

BT Group plc – AGM July 2020

**RULES OF THE
BT GROUP PLC INTERNATIONAL SAVESHARE PLAN**

**Authorised by shareholders on [●] 2020
Adopted by the Board on [●] 2020**

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Definitions

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

The words and expressions used in the Rules which have capital letters have the meanings set out in Appendix 1.

1.2 Interpretation

The headings in the Rules are for convenience and should be ignored when construing them. Unless the context otherwise requires, words in the singular include the plural and vice versa and words importing either gender include both genders.

Reference in the Rules to any statutory provisions are to those provisions as amended or re-enacted from time to time, and include any regulations or other subordinate legislation made under them.

2. APPLICATION FOR OPTIONS

2.1 Time when applications may be made

During the Plan Period, the Board may invite Eligible Employees to apply for Options during an Application Period. While the Shares are Listed, the Application Date must be chosen so that each Dealing Day used to determine the Option Price is within the Application Period.

2.2 Form of application

The Board will specify the form of the applications for Options. The application form must:

- (a) contain any undertakings and/or declarations that the Board requires for the Plan; and
- (b) be accompanied by a completed Proposal Form.

2.3 Option Price

The Board will decide the Option Price for an application. The Option Price will not be less than the higher of (a) if the Shares are to be subscribed, their nominal value; and (b) 80 per cent. of the Market Value of a Share on the Dealing Day immediately preceding the Application Date or, if the Board decides, the average of the Market Values of a Share on the three Dealing Days immediately preceding the Application Date. The Option Price may be adjusted under Rule 9.

2.4 Shares available

The Board may specify a maximum number of Shares available for an Application Period.

2.5 Contract available

The Board may allow Eligible Employees when applying for an Option to elect for the Three Year Contract and/or the Five Year Contract.

2.6 Applying for an Option

An Eligible Employee may apply for an Option in the form specified by the Board within 21 days following the Application Date (or any shorter period, but not less than 14 days, determined by the Board).

2.7 Employee's specification

An Eligible Employee must specify:

- (a) the Monthly Contribution which, subject to Rules 2.8 and 3, the Eligible Employee wishes to make; and
- (b) subject to Rule 2.5, whether the Savings Contract is to comprise the Three Year Contract or the Five Year Contract.

2.8 Limit on participation - Maximum Contribution and Minimum Contribution

A Participant cannot contribute monthly to a Savings Contract more than the Maximum Contribution or less than the Minimum Contribution.

The amount of the Maximum Contribution and the Minimum Contribution will be determined in Sterling and, where appropriate, be converted into currencies other than Sterling using exchange rates (which may be an average exchange rate) calculated on the date the Company determines, and for the purposes of Rule 2 being on, or up to, six Dealing Days before the relevant Application Date.

The Company may vary the Maximum Contribution and the Minimum Contribution in relation to Monthly Contributions being made in respect of Option(s) granted under the Plan in particular jurisdictions and may in its absolute discretion offer Participants in particular jurisdictions the opportunity to vary their Monthly Contribution to reflect a change in the current exchange rate compared with the relevant exchange rate determined by the Company as referred to in the sub-paragraph above.

3. SCALING DOWN

3.1 Method

If there are insufficient Shares available to satisfy all valid applications for Options, the Board may apply the following steps successively to scale down the applications to the extent necessary to eliminate the excess:

- (a) reduce pro-rata the proposed Monthly Contribution of each Eligible Employee which is in excess of an amount chosen by the Board;
- (b) reduce pro-rata the proposed Monthly Contribution of each Eligible Employee, provided that this amount is not less than the Minimum Contribution;
- (c) treat any applications for a Five Year Contract as applications for a Three Year Contract; or
- (d) select applications by lot, each based on a Monthly Contribution equal to the Minimum Contribution and no bonus in the Savings Contract Repayment.

3.2 Applications modified

If scaling down is necessary each application will be modified or withdrawn in accordance with the method chosen under Rule 3.1 and the Board will complete or amend, as appropriate, each Proposal Form to reflect any reduction in Monthly Contributions. The Board will then grant Options under Rule 4, but the period of 30 days in Rule 4.2 may be increased to 42 days if necessary.

4. GRANT OF OPTIONS

4.1 Option grant

Subject to Rules 3 and 5.1, each Eligible Employee who has validly applied for an Option will be granted an Option over the largest whole number of Shares that can be acquired at the Option Price with the Savings Contract Repayment related to their respective applications as determined under Rule 4.2. An Option will be granted so that it constitutes a binding contract between the Company and the Participant. There will be no payment for the grant of an Option.

