

DEED OF GUARANTEE

27 MARCH 2019

Between

BT GROUP PLC

and

BRITISH TELECOMMUNICATIONS public limited company

and

THE LAW DEBENTURE TRUST CORPORATION p.l.c.

relating to a

Euro Medium Term Note Programme

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DEED OF GUARANTEE dated 27 March 2019

BETWEEN:

- (1) **BT GROUP PLC**, a company incorporated in England and Wales, whose registered office is 81 Newgate Street, London EC1A 7AJ (**BT Group**),
- (2) **BRITISH TELECOMMUNICATIONS public limited company**, a company incorporated under the laws of England and Wales, whose registered office is at 81 Newgate Street, London EC1A 7AJ (the **Issuer**), and
- (3) **THE LAW DEBENTURE TRUST CORPORATION p.l.c.** as trustee on behalf of the Noteholders under the Programme (as defined below) (the **Trustee**).

WHEREAS:

- (A) BT Group and the Issuer have agreed that, with effect from the date hereof, BT Group shall guarantee the payments by the Issuer of principal and interest in respect of notes issued under the Programme on or after the date hereof (**New Notes**), the payments by the Issuer of principal and interest in respect of the notes issued under the Programme prior to and outstanding on the date hereof (**Existing Notes**, together with the New Notes, **Notes**) and all other amounts payable by the Issuer under the Trust Deeds in respect of such New Notes and Existing Notes, on the terms of this Deed of Guarantee.
- (B) This Deed of Guarantee is supplemental to:
 - (i) the Trust Deed dated 12 December 1997 (the **Principal Trust Deed**) made between the Issuer and the Trustee in respect of the US\$10,000,000,000 (now US\$15,000,000,000) Euro Medium Term Note Programme established by the Issuer (the **Programme**);
 - (ii) the First Supplemental Trust Deed dated 2 July 1999 (the **1999 Trust Deed**) made between the Issuer and the Trustee modifying and restating the provisions of the Principal Trust Deed;
 - (iii) the Second Supplemental Trust Deed dated 28 September 2006 (the **2006 Trust Deed**) made between the Issuer and the Trustee and further modifying and restating the provisions of the Principal Trust Deed;
 - (iv) the Third Supplemental Trust Deed dated 3 June 2008 made between the Issuer and the Trustee and further modifying and restating the provisions of the Principal Trust Deed;
 - (v) the Fourth Supplemental Trust Deed dated 2 June 2009 made between the Issuer and the Trustee and further modifying and restating the provisions of the Principal Trust Deed;
 - (vi) the Fifth Supplemental Trust Deed dated 10 June 2011 made between the Issuer and the Trustee and further modifying and restating the provisions of the Principal Trust Deed;
 - (vii) the Sixth Supplemental Trust Deed dated 18 June 2012 made between the Issuer and the Trustee and further modifying and restating the provisions of the Principal Trust Deed;

- (viii) the Seventh Supplemental Trust Deed dated 29 May 2013 made between the Issuer and the Trustee and further modifying and restating the provisions of the Principal Trust Deed;
- (ix) the Eighth Supplemental Trust dated 29 May 2014 (the **2014 Trust Deed**) made between the Issuer and the Trustee and further modifying and restating the provisions of the Principal Trust Deed;
- (x) the Ninth Supplemental Trust Deed dated 29 May 2015 (the **2015 Trust Deed**) made between the Issuer and the Trustee and further modifying and restating the provisions of the Principal Trust Deed; and
- (xi) the Tenth Supplemental Trust Deed dated 15 June 2018 (the **2018 Trust Deed**),

the 1999 Trust Deed, the 2006 Trust Deed, the 2014 Trust Deed, the 2015 Trust Deed and the 2018 Trust Deed, together the **Trust Deeds** and the 2006 Trust Deed, the 2014 Trust Deed, the 2015 Trust Deed and the 2018 Trust Deed, together the **Subsequent Trust Deeds**.

- (C) Pursuant to Clause 20 of each of the Trust Deeds, the Trustee has agreed to modify the Trust Deed in the manner set out herein in order to reflect such guarantee, being of the opinion that such modifications will not be materially prejudicial to the interests of the Noteholders.

THIS DEED WITNESSES that:

1. DEFINED TERMS

Except as provided herein, all words and expressions defined in the Trust Deed shall, where the context so requires or admits, have the same meaning in this Deed of Guarantee.

