

Dated 18 February 2020

**BRITISH TELECOMMUNICATIONS PUBLIC LIMITED COMPANY**

as Issuer  
and

**BT GROUP PLC**

as Guarantor  
and

**THE LAW DEBENTURE TRUST CORPORATION p.l.c.**

as Trustee

**TRUST DEED**

constituting

€500,000,000 Fixed Rate Resettable Capital Securities due 2080

**Linklaters**

Ref: L-293762

Linklaters LLP

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**This Trust Deed** is made on 18 February 2020 **between:**

- (1) **BRITISH TELECOMMUNICATIONS PUBLIC LIMITED COMPANY**, a company incorporated under the laws of England, whose registered office is at 81 Newgate Street, London EC1A 7AJ, England (the “**Issuer**”);
- (2) **BT GROUP PLC**, a company incorporated in England and Wales, 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, whose registered office is at Fifth Floor, 100 Wood Street, London EC2V 7EX, England (the “**Trustee**”, which expression, where the context so admits, includes any other trustee for the time being of this Trust Deed).

**Whereas:**

- (A) The Issuer has authorised the issue of €500,000,000 Fixed Rate Resettable Capital Securities due 2080 (the “**Securities**”) to be constituted by this Trust Deed. The Securities will be issued in denominations of €100,000 and integral multiples of €1,000 in excess thereof.
- (B) The Securities will initially be issued in registered form and represented upon issue by a registered global certificate which will be registered in the name of a nominee for a common depositary on behalf of Euroclear Bank SA/NV (“**Euroclear**”) and Clearstream Banking, S.A. (“**Clearstream, Luxembourg**”) on or about the Issue Date.
- (C) The Issuer and the Guarantor have agreed that the Guarantor shall guarantee the payments by the Issuer of principal, premium and interest in respect of the Securities on the terms of this Trust Deed.
- (D) The Trustee has agreed to act as trustee of this Trust Deed for the benefit of the Holders on the following terms and conditions.

**This Deed witnesses and it is declared** as follows:

## **1 Interpretation**

- 1.1 Definitions:** Capitalised terms used, but not defined herein, shall bear the same respective meanings given to such terms in the Conditions and, in addition, the following expressions have the following meanings:

“**Agents**” means the Principal Paying Agent, the Registrar, and the Calculation Agent or any of them and shall include such other Agent or Agents as may be appointed from time to time hereunder and references to Agents are to them acting solely through their specified offices;

“**Alternative Clearing System**” means any additional or alternative clearing system (other than Euroclear or Clearstream, Luxembourg) approved by the Issuer, the Trustee and the Principal Paying Agent;

“**Appointee**” means any custodian, agent, delegate or nominee appointed by the Trustee pursuant to this Trust Deed;

“**Calculation Agent**” means the institution named as such in the Conditions acting through its specified office or any Successor Calculation Agent;

**“Certificate”** means a certificate representing one or more Securities and, save as provided in the Conditions, comprising the entire holding by a Holder of its Securities and, save in the case of Global Certificates, being substantially in the form set out in Part B of Schedule 1;

**“Clearstream, Luxembourg”** means Clearstream Banking S.A.;

**“Conditions”** means the terms and conditions set out in Schedule 2 as from time to time modified in accordance with this Trust Deed and, with respect to any Securities represented by a Global Certificate, as modified by the provisions of such Global Certificate. Any reference to a particularly numbered Condition shall be construed accordingly;

**“Euroclear”** means Euroclear Bank SA/NV;

**“Event of Default”** means an event described in Condition 12 (*Events of Default*);

**“Extraordinary Resolution”** has the meaning set out in Schedule 3;

**“FSMA”** means the Financial Services and Markets Act 2000;

**“Global Certificate”** means a Certificate substantially in the form set out in Part A of Schedule 1 representing Securities that are registered in the name of a nominee for Euroclear, Clearstream, Luxembourg and/or any other clearing system;

**“Holder”** means the holder of a Security;

**“Holding Company”** means a holding company within the meaning of Section 1159 of the Companies Act 2006;

**“outstanding”** means, in relation to the Securities, all the Securities issued except (a) those which have been redeemed in accordance with the Conditions, (b) those in respect of which the date for redemption has occurred and the redemption moneys (including all interest accrued on such Securities to the date for such redemption and any interest payable under the Conditions after such date) have been duly paid to the Trustee or to the Principal Paying Agent as provided in Clause 2 and remain available for payment in accordance with the Conditions, (c) those which have become void or in respect of which claims have become prescribed, (d) those which have been purchased and cancelled as provided in the Conditions provided that for the purposes of (1) ascertaining the right to attend any meeting of the Holders and vote at any meeting of the Holders or to participate in any Written Resolution or Electronic Consent (each as defined in Schedule 3), (2) the determination of how many Securities are outstanding for the purposes of Conditions 12 and 15 and Schedule 3, (3) the exercise of any discretion, power or authority whether contained in this Trust Deed or provided by law which the Trustee is required, expressly or impliedly, to exercise in or by reference to the interests of the Holders, those Securities which are beneficially held by or on behalf of the Issuer, the Guarantor or any other Subsidiary of the Issuer or the Guarantor, and not cancelled shall (unless no longer so held) be deemed not to remain outstanding;

**“Paying Agency Agreement”** means the agreement referred to as such in the Conditions, as altered from time to time, and includes any other agreements approved in writing by the Trustee appointing Successor Agents or altering any such agreements;

**“Potential Event of Default”** means an event or circumstance which could with the lapse of time become an Event of Default;

**“Principal Paying Agent”** means the institution named as such in the Conditions acting through its specified office or any Successor Principal Paying Agent;

**“Registrar”** means the institution named as such in the Conditions acting through its specified office, or any Successor Registrar;

**“specified office”** means, in relation to an Agent, the office identified with its name at the end of the Conditions or any other office approved by the Trustee and notified to Holders pursuant to Clause 8.1.13;

**“Subsidiary”** means any company which is for the time being a subsidiary (within the meaning of Section 1159 of the Companies Act 2006);

**“Successor”** means, in relation to the Agents, such other or further person as may from time to time be appointed by the Issuer as an Agent with the written approval of, and on terms approved in writing by, the Trustee and notice of whose appointment is given to Holders pursuant to Clause 8.1.13;

**“this Trust Deed”** means this Trust Deed (as from time to time altered in accordance with this Trust Deed) and any other document executed in accordance with this Trust Deed (as from time to time so altered) and expressed to be supplemental to this Trust Deed;

**“trust corporation”** means a trust corporation (as defined in the Law of Property Act 1925) or a corporation entitled to act as a trustee pursuant to applicable foreign legislation relating to trustees; and

**“Trustee Acts”** means the Trustee Act 1925 and the Trustee Act 2000.

## **1.2 Construction of Certain References:** References to:

- 1.2.1 the records of Euroclear and Clearstream, Luxembourg shall be to the records that each of Euroclear and Clearstream, Luxembourg holds for its customers which reflect the amount of such customers' interests in the Securities;
- 1.2.2 costs, fees, charges, remuneration or expenses include any value added, turnover or similar tax charged in respect thereof;
- 1.2.3 **“euro”** and **“€”** are to the lawful currency for the time being of those European Union member states participating in the third stage of European Economic and Monetary Union;
- 1.2.4 an action, remedy or method of judicial proceedings for the enforcement of creditors' rights includes references to the action, remedy or method of judicial proceedings in jurisdictions other than England as shall most nearly approximate thereto;
- 1.2.5 **“principal”** unless the context otherwise requires, shall be deemed to include any premium payable in respect of the Securities and all other amounts in the nature of principal payable pursuant to the Conditions or any amendment or supplement to the Conditions and **“interest”**, unless the context otherwise requires, shall be deemed to include any Deferred Interest and in any such case shall be deemed to include any Additional Amounts that may be payable under Condition 13 (*Taxation*) or any undertaking given in addition to or in substitution for it under this Trust Deed in respect of any such amount;
- 1.2.6 all references in this Trust Deed involving compliance by the Trustee with a test of reasonableness shall be deemed to include a reference to a requirement that such reasonableness shall be determined by reference to the interests of the Holders as a class; and

1.2.7 “**approval not to be unreasonably withheld or delayed**” or like references mean, in relation to the Trustee, that, in determining whether to give such approval, the Trustee shall have due regard to the interests of the Holders and any determination as to whether or not its approval is unreasonably withheld or delayed shall be made on that basis (for the avoidance of doubt, any delay due to the Trustee seeking instructions from the Holders or otherwise outside of the reasonable control of the Trustee shall not be deemed unreasonable).

1.3 **Headings:** Headings shall be ignored in construing this Trust Deed.

1.4 **Schedules:** The Schedules are part of this Trust Deed and have effect accordingly.

1.5 **Alternative Clearing System:** References in this Trust Deed to Euroclear and/or Clearstream, Luxembourg shall, wherever the context so permits, be deemed to include reference to any Alternative Clearing System.

1.6 **Contracts (Rights of Third Parties) Act 1999:** A person who is not a party to this Trust Deed has no right under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Trust Deed except and to the extent (if any) that this Trust Deed expressly provides for such Act to apply to any of its terms.

1.7 **The Conditions:** In this Trust Deed, unless the context requires or the same are otherwise defined, words and expressions defined in the Conditions and not otherwise defined herein shall have the same meaning in this Trust Deed.

1.8 **Amended Documents:** Save where the contrary is indicated, any reference in this Trust Deed to any other agreement or document shall be construed as a reference to such other agreement or document as the same may have been, or may from time to time be, amended, varied, novated or supplemented.

## 2 **Amount of the Securities and Covenant to Pay**

2.1 **Amount of the Securities:** The aggregate principal amount of the Securities is limited to €500,000,000.

2.2 **Covenant to pay:** The Issuer will on any date when any Securities become due to be redeemed unconditionally pay to or to the order of the Trustee in euro in immediately available or same day funds the principal amount of the Securities becoming due for redemption on that date together with any applicable premium and will (subject to the Conditions) until such payment (both before and after judgment) unconditionally pay to or to the order of the Trustee interest on the principal amount of the Securities outstanding as set out in the Conditions provided that:

- (i) subject to the provisions of Clause 2.4 payment of any sum due in respect of the Securities made to the Principal Paying Agent as provided in the Paying Agency Agreement shall, to that extent, satisfy such obligation except to the extent that there is failure in its subsequent payment to the relevant Holders under the Conditions; and
- (ii) a payment made after the due date or as a result of the Securities becoming repayable following an Event of Default shall be deemed to have been made when the full amount due has been received by the Principal Paying Agent or the Trustee and notice to that effect has been given to the Holders (if required under Clause

8.1.11), except to the extent that there is failure in its subsequent payment to the relevant Holders or under the Conditions.

The Trustee will hold the benefit of this covenant on trust for the Holders.

**2.3 Discharge:** Subject to Clause 2.4, any payment to be made in respect of the Securities by the Issuer, the Guarantor or the Trustee may be made as provided in the Conditions and any payment so made will (subject to Clause 2.4) to that extent be a good discharge to the Issuer, the Guarantor or the Trustee, as the case may be.

**2.4 Payment after a Default:** At any time after an Event of Default or a Potential Event of Default has occurred the Trustee may:

**2.4.1** by notice in writing to the Issuer, the Guarantor and the Agents, require the Agents (or such of them as are specified by the Trustee), until notified by the Trustee to the contrary, so far as permitted by applicable law:

(i) to act as Agents of the Trustee under this Trust Deed and the Securities on the terms of the Paying Agency Agreement (with consequential amendments as necessary and except that the Trustee's liability for the indemnification, remuneration and expenses of the Agents will be limited to the amounts for the time being held by the Trustee in respect of the Securities on the terms of this Trust Deed and available for that purpose) and thereafter to hold all Securities and all moneys, documents and records held by them in respect of Securities to the order of the Trustee; or

(ii) to deliver all Securities and all moneys, documents and records held by them in respect of the Securities to the Trustee or as the Trustee directs in such notice; and

**2.4.2** by notice in writing to the Issuer and the Guarantor, and until such notice is withdrawn, require the Issuer failing whom, the Guarantor, to make all subsequent payments in respect of the Securities to or to the order of the Trustee and not to the Principal Paying Agent with effect from the issue of any such notice to the Issuer and the Guarantor; and from then until such notice is withdrawn, proviso (i) to Clause 2.2 above shall cease to have effect.

### **3 Form of the Securities**

**3.1 The Global Certificate:** The Securities will be represented by the Global Certificate in registered form in the principal amount of €500,000,000, which shall be deposited with a depositary (the "**Common Depositary**") common to both Euroclear and Clearstream, Luxembourg. The Global Certificate shall be registered in the name of the Common Depositary or its nominee. The Global Certificate will be exchangeable for Certificates as set out in the Global Certificate.

**3.2 Form of Certificates:** The Certificates, if issued, will be printed in accordance with applicable legal and stock exchange requirements where the Securities are listed and will be substantially in the form set out in Part B of Schedule 1 and endorsed with the Conditions.

**3.3 Signature:** The Global Certificate and any other Certificates (if issued) will be signed manually or in facsimile by an authorised signatory of the Issuer duly authorised for the purpose and will be authenticated manually by or on behalf of the Registrar. The Issuer may use the facsimile signature of a person who at the date of this Trust Deed is such an

authorised signatory even if at the time of issue of any Securities such person is no longer so authorised. Securities represented by Certificates (including the Global Certificate) so executed and authenticated will be binding and valid obligations of the Issuer.

#### **4 Stamp Duties and Taxes**

The Issuer will pay any stamp, issue, documentary or other taxes and duties, including interest and penalties, payable in the United Kingdom, Belgium and Luxembourg in respect of (a) the creation, issue and offering of the Securities, (b) the execution or delivery of this Trust Deed, and (c) any action taken by or on behalf of the Trustee or, as the case may be, the Holders to enforce, or to resolve any doubt concerning, or for any other purpose in relation to, the provisions of this Trust Deed.

#### **5 Guarantee**

- 5.1 Guarantee:** Subject to Clauses 5.2 and 19, and Condition 4(c), the Guarantor guarantees the due and punctual payment of the principal of (and premium, if any, on) and interest on the Securities (including any additional amounts payable in accordance with the terms of the Securities and this Trust Deed) 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 or otherwise), in accordance with the terms of the Securities, the Conditions and this Trust Deed. In case of the failure of the Issuer punctually to make any such payment of principal (or premium, if any) or interest (including any additional amounts as referred to above), the Guarantor 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 Holder or otherwise, and as if such payment were made by the Issuer.
- 5.2 Subordination:** Notwithstanding the guarantee of the Guarantor given in Clause 5.1, the rights and claims of the Trustee and the Holders against the Guarantor under the Guarantee are subordinated on a winding-up or administration of the Guarantor as provided in Condition 4(c).
- 5.3 Guarantor as Principal Debtor:** The Guarantor 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 Security, or this Trust Deed, the absence of any action to enforce the same, any waiver or consent by a Holder or by the Trustee or the Principal Paying Agent with respect to any provisions thereof or of this Trust Deed, 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 the Guarantor. The Guarantor 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 the Securities or the indebtedness evidenced thereby and all demands whatsoever, and covenants that its guarantee will not be discharged except by complete performance of all of the obligations of the Guarantor contained in this Trust Deed and the Securities. If the Trustee or any Holder is required by any court or otherwise to return (and does so return) to the Issuer or to the Guarantor, or any custodian, receiver, liquidator, trustee, sequestrator or other similar official acting in relation to the Issuer or the Guarantor, any amount paid to the Trustee or such Holder in respect of a Security, this guarantee, to the extent theretofore discharged, shall be reinstated in full force and effect. The Guarantor



further agrees, to the fullest extent that it lawfully may do so, that, as between it, on the one hand, and the Holders and the Trustee, on the other hand, the maturity of the obligations guaranteed hereby may be accelerated as provided in the Conditions of the Securities for the purposes of this guarantee 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.

- 5.4 Subrogation:** The Guarantor shall be subrogated to all rights of the Holders against the Issuer in respect of any amounts paid to the Holders by the Guarantor pursuant to the provisions of this Trust Deed; provided, however, that the Guarantor 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 on the Securities (including any additional amounts as referred to above) issued hereunder shall have been paid in full.
- 5.5 Costs:** All costs, charges, liabilities and expenses incurred and payments made by the Trustee in the lawful exercise of its powers under this Clause 5 shall be payable by the Guarantor on demand. Such costs, charges, liabilities and expenses shall carry interest at the rate and on the terms set out in this Trust Deed.

## **6 Subordination**

- 6.1 Subordination:** The rights and claims of the Trustee and the Holders against the Issuer are, subject to Clause 6.2, subordinated on a winding-up or administration of the Issuer as provided in Condition 3(a).
- 6.2 Amounts payable to the Trustee:** The provisions of this Clause 6 and Condition 3(a) apply only to the principal, premium and interest and any other amounts payable in respect of the Securities and nothing in this Clause 6, Condition 3(a) or Condition 12 shall affect or prejudice the payment of the costs, charges, expenses, liabilities or remuneration of the Trustee or the rights and remedies of the Trustee in respect thereof and, in its personal capacity the Trustee shall rank as a holder of Senior Obligations of the Issuer.
- 6.3 Set-off:** Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Securities and each Holder shall, by virtue of his holding of any Security, be deemed to have waived all such rights of set-off, compensation or retention.

## **7 Application of Moneys Received by the Trustee**

- 7.1 Declaration of Trust:** All moneys received by the Trustee in respect of the Securities or amounts payable under this Trust Deed will, despite any appropriation of all or part of them by the Issuer or the Guarantor, be held by the Trustee on trust to apply them (subject to Clause **Error! Reference source not found.**):
- 7.1.1** firstly, in payment of all costs, charges, expenses, fees and claims properly incurred and all liabilities incurred by or payable to the Trustee (including remuneration and other amounts payable to it under this Trust Deed) or any Appointee in carrying out its functions under this Trust Deed;
- 7.1.2** secondly, in payment of any amounts owing in respect of the Securities *pari passu* and rateably; and

7.1.3 thirdly, in payment of any balance to the Issuer for itself or, if any moneys were received from the Guarantor and to the extent of such moneys, the Guarantor.