4.2 Calculation of Shares subject to an Option

The number of Shares over which an Option will be granted under Rule 4.1 will be calculated in accordance with the Shares Under Option Formula.

4.3 Time of grant

Subject to Rule 3, Options will be granted within 30 days after the date on which the Option Price is determined or, if the Option Price is determined over three consecutive Dealing Days, within 30 days after the earliest of those Dealing Days.

No options may be granted at a time during which dealing in Shares is not permitted by statute, order, regulation, the Market Abuse Regulation or the Company's share dealing code.

4.4 Notification of grant

A Participant will be notified, in the manner specified by the Board, of the grant of an Option, the date on which the Option was granted, the number of Shares under the Option, the Option Price[, the bonus (if any)] and Repayment Date of the Option.

4.5 Options personal to Participants and not pensionable

An Option may not, nor may any rights in respect of it, be transferred, assigned, charged or otherwise disposed of to any person, except that on the death of a Participant an Option may be transmitted to the Participant's personal representatives. The benefits under the Plan are not pensionable.

5. LIMIT ON NEW ISSUE AND TREASURY SHARES

5.1 Individual limit

The aggregate of the Monthly Contributions being made at any time by a Participant under the Scheme and any Schedule 3 Plan will not exceed the limit specified under Paragraph 24 of Schedule 3. For the purposes of this Rule 5.1 Monthly Contributions being made in

respect of Option(s) granted before the relevant Application Date will, where appropriate, be calculated using the same exchange rate as the relevant exchange rate determined by the Company in respect of the Maximum Contribution in relation to that Application Date.

5.2 The 10 per cent. limit over 10 years

The total number of Shares which may be allocated under the Plan at any time will not, when aggregated with the number of Shares allocated during the preceding 10 years under the Plan and any other Employees' Share Plan adopted by the Company, exceed that number of Shares that represents 10% of the ordinary share capital of the Company at that time.

5.3 Exclusion from limit

In calculating the limit in Rule 5.1, any Shares where the right to acquire them was cancelled, released or lapsed without being exercised, will be disregarded.

5.4 Meaning of allocation

References in the Rules to the "allocation" of Shares means, in the case of any share option plan, the placing of unissued Shares or treasury Shares under option and, in relation to other types of Employees' Share Plan, means the issue and allotment of Shares, or transfer of Shares out of treasury.

5.5 Grants in excess

If an Option is granted in breach of the limit in this Rule 5, the number of Shares over which that Option has been granted will, together with the number of Shares over which all other Options have been granted on the same Date of Grant, be reduced pro rata to the largest lower number that complies with this Rule. An adjusted Option will take effect from the Date of Grant as if it had been granted on the adjusted terms and, for the purpose of Rule 8.2, the amount of the repayment made under the Participant's related Savings Contract will be adjusted as appropriate.

5.6 Adjustment of Shares to be taken into account

Where treasury Shares transferred or Shares issued under the Plan or any other Employees' Share Plan are to be taken into account for the purposes of the limit in this Rule 5 and a Variation in the equity share capital of the Company has taken place between the date of issue of those Shares and the date on which the limit is to be calculated, then the number of Shares taken into account for the purposes of the limit will be adjusted in the manner the Board considers appropriate to take account of the Variation.

6. TIME OF EXERCISE OF OPTIONS

6.1 General rules for exercise

Except as provided in Rule 6.2, an Option may only be exercised by a Participant while the Participant is a Qualifying Employee.

6.2 Timing of exercise

Subject to Rule 7, an Option can be exercised at any time during the period of six months following the earliest of:

- (a) its Repayment Date;
- (b) the Participant ceasing to be a Qualifying Employee because:
 - (i) of injury or disability, Redundancy or retirement;
 - (ii) of a relevant transfer within the meaning of the Transfer of Undertakings (Protection of Employment) Regulations 2006;
 - (iii) the Associated Company with which the Participant holds office or is employed ceases to be an Associated Company of the Company by reason of a change of control (as determined in accordance with sections 450 and 451 of the Corporation Tax Act 2010);
 - (iv) the business or part of a business to which the Participant's office or employment relates is transferred to a person who is not an Associated Company of the Company, where the transfer is not a relevant transfer within the meaning of the Transfer of Undertakings (Protection of Employment) Regulations 2006; or
 - (v) more than three years after the Date of Grant, of any other reason (other than dismissal for gross misconduct); and
- (c) the passing of a resolution for the voluntary winding-up of the Company (other than where Rule 6.7 applies).

