii) If syndicated: Not Applicable
- (iii) If non-syndicated, name of Dealer/Purchaser: Britel Scotland II L.P.
- (iv) U.S. Selling Restrictions/TEFRA Rules: Reg. S Compliance Category 2; TEFRA D

FINAL TERMS 2042 NOTES

PRIIPs Regulation / PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Final Terms dated 21 June 2018

British Telecommunications public limited company
Legal Entity Identifier (LEI): 549300OWFMSO9NYV4H90
Issue of GBP 340,000,000 3.924 per cent. Notes due 25 June 2042
under the €20,000,000,000
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Prospectus dated 15 June 2018 relating to the Issuer's Euro Medium Term Note Programme (the **Base Prospectus**) and incorporated by reference in the drawdown prospectus dated 21 June 2018, which constitutes a prospectus (the **Prospectus**) for the purposes of Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and any relevant implementing measure in the relevant Member State of the European Economic Area (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus is available for viewing at the specified office of the Paying Agent for the time being in London and) on the website of the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

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| 1. | Issuer: | British Telecommunications public limited company |
| 2. | (a) Series Number: | 20183 |
| | (b) Tranche Number: | 1 |
| | (c) Date on which the Notes will be consolidated and form a single Series: | Not Applicable |
| 3. | Specified Currency: | Pounds Sterling (GBP) |
| 4. | Aggregate Nominal Amount: | |
| | (a) Series: | GBP 340,000,000 |
| | (b) Tranche: | GBP 340,000,000 |
| 5. | Issue Price: | 100.00 per cent. of the Aggregate Nominal Amount |
| 6. | (a) Specified Denominations: | GBP 100,000 and integral multiples of GBP 1,000 in excess thereof up to and including GBP 199,000. Definitive Notes will not be issued in denominations in excess of GBP 199,000 |
| | (b) Calculation Amount: | GBP 1,000 |
| 7. | (a) Issue Date: | 25 June 2018 |

	(b) Interest Commencement Date:	Issue Date
8.	Maturity Date:	25 June 2042
9.	Interest Basis:	3.924 per cent. Fixed Rate
10.	Redemption/Payment Basis:	Subject to any purchase and cancellation or early redemption, the Notes will be redeemed on the Maturity Date at par
11.	Change of Interest Basis or Redemption/Payment Basis:	Not Applicable
12.	Put/Call Options:	Change of Control Investor Put Issuer Call Issuer Maturity Par Call
13.	Date Board approval for issuance of Notes obtained:	26 April 1994, 23 October 2001 and 14 June 2018
14.	Negative Pledge (Condition 3):	Applicable

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

15.	Fixed Rate Note Provisions	Applicable
	(a) Rate of Interest:	3.924 per cent. per annum payable annually in arrear on each Interest Payment Date
	(b) Interest Payment Date(s) and Business Day Convention:	25 June in each year from and including 25 June 2019 up to and including the Maturity Date adjusted in accordance with the Following Business Day Convention, with no adjustment for period end dates
	(c) Fixed Coupon Amount(s):	GBP 39.24 per Calculation Amount (applicable to the Notes in definitive form) and GBP 13,341,600 per Aggregate Nominal Amount of the Notes (applicable to the Notes in global form), payable on each Interest Payment Date
	(d) Broken Amount(s):	Not Applicable
	(e) Day Count Fraction:	Actual/Actual (ICMA)
	(f) Determination Date(s):	25 June in each year
	(g) Step Up Rating Change and/or Step Down Rating Change:	Not Applicable
	(h) Step Up Margin:	Not Applicable
16.	Floating Rate Note Provisions	Not Applicable
17.	Zero Coupon Note Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION

18.	Issuer Call:	Applicable
	(a) Optional Redemption Date(s):	Any day prior to the Maturity Date
	(b) Optional Redemption Amount of each Note and method, if any, of calculation of such amount(s):	Make Whole Amount
	(c) Reference Bond:	UKT 4.5% December 2042
	(d) Quotation Time:	11.00 a.m. London time
	(e) Redemption Margin:	0.35 per cent.
	(f) If redeemable in part:	Not Applicable

	(g) Notice periods (if other than as set out in the Conditions):	Minimum period: 15 days Maximum period: 30 days
19.	Issuer Maturity Par Call:	Applicable
	Notice periods (if other than as set out in the Conditions):	Minimum period: 15 days Maximum period: 30 days
20.	General Investor Put:	Not Applicable
21.	Change of Control Investor Put:	Applicable
	(a) Optional Redemption Amount:	GBP 1,000 per Calculation Amount
	(b) Put Period (if other than as set out in the Conditions):	Minimum period: 30 days Maximum period: 45 days
22.	Final Redemption Amount:	GBP 1,000 per Calculation Amount
23.	Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 6.6):	GBP 1,000 per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

24.	Form of Notes:	Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event
25.	New Global Note:	Yes
26.	Additional Financial Centre(s) or other special provisions relating to Payment Days:	Not Applicable
27.	Talons for future Coupons to be attached to Definitive Notes:	No
28.	Relevant Benchmark:	Not Applicable

Signed on behalf of the Issuer:

By:

Duly authorised

PART B – OTHER INFORMATION

1. ADMISSION TO TRADING

- (i) Admission to trading: Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's regulated market and admitted to the Official List of the UK Listing Authority with effect from the Issue Date
- (ii) Estimate of total expenses related to admission to trading: GBP 4,500

2. RATINGS

- Ratings: The Notes to be issued are expected to be rated:
- S&P Global Ratings, acting through Standard & Poor's Credit Market Services Europe Limited (**Standard and Poor's**): BBB
- Moody's Investors Service España, S.A. (**Moody's**): Baa2
- Fitch Ratings Limited (**Fitch**): BBB

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

Britel Scotland II L.P. is an investment holding vehicle established for the purpose of holding certain investments for the BT Pension Scheme (the **Scheme**). The Issuer is the sponsor to the Scheme. Save as discussed in the risk factor titled "An active trading market for the Notes cannot be assured" in the Prospectus, so far as the Issuer is aware, no other person involved in the offer of the Notes has an interest that is material to the offer.

4. YIELD (*Fixed Rate Notes only*)

- Indication of yield: 3.924 per cent. per annum calculated on an annual basis

5. REASONS FOR THE OFFER

As set out in "Use of Proceeds" on page 57 of the Base Prospectus

6. OPERATIONAL INFORMATION

- (i) ISIN: XS1833076497
- (ii) Common Code: 183307649
- (iii) CFI Code: Not Applicable
- (iv) FISN: Not Applicable
- (v) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): Not Applicable
- (vi) Delivery: Delivery against payment
- (vii) Names and addresses of additional Paying Agent(s) (if any): Not Applicable
- (viii) Intended to be held in a manner which would allow Eurosystem eligibility: Yes
- Note that the designation "yes" means that the Notes are intended upon issue to be deposited with Euroclear Bank SA/NV or Clearstream Banking S.A. as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

7. DISTRIBUTION

- (i) Method of distribution: Non-syndicated
- (ii) If syndicated: Not Applicable
- (iii) If non-syndicated, name of Dealer/Purchaser: Britel Scotland II L.P.
- (iv) U.S. Selling Restrictions/TEFRA Rules: Reg. S Compliance Category 2; TEFRA D

FINAL TERMS 2033 CPI LINKED NOTES

PRIIPs Regulation / PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Final Terms dated 21 June 2018

British Telecommunications public limited company
Legal Entity Identifier (LEI): 549300OWFMSO9NYV4H90
Issue of GBP 330,000,000 1.613 per cent. CPI Linked Notes due 25 June 2033
under the €20,000,000,000
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Prospectus dated 15 June 2018 relating to the Issuer's Euro Medium Term Note Programme (the **Base Prospectus**) and incorporated by reference in the drawdown prospectus dated 21 June 2018, which constitutes a prospectus (the **Prospectus**) for the purposes of Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and any relevant implementing measure in the relevant Member State of the European Economic Area (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus is available for viewing at the specified office of the Paying Agent for the time being in London and) on the website of the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

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| 1. | Issuer: | British Telecommunications public limited company |
| 2. | (a) Series Number: | 20184 |
| | (b) Tranche Number: | 1 |
| | (c) Date on which the Notes will be consolidated and form a single Series: | Not Applicable |
| 3. | Specified Currency: | Pounds Sterling (GBP) |
| 4. | Aggregate Nominal Amount: | |
| | (a) Series: | GBP 330,000,000 |
| | (b) Tranche: | GBP 330,000,000 |
| 5. | Issue Price: | 100.00 per cent. of the Aggregate Nominal Amount |
| 6. | (a) Specified Denominations: | GBP 100,000 and integral multiples of GBP 1,000 in excess thereof up to and including GBP 199,000. Definitive Notes will not be issued in denominations in excess of GBP 199,000 |
| | (b) Calculation Amount: | GBP 1,000 |
| 7. | (a) Issue Date: | 25 June 2018 |

	(b) Interest Commencement Date:	Issue Date
8.	Maturity Date:	25 June 2033
9.	Interest Basis:	See Appendix – Condition 19
10.	Redemption/Payment Basis:	See Appendix – Condition 19
11.	Change of Interest Basis or Redemption/Payment Basis:	Not Applicable
12.	Put/Call Options:	See paragraphs 18, 19, 20 and 21 below and the Appendix
13.	Date Board approval for issuance of Notes obtained:	26 April 1994, 23 October 2001 and 14 June 2018
14.	Negative Pledge (Condition 3):	Applicable

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE – See Appendix – Condition 19

15.	Fixed Rate Note Provisions	Not Applicable
16.	Floating Rate Note Provisions	Not Applicable
17.	Zero Coupon Note Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION – See Appendix – Condition 19

18.	Issuer Call:	Applicable – See Appendix – Condition 19
	(a) Optional Redemption Date(s):	Any day prior to the Maturity Date
	(b) Optional Redemption Amount of each Note and method, if any, of calculation of such amount(s):	See Appendix – Condition 19, subject to Condition 19.11, GBP 1,000 per Calculation Amount
	(c) Reference Bond:	See Appendix – Condition 19.11
	(d) Quotation Time:	11.00 a.m. London time
	(e) Redemption Margin:	See Appendix – Condition 19.11
	(f) If redeemable in part:	Not Applicable
	(g) Notice periods (if other than as set out in the Conditions):	Minimum period: 15 days Maximum period: 30 days
19.	Issuer Maturity Par Call:	Applicable – See Appendix – Condition 19, subject to Condition 19.1 and, in respect of the Final Redemption Amount, calculated as at the Maturity Date - GBP 1,000 per Calculation Amount
	(a) Notice periods (if other than as set out in the Conditions):	Minimum period: 15 days Maximum period: 30 days
	(b) Period in which Notes may be redeemed to commence (if different from that set out in Condition 6.4):	30 days prior to the Maturity Date to (but excluding) the Maturity Date
20.	General Investor Put:	Not Applicable
21.	Change of Control Investor Put:	Applicable – See Appendix – Condition 19
	(a) Optional Redemption Amount:	See Appendix – Condition 19, subject to Condition 19.1, GBP 1,000 per Calculation Amount
	(b) Put Period (if other than as set out in the Conditions):	Minimum period: 30 days Maximum period: 45 days

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| 22. | Final Redemption Amount: | See Appendix – Condition 19, subject to Condition 19.1, GBP 1,000 per Calculation Amount |
| 23. | Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 6.6): | See Appendix – Condition 19, subject to Condition 19.1, GBP 1,000 per Calculation Amount |

GENERAL PROVISIONS APPLICABLE TO THE NOTES

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| 24. | Form of Notes: | Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event |
| 25. | New Global Note: | Yes |
| 26. | Additional Financial Centre(s) or other special provisions relating to Payment Days: | Not Applicable |
| 27. | Talons for future Coupons to be attached to Definitive Notes: | No |
| 28. | Relevant Benchmark: | Not Applicable |

Signed on behalf of the Issuer:

By:

Duly authorised

PART B – OTHER INFORMATION

1. ADMISSION TO TRADING

- (i) Admission to trading: Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's regulated market and admitted to the Official List of the UK Listing Authority with effect from the Issue Date.
- (ii) Estimate of total expenses related to admission to trading: GBP 4,500

2. RATINGS

- Ratings: The Notes to be issued are expected to be rated:
- S&P Global Ratings, acting through Standard & Poor's Credit Market Services Europe Limited (**Standard and Poor's**): BBB
- Moody's Investors Service España, S.A. (**Moody's**): Baa2
- Fitch Ratings Limited (**Fitch**): BBB

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

Britel Scotland II L.P. is an investment holding vehicle established for the purpose of holding certain investments for the BT Pension Scheme (the **Scheme**). The Issuer is the sponsor to the Scheme. Save as discussed in the risk factor titled "An active trading market for the Notes cannot be assured" in the Prospectus, so far as the Issuer is aware, no other person involved in the offer of the Notes has an interest that is material to the offer.