Without prejudice to this Clause 7, if the Trustee holds any moneys which represent principal, premium or interest in respect of Securities which have become void in accordance with the Conditions or in respect of which claims have been prescribed under Condition 14 (*Prescription*), the Trustee shall hold such moneys on the above trusts.

Upon any payment under this Clause 7 (other than payment in full against surrender of a Security) the Security in respect of which such payment is made shall, if the Trustee so requires, be produced to the Registrar or the Principal Paying Agent by or through whom such payment is made and the Registrar shall, in the case of part payment, note such payment in the Register and enface or shall cause such Principal Paying Agent to enface a memorandum of the amount and date of payment but the Registrar may in any particular case dispense with such production and enfacement upon indemnity given as it shall think sufficient.

**7.2 Investment by the Trustee:** The Trustee may, at its discretion and pending payment invest moneys at any time available for the payment of principal and interest on the Securities in one or more of the investments hereinafter authorised for such periods as it may consider expedient with power from time to time at its discretion to vary such investments and to accumulate such investments and the resulting interest and other income derived therefrom. The accumulated investments and all interest and other income deriving from such investments shall be applied under this Clause 7.

**7.3 Authorised Investments:** Any moneys which under the trusts of this Trust Deed may be invested by the Trustee may be invested in the name or under the control of the Trustee in any investments or other assets in any part of the world whether or not they produce income or by placing the same on deposit in the name or under the control of the Trustee at such bank or other financial institution and in such currency as the Trustee may think fit. If that bank or institution is the Trustee or a subsidiary, holding or associated company of the Trustee, it need only account for an amount of interest equal to the amount of interest which would, at then current rates, be payable by it on such a deposit to an independent customer. The Trustee may at any time vary any such investments for or into other investments or convert any moneys so deposited into any other currency and shall not be responsible for any loss resulting from any such investments or deposits, whether due to depreciation in value, fluctuations in exchange rates or otherwise (including, without limitation, any investments contemplated in Clause 7.2 (*Investment by the Trustee*)). For the avoidance of doubt, the Issuer and the Trustee shall not be responsible for any loss resulting from any such investments or deposits, whether due to depreciation in value, fluctuations in exchange rates or otherwise (including, without limitation, any investments contemplated in Clause 7.2).

## **8 Covenants**

The Issuer covenants with the Trustee that, so long as any of the Securities remain outstanding, it will:

**8.1.1 Conduct of Affairs:** at all times carry on and conduct its affairs in a proper and efficient manner;

**8.1.2 Certificates, information, opinions of counsel etc:** give to the Trustee such information as it shall reasonably require and in such form as it shall reasonably

require (including but without prejudice to the generality of the foregoing the procurement by the Issuer of all such certificates and other documents called for by the Trustee pursuant to Clause 10.5) for the purpose of the discharge of the duties, trusts, powers, authorities and discretions vested in it under this Trust Deed or by operation of law, provided that the Issuer is not prevented from disclosing such information as a matter of law or contract or pursuant to a general duty of confidentiality;

- 8.1.3 **Annual Accounts:** cause to be prepared and certified in respect of each financial year, accounts in such form as will comply with any requirements for the time being of the laws of England;
- 8.1.4 **Books of Account:** at all times keep proper books of account and upon the occurrence of a Potential Event of Default or an Event of Default or if the Trustee has reasonable grounds for believing that a Potential Event of Default or an Event of Default is about to occur allow the Trustee and any person appointed by the Trustee to whom the Issuer shall have no reasonable objection free access to such books of account at all reasonable times during normal business hours;
- 8.1.5 **Early redemption, substitution and variation:** give notice to the Trustee of any proposed early redemption of the Securities in accordance with Condition 7 (*Redemption*) and any proposed substitution or variation in accordance with Condition 8 (*Substitution or Variation*) at least five Business Days (or such shorter time as the Trustee may reasonably agree) prior to giving notice of such redemption, substitution or variation to the Holders pursuant to Condition 19 (*Notices*) and provide the Trustee with satisfactory evidence that (where applicable) all conditions to such redemption, substitution or variation have been or will be satisfied;
- 8.1.6 **Balance Sheet and Other Documents:** send to the Trustee (in addition to any copies to which it may be entitled as a holder of any securities of the Issuer) a copy in English of every balance sheet, profit and loss account, report, circular and notice of general meeting and every other document issued or sent to its shareholders (in their capacity as such) together with any of the foregoing, and every document issued or sent to holders of securities other than its shareholders (including the Holders) as soon as practicable after the issue or publication thereof;
- 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;
- 8.1.8 **Compliance Certificates:** send to the Trustee (a) within 14 days after demand by the Trustee therefor and (b) without the necessity for any such demand) after the publication of its audited accounts in respect of each financial year commencing with the year ending 31 March 2020 and in any event not later than 210 days after the end of each such year a certificate of the Issuer signed by two directors to the effect that, to the best of their information, knowledge and belief, having made such enquiries as they reasonably consider appropriate, as at a date not more than seven days before delivering such certificate (the “**relevant date**”) there did not exist and had not existed since the relevant date of the previous certificate (or in the case of the first such certificate the date hereof) any Event of Default or Potential Event of Default (or if such exists or existed specifying the same) and that during the period

from and including the relevant date of the last such certificate (or in the case of the first such certificate the date hereof) to and including the relevant date of such certificate each of the Issuer and the Guarantor has complied in all material respects with all its obligations contained in this Trust Deed or (if such is not the case) specifying the respects in which it has not complied;

- 8.1.9 Further Acts:** at all time execute and do all such further documents, acts and things as may be necessary at any time or times in the opinion of the Trustee to give effect to this Trust Deed;
- 8.1.10 Maintaining Agents:** at all times maintain Agents in accordance with the Conditions;
- 8.1.11 Notice to Holders of late payment:** in the event of the unconditional payment to the Agents of any sum due in respect of the Securities or any of them being made after the due date for payment thereof forthwith give or procure to be given notice to the relevant Holders in accordance with Condition 19 (*Notices*) that such payment has been made;
- 8.1.12 Listing and Trading:** use all reasonable endeavours to maintain the listing of the Securities on the London Stock Exchange or, if it is unable to do so having used all reasonable endeavours or if the maintenance of such listing becomes unduly onerous, use all reasonable endeavours to obtain and maintain a quotation or listing of the Securities on such other stock exchange or exchanges or securities market or markets as the Issuer may decide;
- 8.1.13 Change in Agents:** give notice to the Holders in accordance with Condition 19 (*Notices*) of any appointment, resignation or removal of any Agent after having obtained the approval of the Trustee thereto or change of any Agent's specified office and at least 30 days prior to such event taking effect; provided that so long as any of the Securities remains outstanding in the case of the termination of the appointment of the Principal Paying Agent or the Registrar, no such termination shall take effect until a new Principal Paying Agent or Registrar, as the case may be, has been appointed on terms approved by the Trustee;
- 8.1.14 Notice to Holders:** obtain the prior written approval of the Trustee to, and promptly give to the Trustee a copy of, the form of every notice given to the Holders in accordance with Condition 19 (*Notices*) (such approval, unless so expressed, not to constitute approval for the purposes of Section 21 of the Financial Services and Markets Act 2000 of the United Kingdom (the "**FSMA**") of a communication within the meaning of Section 21 of the FSMA;
- 8.1.15 Taxing Jurisdiction:** if payments of principal, interest and other amounts in respect of the Securities become subject generally to the taxing jurisdiction of any territory or any political sub-division thereof or any authority therein or thereof having power to tax other than or in addition to the United Kingdom or any such political sub-division thereof or any such authority therein or thereof, (unless the Trustee otherwise agrees) notify the Trustee of such event and enter forthwith upon becoming aware thereof into a trust deed supplemental hereto, giving to the Trustee from the Issuer, or as the case may be, the Guarantor an undertaking or covenant in form and manner satisfactory to the Trustee in terms corresponding to the terms of Condition 13 with the substitution for (or, as the case may be, the addition to) the references therein to the United Kingdom or any political sub-division thereof or any authority therein or thereof having power to tax of references to that other or

additional territory or any political sub-division thereof or any authority therein or thereof having power to tax to whose taxing jurisdiction the Issuer or the Guarantor shall have become subject as aforesaid (provided that such undertakings or covenants shall include such exceptions as reflect exceptions under the law of that jurisdiction and as are similar in scope and effect to the exceptions set out in Condition 13) such trust deed also to modify the definitions of Tax Deductibility Event and Tax Law Change in Condition 24 so that such definitions shall make reference to the other or additional territory, any political sub-division thereof and any authority therein or thereof of having power to tax;

**8.1.16 Compliance with Paying Agency Agreement:** in all material respects comply with and perform all its obligations under the Paying Agency Agreement and use all reasonable endeavours to procure that the Agents comply and perform all their respective obligations thereunder and not make any amendment or modification to such agreement without the prior written approval of the Trustee; and

**8.1.17 Certificate as to ownership:** in order to enable the Trustee to ascertain the principal amount of Securities for the time being outstanding for any of the purposes referred to in the proviso to the definition of "outstanding" contained in Clause 1.1, deliver to the Trustee upon being so requested in writing by the Trustee a certificate in writing signed by two directors setting out the total number and aggregate nominal amount of Securities which:

- (i) up to and including the date of such certificate have been purchased by the Issuer or the Guarantor or any Subsidiary of the Issuer or the Guarantor and cancelled; and
- (ii) are at the date of such certificate held by any person (including but not limited to the Issuer or the Guarantor or any Subsidiary of the Issuer or the Guarantor) for the benefit of the Issuer or the Guarantor or any Subsidiary of the Issuer or the Guarantor.

## **9 Remuneration and Indemnification of the Trustee**

**9.1 Normal Remuneration:** The Issuer shall pay to the Trustee remuneration for its services as Trustee as from the date of this Trust Deed, such remuneration to be at such rate and to be paid at least annually in advance on such dates as may from time to time be agreed between the Issuer and the Trustee. Upon the issue of any further Securities pursuant to Condition 20, the rate of remuneration in force immediately prior thereto shall be increased by such amount, if any, as shall be agreed between the Issuer and the Trustee, such increased remuneration to be calculated from such date as shall be agreed. Remuneration shall accrue from day to day and be payable (in priority to payments to the Holders) up to, and including, the date when, all the Securities having become due for redemption, the redemption moneys and interest thereon to the date of redemption have been paid to the Principal Paying Agent or, as the case may be, the Trustee, provided that if upon due presentation of any Security for payment, any amount due in respect thereof is improperly withheld or refused, remuneration will again accrue.

**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 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).

**9.3 Determination by Expert:** If the Trustee and the Issuer fail to agree as to such sums referred to in Clause 9.1 (*Normal Remuneration*) or, in relation to Clause 9.2 (*Extra Remuneration*), as to whether such duties shall be of an exceptional nature or otherwise outside the scope of normal duties of the Trustee under this Trust Deed or upon such additional remuneration contemplated therein, such matters shall be determined by a person (acting as an expert and not as an arbitrator) selected by the Trustee and approved by the Issuer and/or the Guarantor, as the case may be, or, failing such approval, nominated (on the application of the Trustee) by the President for the time being of The Law Society of England and Wales (the expenses involved in such nomination and the fees of such person being payable by the Issuer) and the determination of any such person shall be final and binding upon the Trustee, the Issuer and the Guarantor.

**9.4 Discharge of the Trustee's Liabilities by the Issuer:** The Issuer shall also pay or discharge all costs, charges, fees, liabilities and expenses incurred by the Trustee in relation to the preparation and execution of, the exercise of its powers and the performance of its duties under, and in any other manner in relation to, this Trust Deed, including but not limited to the issue of further Securities, legal fees, travelling expenses and any stamp, issue, registration, documentary and other taxes or duties paid or payable by the Trustee in connection with any action taken or contemplated by or on behalf of the Trustee for enforcing, or resolving any doubt concerning, or for any other purpose in relation to, this Trust Deed.

**9.5 Indemnity:** The Issuer shall indemnify the Trustee in respect of all losses, liabilities, costs, claims, actions or demands (including, for the avoidance of doubt, properly incurred and documented expenses) (together, "**Amounts or Claims**") paid or incurred by it or by any Appointee in respect of any matter or thing done or omitted in any way relating to this Trust Deed (including all Amounts or Claims incurred in disputing or defending any of the foregoing), but excluding any Amounts or Claims arising from (i) tax payable in respect of remuneration received by the Trustee (or any Appointee); or (ii) any liabilities to the extent that they arise as a result of the gross negligence, fraud or wilful default of the Trustee or Appointee. The Issuer will on demand by an Appointee indemnify it against any Amounts or Claims incurred by it. The Contracts (Rights of Third Parties) Act 1999 applies to this Clause 9.5.

The indemnities set out in this Trust Deed shall remain in full force and effect and survive as regards to the Trustee even if it no longer is acting in the capacity of Trustee or the Securities are no longer outstanding or this Trust Deed has been otherwise discharged.

**9.6 Payments by the Issuer:** All amounts payable under this Clause 9 shall be payable by the Issuer on the date specified in a demand by the Trustee and in the case of payments actually made by the Trustee prior to such demand shall carry interest from the date specified in such demand at the rate of 3 per cent. per annum over the base rate from time to time of National Westminster Bank PLC for such time as such amount remains unpaid and in all other cases

shall (if not paid within 30 days after the date of such demand or, if such demand specifies that payment is to be made on an earlier date, on such earlier date, which date shall not be a date earlier than the date such payments are made) carry interest at such rate from such thirtieth day or such other date specified in such demand. All remuneration payable to the Trustee shall carry interest at such rate from the due date therefor.

**9.7 Payment free and clear:** The Issuer understands and undertakes that all amounts paid by the Issuer to the Trustee under this Clause 9 shall be made without set-off, counterclaim, deduction or withholding unless compelled by law in which event the Issuer will pay such additional amounts as will result in the receipt by the Trustee of the amounts which would otherwise have been payable by the Issuer to the Trustee under this Clause 9 in the absence of any such set-off, counterclaim, deduction or withholding.

**9.8 Continuing Effect:** Unless otherwise specifically stated in any discharge of this Trust Deed, the provisions of this Clause 9 shall continue in full force and effect notwithstanding such discharge or any resignation or removal of the Trustee.

## **10 Provisions Supplemental to the Trustee Act 1925 and the Trustee Act 2000**

**10.1 Advice:** The Trustee may act on the opinion, evaluation, certificate, report or advice of, or information obtained from, any lawyer, banker, auditor, valuer, surveyor, broker, auctioneer or any other professional adviser or expert and will not be responsible to anyone for any loss occasioned by acting or not acting on such opinion, evaluation, certificate, report, advice or information whether such opinion, evaluation, certificate, report, advice or information is obtained or addressed to the Issuer, the Trustee or any other person. Any such opinion, evaluation, certificate, report, advice or information may be sent or obtained by letter, fax, electronic communication or email and the Trustee will not be liable to anyone for acting or not acting in good faith on any opinion, advice or information purporting to be conveyed by such means even if it contains some error or is not authentic. The Trustee may rely without liability to Holders on any report, confirmation or certificate or any advice of any accountants, financial advisers, financial institution or any other expert, whether or not addressed to the Trustee and whether or not liability in relation thereto is limited by reference to a monetary cap, methodology or otherwise.

**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 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.

**10.3 Interests of Holders:** In connection with the exercise of its powers, trusts, authorities or discretions (including, but not limited to, those in relation to any proposed modification, waiver or authorisation of any breach or proposed breach of any of the Conditions or any of the provisions of this Trust Deed or any proposed substitution in accordance with Clause 14.2 or any determination made pursuant to Clause 14.1), the Trustee shall have regard to the interests of the Holders as a class and, in particular, but without prejudice to the generality of the foregoing, shall not have regard to the consequences of such exercise for individual Holders resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or otherwise

to the tax consequences thereof and the Trustee shall not be entitled to require, nor shall any Holder be entitled to claim from the Issuer, the Guarantor or the Trustee, any indemnification or payment of any tax arising in consequence of any such exercise upon individual Holders.

- 10.4 Resolutions of Holders:** The Trustee will not be responsible for having acted in good faith on a resolution purporting: (i) to have been passed at a meeting of Holders in respect of which minutes have been made and signed or (ii) to be a Written Resolution or Electronic Consent (each as defined in Schedule 3) made in accordance with Schedule 3, even if it is later found that there was a defect in the constitution of the meeting or the passing of the resolution or that the resolution was not valid or binding on the Holders.
- 10.5 Certificate signed by authorised signatories:** If the Trustee, in the exercise of its functions, requires to be satisfied or to have information as to any fact or the expediency of any act, it may call for and accept as sufficient evidence of that fact or the expediency of that act a certificate, declaration or other document signed by any two directors of the Issuer or Guarantor as applicable as to that fact or to the effect that, in their opinion, that act is expedient and the Trustee need not call for further evidence and will not be responsible for any loss occasioned by acting or refraining from acting on such a certificate, declaration or document.
- 10.6 Deposit of Documents:** The Trustee may appoint as custodian, on any terms, any bank or entity whose business includes the safe custody of documents or any lawyer or firm of lawyers believed by it to be of good repute and may deposit this Trust Deed and any other documents with such custodian and pay all sums due in respect thereof. The Trustee is not obliged to appoint a custodian of securities payable to bearer.
- 10.7 Discretion:** The Trustee will have absolute and uncontrolled discretion as to the exercise of its functions and will not be responsible for any loss, liability, cost, claim, action, demand, expense or inconvenience which may result from their exercise or non-exercise.
- 10.8 Agents:** Whenever it considers it expedient in the interests of the Holders, the Trustee may, in the conduct of its trust business, instead of acting personally, employ and pay an agent selected by it, whether or not a lawyer or other professional person, to transact or conduct, or concur in transacting or conducting, any business and to do or concur in doing all acts required to be done by the Trustee (including the receipt and payment of money).
- 10.9 Delegation:** Whenever it considers it expedient in the interests of the Holders, the Trustee may delegate to any person on any terms (including power to sub-delegate) all or any of its functions.
- 10.10 Nominees:** In relation to any asset held by it under this Trust Deed, the Trustee may appoint any person to act as its nominee on any terms.
- 10.11 Forged Securities:** The Trustee will not be liable to the Issuer, the Guarantor, any Holder or any other person by reason of having accepted as valid or not having rejected any Security or entry on the Register purporting to be such and later found to be forged or not authentic.
- 10.12 Confidentiality:** Unless ordered to do so by a court of competent jurisdiction the Trustee shall not be required to disclose to any Holder any confidential financial or other information made available to the Trustee by the Issuer or the Guarantor.
- 10.13 Determinations Conclusive:** As between itself and the Holders the Trustee may determine all questions and doubts arising in relation to any of the provisions of this Trust Deed. Such



determinations, whether made upon such a question actually raised or implied in the acts or proceedings of the Trustee, will be conclusive and shall bind the Trustee and the Holders.

