RULES OF THE

OPENREACH LONG TERM PLAN

Adopted by the BT Group plc Remuneration Committee on 28 July 2020

CONTENTS

Clause **Page**

1. Definitions and interpretation 1
2. Grant of Awards 1
3. Individual limit 3
4. Adjustment of Award Amount during the Restricted Period 3
5. Time of Payment of Awards 4
6. Lapse of Awards 8
7. Payment of Awards 9
8. Administration 9
9. Amendment 11
10. General 11
11. Governing law 13

Appendix .....
1. Definitions 14
2. U.S. 18

1. DEFINITIONS AND INTERPRETATION

1.1 Definitions

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

1.2 Interpretation

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

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

2. GRANT OF AWARDS

2.1 Operation of the Plan

The BT Remuneration Committee may, from time to time, set the policies for the Company's operation and administration of the Plan within the terms of the Rules. The policies may include the determination of:

(a) the Eligible Employees who may be granted Awards;

(b) what condition(s) (if any) will apply to the Payment of an Award, how the condition(s) will be measured and whether or not a condition has been met;

(c) the Restricted Period(s) of an Award; and

(d) how Awards are granted.

2.2 How Awards are granted

The BT Remuneration Committee may, at its discretion, grant to any Eligible Employee an Award over the cash amount it determines in accordance with the Rules. An Award can be granted on the basis that it will become Payable in one tranche at the end of a Restricted Period or in tranches over more than one Restricted Period.

The grant of an Award to an Eligible Employee on a particular basis does not create the right or expectation of the grant of an Award on the same basis, or at all, in the future.

An Award will be granted so that it constitutes a binding agreement between the Company and the Participant. A single deed of grant may be executed in favour of any number of Participants. There will be no payment for the grant of an Award.

2.3 When Awards can be granted

Awards may be granted at the times the BT Remuneration Committee thinks appropriate provided that no Award can be granted during a Closed Period or after the Plan Period.

2.4 Conditions (including performance conditions and underpin(s))

The Payment of an Award may be subject to a performance condition selected by the BT Remuneration Committee or any other terms and conditions which would normally have to be met before the Award becomes Payable. Different conditions can apply to different Participants.

Awards will normally be subject to one or more underpins determined by the BT Remuneration Committee over a period of three financial years (or any other period determined by the BT Remuneration Committee from time to time) commencing with the financial year in which the Award is granted.

Any performance condition or other term or condition and any underpin(s) must be stated in writing at the Date of Grant or as soon as practicable thereafter.

The BT Remuneration Committee will decide whether and to what extent a performance condition or any other term or condition or underpin(s) to which an Award is subject has been met.

If an event occurs which causes the BT Remuneration Committee to consider that a performance condition or underpin(s) to which an Award is subject is no longer appropriate, the BT Remuneration Committee may substitute or vary the performance condition or underpin(s) in a manner that is reasonable in the circumstances, in the case of a performance condition produces a fairer measure of performance and is neither materially more nor less difficult to satisfy.

The BT Remuneration Committee will have discretion to determine that an Award will become Payable to a lesser extent despite a performance condition or underpin(s) being satisfied in whole or part, if it considers that overall performance does not warrant the Award being Paid in full.

2.5 Holding Period

Following the end of the Restricted Period, the amount Payable under an Award or part of an Award may be subject to a Holding Period determined by the BT Remuneration Committee at the time of grant.

The Holding Period will apply to the amount Payable net of any Tax Liability arising on Payment of the Award.

During a Holding Period, the cash amount to which the Holding Period applies will be held:

(a) by a nominee (as chosen from time to time by the BT Remuneration Committee) for the Participant; or

(b) in any other manner the BT Remuneration Committee determines.

2.6 Approvals and consents

The grant of an Award will be subject to obtaining any approval or consent required under any applicable regulations or enactments.

2.7 Notification of grant

A Participant will be notified of the grant of an Award and will be issued with a document (which may be in electronic form) specifying:

(a) the Date of Grant;

(b) the cash amount of the Award;

(c) any performance condition and any other term or condition and the underpin(s) to which the Award is subject;

(d) the Restricted Period(s) of the Award; and

(e) any Holding Period(s) that will apply.