4. YIELD (*Fixed Rate Notes only*)

- Indication of yield: Not Applicable

5. REASONS FOR THE OFFER

As set out in "Use of Proceeds" on page 57 of the Base Prospectus

6. OPERATIONAL INFORMATION

- (i) ISIN: XS1833077545
- (ii) Common Code: 183307754
- (iii) CFI Code: Not Applicable
- (iv) FISN: Not Applicable
- (v) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): Not Applicable
- (vi) Delivery: Delivery against payment
- (vii) Names and addresses of additional Paying Agent(s) (if any): Not Applicable
- (viii) Intended to be held in a manner which would allow Eurosystem eligibility: Yes
- Note that the designation "yes" means that the Notes are intended upon issue to be deposited with Euroclear Bank SA/NV or Clearstream Banking S.A. as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

7. DISTRIBUTION

- (i) Method of distribution: Non-syndicated
- (ii) If syndicated: Not Applicable
- (iii) If non-syndicated, name of Dealer/Purchaser: Britel Scotland II L.P.
- (iv) U.S. Selling Restrictions/TEFRA Rules: Reg. S Compliance Category 2; TEFRA D

APPENDIX

The following Conditions shall apply with respect to the Notes:

19. INDEX LINKED NOTES

Application of the Limited Index Ratio

19.1 Subject to Condition 19.11 (*Redemption at the Option of the Issuer (Issuer Call)*), each payment of interest and principal in respect of the Notes shall be the amount provided in, or determined in accordance with, these Final Terms and these Conditions, multiplied by the Limited Index Ratio applicable to the Calculation Date, in each case and rounded in accordance with Condition 19.3 (*Rounding*).

Rate of Interest

19.2 Each Note bears interest from (and including) the Interest Commencement Date at the Rate of Interest, payable in arrear on 25 June in each year up to (and including) the Maturity Date (each, together with the Maturity Date, an “**Interest Payment Date**”), subject to adjustment in accordance with the Following Business Day Convention with respect only to the day payment is made if a payment is due on a day which is not a Payment Day and will not affect the calculation of the amount of interest. The first such Interest Payment Date falling on 25 June 2019. Such interest will be payable in respect of each Interest Period (which expression shall mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

Rounding

19.3 For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified):

- (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point (with halves being rounded up);
- (b) all figures (other than percentages) will be rounded to seven significant figures (with halves being rounded up); and
- (c) all pounds sterling currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves being rounded up). For these purposes, “unit” means the lowest amount of pounds sterling which is available as legal tender in the United Kingdom.

Calculations

19.4 The amount of interest payable in respect of any Note for each Interest Period shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the Day Count Fraction and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount and adjusted according to the indexation set out in Condition 19.1 (*Application of the Limited Index Ratio*).

Determination and Publication of Interest Amounts and Redemption Amounts

19.5 As soon as practicable after each time the Agent as Calculation Agent may be required to calculate any Redemption Amount or obtain any quote or make any determination or calculation, the Agent will calculate the amount of interest payable (the “**Interest Amounts**”) in respect of each Specified Denomination of Notes or Calculation Amount for the relevant Interest Period (including, for the avoidance of doubt any applicable Limited Index Ratio to be calculated in accordance with Condition 19.1 (*Application of the Limited Index Ratio*)), calculate the Redemption Amount (including, for the avoidance of doubt any applicable Limited Index Ratio to be calculated in accordance with Condition 19.1 (*Application of the Limited Index Ratio*)), obtain such quote or make such determination or calculation, as the case may be, and cause the Interest Amounts for each Interest Period and the relevant Interest Payment Date and the Redemption Amount to be notified to the Paying

Agents and the Trustee, the Issuer, the Noteholders and the London Stock Exchange as soon as possible after its determination but in no event later than the fourth Business Day after such determination. If the Notes become due and payable under Condition 9 (*Events of Default*), the accrued interest payable in respect of the Notes shall nevertheless continue to be calculated as previously provided in accordance with this Condition but no publication of the Interest Amount so calculated need be made unless otherwise required by the Trustee. In making any such determination or calculation of any Interest Amount or Redemption Amount or any other amount to be determined or calculated by the Agent, the Agent may appoint and rely on a determination or calculation by a calculation agent (which shall be an investment bank or other suitable financial services entity of international repute) and any costs in relation thereto shall be met by the Issuer.

Determination or Calculation by Indexation Adviser

19.6 If the Agent does not at any time for any reason determine any Interest Amount or Redemption Amount or any other amount to be determined or calculated by it, the Issuer shall appoint an Indexation Adviser to determine such Interest Amount, Redemption Amount or other amount as aforesaid at such rate or in such amount as in the Indexation Adviser's absolute discretion (having regard as it shall think fit to the procedures described above, but subject to any Minimum Indexation Factor or Maximum Indexation Factor specified in this Condition 19) it shall deem fair and reasonable in all the circumstances or, subject as aforesaid, apply the provisions of this Condition 19, and each such determination or calculation shall be deemed to have been made by the Agent. Any Indexation Adviser so appointed shall act as an expert and not as an arbitrator and all fees, costs and expenses of the Indexation Adviser and of the Issuer in connection with such appointment shall be borne by the Issuer.

Certificates to be Final

19.7 All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of these Conditions by the Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the other Paying Agents, the Trustee, the Noteholders and the Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Trustee, the Noteholders or the Couponholders shall attach to the Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

Changes in Circumstances Affecting the Index

- 19.8 (a) *Change in base:* If at any time and from time to time the Index is changed by the substitution of a new base for it, then with effect from the calendar month from and including that in which such substitution takes effect:
- (i) the definition of “**Index**” and “**Index Figure**” in Condition 19.13 (*Definitions*) shall be deemed to refer to the new date, month and/or year (as applicable) in substitution for 2015 (or, as the case may be, to such other date or month as may have been substituted for it); and
 - (ii) the definition of Base Index Figure in Condition 19.13 (*Definitions*) shall be amended to mean the product of the then existing Base Index Figure and the Index Figure immediately following such substitution, divided by the Index Figure immediately prior to such substitution.
- (b) *Delay in publication of Index:* If the Index Figure relating to any month (the “**relevant month**”) which is required to be taken into account for the purposes of the determination of the Index Figure applicable for any date is not published on or before the fourteenth business day before the date on which any payment of interest or principal of the Notes is due (the “**date for payment**”) (otherwise than because the Index has ceased to be published), the Index Figure applicable to the relevant month shall be (1) such substitute index figure (if any) as the Agent (acting on advice of the Indexation Adviser) considers to have been published by the UK Debt Management Office or the Bank of England, as the case may be (or such other body designated by the UK government for such purpose); or (2) if no such determination is made by the Agent (on advice of the Indexation Adviser) on or

before the seventh day before the date for payment, the Index Figure last published (or, if later, the substitute index figure last determined pursuant to Condition 19.8(b)(1)) before such seventh day.

Application of Changes

19.9 Where the provisions of Condition 19.8(b) (*Delay in publication of Index*) apply, the determination by the Agent (acting on the advice of the Indexation Adviser) as to the Index Figure applicable to the month in which the Calculation Date falls shall be conclusive and binding. If, an Index Figure having been applied pursuant to Condition 19.8(b)(2), the Index Figure relating to the relevant month is subsequently published while a Note is still outstanding, then:

- (a) in relation to a payment of principal or interest in respect of such Note other than upon final redemption of such Note, the principal or interest (as the case may be) next payable after the date of such subsequent publication shall be increased or reduced by an amount equal to (respectively) the shortfall or excess of the amount of the relevant payment made on the basis of the Index Figure applicable by virtue of Condition 19.8(b)(2), below or above the amount of the relevant payment that would have been due if the Index Figure subsequently published had been published on or before the fourteenth business day before the date for payment; and
- (b) in relation to a payment of principal or interest upon final redemption, no subsequent adjustment to amounts paid will be made.

Cessation of or Fundamental Changes to the Index

19.10 (a) If (1) the Index ceases to be published or (2) any change is made to the coverage or the basic calculation of the Index which, in the opinion of the Indexation Adviser, constitutes a fundamental change which would, in the opinion of the Indexation Adviser, be detrimental to the interests of the Issuer or the Noteholders, the Indexation Adviser and the Issuer shall agree for the purpose of the Notes one or more adjustments to the Index or a substitute index (with or without adjustments) with the intention that the same should (in the opinion of the Indexation Adviser) leave the Issuer and the Noteholders in no better and no worse a position than they would have been had the Index not ceased to be published or the relevant fundamental change not been made. Any Indexation Adviser so appointed shall act as an expert and not as an arbitrator and all fees, costs and expenses of the Indexation Adviser and of the Issuer in connection with such appointment shall be borne by the Issuer.

(b) If any payment in respect of the Notes is due to be made after the cessation or changes referred to in Condition 19.10(a) but before any such adjustment to, or replacement of, the Index takes effect, the Issuer shall (if the Index Figure applicable (or deemed applicable) to the relevant month is not available in accordance with the provisions of Condition 19.8(a) (*Change in base*) above) make a provisional payment on the basis that the Index Figure applicable to the month in which such payment is due to be made is the Index Figure last published. In that event, or in the event of any payment (also referred to below as a “**provisional payment**”) on the Notes having been made on the basis of an Index applicable under Condition 19.8(b)(1) and the Indexation Adviser subsequently determining that the relevant circumstances fall within this Condition 19.10 (*Cessation of or Fundamental Changes to the Index*), then:

- (i) in relation to a payment of principal or interest in respect of the Notes other than upon final redemption of the Notes, if the sum which would have been payable if such adjustment of substitute index had been in effect on the due date for such payment is greater or less than the amount of such provisional payment, the Interest Amount payable on the Notes on the Interest Payment Date next succeeding the date on which such adjustment or substitute index becomes effective shall be increased or reduced to reflect the amount by which such provisional payment fell short of, or (as the case may be) exceeded, the amount which would have been paid on the Notes if such adjustment or substituted index had been in effect on that date; or

- (ii) in relation to a payment of principal or interest upon final redemption, no subsequent adjustment to amounts paid will be made.
- (c) The Index shall be adjusted or replaced by a substitute index as determined by the Indexation Adviser pursuant to the foregoing paragraphs, as the case may be, and references in these Conditions to the Index and to any Index Figure shall be deemed amended accordingly to give effect to such adjustment or replacement. Such amendments shall be effective from the date of the notification referred to in Condition 19.10(a) above and binding upon the Issuer, the Trustee and the Noteholders, and the Issuer shall give notice to the Noteholders in accordance with Condition 13 (*Notices*) of such amendments as promptly as practicable following such agreement.