2. GUARANTEE

Subject to the provisions of this Clause 2, BT Group hereby unconditionally and irrevocably guarantees the due and punctual payment of the principal of (and premium, if any, on) and interest, if any, on each Note (including any additional amounts payable in accordance with the terms of such Note and this Deed of Guarantee) when and as the same shall become due and payable, whether at the Maturity Date, by declaration of acceleration, call for redemption, request for redemption, repayment at the option of the Noteholder or otherwise, in accordance with the terms of such Note, the Trust Deeds, the Conditions and this Deed of Guarantee. In case of the failure of the Issuer punctually to make any such payment of principal (or premium, if any) or interest, if any, (including any additional amounts as referred to above), BT Group hereby agrees to cause any such payment to be made punctually when and as the same shall become due and payable, whether at the Maturity Date or by declaration of acceleration, call for redemption, request for redemption, repayment at the option of the Noteholder or otherwise, and as if such payment were made by the Issuer.

BT Group hereby agrees that its obligations hereunder shall be as if it were principal debtor and not merely surety, and shall be absolute and unconditional, irrespective of the validity, regularity or enforceability of any Note, the Trust Deeds or this Deed of Guarantee, the absence of any action to enforce the same, any waiver or consent by a Noteholder, Couponholder or by the Trustee or the Paying Agent with respect to any provisions thereof or of this Deed of Guarantee, any release of any other guarantor, the recovery of any judgment against the Issuer or any action to enforce the same or any other circumstances which might otherwise constitute a legal or equitable discharge or defence of BT Group. BT Group hereby waives the benefit of diligence, presentment, demand of payment, filing of claims with a court in the event of insolvency or bankruptcy of the Issuer, protest or notice with respect to such Note or the indebtedness evidenced thereby and all demands whatsoever, and covenants that its guarantees will not be discharged except by complete performance of all of the

obligations of BT Group contained in this Deed of Guarantee, the Trust Deeds and the Notes. If the Trustee or any Noteholder or Couponholder is required by any court or otherwise to return (and does so return) to the Issuer or to BT Group, or any custodian, receiver, liquidator, trustee, sequestrator or other similar official acting in relation to the Issuer or BT Group, any amount paid to the Trustee or such Noteholder or Couponholder in respect of a Note, these guarantees, to the extent theretofore discharged, shall be reinstated in full force and effect. BT Group further agrees, to the fullest extent that it lawfully may do so, that, as between it, on the one hand, and the Noteholders or Couponholders and the Trustee, on the other hand, the maturity of the obligations guaranteed hereby may be accelerated as provided in the applicable Conditions of the relevant Note(s) for the purposes of these guarantees, notwithstanding any stay, injunction or other prohibition extant under any applicable US Federal, US State or United Kingdom bankruptcy, insolvency, reorganisation or other similar law preventing such acceleration in respect of the obligations guaranteed thereby.

The guarantees of BT Group constitute direct, unconditional, unsubordinated and unsecured obligations of BT Group without preference among themselves and will rank at least equally with all other unsecured and unsubordinated obligations of BT Group, subject, in the event of insolvency, to laws of general applicability relating to or affecting creditors' rights. BT Group hereby agrees that its obligations hereunder may be enforced against it, in the event of a default in payment with respect to the Notes by the Issuer, without making prior demand upon or seeking to enforce remedies against the Issuer or other persons.

BT Group shall be subrogated to all rights of the Noteholders and Couponholders of a particular series against the Issuer in respect of any amounts paid to such Noteholders or Couponholders by BT Group pursuant to the provisions of this Deed of Guarantee; *provided, however*, that BT Group shall not be entitled to enforce or to receive any payments arising out of, or based upon, such right of subrogation until the principal of (and premium, if any, on) and interest, if any, on all Notes of such series (including any additional amounts as referred to above) issued hereunder shall have been paid in full.

3. ADDITIONAL SECURITY

This Deed of Guarantee is in addition to and is not in any way prejudiced by any other security, guarantee or indemnity now or hereafter held by the Trustee or any Noteholder or Couponholder.

4. COSTS

All costs, charges, liabilities and expenses incurred and payments made by the Trustee in the lawful exercise of its powers under this Deed of Guarantee shall be payable by BT Group on demand. Such costs, charges, liabilities and expenses shall carry interest at the rate and on the terms set out in the Trust Deed.

