

OFFERING MEMORANDUM



Sky Group Finance plc

(incorporated with limited liability in England and Wales)
(Registered Number 05576975)

and

Sky plc

(incorporated with limited liability in England and Wales)
(Registered Number 02247735)

£5,000,000,000

Global Medium Term Note Programme

unconditionally and irrevocably guaranteed by

Sky Group Finance plc

Sky plc

Sky UK Limited

Sky Subscribers Services Limited

and

Sky Telecommunications Services Limited

Under the Global Medium Term Note Programme described in this Offering Memorandum (the “**Programme**”), Sky Group Finance plc (“**Sky Finance**”) and Sky plc (“**Sky**”) (each an “**Issuer**” and together, the “**Issuers**”), subject to compliance with all relevant laws, regulations and directives, may from time to time issue medium term notes (the “**Notes**”). Notes issued by Sky Finance will be guaranteed by Sky, Sky UK Limited (“**Sky UK**”), Sky Subscribers Services Limited (“**Sky Subscribers**”) and Sky Telecommunications Services Limited (“**STSL**”). Notes issued by Sky will be guaranteed by Sky Finance, Sky UK, Sky Subscribers and STSL. When acting in the capacity of a guarantor of the relevant Notes, each such entity is referred to herein as a “**Guarantor**” and, together, the “**Guarantors**” (and, where used in the Terms and Conditions of the Notes only, such terms shall be deemed to include any acceding guarantor in accordance with Condition 3(c)). The aggregate nominal amount of Notes outstanding will not at any time exceed £5,000,000,000 (or the equivalent in other currencies).

In accordance with Condition 3(c) of the Terms and Conditions of the Notes, STSL may cease to be a Guarantor in the event that it has been fully and unconditionally released from all obligations under guarantees of Indebtedness, including under the 2005 Bonds, the 2008 Bonds, the 2012 Bonds and the Revolving Credit Facility, for money borrowed in excess of £50,000,000 (see “Terms and Conditions — Guarantees by Subsidiaries”).

Application has been made to the Irish Stock Exchange (the “**ISE**”) for the approval of this Offering Memorandum as base listing particulars.

Application has been made to the ISE for Notes issued under the Programme for the period of 12 months from the date of this Offering Memorandum to be admitted to the official list of the ISE (the “**Official List**”) and to trading on the global exchange market (the “**GEM**”) which is the exchange-regulated market of the ISE. References in this Offering Memorandum to Notes being “listed” (and all related references) shall mean that such Notes have been admitted to the Official List and have been admitted to trading on the GEM. However, unlisted Notes may be issued pursuant to the Programme. The applicable Pricing Supplement in respect of the issue of any Notes will specify whether or not such Notes will be listed on the Official List and admitted to trading on the GEM (or any other stock exchange). The GEM is not a regulated market for the purposes of Directive 2004/39/EC of the European Parliament and of the Council on markets in financial instruments.

The Notes (and the guarantees in respect of them) have not been and will not be registered under the U.S. Securities Act of 1933 (the “**Securities Act**”), or with any securities regulatory authority of any state or other jurisdiction of the United States, and may not be offered, sold or delivered within the United States or to, or for the account or benefit of, U.S. persons (as defined in Regulation S (“**Regulation S**”) under the Securities Act), except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

Each Series (as defined in “*Overview of the Programme – Method of Issue*”) of Notes in bearer form will be represented on issue by a temporary global note in bearer form (each a “**temporary Global Note**”) or a permanent global note in bearer form (each a “**permanent Global Note**” and, together with temporary Global Notes, the “**Global Notes**”) and will be sold in an “offshore transaction” within the meaning of Regulation S under the Securities Act. If the Global Notes are stated in the applicable Pricing Supplement to be issued in new global note (“**NGN**”) form, the Global Notes will be delivered on or prior to the original issue date of the relevant Tranche (as defined herein) to a common safekeeper (the “**Common Safekeeper**”) for Euroclear Bank S.A./N.V. (“**Euroclear**”) and Clearstream Banking, société anonyme (“**Clearstream, Luxembourg**”). Global Notes which are not issued in NGN form (“**Classic Global Notes**” or “**CGNs**”) will be deposited on or prior to the issue date of the relevant Tranche with a common depositary on behalf of Euroclear and Clearstream, Luxembourg (the “**Common Depositary**”). The provisions governing the exchange of interests in Global Notes for other Global Notes and Definitive Notes (as defined herein) are described in “*Summary of Provisions Relating to the Notes while in Global Form*”.

Notes in registered form will be represented by registered certificates (each a “**Certificate**”), one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes (as defined herein) of one Series. The Notes of each Series to be issued in registered form (“**Registered Notes**”) and which are sold in an offshore transaction in reliance on Regulation S (“**Unrestricted Notes**”) will initially be represented by a permanent registered global certificate (each an “**Unrestricted Global Certificate**”), which (where such Unrestricted Global Certificate is not held under the New Safekeeping Structure (the “**NSS**”)) may be deposited on or prior to the original issue date of the relevant Tranche (a) in the case of a Series intended to be cleared through Euroclear and/or Clearstream, Luxembourg, with a Common Depositary and (b) in the case of a Series intended to be cleared through a clearing system other than, or in addition to, Euroclear and/or

Clearstream, Luxembourg, or delivered outside a clearing system, as agreed between the relevant Issuer and the relevant Dealer. Registered Notes which are sold in the United States to “qualified institutional buyers” (each a “**QIB**”) within the meaning of Rule 144A (“**Rule 144A**”) under the Securities Act (“**Restricted Notes**”) will initially be represented by one or more permanent registered global certificates (each a “**Restricted Global Certificate**” and, together with the Unrestricted Global Certificates, the “**Global Certificates**”), which may be deposited on or prior to the original issue date of the relevant Tranche with a custodian (the “**Custodian**”) for, and registered in the name of Cede & Co. as nominee for, the Depository Trust Company (“**DTC**”). If a Global Certificate is held under the NSS, the Global Certificate will be delivered on or prior to the original issue date of the relevant Tranche to a Common Safekeeper for Euroclear and Clearstream, Luxembourg.

The long-term unsecured debt of both Sky Finance and Sky is currently rated Baa1 by Moody’s Investors Service Ltd. (“**Moody’s**”) and BBB+ by Standard and Poor’s Credit Market Services Europe Ltd. (“**Standard & Poor’s**”). Each of Moody’s and Standard & Poor’s is established in the European Union and is registered under the Regulation (EC) No. 1060/2009 on credit rating agencies, as amended (the “**CRA Regulation**”). Tranches of Notes (as defined in “Overview of the Programme — Method of Issue”) to be issued under the Programme will be rated or unrated. Where a Tranche of Notes is to be rated, such rating will not necessarily be the same as the rating assigned to the relevant Issuer. Where a Tranche of Notes is rated, the applicable rating(s) will be specified in the relevant Pricing Supplement. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

Prospective investors should have regard to the factors described under the section headed “Risk Factors” in this Offering Memorandum.

Arranger for the Programme
Barclays
Dealers

Bank of China Limited
BNP PARIBAS
Lloyds Bank
Santander Global Banking & Markets
The Royal Bank of Scotland

Barclays
J.P. Morgan
Morgan Stanley
Société Générale Corporate & Investment Banking

dated 5 June 2015

This Offering Memorandum has been prepared for the purpose of giving information with regard to the Issuers, the Guarantors, Sky and its subsidiaries taken as a whole (the “**Group**”) and the Notes which, according to the particular nature of the Issuers, the Guarantors and the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profit and losses and prospects of the Issuers and the Guarantors.

The Issuers and the Guarantors accept responsibility for the information contained in this Offering Memorandum and the Pricing Supplement (as defined in “*Overview of the Programme – Method of Issue*”) for each Tranche of Notes issued under the Programme. To the best of the knowledge of the Issuers and the Guarantors (having taken all reasonable care to ensure that such is the case) the information contained in this Offering Memorandum is in accordance with the facts and does not omit anything likely to affect the import of such information.

This Offering Memorandum is to be read in conjunction with all documents which are incorporated herein by reference (see “*Documents Incorporated by Reference*”).

No person has been authorised to give any information or to make any representation other than those contained in this Offering Memorandum in connection with the issue or sale of the Notes and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuers, the Guarantors, any of the Dealers or the Arranger (as defined in “*Overview of the Programme*”). Neither the delivery of this Offering Memorandum nor any sale made in connection herewith shall, under any circumstances, create any implication that there has been no change in the affairs of the Issuers or the Guarantors since the date hereof or the date upon which this Offering Memorandum has been most recently amended or supplemented or that there has been no adverse change in the financial position of the Issuers or the Guarantors since the date hereof or the date upon which this Offering Memorandum has been most recently amended or supplemented or that any other information supplied in connection with the Programme is correct as of any time subsequent to the date on which it is supplied or, if different, the date indicated in the document containing the same.

The distribution of this Offering Memorandum and the offering or sale of the Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Offering Memorandum comes are required by the Issuers, the Guarantors, the Dealers and the Arranger to inform themselves about and to observe any such restriction. The Notes have not been and will not be registered under the Securities Act and include Notes in bearer form that are subject to U.S. tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the United States or to U.S. persons. For a description of certain restrictions on offers and sales of Notes and on distribution of this Offering Memorandum, see “*Subscription and Sale*”.

The Notes are being offered and sold, in the case of Bearer Notes (as defined herein) and Unrestricted Notes, outside the United States to non-U.S. persons in reliance on Regulation S and, in the case of Restricted Notes, within the United States to QIBs in reliance on Rule 144A. Prospective purchasers are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. For a description of these and certain further restrictions on offers, sales and transfers of Notes and distribution of this Offering Memorandum, see “*Subscription and Sale*” and “*Transfer Restrictions*”.

THE NOTES AND THE GUARANTEES HAVE NOT BEEN AND WILL NOT BE REGISTERED WITH, OR RECOMMENDED OR APPROVED OR DISAPPROVED BY, THE U.S. SECURITIES AND EXCHANGE COMMISSION, ANY STATE SECURITIES COMMISSION IN THE UNITED STATES OR ANY OTHER U.S. REGULATORY AUTHORITY, NOR HAS ANY OF THE FOREGOING AUTHORITIES REVIEWED, PASSED UPON OR ENDORSED THE MERITS OF THE OFFERING OF NOTES OR THE

ACCURACY OR THE ADEQUACY OF THIS OFFERING MEMORANDUM. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENCE IN THE UNITED STATES.

This Offering Memorandum does not constitute an offer of, or an invitation by or on behalf of the Issuers, the Guarantors or the Dealers to subscribe for, or purchase, any Notes.

Neither the Arranger nor any Dealer has separately verified the information contained in this Offering Memorandum. Neither the Arranger nor any Dealer makes any representation, express or implied, or accepts any responsibility, with respect to the accuracy or completeness of any of the information in this Offering Memorandum. To the fullest extent permitted by law, none of the Dealers or the Arranger accept any responsibility for the contents of this Offering Memorandum or for any other statement, made or purported to be made by the Arranger or a Dealer or on its behalf in connection with the Issuers, the Guarantors, or the issue and offering of the Notes. The Arranger and each Dealer accordingly disclaims all and any liability whether arising in tort or contract or otherwise (save as referred to above) which it might otherwise have in respect of this Offering Memorandum or any such statement. This Offering Memorandum and any other financial statements should not be considered as a recommendation by any of the Issuers, the Guarantors, the Arranger or any of the Dealers that any recipient of this Offering Memorandum or any other financial statements should purchase the Notes. Each potential purchaser of Notes should determine for itself the relevance of the information contained in this Offering Memorandum and its purchase of Notes should be based upon such investigation as it deems necessary. None of the Dealers or the Arranger undertakes to review the financial condition or affairs of the Issuers or the Guarantors during the life of the arrangements contemplated by this Offering Memorandum nor to advise any investor or potential investor in the Notes of any information coming to the attention of any of the Dealers or the Arranger.

In connection with the issue of any Tranche (as defined in “*Overview of the Programme — Method of Issue*”) of Notes, the Dealer or Dealers (if any) named as the stabilising manager(s) (the “**Stabilising Manager(s)**”) (or any person acting on behalf of any Stabilising Manager(s)) may over-allot Notes or effect transactions with a view to supporting the market price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or any person acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the relevant Tranche of Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the relevant Tranche of Notes and 60 days after the date of the allotment of the relevant Tranche of Notes. Any stabilisation action or over-allotment must be conducted by the relevant Stabilising Manager(s) (or any person acting on behalf of any Stabilising Manager(s)) in accordance with all applicable laws and rules.

