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BT ANNOUNCES NEW STRUCTURE

Six lines of business to be supported by BT Technology, Service and Operations

New division to serve businesses and the public sector in the UK and Ireland

EE brand to be retained

BT today announced a new organisational structure that will take effect from April. This follows its acquisition of EE, the UK's leading mobile network operator.

Under this structure, there will be six lines of business. Two will serve consumers, two will focus on businesses and the public sector - one in the UK and Ireland and one globally - and two will provide wholesale services to other industry players.

The lines of businesses are:

Consumer – the largest ISP in the UK, BT Consumer will continue to serve ten million households with a mix of superfast broadband, telephony, TV and mobile services. Its CEO will continue to be John Petter.

EE – EE will focus largely on the consumer market retaining its brand, its network and its hundreds of high street stores. It will serve its customers with advanced mobile services, broadband and TV. It will also continue to deliver the Emergency Services Network contract which was awarded to EE late last year. Its CEO is Marc Allera.

Business and Public Sector - this is a new division with around £5 billion of revenues. It will serve businesses - large and small - as well as the public sector in the UK and Ireland. It will be comprised of the existing BT Business along with EE's business division and those parts of BT Global Services that are UK focused. Its CEO is Graham Sutherland.

Global Services – Global Services will serve the communications needs of multinational companies and financial services organisations headquartered in the UK and across the world. It will also focus on serving major public and private sector customers outside the UK. Luis Alvarez will continue as its CEO.

Wholesale and Ventures - this division, which provides wholesale services to more than 1400 communications providers, will be expanded to include EE's successful MVNO business as well as some specialist businesses such as Fleet, Payphones and Directories. Gerry McQuade, currently Chief Sales and Marketing Officer, Business at EE, will be its CEO.

Openreach – operating at arm’s length from the rest of BT, Openreach will be unaffected by the re-organisation. It provides all companies with equal access to BT's local access network in Great Britain and is heavily regulated with more than 90 per cent of its revenues coming from price regulated services. Clive Selley takes over as its CEO today.

The six divisions will be supported by **Technology, Service and Operations** which is currently responsible for BT's 'core' networks in the UK and overseas, its IT platforms and its global Research and Development arm. Howard Watson takes over as its CEO today, replacing Clive Selley.

A new IT and Mobile business unit within TSO will be led by EE’s Fotis Karonis. Fotis will join Howard’s leadership team as well as support Marc Allera as EE’s CIO.

Group Chief Executive Gavin Patterson said: "I’m delighted we have now completed our acquisition of EE. That is great news for our shareholders, our customers and for UK plc given we will continue to invest and innovate. Customers will benefit as we combine the power of fibre broadband with the convenience of mobile.

"We will operate a multi brand strategy with UK customers being able to choose a mix of BT, EE or Plusnet services, depending on which suit them best. The acquisition enables us to offer great value bundles of services and customers are set to be the winners as we compete for their business.

"The acquisition provides us with a chance to refresh our structure and we have done that by creating a major new division that will focus on businesses and the public sector in the UK and Ireland. We want to support those sectors by offering customers the very best services whether that be dedicated private lines, network products such as fibre broadband, mobile solutions, IT services or cyber expertise to keep them safe.

"We will continue to offer many of these services to multinational companies and major overseas customers via our Global Services division. It is an important part of the company and this new structure will enable it to sharpen its focus on its key areas of strength".

For further information

Enquiries about this news release should be made to the BT Group Newsroom on its 24-hour number: 020 7356 5369. From outside the UK dial + 44 20 7356 5369. All news releases can be accessed at our web site: <http://www.btplc.com/News>

About BT

BT's purpose is to use the power of communications to make a better world. It is one of the world's leading providers of communications services and solutions, serving customers in more than 170 countries. Its principal activities include the provision of networked IT services globally; local, national and international telecommunications services to its customers for use at home, at work and on the move; broadband, TV and internet products and services; and converged fixed-mobile products and services. Following the acquisition of EE on 29 January 2016, BT consists principally of six customer-facing lines of business: BT Global Services, BT Business, BT Consumer, EE, BT Wholesale and Openreach.

For the year ended 31 March 2015, BT Group's reported revenue was £17,979m with reported profit before taxation of £2,645m.

British Telecommunications plc (BT) is a wholly-owned subsidiary of BT Group plc and encompasses virtually all businesses and assets of the BT Group. BT Group plc is listed on stock exchanges in London and New York.

For more information, visit www.btplc.com.