5. MODIFICATIONS

Subject to Clause 7 hereof, with effect on and from the date hereof the Trust Deeds are modified as follows:

- 5.1 by the insertion of the words “**Guarantor**” means BT Group PLC;” after the definition of “Global Note” in Clause 1(A) of the 1999 Trust Deed and Clause 1.1 of the Subsequent Trust Deeds;
- 5.2 by the insertion of the words “, the Guarantor” after the word “Issuer” wherever appearing in the final paragraph of the definition of “outstanding” in Clause 1(A) of the 1999 Trust Deed, where first appearing in the definition of “Noteholders” in Clause 1(A) of the 1999 Trust Deed and Clause 1.1 of the Subsequent Trust Deeds, wherever appearing in the second sentence of Clause 5 of each of the Trust Deeds, where appearing for the second time in the first paragraph of Clause 6(A) of the 1999 Trust Deed, wherever appearing in paragraph (e) of Clause 6(A) of the 1999 Trust Deed, wherever

appearing in paragraphs (a) and (b) of Clause 12(xvi) of the 1999 Trust Deed, where last appearing in Clause 14(M) of the 1999 Trust Deed and Clause 14(m) of the Subsequent Trust Deeds, wherever appearing in Clause 14(N) of the 1999 Trust Deed and Clause 14(n) of the Subsequent Trust Deeds, wherever appearing in Clause 22.2 of the 2015 Trust Deed and the 2018 Trust Deed, wherever appearing in Clause 23(C) of the 1999 Trust Deed and Clause 23.4 of the Subsequent Trust Deeds, wherever appearing in the first paragraph of Clause 28 of each of the Trust Deeds, where last appearing in the third sentence of paragraph 13 of Schedule 3 of each of the Trust Deeds and wherever appearing in paragraphs 18(A) and 18(B) of Schedule 3 of the 1999 Trust Deed and paragraphs 18(a) and (b) of the Subsequent Trust Deeds;

- 5.3 by the insertion of the words “or the Guarantor” after the word “Issuer”, where appearing for the second and third time in the first paragraph of Clause 6.1 of the Subsequent Trust Deeds, wherever appearing in paragraph (e) of Clause 6.1 of the Subsequent Trust Deeds, wherever appearing in Clause 12(p) of the Subsequent Trust Deeds, where first appearing in Clause 13(B) of the 1999 Trust Deed and Clause 13.2 of the Subsequent Trust Deeds, wherever appearing in Clause 14(L) of the 1999 Trust Deed and Clause 14(l) of the Subsequent Trust Deeds, where first appearing in Clause 19 of each of the Trust Deeds, wherever appearing in Condition 8 (b) and (c) in the 1999 Trust Deed, Condition 8.2 in the 2006 Trust Deed and Condition 9.2 in the 2014 Trust Deed, the 2015 Trust Deed and the 2018 Trust Deed;
- 5.4 by the insertion of the words “and the Guarantor” after the word “Issuer” wherever appearing in paragraph (ii) of Clause 2(C) of the 1999 Trust Deed and in Clause 2.3(b) of the Subsequent Trust Deeds, wherever appearing in the third sentence of Clause 5 of each of the Trust Deeds, where last appearing in Clause 12(vii) of the 1999 Trust Deed and Clause 12(g) of the Subsequent Trust Deeds and wherever appearing in Clause 14(F) of the 1999 Trust Deed and Clause 14(f) of the Subsequent Trust Deeds;
- 5.5 by the insertion of the words “and/or the Guarantor” after the word “Issuer” wherever appearing in Clause 7(A) of the 1999 Trust Deed and Clause 7.1 of the Subsequent Trust Deeds, where first appearing in Clause 7(B) of the 1999 Trust Deed and Clause 7.2 of the Subsequent Trust Deeds and where last appearing in Clause 13(D) of the 1999 Trust Deed and Clause 13.4 of the Subsequent Trust Deeds;
- 5.6 by the insertion of the words “or, as the case may be, the Guarantor” after the word “Issuer” where last appearing in the definition of “Noteholders” in Clause 1(A) of the 1999 Trust Deed and Clause 1.1 of the Subsequent Trust Deeds, wherever appearing in the definition of “Subsidiary” in Clause 1(A) of the 1999 Trust Deed, wherever appearing in paragraphs (i) and (ii) of Clause 7(B) of the 1999 Trust Deed and paragraphs (a) and (b) of Clause 7.2 of the Subsequent Trust Deeds, in Clause 7(D) of the 1999 Trust Deed and Clause 7.4 of the Subsequent Trust Deeds, in Clause 24(A) and (B) of the 1999 Trust Deed and in Clause 24(a) and (b) of the Subsequent Trust Deeds, where appearing for the second and third time in the second paragraph of Clause 24 of each of the Trust Deeds and wherever appearing in paragraph (iii) of Clause 25(B) of the 1999 Trust Deed and in paragraph (c) of Clause 25.2 of the Subsequent Trust Deeds;
- 5.7 the words “which are for the time being held by any person (including, but not limited to, the Issuer or any Subsidiary of the Issuer) for the benefit of the Issuer or any Subsidiary of the Issuer” in the definition of “outstanding” in Clause 1.1 of the Subsequent Trust Deeds shall be amended to read, “which are for the time being held by any person (including, but not limited to, the Issuer, the Guarantor or any Subsidiary of the Issuer or the Guarantor) for the benefit of the Issuer, the Guarantor or any Subsidiary of the Issuer or the Guarantor”;
- 5.8 the words “require it” after the word “Issuer” in paragraph (ii) of Clause 2(C) of the 1999 Trust Deed and Clause 2.3(b) of the Subsequent Trust Deeds shall be amended to read “require each of them”;

