BT GROUP PLC

SHARE INCENTIVE PLAN

TERMS & CONDITIONS FOR PARTNERSHIP AND MATCHING SHARES

These terms and conditions apply between you and BT Group plc (the "Company") and MUFG Corporate Markets Trustees (UK) Limited (the "Trustee") and form part of your agreement, along with the Rules of the Plan, to buy Shares under the BT Group Employee Share Investment Plan (the "Plan"). Words used here are defined in the Rules of the Plan or legislation. In the event of any conflict between this agreement, the Rules of the Plan and/or legislation, the Rules of the Plan and legislation will apply.

DATA PROTECTION STATEMENT

The Company will use your personal information (including name, address, date of birth and staff ID) to provide you with the option to participate in and to administer and maintain the Plan.

The Company relies on the following legal bases to process and use your personal information:

(i) processing is necessary for the performance of the employment contract between you and the Company, more specifically to provide you with such employment benefits contained within your employment contract;
(ii) processing is necessary for compliance with a legal or regulatory obligation to which the Company is subject; and/or
(iii) processing is necessary for the purposes of the Company's legitimate business interests (e.g. to obtain professional advice in relation to the Plan).

Your personal information will be kept confidential and will only be used for the purposes described above and in accordance with data protection law however the Company may share your personal information with:

(a) MUFG Corporate Markets Trustees (UK) Limited (the Trustee), registrars or brokers;
(b) the Company's professional advisers;
(c) regulatory authorities and tax regulators;
(d) future purchasers (actual or prospective) of the Company; and
(e) any subsidiary of the Company or the business in which you work.

The Company and/or third parties listed above will use your personal information only for as long as is necessary to carry out the data processing purposes stated above or to comply with legal and regulatory requirements.

The Company and the Trustees may check your details with CIFAS, National Hunter, Experian and Equifax and, if you give false or inaccurate information and we suspect fraud, this will be recorded. Other organisations may use and search such records to:

- Help make decisions about your credit and credit related services and insurance including motor, household, credit, life and other insurance proposals and claims for you and members of your household.
- Trace debtors, recover debt, prevent money laundering and fraud and for statistical purposes.

If the Company or the third parties listed above transfer personal data outside of the UK or European Economic Area (EEA), we always require that appropriate safeguards are in place to protect the information when it is processed.

You can also find out more about how we use your personal information and your rights in the Company Employee Privacy Notice which you can find at https://www.bt.com/about/investors/individual-shareholders/shareholder-privacypolicy

You have the right to request a copy of the information we hold about you.

PLEASE NOTE THE PRICE OF SHARES AND ANY INCOME FROM THEM MAY GO DOWN AS WELL AS UP AND YOU MAY NOT GET BACK THE AMOUNT THAT YOU HAVE INVESTED.

CONTACTING MUFG CORPORATE MARKETS

MUFG Corporate Markets, Central Square, 29 Wellington Street, Leeds, United Kingdom, LS1 4DL

Employee Helpline: 0371 664 0403Lines are open 9.00am to 5.30pm (UK time), Monday to Friday (excluding public holidays in England and Wales).

Email: BT.Shareplans@cm.mpms.mufg.com

For deaf and speech impaired customers, we welcome calls via Relay UK. Please see www.relayuk.bt.com for more information.

NOTICE TO PARTICIPANT ABOUT POSSIBLE EFFECT ON BENEFITS

Deductions from your pay to buy Partnership Shares under this agreement may affect your entitlement to or the level of, some contributory social security benefits, statutory maternity pay and statutory sick pay and statutory neonatal care pay.

They may also have a similar effect in respect of some contributory social security benefits paid to your spouse or civil partner.

With this agreement, you should have been given information on the effect of deductions from your pay to buy Partnership Shares on entitlement to social security benefits, statutory maternity pay and statutory sick pay and statutory neonatal care pay. The effect is particularly significant if your earnings are brought below the lower earnings limit for National Insurance purposes and is explained in the information booklet: “Share Incentive Plans and your entitlement to benefits”, it is therefore important that you read it.

If you have not been given a copy, ask your employer for it. Otherwise, a copy may be obtained from any office of HM Revenue & Customs, the Department for Work and Pensions, or, in Northern Ireland, the Department for Communities.