2.8 Awards personal to Participants and not pensionable

An Award cannot, nor can any rights in respect of it, be transferred, assigned, charged or otherwise disposed of to any person except that, on the death of a Participant, an Award may be transmitted to the Participant's personal representatives. No pension benefits will accrue on the value of Awards.

2.9 Disclaimer of Awards

A Participant may disclaim all or part of an Award by notice in writing to the Company within 30 days after the Date of Grant. No consideration will be paid for the disclaimer of the Award. To the extent that an Award is disclaimed, it will be treated for all purposes as never having been granted.

3. INDIVIDUAL LIMIT

The BT Remuneration Committee will, from time to time, set an individual limit on the cash value of an Award granted to a Participant on an annual basis. This limit cannot be exceeded without the prior approval of the BT Remuneration Committee.

4. ADJUSTMENT OF AWARD AMOUNT DURING THE RESTRICTED PERIOD AND ANY HOLDING PERIOD

The amount in respect of which an Award will become Payable may be increased or decreased as determined by the BT Remuneration Committee, to reflect, for example, the change in value of Openreach over the Restricted Period(s) and Holding Period(s). Any factors to be applied to establish whether any adjustment to the amount of an Award is appropriate will be determined by the BT Remuneration

Committee and will be specified in the notification of grant of an Award or as soon as practicable thereafter.

5. TIME OF PAYMENT OF AWARDS

5.1 General rule for Payment

Subject to Rule 5.11, and except as otherwise provided in this Rule 5 and in Rule 6, an Award will become Payable at the end of the Restricted Period(s) provided that the Participant is then in Employment.

5.2 Payment following ceasing to be in Employment (Good Leaver)

Subject to Rules 5.11, 5.12 and 6, if a Participant ceases to be in Employment before the end of the Restricted Period(s) due to:

(a) their injury, ill-health, disability (each as evidenced to the satisfaction of the BT Remuneration Committee) or Redundancy;

(b) the company which employs the Participant ceasing to be under the Control of the Company;

(c) the transfer or sale of the undertaking or part-undertaking in which the Participant is employed to a person who is not a member of the Group; or

(d) any other reason (except for dishonesty, fraud, misconduct or any other circumstances justifying summary dismissal) the BT Remuneration Committee determines appropriate in a particular case,

then, unless the BT Remuneration Committee determines otherwise, a Participant's Award(s) will continue to be held by the Participant and will become Payable at the end of the Restricted Period(s) or, if the BT Remuneration Committee so determines, will become Payable as soon as possible following the cessation of the Participant's employment.

5.3 Lapse following cessation of Employment in other circumstances

If a Participant ceases to be in Employment before the end of any Restricted Period(s) in any circumstances other than those referred to in Rule 5.2 or 5.6, the Participant's Award(s) will lapse immediately on the date the Participant gives or is given notice of cessation of Employment or ceases to be in Employment without any notice being given.

5.4 Disciplinary procedures

Unless the BT Remuneration Committee determines otherwise, a Participant's Award(s) will not become Payable under this Rule 5 if, at the time it would otherwise have become Payable the Participant is under investigation under the disciplinary procedures applicable to the Participant. The Award may become Payable, subject to the Rules, following the resolution and dependent on the outcome of the disciplinary procedures.

5.5 Approved leave of absence

For the purposes of this Rule 5 and Rule6, a Participant who leaves Employment while on an approved leave of absence will cease Employment on the date on which the Participant indicates either that the Participant does not intend to return to work or will not be returning to work. If the Participant gives no indication, the Participant will cease Employment on the day after the date on which the Participant was due to return to work.

5.6 Death

Subject to Rules 5.11, 5.12 and 6, any Award held by a Participant who dies will become Payable on the date of death and will be Paid to the Participant's personal representatives as soon as practicable. Any applicable Holding Period will no longer apply.

5.7 Transfer overseas

If a Participant transfers from one jurisdiction to another and continues or will continue to hold an office or employment with a member of the Group as a result of that transfer and will become subject to tax in the country to which the Participant is transferred so that the Participant will suffer a tax disadvantage on the Payment of an Award following the transfer, the BT Remuneration Committee may, at its discretion and subject to Rules 5.11 and 5.12, allow any Award held by that Participant to be Paid during the period beginning three months before and ending three months after the transfer of the Participant.