Redemption at the Option of the Issuer (Issuer Call)

19.11 For the purposes of the redemption of the Notes pursuant to Condition 6.3 (*Redemption at the Option of the Issuer (Issuer Call)*), the Optional Redemption Amount shall be the higher of (i) the principal amount outstanding of the Notes to be redeemed (multiplied by the Limited Index Ratio); or (ii) an amount equal to (subject as provided in the following paragraph) the sum of:

- (a) an amount calculated by discounting the remaining principal and interest payments (disregarding future indexation) at a rate equal to the sum of (i) the real yield on the CPI Redemption Reference Gilt on the Reference Date and (ii) 0.25 per cent.; and
- (b) the market value (which may be positive or negative and, if negative, the absolute value of the relevant amount shall, for the avoidance of doubt, be deducted from the amount calculated under paragraph (a) above) to a market counterparty on the Reference Date (based on three third party quotes) of a notional swap under which the market counterparty receives the remaining cashflows of the Notes discounted based on appropriate mid-market swap rates and the market counterparty pays the remaining cashflows of a notional bond discounted based on appropriate mid-market swap rates where (i) the notional bond cashflows are indexed in line with UK CPI (and not, for the avoidance of doubt, UK RPI); and (ii) the notional bond cashflows are not subject to any cap or floor and (iii) the terms of the notional bond are in all other respects the same as those of the Notes,

plus in the case of (i) and (ii), accrued but unpaid interest (as adjusted in accordance with Condition 19.1 (*Application of the Limited Index Ratio*)) on the principal amount outstanding of the Notes.

Provided however, in the event that on the Reference Date (a) there is no CPI Redemption Reference Gilt or (b) it is not reasonably practicable to obtain three third party quotes, then the Optional Redemption Amount shall be the higher of (i) the principal amount outstanding of the Notes to be redeemed (multiplied by the Limited Index Ratio); or (ii) an amount equal to (subject as provided in the following paragraph) the sum of:

- (a) an amount calculated by discounting the remaining principal and interest payments (disregarding future indexation) at a rate equal to the sum of (i) the real yield on the RPI Redemption Reference Gilt on the Reference Date and (ii) 0.25 per cent.; and
- (b) the market value (which may be positive or negative and, if negative, the absolute value of the relevant amount shall, for the avoidance of doubt, be deducted from the amount calculated under paragraph (a) above) to a market counterparty on the Reference Date (based on three third party quotes) of a notional swap under which the market counterparty receives the remaining cashflows of the Notes discounted based on appropriate mid-market swap rates and the market counterparty pays the remaining cashflows of a notional bond discounted based on appropriate mid-market swap rates where (i) the notional bond cashflows are indexed in line with UK RPI (and not, for the avoidance of doubt, UK CPI); and (ii) the notional bond cashflows are not subject to any cap or floor and (iii) the terms of the notional bond are in all other respects the same as those of the Notes,

plus in the case of (i) and (ii), accrued but unpaid interest (as adjusted in accordance with Condition 19.1 (*Application of the Limited Index Ratio*)) on the principal amount outstanding of the Notes.

Provided further, in the event that on the Reference Date it is not reasonably practicable to obtain three third party quotes, then the Optional Redemption Amount shall be the higher of (i) the principal amount outstanding of the Notes to be redeemed (multiplied by the Limited Index Ratio); or (ii) an amount calculated by discounting the remaining principal and interest payments (disregarding future indexation) at a rate equal to the sum of (i) the real yield on the RPI Redemption Reference Gilt on the Reference Date and (ii) 0.50 per cent., plus in the case of (i) and (ii), accrued but unpaid interest (as adjusted in accordance with Condition 19.1 (*Application of the Limited Index Ratio*)) on the principal amount outstanding of the Notes.

For the purposes of this provision, “**CPI Redemption Reference Gilt**” means the UK CPI-indexed link UK government stock the maturity of which is, as at the Reference Date, closest to (and within a maximum of three years of) the remaining maturity of the Notes; “**RPI Redemption Reference Gilt**” means the UK RPI-indexed link UK government stock the maturity of which is, as at the Reference Date, closest to the remaining maturity of the Notes and “**Reference Date**” will be set out in the relevant notice of redemption.

If the Issuer determines that it is not reasonably practicable to determine the Optional Redemption Amount in accordance with this Condition 19.11, the Optional Redemption Amount shall be determined by an Indexation Adviser.

Redemption for Index Events

19.12 Upon the occurrence of any Index Event, the Issuer may, upon giving not less than 15 nor more than 30 days’ notice to the Noteholders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the Notes on any date at the principal amount outstanding of the Notes to be redeemed plus accrued but unpaid interest (adjusted in accordance with Condition 19.1 (*Application of the Limited Index Ratio*)). The Notes may not be redeemed in these circumstances unless all the other Tranches of Notes linked to the same underlying Index are also redeemed at the same time. Before giving any such notice, the Issuer shall provide to the Trustee a certificate signed by two Directors stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem, have occurred.

“**Index Event**” means the event which occurs if any of the following occur (i) the relevant Index Figure for three consecutive months falls to be determined on the basis of an Index Figure previously published as provided in Condition 19.8(b) (*Delay in publication of Index*), or (ii) the Trustee has been notified by the Issuer (or the Agent) that publication of the relevant Index has ceased, and (in each case) no adjustment or substitution of the Index has been determined by the Indexation Adviser pursuant to Condition 19.10 (*Cessation of or Fundamental Changes to the Index*) and such circumstances are continuing.

Other Definitions

19.13 For the purposes of these provisions with respect to the Notes:

“**Base Index Figure**” means (subject to Condition 19.8(a) (*Change in base*)) 105.32;

“**Calculation Date**” means (1) any date when a payment of interest or, as the case may be, principal falls due and (2) the Issue Date;

“**Day Count Fraction**” means Actual/Actual (ICMA) as defined in Condition 4.1(a) and where Determination Date(s) means 25 June in each year;

“**Following Business Day Convention**” means that if the Interest Payment Date would otherwise fall on a day which is not a Payment Day (as defined in Condition 5.5 (*Payment Day*)), the related payment of principal or interest will be made on the next succeeding Payment Day as if made on the date such payment was due;

“**Index**” or “**Index Figure**” means, in relation to any month (subject as provided in Condition 19.8(b) (*Delay in publication of Index*) and Condition 19.8(a) (*Change in base*)), the UK Consumer Price Index (“**UK CPI**”) (for all items) published in that month by the Office of National Statistics (2015 = 100) and appearing on its website (<http://www.ons.gov.uk/>) or any comparable index which may replace the UK Consumer Price Index. Any reference to

the “**Index Figure applicable**” to a particular Calculation Date shall, subject as provided in Condition 19.8 (*Changes in Circumstances Affecting the Index*) and 19.10 (*Cessation of or Fundamental Changes to the Index*), be calculated in accordance with the following formula:

$$\text{IFA} = \text{CPI}_{m-3} + \frac{(\text{Day of Calculation Date} - 1)}{(\text{Days in month of Calculation Date})} (\text{CPI}_{m-2} - \text{CPI}_{m-3})$$

and rounded to five decimal places (0.000005 being rounded upwards) and where:

“**IFA**” means the Index Figure applicable to such Calculation Date, provided that the Index Figure applicable to the Issue Date shall be the Base Index Figure;

“**CPI(m-3)**” means the Index Figure for the month that is three months prior to the month in which the Calculation Date falls; and

“**CPI(m-2)**” means the Index Figure for the month that is two months prior to the month in which the Calculation Date falls;

“**Indexation Adviser**” means a gilt edged market maker or other adviser selected by the Issuer;

“**Limited Index Ratio**” means (a) in respect of the Issue Date, 1; (b) in respect of any Calculation Date falling after the Issue Date that is a scheduled Interest Payment Date, the product of the Limited Indexation Factor for such Calculation Date and the Limited Index Ratio as calculated in respect of the scheduled Interest Payment Date in the month 12 months prior thereto or, in respect of the first Interest Payment Date, the Issue Date; and (c) in respect of any other Calculation Date, the product of the Limited Indexation Factor for such Calculation Date and the Limited Index Ratio as previously calculated in respect of the most recent preceding scheduled Interest Payment Date;

“**Limited Indexation Factor**” means (a) in respect of any Calculation Date falling 12 months or more after the Issue Date that is a scheduled Interest Payment Date, the ratio (expressed as a percentage) of the Index Figure applicable to such Calculation Date divided by the Index Figure applicable to the Calculation Date in respect of the scheduled Interest Payment Date in the month falling 12 months prior thereto or, in respect of the first Interest Payment Date, the Issue Date; (b) in respect of any Calculation Date 12 months or more after the Issue Date that is not a scheduled Interest Payment Date, the ratio of the Index Figure applicable to such Calculation Date divided by the Index Figure applicable to the most recent preceding scheduled Interest Payment Date; and (c) in respect of any Calculation Date falling less than 12 months after the Issue Date, the ratio of the Index Figure applicable to such Calculation Date divided by the Base Index Figure, provided in each case that (i) if such ratio is greater than the Maximum Indexation Factor, it shall be deemed to be equal to such Maximum Indexation Factor and (ii) if such ratio is less than the Minimum Indexation Factor, it shall be deemed to be equal to such Minimum Indexation Factor;

“**Maximum Indexation Factor**” means 105 per cent.;

“**Minimum Indexation Factor**” means 100 per cent.;

“**Rate of Interest**” applicable to any amount payable in respect of interest shall be 1.613 per cent. per annum;

“**Redemption Amount**” means subject to the provisions of this Condition 19, any of the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount; and

“**UK RPI**” means the UK Retail Price Index (for all items) published in that month by the Office of National Statistics (January 1987 = 100) and appearing on its website (<http://www.ons.gov.uk/>) or any comparable index which may replace the UK Retail Price Index.

Information about the UK CPI and the UK RPI can be found at <http://www.ons.gov.uk>.