Alternatively, you can download leaflet IR177 from the HMRC website at

https://www.gov.uk/government/publications/share-incentive-plans-and-your-entitlement-to-benefits-ir177 .

You should take the information you have been given into account in deciding whether to buy Partnership Shares.

PARTICIPANT

PARTNERSHIP SHARES

I authorise my employer to deduct the monthly contribution as indicated in my online application direct from my gross salary to buy BT Group plc directshare shares. You can contribute between £10 and £150 (subject to the annual limit of 10% of your salary). This amount will be deducted every month until the annual plan limit of £1,800 is reached.

I authorise my employer to deduct a one-off (lump sum) contribution as indicated in my online application direct from my pre-tax pay to buy BT Group plc directshare shares. This must not exceed £1,800.

I agree that:

- the deductions stated on my application will be held in a non-interest bearing account until they are used by the Trustee to buy Partnership Shares in the Company for me.
- any deductions not used to buy Partnership Shares will be carried forward and added to the next deduction
- I may stop the deductions at any time, change, or begin them again, by logging on to Investor Centre or writing to my employer, but I may not make up any amounts missed when deductions were stopped.
- Instead of, or in addition to, making regular deductions, I may make one or more periodic payments a year. These can be made at any time by logging on to Investor Centre or writing to my employer prior to the relevant pay period from which the deduction is to be made.

- If I cease to be employed by a Company or an Associated Company participating in the Plan, my salary deductions must cease.

I understand that:

- In the event that the Company places any restrictions on the deductions taken from my salary, or the Partnership Shares available for the award(s), they will arrange to notify me.

DIVIDENDS

On my application, I can elect for all dividends on my Plan Shares to be either:

- paid direct to my salary bank account, or
- used by the Trustee to buy Dividend Shares in accordance with the Rules of the Plan. I agree that any amount not used to buy Dividend Shares will be carried forward and added to the next cash dividend to be reinvested.

I understand that:

- the Dividend Shares must be left in the hands of the Trustee or other persons appointed by the Trustee, and I agree not to assign, charge, or otherwise dispose of my beneficial interest in the shares for the whole of the Holding Period of 3 years.
- the Company may direct that dividends will not be used to buy Dividend Shares and that cash dividends will be paid.
- Any payments will be paid directly to my salary bank account. If the Trustee does not have my salary bank account details, a cheque will be sent to my registered address.
- Any dividends paid by the Company to the Trustee will be held in a non-interest bearing account until they are either re-invested as shares or paid as cash to me.

HOLDING PERIOD:

I understand that my obligations during the Holding Period will end:

i) if I cease to be in Relevant Employment, or
ii) if the Company terminates the Plan in accordance with the Rules of the Plan.

If i) or ii) occur, I consent to the transfer of my Plan Shares to me. If ii) occurs, shares can only be transferred once I have received notice of the Plan's termination (any consent to an early transfer of shares will be invalid).

After the end of the Holding Period, I may ask the Trustee for my Plan Shares, although I may have to pay Income Tax ("tax") and National Insurance contributions ("NICs") when the Shares are removed.

I understand that my obligations under the Holding Period are subject to:

a) the right of the Trustee to sell my shares to meet Pay As You Earn ("PAYE") obligations, and/or
b) the Trustee accepting, at my direction, an offer for my Plan Shares in accordance with the Plan.

RIGHTS AND OBLIGATIONS

I agree that:

- taking part in the Plan does not affect my rights, entitlements, and obligations under my contract of employment, and does not give me any rights or additional rights to compensation or damages if my employment ceases.
- I allow the Trustee to sell some or all of my Plan Shares to pay any tax and NICs in respect of my shares ceasing to be subject to the Plan, unless I provide them in advance with a cheque that is drawn on a UK bank account in my name and have sufficient funds to pay these amounts.
- if there is a rights issue,

  i) I agree to allow the Trustee to sell the rights attached to some of my Plan Shares, in order to fund the exercise of the rights attached to my remaining Plan Shares.

ii) In the event that there is insufficient time to take the action outlined above (as deemed by both the Company and the Trustee) or the sale of rights is insufficient to fund the exercise of any of my rights, the Trustee will sell the rights and pass the funds to me through my payroll.