5.8 Corporate transactions

Subject to Rules 5.11, 5.12 and 6, and provided the Award is not to be exchanged under Rule 5.9 an Award will become Payable (and, unless the BT Remuneration Committee (as constituted before the relevant event) determines otherwise, no Holding Period(s) will apply) on the date on which:

(a) **Takeover**: an offeror (either alone or together with others, if any, acting in concert with the offeror) obtains Control of the Company as a result of making a general offer to acquire all of the issued ordinary shares of the Company or all of the shares of the Company which are of the same class as the Shares and which, in either case, are not at the time owned by the offeror or any company Controlled by the offeror and/or persons acting in concert with the offeror;

(b) **Section 979 notice**: a person first becomes bound or entitled to acquire Shares under sections 979 to 982 of the Companies Act 2006, or would be so entitled but for the fact that there were no dissenting shareholders; and

(c) **Compromise or arrangement under section 899**: the court sanctions a compromise or arrangement between the Company and its shareholders under section 899 of the Companies Act 2006.

5.9 Reorganisation

If a company (the **Successor Company**) has obtained Control of the Company, and either:

(a) the shareholders of the Successor Company immediately after it has obtained Control are substantially the same as the shareholders of the Company immediately before that event; or

(b) the BT Remuneration Committee (as constituted before the relevant event) decides,

Awards will not become Payable pursuant to Rule 5.8 but will continue in accordance with their terms.

5.10 Winding-up

Subject to Rules 5.11, 5.12 and 6, an Award will become Payable:

(a) immediately before the passing of a resolution for the voluntary winding-up of the Company; or

(b) on the Court making an order for the winding-up of the Company.

This Rule 5.10 will not apply where the winding-up in either case is for the purpose of a reorganisation within Rule 5.9.

5.11 Performance conditions

An Award will only become Payable under Rules 5.1, 5.2, 5.6, 5.7, 5.8 or 5.10 if, and to the extent that, any conditions imposed under Rule 2.4 have been satisfied at the date of the relevant event, or any other date determined by the BT Remuneration Committee. In determining the extent to which an Award will be Payable the BT Remuneration Committee can adjust the level of Payment if: (a) the formulaic outcome does not reflect the underlying financial or non-financial performance of the Company; (b) the level of Payment is not appropriate in the context of circumstances that were unexpected or unforeseen at the Date of Grant of the Award; or (c) there exists any other reason why an adjustment to the level of Payment of the Award is appropriate, taking into account any factors the BT Remuneration Committee considers relevant. Where the BT Remuneration Committee is required to determine the extent to which an Award is Payable following the occurrence of an event under which the Award Vests before the end of the Restricted Period(s), the BT Remuneration Committee will be as constituted before the occurrence of the relevant event.

5.12 Pro rata reduction

The amount in respect of which an Award will become Payable pursuant to Rules 5.2, 5.6, 5.7, 5.8 and 5.10 will be reduced on a pro rata basis to take account of the time that has elapsed between the Date of Grant and the date of the relevant event as a proportion of the period between the Date of Grant and the third anniversary of the Date of Grant, or the end of the applicable Restricted Period(s),

if earlier. However, the BT Remuneration Committee will have discretion to determine that an Award will become Payable as to either a greater or lesser amount than it would otherwise have done pursuant to this Rule 5.12 if it believes that there are circumstances that warrant such a determination.

5.13 Cessation of employment following a change of Control

If, at any time within the period of twelve months following the date of any change of Control of the Company (other than a change of Control as a consequence of a scheme of arrangement under section 899 of the Companies Act 2006 the effect of which was to create a new holding company for the Company, where such holding company had, following the scheme of arrangement, substantially the same shareholders as those of the Company immediately before the scheme of arrangement), a Participant's Employment:

(a) is terminated by the Participant's employer for a reason other than misconduct or poor performance; or

(b) ceases following the Participant's resignation because the nature of the Participant's duties are such that the Participant reasonably believes that the Participant has lesser duties and responsibilities than before the change of Control which constitute a material breach of the Participant's employment contract,

the Participant will be entitled to receive, net of any Tax Liability due in respect of it and within thirty days after the cessation of Employment concerned, an amount which is equal to the difference between the amount the Participant received when the Participant's Award was Paid under Rule 5.8 and the amount the Participant would have received had the Award been Paid at that time in full.