6.3 Death

Subject to Rule 7.2, any Option held by a Participant who dies can be exercised by the Participant's personal representatives within 12 months after the earlier of (a) the date of the Participant's death; and (b) the Option's Repayment Date (if death occurs within six months of the Repayment Date), except where the Participant is a US tax payer, in which case the Board may determine that a shorter period of exercise will apply.

6.4 Cessation of Plan related employment

- (a) For the purpose of Rule 6.2(b), a Participant will not be treated as ceasing to be an employee or Full-Time Director of a Participating Company until the Participant is no longer employed by the Company or an Associated Company.
- (b) An employee who leaves employment because of maternity, paternity or parental leave will cease employment on the date on which the employee indicates either that the employee does not intend to return to work or that the employee will not be returning to work. If the employee gives no indication, the employee will cease employment on the day after the date on which the employee's statutory right to return to work expires, or if later, any other date specified in the terms of the employee's employment if the employee has not then returned to work.

6.5 Takeover

Subject to Rule 7 and provided the Option is not to be exchanged under Rule 6.8, an Option can be exercised in the period starting up to 20 days before and ending six months following the date on which an offeror (together with others, if any, acting in concert with the offeror) obtains Control of the Company as a result of making a general offer to acquire all the issued ordinary shares of the Company or all of the shares of the Company which are of the same class as the Shares and which, in either case, are not at the time owned by the

offeror or any company Controlled by the offeror (and/or persons connected with the offeror) and any condition subject to which the offer was made has been satisfied. The exercise of any Option exercised in anticipation of a change of Control which does not occur within the period of 20 days following the exercise of the Option will be treated as having no effect.

6.6 Compulsory acquisition

Subject to Rule 7 and provided the Option is not to be exchanged under Rule 6.8, an Option can be exercised during the period when a person is bound or entitled under sections 979 to 982 or 983 to 985 of the Companies Act 2006 to acquire any Shares (or who would be so entitled but for the fact that there were no dissenting shareholders).

6.7 Company reorganisation arrangement

Subject to Rule 7 and provided the Option is not to be exchanged under Rule 6.8, an Option can be exercised in the period starting up to 20 days before and ending six months following the date on which the court sanctions a compromise or arrangement under section 899 of the Companies Act 2006 (**Court Sanction**). The exercise of any Option exercised in anticipation of a Court Sanction which does not occur within the period of 20 days following the exercise of the Option, will be treated as having no effect.

6.8 Reorganisation or merger

This rule applies when:

- (a) a company (the "Successor Company") has obtained Control of the Company;
- (b) at least 75% of the shares of the Successor Company are held by the same shareholders as the shareholders of the Company immediately after the Successor Company has obtained Control; and
- (c) the Successor Company consents to the exchange of Options under this Rule.

If this rule applies, Options will not be exercisable but will be exchanged during the period set out in paragraph 38(3) of Schedule 3. The Company may determine that any Options not exchanged will lapse at the expiry of that period. Rule 10 will apply to an exchange under this Rule 6.8 except that references to the Acquiring Company in that Rule will be deemed to be references to the Successor Company as defined above.

7. LAPSE OF OPTIONS

7.1 Subject to Rule 7.2, an Option will lapse on the earliest of:

- (a) the expiry of six months from the Repayment Date;
- (b) the expiry of six months from the date on which the Participant ceases to be a Qualifying Employee in accordance with Rule 6.2(b);
- (c) the date on which the Participant ceases to be a Qualifying Employee in any circumstances other than those referred to in Rule 6.2(b);
- (d) the Participant's right to continue making Monthly Contributions lapsing under the provisions of the Savings Contract other than on death or for the purpose of exercising an Option;

- (e) subject to paragraph (f) below, the expiry of the period of six months following the occurrence of any of the circumstances permitting the exercise of Options in Rules 6.2(c), 6.5 and 6.7; and
- (f) the expiry of the period during which a person is entitled or bound to acquire Shares under sections 979 to 982 or 983 to 985 of the Companies Act 2006.