- 10.14 Currency Conversion:** Where it is necessary or desirable to convert any sum from one currency to another, it will (unless otherwise provided hereby or required by law) be converted at such rate or rates, in accordance with such method and as at such date specified by the Trustee but having regard to current rates of exchange, if available. Any rate, method and date so specified will be binding on the Issuer, the Guarantor and the Holders.
- 10.15 Payment for and Delivery of Securities:** The Trustee will not be responsible for the receipt or application by the Issuer of the proceeds of the issue of the Securities, any exchange of Securities or the delivery of Securities to the persons entitled to them.
- 10.16 Securities held by the Issuer or Guarantor etc.:** In the absence of actual knowledge or express notice to the contrary, the Trustee may assume without enquiry (other than requesting a certificate under Clause 8.1.17) that no Securities are for the time being held by or on behalf of the Issuer, the Guarantor or any of their respective Subsidiaries
- 10.17 Consent of Trustee:** Any consent or approval given by the Trustee may be given on such terms and subject to such conditions as the Trustee reasonably thinks fit and, notwithstanding anything to the contrary contained in this Trust Deed, may be given retrospectively.
- 10.18 Responsibility for Appointees:** If the Trustee exercises due care in selecting any Appointee, it will not have any obligation to monitor, oversee or supervise such Appointee or be responsible for any loss, liability, cost, claim, action, demand or expense incurred by reason of the Appointee's act, misconduct, omission or default or the act, misconduct, omission or default of any substitute appointed by the Appointee.
- 10.19 Illegality:** No provision of this Trust Deed shall require the Trustee to do anything which may (i) be illegal or contrary to applicable law or regulation; or (ii) cause it to expend or risk its own funds or otherwise incur any liability in the performance of any of its duties or in the exercise of any of its rights, powers or discretions, if it shall have grounds for believing that repayment of such funds or adequate indemnity against such risk or liability is not assured to it.
- 10.20 Not Bound to Act:** The Trustee shall not be bound to take any actions, steps or proceedings to enforce the performance of any provisions of this Trust Deed or the Securities or to appoint a financial advisor unless it shall be indemnified and/or secured and/or prefunded by the relevant Holders to its satisfaction against all proceedings, claims and demands to which it may be liable and against all costs, charges, liabilities and expenses which may be incurred by it in connection with such enforcement or appointment, including the cost of its management's time and/or other internal resources, calculated using its normal hourly rates in force from time to time. The Trustee shall not be bound to act at the request or direction of all or some of the Holders or otherwise under any provision of this Trust Deed or to take at such request or direction or otherwise any other action under any provision of this Trust Deed (without prejudice to the generality of Condition 12(c)) unless it shall first be indemnified and/or secured and/or prefunded to its satisfaction against all proceedings, claims and demands to which it may be liable and against all costs, charges, liabilities and expenses which may be incurred by it by so doing. When determining whether an indemnity or any prefunding or any security is satisfactory to it, the Trustee shall be entitled to evaluate its risk in any given circumstance by considering the worst-case scenario and, for this

purpose, it may take into account, without limitation, the potential costs of defending or commencing proceedings in England or elsewhere and the risk, however remote, of any award of damages against it in England or elsewhere.

- 10.21 Incurrence of Financial Liability:** Nothing contained in this Trust Deed shall require the Trustee to expend or risk its own funds or otherwise incur any financial liability in the performance of its duties or the exercise of any power, rights, authority or discretion hereunder if it has grounds for believing the repayment of the funds or the provision of an indemnity and/or security and/or pre-funding satisfactory to it against such risk or liability is not assured to it.
- 10.22 Clearing Systems:** The Trustee may call for any certificate or other document issued by Euroclear, Clearstream, Luxembourg or any other relevant clearing system in relation to any matter. Any such certificate or other document shall, in the absence of manifest error, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print-out of electronic records provided by the relevant clearing system (including Euroclear's EUCLID or Clearstream, Luxembourg's CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Securities is clearly identified together with the amount of such holding. The Trustee shall not be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by Euroclear or Clearstream, Luxembourg or any other relevant clearing system and subsequently found to be forged or not authentic.
- 10.23 Legal Opinions:** The Trustee shall not be responsible to any person for failing to request, require or receive any legal opinion relating to any Securities or for checking or commenting upon the content of any such legal opinion.
- 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 any Event of Default, Potential Event of Default, Benchmark Event, Compulsory Payment Event or Special Event). 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.
- 10.25 No Responsibility for transaction documents:** The Trustee assumes no responsibility for, and shall not, by the execution of this Trust Deed, any supplemental Trust Deed or any other transaction document relating to the Securities, be deemed to make any representation as to, the adequacy, sufficiency, validity or enforceability of such transaction documents or any agreement constituted by the execution thereof.
- 10.26 Interests of Holders through Clearing Systems:** Notwithstanding any other provision of this Trust Deed, in considering the interests of Holders while the Global Certificate is held on behalf of, or registered in the name of any nominee for, a clearing system, the Trustee may have regard to any information provided to it by such clearing system or its operator as to the identity (either individually or by category) of its accountholders with entitlements to the Global Certificate and may consider such interests, and treat such accountholders, as if

such accountholders were the holders of the Securities represented by the Global Certificate.

- 10.27 Rating Agencies:** The Trustee is entitled to request and rely upon information, reports, confirmations or affirmations provided privately or issued publicly by any rating agency whether or not addressed to the Trustee.

## **11 Trustee Liability**

- 11.1 Trustee Act 2000:** Section 1 of the Trustee Act 2000 shall not apply to any function of the Trustee. Where there are any inconsistencies between the Trustee Acts and the provisions of this Trust Deed, the provisions of this Trust Deed shall, to the extent allowed by law, prevail and, in the case of any such inconsistency with the Trustee Act 2000, the provisions of this Trust Deed shall constitute a restriction or exclusion for the purposes of that Act. If the Trustee fails to show the degree of care and diligence required of it as trustee having regard to the provisions of this Trust Deed conferring on it any powers, authorities or discretions, nothing in this Trust Deed shall relieve or indemnify it from or against any liability which would otherwise attach to it in respect of any gross negligence, wilful default or fraud of which it may be guilty.
- 11.2 No Liability for Consequential Loss:** Under no circumstances shall the Trustee be liable to, or be required to indemnify, the Issuer, the Guarantor or any third party for (i) indirect, punitive, special or consequential losses or indirect, punitive, special or consequential damages of any kind whatsoever or (ii) loss of profit, goodwill, reputation, opportunity or anticipated saving, in each case to the extent any such losses arise in connection with this Trust Deed notwithstanding that such losses were or may have been foreseeable or that the Trustee was advised or was aware of the possibility of such losses and regardless of whether the claim to any such loss or damage under (i) or (ii) above is made in negligence, breach of duty, breach of contract or otherwise.

## **12 Waiver and Proof of Default**

- 12.1 Waiver:** The Trustee may, without the consent of the Holders and without prejudice to its rights in respect of any subsequent breach, from time to time and at any time, if in its opinion the interests of the Holders will not be materially prejudiced thereby, waive or authorise, on such terms as seem expedient to it, any breach or proposed breach by the Issuer and/or the Guarantor of this Trust Deed, the Paying Agency Agreement or the Conditions or determine that an Event of Default or Potential Event of Default will not be treated as such, provided that the Trustee will not do so in contravention of an express direction given by an Extraordinary Resolution or a request made pursuant to Condition 12 (*Events of Default*). No such direction or request will affect a previous waiver, authorisation or determination. Any such waiver, authorisation or determination will be binding on the Holders and will be notified to the Holders as soon as practicable.
- 12.2 Proof of Default:** Proof that the Issuer or the Guarantor has failed to pay a sum due to the holder of any one Security will (unless the contrary be proved) be sufficient evidence that it has made the same default as regards all other Securities which are then payable.

## **13 Trustee not Precluded from Entering into Contracts**

The Trustee and any other person, whether or not acting for itself, may acquire, hold or dispose of any Security or other security (or any interest therein) of the Issuer, the Guarantor

or any other person, may enter into or be interested in any contract or transaction with any such person and may act on, or as depositary or agent for, any committee or body of holders of any securities of any such person in each case with the same rights as it would have had if the Trustee were not acting as Trustee and need not account for any profit.

## **14 Modification and Substitution**

**14.1 Modification:** The Trustee may agree without the consent of the Holders to any modification to the Conditions, the Paying Agency Agreement or this Trust Deed that is, in its opinion, of a formal, minor or technical nature or to correct a manifest error. The Trustee may also so agree to any other modification to this Trust Deed or the Paying Agency Agreement which is in its opinion not materially prejudicial to the interests of the Holders, but such power does not extend to (i) any modification to any provision entitling the Holders to institute actions, steps or proceedings for the winding up of the Issuer and/or the Guarantor in circumstances more extensive than those set out in Condition 12 and (ii) any such modification as is mentioned in the proviso to paragraph 2 of Schedule 3.

In addition, the Trustee shall be obliged to concur with the Issuer in using its reasonable endeavours to effecting any Benchmark Amendments in the circumstances and as otherwise set out in Condition 5(i) without the consent or approval of the Holders, provided that the Trustee shall not be obliged so to concur if in the opinion of the Trustee doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the rights and/or the protective provisions afforded to it in the Conditions and/or any documents to which it is a party (including, for the avoidance of doubt, any supplemental trust deed or supplemental paying agency agreement) in any way.

Any such modification made pursuant to this Clause 14.1 will be notified by the Issuer to Holders as soon as practicable.

## **14.2 Substitution:**

**14.2.1** The Trustee may, without the consent of the Holders, at any time agree with the Issuer to the substitution on a subordinated basis equivalent to that referred to in Conditions 2 and 3, in place of the Issuer (or of any previous substitute under this Clause) as the principal debtor under this Trust Deed of a successor in business or a Holding Company of the Issuer or a Subsidiary of such Holding Company (such substituted company being in each case hereinafter called the “**Substituted Obligor**”) provided that:

- (i) a trust deed is executed or some other form of undertaking is given by the Substituted Obligor in form and manner satisfactory to the Trustee, agreeing to be bound by the terms of this Trust Deed with any consequential amendments which the Trustee may deem appropriate as fully as if the Substituted Obligor had been named in this Trust Deed and on the Securities as the principal debtor in place of the Issuer (or of any previous substitute under this Clause);
- (ii) (without prejudice to the generality of paragraph (i)) hereof where the Substituted Obligor is incorporated, domiciled or resident in, or subject generally to the taxing jurisdiction of, a territory other than the United Kingdom, undertakings or covenants shall be given in terms corresponding to the provisions of Condition 13 with the substitution for the references to the United Kingdom of references to the territory in which the Substituted

Obligor is incorporated, domiciled or resident or to whose taxing jurisdiction it is subject (provided that such undertakings or covenants shall include such exceptions as reflect exceptions under the law of that jurisdiction and as are similar in scope and effect to the exceptions set out in Condition 13) and the definitions of Tax Deductibility Event and Tax Law Change in Condition 24 shall be modified accordingly;

- (iii) (except where the Substituted Obligor is the successor in business of the Issuer) an unconditional and irrevocable guarantee is given by the Issuer to the Trustee of the payment of all moneys payable by the Substituted Obligor under this Trust Deed;
- (iv) two directors of the Substituted Obligor or any authorised representative thereof shall certify that the Substituted Obligor is solvent at the time at which the said substitution is proposed to be effected, and the Trustee may rely absolutely on such certification and shall not be bound to have regard to the financial condition, profits or prospects of the Substituted Obligor or to compare the same with those of the Issuer; and
- (v) without prejudice to the rights of reliance of the Trustee under the immediately preceding paragraph (iv), the Trustee is satisfied that the said substitution is not materially prejudicial to the interests of the Holders.

**14.2.2** The Trustee shall, without the consent of the Holders, at any time agree with the Issuer to the substitution on a subordinated basis equivalent to that referred to in Conditions 2 and 3, in place of the Issuer of a Substituted Obligor if:

- (i) a trust deed is executed or some other form of undertaking is given by the Substituted Obligor in form and manner satisfactory to the Trustee, agreeing to be bound by the terms of this Trust Deed with any consequential amendments which the Trustee may deem appropriate as fully as if the Substituted Obligor had been named in this Trust Deed and on the Securities and the Coupons as the principal debtor in place of the Issuer (or of any previous substitute under this Clause);
- (ii) (without prejudice to the generality of paragraph (i) hereof) where the Substituted Obligor is incorporated, domiciled or resident in, or subject generally to the taxing jurisdiction of, a territory other than the United Kingdom, undertakings or covenants shall be given in terms corresponding to the provisions of Condition 13 with the substitution for the references to the United Kingdom of references to the territory in which the Substituted Obligor is incorporated, domiciled or resident or to whose taxing jurisdiction it is subject (provided that such undertakings or covenants shall include such exceptions as reflect exceptions under the law of that jurisdiction and as are similar in scope and effect to the exceptions set out in Condition 13) and the definitions of Tax Deductibility Event and Tax Law Change in Condition 24 shall be modified accordingly;
- (iii) (except where the Substituted Obligor is the successor in business of the Issuer) an unconditional and irrevocable guarantee is given by the Issuer to the Trustee, in a form and manner satisfactory to the Trustee, of the payment of all moneys payable by the Substituted Obligor under this Trust Deed;

- (iv) two directors of the Issuer certify to the Trustee that, in their opinion, the substitution will not be materially prejudicial to the interests of the Holders and will not have any adverse effect on the payment in a timely manner of all moneys payable under this Trust Deed;
- (v) the Trustee receives confirmations from each rating agency which has, at the request of the Issuer, rated the Securities that the substitution will not adversely affect the then current rating of the Securities;
- (vi) (an) opinion(s) of independent legal advisors of recognised standing in a form reasonably satisfactory to the Trustee is/are provided to the Trustee as to the validity and enforceability and binding nature under English law and any other relevant jurisdiction of the Substituted Obligor's obligations under the trust deed or other undertaking given under (i) above and (where applicable) of the Issuer's obligations under its guarantee under (iii) above and as to other customary matters and subject to customary assumptions and reservations; and
- (vii) two directors of the Substituted Obligor or any authorised representative thereof shall certify that the Substituted Obligor is solvent at the time at which the said substitution is proposed to be effected (in which event the Trustee may rely absolutely on such certification and shall not be bound to have regard to the financial condition, profits or prospects of the Substituted Obligor or to compare the same with those of the Issuer);

**14.2.3** Any such trust deed or undertaking as provided in subclause 14.2.1 and 14.2.2 above shall, if so expressed, operate to release the Issuer or any such previous substitute as aforesaid from any or all of its obligations under this Trust Deed. Not later than 14 days after the execution of any such documents as aforesaid and after compliance with the said requirements of the Trustee, the Issuer shall give notice thereof in a form previously approved by the Trustee to the Holders in the manner provided in Condition 19. Upon the execution of such documents and compliance with the said requirements, the Substituted Obligor shall be deemed to be named in this Trust Deed as the principal debtor in place of the Issuer (or in place of any previous substitute under this Clause) under this Trust Deed and this Trust Deed shall be deemed to be amended in such manner as shall be necessary to give effect to the above provisions and, without prejudice to the generality of the foregoing, references in this Trust Deed to the Issuer shall, where the context so requires, be deemed to be or include references to the Substituted Obligor.

**14.2.4** In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Holders as a class but shall not have regard to any interests arising from circumstances particular to individual Holders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Holders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Holder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual

Holders except to the extent already provided for in Condition 13 and/or any undertaking given in addition to, or in substitution for, Condition 13 pursuant to this Trust Deed.

## **15 Appointment, Retirement and Removal of the Trustee**

**15.1 Appointment:** Subject as provided in Clause 15.2, the Issuer has the power of appointing new trustees but no-one may be so appointed unless previously approved by an Extraordinary Resolution. A trust corporation will at all times be a Trustee and may be the sole Trustee. Any appointment of a new Trustee will be notified by the Issuer to the Holders as soon as practicable.

**15.2 Retirement and Removal:** Any Trustee may retire at any time on giving at least three months' written notice to the Issuer without giving any reason or being responsible for any costs or liabilities occasioned by such retirement and the Holders may by Extraordinary Resolution remove any Trustee, provided that the retirement or removal of a sole trust corporation will not be effective until a trust corporation is appointed as successor Trustee. If a sole trust corporation gives notice of retirement or an Extraordinary Resolution is passed for its removal, the Issuer will use all reasonable endeavours to procure that another trust corporation be appointed as Trustee but if it fails to do so before the expiry of such three-month notice period or within 30 days after the passing of such Extraordinary Resolution, the Trustee shall have the power (at the expense of the Issuer) to appoint a new Trustee.