FINAL TERMS 2039 CPI LINKED NOTES

PRIIPs Regulation / PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Final Terms dated 21 June 2018

British Telecommunications public limited company
Legal Entity Identifier (LEI): 549300OWFMSO9NYV4H90
Issue of GBP 330,000,000 1.739 per cent. CPI Linked Notes due 25 June 2039
under the €20,000,000,000
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Prospectus dated 15 June 2018 relating to the Issuer's Euro Medium Term Note Programme (the **Base Prospectus**) and incorporated by reference in the drawdown prospectus dated 21 June 2018, which constitutes a prospectus (the **Prospectus**) for the purposes of Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and any relevant implementing measure in the relevant Member State of the European Economic Area (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus is available for viewing at the specified office of the Paying Agent for the time being in London and) on the website of the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

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| 1. | Issuer: | British Telecommunications public limited company |
| 2. | (a) Series Number: | 20185 |
| | (b) Tranche Number: | 1 |
| | (c) Date on which the Notes will be consolidated and form a single Series: | Not Applicable |
| 3. | Specified Currency: | Pounds Sterling (GBP) |
| 4. | Aggregate Nominal Amount: | |
| | (a) Series: | GBP 330,000,000 |
| | (b) Tranche: | GBP 330,000,000 |
| 5. | Issue Price: | 100.00 per cent. of the Aggregate Nominal Amount |
| 6. | (a) Specified Denominations: | GBP 100,000 and integral multiples of GBP 1,000 in excess thereof up to and including GBP 199,000. Definitive Notes will not be issued in denominations in excess of GBP 199,000 |
| | (b) Calculation Amount: | GBP 1,000 |
| 7. | (a) Issue Date: | 25 June 2018 |

(b)	Interest Commencement Date:	Issue Date
8.	Maturity Date:	25 June 2039
9.	Interest Basis:	See Appendix – Condition 19
10.	Redemption/Payment Basis:	See Appendix – Condition 19
11.	Change of Interest Basis or Redemption/Payment Basis:	Not Applicable
12.	Put/Call Options:	See paragraphs 18, 19, 20 and 21 below and the Appendix
13.	Date Board approval for issuance of Notes obtained:	26 April 1994, 23 October 2001 and 14 June 2018
14.	Negative Pledge (Condition 3):	Applicable

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE – See Appendix – Condition 19

15.	Fixed Rate Note Provisions	Not Applicable
16.	Floating Rate Note Provisions	Not Applicable
17.	Zero Coupon Note Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION – See Appendix – Condition 19

18.	Issuer Call:	Applicable – See Appendix – Condition 19
(a)	Optional Redemption Date(s):	Any day prior to the Maturity Date
(b)	Optional Redemption Amount of each Note and method, if any, of calculation of such amount(s):	See Appendix – Condition 19, subject to Condition 19.11, GBP 1,000 per Calculation Amount
(c)	Reference Bond:	See Appendix – Condition 19.11
(d)	Quotation Time:	11.00 a.m. London time
(e)	Redemption Margin:	See Appendix – Condition 19.11
(f)	If redeemable in part:	Not Applicable
(g)	Notice periods (if other than as set out in the Conditions):	Minimum period: 15 days Maximum period: 30 days
19.	Issuer Maturity Par Call:	Applicable – See Appendix – Condition 19, subject to Condition 19.1 and, in respect of the Final Redemption Amount, calculated as at the Maturity Date - GBP 1,000 per Calculation Amount
(a)	Notice periods (if other than as set out in the Conditions):	Minimum period: 15 days Maximum period: 30 days
(b)	Period in which Notes may be redeemed to commence (if different from that set out in Condition 6.4):	30 days prior to the Maturity Date to (but excluding) the Maturity Date
20.	General Investor Put:	Not Applicable
21.	Change of Control Investor Put:	Applicable – See Appendix – Condition 19
(a)	Optional Redemption Amount:	See Appendix – Condition 19, subject to Condition 19.1, GBP 1,000 per Calculation Amount
(b)	Put Period (if other than as set out in the Conditions):	Minimum period: 30 days Maximum period: 45 days

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| 22. | Final Redemption Amount: | See Appendix – Condition 19, subject to Condition 19.1, GBP 1,000 per Calculation Amount |
| 23. | Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 6.6): | See Appendix – Condition 19, subject to Condition 19.1, GBP 1,000 per Calculation Amount |

GENERAL PROVISIONS APPLICABLE TO THE NOTES

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| 24. | Form of Notes: | Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event |
| 25. | New Global Note: | Yes |
| 26. | Additional Financial Centre(s) or other special provisions relating to Payment Days: | Not Applicable |
| 27. | Talons for future Coupons to be attached to Definitive Notes: | No |
| 28. | Relevant Benchmark: | Not Applicable |

Signed on behalf of the Issuer:

By:
Duly authorised

PART B – OTHER INFORMATION

1. ADMISSION TO TRADING

- (i) Admission to trading: Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's regulated market and admitted to the Official List of the UK Listing Authority with effect from the Issue Date.
- (ii) Estimate of total expenses related to admission to trading: GBP 4,500

2. RATINGS

- Ratings: The Notes to be issued are expected to be rated:
- S&P Global Ratings, acting through Standard & Poor's Credit Market Services Europe Limited (**Standard and Poor's**): BBB
- Moody's Investors Service España, S.A. (**Moody's**): Baa2
- Fitch Ratings Limited (**Fitch**): BBB

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

Britel Scotland II L.P. is an investment holding vehicle established for the purpose of holding certain investments for the BT Pension Scheme (the **Scheme**). The Issuer is the sponsor to the Scheme. Save as discussed in the risk factor titled "An active trading market for the Notes cannot be assured" in the Prospectus, so far as the Issuer is aware, no other person involved in the offer of the Notes has an interest that is material to the offer.

4. YIELD (*Fixed Rate Notes only*)

- Indication of yield: Not Applicable

5. REASONS FOR THE OFFER

As set out in "Use of Proceeds" on page 57 of the Base Prospectus

6. OPERATIONAL INFORMATION

- (i) ISIN: XS1833078196
- (ii) Common Code: 183307819
- (iii) CFI Code: Not Applicable
- (iv) FISN: Not Applicable
- (v) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): Not Applicable
- (vi) Delivery: Delivery against payment
- (vii) Names and addresses of additional Paying Agent(s) (if any): Not Applicable
- (viii) Intended to be held in a manner which would allow Eurosystem eligibility: Yes
- Note that the designation "yes" means that the Notes are intended upon issue to be deposited with Euroclear Bank SA/NV or Clearstream Banking S.A. as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

7. DISTRIBUTION

- (i) Method of distribution: Non-syndicated
- (ii) If syndicated: Not Applicable
- (iii) If non-syndicated, name of Dealer/Purchaser: Britel Scotland II L.P.
- (iv) U.S. Selling Restrictions/TEFRA Rules: Reg. S Compliance Category 2; TEFRA D

APPENDIX

The following Conditions shall apply with respect to the Notes:

19. INDEX LINKED NOTES

Application of the Limited Index Ratio

19.1 Subject to Condition 19.11 (*Redemption at the Option of the Issuer (Issuer Call)*), each payment of interest and principal in respect of the Notes shall be the amount provided in, or determined in accordance with, these Final Terms and these Conditions, multiplied by the Limited Index Ratio applicable to the Calculation Date, in each case and rounded in accordance with Condition 19.3 (*Rounding*).

Rate of Interest

19.2 Each Note bears interest from (and including) the Interest Commencement Date at the Rate of Interest, payable in arrear on 25 June in each year up to (and including) the Maturity Date (each, together with the Maturity Date, an “**Interest Payment Date**”), subject to adjustment in accordance with the Following Business Day Convention with respect only to the day payment is made if a payment is due on a day which is not a Payment Day and will not affect the calculation of the amount of interest. The first such Interest Payment Date falling on 25 June 2019. Such interest will be payable in respect of each Interest Period (which expression shall mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

Rounding

19.3 For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified):

- (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point (with halves being rounded up);
- (b) all figures (other than percentages) will be rounded to seven significant figures (with halves being rounded up); and
- (c) all pounds sterling currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves being rounded up). For these purposes, “unit” means the lowest amount of pounds sterling which is available as legal tender in the United Kingdom.

Calculations

19.4 The amount of interest payable in respect of any Note for each Interest Period shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the Day Count Fraction and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount and adjusted according to the indexation set out in Condition 19.1 (*Application of the Limited Index Ratio*).

Determination and Publication of Interest Amounts and Redemption Amounts

19.5 As soon as practicable after each time the Agent as Calculation Agent may be required to calculate any Redemption Amount or obtain any quote or make any determination or calculation, the Agent will calculate the amount of interest payable (the “**Interest Amounts**”) in respect of each Specified Denomination of Notes or Calculation Amount for the relevant Interest Period (including, for the avoidance of doubt any applicable Limited Index Ratio to be calculated in accordance with Condition 19.1 (*Application of the Limited Index Ratio*)), calculate the Redemption Amount (including, for the avoidance of doubt any applicable Limited Index Ratio to be calculated in accordance with Condition 19.1 (*Application of the Limited Index Ratio*)), obtain such quote or make such determination or calculation, as the case may be, and cause the Interest Amounts for each Interest Period and the relevant Interest Payment Date and the Redemption Amount to be notified to the Paying

Agents and the Trustee, the Issuer, the Noteholders and the London Stock Exchange as soon as possible after its determination but in no event later than the fourth Business Day after such determination. If the Notes become due and payable under Condition 9 (*Events of Default*), the accrued interest payable in respect of the Notes shall nevertheless continue to be calculated as previously provided in accordance with this Condition but no publication of the Interest Amount so calculated need be made unless otherwise required by the Trustee. In making any such determination or calculation of any Interest Amount or Redemption Amount or any other amount to be determined or calculated by the Agent, the Agent may appoint and rely on a determination or calculation by a calculation agent (which shall be an investment bank or other suitable financial services entity of international repute) and any costs in relation thereto shall be met by the Issuer.

Determination or Calculation by Indexation Adviser

- 19.6 If the Agent does not at any time for any reason determine any Interest Amount or Redemption Amount or any other amount to be determined or calculated by it, the Issuer shall appoint an Indexation Adviser to determine such Interest Amount, Redemption Amount or other amount as aforesaid at such rate or in such amount as in the Indexation Adviser's absolute discretion (having regard as it shall think fit to the procedures described above, but subject to any Minimum Indexation Factor or Maximum Indexation Factor specified in this Condition 19) it shall deem fair and reasonable in all the circumstances or, subject as aforesaid, apply the provisions of this Condition 19, and each such determination or calculation shall be deemed to have been made by the Agent. Any Indexation Adviser so appointed shall act as an expert and not as an arbitrator and all fees, costs and expenses of the Indexation Adviser and of the Issuer in connection with such appointment shall be borne by the Issuer.

Certificates to be Final

- 19.7 All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of these Conditions by the Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the other Paying Agents, the Trustee, the Noteholders and the Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Trustee, the Noteholders or the Couponholders shall attach to the Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

Changes in Circumstances Affecting the Index

- 19.8 (a) *Change in base:* If at any time and from time to time the Index is changed by the substitution of a new base for it, then with effect from the calendar month from and including that in which such substitution takes effect:
- (i) the definition of "**Index**" and "**Index Figure**" in Condition 19.13 (*Definitions*) shall be deemed to refer to the new date, month and/or year (as applicable) in substitution for 2015 (or, as the case may be, to such other date or month as may have been substituted for it); and
 - (ii) the definition of Base Index Figure in Condition 19.13 (*Definitions*) shall be amended to mean the product of the then existing Base Index Figure and the Index Figure immediately following such substitution, divided by the Index Figure immediately prior to such substitution.
- (b) *Delay in publication of Index:* If the Index Figure relating to any month (the "**relevant month**") which is required to be taken into account for the purposes of the determination of the Index Figure applicable for any date is not published on or before the fourteenth business day before the date on which any payment of interest or principal of the Notes is due (the "**date for payment**") (otherwise than because the Index has ceased to be published), the Index Figure applicable to the relevant month shall be (1) such substitute index figure (if any) as the Agent (acting on advice of the Indexation Adviser) considers to have been published by the UK Debt Management Office or the Bank of England, as the case may be (or such other body designated by the UK government for such purpose); or (2) if no such determination is made by the Agent (on advice of the Indexation Adviser) on or

before the seventh day before the date for payment, the Index Figure last published (or, if later, the substitute index figure last determined pursuant to Condition 19.8(b)(1)) before such seventh day.