7.2 An Option held by a Participant who dies will lapse on the expiry of 12 months from the earlier of the date of the Participant's death and the Repayment Date (if death occurs within six months of the Repayment Date), unless:

- (a) there is a voluntary winding up under Rule 6.2(c), in which case the Option will lapse on the expiry of the period of six months following that event; or
- (b) the Participant is a US tax-payer, in which case the Option will lapse on the expiry of any period the Board determines under Rule 6.3.

8. EXERCISE OF OPTIONS AND ISSUE OR TRANSFER OF SHARES

8.1 Manner of exercise

An Option may be exercised in whole or in part by the Participant giving notice of exercise in a form approved by the Board. The notice will specify the number of Shares over which the Option is exercised and the Exercise Price and be accompanied by the form of withdrawal from the Savings Contract required by the Savings Body or by an appropriate remittance and evidence of withdrawal from the Savings Contract. If an Option is exercised in part the unexercised part will lapse.

8.2 Monies available for exercise

The number of Shares that may be acquired on the exercise of an Option may not exceed the number of Shares that may be acquired at the Option Price with the Sterling value of the total savings (including any interest) under the Savings Contract at the date the Option is exercised. For this purpose, the total amount of savings held under the Savings Contract may, where appropriate, include any Monthly Contribution the date of payment of which falls less than one month after the date on which the Option is exercised.

If on the date the Option is exercised, the Sterling value of the total savings (including any interest) under the Savings Contract is insufficient to acquire at the Option Price all of the Shares subject to the Option, the Company may, in its sole discretion and on the terms the Company decides, invite the Participant to make a further payment to enable the Participant to acquire such additional Shares subject to the Option.

8.3 Delivery of Shares

Subject to Rule 8.4, the Company will arrange for the delivery of any Shares to a Participant (or the Participant's nominee) within 40 days following the effective exercise of the Option.

8.4 Consents

The delivery of any Shares under the Plan will be subject to obtaining any necessary approval or consent. If, in the opinion of legal advisers for the Company, the issue, allotment or transfer of Shares pursuant to the Option is not lawful for any reason (including the inability of the Company to obtain from any regulatory body the authority deemed by such

advisers to be necessary to such issue, allotment or transfer), the Company will not be obliged to issue, allot or procure the transfer of any Shares pursuant to the exercise of the Option. Neither the Company nor any Subsidiary will be liable for any resulting loss to the Participant.

8.5 Ranking of Shares

Shares acquired by a Participant under the Plan will rank equally in all respects with the Shares then in issue, except that they will not be entitled to any rights attaching to Shares by reference to a record date falling before the date on which the Participant is entered on the Company's register of shareholders in respect of those Shares.

8.6 Listing

While the Shares are Listed the Company will apply for Listing of any Shares issued under the Plan as soon as practicable after their allotment.

9. ADJUSTMENT OF OPTIONS

9.1 Variation in equity share capital

If there is a Variation, the number and/or the nominal value and/or the description of Shares over which an Option is granted and the Option Price will, subject to Rule 9.2, be adjusted in the manner the Board determines so that (as nearly as may be without involving fractions of a Share or an Option Price calculated to more than two decimal places) the Exercise Price and the total Market Value of the Shares under Option remains substantially the same.

9.2 Nominal value of Shares

Apart from under this Rule 9.2, no adjustment under Rule 9.1 can reduce the Option Price to less than the nominal value of a Share. Where Options relate to both issued and unissued Shares, an adjustment under Rule 9.1 above may only be made if the reduction of the Option Price in respect of both the issued and the unissued Shares can be made to the same extent. Any adjustment made to the Option Price of Options over unissued Shares to less than the nominal value of a Share will only be made if and to the extent that the Board is authorised to capitalise from the reserves of the Company a sum equal to the amount by which the nominal value of the Shares subject to an Option exceeds the adjusted Exercise Price and apply that sum in paying up the Shares, so that on exercise of the Option the Board will capitalise that sum and apply it in paying up the Shares.

9.3 Notifying Participants

The Company will take the steps it considers necessary to notify Participants of any adjustments made under this Rule 9.

10. EXCHANGE OF OPTIONS

10.1 The Acquiring Company

If any company (the **Acquiring Company**)

- (a) obtains Control of the Company as a result of making a general offer to acquire:
 - (i) the whole of the issued ordinary share capital of the Company; or

(ii) all the shares in the Company which are of the same class as the Shares,

in either case ignoring any Shares which are already owned by it or persons connected with it;

- (b) obtains Control of the Company as a result of a compromise or arrangement sanctioned by the court under section 899 of the Companies Act 2006; or
- (c) becomes bound or entitled to acquire Shares under sections 979 to 982 or 983 to 985 of the Companies Act 2006,

any Participant may, at any time within the Appropriate Period, by agreement with that Acquiring Company, release any Option which has not lapsed (the **Old Option**) in consideration of the grant to the Participant of a new option (the **New Option**) which is equivalent to the Old Option but relates to shares in a different company.