5.14 Reduction of amount subject to an Award – Malus

If a Relevant Event occurs before an Award or part of an Award becomes Payable the BT Remuneration Committee may, in its absolute discretion, determine that a reduction in the amount of the Award is justified and /or that the Payment of the Award is made subject to further conditions. In such circumstances, the BT Remuneration Committee may reduce (including to zero) the amount of the Award to take account of the relevant circumstances. If the BT Remuneration Committee exercises its discretion under this Rule 5.14, it will confirm this in writing to the affected Participant as soon as is reasonably practicable, the Award will be deemed to have been granted over the lower amount and the amount of the Award that becomes Payable in accordance with the Rules will be by reference to the reduced amount and any further conditions imposed by the BT Remuneration Committee.

5.15 Clawback

If a Relevant Event occurs at any time within the Clawback Period, the BT Remuneration Committee may, in its absolute discretion, require a Participant to repay, in the manner it determines, such amount received in respect of the Award as the BT Remuneration Committee considers appropriate. The BT Remuneration

Committee will determine whether the Clawback is to be net or gross of any Tax Liability met by the Participant in respect of the Award.

To satisfy any clawback, the BT Remuneration Committee may reduce (including, if appropriate, to zero) any of the following elements of the remuneration of the Participant:

(a) the amount of any future bonus which would, but for the operation of clawback, be payable to the Participant under any bonus plan operated by any member of the Group; and/or

(b) the amount subject to any subsisting award held by the Participant under any deferred bonus plan operated by any member of the Group; and/or

(c) the amount of any subsisting Award and/or other award held by the relevant individual under the Plan or any other incentive (except for any award which is tax-advantaged pursuant to Schedules 2 to 5 inclusive of the Income Tax (Earnings and Pensions) Act 2003) notwithstanding the extent to which any performance condition and/or any other condition imposed on any such Award and/or other award (as relevant) has been satisfied; and/or

(d) require the Participant to pay to the member of the Group the BT Remuneration Committee directs, and on the terms the BT Remuneration Committee directs (including, without limitation, on terms that the amount is to be deducted or withheld from the Participant's salary or from any other payment to be made to the Participant by any member of the Group), the amount required for the clawback to be satisfied in full.

Any reduction made pursuant to this Rule 5.15 will be made at the time or times the BT Remuneration Committee determines appropriate and which, in the case of unvested awards, will be at the time they would otherwise ordinarily vest, unless the BT Remuneration Committee decides otherwise.

The BT Remuneration Committee may decide, at any time, that an Award will lapse in respect of an amount subject to it to give effect to a clawback provision of any form contained in any other incentive plan (other than this Plan) or bonus plan operated by any member of the Group. The extent to which an Award will lapse will be in accordance with the terms of the clawback provision in the relevant plan or, in the absence of any such term, on the basis the BT Remuneration Committee considers appropriate.

6. LAPSE OF AWARDS

6.1 Lapse of Awards

An Award will lapse on the earliest of:

(a) the date on which a Participant ceases to be in Employment before the end of the Restricted Period in any circumstances other than those referred to in Rule 5.2 or Rule 5.6 and to the extent that the BT Remuneration Committee determined to preserve all or part of an Award under those Rules;

(b) the Participant being deprived of the legal or beneficial ownership of the Award by operation of law, or doing or omitting to do anything which causes the Participant to be so deprived or being declared bankrupt;

(c) the Participant attempting to breach Rule 2.7; and

(d) as soon as any condition imposed under Rule 2.4 can, in the opinion of the BT Remuneration Committee, no longer be met.

6.2 Lapse where no or partial Vesting

Where, as a result of the application of Rule 5.11 or 5.12, an Award has not become Payable or has only become Payable in part, the part of the Award that has not become Payable will lapse immediately.

7. PAYMENT OF AWARDS

7.1 Time of Payment

The amount subject to an Award in respect of which it has become Payable will, subject to Rule 7.2 and Rule 10.7, be Paid to the Participant within 30 days following the date the Award becomes Payable.