Application of Changes

19.9 Where the provisions of Condition 19.8(b) (*Delay in publication of Index*) apply, the determination by the Agent (acting on the advice of the Indexation Adviser) as to the Index Figure applicable to the month in which the Calculation Date falls shall be conclusive and binding. If, an Index Figure having been applied pursuant to Condition 19.8(b)(2), the Index Figure relating to the relevant month is subsequently published while a Note is still outstanding, then:

- (a) in relation to a payment of principal or interest in respect of such Note other than upon final redemption of such Note, the principal or interest (as the case may be) next payable after the date of such subsequent publication shall be increased or reduced by an amount equal to (respectively) the shortfall or excess of the amount of the relevant payment made on the basis of the Index Figure applicable by virtue of Condition 19.8(b)(2), below or above the amount of the relevant payment that would have been due if the Index Figure subsequently published had been published on or before the fourteenth business day before the date for payment; and
- (b) in relation to a payment of principal or interest upon final redemption, no subsequent adjustment to amounts paid will be made.

Cessation of or Fundamental Changes to the Index

19.10 (a) If (1) the Index ceases to be published or (2) any change is made to the coverage or the basic calculation of the Index which, in the opinion of the Indexation Adviser, constitutes a fundamental change which would, in the opinion of the Indexation Adviser, be detrimental to the interests of the Issuer or the Noteholders, the Indexation Adviser and the Issuer shall agree for the purpose of the Notes one or more adjustments to the Index or a substitute index (with or without adjustments) with the intention that the same should (in the opinion of the Indexation Adviser) leave the Issuer and the Noteholders in no better and no worse a position than they would have been had the Index not ceased to be published or the relevant fundamental change not been made. Any Indexation Adviser so appointed shall act as an expert and not as an arbitrator and all fees, costs and expenses of the Indexation Adviser and of the Issuer in connection with such appointment shall be borne by the Issuer.

(b) If any payment in respect of the Notes is due to be made after the cessation or changes referred to in Condition 19.10(a) but before any such adjustment to, or replacement of, the Index takes effect, the Issuer shall (if the Index Figure applicable (or deemed applicable) to the relevant month is not available in accordance with the provisions of Condition 19.8(a) (*Change in base*) above) make a provisional payment on the basis that the Index Figure applicable to the month in which such payment is due to be made is the Index Figure last published. In that event, or in the event of any payment (also referred to below as a “**provisional payment**”) on the Notes having been made on the basis of an Index applicable under Condition 19.8(b)(1) and the Indexation Adviser subsequently determining that the relevant circumstances fall within this Condition 19.10 (*Cessation of or Fundamental Changes to the Index*), then:

- (i) in relation to a payment of principal or interest in respect of the Notes other than upon final redemption of the Notes, if the sum which would have been payable if such adjustment of substitute index had been in effect on the due date for such payment is greater or less than the amount of such provisional payment, the Interest Amount payable on the Notes on the Interest Payment Date next succeeding the date on which such adjustment or substitute index becomes effective shall be increased or reduced to reflect the amount by which such provisional payment fell short of, or (as the case may be) exceeded, the amount which would have been paid on the Notes if such adjustment or substituted index had been in effect on that date; or

- (ii) in relation to a payment of principal or interest upon final redemption, no subsequent adjustment to amounts paid will be made.
- (c) The Index shall be adjusted or replaced by a substitute index as determined by the Indexation Adviser pursuant to the foregoing paragraphs, as the case may be, and references in these Conditions to the Index and to any Index Figure shall be deemed amended accordingly to give effect to such adjustment or replacement. Such amendments shall be effective from the date of the notification referred to in Condition 19.10(a) above and binding upon the Issuer, the Trustee and the Noteholders, and the Issuer shall give notice to the Noteholders in accordance with Condition 13 (*Notices*) of such amendments as promptly as practicable following such agreement.

Redemption at the Option of the Issuer (Issuer Call)

19.11 For the purposes of the redemption of the Notes pursuant to Condition 6.3 (*Redemption at the Option of the Issuer (Issuer Call)*), the Optional Redemption Amount shall be the higher of (i) the principal amount outstanding of the Notes to be redeemed (multiplied by the Limited Index Ratio); or (ii) an amount equal to (subject as provided in the following paragraph) the sum of:

- (a) an amount calculated by discounting the remaining principal and interest payments (disregarding future indexation) at a rate equal to the sum of (i) the real yield on the CPI Redemption Reference Gilt on the Reference Date and (ii) 0.25 per cent.; and
- (b) the market value (which may be positive or negative and, if negative, the absolute value of the relevant amount shall, for the avoidance of doubt, be deducted from the amount calculated under paragraph (a) above) to a market counterparty on the Reference Date (based on three third party quotes) of a notional swap under which the market counterparty receives the remaining cashflows of the Notes discounted based on appropriate mid-market swap rates and the market counterparty pays the remaining cashflows of a notional bond discounted based on appropriate mid-market swap rates where (i) the notional bond cashflows are indexed in line with UK CPI (and not, for the avoidance of doubt, UK RPI); and (ii) the notional bond cashflows are not subject to any cap or floor and (iii) the terms of the notional bond are in all other respects the same as those of the Notes,

plus in the case of (i) and (ii), accrued but unpaid interest (as adjusted in accordance with Condition 19.1 (*Application of the Limited Index Ratio*)) on the principal amount outstanding of the Notes.

Provided however, in the event that on the Reference Date (a) there is no CPI Redemption Reference Gilt or (b) it is not reasonably practicable to obtain three third party quotes, then the Optional Redemption Amount shall be the higher of (i) the principal amount outstanding of the Notes to be redeemed (multiplied by the Limited Index Ratio); or (ii) an amount equal to (subject as provided in the following paragraph) the sum of:

- (a) an amount calculated by discounting the remaining principal and interest payments (disregarding future indexation) at a rate equal to the sum of (i) the real yield on the RPI Redemption Reference Gilt on the Reference Date and (ii) 0.25 per cent.; and
- (b) the market value (which may be positive or negative and, if negative, the absolute value of the relevant amount shall, for the avoidance of doubt, be deducted from the amount calculated under paragraph (a) above) to a market counterparty on the Reference Date (based on three third party quotes) of a notional swap under which the market counterparty receives the remaining cashflows of the Notes discounted based on appropriate mid-market swap rates and the market counterparty pays the remaining cashflows of a notional bond discounted based on appropriate mid-market swap rates where (i) the notional bond cashflows are indexed in line with UK RPI (and not, for the avoidance of doubt, UK CPI); and (ii) the notional bond cashflows are not subject to any cap or floor and (iii) the terms of the notional bond are in all other respects the same as those of the Notes,

plus in the case of (i) and (ii), accrued but unpaid interest (as adjusted in accordance with Condition 19.1 (*Application of the Limited Index Ratio*)) on the principal amount outstanding of the Notes.

Provided further, in the event that on the Reference Date it is not reasonably practicable to obtain three third party quotes, then the Optional Redemption Amount shall be the higher of (i) the principal amount outstanding of the Notes to be redeemed (multiplied by the Limited Index Ratio); or (ii) an amount calculated by discounting the remaining principal and interest payments (disregarding future indexation) at a rate equal to the sum of (i) the real yield on the RPI Redemption Reference Gilt on the Reference Date and (ii) 0.50 per cent., plus in the case of (i) and (ii), accrued but unpaid interest (as adjusted in accordance with Condition 19.1 (*Application of the Limited Index Ratio*)) on the principal amount outstanding of the Notes.

For the purposes of this provision, “**CPI Redemption Reference Gilt**” means the UK CPI-indexed link UK government stock the maturity of which is, as at the Reference Date, closest to (and within a maximum of three years of) the remaining maturity of the Notes; “**RPI Redemption Reference Gilt**” means the UK RPI-indexed link UK government stock the maturity of which is, as at the Reference Date, closest to the remaining maturity of the Notes and “**Reference Date**” will be set out in the relevant notice of redemption.

If the Issuer determines that it is not reasonably practicable to determine the Optional Redemption Amount in accordance with this Condition 19.11, the Optional Redemption Amount shall be determined by an Indexation Adviser.

Redemption for Index Events

19.12 Upon the occurrence of any Index Event, the Issuer may, upon giving not less than 15 nor more than 30 days’ notice to the Noteholders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the Notes on any date at the principal amount outstanding of the Notes to be redeemed plus accrued but unpaid interest (adjusted in accordance with Condition 19.1 (*Application of the Limited Index Ratio*)). The Notes may not be redeemed in these circumstances unless all the other Tranches of Notes linked to the same underlying Index are also redeemed at the same time. Before giving any such notice, the Issuer shall provide to the Trustee a certificate signed by two Directors stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem, have occurred.

“**Index Event**” means the event which occurs if any of the following occur (i) the relevant Index Figure for three consecutive months falls to be determined on the basis of an Index Figure previously published as provided in Condition 19.8(b) (*Delay in publication of Index*), or (ii) the Trustee has been notified by the Issuer (or the Agent) that publication of the relevant Index has ceased, and (in each case) no adjustment or substitution of the Index has been determined by the Indexation Adviser pursuant to Condition 19.10 (*Cessation of or Fundamental Changes to the Index*) and such circumstances are continuing.

Other Definitions

19.13 For the purposes of these provisions with respect to the Notes:

“**Base Index Figure**” means (subject to Condition 19.8(a) (*Change in base*)) 105.32;

“**Calculation Date**” means (1) any date when a payment of interest or, as the case may be, principal falls due and (2) the Issue Date;

“**Day Count Fraction**” means Actual/Actual (ICMA) as defined in Condition 4.1(a) and where Determination Date(s) means 25 June in each year;

“**Following Business Day Convention**” means that if the Interest Payment Date would otherwise fall on a day which is not a Payment Day (as defined in Condition 5.5 (*Payment Day*)), the related payment of principal or interest will be made on the next succeeding Payment Day as if made on the date such payment was due;

“**Index**” or “**Index Figure**” means, in relation to any month (subject as provided in Condition 19.8(b) (*Delay in publication of Index*) and Condition 19.8(a) (*Change in base*)), the UK Consumer Price Index (“**UK CPI**”) (for all items) published in that month by the Office of National Statistics (2015 = 100) and appearing on its website (<http://www.ons.gov.uk/>) or any comparable index which may replace the UK Consumer Price Index. Any reference to

the “**Index Figure applicable**” to a particular Calculation Date shall, subject as provided in Condition 19.8 (*Changes in Circumstances Affecting the Index*) and 19.10 (*Cessation of or Fundamental Changes to the Index*), be calculated in accordance with the following formula:

$$\text{IFA} = \text{CPI}_{m-3} + \frac{(\text{Day of Calculation Date} - 1)}{(\text{Days in month of Calculation Date})} (\text{CPI}_{m-2} - \text{CPI}_{m-3})$$

and rounded to five decimal places (0.000005 being rounded upwards) and where:

“**IFA**” means the Index Figure applicable to such Calculation Date, provided that the Index Figure applicable to the Issue Date shall be the Base Index Figure;

“**CPI(m-3)**” means the Index Figure for the month that is three months prior to the month in which the Calculation Date falls; and

“**CPI(m-2)**” means the Index Figure for the month that is two months prior to the month in which the Calculation Date falls;

“**Indexation Adviser**” means a gilt edged market maker or other adviser selected by the Issuer;

“**Limited Index Ratio**” means (a) in respect of the Issue Date, 1; (b) in respect of any Calculation Date falling after the Issue Date that is a scheduled Interest Payment Date, the product of the Limited Indexation Factor for such Calculation Date and the Limited Index Ratio as calculated in respect of the scheduled Interest Payment Date in the month 12 months prior thereto or, in respect of the first Interest Payment Date, the Issue Date; and (c) in respect of any other Calculation Date, the product of the Limited Indexation Factor for such Calculation Date and the Limited Index Ratio as previously calculated in respect of the most recent preceding scheduled Interest Payment Date;