10.2 The New Option

The New Option will only be regarded as equivalent to the Old Option if the conditions set out in paragraph 39(4) of Schedule 3 are satisfied. Where that is the case, the New Option will be treated as an Option granted under the Plan at the same time and on the same terms as the Old Option except for the purpose of the definition of "Participating Company" in Appendix 1, and:

- (a) the Rules will be construed in relation to the New Option as if references to Shares were references to the shares over which the New Option is granted and references to the Company were references to the different company referred to in Rule 10.1; and
- (b) Rule 12.2 will be omitted.

For the avoidance of doubt, the Plan remains that of the original Plan organiser after the release.

11. ADMINISTRATION

11.1 Administration and interpretation

The Plan will be administered by the Board. The Board has full authority, consistent with the Rules, to administer the Plan, including authority to interpret and construe any provision of the Plan and to adopt any regulations for administering the Plan and any documents it thinks necessary or appropriate. The Board's decision on any matter concerning the Plan will be final and binding.

11.2 Costs

The Company will bear the cost of introducing and operating the Plan (including but not limited to stamp duty, stamp duty reserve tax and any other costs relating to the issue or transfer of Shares on the exercise of Options). The Company may require any Participating Company to reimburse the Company for any Plan costs borne by the Company, directly or indirectly, in respect of that Participating Company's officers or employees.

11.3 Shares to cover Options

The Company will ensure that sufficient Shares will be available to satisfy all outstanding Options.

11.4 Notices

Any notice or other communication in connection with the Plan will be in writing and may be given by:

- (a) personal delivery;
- (b) sending it by post:
 - (i) in the case of a company, to its registered office or other address that it notifies in writing; and
 - (ii) in the case of an individual, to the individual's last known address or, where the individual is a Qualifying Employee, either to the individual's last known address or to the address of the place of business at which the individual performs the whole or substantially the whole of the duties of the individual's office or employment; or
- (c) sending it by email or any form of electronic transfer acceptable to the Board:
 - (i) in the case of a company, to the email address or other number or address that the company notifies; and
 - (ii) in the case of an individual, to the individual's last known or email address, or where the individual is a Qualifying Employee, to the individual's workplace email address.

11.5 Time of service of notice

Any notice under Rule 11.4 will be given:

- (a) if delivered, at the time of delivery;
- (b) if posted, at 10.00am on the second business day after it was put into the post; or
- (c) if sent by email or any other form of electronic transfer, at the time of despatch.

In proving service of notice it will be sufficient to prove that delivery was made or that the envelope containing it was properly addressed, prepaid and posted or that the email or other form of electronic transfer was properly addressed and despatched, as appropriate.

11.6 Documents sent to shareholders

Copies of any notice or document sent by the Company to the holders of Shares may be circulated to Participants and/or made available on the Company's website.

12. AMENDMENT

12.1 Board's power to amend

Subject to the provisions of this Rule 12, the Board can at any time amend any provisions of the Plan in any respect.

12.2 Shareholder approval

Subject to Rule 12.4, no amendment can be made to the advantage of Participants or Eligible Employees to:

- (a) the persons to whom Options may be granted;
- (b) the limit on the number of Shares which may be allocated under the Plan;
- (c) the maximum entitlement for individual Participants;
- (d) the rights attaching to Options and Shares;
- (e) the determination of the Option Price;
- (f) the rights of Participants in the event of a Variation; or
- (g) the terms of this Rule 12.2,

without the prior approval by ordinary resolution of the members of the Company in general meeting.

12.3 Participants' approval

No amendment will be made under Rule 12.1 which would abrogate or adversely affect the subsisting rights of a Participant unless it is made:

- (a) with the written consent of the number of Participants that hold Options under the Plan to acquire 75 per cent. of the Shares which would be delivered if all Options granted and subsisting under the Plan were exercised; or
- (b) by a resolution of a meeting of Participants passed by not less than 75 per cent. of the Participants who attend and vote either in person or by proxy,

and for the purposes of this Rule 12.3 the provisions of the articles of association of the Company relating to shareholder meetings will apply with the necessary changes.