- 5.9 by the insertion of the words “each of” before the words “the Issuer” where last appearing in Clause 12(vii) of the 1999 Trust Deed and Clause 12(g) of the Subsequent Trust Deeds and wherever appearing in Clause 14(F) of the 1999 Trust Deed and Clause 14(f) of the Subsequent Trust Deeds;
- 5.10 the words “its liquidator” at the end of Clause 24 of each of the Trust Deeds shall be replaced with “either of their respective liquidators”;
- 5.11 the words “two Directors” in Clause 14(C) of the 1999 Trust Deed and Clause 14(c) of the Subsequent Trust Deeds shall be replaced with the words “two Directors (in this Clause, of the Issuer or the Guarantor, as the case may be)”;
- 5.12 the words “Neither the Trustee nor the Issuer” in the first sentence of Clause 22 of the 1999 Trust Deed, the 2006 Trust Deed and the 2014 Trust Deed and in the first sentence of Clause 22.1 of the 2015 Trust Deed and 2018 Trust Deed, shall be replaced with the words “None of the Trustee, the Issuer or the Guarantor”;
- 5.13 the facsimile number details in the notice details for the Issuer in Clause 28 of the 1999 Trust Deed, the 2006 Trust Deed, the 2014 Trust Deed and the 2015 Trust Deed shall be deleted in their entirety and replaced with the words “Email: derivatives@bt.com”;
- 5.14 by the insertion in Clause 28 thereof immediately following the notice details for the Issuer of the following:
“to the Guarantor: BT GROUP PLC
 81 Newgate Street
 London EC1A 7AJ
 United Kingdom

 Attention: Group Treasury Director
 Email: derivatives@bt.com”;
- 5.15 the second paragraph of Clause 28 of the 1999 Trust Deed, the 2006 Trust Deed, the 2014 Trust Deed and the 2015 Trust Deed shall be deleted in its entirety and replaced with the following:

“or to such other address, email address or facsimile number as shall have been notified (in accordance with this Clause) to the other party hereto and:

(a) any notice or demand sent by post as aforesaid shall be deemed to have been given, made or served upon receipt;

(b) any notice or demand sent by facsimile as aforesaid shall be deemed to have been given, made or served upon receipt provided that in the case of a notice or demand sent by facsimile such notice or demand shall forthwith be confirmed by post; or

(c) any notice or demand sent by email as aforesaid shall be deemed to have been given, made or served when received as evidenced by written confirmation of receipt from the intended recipient (for the avoidance of doubt an automatically generated “received” or “read” receipt will not constitute written confirmation), provided that any email which is received (or deemed to take effect in accordance with the foregoing) after 5:00 p.m. on a business day or on a non-business day in the place of receipt shall be deemed to take effect at the opening of business on the next following business day in such place.