NOTICE TO NEW HAMPSHIRE RESIDENTS

NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENCE HAS BEEN FILED UNDER CHAPTER 421-B OF THE NEW HAMPSHIRE REVISED STATUTES ANNOTATED, 1955 (“**RSA 421-B**”), WITH THE STATE OF NEW HAMPSHIRE NOR THE FACT THAT A SECURITY IS EFFECTIVELY REGISTERED OR A PERSON IS LICENSED IN THE STATE OF NEW HAMPSHIRE CONSTITUTES A FINDING BY THE SECRETARY OF STATE OF NEW HAMPSHIRE THAT ANY DOCUMENT FILED UNDER RSA 421-B IS TRUE, COMPLETE AND NOT MISLEADING. NEITHER ANY SUCH FACT NOR THE FACT THAT AN EXEMPTION OR EXCEPTION IS AVAILABLE FOR A SECURITY OR A TRANSACTION MEANS THAT THE SECRETARY OF STATE OF NEW HAMPSHIRE HAS PASSED IN ANY WAY UPON THE MERITS OR QUALIFICATIONS OF, OR RECOMMENDED OR GIVEN APPROVAL TO, ANY PERSON, SECURITY OR TRANSACTION. IT IS UNLAWFUL TO MAKE, OR CAUSE TO BE MADE, TO ANY PROSPECTIVE PURCHASER, CUSTOMER OR CLIENT ANY REPRESENTATION INCONSISTENT WITH THE PROVISIONS OF THIS PARAGRAPH.

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DOCUMENTS INCORPORATED BY REFERENCE

The following information is incorporated by reference into this Offering Memorandum subject, in each case, to the extent that the information in any of such sections has been superseded by the information in this Offering Memorandum. Where any document listed below incorporates information from another document by reference, such information does not form part of this Offering Memorandum unless that other document is itself listed below. Those parts of the documents listed below which are not specifically incorporated by reference in this Offering Memorandum are either not relevant for prospective investors in the Notes or the relevant information is included elsewhere in this Offering Memorandum.

Group

The following information is available free of charge (i) from the Issuers (but not through the Issuers' website) and (ii) in electronic format through the Group's website at www.sky.com/corporate:

Information incorporated by reference	Document reference	Page number(s)
Unaudited results for the nine months ended 31 March 2015	Group's unaudited results for the nine months ended 31 March 2015 (the " Q3 Results Press Release ")	1-2
Summary of Group Operational and Financial performance.....	Q3 Results Press Release	2-7
Schedule 1 – Group KPI Summary (unaudited)	Q3 Results Press Release	8
Unaudited results for the six months ended 31 December 2014	Group's unaudited results for the six months ended 31 December 2014 (the " Q2 Results Press Release ")	1-2
Summary of Group Operational and Financial performance.....	Q2 Results Press Release	3-9
Schedule 1 – Group KPI Summary (unaudited)	Q2 Results Press Release	11
Responsibility Statement.....	Q2 Results Press Release	12
Use of measures not defined under IFRS	Q2 Results Press Release	12
Forward looking statements	Q2 Results Press Release	12
Glossary of terms	Q2 Results Press Release	12
Appendix 1 Condensed Consolidated Interim Financial Statements	Q2 Results Press Release	13-17
Notes to the Condensed Consolidated Interim Financial Statements	Q2 Results Press Release	18-27
Appendix 2 Non-GAAP measures	Q2 Results Press Release	29-31
Appendix 3 – Principal risks and uncertainties	Q2 Results Press Release	32-33
Strategic report – Our performance.....	2014 Annual Report of Sky for	10-11

Information incorporated by reference	Document reference	Page number(s)
	the year ended 30 June 2014 (the “ 2014 Annual Report ”)	
Strategic report – Review of the year	2014 Annual Report	12-35
Strategic report – Financial review	2014 Annual Report	36-39
Strategic report – Regulatory matters.....	2014 Annual Report	44-45
Governance	2014 Annual Report	46-80
Financial statements and independent auditors report	2014 Annual Report	82-140
Shareholder information.....	2014 Annual Report	141
Glossary of Terms	2014 Annual Report	142
Directors’ report — Business review — Review of our business	2013 Annual Report of Sky for the year ended 30 June 2013 (the “ 2013 Annual Report ”)	10-23
Directors’ report — Financial and operating review.....	2013 Annual Report	28-33
Directors’ report — Governance	2013 Annual Report	34-59
Independent auditor’s report and consolidated financial statements.....	2013 Annual Report	60-115
Shareholder information.....	2013 Annual Report	116-117
Glossary of Terms	2013 Annual Report	118-119

Guarantors

Also incorporated by reference herein are the following which are available free of charge from the Issuers (but not through the Issuers’ website):

Information incorporated by reference	Document reference	Page number(s)
Independent auditor’s report and audited annual financial statements of Sky Finance for the financial years ended 30 June 2014 and 30 June 2013.....	2014 annual report of Sky Finance	6-28
	2013 annual report of Sky Finance	6-28
Independent auditor’s report and audited annual financial statements of Sky UK for the financial years ended 30 June 2014 and 30 June 2013.....	2014 annual report of Sky UK	11-65
	2013 annual report of Sky UK	11-65
Independent auditor’s report and audited	2014 annual report of Sky	7-35

Information incorporated by reference	Document reference	Page number(s)
annual financial statements of Sky Subscribers for the financial years ended 30 June 2014 and 30 June 2013.....	Subscribers	
	2013 annual report of Sky Subscribers	7-35
Independent auditor's report and audited annual financial statements of STSL for the financial years ended 30 June 2014 and 30 June 2013.....	2014 annual report of STSL	6-29
	2013 annual report of STSL	6-30

Sky Italia

Also incorporated by reference herein are the following which are available (i) from the Issuers (but not through the Issuers' website) or (ii) on the website of the National Storage Mechanism at <http://www.morningstar.co.uk/uk/NSM>:

Information incorporated by reference	Document reference	Page number(s)
Sky Italia's consolidated historical financial information for the three years ended 30 June 2014, together with the notes thereto.....	Base Prospectus dated 5 September 2014 relating to £10,000,000,000 Euro Medium Term Note Programme of Sky and Sky Finance (the " Base Prospectus ")	F-80 - F-110

Sky Deutschland

Also incorporated by reference herein are the following which are available (i) from the Issuers (but not through the Issuers' website), (ii) on the website of Sky Deutschland at <http://info.sky.de> ("**Sky Deutschland Website**") or (iii) on the website of the National Storage Mechanism at <http://www.morningstar.co.uk/uk/NSM>:

Information incorporated by reference	Document reference	Page number(s)
Q3 2014/2015 Report of Sky Deutschland for the nine months ended 31 March 2015 (the " Sky Deutschland Q3 2015 Report ") – Interim Group management report	Sky Deutschland Q3 2015 Report	1 – 9
2014 Annual Report of Sky Deutschland for the short financial year from 1 January 2014 to 30 June 2014 (the " Sky Deutschland 2014 Annual Report ") – Combined management report	Sky Deutschland 2014 Annual Report	48 - 93

Information incorporated by reference	Document reference	Page number(s)
Financial statements	Sky Deutschland 2014 Annual Report	96 - 101
Notes to consolidated financial statements.....	Sky Deutschland 2014 Annual Report	102 - 155
Responsibility statement.....	Sky Deutschland 2014 Annual Report	156
Auditor's Report	Sky Deutschland 2014 Annual Report	157
Corporate governance report of Sky Deutschland for the short financial year 2014	Sky Deutschland 2014 Annual Report	165 - 171
2013 Annual Report of Sky Deutschland for the year ended 31 December 2013 (the “ Sky Deutschland 2013 Annual Report ”) – Combined management report.....	Base Prospectus	A-78 - A-126
Sky Deutschland 2013 Annual Report – Financial statements	Base Prospectus	A-127 - A-147
Sky Deutschland 2013 Annual Report – Notes to consolidated financial statements	Base Prospectus	A-148 - A-190
Sky Deutschland 2013 Annual Report – Responsibility statement.....	Base Prospectus	A-191
Sky Deutschland 2013 Annual Report – Auditor's Report.....	Base Prospectus	A-192
Sky Deutschland 2013 Annual Report – Corporate governance report of Sky Deutschland for the financial year 2013.....	Base Prospectus	A-193 - A-200

SUPPLEMENTARY OFFERING MEMORANDUM

If at any time an Issuer shall be required to prepare a supplementary offering memorandum pursuant to the rules of the ISE, the relevant Issuer will prepare and make available an appropriate amendment or supplement to this Offering Memorandum or a further Offering Memorandum which, in respect of any subsequent issue of Notes to be listed on the Official List and admitted to trading on the GEM, shall constitute a supplementary offering memorandum as required by the ISE and listing rules of the ISE.

Each of the Issuers and the Guarantors has given an undertaking to the Dealers that if at any time during the duration of the Programme there is a significant new factor, material mistake or inaccuracy relating to information contained in this Offering Memorandum which is capable of affecting the assessment of any Notes and whose inclusion in or removal from this Offering Memorandum is necessary for the purpose of allowing an investor to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuers and the Guarantors, and the rights attaching to the Notes, the relevant Issuer shall prepare an amendment or supplement to this Offering Memorandum or publish a replacement Offering Memorandum for use in connection with any subsequent offering of the Notes and shall supply to each Dealer and BNY Mellon Corporate Trustee Services Limited as trustee (the “**Trustee**”) such number of copies of such supplement, amendment or replacement, as the case may be, as such Dealer and the Trustee may reasonably request.

ENFORCEABILITY OF JUDGMENTS

Each of the Issuers and the Guarantors are companies organised under the laws of England and Wales. Most of the directors and officers of the Issuers and the Guarantors reside outside of the United States. In addition, substantially all of the assets of the Issuers and the Guarantors are located outside of the United States. As a result, it may be difficult or impossible for investors to effect service of process within the United States against the Issuers, the Guarantors or their respective directors and officers or to enforce against any of them judgments, including those obtained in original actions or in actions to enforce judgments of the U.S. courts, predicated upon the civil liability provisions of the federal securities laws of the United States.

FORWARD-LOOKING STATEMENTS

This Offering Memorandum contains or incorporates by reference certain forward-looking statements with respect to the financial condition, results of operations and business of the Group, and the Group's strategy, plans and objectives. These statements include, without limitation, those that express forecasts, expectations and projections, such as forecasts, expectations and projections in relation to new products and services, the potential for growth of free-to-air and pay television, fixed line telephony, broadband and bandwidth requirements, advertising growth, DTH and OTT customer growth, On Demand, NOW TV, Sky Go, Sky Go Extra, Sky+ HD, Sky Store, Sky Online, Snap, mobile, Multiscreen and other services penetration, revenue, administration costs and other costs, advertising growth, churn, profit, cash flow, products and the broadband network footprint, content, wholesale, marketing and capital expenditure. Forward-looking statements are typically identified by words or phrases such as, without limitation, "anticipate", "assume", "believe", "continue", "estimate", "expect", "foresee", "intend", "may increase" and "may fluctuate" and similar expressions or by future or conditional verbs such as, without limitation, "will", "should", "would" and "could".

Although the Issuers believe that the expectations reflected in such forward-looking statements are reasonable (or in the case of any document incorporated by reference, were reasonable on the date of such document), the forward-looking statements contained or incorporated in this Offering Memorandum are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the Issuers' control, are difficult to predict and could cause actual results to differ materially from those expressed or implied or forecast in the forward-looking statements. These factors include, but are not limited to, those risks that are described in "*Risk Factors*" in this Offering Memorandum.

All forward-looking statements in this Offering Memorandum are based on information known to the Issuers on the date hereof (or in the case of any document incorporated by reference, were based on information known to the Issuers on the date of such document). Except as required by law, the Issuers undertake no obligation to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.

NO INCORPORATION OF WEBSITE INFORMATION

Except for the information on the website of the Issuers and on the website of Sky Deutschland which is specifically incorporated by reference herein, as set out on pages 7 to 10 hereof, the contents of the website of the Issuers and the contents of the website of Sky Deutschland do not form part of this Offering Memorandum.

PRESENTATION OF FINANCIAL INFORMATION AND OTHER INFORMATION

The Group's fiscal year ends on the Sunday nearest to 30 June in each year. References in this Offering Memorandum to a fiscal year ended 30 June are to the fiscal year ending on the Sunday nearest to 30 June.

References herein to “**Group Consolidated Financial Statements**” are to: (i) the Group's unaudited consolidated financial statements for the six months ended 31 December 2014; (ii) the Group's audited consolidated financial statements as of and for the year ended 30 June 2014 (the “**Group 2014 Financial Statements**”); and (iii) the Group's audited consolidated financial statements as of and for the year ended 30 June 2013 (the “**Group 2013 Financial Statements**”), each of which is incorporated by reference in this Offering Memorandum. The Group 2014 Financial Statements and the Group 2013 Financial Statements have been prepared in accordance with International Financial Reporting Standards (“**IFRS**”) and the Group's unaudited condensed consolidated financial statements for the six months ended 31 December 2014 have been prepared in accordance with IAS 34 Interim Financial Reporting.

