

SUPPLEMENTAL TRUST DEED

23 December 2021

BRITISH TELECOMMUNICATIONS PUBLIC LIMITED COMPANY
(the *Issuer*)

BT GROUP PLC
(the *Guarantor*)

and

THE LAW DEBENTURE TRUST CORPORATION p.l.c.
(the *Trustee*)

SUPPLEMENTAL TRUST DEED

THIS SUPPLEMENTAL TRUST DEED (the *Deed*) is made the 23 December 2021

BETWEEN:

- (1) **BRITISH TELECOMMUNICATIONS PUBLIC LIMITED COMPANY**, a company incorporated under the laws of England and Wales with company number **01800000** whose registered office is at 81 Newgate Street, London EC1A 7AJ (the *Issuer*);
- (2) **BT GROUP PLC**, a company incorporated under the laws of England and Wales with company number **04190816** whose registered office is at 81 Newgate Street, London EC1A 7AJ (the *Guarantor*); and
- (3) **THE LAW DEBENTURE TRUST CORPORATION p.l.c.**, a company incorporated under the laws of England and Wales, whose registered office is at 8th Floor, 100 Bishopsgate, London EC2N 4AG (the *Trustee*, which expression shall, wherever the context so admits, include such company and all other persons or companies for the time being the trustee or trustees of these presents) as trustee for the Holders,

(each a *Party* and together the *Parties*).

WHEREAS:

- (A) By a trust deed dated 18 February 2020 (the *Trust Deed*) made between the Issuer, the Guarantor and the Trustee there was constituted €500,000,000 Capital Securities due 2080 (the *Securities*).
- (B) By an extraordinary resolution dated 23 December 2021, the Holders approved certain amendments to the Conditions of the Securities.
- (C) The Parties now wish to enter into this Deed in order to effect the approved amendments to the Conditions of the Securities as set out in Clause 2 (*Modifications to the Trust Deed*).
- (D) This Deed is supplemental to the Trust Deed.

NOW THIS DEED WITNESSES AND IT IS HEREBY AGREED AND DECLARED as follows:

1. Interpretation

Definitions

- 1.1 Capitalised terms not otherwise defined in this Deed have the meanings given to them in the Trust Deed (as the same may be amended, varied or supplemented from time to time) and from the date hereof this Deed shall be construed in accordance with the rules of construction set out therein.
- 1.2 In this Deed, unless there is anything in the subject or context inconsistent therewith, *Conditions* means the terms and conditions in the form set out in Schedule 2 (*Terms and Conditions of the Securities*) to the Trust Deed, as the same may, from time to time, be modified in accordance with the Trust Deed and any reference in this Deed to a particular numbered Condition shall be construed accordingly and references in the Conditions to paragraphs shall be construed as paragraphs of such Conditions.
- 1.3 In this Deed references to Clauses shall, unless there is anything in the subject or context inconsistent therewith, be construed as references to the Clauses and sub-clauses of this Deed respectively.

2. Modifications to the Trust Deed

- 2.1 With effect on and from the date of this Deed, the Conditions shall be amended as follows:

- (a) Condition 5 (*Interest Payments*) shall be amended so that the following is inserted as a new Condition 5(j):

“(j) *Step-up after a Change of Control Event*

Notwithstanding any other provision of this Condition 5, if the Issuer does not elect to redeem the Securities in accordance with Condition 7(g) following the occurrence of a Change of Control Event, the then prevailing Interest Rate, and each subsequent Interest Rate otherwise determined in accordance with the provisions of this Condition 5, on the Securities shall be increased by 5 per cent. per annum with effect from (and including) the date on which the Change of Control Event occurred.

Without prejudice to the Issuer’s right to redeem the Securities in accordance with Condition 7(g) following the occurrence of any Change of Control Event, this Condition 5(j) shall only apply in relation to the first Change of Control Event to occur while any of the Securities remain outstanding.”;

- (b) Condition 7 (*Redemption*) shall be amended so that the following is inserted as a new Condition 7(g):

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

If immediately prior to the giving of the notice referred to below, a Change of Control Event has occurred and is continuing, then the Issuer may, subject to having given not less than 45 nor more than 60 days’ notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 19, the Holders (which notice shall be irrevocable), redeem all, but not some only, of the Securities at any time at 101 per cent. of their principal amount, together with any accrued and unpaid interest up to (but excluding) the redemption date (including any accrued but unpaid Deferred Interest). Upon the expiry of such notice, the Issuer shall redeem the Securities.

The Trustee is under no obligation to ascertain whether any Change of Control Event or Change of Control or any event which could lead to the occurrence of, or could constitute, any such Change of Control Event or Change of Control has occurred and, until it shall have received express written notice pursuant to the Trust Deed to the contrary, the Trustee may assume (without any liability to any person) that no such Change of Control Even or Change of Control or such other event has occurred.