- Deductions from my salary, or the number of Partnership Shares that I receive may be scaled down if any limit on the number of Partnership Shares set by the Company for an allocation of Partnership Shares would otherwise be exceeded.
- I understand that in leaving the employment of the Company, I have 30 calendar days to direct the Share Plan Administrators in respect of my Plan Shares.
- I agree that where an instruction is not received within 30 calendar days, any Plan Shares remaining after any sale required for tax and/or NICs will exit the Plan and be placed into the BT EasyShare Nominee to be held on my behalf by Equiniti Financial Services Limited in accordance with the BT EasyShare Terms and Conditions, available at www.shareview.info/products/csn or by calling Equiniti Financial Services Limited on +44 4 (0) 808 100 4141. Lines are open from 8.30am to 5.30pm (UK time), Monday to Friday (excluding public holidays in England and Wales). Where I do not meet the Terms and Conditions of BT EasyShare (age and/or country of residence requirements), I agree that a Share Certificate will be issued to my registered address at my risk.
- I agree that if I request to receive a Share Certificate, an administration fee may be payable. Details of the fee are available by calling the Employee Helpline detailed above.

TRANSFERS TO BT EASYSHARE

- I understand that in leaving the employment of the Company, I have 30 calendar days to direct the Share Plan Administrators in respect of my Plan Shares.
- I agree that where an instruction is not received within 30 calendar days, any Plan Shares remaining after any sale required for tax and/or NICs will exit the Plan and be transferred to BT EasyShare, to be held on my behalf by Equiniti Financial Services Limited in accordance with the BT EasyShare Terms and Conditions (available at www.shareview.info/products/csn or by calling Equiniti Financial Services Limited on +44 (0) 808 100 4141*).
- I agree that my holder information will be transferred to Equiniti Financial Services Limited as part of the transfer to BT EasyShare.
- I understand that any bank mandate associated with my Plan Shares WILL NOT be transferred to Equiniti Financial Services Limited. Once your shares have been transferred, you must provide valid bank details to Equiniti Financial Services Limited by the publicised record dates for dividends, otherwise you will not receive your cash dividends and you may be charged a fee for their release. You will not be paid interest on cash balances. Further details will be made available on your BT EasyShare Opening Statement.
- I understand that Equiniti Financial Services Limited will need to confirm my identity to comply with UK money laundering regulations, and will use an external agency, who will keep a record of the search and may share that information with other businesses.
- Where I do not meet the Terms and Conditions of BT EasyShare, I direct the Share Plan Administrators to arrange for a Share Certificate to be issued to my registered address at my risk.

**Please use the country code when calling from outside the UK. Lines are open from 8.30am to 5.30pm (UK time), Monday to Friday (excluding public holidays in England and Wales). For deaf and speech impaired customers Equiniti welcomes calls via Relay UK. Please see www.relayuk.bt.com for more information.*

BT EasyShare is sponsored by BT Group plc and provided by Equiniti Financial Services Limited. To read the latest Privacy Notice and understand more about how Equiniti Financial Services Limited safeguards your data, please visit **privacy.equiniti.com.**

Equiniti Limited and Equiniti Financial Services Limited are part of the Equiniti Group. Their registered offices are Highdown House, Yeoman Way, Worthing BN99 3HH, United Kingdom. Company share registration, employee scheme and pension administration services are provided through Equiniti Limited, which is registered in England & Wales with No. 6226088. Investment and general insurance services are provided

through Equiniti Financial Services Limited, which is registered in England & Wales with No. 6208699 and is authorised and regulated by the UK Financial Conduct Authority.

RESTRICTIONS

I understand that if I am subject to the Company's share dealing code, the restrictions set out in the code will apply and may affect my Plan Shares. I am aware that a copy of the Company's share dealing code is available on the Company's intranet.

CANCELLATION AND WITHDRAWAL RIGHTS

I acknowledge that I can cancel my participation in the Plan at any time and that:

- this does not exceed my legal rights and will not affect the terms on which I agreed to accept shares already held for me under the Plan;
- no cancellation fee will be payable but any administration or dealing fees when selling or transferring shares into a certificated form will be payable;
- the value of funds returned to me may be lower than the market value at the time of investment and I will not get back amounts representing market loss from the date the Plan was opened until cancellation;
- as the funds were deducted from my salary before deduction of tax and NICs, the funds will be returned through my payroll for payment to me through the PAYE system with the necessary deductions of tax and NICs.