References herein to “**Sky Deutschland Consolidated Financial Statements**” are to:

- (a) Sky Deutschland's unaudited consolidated financial statements as of and for the six months ended 31 December 2014;
- (b) Sky Deutschland's audited consolidated financial statements as of and for the short financial year from 1 January 2014 to 30 June 2014; and
- (c) Sky Deutschland's audited consolidated financial statements as of and for the year ended 31 December 2013,

each of which has been prepared in accordance with IFRS and is incorporated by reference in this Offering Memorandum.

Sky Deutschland changed its reporting period to run from 1 July to 30 June, with effect from 1 July 2014.

References herein to “**Sky Italia Historical Financial Information**” are to Sky Italia's consolidated historical financial information as of and for the three years ended 30 June 2014, which has been prepared in accordance with IFRS and on a basis consistent with the accounting policies adopted in the Group 2014 Financial Statements. The Sky Italia Historical Financial Information is incorporated by reference in this Offering Memorandum.

Certain data in this Offering Memorandum, including financial, statistical, and operating information, has been rounded. As a result of the rounding, the totals of data presented in this Offering Memorandum may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100 per cent.

Non IFRS Financial Measures

In this Offering Memorandum, the Issuers have included references to certain non-IFRS measures, including in the case of the Group, adjusted revenue, adjusted operating expense, adjusted EBITDA, adjusted operating profit, adjusted taxation, adjusted profit, net debt, free cash flow and adjusted free cash flow, in each case as defined by the Group (for definitions and reconciliations, see “*Selected Consolidated Historical Financial Data of the Group*”);

These non-IFRS measures should not be considered in isolation. These non-IFRS measures are not measures of financial performance or liquidity under IFRS and should not be considered as an alternative to profit or loss for the period or any other performance measures derived in accordance with IFRS or as an alternative to

cash flow from operating, investing or financing activities or any other measure of liquidity derived in accordance with IFRS. In addition, the non-IFRS measures do not necessarily indicate whether cash flow will be sufficient or available for cash requirements and may not be indicative of the results of operations. Furthermore, the non-IFRS measures (as defined by each of the Group and Sky Deutschland), may not be comparable to each other or to other similarly titled measures used by other companies. Investors should exercise caution in comparing the non-IFRS measures as reported by the Group, Sky Deutschland and Sky Italia or comparing any of these measures to non-IFRS measures of other companies. For more information regarding the calculation of these non-IFRS measures, see “*Selected Consolidated Historical Financial Data of the Group*”.

The Group excludes from adjusted revenue, adjusted operating expense, adjusted EBITDA, adjusted operating profit, adjusted taxation and adjusted profit items that may distort comparability in order to provide a measure of underlying performance. These specific items include, as applicable to these measures:

- (i) in the year ended 30 June 2014, costs of £72 million relating to the acquisition and integration of the O2 consumer broadband and fixed-line telephony business; costs of £40 million relating to a corporate restructuring and efficiency programme; and a net credit of £13 million relating to revenue earned and associated costs incurred following the termination of an escrow agreement with a current wholesale operator;
- (ii) in the year ended 30 June 2013, a net credit of £33 million received following final settlement of disputes with a former manufacturer of set-top boxes; costs of £33 million relating to a corporate efficiency programme; a credit of £32 million received following an Ofcom determination; costs of £31 million relating to a one-off upgrade of set-top boxes; costs of £25 million relating to a programme to offer wireless connectors to selected Sky Movies customers; costs of £15 million relating to the acquisition and integration of the O2 consumer broadband and fixed-line telephony business; and a profit of £9 million arising on the disposal of a joint venture;
- (iii) in the year ended 30 June 2012, a credit of £31 million relating to the recovery of costs in relation to a News Corporation (subsequently renamed Twenty-First Century Fox, Inc.) proposal; costs of £11 million relating to a restructuring exercise; costs of £5 million relating to the write-off of fees associated with the Group’s revolving credit facility; and a profit of £7 million arising on the disposal of a joint venture;
- (iv) in the six months ended 31 December 2014, costs of £95 million relating to advisory and transaction fees and finance costs incurred on the purchase of Sky Italia and Sky Deutschland, costs of £9 million relating to the integration of Sky Italia and Sky Deutschland and the achievement of synergies in the enlarged Group, costs of £54 million relating to amortisation of acquired intangible assets, a profit of £492 million arising on the disposal of available-for-sale investments and a profit of £296 million arising on the disposal of associates;
- (v) in the six months ended 31 December 2013, costs of £19 million relating to the integration of the O2 consumer broadband and fixed-line telephony business and costs of £11 million relating to amortisation of acquired intangible assets; and
- (vi) during the periods under review the Group also excluded, as applicable:
 - remeasurement of all derivative financial instruments not qualifying for hedge accounting and hedge ineffectiveness; and
 - tax adjusting items and the tax effect of the above items.

Adjusted free cash flow for the Group represents free cash flow adjusted for the cash effect of such items and other items of a similar nature. Free cash flow represents cash generated from operations after interest received, taxation paid, dividends received from joint ventures and associates, net funding to joint ventures and associates, purchase of property, plant and equipment, purchase of intangible assets and interest paid.

The Group believes that its non-IFRS measures are useful indicators to assess the trading performance of its business as a whole and assist certain investors, security analysts and other interested parties in evaluating the Group. The Group believes that net debt and adjusted free cash flow are also useful measures of its liquidity and to assess the ability to incur and service its indebtedness.

Non-IFRS measures have limitations as analytical tools. For example, in the case of EBITDA and adjusted EBITDA, these limitations include the following: (i) they do not reflect the relevant company's capital expenditures or capitalised product development costs, the relevant company's future requirements for capital expenditures or its contractual commitments; (ii) they do not reflect changes in, or cash requirements for, the relevant company's working capital needs; (iii) they do not reflect the interest expense, or the cash requirements necessary, to service interest or principal payments on the relevant company's debt; and (iv) although depreciation and amortisation are non-cash charges, the assets being depreciated and amortised will often need to be replaced in the future and EBITDA and adjusted EBITDA do not reflect any cash requirements that would be required for such replacements. Similarly, adjusted taxation does not include all items included in the tax charge that the Group reports under IFRS. Adjusted profit has similar limitations to those listed above, reflects the adjusted tax charge only and, in addition, does not include all items included in the finance costs that the Group reports under IFRS. Adjusted free cash flow for the Group has similar limitations.

Currency Presentation

In this Offering Memorandum, unless otherwise specified or the context otherwise requires, references to "euro", "Euro" and "€" are to the lawful currency of the Member States of the European Union that have adopted the single currency introduced at the start of the third stage of European Economic and Monetary Union pursuant to the Treaty establishing the European Community as amended by the Treaty on European Union, references to "£", "Sterling" or "pence" are to the lawful currency of the United Kingdom and references to "US\$" are to United States dollars.

Rounding

Certain data in this document, including financial, statistical, and operating information, has been rounded. As a result of the rounding, the totals of data presented in this document may vary slightly from the actual arithmetic totals of such data. Percentages in tables have been rounded and accordingly may not add up to 100 per cent.

AVAILABLE INFORMATION

If the relevant Issuer is not subject to or does not comply with the reporting requirements of Section 13 or 15(d) of the United States Exchange Act of 1934 (the “**Exchange Act**”) or the information requirements of Rule 12g3-2(b) thereunder, at any time when the Notes are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the relevant Issuer will furnish to any holder of Notes, or to any prospective purchaser designated by such holder, upon the request of any such holder or prospective purchaser, financial and other information described in Rule 144A(d)(4) with respect to the relevant Issuer to the extent required to permit such holder to comply with Rule 144A in connection with any resale of Notes held by such holder.

OVERVIEW OF THE GROUP

The following information is derived from, and should be read in conjunction with, the full text of this Offering Memorandum and the information incorporated by reference herein. Investors should read the whole document and the information incorporated by reference herein and not just rely on the overview information, which should be read as an introduction to this Offering Memorandum. Any decision to invest in the Notes should be based on consideration of this Offering Memorandum and the information incorporated by reference herein as a whole.

The Group's Business

Sky is Europe's leading entertainment company. As at 31 March 2015, the Group served 21 million customers across five countries: Italy, Germany, Austria, the UK and Ireland.

Sky has annual revenues of nearly £11 billion and is Europe's leading investor in television content with a combined programming budget of over £4.6 billion. Sky employs 31,000 people and is listed on the London Stock Exchange. The subsidiary Sky Deutschland is listed in Germany on the Frankfurt Stock Exchange.

The majority of the Group's revenue is derived from retailing pay television services both in the home and on the move. In the UK and Ireland, the Group also offers customers broadband and telephony products, including DSL, fibre and WiFi. The Group retails TV services to commercial customers and operates adjacent businesses which include wholesaling Sky Channels to other providers and selling advertising on the Group's own and partner channels. The Group also sells both Group-originated television programmes and third party television programmes internationally through Sky Vision.

OVERVIEW OF THE PROGRAMME

The following information is derived from, and should be read in conjunction with, the full text of this Offering Memorandum and the information incorporated by reference herein. You should read the whole document and the information incorporated by reference herein and not just rely on the overview information, which should be read as an introduction to this Offering Memorandum. Any decision to invest in the Notes should be based on consideration of this Offering Memorandum and the information incorporated by reference herein as a whole.

Issuers:	Sky Group Finance plc Sky plc
Guarantors:	Sky Group Finance plc Sky plc Sky UK Limited Sky Subscribers Services Limited Sky Telecommunications Services Limited As described under “ <i>Terms and Conditions of the Notes — Guarantee and Status</i> ” in certain circumstances other entities may give guarantees in respect of the Notes. In accordance with Condition 3(c) of the Terms and Conditions of the Notes, STSL may cease to be a Guarantor in the event that it has been fully and unconditionally released from all obligations under guarantees of Indebtedness, including under the 2005 Bonds, the 2008 Bonds, the 2012 Bonds and the Revolving Credit Facility, for money borrowed in excess of £50,000,000 (see “ <i>Terms and Conditions — Guarantees by Subsidiaries</i> ”).
Description:	Global Medium Term Note Programme
Size:	Up to £5,000,000,000 (or the equivalent in other currencies at the date of issue) aggregate nominal amount of Notes outstanding at any one time.
Arranger:	Barclays Bank PLC
Dealers:	Banco Santander, S.A. Bank of China Limited, London Branch Barclays Bank PLC BNP Paribas J.P. Morgan Securities plc Lloyds Bank plc Morgan Stanley & Co. International plc Société Générale The Royal Bank of Scotland plc The Issuers may from time to time terminate the appointment of any dealer under the Programme or appoint additional dealers

either in respect of one or more Tranches or in respect of the whole Programme. References in this Offering Memorandum to “Permanent Dealers” are to the persons listed above as Dealers and to such additional persons that are appointed as dealers in respect of the whole Programme (and whose appointment has not been terminated) and references to “Dealers” are to all Permanent Dealers and all persons appointed as a dealer in respect of one or more Tranches.