“**Limited Indexation Factor**” means (a) in respect of any Calculation Date falling 12 months or more after the Issue Date that is a scheduled Interest Payment Date, the ratio (expressed as a percentage) of the Index Figure applicable to such Calculation Date divided by the Index Figure applicable to the Calculation Date in respect of the scheduled Interest Payment Date in the month falling 12 months prior thereto or, in respect of the first Interest Payment Date, the Issue Date; (b) in respect of any Calculation Date 12 months or more after the Issue Date that is not a scheduled Interest Payment Date, the ratio of the Index Figure applicable to such Calculation Date divided by the Index Figure applicable to the most recent preceding scheduled Interest Payment Date; and (c) in respect of any Calculation Date falling less than 12 months after the Issue Date, the ratio of the Index Figure applicable to such Calculation Date divided by the Base Index Figure, provided in each case that (i) if such ratio is greater than the Maximum Indexation Factor, it shall be deemed to be equal to such Maximum Indexation Factor and (ii) if such ratio is less than the Minimum Indexation Factor, it shall be deemed to be equal to such Minimum Indexation Factor;

“**Maximum Indexation Factor**” means 105 per cent.;

“**Minimum Indexation Factor**” means 100 per cent.;

“**Rate of Interest**” applicable to any amount payable in respect of interest shall be 1.739 per cent. per annum;

“**Redemption Amount**” means subject to the provisions of this Condition 19, any of the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount; and

“**UK RPI**” means the UK Retail Price Index (for all items) published in that month by the Office of National Statistics (January 1987 = 100) and appearing on its website (<http://www.ons.gov.uk/>) or any comparable index which may replace the UK Retail Price Index.

Information about the UK CPI and the UK RPI can be found at <http://www.ons.gov.uk>.

FINAL TERMS 2042 CPI LINKED NOTES

PRIIPs Regulation / PROHIBITION OF SALES TO EEA RETAIL INVESTORS – The Notes are not intended to be offered, sold or otherwise made available to and should not be offered, sold or otherwise made available to any retail investor in the European Economic Area (**EEA**). For these purposes, a retail investor means a person who is one (or more) of: (i) a retail client as defined in point (11) of Article 4(1) of Directive 2014/65/EU (as amended, **MiFID II**); or (ii) a customer within the meaning of Directive 2002/92/EC (as amended), where that customer would not qualify as a professional client as defined in point (10) of Article 4(1) of MiFID II. Consequently no key information document required by Regulation (EU) No 1286/2014 (as amended, the **PRIIPs Regulation**) for offering or selling the Notes or otherwise making them available to retail investors in the EEA has been prepared and therefore offering or selling the Notes or otherwise making them available to any retail investor in the EEA may be unlawful under the PRIIPs Regulation.

Final Terms dated 21 June 2018

British Telecommunications public limited company
Legal Entity Identifier (LEI): 549300OWFMSO9NYV4H90
Issue of GBP 340,000,000 1.774 per cent. CPI Linked Notes due 25 June 2042
under the €20,000,000,000
Euro Medium Term Note Programme

PART A – CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Terms and Conditions set forth in the Prospectus dated 15 June 2018 relating to the Issuer's Euro Medium Term Note Programme (the **Base Prospectus**) and incorporated by reference in the drawdown prospectus dated 21 June 2018, which constitutes a prospectus (the **Prospectus**) for the purposes of Directive 2003/71/EC (as amended, including by Directive 2010/73/EU) and any relevant implementing measure in the relevant Member State of the European Economic Area (the **Prospectus Directive**). This document constitutes the Final Terms of the Notes described herein for the purposes of Article 5.4 of the Prospectus Directive and must be read in conjunction with the Prospectus. Full information on the Issuer and the offer of the Notes is only available on the basis of the combination of these Final Terms and the Prospectus. The Prospectus is available for viewing at the specified office of the Paying Agent for the time being in London and) on the website of the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

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| 1. | Issuer: | British Telecommunications public limited company |
| 2. | (a) Series Number: | 20186 |
| | (b) Tranche Number: | 1 |
| | (c) Date on which the Notes will be consolidated and form a single Series: | Not Applicable |
| 3. | Specified Currency: | Pounds Sterling (GBP) |
| 4. | Aggregate Nominal Amount: | |
| | (a) Series: | GBP 340,000,000 |
| | (b) Tranche: | GBP 340,000,000 |
| 5. | Issue Price: | 100.00 per cent. of the Aggregate Nominal Amount |
| 6. | (a) Specified Denominations: | GBP 100,000 and integral multiples of GBP 1,000 in excess thereof up to and including GBP 199,000. Definitive Notes will not be issued in denominations in excess of GBP 199,000 |
| | (b) Calculation Amount: | GBP 1,000 |
| 7. | (a) Issue Date: | 25 June 2018 |

	(b) Interest Commencement Date:	Issue Date
8.	Maturity Date:	25 June 2042
9.	Interest Basis:	See Appendix – Condition 19
10.	Redemption/Payment Basis:	See Appendix – Condition 19
11.	Change of Interest Basis or Redemption/Payment Basis:	Not Applicable
12.	Put/Call Options:	See paragraphs 18, 19, 20 and 21 below and the Appendix
13.	Date Board approval for issuance of Notes obtained:	26 April 1994, 23 October 2001 and 14 June 2018
14.	Negative Pledge (Condition 3):	Applicable

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE – See Appendix – Condition 19

15.	Fixed Rate Note Provisions	Not Applicable
16.	Floating Rate Note Provisions	Not Applicable
17.	Zero Coupon Note Provisions	Not Applicable

PROVISIONS RELATING TO REDEMPTION – See Appendix – Condition 19

18.	Issuer Call:	Applicable – See Appendix – Condition 19
	(a) Optional Redemption Date(s):	Any day prior to the Maturity Date
	(b) Optional Redemption Amount of each Note and method, if any, of calculation of such amount(s):	See Appendix – Condition 19, subject to Condition 19.11, GBP 1,000 per Calculation Amount
	(c) Reference Bond:	See Appendix – Condition 19.11
	(d) Quotation Time:	11.00 a.m. London time
	(e) Redemption Margin:	See Appendix – Condition 19.11
	(f) If redeemable in part:	Not Applicable
	(g) Notice periods (if other than as set out in the Conditions):	Minimum period: 15 days Maximum period: 30 days
19.	Issuer Maturity Par Call:	Applicable – See Appendix – Condition 19, subject to Condition 19.1 and, in respect of the Final Redemption Amount, calculated as at the Maturity Date - GBP 1,000 per Calculation Amount
	(a) Notice periods (if other than as set out in the Conditions):	Minimum period: 15 days Maximum period: 30 days
	(b) Period in which Notes may be redeemed to commence (if different from that set out in Condition 6.4):	30 days prior to the Maturity Date to (but excluding) the Maturity Date
20.	General Investor Put:	Not Applicable
21.	Change of Control Investor Put:	Applicable – See Appendix – Condition 19
	(a) Optional Redemption Amount:	See Appendix – Condition 19, subject to Condition 19.1, GBP 1,000 per Calculation Amount
	(b) Put Period (if other than as set out in the Conditions):	Minimum period: 30 days Maximum period: 45 days

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| 22. | Final Redemption Amount: | See Appendix – Condition 19, subject to Condition 19.1, GBP 1,000 per Calculation Amount |
| 23. | Early Redemption Amount payable on redemption for taxation reasons or on event of default and/or the method of calculating the same (if required or if different from that set out in Condition 6.6): | See Appendix – Condition 19, subject to Condition 19.1, GBP 1,000 per Calculation Amount |

GENERAL PROVISIONS APPLICABLE TO THE NOTES

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| 24. | Form of Notes: | Temporary Global Note exchangeable for a Permanent Global Note which is exchangeable for Definitive Notes only upon an Exchange Event |
| 25. | New Global Note: | Yes |
| 26. | Additional Financial Centre(s) or other special provisions relating to Payment Days: | Not Applicable |
| 27. | Talons for future Coupons to be attached to Definitive Notes: | No |
| 28. | Relevant Benchmark: | Not Applicable |

Signed on behalf of the Issuer:

By:

Duly authorised

PART B – OTHER INFORMATION

1. ADMISSION TO TRADING

- (i) Admission to trading: Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the London Stock Exchange's regulated market and admitted to the Official List of the UK Listing Authority with effect from the Issue Date.
- (ii) Estimate of total expenses related to admission to trading: GBP 4,500

2. RATINGS

- Ratings: The Notes to be issued are expected to be rated:
- S&P Global Ratings, acting through Standard & Poor's Credit Market Services Europe Limited (**Standard and Poor's**): BBB
- Moody's Investors Service España, S.A. (**Moody's**): Baa2
- Fitch Ratings Limited (**Fitch**): BBB

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

Britel Scotland II L.P. is an investment holding vehicle established for the purpose of holding certain investments for the BT Pension Scheme (the **Scheme**). The Issuer is the sponsor to the Scheme. Save as discussed in the risk factor titled "An active trading market for the Notes cannot be assured" in the Prospectus, so far as the Issuer is aware, no other person involved in the offer of the Notes has an interest that is material to the offer.

4. YIELD (*Fixed Rate Notes only*)

- Indication of yield: Not Applicable

5. REASONS FOR THE OFFER

As set out in "Use of Proceeds" on page 57 of the Base Prospectus

6. OPERATIONAL INFORMATION

- (i) ISIN: XS1833078600
- (ii) Common Code: 183307860
- (iii) CFI Code: Not Applicable
- (iv) FISN: Not Applicable
- (v) Any clearing system(s) other than Euroclear Bank SA/NV and Clearstream Banking S.A. and the relevant identification number(s): Not Applicable
- (vi) Delivery: Delivery against payment
- (vii) Names and addresses of additional Paying Agent(s) (if any): Not Applicable
- (viii) Intended to be held in a manner which would allow Eurosystem eligibility: Yes
- Note that the designation "yes" means that the Notes are intended upon issue to be deposited with Euroclear Bank SA/NV or Clearstream Banking S.A. as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.

7. DISTRIBUTION

- (i) Method of distribution: Non-syndicated
- (ii) If syndicated: Not Applicable
- (iii) If non-syndicated, name of Dealer/Purchaser: Britel Scotland II L.P.
- (iv) U.S. Selling Restrictions/TEFRA Rules: Reg. S Compliance Category 2; TEFRA D

APPENDIX

The following Conditions shall apply with respect to the Notes:

19. INDEX LINKED NOTES

Application of the Limited Index Ratio

19.1 Subject to Condition 19.11 (*Redemption at the Option of the Issuer (Issuer Call)*), each payment of interest and principal in respect of the Notes shall be the amount provided in, or determined in accordance with, these Final Terms and these Conditions, multiplied by the Limited Index Ratio applicable to the Calculation Date, in each case and rounded in accordance with Condition 19.3 (*Rounding*).

Rate of Interest

19.2 Each Note bears interest from (and including) the Interest Commencement Date at the Rate of Interest, payable in arrear on 25 June in each year up to (and including) the Maturity Date (each, together with the Maturity Date, an “**Interest Payment Date**”), subject to adjustment in accordance with the Following Business Day Convention with respect only to the day payment is made if a payment is due on a day which is not a Payment Day and will not affect the calculation of the amount of interest. The first such Interest Payment Date falling on 25 June 2019. Such interest will be payable in respect of each Interest Period (which expression shall mean the period from (and including) an Interest Payment Date (or the Interest Commencement Date) to (but excluding) the next (or first) Interest Payment Date).