**15.3 Co-Trustees:** The Trustee may, despite Clause 15.1, by written notice to the Issuer, appoint anyone to act as an additional Trustee jointly with the Trustee:

**15.3.1** if the Trustee considers the appointment to be in the interests of the Holders;

**15.3.2** to conform with a legal requirement, restriction or condition in a jurisdiction in which a particular act is to be performed; or

**15.3.3** to obtain a judgment or to enforce a judgment or any provision of this Trust Deed in any jurisdiction.

Subject to the provisions of this Trust Deed the Trustee may confer on any person so appointed such functions as it thinks fit. The Trustee may by written notice to the Issuer and that person remove that person. At the Trustee's request, the Issuer will forthwith do all things as may be required to perfect such appointment or removal and it irrevocably appoints the Trustee as its attorney in its name and on its behalf to do so.

**15.4 Competence of a Majority of Trustees:** If there are more than two Trustees the majority of them will be competent to perform the Trustee's functions provided the majority includes a trust corporation.

**15.5 Merger:** A corporation into which the Trustee may be merged or converted, or any corporation with which the Trustee may be consolidated, or any corporation resulting from any merger, conversion or consolidation to which the Trustee shall be a party, or any corporation, including affiliated corporations, to which the Trustee shall sell or otherwise transfer: (a) all or substantially all of its assets or (b) all or substantially all of its corporate trust business shall, on the date when the merger, conversion, consolidation or transfer becomes effective and to the extent permitted by any applicable laws and subject to any requirements set out in this Trust Deed become the successor trustee under this Trust Deed without the execution or filing of any paper or any further act on the part of the parties to this Trust Deed, and after the said effective date, all references in this Trust Deed to the Trustee

shall be deemed to be references to such successor corporation. Written notice of any such merger, conversion or consolidation shall as soon as reasonably practicable be given to the Issuer by the Trustee.

## **16 Currency Indemnity**

- 16.1 Currency of Account and Payment:** euros (the “**Contractual Currency**”) is the sole currency of account and payment for all sums payable by the Issuer or the Guarantor under or in connection with this Trust Deed and the Securities, including damages.
- 16.2 Extent of discharge:** An amount received or recovered in a currency other than the Contractual Currency (whether as a result of, or of the enforcement of, a judgment or order of a court of any jurisdiction, in the insolvency, winding-up or dissolution of the Issuer or Guarantor or otherwise), by the Trustee or any Holder in respect of any sum expressed to be due to it from the Issuer or the Guarantor will only discharge the Issuer or the Guarantor to the extent of the Contractual Currency amount which the recipient is able to purchase with the amount so received or recovered in that other currency on the date of that receipt or recovery (or, if it is not practicable to make that purchase on that date, on the first date on which it is practicable to do so).
- 16.3 Indemnity:** If that Contractual Currency amount is less than the Contractual Currency amount expressed to be due to the recipient under this Trust Deed or the Securities, the Issuer, will indemnify it against any loss sustained by it as a result. In any event, the Issuer will indemnify the recipient against the cost of making any such purchase.
- 16.4 Indemnity separate:** The indemnities in this Clause 16 and in Clause 9.59.5 constitute separate and independent obligations from the other obligations in this Trust Deed, will give rise to a separate and independent cause of action, will apply irrespective of any indulgence granted by the Trustee and/or any Holder and will continue in full force and effect despite any judgment, order, claim or proof for a liquidated amount in respect of any sum due under this Trust Deed and/or the Securities or any other judgment or order.

## **17 Communications**

Any communication shall be by letter, fax or electronic communication:

in the case of the Issuer and the Guarantor, to it at:

81 Newgate Street  
London EC1A 7AJ  
United Kingdom

Email: derivatives@bt.com

Attention: Treasurer BT Group

and in the case of the Trustee, to it at:

Fifth Floor  
100 Wood Street  
London EC2V 7EX  
United Kingdom



Telephone no.: 0207 606 5451  
Fax no.: 0207 606 0643  
Email: LegalNotices@lawdeb.com  
Attention: Trust Management; Ref: 203305

Communications will take effect, in the case of a letter, when delivered, in the case of a fax, when the relevant delivery receipt is received by the sender or, in the case of an electronic communication, when the relevant receipt of such communication being read is given, or where no read receipt is requested by the sender, at the time of sending, provided that no delivery failure notification is received by the sender within 24 hours of sending such communication; provided that in the case of communications sent by email to the Trustee, such communications will take effect upon written confirmation of receipt from the Trustee (for the avoidance of doubt an automatically generated "received" or "read" receipt will not constitute written confirmation), provided further that any communication 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. Any communication delivered to any party under this Trust Deed which is to be sent by fax or electronic communication will be written legal evidence.

## **18 Further Issues**

**18.1 Supplemental Trust Deed:** If the Issuer issues further securities which are to be consolidated and form a single series with the Securities as provided in the Conditions, the Issuer shall, before their issue, execute and deliver to the Trustee a deed supplemental to this Trust Deed containing such provisions (corresponding to any of the provisions of this Trust Deed) as the Trustee may require.

**18.2 Meetings of Holders:** If the Trustee so directs, Schedule 3 shall apply equally to Holders and to holders of any securities issued pursuant to the Conditions as if references in it to "Securities" and "Holders" were also to such securities and their holders respectively.

## **19 Termination of the Guarantee**

**19.1** Following the delivery to the Trustee of a certificate signed by two directors of the Issuer or the Guarantor requesting the termination of the Guarantee and certifying that no Event of Default is continuing, the Issuer, the Guarantor and the Trustee shall, without the requirement for any consent or sanction of the Holders, enter into a deed supplemental to this Trust Deed at the cost of the Issuer in such form as the Trustee may reasonably require pursuant to which the Guarantor's obligations as the guarantor under this Trust Deed shall be discharged and the Guarantor shall cease to be a guarantor under this Trust Deed.

**19.2** The Guarantor undertakes promptly to notify the Holders in accordance with Condition 19 of any such cessation.

## **20 Governing Law and Jurisdiction**

**20.1 Governing Law:** This Trust Deed and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law.

**20.2 Jurisdiction:** The courts of England have exclusive jurisdiction to settle any disputes which may arise out of or in connection with this Trust Deed or the Securities and accordingly any legal action or proceedings arising out of or in connection with this Trust Deed or the Securities ("**Proceedings**") may be brought in such courts. The Issuer and the Guarantor irrevocably submits to the jurisdiction of such courts and waives any objections to Proceedings in any such courts on the ground of venue or on the ground that the Proceedings have been brought in an inconvenient forum. This Clause 20.2 is for the benefit of each of the Trustee and the Holders and shall not limit the right of any of them to take Proceedings in any other court of competent jurisdiction nor shall the taking of Proceedings in any one or more jurisdictions preclude the taking of Proceedings in any other jurisdiction (whether concurrently or not).

**Schedule 1**  
**Part A**  
**Form of Global Certificate**

**BRITISH TELECOMMUNICATIONS PUBLIC LIMITED COMPANY**  
**(Incorporated as a limited liability company under the laws of United Kingdom)**  
**€500,000,000**

**Fixed Rate Resetable Capital Securities due 2080**  
**guaranteed on a subordinated basis by BT Group PLC (incorporated with limited liability in**  
**England and Wales with Registered Number: 4190816)**

**GLOBAL CERTIFICATE**

**Global Certificate No. [●]**

**ISIN: XS2119468572**

**Common Code: 211946857**

This Global Certificate is issued in respect of the principal amount specified above of the securities (the “**Securities**”) of British Telecommunications Public Limited Company (the “**Issuer**”). This Global Certificate certifies that the person whose name is entered in the Register (the “**Registered Holder**”) is registered as the holder of such principal amount of the Securities at the date hereof.

**Interpretation and Definitions**

References in this Global Certificate to the “Conditions” are to the Terms and Conditions applicable to the Securities (which are in the form set out in Schedule 2 to the Trust Deed (the “**Trust Deed**”) dated 18 February 2020 between the Issuer, the Guarantor and The Law Debenture Trust Corporation p.l.c. as trustee, as such form is supplemented and/or modified and/or superseded by the provisions of this Global Certificate, which in the event of any conflict shall prevail). Other capitalised terms used in this Global Certificate shall have the meanings given to them in the Conditions or the Trust Deed.

**Promise to Pay**

The Issuer, for value received, promises to pay to the holder of the Securities represented by this Global Certificate (subject to surrender of this Global Certificate if no further payment falls to be made in respect of such Securities) on 18 August 2080 or if earlier on such date as the amount payable upon redemption under the Conditions may become repayable in accordance with the Conditions, the amount payable upon redemption under the Conditions in respect of the Securities represented by this Global Certificate and to pay interest in respect of such Securities from the Interest Commencement Date in arrear at the rates, on the dates for payment (subject to the Deferred Interest provisions in the Conditions), and in accordance with the method of calculation provided for in the Conditions, save that the calculation is made in respect of the total aggregate amount of the Securities represented by this Global Certificate, together with such other sums and additional amounts (if any) as may be payable under the Conditions, in accordance with the Conditions. Each payment will be made to, or to the order of, the person whose name is entered on the Register at the close of business on the record date which shall be on the Clearing System Business Day immediately prior to the date for payment, where “**Clearing System Business Day**” means Monday to Friday inclusive except 25 December and 1 January.

For the purposes of this Global Certificate, (a) the holder of the Securities represented by this Global Certificate is bound by the provisions of the Trust Deed, (b) the Issuer certifies that the Registered Holder is, at the date hereof, entered in the Register as the holder of the Securities represented by this Global Certificate, (c) this Global Certificate is evidence of entitlement only, (d) title to the Securities represented by this Global Certificate passes only on due registration on the Register, and (e) only the holder of the Securities represented by this Global Certificate is entitled to payments in respect of the Securities represented by this Global Certificate.

### **Transfer of Securities Represented by Global Certificates**

Transfers of the holding of Securities represented by this Global Certificate pursuant to Condition 1(c) may only be made in part:

- (i) if the Securities represented by this Global Certificate are held on behalf of Euroclear or Clearstream, Luxembourg or any Alternative Clearing System and any such clearing system is closed for business for a continuous period of 14 days (other than by reason of holidays, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so; or
- (ii) upon or following any failure to pay principal in respect of any Securities when it is due and payable; or
- (iii) with the consent of the Issuer,

provided that, in the case of the first transfer of part of a holding pursuant to (i) or (ii) above, the holder of the Securities represented by this Global Certificate has given the Registrar not less than 30 days' notice at its specified office of such holder's intention to effect such transfer. Where the holding of Securities represented by this Global Certificate is only transferable in its entirety, the Certificate issued to the transferee upon transfer of such holding shall be a Global Certificate. Where transfers are permitted in part, Certificates issued to transferees shall not be Global Certificates unless the transferee so requests and certifies to the Registrar that it is, or is acting as a nominee for, Clearstream, Luxembourg, Euroclear and/or an Alternative Clearing System.

### **Prescription**

Claims against the Issuer in respect of Securities which are represented by this Global Certificate will become void unless it is presented for payment, or made, as the case may be, within a period of 10 years (in the case of principal and premium) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 24).

### **Meetings**

The holder of the Global Certificate shall (unless such Global Certificate represents only one Security) be treated as having one vote in respect of each €1,000 in principal amount of the Securities.

### **Trustee's Powers**

In considering the interests of Holders while any Global Certificate is held on behalf of Euroclear or Clearstream, Luxembourg, the Trustee may have regard to any information provided to it by the relevant clearing system or its operator as to the identity (either individually or by category) of its Accountholders with entitlements to such Global Certificate and may consider such interests, and treat such Accountholders, as if such Accountholders were the holders of the Securities represented by such Global Certificate.

## Notices

So long as this Global Certificate is held on behalf of Euroclear Bank SA/NV ("**Euroclear**") and/or Clearstream Banking S.A. ("**Clearstream, Luxembourg**") and/or an Alternative Clearing System (as defined in the Trust Deed), notices to be given to Holders may be given by their being delivered to Euroclear and Clearstream, Luxembourg or, as the case may be, the Alternative Clearing System, rather than by publication as required by the Conditions and shall be deemed to have been given on the date of delivery to Euroclear and Clearstream, Luxembourg or, as the case may be, the Alternative Clearing System, provided that, so long as the Securities are listed and/or admitted to trading, notices required to be given to the Holders pursuant to the Conditions shall also be published (if such publication is required) in a manner which complies with the rules and regulations of any stock exchange or other relevant authority on which the Securities are listed/and or admitted to trading.

This Global Certificate shall not become valid for any purpose until authenticated by or on behalf of the Registrar.

This Global Certificate and any non-contractual obligations arising out of or in connection with it shall be governed by and construed in accordance with English law.

**In witness** whereof the Issuer has caused this Global Certificate to be signed on its behalf.

Dated as of the Issue Date.

## **BRITISH TELECOMMUNICATIONS PUBLIC LIMITED COMPANY**

By:

Name:

## **Certificate of Authentication**

This Global Certificate is authenticated without recourse, warranty or liability by or on behalf of the Registrar.

## **Citigroup Global Markets Europe AG**

as Registrar

By:

Name:

Authorised Signatory

For the purposes of authentication only.

### Form of Transfer

**For value received** the undersigned transfers to

.....  
.....

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF TRANSFEREE)

€[●] in principal amount of the Securities represented by this Global Certificate, and all rights under them.

Dated .....

Signed ..... Certifying Signature

\_\_\_\_\_

#### Notes:

- 1 The signature of the person effecting a transfer shall conform to a list of duly authorised specimen signatures supplied by the holder of the Securities represented by this Global Certificate or (if such signature corresponds with the name as it appears on the face of this Global Certificate) be certified by a notary public or a recognised bank or be supported by such other evidence as the Registrar and Principal Paying Agent may reasonably require.
- 2 A representative of the Holder should state the capacity in which he signs e.g. executor.

**Schedule 1**  
**Part B**  
**Form of Certificate**

On the front:

**BRITISH TELECOMMUNICATIONS PUBLIC LIMITED COMPANY**  
**(Incorporated with limited liability under the laws of United Kingdom)**  
**€500,000,000**  
**Fixed Rate Resetable Capital Securities due 2080**  
**guaranteed on a subordinated basis by BT Group PLC (incorporated with limited liability in**  
**England and Wales with Registered Number: 4190816)**

**CERTIFICATE**

**Certificate No. [●]**

**ISIN: XS2119468572**

**Common Code: 211946857**

This Certificate certifies that [●] of [●] (the “**Registered Holder**”) is, as at the date hereof, registered as the holder of €[●] in principal amount of the securities referred to above (the “**Securities**”) of British Telecommunications public limited company (the “**Issuer**”). The Securities are subject to the Terms and Conditions (the “**Conditions**”) endorsed hereon and are issued subject to, and with the benefit of, the Trust Deed referred to in the Conditions. Expressions defined in the Conditions have the same meanings in this Certificate.

The Issuer, for value received, promises to, or to the order of, pay to the holder of the Securities represented by this Certificate (subject to surrender of this Certificate if no further payment falls to be made in respect of such Securities) on 18 August 2080 or if earlier on such date as the amount payable upon redemption under the Conditions may become payable in accordance with the Conditions, the amount payable upon redemption under the Conditions in respect of the Securities represented by this Certificate and to pay interest (subject to the Deferred Interest provisions in the Conditions) in respect of such Securities in arrear at the rates, in the amounts and on the dates for payment provided for in the Conditions together with such other sums and additional amounts (if any) as may be payable under the Conditions, in accordance with the Conditions.

For the purposes of this Certificate, (a) the holder of the Securities represented by this Certificate is bound by the provisions of the Trust Deed, (b) the Issuer certifies that the Registered Holder is, at the date hereof, entered in the Register as the holder of the Securities represented by this Certificate, (c) this Certificate is evidence of entitlement only, (d) title to the Securities represented by this Certificate passes only on due registration on the Register, and (e) only the holder of the Securities represented by this Certificate is entitled to payments in respect of the Securities represented by this Certificate.

This Certificate shall not become valid for any purpose until authenticated by or on behalf of the Registrar.

**In witness** whereof the Issuer has caused this Certificate to be signed on its behalf.

Dated as of the Issue Date.

**BRITISH TELECOMMUNICATIONS PUBLIC LIMITED COMPANY**

By:

Name:

**Certificate of Authentication**

This Certificate is authenticated without recourse, warranty or liability  
by or on behalf of the Registrar.

**Citigroup Global Markets Europe AG**

as Registrar

By:

Name:

Authorised Signatory

For the purposes of authentication only.



On the back:

**Terms and Conditions of the Securities**

[The Terms and Conditions that are set out in Schedule 2 to the Trust Deed will be set out here]

## Form of Transfer

For value received the undersigned transfers to

.....  
.....

(PLEASE PRINT OR TYPEWRITE NAME AND ADDRESS OF TRANSFEREE)

€[●] in principal amount of the Securities represented by this Certificate, and all rights under them.

Dated .....

Signed ..... Certifying Signature

### Notes:

- 1 The signature of the person effecting a transfer shall conform to a list of duly authorised specimen signatures supplied by the holder of the Securities represented by this Certificate or (if such signature corresponds with the name as it appears on the face of this Certificate) be certified by a notary public or a recognised bank or be supported by such other evidence as the Registrar and the Principal Paying Agent may reasonably require.
- 2 A representative of the Holder should state the capacity in which he signs e.g. executor.

[TO BE COMPLETED BY TRANSFEREE:

[INSERT ANY REQUIRED TRANSFEREE REPRESENTATIONS, CERTIFICATIONS ETC.]]