Trustee:	BNY Mellon Corporate Trustee Services Limited
Issuing and Paying Agent:	The Bank of New York Mellon, acting through its London branch
Registrar:	The Bank of New York Mellon (Luxembourg) S.A.
Paying Agents and Transfer Agents:	The Bank of New York Mellon, acting through its London branch, The Bank of New York Mellon (Luxembourg) S.A. and The Bank of New York Mellon, acting through its New York branch
Exchange Agent:	The Bank of New York Mellon, acting through its New York branch
Method of Issue:	<p>The Notes will be issued on a syndicated or non-syndicated basis. The Notes will be issued in series (each a “Series”) having one or more issue dates and on terms otherwise identical (or identical other than in respect of the first payment of interest), the Notes of each Series being intended to be interchangeable with all other Notes of that Series. Each Series may be issued in one or more tranches (each a “Tranche”) on the same or different issue dates. The specific terms of each Tranche (which will be supplemented, amended and/or replaced, where necessary, with the relevant terms and conditions and, save in respect of the issue date, issue price, first payment of interest and nominal amount of the Tranche, will be identical to the terms of other Tranches of the same Series) will be supplemented, amended and/or replaced in the pricing supplement (the “Pricing Supplement”).</p>
Issue Price:	Notes may be issued at their nominal amount or at a discount or premium to their nominal amount.
Form of Notes:	<p>The Notes may be issued in bearer form only (“Bearer Notes”), in registered form only (“Registered Notes”) or in bearer form exchangeable for Registered Notes (“Exchangeable Bearer Notes”). Each Tranche of Bearer Notes and Exchangeable Bearer Notes will be represented on issue by a temporary Global Note if (i) Definitive Notes are to be made available to Noteholders following the expiry of 40 days after their issue date or (ii) such Notes have an initial maturity of more than one year and are being issued in compliance with U.S. Treas. Reg. §1.163-5(c)(2)(i)(D) or substantially identical successor provisions (the “D Rules”), otherwise such Tranche will be represented by a permanent Global Note. Registered Notes will be represented by Certificates, one Certificate being issued in respect of each Noteholder’s entire holding of Registered Notes of one Series.</p>

	<p>Certificates representing Registered Notes that are registered in the name of a nominee for one or more clearing systems are referred to as “Global Certificates”. Unrestricted Notes will initially be represented by an Unrestricted Global Certificate. Restricted Notes will initially be represented by a Restricted Global Certificate.</p>
Clearing Systems:	<p>Clearstream, Luxembourg, Euroclear (in the case of Bearer Notes and Unrestricted Notes) and DTC (in the case of Restricted Notes) and, in relation to any Tranche, such other clearing system as may be agreed between the relevant Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer(s).</p>
Initial Delivery of Notes:	<p>On or before the issue date for each Tranche, if the relevant Global Note is a NGN or the relevant Unrestricted Global Certificate is held under the NSS, the Global Note or Unrestricted Global Certificate will be delivered to a Common Safekeeper for Euroclear and Clearstream, Luxembourg. On or before the issue date for each Tranche, if the relevant Global Note is a CGN or the relevant Unrestricted Global Certificate is not held under the NSS, the Global Note representing Bearer Notes or Exchangeable Bearer Notes or the Unrestricted Global Certificate representing Registered Notes may be deposited with a common depositary for Euroclear and Clearstream, Luxembourg. On or before the issue date for each Tranche, the relevant Restricted Global Certificate will be registered in the name of Cede & Co. as nominee for DTC and deposited with the Custodian. Global Notes or Global Certificates may also be deposited with any other clearing system or may be delivered outside any clearing system provided that the method of such delivery has been agreed in advance by the relevant Issuer, the Issuing and Paying Agent, the Trustee and the relevant Dealer. Registered Notes that are to be credited to one or more clearing systems on issue will be registered in the name of nominees or a common nominee for such clearing systems.</p>
Currencies:	<p>Subject to compliance with all relevant laws, regulations and directives, Notes may be issued in any currency agreed between the relevant Issuer, the relevant Guarantors and the relevant Dealer(s).</p>
Maturities:	<p>Any maturity subject to compliance with all relevant laws, regulations and directives.</p>
Specified Denomination:	<p>Definitive Notes will be in such denominations as may be specified in the relevant Pricing Supplement save that (i) unless otherwise permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the relevant Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA will have a minimum denomination of £100,000 (or</p>

its equivalent in other currencies) and (ii) in the case of any Notes to be sold in the United States to QIBs, the minimum specified denomination shall be U.S.\$100,000.

No Notes may be issued under the Programme which (a) have a minimum denomination of less than EUR1,000 (or nearly equivalent in another currency), or (b) carry the right to acquire shares (or transferable securities equivalent to shares) issued by an Issuer or by any entity to whose group the Issuer belongs. Subject thereto, Notes will be issued in such denominations as may be specified in the relevant Pricing Supplement, subject to compliance with all applicable legal and/or regulatory and/or central bank requirements.

Fixed Rate Notes:

Fixed interest will be payable in arrear on the date or dates in each year specified in the relevant Pricing Supplement.

Floating Rate Notes:

Floating Rate Notes will bear interest determined separately for each Series as follows:

- (i) on the same basis as the floating rate under a notional interest rate swap transaction in the relevant Specified Currency governed by an agreement incorporating the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc. or
- (ii) by reference to LIBOR or EURIBOR as adjusted for any applicable margin or
- (iii) on such other basis as may be specified in the Pricing Supplement.

Interest periods will be specified in the relevant Pricing Supplement.

Zero Coupon Notes:

Zero Coupon Notes (as defined in “*Terms and Conditions of the Notes*”) may be issued at their nominal amount or at a discount to it and will not bear interest.

Interest Periods and Interest Rates:

The length of the interest periods for the Notes and the applicable interest rate or its method of calculation may differ from time to time or be constant for any Series. Notes may have a maximum interest rate, a minimum interest rate, or both. The use of interest accrual periods permits the Notes to bear interest at different rates in the same interest period. All such information will be set out in the relevant Pricing Supplement.

Redemption:

The relevant Pricing Supplement will specify the basis for calculating the redemption amounts payable. Unless permitted by then current laws and regulations, Notes (including Notes denominated in sterling) which have a maturity of less than one year and in respect of which the issue proceeds are to be accepted by the relevant Issuer in the United Kingdom or whose issue otherwise constitutes a contravention of section 19 of the FSMA must have a minimum redemption amount of £100,000 (or its

	equivalent in other currencies).
Optional Redemption:	The Pricing Supplement issued in respect of each issue of Notes will state whether such Notes may be redeemed prior to their stated maturity at the option of the relevant Issuer (either in whole or in part) and/or the holders, and if so the terms applicable to such redemption.
Guarantee and Status of Notes:	The Notes and the guarantees in respect of them will constitute unsubordinated and (subject as referred to in “ <i>Negative Pledge</i> ” below) unsecured obligations of the relevant Issuer and the relevant Guarantors, respectively, all as described in “ <i>Terms and Conditions of the Notes — Status</i> ”.
Negative Pledge:	See “ <i>Terms and Conditions of the Notes — Negative Pledge</i> ”.
Cross Acceleration:	See “ <i>Terms and Conditions of the Notes — Events of Default</i> ”.
Ratings:	<p>Tranches of Notes will be rated or unrated. Where Notes are to be rated, such rating will be specified in the relevant Pricing Supplement.</p> <p>A rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.</p>
Early Redemption:	Except as provided in “ <i>Optional Redemption</i> ” above, and except as amended or supplemented by the relevant Pricing Supplement, Notes will be redeemable at the option of the relevant Issuer prior to maturity only for tax reasons. See “ <i>Terms and Conditions of the Notes — Redemption, Purchase and Options</i> ”.
Withholding Tax:	All payments of principal and interest in respect of the Notes will be made free and clear of withholding tax of the United Kingdom, unless required by law. In that event, the relevant Issuer shall, subject to customary exceptions, pay such additional amounts as shall result in receipt by the Noteholder or Couponholder of such amounts as would have been received by it had no such withholding been required, all as described in “ <i>Terms and Conditions of the Notes — Taxation</i> ”.
Governing Law:	English.
Listing and Admission to Trading:	Application has been made to list Notes issued under the Programme on the Official List and to admit them to trading on the GEM and references to listing shall be construed accordingly.
Selling Restrictions:	The United States, the Public Offer Selling Restriction under the Prospectus Directive (in respect of Notes having a specified denomination of less than €100,000 or its equivalent in any other currency as at the date of issue of the Notes), the United Kingdom and Japan and such other restrictions as may be required in connection with a particular issue. See “ <i>Subscription and Sale</i> ”.
Transfer Restrictions:	Neither the Notes nor the guarantees in respect of them have been or will be registered under the Securities Act. The Notes and the

guarantees in respect of them may not be offered or sold, except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes and the guarantees in respect of them are subject to restrictions on transfer. See “*Transfer Restrictions*”.

RISK FACTORS

The Issuers and the Guarantors believe that the following factors may affect their ability to fulfil their obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuers and the Guarantors are not in a position to express a view on the likelihood of any such contingency occurring.

Factors which the Issuers and the Guarantors believe may be material for the purpose of assessing the market risks associated with the Notes are also described below. The Issuers and the Guarantors note the broader geographical spread and larger scale of the Group following the completion of the Transaction.

The Issuers and the Guarantors believe that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuers or the Guarantors to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and none of the Issuers or the Guarantors represents that the statements below regarding the risks of holding any Notes are exhaustive. Prospective investors should also read the detailed information set out elsewhere in this Offering Memorandum (including any documents incorporated by reference herein) and reach their own views prior to making any investment decision.

Risk Factors Relating to the Group's Business

The environments in which the Group operates are highly competitive and subject to rapid change. The Group must continue to invest and adapt to remain competitive

The Group operates in a number of highly competitive environments and faces competition from a broad range of organisations. Technological developments also have the ability to create new forms of quickly evolving competition. A failure to develop the Group's product propositions in line with changing market dynamics and expectations could erode the Group's competitive position.

The Group faces competition from a broad range of companies engaged in communications and entertainment services, including cable operators, DSL providers, service providers making use of new fibre optic networks ("fibre"), other DTH providers, digital terrestrial television providers, telecommunications providers, internet service providers, content aggregators, home entertainment products companies, companies developing new technologies and devices, and other suppliers and retailers of news, information, sports and entertainment that deliver service over-the-top, as well as other providers of internet services. The Group's competitors increasingly include communication and entertainment providers that are offering services beyond those with which they have traditionally been associated, either through engaging in new areas or by reason of the convergence of the means of delivery of communication and entertainment services. The Group's competitors also include organisations which are publicly funded, in whole or in part, and which fulfil a public service broadcasting mandate. A change to such mandates could lead to an increase in the strength of competition from these organisations. Although the components of the Group have continued to develop their services through technological innovation and by licensing, acquiring and producing a broad range of content, the Group cannot predict with certainty the changes that may occur in the future which may affect the competitiveness of its businesses. In particular, the means of delivering various of the Group's (and/or competing) services may be subject to rapid technological change. The Group's competitors' positions may be strengthened by an increase in the capacity of, or developments in, the means of delivery which they use to provide their services or by the imposition or removal of regulation or by changes in customer preferences and behaviour.

Great content is central to the Group's product propositions and increased competition could impact the Group's ability to acquire content that its customers want on commercially attractive terms. The Group's

ability to compete successfully will depend on its ability to continue to acquire, commission and produce programme content that is attractive to its customers. The programme content and third party programme services the Group has licensed from others are subject to fixed term contracts which will expire or may terminate early. The Group cannot be certain that programme content or third party programme services (whether on a renewal or otherwise) will be available to it at all or on acceptable financial or other terms (including in relation to technical matters such as encryption, territorial limitation and copy protection).

Similarly, the Group cannot be certain that such programme content or programme services will be attractive to its customers, even if available. The future demand and speed of take up of the Group's DTH services, online TV services, television and On Demand content packages sold via third party platforms and the Group's broadband and telephony services in the UK and Ireland will depend upon the Group's ability to offer such services at competitive prices, pressures from competing services (which include both paid-for and free-to-air offerings), and its ability to create demand for its products and attract and retain customers through a wide range of marketing activities. The future demand and speed of take up of the Group's services will also depend upon the Group's ability to package its content attractively. The effect of the slowdown in the rate of economic growth and the decline in consumer confidence on the Group's ability to continue to attract and retain customers is uncertain. Therefore, the Group cannot be certain that the current or future marketing and other activities it undertakes will succeed in generating sufficient demand to achieve its operating targets.

Economic conditions have been challenging in recent years across the territories in which the Group operates and the future remains uncertain. A significant economic decline in any of those territories could impact relevant customers' price sensitivity as well as disposable incomes available for entertainment and communication spending, and have a material adverse effect on the Group's ability to continue to attract and retain both residential and commercial customers in that territory.

The Group helps to maintain its commercial subscription revenues through an active compliance and legal enforcement programme against unauthorised use of the Group's and rights holders' copyright and programming. There has been some legal clarification over the ability to take enforcement action against the unauthorised use of foreign satellite broadcasts in commercial premises in the EU, however, the legal and technological landscape may change which could negatively impact the Group's ability to maintain and grow revenues in the commercial sector.

The Group currently derives its wholesale revenue principally from one wholesale operator in the UK. Economic or market factors, regulatory intervention, or a change in strategy relating to the distribution of the Group's channels in the UK, may adversely influence the Group's wholesale revenue and other revenue which the Group receives from its wholesale distributors, which may negatively affect the Group's business.

The Group's advertising revenue depends on certain external factors which include the overall value of advertising placed with broadcasters by third party advertisers as well as the amount of such advertising that is placed with the Group and the channels on whose behalf the Group sells advertising space. The Group's advertising revenue is also impacted by the audience viewing share of its channels and the other channels on whose behalf the Group sells advertising and, accordingly, such revenue is affected by the distribution of such channels. These factors will not always be favourable to the Group and developments in those areas may therefore have a negative impact on the Group's advertising revenue. Advertising revenue may also be dependent on the viewing behaviour of the television audience. The Group cannot be certain that its advertising revenue will not be impacted negatively by this behaviour or that advertising revenue for its channels that currently offered on other platforms will not be impacted negatively in the future by the offering of video on demand services by other operators.