12.4 Permitted amendments

Rule 12.2 will not apply to any amendment which is:

- (a) minor and to benefit the administration of the Plan;
- (b) to take account of any changes in legislation; or
- (c) to obtain or maintain favourable tax, exchange control or regulatory treatment for the Company, any Participating Company or Associated Company, or any present or future Participant.

12.5 Notice of amendments

Participants will be given written notice of any amendments to the Plan made under this Rule 12 as soon as reasonably practicable after they have been made. Notification under this Rule 12.5 may be made by way of publication on the Company's intranet or website.

12.6 Overseas Eligible Employees

The Board may adopt additional sections of the Plan applicable in any jurisdiction, under which Options may be subject to additional and/or modified terms and conditions, having regard to any securities, exchange control or taxation laws, regulations or practice which may apply to the Participant, the Company or any Participating Company. Any additional section must conform to the basic principles of the Plan and must not enlarge to the benefit of Participants the limits in Rule 2.8 or Rule 5. Any additional section and all Options granted under that section will be governed by and construed in accordance with the laws of England.

13. GENERAL

13.1 Termination of the Plan

The Plan will terminate at the end of the Plan Period or at any earlier time determined by the Board. Termination of the Plan will not affect Options granted before termination.

13.2 Funding the Plan

The Company and any Participating Company may provide money to the trustees of any trust or any other person to enable them or him to acquire Shares to be held for the purposes of the Plan, or enter into any guarantee or indemnity for those purposes, to the extent permitted by any applicable law.

13.3 Rights of Participants and Eligible Employees

The rights and obligations of any Participant under the terms of his office or employment with a Participating Company or Associated Company will not be affected by the Participant's participation in the Plan nor any right which the Participant may have to participate under it. A Participant holding an Option will not have any rights of a shareholder of the Company with respect to that Option or the Shares subject to it.

13.4 No right to compensation or damages

A Participant waives all and any rights to compensation or damages for the termination of the Participant's office or employment with a Participating Company or Associated Company for any reason whatsoever (including unlawful termination of employment) insofar as those rights arise or may arise from the Participant ceasing to have rights under or to be entitled to exercise any Option under the Plan as a result of that termination or from the loss or diminution in value of such rights or entitlements. Nothing in the Plan or in any document executed under it will give any person any right to continue in employment or will affect the right of any Participating Company or any Associated Company to terminate the employment of any Participant without liability at any time, with or without cause, or will impose on any Participating Company, any Associated Company or the Board or their respective agents and employees any liability in connection with the loss of a Participant's benefits or rights under the Plan for any reason as a result of the termination of the Participant's employment.

13.5 The benefit of Rules 13.3 and 13.4

The benefit of Rules 13.3 and 13.4 is given for the Company, for itself and as trustee and agent of all the Participating Companies and Associated Companies. The Company will hold the benefit of these Rules on trust and as agent for each of them and may assign the benefit of this Rule 13.5 to any of them.

13.6 Articles of association

Any Shares acquired on the exercise of Options will be subject to the articles of association of the Company from time to time.

13.7 Tax Liability and withholding for Tax Liability

Each Option is subject to the condition that its exercise will not be valid unless the Participant has, in addition to complying with the other requirements of the Plan, paid or procured the payment to the Participating Company which is the Participant's employer (or any other company which is his employer) (the **Paying Company**) or otherwise provided for (in a manner satisfactory to that Paying Company) an amount equal to any Tax Liability. Any Paying Company may withhold any amount and make any arrangements it considers necessary to meet any Tax Liability of the Participant in respect of the grant, exercise or cancellation of Options (or otherwise from benefits delivered under the Plan). These arrangements may include the deduction of amounts from the Participant's salary and the sale of any Shares on behalf of a Participant.

13.8 Severability

The invalidity or non-enforceability of one or more provisions of the Plan will not affect the validity or enforceability of the other provisions of the Plan.

13.9 Third parties

This Plan confers no benefit, right or expectation on a person who is not an Eligible Employee. No third party has any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Plan. Any other right or remedy which a third party may have is unaffected by this Rule 13.9.

13.10 Data protection

Eligible Employees acknowledge that personal data in relation to them may be held by a Participating Company and/or a trustee and passed on to a third party broker, registrar, administrator and/or future purchaser of the Company for the operation or administration of the Plan. Further information about how the Company processes personal data of Eligible Employees is set out in the Company's privacy notice, available [in the Company's employee handbook/privacy policy / on the Company's intranet at [x]].