PRINCIPAL PAYING AGENT[, REGISTRAR] AND TRANSFER AGENT

[PRINCIPAL PAYING AGENT NAME]

[●]

[REGISTRAR AND] TRANSFER AGENT[S]

[●]

## Schedule 2

### Terms and Conditions of the Securities

The issue of the €500,000,000 Capital Securities due 2080 (the “**Securities**”, which expression shall, unless the context otherwise requires, include any further securities issued pursuant to Condition 20 and forming a single series with the Securities) of British Telecommunications public limited company (the “**Issuer**”) was authorised by a resolution of the board of directors of the Issuer dated 3 February 2020. The obligations of the Issuer in respect of the Securities and the Trust Deed are guaranteed (such guarantee, the “**Guarantee**”) by BT Group plc (the “**Guarantor**”) as described below and in the Trust Deed. The Guarantee was authorised by a resolution of the board of directors of the Guarantor passed on 28 January 2020 and by resolutions of a sub-committee of the board of directors of the Guarantor passed on 7 February 2020. The Securities are constituted by a trust deed (as amended and/or supplemented and/or restated from time to time, the “**Trust Deed**”) dated 18 February 2020 between the Issuer, the Guarantor and The Law Debenture Trust Corporation p.l.c. (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the holders of the Securities. These terms and conditions (the “**Conditions**”) include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the forms of the Securities. Copies of (i) the Trust Deed and (ii) a paying agency agreement (as amended and/or supplemented and/or restated from time to time) (the “**Paying Agency Agreement**”) dated 18 February 2020 relating to the Securities between the Issuer, Citibank N.A., London Branch as principal paying agent (the “**Principal Paying Agent**”, and together with any additional or successor paying agents, the “**Paying Agents**”), Citibank N.A., London Branch as calculation agent (the “**Calculation Agent**”), Citigroup Global Markets Europe AG as registrar (the “**Registrar**”) and the transfer agents named therein (together with the Registrar, the “**Transfer Agents**”, which expression includes any successor or additional transfer agents appointed from time to time in connection with the Securities) and the Trustee are available for inspection by prior arrangement during usual business hours at the principal office of the Trustee and at the specified offices of each of the Paying Agents. The holders of the Securities are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed, and are deemed to have notice of those provisions applicable to them of the Paying Agency Agreement.

#### 1. **Form, Denomination and Title**

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

The Securities are issued in registered form in the denominations of €100,000 and integral multiples of €1,000 in excess thereof. A security certificate (each a “**Certificate**”) will be issued to each Holder (as defined below) in respect of its registered holding of Securities. Each Certificate will be serially numbered with an identifying number which will be recorded on the relevant Certificate and in the register of Holders which the Issuer will procure to be kept by the Registrar (the “**Register**”).

##### (b) *Title*

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

(c) *Transfers*

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

(d) *Delivery of new Certificates*

Each new Certificate to be issued upon transfer of Securities will, within five business days of receipt by the Registrar or the relevant Transfer Agent of the duly completed form of transfer endorsed on the relevant Certificate, be mailed by uninsured mail at the risk of the Holder entitled to the Security to the address specified in the form of transfer. For the purposes of this Condition, **business day** shall mean a day on which banks are open for business in the city in which the specified office of the Registrar or Transfer Agent with whom a Certificate is deposited in connection with a transfer is located.

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

(e) *Formalities free of charge*

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

(f) *Closed periods*

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

(g) *Regulations*

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

**2. Status of the Securities**

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

**3. Subordination of the Securities**

(a) *General*

In the event of:

- (i) an order being made, or an effective resolution being passed, for the winding-up of the Issuer (except, in any such case, a solvent winding-up solely for the purposes of a reorganisation,

reconstruction or amalgamation or the substitution in place of the Issuer of a “successor in business” (as defined in the Trust Deed) of the Issuer, (A)(x) the terms of which reorganisation, reconstruction, amalgamation or substitution have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed) or (y) which substitution will be effected in accordance with Condition 15; and (B) in each case the terms of which do not provide that the Securities shall thereby become redeemable or repayable in accordance with these Conditions); or

- (ii) an administrator of the Issuer being appointed and such administrator giving notice that it intends to declare and distribute a dividend,

there shall be payable by the Issuer in respect of each Security, such amounts, if any, as would have been payable to the Holder of such Security if, on the day prior to the commencement of the winding-up or such administration, as the case may be, and thereafter, such Holder were the holder of one of a class of preference shares in the capital of the Issuer (“**Notional Preference Shares of the Issuer**”) having an equal right to a return of assets in the winding-up or such administration, as the case may be, and so ranking *pari passu* with, the holders of that class or classes of preference shares (if any) which have a preferential right to a return of assets in the winding-up over, and so rank ahead of, the holders of the ordinary share capital of the Issuer and any other obligations of the Issuer, issued directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with such ordinary shares, but ranking junior to the claims of holders of all Senior Obligations of the Issuer (except as otherwise provided by mandatory provisions of law), on the assumption that the amounts that such Holder were entitled to receive in respect of each Notional Preference Share of the Issuer on a return of assets in such winding-up or such administration, as the case may be, were, in the case of a Security and its Holder, an amount equal to the principal amount of the relevant Security and any accrued and unpaid interest (including any accrued but unpaid Deferred Interest) (and, in the case of an administration, on the assumption that shareholders were entitled to claim and recover in respect of their shares to the same degree as in a winding-up). For the purpose of construing the provisions of the Guarantee and the Guarantor’s payment obligations in respect thereof, the latter amounts shall be treated as due and payable by the Issuer on the date such order is made or such resolution is passed or notice is given, as the case may be and, consequently, a claim under the Guarantee in respect of such amount may be made on, or at any time after, such date.

- (b) *Set-off*

Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Issuer in respect of, or arising under or in connection with the Securities and each Holder shall, by virtue of his holding of any Security, be deemed to have waived all such rights of set-off, compensation or retention.

#### **4. Guarantee**

- (a) *Guarantee*

The payment of the principal, premium and interest in respect of the Securities has been guaranteed by the Guarantor pursuant to the Guarantee.

The Guarantee may be terminated by the Guarantor or the Issuer at any time as described in the Trust Deed and Condition 17.

- (b) *Status of the Guarantee*

The obligations of the Guarantor under the Guarantee constitute direct, unsecured and subordinated obligations of the Guarantor and rank *pari passu* and without any preference or priority among

themselves and with any Parity Securities of the Guarantor. The rights and claims of the Holders in respect of the Guarantee against the Guarantor are subordinated as described in Condition 4(c).

(c) *Subordination of the Guarantee*

In the event of:

- (i) an order being made, or an effective resolution being passed, for the winding-up of the Guarantor (except, in any such case, a solvent winding-up solely for the purposes of a reorganisation, reconstruction or amalgamation of the Guarantor (A) the terms of which reorganisation, reconstruction or amalgamation have previously been approved in writing by the Trustee or by an Extraordinary Resolution (as defined in the Trust Deed); and (B) in each case the terms of which do not provide that the Securities shall thereby become redeemable or repayable in accordance with these Conditions); or
- (ii) an administrator of the Guarantor being appointed and such administrator giving notice that it intends to declare and distribute a dividend,

there shall be payable by the Guarantor under the Guarantee in respect of each Security, such amounts, if any, as would have been payable to the Holder of such Security if, on the day prior to the commencement of the winding-up or such administration, as the case may be, and thereafter, such Holder were the holder of one of a class of preference shares in the capital of the Guarantor ("**Notional Preference Shares of the Guarantor**") having an equal right to a return of assets in the winding-up or such administration, as the case may be, and so ranking *pari passu* with, the holders of that class or classes of preference shares (if any) which have a preferential right to a return of assets in the winding-up over, and so rank ahead of, the holders of the ordinary share capital of the Guarantor and any other obligations of the Guarantor, issued directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with such ordinary shares, but ranking junior to the claims of holders of all Senior Obligations of the Guarantor (except as otherwise provided by mandatory provisions of law), on the assumption that the amounts that such Holder were entitled to receive in respect of each Notional Preference Share of the Guarantor on a return of assets in such winding-up or such administration, as the case may be, were, in the case of a Security and its Holder, an amount equal to the principal amount of the relevant Security and any accrued and unpaid interest (including any accrued but unpaid Deferred Interest) (and, in the case of an administration, on the assumption that shareholders were entitled to claim and recover in respect of their shares to the same degree as in a winding-up).

(d) *Set-off*

Subject to applicable law, no Holder may exercise, claim or plead any right of set-off, compensation or retention in respect of any amount owed to it by the Guarantor in respect of, or arising under or in connection with the Securities or the Guarantee and each Holder shall, by virtue of his holding of any Security, be deemed to have waived all such rights of set-off, compensation or retention.

## 5. **Interest Payments**

(a) *Interest Payment Dates*

The Securities bear interest on their principal amount at the applicable Interest Rate from (and including) 18 February 2020 (the "**Issue Date**") up to (but excluding) the Maturity Date in accordance with the provisions of this Condition 5.

Subject to Condition 6, interest shall be payable on the Securities annually in arrear on 18 August in each year (each an "**Interest Payment Date**") and ending on the Maturity Date, as provided in this Condition

5, except that the first payment of interest, to be made on 18 August 2020, will be in respect of the period from (and including) the Issue Date to (but excluding) 18 August 2020.

(b) *Interest Accrual*

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

Save as provided in Condition 5(c), where it is necessary to compute an amount of interest in respect of any Security for a period which is less than or equal to a complete year, such interest shall be calculated on the basis of the actual number of days in the period from (and including) the most recent Interest Payment Date (or if none, the Issue Date) to (but excluding) the relevant payment date divided by the actual number of days in the Interest Period in which the relevant period falls (including the first such day but excluding the last) (or, in respect of interest accruing during the first Interest Period, the period from (and including) 18 August 2019 to (but excluding) 18 August 2020) (“**day-count fraction**”). Where it is necessary to compute an amount of interest in respect of any Security for a period of more than one year, such interest shall be the aggregate of the interest computed in respect of a full year plus the interest computed in respect of the remaining period calculated in the manner as aforesaid.

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

(c) *Initial Interest Rate*

The Interest Rate in respect of each Interest Period ending on or before the First Reset Date is 1.874 per cent. per annum (the “**Initial Interest Rate**”). The Interest Payment in respect of each such Interest Period will amount to €18.74 per Calculation Amount. The first payment of interest, to be made on 18 August 2020, will be in respect of the period from (and including) the Issue Date to (but excluding) 18 August 2020 and will amount to €9.32 per Calculation Amount.

(d) *Reset Interest Rates*

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

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

The Calculation Agent will, as soon as practicable after 11.00 hours (Central European Time) on each Reset Interest Determination Date, determine the Reset Interest Rate in respect of the relevant Reset Period and calculate the amount of interest payable in respect of a Calculation Amount on each Interest Payment Date falling in the period from (but excluding) such relevant Reset Date to (and including) the next Reset Date (the “**Interest Amount**”).

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

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

(g) *Calculation Agent and Reference Banks*

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

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

(h) *Determinations of Calculation Agent Binding*

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

(i) *Benchmark Event*

(i) Notwithstanding the provisions above in this Condition 5, if the Issuer determines that a Benchmark Event has occurred when any Reset Interest Rate (or any component part thereof) remains to be determined by reference to such Original Reference Rate, the Issuer shall use its reasonable endeavours to appoint and consult with an Independent Adviser, as soon as reasonably practicable, to advise the Issuer in determining a Successor Rate, failing which an Alternative Rate (in accordance with Condition 5(i)(ii)) and, in either case, an Adjustment Spread and any Benchmark Amendments (in accordance with Condition 5(i)(iv)).

In making such determination and any other determination pursuant to this Condition 5(i), the Issuer shall act in good faith and in a commercially reasonable manner. In the absence of bad faith or fraud, the Independent Adviser shall have no liability whatsoever to the Trustee, the Agents or the Holders for any advice given to the Issuer in connection with any determination made by the Issuer, pursuant to this Condition 5(i).

If the Issuer fails to determine a Successor Rate or, failing which, an Alternative Rate in accordance with this Condition 5(i)(i) prior to the relevant Reset Interest Determination Date in respect of a relevant Reset Period, the 5-year Swap Rate applicable to the next succeeding Reset Period shall be equal to the last annualised mid-swap rate with a term of five years displayed on the Reset Screen Page as determined by the Calculation Agent in consultation with the Issuer.



For the avoidance of doubt, this paragraph shall apply to the relevant next succeeding Reset Period only and any subsequent Reset Periods are subject to the subsequent operation of, and to adjustment as provided in, the first paragraph of this Condition 5(i).

- (ii) If the Issuer, following consultation with the Independent Adviser or acting alone, as the case may be pursuant to Condition 5(i)(i) above, determines that:
  - (A) there is a Successor Rate, then such Successor Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Reset Interest Rate (or the relevant component part thereof) for all future payments of interest on the Securities from the end of the then current Reset Period onwards (subject to the operation of this Condition 5(i)); or
  - (B) there is no Successor Rate but that there is an Alternative Rate, then such Alternative Rate and the applicable Adjustment Spread shall subsequently be used in place of the Original Reference Rate to determine the Reset Interest Rate (or the relevant component part thereof) for all future payments of interest on the Securities from the end of the then current Reset Period onwards (subject to the operation of this Condition 5(i)).
- (iii) The Adjustment Spread (or the formula or methodology for determining the Adjustment Spread) shall be applied to the Successor Rate or the Alternative Rate (as the case may be).
- (iv) If any Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread is determined in accordance with this Condition 5(i) and the Issuer, following consultation with the Independent Adviser, determines (i) that amendments to these Conditions, the Paying Agency Agreement and/or the Trust Deed are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and, in either case, the applicable Adjustment Spread (such amendments, the “**Benchmark Amendments**”) and (ii) the terms of the Benchmark Amendments, then the Issuer shall, subject to giving notice thereof in accordance with Condition 5(i)(v), without any requirement for the consent or approval of Holders, vary these Conditions, the Paying Agency Agreement and/or the Trust Deed to give effect to such Benchmark Amendments with effect from the date specified in such notice.

At the request of the Issuer, but subject to receipt by the Trustee and the Principal Paying Agent of a certificate signed by two directors of the Issuer pursuant to Condition 5(i)(v), the Trustee and the Principal Paying Agent shall (at the expense and direction of the Issuer), without any requirement for the consent or approval of the Holders be obliged to concur with the Issuer in effecting any Benchmark Amendments (including, *inter alia*, by the execution of a deed supplemental to or amending the Trust Deed and/or the Paying Agency Agreement) and the Trustee and the Principal Paying Agent shall not be liable to the Holders or to any person for any consequences thereof irrespective of whether any such modification is or may be materially prejudicial to the interests of any such Holder or other person, provided that the Trustee and the Principal Paying Agent shall not be obliged so to concur if in the opinion of the Trustee or the Principal Paying Agent (as applicable) doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the rights and/or the protective provisions afforded to it in these Conditions and/or any documents to which it is a party (including, for the avoidance of doubt, any supplemental trust deed or any supplemental paying agency agreement) in any way.

In connection with any such variation in accordance with this Condition 5(i)(iv), the Issuer shall comply with the rules of any stock exchange on which the Securities are for the time being listed or admitted to trading.

Notwithstanding any other provision of this Condition 5(i), no Successor Rate or Alternative Rate will be adopted, nor any Adjustment Spread applied, nor will any Benchmark Amendments be made, if and to the extent that, in the determination of the Issuer, the same could reasonably be expected to cause a Rating Capital Event to occur.

- (v) Any Successor Rate, Alternative Rate, Adjustment Spread and the specific terms of any Benchmark Amendments determined under this Condition 5(i) will be notified promptly by the Issuer to the Trustee, the Agents and, in accordance with Condition 19, the Holders. Such notice shall be irrevocable and shall specify the effective date of the Benchmark Amendments, if any.

No later than notifying the Trustee and the Agents of the same, the Issuer shall deliver to the Trustee and the Agents a certificate signed by two directors of the Issuer:

- (A) confirming (i) that a Benchmark Event has occurred, (ii) the Successor Rate or, as the case may be, the Alternative Rate, (iii) the applicable Adjustment Spread and (iv) the specific terms of the Benchmark Amendments (if any), in each case as determined in accordance with the provisions of this Condition 5(i); and
- (B) certifying that the Benchmark Amendments (if any) are necessary to ensure the proper operation of such Successor Rate or Alternative Rate and (in either case) the applicable Adjustment Spread.

The Trustee and the Agents shall be entitled to rely on such certificate (without enquiry or liability to any person) as sufficient evidence thereof. The Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) specified in such certificate will (in the absence of manifest error in the determination of the Successor Rate or Alternative Rate and the Adjustment Spread and the Benchmark Amendments (if any) and without prejudice to the Trustee's and the Agents' ability to rely on such certificate as aforesaid) be binding on the Issuer, the Guarantor, the Trustee, the Agents, and the Holders.

- (vi) Without prejudice to the obligations of the Issuer under Condition 5(i)(i), (ii), (iii) and (iv), the Original Reference Rate and the fallback provisions provided for in Condition 5(d) and the related definitions will continue to apply unless and until the Issuer determines that a Benchmark Event has occurred and the Trustee and the Agents have been notified of the Successor Rate or the Alternative Rate (as the case may be), and the Adjustment Spread and any Benchmark Amendments, in accordance with Condition 5(i)(v).
- (vii) As used in this Condition 5(i):

**"Adjustment Spread"** means either (a) a spread (which may be positive, negative or zero) or (b) a formula or methodology for calculating a spread, in each case to be applied to the Successor Rate or the Alternative Rate (as the case may be) and is the spread, formula or methodology which:

- (a) in the case of a Successor Rate, is formally recommended in relation to the replacement of the Original Reference Rate with the Successor Rate by any Relevant Nominating Body; or (if no such recommendation has been made, or in the case of an Alternative Rate)
- (b) the Issuer, following consultation with the Independent Adviser or acting alone, as the case may be pursuant to Condition 5(i)(i) above, determines is customarily applied to the relevant

Successor Rate or the Alternative Rate (as the case may be) in international debt capital markets transactions to produce an industry-accepted replacement rate for the Original Reference Rate; or (if the Issuer determines that no such spread is customarily applied)

- (c) the Issuer, following consultation with the Independent Adviser or acting alone, as the case may be pursuant to Condition 5(i)(i) above, determines is recognised or acknowledged as being the industry standard for over-the-counter derivative transactions which reference the Original Reference Rate, where such rate has been replaced by the Successor Rate or the Alternative Rate (as the case may be).