The Group is subject to regulation and legislation which may change

The Group is subject to regulation primarily under UK, Irish, Austrian, German, Italian, Luxembourg, Swiss and European Union legislation.

The regimes which apply to the Group's business include, but are not limited to:

- Broadcasting –
 - in the UK, the Group is subject to Ofcom's licensing regime under the Broadcasting Acts 1990 and 1996 and the Communications Act 2003. These obligations include the requirement to comply with the relevant codes and directions issued by Ofcom including, for example, the Broadcasting Code, the Code on the Scheduling of Television Advertising and the Cross Promotions Code. Under EU legislation the broadcasting of the Group's channels in Ireland are also covered by the Group's UK broadcasting licences;
 - the Group holds various nationwide broadcasting licences in Germany for its channels granted by the state media authorities of Hamburg/Schleswig-Holstein and Bavaria (in conjunction with their national licensing bodies, the Commission for Licensing and Supervision (*Kommission für Zulassung und Aufsicht* or "**ZAK**") and the Commission for the Ascertainment of Concentration in the Media Sector (*Kommission zur Ermittlung der Konzentration im Medienbereich*) under the German Interstate Treaty on Broadcasting and Telemedia Services, as amended by the 15th State Broadcasting Amendment Treaty (*Rundfunkstaatsvertrag* or "**RStV**"). Broadcasters in Germany must comply with the RStV, the applicable laws of the federal state that has granted the broadcasting licence, and with the Interstate Treaty on the Protection of Minors. Compliance includes various requirements such as those governing media concentration (prohibition to acquire a dominant influence on the public opinion), television advertising, airtime for commercials and teleshopping, sponsorship and the requirement for a clear distinction between programme content and advertising;
 - the Group holds a broadcasting licence in Austria from the Communication Agency Austria (*Kommunikationsbehörde Austria*) under the Austrian Act on Audiovisual Media Services (*Bundesgesetz über audiovisuelle Mediendienste* or "**AMD-G**"). As such it must comply with the regulations of the AMD-G (such as regulations governing content, advertisements and youth protection) as well as with the specific conditions imposed in its broadcasting licence. Additionally, licence holders must adhere to the law's regulation on media plurality whereby broadcasters are not permitted to exceed certain media coverage thresholds. Other compliance requirements include a prohibition on a non-European Economic Area shareholder holding more than 49 per cent. of the licence holder's shares (or a licence holder's four immediate parent undertakings); and
 - the Group holds several authorisations in Italy granted by the Ministry of Economic Development (*Ministero dello Sviluppo Economico* or "**MSE**") and by the Italian Communications Authority (*Autorità per le Garanzie nelle Comunicazioni* or "**AGCOM**") for the broadcasting of audiovisual media content by various transmission means (in particular, broadcasting via satellite, DTT, DVB-H, IPTV and the Internet). The duration of these authorisations, as well as the terms and conditions attached to them are regulated by Legislative Decree no. 177/2005 and subsequent amendments together with various implementing resolutions issued by AGCOM. Regulatory requirements in Italy include provisions relating to media plurality (including a power under which AGCOM can impose corrective remedies aimed at removing situations in which a company holds a position on the market that could jeopardise media plurality), obligations requiring broadcasters to guarantee the *par condicio*

(i.e. equal treatment) between the political parties during election periods, limits on advertising, the protection of minors and parental control, the protection of IP rights, consumer protection and quotas in respect of EU audiovisual media services;

- Platform services –
 - in the UK, as a provider of EPG and CA services, the Group is subject to regulation under the UK Communications Act 2003 which, amongst other things, requires it to provide EPG and CA to other broadcasters on fair, reasonable and non-discriminatory terms. The Group has given voluntary commitments to Ofcom in relation to the ongoing provision of access control services to third party broadcasters; and
 - comparable and additional duties apply in Germany (including in respect of CA system and other television services related customer premises equipment, e.g. devices providing user and program application interfaces) under the German Telecommunications Act (inter alia implementing the European Directive 2002/19/EC on Access to, and Interconnection of, Electronic Communications Networks, as amended by Directive 2009/140/EC) and the RStV. The German Federal Network Agency and state media authorities (in conjunction with ZAK) oversee compliance with these rules;
- Telecommunications services in the UK and Ireland –
 - in the UK, the Group is subject to the Communications Act 2003 including the General Conditions of Entitlement, which impose detailed requirements on providers of electronic communications networks and services; and
 - in Ireland, the Group is subject to the provisions of the Communications Regulation Act 2002, the Communications Regulation (Amendment) Act 2007, the provisions of the European Communities (Electronic Communications Networks and Services) (Authorisation) Regulations 2011 (and the Conditions for the provision of Electronic Communications Networks and Services issued pursuant to Regulation 8), the provisions of the European Communities (Electronic Communications Networks and Services) (Universal Service and Users' Rights) Regulations 2011 and decisions and directions made by the Commission for Communications Regulation under the above; and
- Other authorisations –
 - the Group holds a general authorisation in Italy granted to Sky Italia following a notice given to the MSE for the provision of services, including pay-per-view services. In addition, the Group holds, through Sky Italia, a general authorisation in Italy granted to Sky Italia Network Services S.r.l., a wholly owned subsidiary of Sky Italia, following a notice given to the MSE for the provision of network services by means of satellite and for the assignment of rights to use certain satellite frequencies which may be employed in alternative mode (for either main or back-up use). Such frequencies are currently utilised by Telespazio.

The Group is also subject to generally applicable legislation including, but not limited to, competition (antitrust), consumer protection, data protection and taxation. The Group is currently, and may be in the future, subject to proceedings, and/or investigation and enquiries, from regulatory authorities. The Group's ability to operate or compete effectively could be adversely affected by the outcome of investigations or proceedings or by the introduction of new laws, policies or regulations, changes in the interpretation or application of existing laws, policies and regulations, or failure to obtain required regulatory approvals or licences.

The Group's business is based on a subscription model

A significant part of the Group's business is based on a subscription model and its future success relies on building long-term relationships with its customers. A failure to meet its customers' expectations with regards to service could negatively impact the Group's brand and competitive position.

The Group is reliant on a complex technical infrastructure, a failure of which could cause a failure of service to its customers and negatively impact its brand

The products and services that the Group provides to its customers are reliant on a complex technical infrastructure. A failure in the operation of the Group's key systems or infrastructure, such as the broadcast platforms, customer management systems, IP platforms or the telecommunications networks on which the Group relies could cause a failure of service to its customers and negatively impact its brand.

The Group is dependent upon satellites which are subject to significant risks that may prevent or impair their commercial operations, including defects, destruction or damage, and incorrect orbital placement. If the Group, or other broadcasters who broadcast channels on any of the Group's DTH platforms, were unable to obtain sufficient satellite transponder capacity in the future, or the Group's contracts with satellite providers were terminated, this would have a material adverse effect on the Group's business and results of operations. Similarly, loss of the transmissions from satellites that are already operational, or failure of the Group's transmission systems or uplinking facilities, could have a material adverse effect on its business and operations.

The Group is dependent on complex technologies in other parts of its business, including its customer relationship management systems, broadcast and conditional access systems, advertising sales, supply chain management systems, content distribution networks for making content available online and its telecommunications network infrastructure in the UK and Ireland.

The Group is reliant on third party infrastructure to deliver its broadcast services. For instance, in the UK, this includes third party telecommunications infrastructure to distribute the content between its UK play out centre and its primary and secondary UK uplink sites and in Germany and Austria this includes a wide range of technical, playout and uplink services provided by SES Platform Services GmbH ("SES") in Germany.

In addition, the Group's network and other operational systems are subject to several risks that are outside the Group's control, such as the risk damage to software and hardware resulting from fire, flood, power loss, natural disasters, general transmission failures caused by a number of additional factors and, in respect of Sky Deutschland, certain components of its IT infrastructure (data centres and key applications) are maintained by a third party. Any failure of the Group's technologies, network or other operational systems or hardware or software that results in significant interruptions to the Group's operations could have a material adverse effect on its business.

There is a large existing population of digital satellite reception equipment used to receive the Group's services, including set-top boxes and ancillary equipment, in which the Group has made a significant investment. Were a significant proportion of this equipment to suffer failure, or were the equipment to be rendered either redundant or obsolete by other technology or other requirements or by the mandatory imposition of incompatible technology, requiring the Group to have to upgrade significantly the existing population of set-top boxes and/or ancillary equipment with replacement equipment then, even though in the UK and Ireland much of such equipment is owned by the Group's customers, this could have a material adverse effect on the Group's business.

A significant failure within the supply chain could affect the Group's ability to operate its business

The Group relies on a number of third parties and outsourced suppliers operating across the globe to support its supply chain. A significant failure within the supply chain could adversely affect the Group's ability to deliver products and service to its customers.

The Group relies on a consistent and effective supply chain to meet its business plan commitments and to continue to maintain its network and protect its services. A failure to meet the Group's requirements or delays in the development, manufacture or delivery of products from suppliers, the discontinuance of products or services, or a deterioration in support quality, could adversely affect the Group's ability to deliver its products and services. No assurance can be given that a broad economic failure or decline in quality of equipment suppliers in the industry in which the Group operates will not occur. Any such occurrence could have a material adverse effect on the Group's business.

In the UK, the Group relies on telecommunication services from network operator British Telecommunications plc ("**BT**") and failure on the part of BT to meet the Group's requirements for any reason may affect the Group's ability to deliver its telephony and broadband services to its customers.

In the UK, the Group uses a series of products from Openreach (a BT group business) to provide broadband and telephony services. To support its own network based on LLU, the Group purchases access to colocation space and associated facilities in BT's exchanges to house the Group's LLU broadband equipment, together with related services, backhaul circuits to connect that equipment to the Group's network (backhaul extension services) and individual copper lines that connect the Group's LLU broadband equipment with the end user's house (metallic path facility lines and, to a lesser extent, shared metallic path facility lines). The Group purchases these products and services from Openreach on regulated terms (including prices) set, from time to time, by Ofcom. Openreach must also comply with legally binding undertakings given by BT and accepted by Ofcom in lieu of a market investigation reference to the Competition Commission following Ofcom's Strategic Review of Telecommunications. These stipulate that Openreach must offer products and services to other communications providers, including the Group, on a fully equivalent basis to BT's own downstream divisions (notably BT Retail). Outside of the Group's LLU areas, the Group uses BT Wholesale's IP Stream Connect (to be replaced with Wholesale Broadband Connect) and Wholesale Broadband Managed Connect to provide broadband connectivity to end users. Failure by either Openreach or BT Wholesale to supply its products and services in accordance with its regulatory obligations could have a material adverse effect on the Group's business.

Openreach is required by Ofcom to supply wholesale fibre access services on fair, reasonable and non-discriminatory terms. However, there is no supplementary price regulation by Ofcom of these services. Should a significant proportion of customers wish to buy fibre based broadband (which is based on BT's wholesale fibre access service) in the future, changes in the availability, price or terms of these wholesale fibre access services could have a material adverse effect on the Group's business.

The Group is dependent in Germany on being able to transmit its programming via satellite and cable network operators on commercially reasonable terms. Sky Deutschland contracts digital playout and uplink services on SES satellites from SES Platform Services GmbH. Sky Deutschland has also entered into transmission agreements with several cable operators in Germany and Austria, including KDG, UnitymediaKBW, Tele Columbus GmbH, and Deutsche Netzmarketing GmbH ("**DNMG**").

If the Group were unable to extend its transmission agreements with satellite or cable network operators on commercially reasonable terms or if these operators were to terminate their cooperation with the Group, the Group could lose access to a large number of its current or potential subscribers in Germany and this could have a material adverse effect on the Group's business.

The Group may be adversely affected by financial market, liquidity and counterparty risk

From time to time, the Group may be required to raise funds or refinance its current funding arrangements. When such funding is required, there can be no assurance that it will be available or that attractive terms will be secured. Any future debt financing may involve restrictive covenants or may be materially more expensive than the Group's current financing arrangements due to lack of liquidity or other market factors. Failure to raise capital when needed could have a material adverse effect on the Group's business and results.

In addition, the Group is exposed to counterparty risk from holders of cash or derivative mark-to-market assets. Should the Group's counterparties be unable to meet their obligations to the Group, the Group may incur financial losses which may adversely affect the Group's business and results.

The effective management of its financial exposures is central to preserving the Group's profitability. The Group is exposed to financial market risks, and may be impacted negatively by fluctuations in foreign exchange and interest rates which create volatility in the Group's results to the extent that they are not effectively hedged. Any increase in the financial leverage of the Group may limit the Group's financial flexibility.