Eligible Employees agree, as a condition of their participation in the Plan, to the processing described above in relation to the processing of personal data which is outside the scope of EU data protection laws (i.e. not processed in the context of the activities of a controller or processor established in the European Union and not otherwise within the scope of European Union data protection laws, or the laws of a jurisdiction deemed to be adequate for the purposes of European Union data protection laws).

14. GOVERNING LAW

These Rules and any dispute arising out of or in connection with them (including non-contractual disputes or claims) will be governed by and construed in accordance with the law of England. All Participants, the Company, and any other Participating Company or Associated Company, will submit to the jurisdiction of the English courts in relation to any dispute arising under the Plan.

APPENDIX 1

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|---------------------------|--|
| Act | the Income Tax (Earnings & Pensions) Act 2003; |
| Appendix | this appendix which forms part of the Rules; |
| Application Date | the date on which all Eligible Employees are invited to apply for Options under Rule 2; |
| Application Period | the period of 42 days commencing on any of the following: <ul style="list-style-type: none">(a) the day after the date on which the Company releases its results for any financial period;(b) any day on which the Board resolves that exceptional circumstances exist which justify the grant of options;(c) any day on which any change to the legislation affecting tax-advantaged savings-related share option Plans is announced or made; and/or(d) the day immediately following any general meeting of the Company; |
| Appropriate Period | the relevant period referred to in paragraph 38(3) of Schedule 3; |
| Associated Company | the meaning given by paragraph 47(1) of Schedule 3 except in Rule 6 where it has the meaning given by paragraph 35(4) of Schedule 3; |
| Board | the board of directors for the time being of the Company or a duly constituted committee of the board; |
| Company | BT Group plc, registered in England and Wales under no. 4190816; |
| Continuous Service | the same meaning as for "continuous employment" given in the Employment Rights Act 1996; |

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| Control | <p>in relation to a body corporate, the power of a person to secure:</p> <p>(a) by means of the holding of shares or the possession of voting power in or in relation to that or any other body corporate; or</p> <p>(b) by virtue of any power conferred by the articles of association or other document regulating that or any other body corporate,</p> <p>that the affairs of the first-mentioned body corporate are conducted in accordance with the wishes of that person;</p> |
| Date of Grant | with respect to an Option, the date on which it is granted under Rule 4; |
| Dealing Day | any day on which the London Stock Exchange is open for the transaction of business; |
| Eligible Employee | any person who at the Date of Grant is an employee or Full-Time Director of any Participating Company who has the qualifying period (if any) of Continuous Service (not exceeding five years prior to the Date of Grant) that the Board determines; |
| Employees' Share Plan | <p>a plan for encouraging or facilitating the holding of shares or debentures in the Company by or for the benefit of:</p> <p>(a) the employees or former employees of the Company, the Company's subsidiary or holding company or a subsidiary of the Company's holding company; or</p> <p>(b) the wives, husbands, widows, widowers or children or step-children under the age of 18 of such employees or former employees;</p> |
| Exercise Price | the total amount payable on exercise of an Option being an amount equal to the relevant Option Price multiplied by the number of Shares over which the Option is exercised; |
| Five Year Contract | a Savings Contract that completes following the fifth anniversary of the start date of that Savings Contract and the payment of 60 Monthly Contributions under that Savings Contract; |
| Full-Time Director | a director whose terms of appointment require him to devote not less than 25 hours per week (excluding meal breaks) to his duties under the appointment; |
| Group | the Company and all companies which are under the Control of the Company; |