Where a Holding period applies the appropriate amount will be delivered to a nominee for the Participant or into such other arrangement as the BT Remuneration Committee may direct in accordance with Rule 2.5.

7.2 Consents

The delivery of any cash under the Plan will be subject to obtaining any necessary approval or consent required under any applicable regulations or enactment.

8. ADMINISTRATION

8.1 Administration of the Plan

The Plan will be administered by the BT Remuneration Committee and operated in accordance with the Commitments adopted by BT plc pursuant to its notification to Ofcom dated 10 March 2017 under section 89C (3)(b) of the Communications Act 2003. The BT Remuneration Committee has full authority, consistent with the Rules, to administer the Plan, including authority to interpret and construe any provision of the Plan and to adopt any regulations for administering the Plan and any documents it thinks necessary or appropriate. The BT Remuneration Committee's decision on any matter concerning the Plan will be final and binding. The BT Remuneration Committee may delegate its authority under this Rule 8.1.

8.2 Costs

The Company will bear the costs of introducing and operating the Plan. The Company may require any member of the Group to enter into an agreement which obliges that company to reimburse the Company for any costs borne by the Company, directly or indirectly, in respect of the member of the Group's officers or employees.

8.3 Notices

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

(a) by personal delivery; or

(b) by sending it by post:

(i) in the case of a company, to its registered office or other address that it notifies in writing; and

(ii) in the case of an individual, to the individual's last known address or, where the individual is a director or employee of a member of the Group, either to the individual's last known address or to the address of the place of business at which the individual performs the whole or substantially the whole of the duties of the individual's office or employment; or

(c) by sending it by email or any form of electronic transfer acceptable to the BT Remuneration Committee:

(i) in the case of a company, to the email address or other address that the company notifies; and

(ii) in the case of an individual, to the individual's last known email address or, where the individual is a director or employee of a member of the Group, to the individual's email address.

8.4 Time of service of notice

Any notice under Rule 8.3 will be given:

(a) if delivered, at the time of delivery;

(b) if posted, at 10.00am on the second business day after it was put into the post; or

(c) if sent by email or any other form of electronic transfer, at the time of despatch.

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

8.5 Local currency equivalent

The BT Remuneration Committee may determine, for any relevant jurisdiction, the exchange rate between pounds sterling and the relevant currency to be applied where it is necessary to convert from pounds sterling to that currency or vice versa for the purposes of the Plan.

9. AMENDMENT

9.1 BT Remuneration Committee's power to amend the Plan

Subject to the provisions of this Rule 9, the BT Remuneration Committee can at any time amend any of the Rules of the Plan in any respect.

9.2 Participants' approval

No amendment will be made under Rule 9.1 which would abrogate or materially affect adversely the subsisting rights of a Participant unless it is made:

(a) with the written consent of Participants who hold Awards under the Plan to acquire 75 per cent. of the amount which would be delivered if all of the Awards granted and subsisting under the Plan were Paid in full; or

(b) by a resolution of a meeting of Participants passed by not less than 75 per cent. of the Participants who attend and vote either in person or by proxy,

and, for the purposes of this Rule 9.2, the provisions of the articles of association of the Company and of the Companies Act 2006 relating to shareholder meetings will apply with the necessary changes.

9.3 Notice of amendments

Participants will be given written notice of any material amendments to the Plan made under this Rule 9 which affect them as soon as reasonably practicable after they have been made.

10. GENERAL

10.1 Termination of the Plan

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

10.2 Rights of Participants and Eligible Employees

Nothing in the Plan will give any officer or employee of any member of the Group any right to participate in the Plan. Participation in one grant does not imply a right to participate or be considered for participation in a later grant. The rights and obligations of any individual under the terms of the individual's office or employment with a member of the Group will not be affected by the individual's participation in the Plan nor any right which the individual may have to participate under it.

10.3 No rights to compensation or damages

Subject to Rule 5.13, a Participant waives all and any rights to compensation or damages for the termination of the Participant's office or employment with a member of the Group for any reason whatsoever (including unlawful termination of employment) insofar as those rights arise or may arise from the Participant ceasing

to have rights under the Plan as a result of that termination or from the loss or diminution in value of such rights or entitlements. Nothing in the Plan or in any document executed under it will give any person any right to continue in employment or will affect the right of any member of the Group to terminate the employment of any Participant or Eligible Employee or any other person without liability at any time, with or without cause, or will impose on the Company, any member of the Group, the BT Board or their respective agents and employees any liability in connection with the loss of a Participant's benefits or rights under the Plan or as a result of the exercise of a discretion under the Plan for any reason as a result of the termination of the Participant's employment.