A breach of security could impact the Group's ability to operate

The Group must protect its customer and corporate data and the safety of its people and infrastructure, and must ensure it has in place fraud prevention and detection measures. The Group is responsible to third party intellectual property owners for the security of the content that it distributes on various platforms (the Group's own and third party platforms). A significant breach of security could impact the Group's ability to operate and deliver against its business objectives.

DTH access to the Group's services is restricted through a combination of physical and logical access controls, including smartcards which the Group provides to its individual DTH customers. Unauthorised viewing and use of content may be accomplished by counterfeiting the smartcards or otherwise overcoming their security features. A significant increase in the incidence of signal piracy could require the replacement of smartcards sooner than otherwise planned. Although the Group works with its technology suppliers to ensure that its encryption and other protection technology is as resilient to piracy as possible, there can be no assurance that it will not be compromised in the future. The Group also relies upon the encryption or equivalent technologies employed by the cable, IPTV and other platform operators for the protection of access to the services which the Group makes available to them as well as the encryption and equivalent technology which the Group employs in connection with services it makes available on open platforms (e.g. to PCs). Failure of encryption and other protection technology could impact the Group's revenue from those operators and from its own customers.

The Group's network and other operational systems rely on the operation and efficiency of its computer systems. Although the Group's systems are protected by firewalls, there is a risk that its business could be disrupted by hackers or viruses gaining access to its systems. Any such disruption, and any resulting liability to the Group's customers, could have a material adverse effect on the Group's business.

The Group undertakes significant capital expenditure projects; the failure to successfully implement these projects could impede its ability to execute its strategic plans

The Group invests in, and delivers, significant capital expenditure projects, including technology, property and infrastructure projects, in order continually to drive the business forward. The level of the Group's capital expenditure has increased as a result of the increased size of the Group's business following completion of the Transaction. The failure to deliver key projects effectively and efficiently could result in significantly increased project costs and impede its ability to execute its strategic plans.

The Group relies on intellectual property and other proprietary rights

The Group, in common with other service providers, relies on intellectual property and other proprietary rights, including in respect of programming content, which may not be adequately protected under current laws or which may be subject to unauthorised use.

The Group's services largely comprise content in which it owns, or has licensed, the intellectual property rights, delivered through a variety of media, including broadcast programming, interactive television services and the internet. The Group relies on trademark, copyright and other intellectual property laws to establish and protect its rights over this content. However, the Group cannot be certain that its rights will not be challenged, invalidated or circumvented. Third parties may be able to copy, infringe or otherwise profit from the Group's rights or content which it owns or licenses, without the Group's, or the rights holder's, authorisation. These unauthorised activities may be more easily facilitated by the internet and digital technology. In addition, the lack of clarity relating to the legal framework applicable to the internet creates an additional challenge for the Group in protecting its rights relating to its online business and other digital technology rights.

The Group's business could be affected by a failure to attract and retain suitable employees

The Group's employees are critical to its ability to meet the needs of its customers and achieve its goals as a business. The failure to attract or retain suitable employees across the business could limit the Group's ability to deliver its business plan commitments.

Factors which are material for the purpose of assessing the market risks associated with Notes issued under the Programme

Risks related to the structure of a particular issue of Notes

The Notes are subject to optional redemption by the relevant Issuer

An optional redemption feature is likely to limit the market value of Notes. During any period when the relevant Issuer may elect to redeem Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period.

The relevant Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest rate on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

The interest rate on the Notes may be converted from a fixed rate to a floating rate, or from a floating rate to a fixed rate

Fixed/Floating Rate Notes may bear interest at a rate that the relevant Issuer may elect to convert from a fixed rate to a floating rate, or from a floating rate to a fixed rate. The relevant Issuer's ability to convert the interest rate will affect the secondary market and the market value of such Notes since such Issuer may be expected to convert the rate when it is likely to produce a lower overall cost of borrowing. If the relevant Issuer converts from a fixed rate to a floating rate, the spread on the Fixed/Floating Rate Notes may be less favourable than then prevailing spreads on comparable Floating Rate Notes tied to the same reference rate. In addition, the new floating rate at any time may be lower than the rates on other Notes. If the relevant Issuer converts from a floating rate to a fixed rate, the fixed rate may be lower than then prevailing rates on its Notes.

Notes may be issued at a substantial discount or premium

The market values of securities issued at a substantial discount or premium to their nominal amount tend to fluctuate more in relation to general changes in interest rates than do prices for conventional interest-bearing securities. Generally, the longer the remaining term of the securities, the greater the price volatility as compared to conventional interest-bearing securities with comparable maturities.

Risks related to Notes generally

The terms of the Notes are subject to modification, waivers and substitution

The Terms and Conditions of the Notes contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Terms and Conditions of the Notes also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor under any Notes in place of an Issuer, in the circumstances described in Condition 11 of the Terms and Conditions of the Notes.

A Noteholder may be subject to the provisions of the EU Directive on the Taxation of Savings Income

Under EC Council Directive 2003/48/EC on the taxation of savings income (the “**Directive**”), each Member State of the European Union (each an “**EU Member State**”) is required to provide to the tax authorities of other EU Member States details of payments of interest or other similar income paid by a person established within its jurisdiction to (or collected by such person for the benefit of) an individual resident, or to certain limited types of entity established, in that other EU Member State. For a transitional period, Austria will instead operate a withholding system in relation to such payments (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld), unless during that period it elects otherwise, deducting a tax at a rate of 35%. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries, and certain dependent or associated territories of certain EU Member States, have adopted similar measures (either provision of information or transitional withholding) to the EU Savings Directive. In addition, the EU Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in an EU Member State to (or collected by such a person for the benefit of) an individual resident, or to (or collected for) certain limited types of entity established, in one of those territories.

The Council of the European Union formally adopted a Council Directive amending the Directive on 24 March 2014 (the “**Amending Directive**”). The Amending Directive would, if implemented, amend and expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. These changes will also expand the circumstances in which payments must be reported or paid subject to withholding. EU Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive and are required to apply these new requirements from 1 January 2017. The Amending Directive will also apply a “look through approach” to payments made via, or collected for, certain additional entities and legal arrangements (including trusts), where certain conditions are satisfied, and may in some cases apply where the person, entity or legal arrangement is established or effectively managed outside the EU. The European Commission has published a proposal for a Council

Directive, repealing the Directive from 1 January 2016 (1 January 2017 in the case of Austria) (in each case subject to transitional arrangements). The proposal also provides that, if it is adopted, EU Member States will not be required to implement the Amending Directive.

If a payment were to be made or collected through an EU Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment pursuant to any law implementing the Savings Directive (as amended from time to time) or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income, neither the Issuers nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. Furthermore, once the Amending Savings Directive is implemented and takes effect in EU Member States, such withholding may occur in a wider range of circumstances than at present, as explained above.

The Issuers will be required, as provided in Condition 7 of the Notes, to maintain a Paying Agent, in a Member State that will not be obliged to withhold or deduct tax pursuant to any law implementing the Savings Directive (as amended from time to time) or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000 on the taxation of savings income.

The Notes are governed by English law in effect as at the relevant issue date

The Terms and Conditions of the Notes are based on English law in effect as at the date of issue of the relevant Notes. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of issue of the relevant Notes.

The Issuers and Guarantors are subject to English insolvency laws, which pose particular risks for holders of the Notes

As the Issuers and the Guarantors are incorporated under the laws of England and Wales, a rebuttable presumption that their “centre of main interests” for the purposes of the European Insolvency Regulation (EC) No 1346/2000 (the “**Regulation**”) is in England and Wales will arise. Accordingly, main proceedings (for the purposes of the Regulation), including administration and liquidation, could be opened in respect of them in England and Wales, unless that presumption is rebutted. Under English insolvency law, the liquidator or administrator of a company may, among other things, apply to the court to unwind a transaction entered into by such company if such company was unable to pay its debts (as defined in Section 123 of the UK Insolvency Act 1986) at the time of, or as a result of, the transaction and entered into liquidation or administration proceedings within two years of the transaction. A transaction might be subject to challenge if it was entered into by a company “at an undervalue”, that is, it involved a gift by the company or the company received consideration of significantly less value than the benefit given by such company. A court generally will not intervene, however, if it is satisfied that a company entered into the transaction in good faith for the purpose of carrying on its business and at the time of the transaction there were reasonable grounds for believing the transaction would benefit such company. There can be no assurance, however, that the issuance of the Notes will not be challenged by a liquidator or administrator or, if so, that a court would not support their analysis.

Similarly, a liquidator or administrator of one of the Guarantors could apply to the court to unwind the issuance of its guarantee if such liquidator or administrator considered that issuance of such guarantee constituted a transaction at an undervalue. The analysis of such a claim would generally be the same as set out above in relation to an issuance of Notes. The Issuers and each Guarantor believe that the entry into each guarantee is in good faith for the purpose of carrying on the business of each Guarantor and that there are reasonable grounds for believing that such transactions benefit each such Guarantor. There can be no assurance, however, that the provision of the guarantees will not be challenged by a liquidator or administrator, or, if so, that a court would support the analysis above.

The directors of the Issuers and of each Guarantor have a duty to act in the way they consider, in good faith, would be most likely to promote the success of the company for the benefit of its members as a whole. In the case of the guarantees, they will be provided by the Guarantors in respect of obligations owed by the relevant Issuer and not the Guarantors. The Issuers and the Guarantors can give no assurance, however, that a court would agree with their conclusions in this regard.

Bearer Notes may be traded in denominations that are not integral multiples of the minimum specified denominations

In relation to any issue of Bearer Notes which have a denomination consisting of a minimum Specified Denomination (as defined in the Terms and Conditions of the Notes) plus one or more higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts that are not integral multiples of such minimum Specified Denomination. In such a case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum Specified Denomination in his account with the relevant clearing system at the relevant time will not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

If Definitive Notes are issued, holders should be aware that Definitive Notes which have a denomination that is not an integral multiple of the minimum Specified Denomination may be illiquid and difficult to trade.

The Notes and the guarantees of the Notes are unsecured obligations and the Notes are structurally subordinated to any liabilities of the Group

The Notes will be senior, unsecured indebtedness of the Issuers and will rank pari passu with all existing and future unsecured and unsubordinated obligations of the Issuers. The guarantees of the Notes will rank equally in right of payment with all existing and future senior, unsecured and unsubordinated indebtedness of the respective Guarantors. The guarantees of the Notes will rank junior to any existing or future secured indebtedness of the Issuers or the Guarantors, to the extent of the security securing such indebtedness. As a result, in any liquidation, dissolution, bankruptcy or other similar proceeding, the holders of such secured debt may assert rights against the secured assets in order to receive full payment of their debt before the assets may be used to pay the holders of the Notes. As at 31 December 2014, neither the Issuers nor any of the Guarantors had any secured indebtedness outstanding, other than indebtedness incurred in the ordinary course of business.

Sky conducts substantially all of its operations through its subsidiaries, and none of its subsidiaries, other than the Issuers and the other Guarantors, has any obligations with respect to the Notes. The Notes and each guarantee of the Notes will therefore be effectively subordinated to creditors (including trade creditors) and preferred and minority shareholders (if any) of subsidiaries of Sky (other than the Issuers and subsidiaries that are Guarantors). Moreover, the Trust Deed does not impose any limitation on the incurrence of additional indebtedness by any company in the Group.

The Issuers are holding companies and will depend upon funds from their subsidiaries to meet their obligations under the Notes. Their only significant assets are their investments in their subsidiaries and, in the case of Sky, certain intellectual property rights associated with its brand and, in the case of Sky Finance, certain receivables due from certain other members of the Group. As holding companies, they will be dependent upon dividends, loans or advances, or other inter-company transfers of funds from their subsidiaries to meet their obligations under the Notes. The ability of their subsidiaries to pay dividends and make other payments to the Issuers may be restricted by, among other things, applicable laws (including, without limitation, the availability of distributable reserves) as well as agreements to which those subsidiaries may be a party. Therefore, the Issuers' ability to make payments with respect to the Notes may be limited.

The guarantees of the Notes raise potential fraudulent conveyance or transfer issues, which could impair their enforceability

As the guarantees of the Notes are given by subsidiaries of Sky in respect of obligations of their parent, a court could void any and all of the guarantees if it found that such guarantees were incurred with actual intent to hinder, delay or defraud creditors or that any Guarantor did not receive corporate benefit for its guarantee and was any of the following:

- insolvent or rendered insolvent because of its guarantee;
- engaged in a business transaction for which its remaining assets constituted unreasonably small capital; or
- intended to incur, or believed that it would incur, debts beyond its ability to pay such debts at maturity.

If a court voided any guarantee as a result of a fraudulent conveyance or transfer, or held it to be unenforceable for any other reason, holders of the Notes would cease to have a claim against the relevant Guarantor and would be creditors solely of Sky and, if applicable, the remaining Guarantors.