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| Group Company | the Company, and any company which is either a subsidiary of the Company or a subsidiary of the Company's holding company (subsidiary and holding company having the meanings given to them in section 1159 Companies Act 2006); |
| Listed | admitted to trading on a Recognised Stock Exchange and Listing will be construed accordingly; |
| London Stock Exchange | the London Stock Exchange plc or any successor body carrying on the business of the London Stock Exchange plc; |
| Market Value | in relation to a Share on any day: <ul style="list-style-type: none"> (a) if the Shares are not Listed, an amount equal to its market value determined in accordance with Part VIII of the Taxation of Chargeable Gains Act 1992; or (b) if the Shares are Listed, its middle market quotation as derived from the Daily Official List of the London Stock Exchange on that day; |
| Maximum Contribution | the maximum Monthly Contribution determined by the Board, which may be different for different jurisdictions; |
| Minimum Contribution | the minimum Monthly Contribution determined by the Board, which may be different for different jurisdictions; |
| Monthly Contribution | the monthly amount agreed to be paid by a Participant under a Savings Contract which may not be less than the Minimum Contribution. If any Participant does not contribute on a monthly basis, the amount and frequency of the Participant's contributions under the Savings Contract will be applied in order to calculate the equivalent value paid each month, which amount will be the Monthly Contribution in these circumstances; |
| Option | a right to acquire Shares under the Plan; |
| Option Price | the price determined by the Board under Rule 2.3 at which a Share subject to an Option may be acquired on the exercise of that Option, subject to any adjustment under Rule 9; |
| Participant | any person who has been granted an Option including, if relevant, that person's personal representatives; |
| Participating Company | the Company and any other company in the Group to which the Board has resolved that the Plan will extend and the Company will also designate the jurisdiction(s) in respect of which a designated company will be a Participating Company; |
| Plan | The BT Group Plc International Saveshare Plan, as amended from time to time in accordance with the Rules; |

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| Plan Period | the period starting on the date the Plan is approved by the Company in general meeting and ending on the 10th anniversary of that date; |
| Proposal Form | the form of proposal to enter a Savings Contract with the Savings Body; |
| Qualifying Employee | a participant who is a director or employee of a Participating Company or an Associated Company; |
| Recognised Stock Exchange | the London Stock Exchange and any other stock exchange outside the United Kingdom that is for the time being designated for the purpose of section 841 of the Taxes Act as a recognised stock exchange; |
| Redundancy | termination of the Participant's employment by reason of redundancy within the meaning of the Employment Rights Act 1996; |
| Repayment Date | with respect to an Option the date on which the related Savings Contract is completed; |
| Rules | the rules of the Plan as amended from time to time; |
| Savings Body | the savings body designated by the Board for the purpose of the Plan; |
| Savings Contract | a contract specified by the Company under which monthly Contributions are made by a Participant in accordance with the Plan; |
| Savings Contract Repayment | <p>(a) the aggregate repayment which corresponds to any particular rate of saving under a Savings Contract, being the repayment of all Monthly Contributions on the Repayment Date; or</p> <p>(b) to the extent that Rule 3 or Rule 5 applies to adjust the number of Shares under Option, the amount applied to calculate the number of Shares comprised in the Option;</p> |
| Schedule 3 | Schedule 3 to the Act; |
| Schedule 3 Plan | a Schedule 3 SAYE option Plan as that term is defined under Schedule 3; |
| Share | a fully paid ordinary share in the capital of the Company; |

Shares Under Option Formula

the number of Shares ("N") to be granted under an Option to a Participant will be calculated in accordance with the following formula with any fraction of a Share rounded down to the nearest whole Share:

$$N = \frac{SSC \times (M + I)}{OP}$$

Where:

SSC represents the Sterling value of the Savings Contribution, rounded to the nearest £1, calculated using an exchange rate applicable on the same date as the Company determines that the Minimum Contribution and Maximum Contribution should be calculated;

M represents the number the Company determines before the relevant Application Date;

I represents the Three Year or Five Year Standard Maturity Interest or the Maximum Maturity Interest or zero interest as the Company determines before the relevant Application Date under Rule 2; and

OP represents the Option Price applicable to the Option;

Sterling

United Kingdom Sterling;

Tax Liability

any amount of tax or social security contributions for which a Participant would or may be liable and for which any Group Company or former Group Company would or may be obliged to (or would or may suffer a disadvantage if it were not to) account to any relevant authority;

Taxes Act

the Income and Corporation Taxes Act 1988;

Three Year Contract

a Savings Contract that completes following the third anniversary of the start date of that Savings Contract and the payment of 36 Monthly Contributions under that Savings Contract; and

Three Year or Five Year Standard Maturity Interest and Maximum Maturity Interest

a specified number in each case representing a number of a Participant's SSCs (as defined in the Shares Under Option Formula), with the number to be determined by the Company before the relevant Application Date;

Variation

in relation to the equity share capital of the Company, a capitalisation issue, an offer or invitation made by way of rights, a subdivision, consolidation, reduction or any other variation of the Company's share capital, or a demerger, exempt distribution under section 213 of the Taxes Act or other distribution in specie.