Rounding

19.3 For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified):

- (a) all percentages resulting from such calculations will be rounded, if necessary, to the nearest one hundred thousandth of a percentage point (with halves being rounded up);
- (b) all figures (other than percentages) will be rounded to seven significant figures (with halves being rounded up); and
- (c) all pounds sterling currency amounts which fall due and payable will be rounded to the nearest unit of such currency (with halves being rounded up). For these purposes, “unit” means the lowest amount of pounds sterling which is available as legal tender in the United Kingdom.

Calculations

19.4 The amount of interest payable in respect of any Note for each Interest Period shall be calculated by applying the Rate of Interest to the Calculation Amount, multiplying the product by the Day Count Fraction and multiplying such rounded figure by a fraction equal to the Specified Denomination of such Note divided by the Calculation Amount and adjusted according to the indexation set out in Condition 19.1 (*Application of the Limited Index Ratio*).

Determination and Publication of Interest Amounts and Redemption Amounts

19.5 As soon as practicable after each time the Agent as Calculation Agent may be required to calculate any Redemption Amount or obtain any quote or make any determination or calculation, the Agent will calculate the amount of interest payable (the “**Interest Amounts**”) in respect of each Specified Denomination of Notes or Calculation Amount for the relevant Interest Period (including, for the avoidance of doubt any applicable Limited Index Ratio to be calculated in accordance with Condition 19.1 (*Application of the Limited Index Ratio*)), calculate the Redemption Amount (including, for the avoidance of doubt any applicable Limited Index Ratio to be calculated in accordance with Condition 19.1 (*Application of the Limited Index Ratio*)), obtain such quote or make such determination or calculation, as the case may be, and cause the Interest Amounts for each Interest Period and the relevant Interest Payment Date and the Redemption Amount to be notified to the Paying

Agents and the Trustee, the Issuer, the Noteholders and the London Stock Exchange as soon as possible after its determination but in no event later than the fourth Business Day after such determination. If the Notes become due and payable under Condition 9 (*Events of Default*), the accrued interest payable in respect of the Notes shall nevertheless continue to be calculated as previously provided in accordance with this Condition but no publication of the Interest Amount so calculated need be made unless otherwise required by the Trustee. In making any such determination or calculation of any Interest Amount or Redemption Amount or any other amount to be determined or calculated by the Agent, the Agent may appoint and rely on a determination or calculation by a calculation agent (which shall be an investment bank or other suitable financial services entity of international repute) and any costs in relation thereto shall be met by the Issuer.

Determination or Calculation by Indexation Adviser

- 19.6 If the Agent does not at any time for any reason determine any Interest Amount or Redemption Amount or any other amount to be determined or calculated by it, the Issuer shall appoint an Indexation Adviser to determine such Interest Amount, Redemption Amount or other amount as aforesaid at such rate or in such amount as in the Indexation Adviser's absolute discretion (having regard as it shall think fit to the procedures described above, but subject to any Minimum Indexation Factor or Maximum Indexation Factor specified in this Condition 19) it shall deem fair and reasonable in all the circumstances or, subject as aforesaid, apply the provisions of this Condition 19, and each such determination or calculation shall be deemed to have been made by the Agent. Any Indexation Adviser so appointed shall act as an expert and not as an arbitrator and all fees, costs and expenses of the Indexation Adviser and of the Issuer in connection with such appointment shall be borne by the Issuer.

Certificates to be Final

- 19.7 All certificates, communications, opinions, determinations, calculations, quotations and decisions given, expressed, made or obtained for the purposes of the provisions of these Conditions by the Agent shall (in the absence of wilful default, bad faith or manifest error) be binding on the Issuer, the Agent, the other Paying Agents, the Trustee, the Noteholders and the Couponholders and (in the absence as aforesaid) no liability to the Issuer, the Trustee, the Noteholders or the Couponholders shall attach to the Agent in connection with the exercise or non-exercise by it of its powers, duties and discretions pursuant to such provisions.

Changes in Circumstances Affecting the Index

- 19.8 (a) *Change in base:* If at any time and from time to time the Index is changed by the substitution of a new base for it, then with effect from the calendar month from and including that in which such substitution takes effect:
- (i) the definition of “**Index**” and “**Index Figure**” in Condition 19.13 (*Definitions*) shall be deemed to refer to the new date, month and/or year (as applicable) in substitution for 2015 (or, as the case may be, to such other date or month as may have been substituted for it); and
 - (ii) the definition of Base Index Figure in Condition 19.13 (*Definitions*) shall be amended to mean the product of the then existing Base Index Figure and the Index Figure immediately following such substitution, divided by the Index Figure immediately prior to such substitution.
- (b) *Delay in publication of Index:* If the Index Figure relating to any month (the “**relevant month**”) which is required to be taken into account for the purposes of the determination of the Index Figure applicable for any date is not published on or before the fourteenth business day before the date on which any payment of interest or principal of the Notes is due (the “**date for payment**”) (otherwise than because the Index has ceased to be published), the Index Figure applicable to the relevant month shall be (1) such substitute index figure (if any) as the Agent (acting on advice of the Indexation Adviser) considers to have been published by the UK Debt Management Office or the Bank of England, as the case may be (or such other body designated by the UK government for such purpose); or (2) if no such determination is made by the Agent (on advice of the Indexation Adviser) on or

before the seventh day before the date for payment, the Index Figure last published (or, if later, the substitute index figure last determined pursuant to Condition 19.8(b)(1)) before such seventh day.

Application of Changes

19.9 Where the provisions of Condition 19.8(b) (*Delay in publication of Index*) apply, the determination by the Agent (acting on the advice of the Indexation Adviser) as to the Index Figure applicable to the month in which the Calculation Date falls shall be conclusive and binding. If, an Index Figure having been applied pursuant to Condition 19.8(b)(2), the Index Figure relating to the relevant month is subsequently published while a Note is still outstanding, then:

- (a) in relation to a payment of principal or interest in respect of such Note other than upon final redemption of such Note, the principal or interest (as the case may be) next payable after the date of such subsequent publication shall be increased or reduced by an amount equal to (respectively) the shortfall or excess of the amount of the relevant payment made on the basis of the Index Figure applicable by virtue of Condition 19.8(b)(2), below or above the amount of the relevant payment that would have been due if the Index Figure subsequently published had been published on or before the fourteenth business day before the date for payment; and
- (b) in relation to a payment of principal or interest upon final redemption, no subsequent adjustment to amounts paid will be made.

Cessation of or Fundamental Changes to the Index

19.10 (a) If (1) the Index ceases to be published or (2) any change is made to the coverage or the basic calculation of the Index which, in the opinion of the Indexation Adviser, constitutes a fundamental change which would, in the opinion of the Indexation Adviser, be detrimental to the interests of the Issuer or the Noteholders, the Indexation Adviser and the Issuer shall agree for the purpose of the Notes one or more adjustments to the Index or a substitute index (with or without adjustments) with the intention that the same should (in the opinion of the Indexation Adviser) leave the Issuer and the Noteholders in no better and no worse a position than they would have been had the Index not ceased to be published or the relevant fundamental change not been made. Any Indexation Adviser so appointed shall act as an expert and not as an arbitrator and all fees, costs and expenses of the Indexation Adviser and of the Issuer in connection with such appointment shall be borne by the Issuer.

(b) If any payment in respect of the Notes is due to be made after the cessation or changes referred to in Condition 19.10(a) but before any such adjustment to, or replacement of, the Index takes effect, the Issuer shall (if the Index Figure applicable (or deemed applicable) to the relevant month is not available in accordance with the provisions of Condition 19.8(a) (*Change in base*) above) make a provisional payment on the basis that the Index Figure applicable to the month in which such payment is due to be made is the Index Figure last published. In that event, or in the event of any payment (also referred to below as a “**provisional payment**”) on the Notes having been made on the basis of an Index applicable under Condition 19.8(b)(1) and the Indexation Adviser subsequently determining that the relevant circumstances fall within this Condition 19.10 (*Cessation of or Fundamental Changes to the Index*), then:

- (i) in relation to a payment of principal or interest in respect of the Notes other than upon final redemption of the Notes, if the sum which would have been payable if such adjustment of substitute index had been in effect on the due date for such payment is greater or less than the amount of such provisional payment, the Interest Amount payable on the Notes on the Interest Payment Date next succeeding the date on which such adjustment or substitute index becomes effective shall be increased or reduced to reflect the amount by which such provisional payment fell short of, or (as the case may be) exceeded, the amount which would have been paid on the Notes if such adjustment or substituted index had been in effect on that date; or

- (ii) in relation to a payment of principal or interest upon final redemption, no subsequent adjustment to amounts paid will be made.
- (c) The Index shall be adjusted or replaced by a substitute index as determined by the Indexation Adviser pursuant to the foregoing paragraphs, as the case may be, and references in these Conditions to the Index and to any Index Figure shall be deemed amended accordingly to give effect to such adjustment or replacement. Such amendments shall be effective from the date of the notification referred to in Condition 19.10(a) above and binding upon the Issuer, the Trustee and the Noteholders, and the Issuer shall give notice to the Noteholders in accordance with Condition 13 (*Notices*) of such amendments as promptly as practicable following such agreement.

Redemption at the Option of the Issuer (Issuer Call)

19.11 For the purposes of the redemption of the Notes pursuant to Condition 6.3 (*Redemption at the Option of the Issuer (Issuer Call)*), the Optional Redemption Amount shall be the higher of (i) the principal amount outstanding of the Notes to be redeemed (multiplied by the Limited Index Ratio); or (ii) an amount equal to (subject as provided in the following paragraph) the sum of:

- (a) an amount calculated by discounting the remaining principal and interest payments (disregarding future indexation) at a rate equal to the sum of (i) the real yield on the CPI Redemption Reference Gilt on the Reference Date and (ii) 0.25 per cent.; and
- (b) the market value (which may be positive or negative and, if negative, the absolute value of the relevant amount shall, for the avoidance of doubt, be deducted from the amount calculated under paragraph (a) above) to a market counterparty on the Reference Date (based on three third party quotes) of a notional swap under which the market counterparty receives the remaining cashflows of the Notes discounted based on appropriate mid-market swap rates and the market counterparty pays the remaining cashflows of a notional bond discounted based on appropriate mid-market swap rates where (i) the notional bond cashflows are indexed in line with UK CPI (and not, for the avoidance of doubt, UK RPI); and (ii) the notional bond cashflows are not subject to any cap or floor and (iii) the terms of the notional bond are in all other respects the same as those of the Notes,

plus in the case of (i) and (ii), accrued but unpaid interest (as adjusted in accordance with Condition 19.1 (*Application of the Limited Index Ratio*)) on the principal amount outstanding of the Notes.