The transfer of the Notes is restricted, which may adversely affect their liquidity and the price at which they may be sold

The Notes and the guarantees of the Notes have not been registered, nor are the Issuers and the Guarantors obliged to register the Notes or the guarantees, respectively, under the Securities Act or the securities laws of any other jurisdiction and, unless so registered, the Notes may not be offered or sold except pursuant to an exemption from, or a transaction not subject to, the registration requirements of the Securities Act and any other applicable laws. The Notes are not being offered for sale in the United States except to QIBs in accordance with Rule 144A. See “*Transfer Restrictions*”.

In certain circumstances, payments made on or with respect to the Notes may be subject to withholding under FATCA

The United States has enacted rules, commonly referred to as “**FATCA**”, that generally impose a new reporting and withholding regime with respect to certain payments made after 31 December 2016 by entities that are classified as financial institutions under FATCA. The United States has entered into an intergovernmental agreement regarding the implementation of FATCA with the United Kingdom (the “**IGA**”). Under the IGA, as currently drafted, the Issuers do not expect payments made on or with respect to the Notes to be subject to withholding under FATCA. However, significant aspects of when and how FATCA will apply remain unclear, and no assurance can be given that withholding under FATCA will not become relevant with respect to payments made on or with respect to the Notes in the future. Prospective investors should consult their own tax advisers regarding the potential impact of FATCA.

Risks related to the market generally

There may not be a liquid trading market for the Notes

Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market. This is particularly the case for Notes that are especially sensitive to interest rate, currency or market risks, are designed for specific investment objectives or strategies or have been structured to meet the investment requirements of limited categories of investors. These types of Notes generally would have a more limited secondary market and more price volatility than conventional debt securities. Illiquidity may have a severely adverse effect on the market value of Notes.

There are exchange rate risks and exchange controls associated with the Notes

The Issuers will pay principal and interest on the Notes in the Specified Currency. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than the Specified Currency. These include the risk that exchange rates may significantly change (including changes due to devaluation of the Specified Currency or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to the Specified Currency would decrease (1) the Investor's Currency-equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

An increase in market interest rates could result in a decrease in the value of the Notes

If market interest rates increase above current levels, the Notes will generally decline in value because debt instruments of the same face value priced at market interest rates will yield higher income. Consequently, if investors purchase Notes and market interest rates increase above the current interest rates, the market value of such Notes may decline. The relevant Issuer cannot give any assurance regarding the future level of market interest rates.

Credit ratings may not reflect all risks

One or more independent credit rating agencies may assign credit ratings to an issue of Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

In general, European regulated investors are restricted under the CRA Regulation from using credit ratings for regulatory purposes, unless such ratings are issued by a credit rating agency established in the EU and registered under the CRA Regulation (and such registration has not been withdrawn or suspended). Such general restriction will also apply in the case of credit ratings issued by non-EU credit rating agencies, unless the relevant credit ratings are endorsed by an EU-registered credit rating agency or the relevant non-EU rating agency is certified in accordance with the CRA Regulation (and such endorsement action or certification, as the case may be, has not been withdrawn or suspended). Certain information with respect to the credit rating agencies and ratings is set out in "*Form of Pricing Supplement*" below and will be disclosed in the Pricing Supplement.

As the Global Notes and Certificates are held by or on behalf of Euroclear and Clearstream, Luxembourg or DTC, investors will have to rely on their procedures for transfer, payment and communication with the Issuers

Notes issued under the Programme may be represented by one or more Global Notes or Certificates. The Global Notes or Certificates will be deposited with the common depositary or a common safekeeper for Euroclear and Clearstream, Luxembourg or a custodian for DTC. Euroclear, Clearstream, Luxembourg and DTC will maintain records of the beneficial interests in the Global Notes or Certificates. While the Notes are represented by the Global Notes or Certificates, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg or DTC.

The Issuers will discharge their payment obligations under the Notes by procuring that payments are made to the common depositary or a common safekeeper for Euroclear and Clearstream, Luxembourg or a custodian

for DTC for distribution to their account holders. A holder of a beneficial interest in a Global Note or Certificate must rely on the procedures of Euroclear and Clearstream, Luxembourg or DTC to receive payments under the Notes. The Issuers have no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes or Certificates.

Holders of beneficial interests in the Global Notes or Certificates will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg or DTC to appoint appropriate proxies.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) Notes are legal investments for it, (2) Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of any Notes. Financial institutions should consult their legal advisers or the appropriate regulators to determine the appropriate treatment of Notes under any applicable risk-based capital or similar rules.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the terms and conditions that, as supplemented, amended and/or replaced by the provisions of Part A of the relevant Pricing Supplement, shall be applicable to the Notes in definitive form (if any) issued in exchange for the Global Note(s) or Certificate(s) representing each Series. The full text of these terms and conditions together with the relevant provisions of Part A of the Pricing Supplement shall be endorsed on such Bearer Notes or on the Certificates relating to such Registered Notes. All capitalised terms that are not defined in these Conditions will have the meanings given to them in Part A of the relevant Pricing Supplement. Those definitions will be endorsed on the Definitive Notes or Certificates, as the case may be. References in the Conditions to “Notes” are to the Notes of one Series only, not to all Notes that may be issued under the Programme.

Sky Group Finance plc (“**Sky Finance**”) and Sky plc (“**Sky**”) (together, the “**Issuers**”) have established a Global Medium Term Note Programme (the “**Programme**”) for the issuance of up to £5,000,000,000 in aggregate principal amount of notes outstanding at any time (the “**Notes**”).

Notes issued by Sky Finance are guaranteed by Sky, Sky UK Limited (“**Sky UK**”), Sky Subscribers Services Limited (“**Sky Subscribers**”) and Sky Telecommunications Services Limited (“**STSL**”). Notes issued by Sky are guaranteed by Sky Finance, Sky UK, Sky Subscribers and STSL (when acting in its capacity as guarantor of the relevant Notes, each such entity and any acceding guarantor is referred to as a “**Guarantor**” and the Guarantors of the Notes issued by Sky Finance or Sky are together, referred to herein as the “**Guarantors**”) (subject to change in accordance with Condition 3(c)).

The Notes are constituted by an amended and restated trust deed (as amended or supplemented as at the date of issue of the Notes (the “**Issue Date**”), the “**Trust Deed**”) dated 5 June 2015 between the Issuers, the Guarantors, and BNY Mellon Corporate Trustee Services Limited (the “**Trustee**”, which expression shall include all persons for the time being the trustee or trustees under the Trust Deed) as trustee for the Noteholders (as defined below). These terms and conditions include summaries of, and are subject to, the detailed provisions of the Trust Deed, which includes the form of the Bearer Notes, Certificates, Coupons and Talons referred to below. An amended and restated agency agreement (as amended or supplemented as at the Issue Date, the “**Agency Agreement**”) dated 5 June 2015 has been entered into in relation to the Notes between the Issuers, the Guarantors, the Trustee, The Bank of New York Mellon, acting through its London branch, as initial issuing and paying agent and the other agents named in it. The issuing and paying agent, the paying agents, the registrar, the transfer agents and the calculation agent(s) for the time being (if any) are referred to below respectively as the “**Issuing and Paying Agent**”, the “**Paying Agents**” (which expression shall include the Issuing and Paying Agent), the “**Registrar**”, the “**Transfer Agents**” (which expression shall include the Registrar) and the “**Calculation Agent(s)**”. Copies of the Trust Deed and the Agency Agreement are available for inspection during usual business hours at the principal office of the Trustee (presently at One Canada Square, London E14 5AL) and at the specified offices of the Paying Agents and the Transfer Agents.

For the purposes of these terms and conditions, references to “the Issuer” are to whichever of Sky Finance or Sky is named as Issuer hereon.

The Noteholders, the holders of the interest coupons (the “**Coupons**”) relating to interest bearing Notes in bearer form and, where applicable in the case of such Notes, talons for further Coupons (the “**Talons**”) (the “**Couponholders**”) 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 Agency Agreement.

As used in these Conditions, “**Tranche**” means Notes which are identical in all respects.

1 Form, Denomination and Title

The Notes are issued in bearer form (“**Bearer Notes**”, which expression includes Notes that are specified to be Exchangeable Bearer Notes), in registered form (“**Registered Notes**”) or in bearer form exchangeable for Registered Notes (“**Exchangeable Bearer Notes**”) in each case in the Specified Denomination(s) shown hereon.

Bearer Notes are in the Specified Denomination(s) with Coupons and, if specified hereon, Talons attached at the time of issue. In the case of a Series of Bearer Notes with more than one Specified Denomination, Bearer Notes of one Specified Denomination will not be exchangeable for Bearer Notes of another Specified Denomination.

Registered Notes are in the Specified Denomination(s), which may include a minimum denomination specified hereon and higher integral multiples of a smaller amount specified hereon.

Where Exchangeable Bearer Notes are issued, the Registered Notes for which they are exchangeable shall have the same Specified Denomination as the lowest denomination of Exchangeable Bearer Notes.

This Note is a Fixed Rate Note, a Floating Rate Note, a Zero Coupon Note or a combination of any of the foregoing, depending upon the Interest Basis shown hereon.

Bearer Notes are serially numbered and are issued with Coupons (and, where appropriate, a Talon) attached, save in the case of Zero Coupon Notes in which case references to interest (other than in relation to interest due after the Maturity Date), Coupons and Talons in these Conditions are not applicable.

Registered Notes are represented by registered certificates (“**Certificates**”) and, save as provided in Condition 2(c), each Certificate shall represent the entire holding of Registered Notes by the same holder.

Title to the Bearer Notes and the Coupons and Talons shall pass by delivery. Title to the Registered Notes shall pass by registration in the register that the Issuer shall procure to be kept by the Registrar in accordance with the provisions of the Agency Agreement (the “**Register**”). Except as ordered by a court of competent jurisdiction or as required by law, the holder (as defined below) of any Note, Coupon or Talon 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 an interest in it, any writing on it (or on the Certificate representing it) or its theft or loss (or that of the related Certificate) and no person shall be liable for so treating the holder.

In these Conditions, “**Noteholder**” means the bearer of any Bearer Note or the person in whose name a Registered Note is registered (as the case may be), “**holder**” (in relation to a Note, Coupon or Talon) means the bearer of any Bearer Note, Coupon or Talon or the person in whose name a Registered Note is registered (as the case may be) and capitalised terms have the meanings given to them hereon, the absence of any such meaning indicating that such term is not applicable to the Notes.

2 Exchanges of Exchangeable Bearer Notes and Transfers of Registered Notes

(a) Exchange of Exchangeable Bearer Notes

Subject as provided in Condition 2(f), Exchangeable Bearer Notes may be exchanged for the same nominal amount of Registered Notes at the request in writing of the relevant Noteholder and upon surrender of each Exchangeable Bearer Note to be exchanged, together with all unmatured Coupons and Talons relating to it, at the specified office of any Transfer Agent; provided, however, that where an Exchangeable Bearer Note is surrendered for exchange after the Record Date (as defined in Condition 7(b)) for any payment of interest, the Coupon in respect of that payment of interest need not be surrendered with it. Registered Notes may not be exchanged for Bearer Notes. Bearer Notes of one

Specified Denomination may not be exchanged for Bearer Notes of another Specified Denomination. Bearer Notes that are not Exchangeable Bearer Notes may not be exchanged for Registered Notes.

(b) Transfer of Registered Notes

One or more Registered Notes may be transferred upon the surrender (at the specified office of the Registrar or any Transfer Agent) of the Certificate representing such Registered Notes to be transferred, together with the form of transfer endorsed on such Certificate, (or another form of transfer substantially in the same form and containing the same representations and certifications (if any), unless otherwise agreed by the Issuer), duly completed and executed and any other evidence as the Registrar or Transfer Agent may require. In the case of a transfer of part only of a holding of Registered Notes represented by one Certificate, a new Certificate shall be issued to the transferee in respect of the part transferred and a further new Certificate in respect of the balance of the holding not transferred shall be issued to the transferor. All transfers of Notes and entries on the Register will be made subject to the detailed regulations concerning transfers of Notes scheduled to the Agency Agreement. The regulations may be changed by the Issuer, with the prior written approval of the Registrar and the Trustee. A copy of the current regulations will be made available by the Registrar to any Noteholder upon request.

(c) Exercise of Options or Partial Redemption in Respect of Registered Notes

In the case of an exercise of an Issuer's or Noteholders' option in respect of, or a partial redemption of, a holding of Registered Notes represented by a single Certificate, a new Certificate shall be issued to the holder to reflect the exercise of such option or in respect of the balance of the holding not redeemed. In the case of a partial exercise of an option resulting in Registered Notes of the same holding having different terms, separate Certificates shall be issued in respect of those Notes of that holding that have the same terms. New Certificates shall only be issued against surrender of the existing Certificates to the Registrar or any Transfer Agent. In the case of a transfer of Registered Notes to a person who is already a holder of Registered Notes, a new Certificate representing the enlarged holding shall only be issued against surrender of the Certificate representing the existing holding.

