



BT ANNOUNCES INTENTION TO DELIST FROM NEW YORK STOCK EXCHANGE AND TERMINATE ADR PROGRAMME, AND TO DEREGISTER AND TERMINATE REPORTING OBLIGATIONS WITH THE SEC

Frequently asked questions

Why is BT deregistering from the SEC?

BT Group plc's (BT) decision to deregister its US equity and debt securities with the US Securities and Exchange Commission (SEC) is aimed at reducing reporting costs and complexity while maintaining the highest standards of corporate governance and transparent financial reporting.

Does this mean BT is becoming more UK-focussed as a business?

BT's decision to deregister its equity and debt securities is aimed at reducing reporting costs and complexity whilst maintaining the highest standards of corporate governance and transparent financial reporting and does not reflect any change in stance towards its US investors or customers. The majority of BT's US shareholders hold ordinary shares rather than ADRs: c.20% of BT's shares are held by North American investors, whereas BT's ADR programme is just c.2.0% of its total ordinary shares in issue. BT remains committed to its customers operating in the US.

What will happen to my ADRs?

JPMorgan Chase Bank N.A. (JPMorgan), BT's ADR programme depository, has sent all ADR holders a notice of termination containing relevant information for ADR holders regarding required actions. If you have not received this, please check with your broker.

In summary, ADR holders may (i) sell their ADRs in the market on the NYSE until they are delisted on 13 September 2019; (ii) sell their ADRs in over-the-counter trading following delisting and prior to the ADR termination effective date on 23 September 2019; or (iii) surrender their ADRs to JPMorgan for cancellation at any point until 23 March 2020. ADR holders choosing to surrender their ADRs to JPMorgan for cancellation can choose to (a) receive five BT ordinary shares for every surrendered ADR or (b) have JPMorgan sell the underlying ordinary shares in the market and receive the cash proceeds, in either case less fees charged by JPMorgan.

For any ADR holders who have taken no action or otherwise still hold ADRs after 23 March 2020, JPMorgan will sell the underlying ordinary shares that it still holds and distribute the cash proceeds pro rata to the remaining ADR holders, less fees.

Please consult JPMorgan's notice of termination or ask your broker for more detail.

Does delisting or termination impact ADR holders' voting rights or dividend payments?

BT's ADR programme is a sponsored level III listing which grants the holders voting rights and pays dividends to the ADR holders equivalent to the exchange-rate and ADR-ratio adjusted dividend paid to the underlying ordinary shareholders. Following termination, if an ADR holder chooses to hold the underlying ordinary shares instead of the ADR then they will continue to receive dividends and maintain their voting rights on each ordinary share held. If they choose to surrender their ADRs and request JPMorgan sell the underlying ordinary shares, they will of course stop receiving dividends and no longer have voting rights.



How many ordinary shares will I receive for each ADR held?

As each ADR represents five ordinary shares, an ADR holder will receive five BT Group plc ordinary shares for each ADR which is surrendered by the holder to the JPMorgan for cancellation.

How many ADRs does BT have in issue? What is the total value?

As of 8 August 2019, BT had c.40m ADRs in issue equivalent to c.200m ordinary shares (or c.USD 347m).

This represents c.2.0% of BT's total ordinary shares in issue of 9,882m (or c.GBP 17,095m)

What's the difference between an ADR and ADS?

An ADR (American Depositary Receipt) is a certificate that evidences an ownership interest in an ADS (American Depositary Share), which in turn represent an interest in BT's ordinary shares. The terms are often used interchangeably by market participants.

What is the trading volume of BT's ADRs in the US?

BT's average daily trading volume (ADTV) in the US has been c.11% of global volumes over the past 12 months.

Why doesn't BT deregister its equity immediately along with its debt?

In order to deregister BT's equity with the SEC, BT's average daily trading volume (ADTV) in the US over the prior 12 month period must be below 5% of global ADTV, but is currently c.11%. BT believes that terminating its ADR programme will result in a reduction in ADTV in the US such that it can deregister at a later date. There is a minimum 12 month waiting period between termination of the ADR programme and deregistering from the SEC, after which BT will still need to prove that its ADTV is less than 5% over the previous 12 months in order to deregister.

How can BT deregister its debt separately from its equity?

BT is able to deregister its debt independently of its equity as the debt is issued by a subsidiary of BT Group plc, British Telecommunications plc (BT plc), and the equity is issued by BT Group plc, and the two companies are considered to be different issuers by the SEC (although BT will only see the full benefits from deregistration once both are deregistered).

How does deregistration impact BT's ability to issue debt or raise equity in the US?

Following deregistration only unregistered security offerings (for example, private placements to Qualified Institutional Buyers executed under Rule 144A) would be available to BT in the US.

How does deregistration impact BT's reporting obligations?

Following deregistration of BT plc's debt securities and BT Group plc's equity securities with the SEC, BT's SEC reporting obligations (including the requirements of the Sarbanes-Oxley Act) would cease. Reporting obligations currently include filing of Form 20-F annually and Form 6-K for both BT Group plc and BT plc with each London Stock Exchange announcement.