Provided however, in the event that on the Reference Date (a) there is no CPI Redemption Reference Gilt or (b) it is not reasonably practicable to obtain three third party quotes, then the Optional Redemption Amount shall be the higher of (i) the principal amount outstanding of the Notes to be redeemed (multiplied by the Limited Index Ratio); or (ii) an amount equal to (subject as provided in the following paragraph) the sum of:

- (a) an amount calculated by discounting the remaining principal and interest payments (disregarding future indexation) at a rate equal to the sum of (i) the real yield on the RPI Redemption Reference Gilt on the Reference Date and (ii) 0.25 per cent.; and
- (b) the market value (which may be positive or negative and, if negative, the absolute value of the relevant amount shall, for the avoidance of doubt, be deducted from the amount calculated under paragraph (a) above) to a market counterparty on the Reference Date (based on three third party quotes) of a notional swap under which the market counterparty receives the remaining cashflows of the Notes discounted based on appropriate mid-market swap rates and the market counterparty pays the remaining cashflows of a notional bond discounted based on appropriate mid-market swap rates where (i) the notional bond cashflows are indexed in line with UK RPI (and not, for the avoidance of doubt, UK CPI); and (ii) the notional bond cashflows are not subject to any cap or floor and (iii) the terms of the notional bond are in all other respects the same as those of the Notes,

plus in the case of (i) and (ii), accrued but unpaid interest (as adjusted in accordance with Condition 19.1 (*Application of the Limited Index Ratio*)) on the principal amount outstanding of the Notes.

Provided further, in the event that on the Reference Date it is not reasonably practicable to obtain three third party quotes, then the Optional Redemption Amount shall be the higher of (i) the principal amount outstanding of the Notes to be redeemed (multiplied by the Limited Index Ratio); or (ii) an amount calculated by discounting the remaining principal and interest payments (disregarding future indexation) at a rate equal to the sum of (i) the real yield on the RPI Redemption Reference Gilt on the Reference Date and (ii) 0.50 per cent., plus in the case of (i) and (ii), accrued but unpaid interest (as adjusted in accordance with Condition 19.1 (*Application of the Limited Index Ratio*)) on the principal amount outstanding of the Notes.

For the purposes of this provision, “**CPI Redemption Reference Gilt**” means the UK CPI-indexed link UK government stock the maturity of which is, as at the Reference Date, closest to (and within a maximum of three years of) the remaining maturity of the Notes; “**RPI Redemption Reference Gilt**” means the UK RPI-indexed link UK government stock the maturity of which is, as at the Reference Date, closest to the remaining maturity of the Notes and “**Reference Date**” will be set out in the relevant notice of redemption.

If the Issuer determines that it is not reasonably practicable to determine the Optional Redemption Amount in accordance with this Condition 19.11, the Optional Redemption Amount shall be determined by an Indexation Adviser.

Redemption for Index Events

19.12 Upon the occurrence of any Index Event, the Issuer may, upon giving not less than 15 nor more than 30 days’ notice to the Noteholders in accordance with Condition 13 (*Notices*) (which notice shall be irrevocable and shall specify the date fixed for redemption), redeem all (but not some only) of the Notes on any date at the principal amount outstanding of the Notes to be redeemed plus accrued but unpaid interest (adjusted in accordance with Condition 19.1 (*Application of the Limited Index Ratio*)). The Notes may not be redeemed in these circumstances unless all the other Tranches of Notes linked to the same underlying Index are also redeemed at the same time. Before giving any such notice, the Issuer shall provide to the Trustee a certificate signed by two Directors stating that the Issuer is entitled to effect such redemption and setting forth a statement of facts showing that the conditions precedent to the right of the Issuer so to redeem, have occurred.

“**Index Event**” means the event which occurs if any of the following occur (i) the relevant Index Figure for three consecutive months falls to be determined on the basis of an Index Figure previously published as provided in Condition 19.8(b) (*Delay in publication of Index*), or (ii) the Trustee has been notified by the Issuer (or the Agent) that publication of the relevant Index has ceased, and (in each case) no adjustment or substitution of the Index has been determined by the Indexation Adviser pursuant to Condition 19.10 (*Cessation of or Fundamental Changes to the Index*) and such circumstances are continuing.

Other Definitions

19.13 For the purposes of these provisions with respect to the Notes:

“**Base Index Figure**” means (subject to Condition 19.8(a) (*Change in base*)) 105.32;

“**Calculation Date**” means (1) any date when a payment of interest or, as the case may be, principal falls due and (2) the Issue Date;

“**Day Count Fraction**” means Actual/Actual (ICMA) as defined in Condition 4.1(a) and where Determination Date(s) means 25 June in each year;

“**Following Business Day Convention**” means that if the Interest Payment Date would otherwise fall on a day which is not a Payment Day (as defined in Condition 5.5 (*Payment Day*)), the related payment of principal or interest will be made on the next succeeding Payment Day as if made on the date such payment was due;

“**Index**” or “**Index Figure**” means, in relation to any month (subject as provided in Condition 19.8(b) (*Delay in publication of Index*) and Condition 19.8(a) (*Change in base*)), the UK Consumer Price Index (“**UK CPI**”) (for all items) published in that month by the Office of National Statistics (2015 = 100) and appearing on its website (<http://www.ons.gov.uk/>) or any comparable index which may replace the UK Consumer Price Index. Any reference to

the “**Index Figure applicable**” to a particular Calculation Date shall, subject as provided in Condition 19.8 (*Changes in Circumstances Affecting the Index*) and 19.10 (*Cessation of or Fundamental Changes to the Index*), be calculated in accordance with the following formula:

$$\text{IFA} = \text{CPI}_{m-3} + \frac{(\text{Day of Calculation Date} - 1)}{(\text{Days in month of Calculation Date})} (\text{CPI}_{m-2} - \text{CPI}_{m-3})$$

and rounded to five decimal places (0.000005 being rounded upwards) and where:

“**IFA**” means the Index Figure applicable to such Calculation Date, provided that the Index Figure applicable to the Issue Date shall be the Base Index Figure;

“**CPI(m-3)**” means the Index Figure for the month that is three months prior to the month in which the Calculation Date falls; and

“**CPI(m-2)**” means the Index Figure for the month that is two months prior to the month in which the Calculation Date falls;

“**Indexation Adviser**” means a gilt edged market maker or other adviser selected by the Issuer;

“**Limited Index Ratio**” means (a) in respect of the Issue Date, 1; (b) in respect of any Calculation Date falling after the Issue Date that is a scheduled Interest Payment Date, the product of the Limited Indexation Factor for such Calculation Date and the Limited Index Ratio as calculated in respect of the scheduled Interest Payment Date in the month 12 months prior thereto or, in respect of the first Interest Payment Date, the Issue Date; and (c) in respect of any other Calculation Date, the product of the Limited Indexation Factor for such Calculation Date and the Limited Index Ratio as previously calculated in respect of the most recent preceding scheduled Interest Payment Date;

“**Limited Indexation Factor**” means (a) in respect of any Calculation Date falling 12 months or more after the Issue Date that is a scheduled Interest Payment Date, the ratio (expressed as a percentage) of the Index Figure applicable to such Calculation Date divided by the Index Figure applicable to the Calculation Date in respect of the scheduled Interest Payment Date in the month falling 12 months prior thereto or, in respect of the first Interest Payment Date, the Issue Date; (b) in respect of any Calculation Date 12 months or more after the Issue Date that is not a scheduled Interest Payment Date, the ratio of the Index Figure applicable to such Calculation Date divided by the Index Figure applicable to the most recent preceding scheduled Interest Payment Date; and (c) in respect of any Calculation Date falling less than 12 months after the Issue Date, the ratio of the Index Figure applicable to such Calculation Date divided by the Base Index Figure, provided in each case that (i) if such ratio is greater than the Maximum Indexation Factor, it shall be deemed to be equal to such Maximum Indexation Factor and (ii) if such ratio is less than the Minimum Indexation Factor, it shall be deemed to be equal to such Minimum Indexation Factor;

“**Maximum Indexation Factor**” means 105 per cent.;

“**Minimum Indexation Factor**” means 100 per cent.;

“**Rate of Interest**” applicable to any amount payable in respect of interest shall be 1.774 per cent. per annum;

“**Redemption Amount**” means subject to the provisions of this Condition 19, any of the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount; and

“**UK RPI**” means the UK Retail Price Index (for all items) published in that month by the Office of National Statistics (January 1987 = 100) and appearing on its website (<http://www.ons.gov.uk/>) or any comparable index which may replace the UK Retail Price Index.

Information about the UK CPI and the UK RPI can be found at <http://www.ons.gov.uk>.

GENERAL INFORMATION

Authorisation

The issue of the Notes has been duly authorised by resolutions of the Board of Directors of the Issuer dated 26 April 1994, 23 October 2001 and 14 June 2018.

Documents Available

For so long as any of the Notes shall be outstanding, copies of the following documents will, when published, be available for inspection at the specified office of the Paying Agent for the time being in London:

- (a) the Articles of Association of the Issuer;
- (b) the Annual Report & Form 20-F 2018 of the Issuer which contains the auditors' report and audited consolidated annual financial statements of the Issuer in respect of the financial years ended 31 March 2018 and 31 March 2017;
- (c) the Trust Deed, the Agency Agreement and the forms of the Global Notes, the Notes in definitive form, the Coupons and the Talons;
- (d) the Base Prospectus and this Prospectus; and
- (e) the applicable Final Terms relating to any Notes outstanding.

The Base Prospectus is available, and this Prospectus and the applicable Final Terms relating to any of the Notes when published will be available for viewing on the website of the London Stock Exchange at <http://www.londonstockexchange.com/exchange/news/market-news/market-news-home.html>.

Clearing Systems

The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg (which are the entities in charge of keeping the records). The appropriate Common Code and ISIN for each Tranche of Notes allocated by Euroclear and Clearstream, Luxembourg have been specified in the applicable Final Terms.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking, 42 Avenue JF Kennedy, L-1855 Luxembourg.

Significant or Material Change

Save as disclosed in note 30 to the Issuer's consolidated financial statements on pages 168-170 of its Annual Report & Form 20-F 2018, incorporated by reference in this Prospectus, there has been no significant change in the financial or trading position of the Issuer and its consolidated subsidiaries (considered as a whole) since 31 March 2018 and there has been no material adverse change in the prospects of the Issuer since 31 March 2018.

Litigation

Save as disclosed in note 8 under the heading "EE acquisition warranty claims" and note 29 to the Issuer's consolidated financial statements on page 125 and pages 166-168, respectively, of its Annual Report & Form 20-F 2018, 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 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 and its consolidated subsidiaries.

Auditors

The auditors of the Issuer are PricewaterhouseCoopers LLP (Registered Auditors and a member of the Institute of Chartered Accountants in England and Wales), of 1 Embankment Place, London WC2N 6RH who have audited the Issuer's accounts, without qualification, in accordance with generally accepted auditing standards in the United Kingdom for each of the two financial years ended on 31 March 2018 and 31 March 2017. The auditors of the Issuer have no material interest in the Issuer.

Post-issuance information

The Issuer does not intend to provide any post-issuance information in relation to any of the Notes.

Trust Deed

The Trust Deed provides that the Trustee may rely on certificates or reports from the auditors and/or any other expert (whether or not addressed to the Trustee) as sufficient evidence of the facts stated therein notwithstanding that such certificate or report and/or any engagement letter or other document entered into by the Trustee and the auditors or such other expert in connection therewith contains a monetary or other limit on the liability of the auditors or such other expert in respect thereof.

Yield

In relation to the 2033 Notes, the 2039 Notes and the 2042 Notes, respectively, an indication of the yield in respect of such Notes has been specified in the applicable Final Terms. The yield is calculated at the Issue Date of the 2033 Notes, the 2039 Notes and the 2042 Notes, respectively, on the basis of the relevant Issue Price. The yield indicated has been calculated as the yield to maturity as at the Issue Date of the 2033 Notes, the 2039 Notes and the 2042 Notes, respectively, and will not be an indication of future yield.

Websites

In this Prospectus, references to websites or uniform resource locators (**URLs**) are inactive textual references. The contents of any such website or URL shall not form part of, or be deemed to be incorporated by reference into, this Prospectus.

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