The Issuer intends (without thereby assuming a legal or contractual obligation) that for so long as the Securities remain outstanding, if a Change of Control Event has occurred, it will launch a tender offer for all outstanding unsubordinated debt securities (which do not already contain a contractual right of the holders of such debt securities for such securities to be redeemed or repurchased as a result of the events giving rise to the Change of Control Event) at a price equal to not less than their aggregate principal amount plus accrued and unpaid interest as soon as reasonably practicable following such event.”; and

- (c) the following definitions shall be inserted in Condition 24 (*Definitions*) so they appear in alphabetical order:

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

- (a) a Change of Control has occurred; and

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

provided that if at the time of the occurrence of the Change of Control the Senior Unsecured Obligations carry a credit rating from more than one Rating Agency, at least one of which is investment grade, then sub-paragraph (i) will apply; and

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

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

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

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

Act 2006) in (A) more than 50 per cent. of the issued or allotted ordinary share capital of any direct or indirect holding company of the Issuer or (B) shares in the capital of any direct or indirect holding company of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of any such direct or indirect holding company of the Issuer;

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

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

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

2.2 With effect on and from the date of this Deed, the Trust Deed shall be amended as follows:

- (a) Clause 8.1.7 (*Notices to Trustee*) shall be updated so that the text underlined below is added and the text struck-through is deleted:

“**8.1.7 Notices to Trustee:** upon becoming aware of the same give notice in writing to the Trustee of the occurrence of any Compulsory Payment Event (only if, at the time of such Compulsory Payment Event, any Deferred Interest is outstanding), Potential Event of Default ~~or any~~, Event of Default ~~or~~, Special Event, Change of Control Event or Change of Control”;

- (b) Clause 9.2 (*Extra Remuneration*) shall be updated so that the text underlined below is added and the text struck-through is deleted:

“**9.2 Extra Remuneration:** In the event of the occurrence of a Potential Event of Default or an Event of Default, or the granting of any waiver or modification whilst a Potential Event of Default or an Event of Default is outstanding, the Issuer agrees that the Trustee shall be paid additional remuneration as shall be separately agreed between the Trustee and the Issuer or otherwise shall be calculated at its normal hourly rates in force from time to time. In any other case (including, for the avoidance of doubt, if a Benchmark Event, Compulsory Payment Event ~~or~~, Special Event, Change of Control Event or Change of Control has occurred), if the Trustee considers it expedient or necessary or is requested by the Issuer or the Guarantor to undertake duties which they agree to be of an exceptional nature or otherwise outside the scope of the Trustee’s normal duties under this Trust Deed, the Issuer shall pay to the Trustee such additional

remuneration as may be agreed between them (and which may be calculated by reference to the Trustee's normal hourly rates in force from time to time).”;

- (c) Clause 10.2 (*Trustee to Assume Performance*) shall be updated so that the text underlined below is added and the text struck-through is deleted:

“**10.2 Trustee to Assume Performance:** The Trustee need not notify anyone of the execution of this Trust Deed or do anything to find out if an Event of Default, Potential Event of Default, Benchmark Event, Compulsory Payment Event ~~or~~ Special Event, Change of Control Event or Change of Control has occurred. Until it has received written notice to the contrary, the Trustee may assume (without liability to any person) that no such event has occurred and that the Issuer and the Guarantor are performing all of its obligations under this Trust Deed and the Securities. The Trustee shall not be liable for a breach by any other person of this Trust Deed, the Paying Agency Agreement or the Securities.”; and

- (d) Clause 10.24 (*No obligation to monitor other parties' performance*) shall be updated so that the text underlined below is added and the text struck-through is deleted:

“**10.24 No obligation to monitor other parties' performance:** The Trustee shall be under no obligation to monitor or supervise the functions of any other person under the Securities or any other agreement or document relating to the transactions herein or therein contemplated, including, without limitation, compliance by the Issuer or the Guarantor with the covenants and provisions set out in the Securities and this Trust Deed or take any steps to ascertain whether any relevant event under this Trust Deed or the Conditions has occurred (including, without limitation, any Event of Default, Potential Event of Default, Benchmark Event, Compulsory Payment Event ~~or~~ Special Event, Change of Control Event or Change of Control). The Trustee shall be entitled, in the absence of receipt of written notice of a breach of obligation, to assume that each such person is properly performing and complying with its obligations and shall have no liability for any loss arising from any breach by that person or any such event.”.

3. Relationship with the Trust Deed

This Deed is supplemental to the Trust Deed and, subject to the amendments to be effected to the Trust Deed hereunder, the Trust Deed shall remain in full force and effect and the Trust Deed and this Deed shall be read and construed together as one deed.

4. Contracts (Rights of Third Parties) Act 1999

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

5. General

- 5.1 The Trust Deed shall remain in full force and effect subject only to the variations set out herein and shall henceforth be read and construed in conjunction with this Deed as one document.

- 5.2 A memorandum of this Deed shall be endorsed by the Trustee and the Issuer on the Trust Deed.

6. Counterparts

This Deed may be executed in one or more counterparts, each of which when so executed shall be deemed to be an original and all of which taken together shall constitute one and the same Deed.

7. Governing Law

This Deed and any non-contractual obligation arising out of or in relation to this Deed shall be governed by, and interpreted in accordance with, English law.

IN WITNESS whereof this Deed has been executed as a deed by the Issuer and the Trustee and entered into the day and year first above written

BT21/127

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

Authorised signatory:



BTG21/189

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

Authorised signatory:



EXECUTED and **DELIVERED** as a **DEED** by)
THE LAW DEBENTURE TRUST CORPORATION)
P.L.C. acting by)

Director

Representing Law Debenture Corporate Services Limited, Secretary

IN WITNESS whereof this Deed has been executed as a deed by the Issuer and the Trustee and entered into the day and year first above written

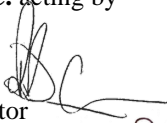
The **COMMON SEAL** of)
BRITISH TELECOMMUNICATIONS PUBLIC)
affixed to this deed is authenticated by:)

Authorised signatory:

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

Authorised signatory:

EXECUTED and DELIVERED as a **DEED** by)
THE LAW DEBENTURE TRUST CORPORATION)
P.L.C. acting by)


Director


Representing Law Debenture Corporate Services Limited, Secretary