**“Alternative Rate”** means an alternative benchmark or screen rate which the Issuer, following consultation with the Independent Adviser, determines is customarily applied in international debt capital markets transactions for the purposes of determining resettable rates of interest (or the relevant component part thereof) in euro.

**“Benchmark Amendments”** has the meaning given to it in Condition 5(i)(iv).

**“Benchmark Event”** means:

- (a) the Original Reference Rate ceasing to be published for a period of at least five Business Days or ceasing to exist; or
- (b) a public statement by the administrator of the Original Reference Rate that it has ceased or that it will cease publishing the Original Reference Rate permanently or indefinitely (in circumstances where no successor administrator has been appointed that will continue publication of the Original Reference Rate); or
- (c) a public statement by the supervisor of the administrator of the Original Reference Rate, that the Original Reference Rate has been or will be permanently or indefinitely discontinued; or
- (d) a public statement by the supervisor of the administrator of the Original Reference Rate as a consequence of which the Original Reference Rate will be prohibited from being used either generally or in respect of the Securities; or
- (e) a public statement by the regulatory supervisor for the administrator of the Original Reference Rate announcing that the Original Reference Rate is no longer representative of its underlying market or may no longer be used; or
- (f) it has or will become unlawful for any Agent or the Issuer to calculate any payments due to be made to any Holders using the Original Reference Rate,

provided that in the case of sub-paragraphs (b), (c) and (d), the Benchmark Event shall be deemed to occur on the date of the cessation of publication of the Original Reference Rate, the discontinuation of the Original Reference Rate, or the prohibition of use of the Original Reference Rate, as the case may be, and not the date of the relevant public statement.

**“Independent Adviser”** means an independent financial institution of international repute or an independent financial adviser with appropriate expertise appointed by the Issuer at its expense under Condition 5(i)(i) and notified in writing to the Trustee.

**“Original Reference Rate”** means the originally specified benchmark or screen rate (as applicable) used to determine the Reset Interest Rate (or any component part thereof) on the Securities (or, if applicable, any other Successor Rate or Alternative Rate (or any component part thereof) determined and applicable to the Securities pursuant to the earlier application of Condition 5(i)).

**“Relevant Nominating Body”** means, in respect of a benchmark or screen rate (as applicable):

- (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, or any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable); or
- (b) any working group or committee sponsored by, chaired or co-chaired by or constituted at the request of (a) the central bank for the currency to which the benchmark or screen rate (as applicable) relates, (b) any central bank or other supervisory authority which is responsible for supervising the administrator of the benchmark or screen rate (as applicable), (c) a group of the aforementioned central banks or other supervisory authorities or (d) the Financial Stability Board or any part thereof.

**“Successor Rate”** means a successor to or replacement of the Original Reference Rate which is formally recommended by any Relevant Nominating Body.

## **6. Optional Interest Deferral**

### **(a) *Deferral of Interest Payments***

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

Any Deferred Interest Payment shall itself bear interest (such further interest, together with the Deferred Interest Payment, being **“Deferred Interest”**), at the Interest Rate prevailing from time to time, from (and including) the date on which (but for such deferral) the relevant Deferred Interest Payment would otherwise have been due to be made to (but excluding) the relevant Deferred Interest Settlement Date (as defined below) or, as appropriate, such other date on which such Deferred Interest Payment is paid in accordance with Condition 6(c), in each case such further interest being compounded on each Interest Payment Date.

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

### **(b) *Optional payment of Deferred Interest***

Deferred Interest may be paid at the option of the Issuer in whole or in part at any time (the **“Deferred Interest Settlement Date”**) following delivery of a notice to such effect given by the Issuer to the Holders in accordance with Condition 19, the Trustee, the Registrar and the Principal Paying Agent not more than 30 nor fewer than 7 Business Days prior to the relevant Deferred Interest Settlement Date informing them of its election to so settle such Deferred Interest (or part thereof) and specifying the relevant Deferred Interest Settlement Date.

### **(c) *Mandatory payment of Deferred Interest***

Notwithstanding the preceding provisions of this Condition 6, the Issuer shall pay any accrued but unpaid Deferred Interest, in whole but not in part, on the first to occur of the following dates:

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

## **7. Redemption**

### **(a) *Final Redemption Date***

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

### **(b) *Issuer's Call Option***

The Issuer may, having given not fewer than 15 nor more than 45 days' notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 19, the Holders (which notice shall be irrevocable), redeem all, but not some only, of the Securities on any Optional Redemption Date at 100 per cent. of their principal amount together with any accrued and unpaid interest up to (but excluding) the redemption date (including any accrued but unpaid Deferred Interest). Upon the expiry of such notice, the Issuer shall redeem the Securities.

### **(c) *Redemption for Taxation Reasons***

If a Tax Deductibility Event or a Withholding Tax Event has occurred and is continuing, then the Issuer may, having given not fewer than 15 nor more than 45 days' notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 19, the Holders (which notice shall be irrevocable) and subject to Condition 9, redeem all, but not some only, of the Securities at any time at 100 per cent. of their principal amount in the case of a Withholding Tax Event, or, in the case of a Tax Deductibility Event, (i) 101 per cent. of their principal amount where such redemption occurs before 18 May 2025, or (ii) 100 per cent. of their principal amount where such redemption occurs on or after 18 May 2025, together, in each case, with any accrued and unpaid interest up to (but excluding) the redemption date (including any accrued but unpaid Deferred Interest). Upon the expiry of such notice, the Issuer shall redeem the Securities.

### **(d) *Redemption for Rating Reasons***

If a Rating Capital Event has occurred and is continuing, then the Issuer may, having given not fewer than 15 nor more than 45 days' notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 19, the Holders (which notice shall be irrevocable) and subject to Condition 9, redeem all, but not some only, of the Securities at any time at (i) 101 per cent. of their principal amount, where such redemption occurs before 18 May 2025, or (ii) 100 per cent. of their principal amount, where such redemption occurs on or after 18 May 2025, together, in each case, with any accrued and unpaid interest up to (but excluding) the redemption date (including any accrued but unpaid Deferred Interest). Upon the expiry of such notice, the Issuer shall redeem the Securities.

(e) *Redemption Following Substantial Repurchase*

If a Substantial Repurchase Event has occurred, then the Issuer may, having given not fewer than 15 nor more than 45 days' notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 19, the Holders (which notice shall be irrevocable) and subject to Condition 9, redeem all, but not some only, of the Securities at any time at 100 per cent. of their principal amount, 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.

(f) *Redemption for Accounting Reasons*

If an Accounting Event has occurred and is continuing, then the Issuer may, having given not fewer than 15 nor more than 45 days' notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 19, the Holders (which notice shall be irrevocable) and subject to Condition 9, redeem all, but not some only, of the Securities at any time at (i) 101 per cent. of their principal amount, where such redemption occurs before 18 May 2025, or (ii) 100 per cent. of their principal amount, where such redemption occurs on or after 18 May 2025, together, in each case, with any accrued and unpaid interest up to (but excluding) the redemption date (including any accrued but unpaid Deferred Interest). Upon the expiry of such notice, the Issuer shall redeem the Securities.

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

**8. Substitution or Variation**

If a Rating Capital Event, an Accounting Event, a Tax Deductibility Event or a Withholding Tax Event has occurred and is continuing, then the Issuer may, subject to Condition 9 (without any requirement for the consent or approval of the Holders) and subject to its having satisfied the Trustee immediately prior to the giving of any notice referred to herein that the provisions of this Condition 8 and Condition 9 have been complied with, and having given not fewer than 30 nor more than 45 days' notice to the Trustee, the Registrar, the Principal Paying Agent and, in accordance with Condition 19, the Holders (which notice shall be irrevocable), at any time either (i) substitute all, but not some only, of the Securities for, or (ii) vary the terms of the Securities with the effect that they remain or become, as the case may be, Qualifying Securities, and the Trustee shall (subject to the following provisions of this Condition 8 and subject to the receipt by it of the certificate of the directors of the Issuer referred to in Condition 9 below) agree to such substitution or variation but without further responsibility or liability on the part of the Trustee.

Upon expiry of such notice, the Issuer shall either vary the terms of or, as the case may be, substitute the Securities in accordance with this Condition 8.

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

The Trustee shall, without any requirement for the consent or approval of the Holders, execute any documents necessary to effect the substitution of the Securities for, or the variation of the terms of the Securities so that they remain, or as the case may be, become, Qualifying Securities, provided that the Trustee shall not be obliged to execute any such documents if, in the Trustee's opinion, doing so would impose more onerous obligations upon it or expose it to any additional duties, responsibilities or liabilities or reduce or amend the rights and/or the protective provisions afforded to it in these Conditions

and/or any documents to which it is a party in any way. If the Trustee does not execute any necessary documents as provided above, the Issuer may redeem the Securities as provided in Condition 7.

In connection with any substitution or variation in accordance with this Condition 8, the Issuer and the Guarantor shall comply with the rules of any stock exchange on which the Securities are for the time being listed or admitted to trading.

Any such substitution or variation in accordance with the foregoing provisions shall not be permitted if any such substitution or variation would give rise to a Special Event (other than a Substantial Repurchase Event) with respect to the Securities or the Qualifying Securities.

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

Prior to the publication of any notice of redemption pursuant to Condition 7 (other than redemption pursuant to Condition 7(b)) or any notice of substitution or variation pursuant to Condition 8, the Issuer shall deliver to the Trustee (i) a certificate signed by two directors of the Issuer stating that the relevant requirement or circumstance giving rise to the right to redeem, substitute or vary is satisfied, and where the relevant Special Event requires measures reasonably available to the Issuer to be taken, the relevant Special Event cannot be avoided by the Issuer or, as the case may be, the Guarantor taking such measures and (ii) in the case of redemption pursuant to Condition 7(c) only, an opinion from a nationally recognised law firm or other tax adviser in the United Kingdom experienced in such matters to the effect that the relevant requirement or circumstance giving rise to such right of redemption applies. In relation to a substitution or variation pursuant to Condition 8, such certificate shall also include further certifications that the terms of the Qualifying Securities are not materially less favourable to Holders than the terms of the Securities, that such determination was reached by the Issuer, acting reasonably, in consultation with an independent investment bank or counsel of international standing and that the criteria specified in paragraphs (a) to (j) of the definition of Qualifying Securities will be satisfied by the Qualifying Securities upon issue. The Trustee shall be entitled to accept such certificate without liability to any person and without any further inquiry as sufficient evidence of the satisfaction of the conditions precedent set out in such paragraphs, in which event it shall be conclusive and binding on the Holders.

Any redemption of the Securities in accordance with Condition 7 or any substitution or variation of the Securities in accordance with Condition 8 shall be conditional on all accrued but unpaid Deferred Interest being paid in full in accordance with the provisions of Condition 6 on or prior to the date of such redemption, substitution or, as the case may be, variation, together with any accrued and unpaid interest up to (but excluding) such redemption, substitution or, as the case may be, variation date.

The Trustee is under no obligation to ascertain whether any Special Event or any event which could lead to the occurrence of, or could constitute, any such Special Event has occurred and, until it shall have received express written notice pursuant to the Trust Deed to the contrary, the Trustee may assume that no such Special Event or such other event has occurred.

## **10. Purchases and Cancellation**

### **(a) Purchases**

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

### **(b) Cancellation**

All Securities redeemed or substituted by the Issuer pursuant to Condition 7 or 8, as the case may be, will forthwith be cancelled. All Securities purchased by or on behalf of the Issuer, the Guarantor or any of their respective Subsidiaries may, at the option of the Issuer or the Guarantor, as the case may be, be

held, reissued, resold or surrendered for cancellation to a Paying Agent. Securities held by the Issuer, the Guarantor and/or any of their respective Subsidiaries shall not entitle the holder to vote at any meeting of Holders and shall not be deemed to be outstanding for the purposes of calculating quorums at meetings of Holders or for any other purpose specified in Condition 15.

## **11. Payments**

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

Payments of principal, premium and interest in respect of each Security will be made by transfer to the registered account of the Holder or by euro cheque drawn on a bank (nominated in writing to the Registrar by the Holder) that processes payments in euro mailed to the registered address of the Holder if it does not have a registered account, provided that the nomination is received by the Registrar not later than 10 Business Days before any date on which payment is scheduled. Payments of principal and premium and payment of interest (including, for the avoidance of doubt, Deferred Interest) due otherwise than on an Interest Payment Date (other than payments due pursuant to Condition 6(a)) will only be made against surrender of the relevant Certificate at the specified office of any of the Paying Agents or the Registrar. Interest on the Securities due on an Interest Payment Date will be paid to the holder shown on the Register at the close of business on the date (the “**record date**”) being the fifteenth day before the due date for the payment of interest.

For the purposes of this Condition 11, a Holder’s **registered account** means the euro account maintained by or on behalf of it with a bank that processes payments in euro in a city in which banks have access to the Target System, details of which appear on the Register at the close of business on the relevant record date, and a Holder’s registered address means its address appearing on the Register at that time.

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

### **(b) *Payments Subject to Fiscal Laws***

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

### **(c) *Payments on Business Days***

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

## **12. Events of Default**

### **(a) *Proceedings***

If a default is made by the Issuer or the Guarantor for a period of 14 days or more in relation to the payment of principal or for a period of 28 days or more in respect of any payment of interest (including any Deferred Interest) in respect of the Securities which is due and payable (an “**Event of Default**”), then the Issuer and/or the Guarantor, as the case may be, shall without notice from the Trustee be deemed



to be in default under the Trust Deed and the Securities and the Trustee at its discretion may, and if so requested by the holders of at least one-quarter in principal amount of the Securities then outstanding or if so directed by an Extraordinary Resolution shall (subject to Condition 12(c)) institute actions, steps or proceedings for the winding-up of the Issuer and/or the Guarantor and/or prove in the winding-up or administration of the Issuer and/or the Guarantor and/or claim in the liquidation or administration of the Issuer and/or the Guarantor for such payment.

(b) *Enforcement*

The Trustee may at its discretion (subject to Condition 12(c)) and without further notice institute such actions, steps or proceedings against the Issuer and/or the Guarantor, as the case may be, as it may think fit to enforce any term or condition binding on the Issuer and/or the Guarantor, as the case may be, under the Trust Deed or the Securities but in no event shall the Issuer or the Guarantor, by virtue of the institution of any such proceedings, be obliged to pay any sum or sums sooner than the same would otherwise have been payable by it.

(c) *Entitlement of Trustee*

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

(d) *Right of Holders*

No Holder shall be entitled to proceed directly against the Issuer and/or the Guarantor or to institute actions, steps or proceedings for the winding-up of the Issuer and/or the Guarantor and/or prove in the winding-up or administration of the Issuer and/or the Guarantor and/or claim in the liquidation or administration of the Issuer and/or the Guarantor unless the Trustee, having become so bound to proceed or being able to prove in such winding-up or claim in such liquidation, fails or is unable to do so within a reasonable period and such failure or inability shall be continuing, in which case the Holder shall have only such rights against the Issuer and/or the Guarantor as those which the Trustee is entitled to exercise as set out in this Condition 12.

(e) *Extent of Holders' remedy*

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

**13. Taxation**

All payments of principal, premium and interest by or on behalf of the Issuer in respect of the Securities or by or on behalf of the Guarantor in respect of the Guarantee shall be made without withholding or deduction for, or on account of, any present or future taxes or duties of whatever nature ("**Taxes**") imposed or levied by or on behalf of the United Kingdom or any political subdivision of the United Kingdom or any authority thereof or therein having power to tax, unless such withholding or deduction is compelled by law. In that event, the Issuer or, as the case may be, the Guarantor shall pay such additional amounts ("**Additional Amounts**") as shall result in receipt by the Holders of such amounts as

would have been receivable in respect of the Securities had no such withholding or deduction been made, except that no such Additional Amounts shall be payable in respect of any Security:

- (i) held by or on behalf of, a person who is liable to such taxes or duties in respect of such Security by reason of his having some connection with the United Kingdom other than the mere holding of such Security; or
- (ii) to a person who would not be liable or subject to such deduction or withholding by making a declaration of non-residence or other claim for exemption to a tax authority; or
- (iii) in respect of which the Certificate representing it is surrendered for payment (where such surrender is required) more than 30 days after the Relevant Date except to the extent that the Holder would have been entitled to such additional amounts on surrendering the same for payment on such 30th day (assuming that day to have been a day on which surrender for payment is permitted by Condition 11(c)); or
- (iv) in respect of which the Certificate representing it is surrendered for payment (where such surrender is required) by or on behalf of a Holder who would have been able to avoid such withholding or deduction by satisfying any statutory or procedural requirements (including, without limitation, the provision of information).

Notwithstanding any other provision of these Conditions or the Trust Deed, any amounts to be paid on the Securities by or on behalf of the Issuer or the Guarantor will be paid net of any deduction or withholding imposed or required pursuant to an agreement described in Section 1471(b) of the U.S. Internal Revenue Code of 1986, as amended (the “**Code**”), or otherwise imposed pursuant to Sections 1471 through 1474 of the Code (or any regulations thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any fiscal or regulatory legislation, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a “**FATCA Withholding**”). None of the Issuer, the Guarantor nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

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

#### **14. Prescription**

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

#### **15. Meetings of Holders, Modification, Waiver and Substitution**

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

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

The agreement or approval of the Holders shall not be required in the case of any Benchmark Amendments required by the Issuer pursuant to Condition 5(i), or of any variation of these Conditions and/or the Trust Deed required to be made in the circumstances described in Condition 8 in connection with the substitution or variation of the terms of the Securities so that they remain or become Qualifying Securities, to which the Trustee has agreed pursuant to the relevant provisions of Condition 8.

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

The Trust Deed provides that a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Securities outstanding shall for all purposes be as valid and effective as an Extraordinary Resolution passed at a meeting of Holders duly convened and held. Such a resolution in writing may be contained in one document or several documents in the same form, each signed by or on behalf of one or more Holders.