10.4 The benefits of Rules 10.2 and 10.3

The benefit of Rules 10.2 and 10.3 is given for the Company, for itself and as trustee and agent of all members of the Group. The Company will hold the benefit of these Rules on trust and as agent for each of them and may assign the benefit of this Rule 10.4 to any of them.

10.5 Withholding for Tax Liability

Any member of the Group or former member of the Group may withhold such amounts and/or make such arrangements as it considers necessary to meet any Tax Liability for which it or any other member of the Group or former member of the Group is liable to account in connection with the Payment of Awards.

10.6 Severability

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

10.7 Third parties

The Plan confers no benefit, right or expectation on an individual who is not a Participant. No third party has any rights under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Plan. Any other right or remedy which a third party may have is unaffected by this Rule 10.7.

10.8 Data protection

Eligible Employees acknowledge that personal data in relation to them may be collected, held and processed by the Company, a member of the Group and/or the Trustees, and may be passed on to a third party broker, registrar, administrator and/or future purchaser of the Company for the operation or administration of the Plan.

Further information about how the Company processes personal data of Eligible Employees is set out in the Company's BT Shareplan and Shareholder Privacy Notice and Employee Privacy Notice, available on the Company's intranet on the BT's Privacy Policies webpage at: https://intra.bt.com/bt/lgc/compliance/data/dg_what/dp/Pages/policies.aspx

As a condition of their participation in the Plan, Eligible Employees acknowledge and agree that the processing of personal data as described in this Rule 10.8 is necessary for the operation and administration of the Plan, including where such processing may fall outside the scope of EU data protection laws (e.g. in respect of Eligible Employees who are not citizens, or applicable residents, of the European Union).

11. GOVERNING LAW

These Rules will be governed by and construed in accordance with the laws of England. All Participants, the Company and any other member of the Group will submit to the jurisdiction of the English courts in relation to any dispute (including non-contractual disputes) arising under the Plan.

APPENDIX 1

DEFINITIONS

Appendix 1	this Appendix 1 which forms part of the Rules;
Award	a conditional right to cash granted or proposed to be granted under the Plan;
BT Board	the board of directors for the time being of the Company or a duly authorised committee of the board, which may include the BT Remuneration Committee;
BT Remuneration Committee	the remuneration committee of the BT Board or a duly authorised committee of the BT Remuneration Committee;
Clawback Period	the period commencing on the Payment of an Award determined by the BT Remuneration Committee at the Date of Grant and which will normally be a period of two years;
Closed Period	a period when a Participant is prohibited from dealing in Shares under the Criminal Justice Act 1993, the Market Abuse Regulation or the Group Dealing Code, or under any other statute, regulation or similar code to which the Company is subject;
Company	BT Group plc, registered in England and Wales under no. 4190816;
Control	in relation to a body corporate, the power of a person to secure: (a) by means of the holding of shares or the possession of voting power in or in relation to that or any other body corporate; or (b) by virtue of any power conferred by the articles of association or other document regulating that or any other body corporate, that the affairs of the first-mentioned body

	corporate are conducted in accordance with the wishes of that person, and **Controlled** will be construed accordingly;
Date of Grant	with respect to an Award, the date on which it is granted;
Eligible Employee	any person other than a director of the Company who, at the Date of Grant, is employed in Openreach;
Employment	employment as an employee of a member of the Group;
Group	the Company, and any company which is either a subsidiary of the Company or a subsidiary of the Company's holding company (**subsidiary** and **holding company** having the meanings given to them in section 1159 Companies Act 2006) and member of the Group will be construed accordingly;
Group Dealing Code	the share dealing code adopted by the Company, as amended from time to time;
Holding Period	the period following the Payment of an Award during which the cash amount Paid net of any Tax Liability may not be transferred, assigned, charged or otherwise disposed of except with the consent of the BT Remuneration Committee;
Market Abuse Regulation	Regulation (EU) No 596/2014 of the European Parliament and the Council of 16 April 2014 on market abuse;
Openreach	the part of the Group established in January 2006 in response to Ofcom's strategic review of telecommunications as a new access services division to operate the Company's local access and backhaul network;
Paid	in relation to an Award, the point at which a Participant becomes absolutely entitled to all or some of the cash the subject of the Award, and Pay, Payable and Payment will be construed accordingly;
Participant	any individual who holds an Award including, if relevant, the Participant's

personal representatives;