The failure of the addressee to receive such confirmation shall not invalidate the relevant notice or demand sent by facsimile or email.”;

- 5.16 the words “the Issuer and its lawyers and financial advisers” in the first sentence of paragraph 13 of Schedule 3 shall be amended to read “the Issuer or the Guarantor and each of their respective lawyers and financial advisers”;
- 5.17 the words “Neither the Issuer nor any Subsidiary” in the penultimate sentence of paragraph 13 of Schedule 3 of the 1999 Trust Deed shall be amended to read “None of the Issuer, the Guarantor or any Subsidiary”;
- 5.18 the words “Neither the Issuer nor any Subsidiary of the Issuer” in the penultimate sentence of paragraph 13 of Schedule 3 of the Subsequent Trust Deeds shall be amended to read “None of the Issuer, the Guarantor or any Subsidiary of the Issuer or the Guarantor”;
- 5.19 the words “the Issuer and the Noteholders and Couponholders or any of them” in paragraph 18(A) of Schedule 3 of the 1999 Trust Deed and paragraph 18(a) of the Subsequent Trust Deeds shall be amended to read “the Issuer and/or the Guarantor on one hand and the Noteholders or Couponholders or any of them on the other hand”; and
- 5.20 the words “its property” in paragraph 18(B) of Schedule 3 of the 1999 Trust Deed and paragraph 18(b) of the Subsequent Trust Deeds shall be amended to read “their respective property”.

6. COVENANT OF COMPLIANCE

BT Group hereby covenants with the Trustee that it will comply with and perform and observe all the provisions of the Trust Deeds (as modified by this Deed of Guarantee) which are expressed to be binding on BT Group or the Guarantor.

7. REMOVAL OF BT GROUP

- 7.1 At the written request of the Issuer or BT Group, in a certificate signed by two Directors of the Issuer or BT Group certifying that if no Event of Default is continuing, BT Group shall cease to be a guarantor under this Deed of Guarantee by entering into a deed supplemental to this Deed of Guarantee at the cost of the Issuer in such form as the Trustee may reasonably require which shall discharge BT Group's obligations as the guarantor under this Deed of Guarantee.
- 7.2 BT Group undertakes promptly to notify the Noteholders in accordance with the Conditions of any such cessation.
- 7.3 With effect on and from the date of release of BT Group as guarantor pursuant to Clause 7.1, the modifications made pursuant to Clause 5 hereof, shall be reversed.

8. NOTICES

Any notice or demand to BT Group or the Trustee required to be given, made or served for any purposes under these presents shall be given, made or served by sending the same by pre-paid post (first class if inland, first class airmail if overseas), by email or facsimile or by delivering it by hand in accordance with Clause 28 of each of the Trust Deeds.

9. COUNTERPARTS

This Deed of Guarantee may be executed and delivered in any number of counterparts, all of which, taken together, shall constitute one and the same deed and any party to this Deed of Guarantee may enter into the same by executing and delivering a counterpart.

10. RIGHTS OF THIRD PARTIES

A person who is not a party to this Deed of Guarantee has no right by virtue of the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Deed of Guarantee, but this does not affect any right or remedy of a third party which exists or is available apart from that Act.

11. GOVERNING LAW

These presents, and any non-contractual obligations arising out of or in connection with them, are governed by and shall be construed in accordance with English law.

EXECUTED as a **DEED** by BT Group plc and The Law Debenture Trust Corporation p.l.c. and delivered on the date given on page 1.

SIGNATORIES

The **COMMON SEAL** of)
BT GROUP PLC)
affixed to this deed is authenticated by:)



Company Secretary



BT419/163

The **COMMON SEAL** of)
BRITISH TELECOMMUNICATIONS)
public limited company)
affixed to this deed is authenticated by:)



Authorized Signatory



BT119/033

The **COMMON SEAL** of)
THE LAW DEBENTURE TRUST)
CORPORATION p.l.c.)
was affixed to this deed)
in the presence of:)

Director

Authorized Signatory

SIGNATORIES

The **COMMON SEAL** of)
BT GROUP PLC)
affixed to this deed is authenticated by:)

Director

Director/Company Secretary

The **COMMON SEAL** of)
BRITISH TELECOMMUNICATIONS)
public limited company)
affixed to this deed is authenticated by:)

Authorised Signatory

The **COMMON SEAL** of)
THE LAW DEBENTURE TRUST)
CORPORATION p.l.c.)
was affixed to this deed)
in the presence of:)

Director



Authorised Signatory