The Trustee may agree, without the consent of the Holders, to (i) any modification of these Conditions or of any other provisions of the Trust Deed or the Paying Agency Agreement which is, in the opinion of the Trustee, of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification to (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach by the Issuer and/or the Guarantor of, any of these Conditions or of the provisions of the Trust Deed or the Paying Agency Agreement which is, in the opinion of the Trustee, not materially prejudicial to the interests of the Holders (which will not include, for the avoidance of doubt, any modification which would entitle the Holders to institute actions, steps or proceedings for the winding-up of the Issuer and/or the Guarantor in circumstances which are more extensive than those set out in Condition 12). In addition, the Trustee and the Principal Paying Agent shall be obliged to concur with the Issuer in effecting any Benchmark Amendments in the circumstances and as otherwise set out in Condition 5(i) without the consent or approval of the Holders. Any such modification, authorisation or waiver shall be binding on the Holders and such modification, authorisation or waiver shall be notified to the Holders in accordance with Condition 19, as soon as practicable.

If so requested by the Issuer, the Trustee shall, without the consent of the Holders, agree to the substitution, on a subordinated basis equivalent to that referred to in Conditions 2 and 3, in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Securities and the Trust Deed of another company, being a successor in business or a Holding Company (as defined in the Trust Deed) of the Issuer or a Subsidiary (as defined in the Trust Deed) of such Holding Company, (a “**Substituted Obligor**”) subject to (a) the Securities being unconditionally and irrevocably guaranteed by the Issuer, (b) certification to the Trustee by two directors of the Issuer that, in the opinion of the Issuer, the substitution will not be materially prejudicial to the interests of the Holders and will not have

any adverse effect on the payment in a timely manner of all moneys payable under the Conditions and the Trust Deed, (c) confirmations being received by the Trustee from each rating agency which has, at the request of the Issuer, rated the Securities that the substitution will not adversely affect the then current rating of the Securities, (d) an opinion of independent legal advisers of recognised standing being provided to the Trustee as further described in the Trust Deed and (e) certain other conditions set out in the Trust Deed being complied with.

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

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

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

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

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

#### **17. Termination of Guarantee**

Notwithstanding any provision of these Conditions, the Trust Deed contains provisions which, for so long as BT Group plc remains the Guarantor, permit a termination of the Guarantee at the sole discretion of the Issuer or the Guarantor where:

- (i) the Issuer or the Guarantor has issued a certificate to the Trustee signed by two directors of the Issuer or the Guarantor certifying that no Event of Default is continuing; and
- (ii) a deed supplemental to the Trust Deed has been entered into discharging the Guarantor's obligations as the guarantor under the Guarantee.

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

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

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

## **19. Notices**

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

## **20. Further Issues**

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

## **21. Agents**

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

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

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

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

## 22. **Governing Law and Jurisdiction**

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

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

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

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

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

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

## 24. **Definitions**

In these Conditions:

“**5-year Swap Rate**” means (i) the annualised mid-swap rate with a term of five years as displayed on the Reset Screen Page as at approximately 11:00 a.m. (Central European time) on the relevant Reset Interest Determination Date or, (ii) if the 5-year Swap Rate does not appear on such screen page at such time on the relevant Reset Interest Determination Date, the 5-year Swap Rate will be the Reset Reference Bank Rate on such Reset Interest Determination Date;

The “**5-year Swap Rate Quotations**” means the arithmetic mean of the bid and offered rates for the annual fixed leg (calculated on a 30/360 day count basis) of a fixed-for-floating euro interest rate swap which:

- (a) has a term of five years commencing on the relevant Reset Date;
- (b) is in an amount that is representative of a single transaction in the relevant market at the relevant time with an acknowledged dealer of good credit in the swap market; and
- (c) has a floating leg based on the 6-month EURIBOR rate (calculated on an Act/360 day count basis);

an “**Accounting Event**” shall occur if a recognised accountancy firm, acting upon instructions of the Issuer, has delivered a letter or report to the Issuer, stating that, as a result of a change in accounting principles (or the application thereof) which have been officially adopted after 18 February 2020 (such date, the “**Accounting Event Adoption Date**”), the Securities may no longer be recorded as a “financial liability” in full in the audited annual or the semi-annual consolidated financial statements of the Issuer pursuant to IFRS or any other accounting standards that may replace IFRS. The Accounting Event shall be deemed to have occurred on the Accounting Event Adoption Date notwithstanding any later effective date;

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

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

“**Business Day**” means a day, other than a Saturday, Sunday or public holiday, on which commercial banks and foreign exchange markets are open for general business in London and the Target System is operating;

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

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

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

- (a) (subject as provided below) the Issuer, the Guarantor or any Subsidiary of the Issuer or the Guarantor declares or pays any distribution or dividend (other than a dividend declared by the Issuer or the Guarantor, as the case may be, before the earliest Deferral Notice in respect of the then-outstanding Deferred Interest was given in accordance with Condition 6(a)) or makes any other payment on, the ordinary share capital of the Issuer or the Guarantor or any Parity Securities of the Issuer or any Parity Securities of the Guarantor (other than, for the avoidance of doubt, the payment or making of a dividend or distribution by any Subsidiary of the Issuer and/or the Guarantor on any of its share capital or other securities which do not benefit from a guarantee or support agreement of the type referred to in the definition of either Parity Securities of the Issuer or Parity Securities of the Guarantor) except where (A) such distribution or dividend or other payment was required to be made in respect of any stock option plan of the Issuer, the Guarantor or any Subsidiary of the Issuer or the Guarantor; (B) such distribution, dividend or other payment was required to be declared, paid or made under the terms of such Parity Securities of the Issuer or Parity Securities of the Guarantor or by mandatory operation of law; or (C) such distribution, dividend or other payment is made (or to be made) only to the Issuer, the Guarantor and/or any Subsidiary of the Issuer or the Guarantor;
- (b) the Issuer, the Guarantor or any Subsidiary of the Issuer or the Guarantor redeems, purchases, cancels, reduces or otherwise acquires, any ordinary shares of the Issuer, any ordinary shares of the Guarantor, any Parity Securities of the Issuer or any Parity Securities of the Guarantor, except where (A) such redemption, purchase, cancellation, reduction or other acquisition was required to be made in respect of any stock option plan or employee share scheme of the Issuer, the Guarantor or any Subsidiary of the Issuer or the Guarantor; (B) such redemption, purchase, cancellation, reduction or other acquisition is effected as a public cash tender offer or public exchange offer in respect of Parity Securities of the Issuer or Parity Securities of the Guarantor at a purchase price per security which is below its par value; (C) the Issuer, the Guarantor or any Subsidiary of the Issuer or the Guarantor is obliged under the terms and conditions of such Parity Securities of the Issuer or Parity Securities of the Guarantor or by mandatory operation of law to make such redemption, purchase, cancellation, reduction or other acquisition; or (D) any payment in respect of such redemption, purchase, cancellation, reduction or acquisition is made (or to be made) only to the Issuer, the Guarantor and/or any Subsidiary of the Issuer or the Guarantor,

and provided that following termination of the Guarantee pursuant to Condition 17 and the Trust Deed, (i) references in this definition to “the Guarantor” shall be deemed to be references to “BT Group plc”; and (ii) references in this definition to “Parity Securities of the Guarantor” shall be deemed to be references to “Parity Securities of BT Group plc”.

A Compulsory Payment Event shall not occur pursuant to paragraph (a) above in respect of any *pro rata* payment of deferred interest on a Parity Security of the Issuer and/or any Parity Security of the Guarantor which is made simultaneously with a *pro rata* payment of any Deferred Interest provided that such *pro rata* payment on a Parity Security of the Issuer and/or a Parity Security of the Guarantor is not proportionately more than the *pro rata* settlement of any such Deferred Interest;

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

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

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

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

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

“**EURIBOR**” means, in respect of any specified currency and any specified period, the interest rate benchmark known as the Euro zone interbank offered rate;

“**Euro zone**” means the zone comprising the Member States of the European Union which adopt or have adopted the Euro as their lawful currency in accordance with the Treaty establishing the European Community, as amended;

“**euro**” or “**€**” means the lawful 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;

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

“**First Reset Date**” means 18 August 2025;

“**First Step-up Date**” means 18 August 2030;

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

“**Guarantor**” means BT Group plc;

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

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

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

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

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

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

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

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

“**Issuer**” means British Telecommunications public limited company;



**“Margin”** means (i) 2.13 per cent. per annum from and including the First Reset Date to (but excluding) the First Step-up Date (ii) 2.38 per cent. per annum from (and including) the First Step-up Date to (but excluding) the Second Step-up Date and (iii) 3.13 per cent. per annum from (and including) the Second Step-up Date to (but excluding) the Maturity Date;

**“Maturity Date”** means 18 August 2080;

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

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

**“Official List”** means the Official List of the Financial Conduct Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (as amended or superseded);

**“Optional Redemption Date”** means (i) any Business Day from (and including) 18 May 2025 to (and including) the First Reset Date and (ii) each Interest Payment Date thereafter;

**“Parity Securities of BT Group plc”** means (if any) the most junior class of preference share capital in BT Group plc and any other obligations of (i) BT Group plc, issued directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with such preference shares and/or which would have ranked *pari passu* with the Guarantee had the Guarantee not been terminated in accordance with Condition 17 and the Trust Deed; or (ii) any Subsidiary of BT Group plc (other than the Securities) having the benefit of a guarantee or support agreement from BT Group plc which ranks and/or is expressed to rank *pari passu* with such preference shares or which would have ranked *pari passu* with the Guarantee had the Guarantee not been terminated in accordance with Condition 17 and the Trust Deed;

**“Parity Securities of the Guarantor”** means (if any) the most junior class of preference share capital in the Guarantor and any other obligations of (i) the Guarantor, issued directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with the Guarantee or such preference shares or (ii) any Subsidiary of the Guarantor (other than the Securities) having the benefit of a guarantee or support agreement from the Guarantor which ranks or is expressed to rank *pari passu* with the Guarantee or such preference shares;

**“Parity Securities of the Issuer”** means (if any) the most junior class of preference share capital in the Issuer and any other obligations of (i) the Issuer, issued directly or indirectly by it, which rank, or are expressed to rank, *pari passu* with the Securities or such preference shares or (ii) any Subsidiary of the Issuer having the benefit of a guarantee or support agreement from the Issuer which ranks or is expressed to rank *pari passu* with the Securities or such preference shares;

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

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

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

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

- (a) they shall be issued by (x) the Issuer with a guarantee of the Guarantor (which shall be permitted to include termination rights on substantially the same terms as the existing Guarantee) to the

extent the Guarantee has not been terminated at such time, (y) the Guarantor or (z) a wholly-owned direct or indirect finance subsidiary of the Issuer with a guarantee of the Issuer and, to the extent the Guarantee has not been terminated at such time, the Guarantor (which shall be permitted to include termination rights on substantially the same terms as the existing Guarantee); and

- (b) they (and/or, as appropriate, the guarantee as aforesaid) shall rank *pari passu* on a winding-up or administration (in circumstances where the administrator has given notice of its intention to declare and distribute a dividend) of the Issuer with the Securities; and
- (c) they shall contain terms which provide for the same Interest Rate from time to time applying to the Securities and preserve the same Interest Payment Dates; and
- (d) they shall preserve the obligations (including the obligations arising from the exercise of any right) of the Issuer as to redemption of the Securities, including (without limitation) as to timing of, and amounts payable upon, such redemption; and
- (e) they shall preserve any existing rights under these Conditions to any accrued interest which has accrued to Holders and not been paid; and
- (f) they shall not contain terms providing for loss absorption through principal write-down or conversion to ordinary shares; and
- (g) they shall otherwise contain substantially identical terms (as reasonably determined by the Issuer) to the Securities, save where (without prejudice to the requirement that the terms are not materially less favourable to Holders than the terms of the Securities as described above) any modifications to such terms are required to be made to avoid the occurrence or effect of a Rating Capital Event, an Accounting Event, a Tax Deductibility Event or, as the case may be, a Withholding Tax Event; and
- (h) they shall be (i) listed on the Official List and admitted to trading on the London Stock Exchange's Main Market or (ii) listed on such other stock exchange as is a Recognised Stock Exchange at that time as selected by the Issuer;
- (i) they shall, immediately after such substitution or variation, be assigned at least the same credit rating(s) by the same Rating Agencies as may have been assigned to the Securities at the invitation of or with the consent of the Issuer immediately prior to such substitution or variation; and
- (j) they shall not provide for the mandatory deferral or cancellation of payments of interest and/or principal;

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

a **"Rating Capital Event"** shall be deemed to occur if the Issuer and/or Guarantor has received, and confirmed in writing to the Trustee that it has so received, confirmation from any Rating Agency that, as a result of a change in its hybrid capital methodology or the interpretation thereof which becomes, or would become, effective on or after 18 February 2020 (or, if later, effective after the date when the equity

credit is assigned to the Securities by such Rating Agency for the first time), the Securities will no longer be eligible for the same, or higher amount of, “equity credit” (or such other nomenclature as the Rating Agency may then use to describe the degree to which an instrument exhibits the characteristics of an ordinary share) attributed to the Securities at the Issue Date or, if later, at the time when the relevant Rating Agency first publishes its confirmation of the “equity credit” attributed by it to the Securities;

“**Recognised Stock Exchange**” means a recognised stock exchange as defined in section 1005 of the Income Tax Act 2007 as the same may be amended from time to time and any provision, statute or statutory instrument replacing the same from time to time;

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

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

“**Relevant Date**” means:

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

“**Reset Date**” means the First Reset Date and each fifth anniversary thereof up to and including 18 August 2075;

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

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

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

“**Reset Reference Bank Rate**” means the percentage rate determined on the basis of the 5-year Swap Rate Quotations provided by the Reset Reference Banks to the Calculation Agent at approximately 11:00 a.m. (Central European time) on the relevant Reset Interest Determination Date. If at least three quotations are provided, the Reset Reference Bank Rate will be the arithmetic mean of the quotations provided, eliminating the highest quotation (or, in the event of equality, one of the highest) and the lowest quotation (or, in the event of equality, one of the lowest). If only two quotations are provided, the applicable Reset Reference Bank Rate will be the arithmetic mean of the quotations. If only one quotation is provided, the applicable Reset Reference Bank Rate will be the quotation provided. If no quotations are provided, the applicable Reset Reference Bank Rate shall be equal to the last annualised mid-swap

rate with a term of five years displayed on the Reset Screen Page as determined by the Calculation Agent in consultation with the Issuer;

**“Reset Reference Banks”** means five leading swap dealers in the interbank market selected by the Issuer;

**“Reset Screen Page”** means Reuters screen “ICESWAP2” or such other page as may replace it on that information service, or on such other equivalent information service as determined by the Calculation Agent in consultation with the Issuer, for the purpose of displaying the annual swap rates for euro swap transactions with a five-year maturity;

**“Second Step-up Date”** means 18 August 2045;

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

**“Senior Obligations of the Guarantor”** means all obligations of the Guarantor issued directly or indirectly by it (including, without limitation, any obligation of the Guarantor under any guarantee which ranks or is expressed to rank *pari passu* with the most senior present or future preferred stock or preference shares of the Guarantor and with any present or future guarantee entered into by the Guarantor in respect of any of the most senior present or future preferred stock or preference stock of any Subsidiary of the Guarantor) other than Parity Securities of the Guarantor and the ordinary share capital of the Guarantor;

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

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

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

**“Substantial Repurchase Event”** shall be deemed to occur if prior to the giving of the relevant notice of redemption the Issuer, the Guarantor or any of their respective Subsidiaries repurchases (and effects corresponding cancellations) or (in the case of the Issuer only) redeems Securities in respect of 75 per cent. or more in the principal amount of the Securities initially issued (which shall for this purpose include any further securities issued pursuant to Condition 20);

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

**“Target System”** means the Trans-European Automated Real-Time Gross Settlement Express Transfer (known as TARGET2) System which was launched on 19 November 2007 or any successor thereto;

**“Taxes”** has the meaning given in Condition 13;

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

- (a) in respect of the Issuer’s obligation to make any Interest Payment on the next following Interest Payment Date, the Issuer would not be entitled to claim a deduction in respect of the expense recognised by the Issuer for accounting purposes as attributable to such Interest Payment in computing its taxation liabilities in the United Kingdom, or such entitlement is materially reduced or materially delayed (a **“disallowance”**); or
- (b) in respect of the Issuer’s obligation to make any Interest Payment on the next following Interest Payment Date, the Issuer would not to any material extent be entitled to have any loss

attributable to, or resulting from, such deduction set against the profits of companies with which it is grouped for applicable United Kingdom tax purposes (whether under the group relief system current as at 18 February 2020 or any similar system or systems having like effect as may from time to time exist) otherwise than as a result of a disallowance in (a);

and, in each case, the Issuer cannot avoid the foregoing in connection with the Securities by taking measures reasonably available to it;

**“Tax Law Change”** means a change in or proposed change in, or amendment or proposed amendment to, the laws or regulations of the United Kingdom or any political subdivision or any authority thereof or therein having the power to tax, including any treaty or convention to which the United Kingdom is a party, or any change in the application or interpretation of such laws or regulations or any such treaty or convention, including a decision of any court or tribunal, or any interpretation or pronouncement by any relevant tax authority that provides for a position with respect to such laws or regulations or interpretation thereof that differs from the previously generally accepted position in relation to similar transactions, which change or amendment becomes, or would become, effective on or after 18 February 2020;

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

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

**“United Kingdom”** means the United Kingdom of Great Britain and Northern Ireland; and

a **“Withholding Tax Event”** shall be deemed to occur if as a result of a Tax Law Change, in making any payments on the Securities or the Guarantee, the Issuer or the Guarantor, as the case may be, has paid or will or would on the next Interest Payment Date be required to pay Additional Amounts on the Securities and the Issuer or the Guarantor, as the case may be, cannot avoid the foregoing in connection with the Securities or the Guarantee, as the case may be, by taking reasonable measures available to it.