Plan — the Openreach Long Term Plan, as amended from time to time in accordance with the Rules;

Plan Period — the period starting on the date the Plan is approved by the BT Remuneration Committee and ending on the tenth anniversary of that date;

Redundancy — the termination of a Participant's Employment attributable wholly or mainly to the fact that:

(a) the employer has ceased or intends to cease:

(i) to carry on the business for the purpose of which the employee was employed; or

(ii) to carry out that business on the place the employee was employed; or

(b) the requirements of that business:

(i) for employees to carry out work of a particular kind; or

(ii) to carry out that work in the place where the employee was employed,

have ceased or diminished or are expected to cease or diminish;

Relevant Event — a circumstance including (but without limitation):

(a) behaviour by a Participant which fails to reflect the Company's governance and business values;

(b) the extent to which any condition was satisfied was based on an error, or on inaccurate or misleading information or assumptions which resulted either directly or indirectly in an Award being granted or Vesting to a greater extent than would have

been the case had that error not been made;

(c) material adverse change in the financial performance of the Company or any division in which the Participant works and/or worked;

(d) a material financial misstatement of the Company's audited financial accounts (other than as a result of a change in accounting practice);

(e) any action which results in or is reasonably likely to result in reputational damage to the Company or any member of the Group;

(f) a material failure in risk management;

(g) corporate failure;

(h) negligence or gross misconduct of a Participant; and/or

(i) fraud effected by or with the knowledge of a Participant;

Restricted Period in relation to an Award, the period or periods specified at the Date of Grant and at the end of which all or part of an Award may become Payable, which will normally be a period of three years but may be more or less, at the discretion of the BT Remuneration Committee;

Rules the rules of the Plan as amended from time to time;

Share a fully paid ordinary share in the capital of the Company; and

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

APPENDIX 2

U.S.

Paragraph 1 of this Appendix 2 modifies the Rules of the Plan in respect of any Awards granted under it to Eligible Employees who are resident in the United States.

1. Where the term "subsidiary" is used in the definition of Group, subsidiary will be defined as follows:

   "Subsidiary means a company in which the Company owns, directly or indirectly, a majority of the voting rights."

The provisions of paragraphs 2 and 3 of this Appendix 2 modify the Rules of the Plan in respect of any Awards granted under it to Eligible Employees who are U.S. taxpayers (whether or not they are also resident in the United States).

2. The following will be inserted at the end of Rule5.1:

   "In any event, the latest day by which an Award will be paid is 15 March after the calendar year in which the Award becomes Payable and the Company may adjust how the Award is Paid to ensure this. Notwithstanding any provision of the Plan to the contrary, no Award which becomes subject to accelerated Payment at the discretion of the BT Remuneration Committee (as provided in Rule 4 of the Plan) will be Paid earlier than the end of the Restricted Period if the BT Remuneration Committee then determines that the Payment on such earlier date would subject the Award to the penalty tax imposed under Section 409A of the U.S. Internal Revenue Code of 1986, as amended (**Section 409A**)."

3. The BT Remuneration Committee will endeavour not to take any action that would cause an Award that is otherwise exempt from taxation under Section 409A to become subject to taxation under Section 409A, or that would cause an Award that is subject to taxation under Section 409A to fail to satisfy the requirements of Section 409A.

   Although the BT Remuneration Committee intends to administer the Plan so that Awards granted under this Schedule will be exempt from taxation under Section 409A, or will comply with Section 409A, neither the BT Remuneration Committee nor the Company warrants that any Award under the Plan will qualify for favourable tax treatment under Section 409A or any other provision of federal, state, local, or non-U.S. law. The Company will not be liable to any Participant for any tax, interest, or penalties the Participant might owe as a result of the grant, holding or Payment of any Award under the Plan.