For further information about statutory rights, contact a local authority Trading Standards Department or Citizens Advice Bureau.

Any request to cancel shall be sent in accordance with the Rules of the Plan.

COMPANY

The Company agrees to arrange for shares in BT Group plc to be bought for or awarded to me, according to the Rules of the Plan.

I understand that:

- I authorise the Company to deduct from my pay the amount of savings that I have indicated in my online application and to pay this to the Trustee.
- I authorise the Company to reduce the amount of contributions (and amend my instructions accordingly) under the Rules of the Plan if I exceed the Plan maximum investment of £1,800 per tax year or 10% of my taxable pay, whichever is lower.
- I agree that the Trustee and the Company can share information collected including name, account number, and salary bank account details in connection with the Plan and my account with each other to the extent necessary for each party to perform their role under the Plan.

These instructions remain in force until cancelled by me by giving notice in writing or otherwise as detailed under the Rules of the Plan.

TRUSTEE

The **"Trustee"**, which means MUFG Corporate Markets Trustees (UK) Limited whose registered office is situated at Central Square, 29 Wellington Street, Leeds, United Kingdom, LS1 4DL (Company No. 02729260).

The main business of the Trustee is to act as Trustee for UK tax-advantaged Share Incentive Plans.

ELECTRONIC (INTERNET, INTRANET OR MOBILE APP) APPLICATION(S) (IF APPLICABLE)

If I apply to participate in the Plan using any of the above electronic application channels provided, the following provisions will apply (references to “the Company” and where investments are held in Trust, “the Trustee”, refer to definitions in the Rules of the Plan for which I am applying).

The Company and/or the Trustee have the right to withdraw any of the electronic application channels at any time.

The Company and/or the Trustee may insist on a written application instead of an electronic application.

If I submit multiple applications, either through the same channel or by multiple channels, the most recent dated application (that is received prior to any published closing date) will be given precedence. I acknowledge that if I apply in writing, I should allow 5 working days from receipt of the application before the information in it is processed and displayed.

The information that I provide to gain access to the service together with my acceptance of the terms and conditions will, when I confirm my application, constitute my electronic signature.

The Company and/or the Trustee may allow me to modify my application using the electronic application channels available. If so, they may implement a cut-off date, after which I will no longer be able to modify my application.

Excess demand on the service and circumstances beyond the Company's and/or the Trustee's reasonable control may mean it is not always possible to use the electronic application channels.

The Company and/or the Trustee will take reasonable steps to ensure that the electronic application channels are available but they are not responsible for systems beyond their reasonable control or any incompatibility between my systems and the electronic application channels.

I acknowledge that the electronic application channels enable me to give instructions directly to the Company and/or the Trustee. I acknowledge that the Trustee is responsible for processing the electronic application, for determining how the data in the application is processed as well as for the information provided by the electronic application.

If I submit an electronic application, I must retain either your confirmation email or on-screen acknowledgement if I need to provide proof that my application was received for any reason.

GENERAL PROVISIONS

I understand that:

The Plan will be governed by the Trust Deed and Rules of the Plan under English Law. I agree that legal action relating to this agreement may only be dealt with by the courts of England and Wales. Any contact made by the parties to this agreement in relation to these terms and conditions will be in the English language. All instructions and notices to me under this agreement must be given to me under the Rules of the Plan.

The Trustee will take any actions considered necessary in their reasonable opinion to comply with all applicable laws and regulations or any requirements of any regulatory body that are binding upon them. The Trustee and the Company may vary the terms on which participation is offered. Should the terms of this agreement change in such a way as to have an effect on my entitlements, or the service provided under the Plan, either the Trustee or the Company will write to me, giving me 30 calendar days' notice, outlining the changes and when they are due to take effect. If I no longer wish to participate on these terms, I should write to the Trustee in accordance with the Rules of the Plan.

If a gain is made in the course of administering the Plan, the Trustee will be entitled to keep it.