## **Schedule 3**

### **Provisions for Meetings of Holders**

#### **Interpretation**

- 1** In this Schedule:
- 1.1** references to a meeting are to a meeting of Holders and include, unless the context otherwise requires, any adjournment;
- 1.2** “**agent**” means a proxy, or representative of, a Holder;
- 1.3** “**Electronic Consent**” has the meaning set out in paragraph 23;
- 1.4** “**Extraordinary Resolution**” means a resolution passed (a) at a meeting duly convened and held in accordance with this Trust Deed by a majority of at least 75 per cent. of the votes cast, (b) by a Written Resolution or (c) by an Electronic Consent;
- 1.5** “**Written Resolution**” means a resolution in writing signed by or on behalf of the holders of not less than 75 per cent. in principal amount of the Securities outstanding;
- 1.6** references to persons representing a proportion of the Securities are to Holders or agents holding or representing in the aggregate at least that proportion in principal amount of the Securities for the time being outstanding; and
- 1.7** where Securities are held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System, references herein to the deposit or release or surrender of Securities shall be construed in accordance with the usual practices (including in relation to the blocking of the relevant account) of Euroclear or Clearstream, Luxembourg or such Alternative Clearing System.

#### **Powers of meetings**

- 2** A meeting shall, subject to the Conditions and without prejudice to any powers conferred on other persons by this Trust Deed, have power by Extraordinary Resolution:
- 2.1** to sanction any proposal by the Issuer, the Guarantor or the Trustee for any modification, abrogation, variation or compromise of, or arrangement in respect of, the rights of the Holders against the Issuer or the Guarantor, whether or not those rights arise under this Trust Deed;
- 2.2** to sanction the exchange or substitution for the Securities of, or the conversion of the Securities into, shares, securities or other obligations or securities of the Issuer or the Guarantor or any other entity;
- 2.3** to assent to any modification of this Trust Deed or the Securities proposed by the Issuer, the Guarantor or the Trustee;
- 2.4** to authorise anyone to concur in and do anything necessary to carry out and give effect to an Extraordinary Resolution;
- 2.5** to give any authority, direction or sanction required to be given by Extraordinary Resolution;
- 2.6** to appoint any persons (whether Holders or not) as a committee or committees to represent the Holders’ interests and to confer on them any powers or discretions which the Holders could themselves exercise by Extraordinary Resolution;
- 2.7** to approve a proposed new Trustee and to remove a Trustee;

**2.8** to approve the substitution of any entity for the Issuer or the Guarantor, as the case may be, (or any previous substitute) as principal debtor under this Trust Deed or, in the case of the Guarantor, a new guarantor under the Trust Deed on terms *mutatis mutandis* as those of the Guarantee; and

**2.9** to discharge or exonerate the Trustee from any liability in respect of any act or omission for which it may become responsible under this Trust Deed or the Securities

provided that the special quorum provisions in paragraph 12 shall apply to any Extraordinary Resolution (a “**special quorum resolution**”) for the purpose of sub-paragraph 2.2 or 2.8, any amendment to this proviso or for the purpose of making a modification to this Trust Deed or the Securities which would have the effect of:

- (i) modifying the due dates for payment of principal, any applicable premium or Interest Payments in respect of the Securities; or
- (ii) reducing or cancelling the principal amount of any Securities, any applicable premium or the Interest Rate (other than pursuant to a Benchmark Amendment); or
- (iii) changing the currency of payment of the Securities; or
- (iv) modifying the provisions concerning the quorum required at a meeting or the majority required to pass an Extraordinary Resolution; or
- (v) amending the provisions regarding subordination referred to in Conditions 3 and 4.

### **Convening a meeting**

**3** The Issuer, the Guarantor or the Trustee may at any time convene a meeting. If it receives a written request by Holders holding at least 10 per cent. in principal amount of the Securities for the time being outstanding and is indemnified and/or secured and/or prefunded to its satisfaction against all costs and expenses, the Trustee shall convene a meeting of the Holders. Every meeting shall be held at a time and place approved by the Trustee.

**4** At least 21 days’ notice (exclusive of the day on which the notice is given or deemed to be given and of the day of the meeting) shall be given to the Holders. A copy of the notice shall be given by the party convening the meeting to the other parties. The notice shall specify the day, time and place of meeting and, unless the Trustee otherwise agrees, the nature of the resolutions to be proposed and shall explain how Holders may appoint proxies or representatives and the details of the time limits applicable.

### **Cancellation of meeting**

**5** A meeting that has been validly convened in accordance with paragraph 3 above, may be cancelled by the person who convened such meeting by giving at least 7 days’ notice (exclusive of the day on which the notice is given or deemed to be given and of the day of the meeting) to the Holders (with a copy to the Trustee and the Guarantor where such meeting was convened by the Issuer or to the Issuer and the Guarantor where such meeting was convened by the Trustee or to the Issuer and the Trustee where such meeting was convened by the Guarantor). Any meeting cancelled in accordance with this paragraph 5 shall be deemed not to have been convened.

### **Arrangements for voting on Securities (whether in definitive form or represented by a Global Certificate and whether held within or outside a Clearing System) – Appointment of Proxy or Representative**

**6** A proxy or representative may be appointed in the following circumstances:

- 6.1** *Proxy:* A holder of Securities may, by an instrument in writing in the English language (a “**form of proxy**”) signed by the Holder or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation and delivered to the specified office of the Registrar not less than 48 hours before the time fixed for the relevant meeting, appoint one or more persons, (each a “**proxy**”) to act on his or its behalf in connection with any meeting of the Holders and any adjourned such meeting.
- 6.2** *Representative:* Any holder of Securities which is a corporation may, by delivering to the Registrar or Principal Paying Agent not later than 48 hours before the time fixed for any meeting a resolution of its directors or other governing body, authorise any person to act as its representative (a “**representative**”) in connection with any meeting of the Holders and any adjourned such meeting.
- 6.3** *Other Proxies:* If the holder of a Security is an Alternative Clearing System or a nominee of an Alternative Clearing System and the rules or procedures of such Alternative Clearing System so require, such nominee or Alternative Clearing System may appoint proxies in accordance with, and in the form used, by such Alternative Clearing System as part of its usual procedures from time to time in relation to meetings of Holders. Any proxy so appointed may, by an instrument in writing in the English language in the form available from the specified office of the Registrar or the Principal Paying Agent, or in such other form as may have been approved by the Trustee at least seven days before the date fixed for a meeting, signed by the proxy or, in the case of a corporation, executed under its common seal or signed on its behalf by an attorney or a duly authorised officer of the corporation and delivered to the Registrar or the Principal Paying Agent not later than 48 hours before the time fixed for any meeting, appoint any person or the Principal Paying Agent or any employee(s) of it nominated by it (the “**sub-proxy**”) to act on his or its behalf in connection with any meeting or proposed meeting of Holders. All references to “proxy” or “proxies” in this Schedule other than in this sub-paragraph 6.3 shall be read so as to include references to “sub-proxy” or “sub-proxies”.
- 6.4** *Record Date:* For so long as the Securities are eligible for settlement through an Alternative Clearing System’s book-entry settlement system and the rules or procedures of such Alternative Clearing System so require, the Issuer may fix a record date for the purpose of any meeting, provided such record date is no more than 10 days prior to the date fixed for such meeting which shall be specified in the notice convening the meeting.
- 7** Any proxy or sub-proxy appointed pursuant to sub-paragraph 6.1 or 6.3 above or representative appointed pursuant to sub-paragraph 6.2 above shall, so long as such appointment remains in full force, be deemed, for all purposes in connection with the relevant meeting or adjourned meeting of the Holders, to be the holder of the Securities to which such appointment relates and the holder of the Securities shall be deemed for such purposes not to be the holder or owner, respectively.

## **Chairman**

- 8** The chairman of a meeting shall be such person as the Trustee may nominate in writing, but if no such nomination is made or if the person nominated is not present within 15 minutes after the time fixed for the meeting the Holders or agents present shall choose one of their number to be chairman, failing which the Issuer may appoint a chairman.
- 9** The chairman need not be a Holder or agent. The chairman of an adjourned meeting need not be the same person as the chairman of the original meeting.



## Attendance

**10** The following may attend and speak at a meeting:

**10.1** Holders and agents;

**10.2** the chairman; and

**10.3** the Issuer, the Guarantor and the Trustee (through their respective representatives) and their respective financial and legal advisers.

No-one else may attend or speak.

## Quorum and Adjournment

**11** No business (except choosing a chairman) shall be transacted at a meeting unless a quorum is present at the commencement of business. If a quorum is not present within 15 minutes from the time initially fixed for the meeting, it shall, if convened on the requisition of Holders or if the Issuer and the Trustee agree, be dissolved. In any other case it shall be adjourned until such date, not less than 14 nor more than 42 days later, and time and place as the chairman may decide. If a quorum is not present within 15 minutes from the time fixed for a meeting so adjourned, the meeting shall be dissolved.

**12** One or more Holders or agents present in person shall be a quorum (other than at an adjourned meeting where one or more Holders or agents present in person shall be a quorum):

**12.1** in the cases marked “**No minimum proportion**” in the table below, whatever the proportion of the Securities which they represent; and

**12.2** in any other case, only if they represent the proportion of the Securities shown by the table below.

Column 1	Column 2	Column 3
Purpose of meeting	Any meeting except one referred to in column 3	Meeting previously adjourned through want of a quorum
	Required proportion	Required proportion
To pass a special quorum resolution	Two thirds	One third
To pass any other Extraordinary Resolution	50 per cent.	No minimum proportion
Any other purpose	5 per cent.	No minimum proportion

**13** The chairman may with the consent of (and shall if directed by) a meeting adjourn the meeting from time to time and from place to place. Only business which could have been transacted at the original meeting may be transacted at a meeting adjourned in accordance with this paragraph or paragraph 11.

**14** At least 10 days' notice (exclusive of the day on which the notice is given or deemed to be given and of the day of the adjourned meeting) of a meeting adjourned through want of a quorum shall be given in the same manner as for an original meeting and that notice shall

state the quorum required at the adjourned meeting. No notice need, however, otherwise be given of an adjourned meeting.

### **Voting**

- 15** Each question submitted to a meeting shall be decided by a show of hands unless a poll is (before, or on the declaration of the result of, the show of hands) demanded by the chairman, the Issuer, the Guarantor, the Trustee or one or more persons representing not less than two per cent in principal amount of the Securities for the time being outstanding.
- 16** Unless a poll is demanded a declaration by the chairman that a resolution has or has not been passed shall be conclusive evidence of the fact without proof of the number or proportion of the votes cast in favour of or against it.
- 17** If a poll is demanded, it shall be taken in such manner and (subject as provided below) either at once or after such adjournment as the chairman directs. The result of the poll shall be deemed to be the resolution of the meeting at which it was demanded as at the date it was taken. A demand for a poll shall not prevent the meeting continuing for the transaction of business other than the question on which it has been demanded.
- 18** A poll demanded on the election of a chairman or on a question of adjournment shall be taken at once.
- 19** On a show of hands every person who is present in person and who produces a Security or is a proxy or representative has one vote. On a poll every such person has one vote in respect of each €1,000 in principal amount of Securities so produced or for which he is a proxy or representative. Without prejudice to the obligations of proxies, a person entitled to more than one vote need not use them all or cast them all in the same way.
- 20** In case of equality of votes the chairman shall both on a show of hands and on a poll have a casting vote in addition to any other votes which he may have.

### **Effect and Publication of an Extraordinary Resolution**

- 21** An Extraordinary Resolution shall be binding on all the Holders, whether or not present at the meeting, and each of them shall be bound to give effect to it accordingly. The passing of such a resolution shall be conclusive evidence that the circumstances justify its being passed. The Issuer shall give notice of the passing of an Extraordinary Resolution to Holders within 14 days but failure to do so shall not invalidate the resolution.

### **Minutes**

- 22** Minutes shall be made of all resolutions and proceedings at every meeting and, if purporting to be signed by the chairman of that meeting or of the next succeeding meeting, shall be conclusive evidence of the matters in them. Until the contrary is proved every meeting for which minutes have been so made and signed shall be deemed to have been duly convened and held and all resolutions passed or proceedings transacted at it to have been duly passed and transacted.

### **Written Resolution and Electronic Consent**

- 23** Subject to the following sentence, a Written Resolution may be contained in one document or in several documents in like form, each signed by or on behalf of one or more of the Holders. For the purposes of this paragraph 23, "Relevant Date" shall have the meaning given to it in paragraph 23.1(i) below.

For so long as the Securities are in the form of a Global Certificate registered in the name of any nominee for one or more of Euroclear, Clearstream, Luxembourg or Alternative Clearing System, then, in respect of any resolution proposed by the Issuer or the Trustee:

**23.1 Electronic Consent:** where the terms of the resolution proposed by the Issuer, the Guarantor or the Trustee (as the case may be) have been notified to the Holders through the relevant clearing system(s) as provided in sub-paragraphs (i) and/or (ii) below, each of the Issuer, the Guarantor and the Trustee shall be entitled to rely upon approval of such resolution given by way of electronic consents communicated through the electronic communications systems of the relevant clearing system(s) in accordance with their operating rules and procedures by or on behalf of the holders of not less than 75 per cent. in principal amount of the Securities outstanding (the “**Required Proportion**”) (“**Electronic Consent**”) by close of business on the Relevant Date. Any resolution passed in such manner shall be binding on all Holders, even if the relevant consent or instruction proves to be defective. None of the Issuer, the Guarantor or the Trustee shall be liable or responsible to anyone for such reliance;

- (i) When a proposal for a resolution to be passed as an Electronic Consent has been made, at least 10 days’ notice (exclusive of the day on which the notice is given and of the day on which affirmative consents will be counted) shall be given to the Holders through the relevant clearing system(s). The notice shall specify, in sufficient detail to enable Holders to give their consents in relation to the proposed resolution, the method by which their consents may be given (including, where applicable, blocking of their accounts in the relevant clearing system(s)) and the time and date (the “**Relevant Date**”) by which they must be received in order for such consents to be validly given, in each case subject to and in accordance with the operating rules and procedures of the relevant clearing system(s).
- (ii) If, on the Relevant Date on which the consents in respect of an Electronic Consent are first counted, such consents do not represent the Required Proportion, the resolution shall, if the party proposing such resolution (the “**Proposer**”) so determines, be deemed to be defeated. Such determination shall be notified in writing to the other party or parties to the Trust Deed. Alternatively, the Proposer may give a further notice to Holders that the resolution will be proposed again on such date and for such period as shall be agreed with the Trustee (unless the Trustee is the Proposer). Such notice must inform Holders that insufficient consents were received in relation to the original resolution and the information specified in sub-paragraph (i) above. For the purpose of such further notice, references to “Relevant Date” shall be construed accordingly.

For the avoidance of doubt, an Electronic Consent may only be used in relation to a resolution proposed by the Issuer, the Guarantor or the Trustee which is not then the subject of a meeting that has been validly convened in accordance with paragraph 3 above, unless that meeting is or shall be cancelled or dissolved; and

**23.2 Written Resolution:** where Electronic Consent is not being sought, for the purpose of determining whether a Written Resolution has been validly passed, the Issuer, the Guarantor and the Trustee shall be entitled to rely on consent or instructions given in writing directly to the Issuer, the Guarantor and/or the Trustee, as the case may be, (a) by accountholders in the clearing system(s) with entitlements to such Global Certificate and/or (b) where the accountholders hold any such entitlement on behalf of another person, on written consent from or written instruction by the person identified by that accountholder as the person for

whom such entitlement is held. For the purpose of establishing the entitlement to give any such consent or instruction, the Issuer and the Trustee shall be entitled to rely on any certificate or other document issued by, in the case of (a) above, Euroclear, Clearstream, Luxembourg or any Alternative Clearing System (the “**relevant clearing system**”) and, in the case of (b) above, the relevant clearing system and the accountholder identified by the relevant clearing system for the purposes of (b) above. Any resolution passed in such manner shall be binding on all Holders, even if the relevant consent or instruction proves to be defective. Any such certificate or other document shall, be conclusive and binding for all purposes. Any such certificate or other document may comprise any form of statement or print out of electronic records provided by the relevant clearing system (including Euroclear’s EUCLID or Clearstream, Luxembourg’s CreationOnline system) in accordance with its usual procedures and in which the accountholder of a particular principal or nominal amount of the Securities is clearly identified together with the amount of such holding. Neither the Issuer, the Guarantor nor the Trustee shall be liable to any person by reason of having accepted as valid or not having rejected any certificate or other document to such effect purporting to be issued by any such person and subsequently found to be forged or not authentic.

A Written Resolution and/or Electronic Consent shall take effect as an Extraordinary Resolution. A Written Resolution and/or Electronic Consent will be binding on all Holders whether or not they participated in such Written Resolution and/or Electronic Consent.

#### **Trustee’s Power to Prescribe Regulations**

- 24** Subject to all other provisions in this Trust Deed the Trustee may without the consent of the Holders prescribe such further regulations regarding the holding of meetings and attendance and voting at them as it in its sole discretion determines including (without limitation) such requirements as the Trustee thinks reasonable to satisfy itself that the persons who purport to make any requisition in accordance with this Trust Deed are entitled to do so and to satisfy itself that persons who purport to attend or vote at a meeting are entitled to do so.

In witness of which this Trust Deed has been executed as a deed and delivered on the date stated at the beginning.

BTG/176

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



*[Handwritten signature]*

Company Secretary-  
Authorised signatory.

BT201015

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

)  
)  
)  
)

*K. Diez*

Authorised Signatory

EXECUTED as a DEED by THE LAW  
DEBENTURE TRUST CORPORATION p.l.c.  
acting by ~~two of its lawful Attorneys~~

By:

.....  
.....

Director

and

.....  
.....

Secretary

**Representing Law Debenture Corporate Services Ltd**