(d) Delivery of New Certificates

Each new Certificate to be issued pursuant to Conditions 2(a), (b) or (c) shall be available for delivery within three business days of receipt of the request for exchange, form of transfer or Exercise Notice (as defined in Condition 6(e)) and surrender of the Certificate for exchange. Delivery of the new Certificate(s) shall be made at the specified office of the Transfer Agent or of the Registrar (as the case may be) to whom delivery or surrender of such request for exchange, form of transfer, Exercise Notice or Certificate shall have been made or, at the option of the holder making such delivery or surrender as aforesaid and as specified in the relevant request for exchange, form of transfer, Exercise Notice or otherwise in writing, be mailed by uninsured post at the risk of the holder entitled to the new Certificate to such address as may be so specified, unless such holder requests otherwise and pays in advance to the relevant Transfer Agent the costs of such other method of delivery and/or such insurance as it may specify. In this Condition 2(d), "**business day**" means a day, other than a Saturday or Sunday, on which banks are open for business in the place of the specified office of the relevant Transfer Agent or the Registrar (as the case may be).

(e) Exchange Free of Charge

Exchange and transfer of Notes and Certificates on registration, transfer, exercise of an option or partial redemption shall be effected without charge by or on behalf of the Issuer, the Registrar or the

Transfer Agents, but upon payment of any tax or other governmental charges that may be imposed in relation to it (or the giving of such indemnity as the Registrar or the relevant Transfer Agent may require).

(f) Closed Periods

No Noteholder may require the transfer of a Registered Note to be registered or an Exchangeable Bearer Note to be exchanged for one or more Registered Note(s) (i) during the period of 15 days ending on the due date for redemption of that Note, (ii) during the period of 15 days prior to any date on which Notes may be called for redemption by the Issuer at its option pursuant to Condition 6(d), (iii) after any such Note has been called for redemption or (iv) during the period of seven days ending on (and including) any Record Date. An Exchangeable Bearer Note called for redemption may, however, be exchanged for one or more Registered Note(s) in respect of which the Certificate is simultaneously surrendered not later than the relevant Record Date.

3 Guarantee and Status

(a) Guarantee

Each relevant Guarantor has unconditionally and irrevocably guaranteed the due payment of all sums expressed to be payable by the relevant Issuer under the Trust Deed, the Notes and Coupons. Each Guarantor's obligations in that respect (the "**Guarantee**") are contained in the Trust Deed. The Guarantors' obligations are joint and several.

(b) Status of Notes and Guarantees

The Notes and the Coupons relating to them constitute (subject to Condition 4) unsecured obligations of the Issuer and shall at all times rank *pari passu* and without any preference among themselves. The payment obligations of the Issuer under the Notes and the Coupons relating to them and of the relevant Guarantors under the Guarantee shall, save for such exceptions as may be provided by applicable legislation and subject to Condition 4, at all times rank at least equally with all other unsecured and unsubordinated indebtedness and monetary obligations of the Issuer and the relevant Guarantors, respectively, present and future.

(c) Guarantees by Subsidiaries

Sky shall procure that, as long as any Note comprising a Series issued by the Issuer remains outstanding:

- (1) to the extent that, after the first Tranche of the Notes comprising such Series is issued, any Subsidiary that is not a Guarantor issues any guarantee of any Indebtedness for money borrowed in excess of £50,000,000; and
- (2) for so long as any Subsidiary is or becomes a guarantor of Indebtedness pursuant to the terms of the 2005 Bonds, the 2008 Bonds, the 2012 Bonds or for moneys borrowed under the Revolving Credit Facility,

Sky will cause such Subsidiary to enter into a supplemental trust deed to the Trust Deed pursuant to which it shall agree irrevocably and unconditionally to guarantee on the terms *mutatis mutandis* of Clause 5 of the Trust Deed and on a *pari passu* basis with such Subsidiary's obligations as guarantor as are referred to in subparagraph (2) above the due and punctual payment of all sums expressed to be payable by the relevant Issuer under the Trust Deed, the Notes and Coupons when and as the same shall become due and payable.

In the event that any Guarantor (other than Sky Finance, Sky, Sky UK and Sky Subscribers) shall have been fully and unconditionally released from all obligations under guarantees of Indebtedness for money borrowed in excess of £50,000,000, such Guarantor shall be deemed released from all obligations under its Guarantee without any further action required on the part of the Trustee, any Noteholder or any Couponholder.

Any such Guarantor not so released shall remain irrevocably and unconditionally liable for its obligations under its Guarantee. The Trustee shall make available for delivery an appropriate instrument evidencing any such release upon receipt of (i) a written request from each of the relevant Issuer and such Guarantor, and (ii) a certificate signed by two directors of each of the Issuer and such Guarantor certifying as to such Guarantor's compliance with the terms of the Trust Deed.

4 Negative Pledge

None of Sky Finance, Sky and any Subsidiary will create, assume, incur or suffer to exist any Lien on all or any part of their respective present or future undertaking, assets, rights or revenues (including any uncalled capital) to secure Relevant Indebtedness without (a) contemporaneously therewith or prior thereto taking any and all action necessary to secure the Notes and the Coupons equally and rateably therewith or (b) providing such security for the Notes either as the Trustee in its absolute discretion deems not materially less beneficial to the interests of Noteholders or as is approved by an Extraordinary Resolution of Noteholders.

5 Interest and other Calculations

(a) Interest on Fixed Rate Notes

Each Fixed Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date specified hereon. The amount of interest payable shall be determined in accordance with Condition 5(f).

(b) Interest on Floating Rate Notes

(i) Interest Payment Dates

Each Floating Rate Note bears interest on its outstanding nominal amount from the Interest Commencement Date at the rate per annum (expressed as a percentage) equal to the Rate of Interest, such interest being payable in arrear on each Interest Payment Date. The amount of interest payable shall be determined in accordance with Condition 5(f). Such Interest Payment Date(s) is/are either shown hereon as Specified Interest Payment Dates or, if no Specified Interest Payment Date(s) is/are shown hereon, Interest Payment Date shall mean each date which falls the number of months or other period shown hereon as the Interest Period after the preceding Interest Payment Date or, in the case of the first Interest Payment Date, after the Interest Commencement Date.

(ii) Business Day Convention

If any date referred to in these Conditions that is specified to be subject to adjustment in accordance with a Business Day Convention would otherwise fall on a day that is not a Business Day, then, if the Business Day Convention specified is (A) the Floating Rate Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event (x) such date shall be brought forward to the immediately preceding Business Day and (y) each subsequent such date shall be the last Business Day of the month in which such date would have fallen had it not been subject to adjustment, (B) the Following Business Day Convention, such date shall be postponed to the

next day that is a Business Day, (C) the Modified Following Business Day Convention, such date shall be postponed to the next day that is a Business Day unless it would thereby fall into the next calendar month, in which event such date shall be brought forward to the immediately preceding Business Day or (D) the Preceding Business Day Convention, such date shall be brought forward to the immediately preceding Business Day.

(iii) *Rate of Interest*

The Rate of Interest in respect of Floating Rate Notes for each Interest Accrual Period shall be determined in the manner specified hereon and the provisions below relating to either ISDA Determination or Screen Rate Determination shall apply, depending upon which is specified hereon.

(A) ISDA Determination

Where ISDA Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period shall be determined by the Calculation Agent as a rate equal to the relevant ISDA Rate. For the purposes of this sub-paragraph (A), “**ISDA Rate**” for an Interest Accrual Period means a rate equal to the Floating Rate that would be determined by the Calculation Agent under a Swap Transaction under the terms of an agreement incorporating the ISDA Definitions and under which:

- (x) the Floating Rate Option is as specified hereon
- (y) the Designated Maturity is a period specified hereon and
- (z) the relevant Reset Date is the first day of that Interest Accrual Period unless otherwise specified hereon.

For the purposes of this sub-paragraph (A), “**Floating Rate**”, “**Calculation Agent**”, “**Floating Rate Option**”, “**Designated Maturity**”, “**Reset Date**” and “**Swap Transaction**” have the meanings given to those terms in the ISDA Definitions.

(B) Screen Rate Determination

- (x) Where Screen Rate Determination is specified hereon as the manner in which the Rate of Interest is to be determined, the Rate of Interest for each Interest Accrual Period will, subject as provided below, be either:

- (1) the offered quotation; or
- (2) the arithmetic mean of the offered quotations,

(expressed as a percentage rate per annum) for the Reference Rate which appears or appear, as the case may be, on the Relevant Screen Page as at either 11.00 a.m. (London time in the case of LIBOR or Brussels time in the case of EURIBOR) on the Interest Determination Date in question as determined by the Calculation Agent. If five or more of such offered quotations are available on the Relevant Screen Page, the highest (or, if there is more than one such highest quotation, one only of such quotations) and the lowest (or, if there is more than one such lowest quotation, one only of such quotations) shall be disregarded by the Calculation Agent for the purpose of determining the arithmetic mean of such offered quotations.

- (y) if the Relevant Screen Page is not available or if, sub-paragraph (x)(1) applies and no such offered quotation appears on the Relevant Screen Page or if sub-paragraph (x)(2) above applies and fewer than two such offered quotations appear on the Relevant Screen Page in each case as at the time specified above, subject as provided below, the Calculation Agent shall request, if the Reference Rate is LIBOR, the principal London office of each of the Reference Banks or, if the Reference Rate is EURIBOR, the principal Euro-zone office of each of the Reference Banks, to provide the Calculation Agent with its offered quotation (expressed as a percentage rate per annum) for the Reference Rate if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time), or if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the Interest Determination Date in question. If two or more of the Reference Banks provide the Calculation Agent with such offered quotations, the Rate of Interest for such Interest Accrual Period shall be the arithmetic mean of such offered quotations as determined by the Calculation Agent; and
- (z) if paragraph (y) above applies and the Calculation Agent determines that fewer than two Reference Banks are providing offered quotations, subject as provided below, the Rate of Interest shall be the arithmetic mean of the rates per annum (expressed as a percentage) as communicated to (and at the request of) the Calculation Agent by the Reference Banks or any two or more of them, at which such banks were offered, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time) on the relevant Interest Determination Date, deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate by leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, or, if fewer than two of the Reference Banks provide the Calculation Agent with such offered rates, the offered rate for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, or the arithmetic mean of the offered rates for deposits in the Specified Currency for a period equal to that which would have been used for the Reference Rate, at which, if the Reference Rate is LIBOR, at approximately 11.00 a.m. (London time) or, if the Reference Rate is EURIBOR, at approximately 11.00 a.m. (Brussels time), on the relevant Interest Determination Date, any one or more banks (which bank or banks is or are in the opinion of the Issuer suitable for such purpose) informs the Calculation Agent it is quoting to leading banks in, if the Reference Rate is LIBOR, the London inter-bank market or, if the Reference Rate is EURIBOR, the Euro-zone inter-bank market, as the case may be, provided that, if the Rate of Interest cannot be determined for an Interest Accrual Period in accordance with the foregoing provisions of this paragraph, the Rate of Interest shall (until such time as an alternative method for determining the Rate of Interest shall be determined by the Issuer and a financial adviser (as appointed by the Issuer) with such determination being notified in writing by the Issuer to the Trustee and the Noteholders) be determined as at the last preceding Interest Determination Date (though substituting, where a different Margin or Maximum or Minimum Rate of Interest is to be applied to the relevant Interest Accrual Period from that which applied to the last preceding Interest Accrual Period, the Margin or Maximum or

Minimum Rate of Interest relating to the relevant Interest Accrual Period, in place of the Margin or Maximum or Minimum Rate of Interest relating to that last preceding Interest Accrual Period).

(c) Zero Coupon Notes

Where a Note the Interest Basis of which is specified to be Zero Coupon is repayable prior to the Maturity Date and is not paid when due, the amount due and payable prior to the Maturity Date shall be the Early Redemption Amount of such Note. As from the Maturity Date, the Rate of Interest for any overdue principal of such a Note shall be a rate per annum (expressed as a percentage) equal to the Amortisation Yield (as described in Condition 6(b)(i)).

(d) Accrual of Interest

Interest shall cease to accrue on each Note on the due date for redemption unless, upon due presentation, payment is improperly withheld or refused, in which event interest shall continue to accrue (both before and after judgment) at the Rate of Interest in the manner provided in this Condition 5 to the Relevant Date (as defined in Condition 8).

(e) Margin, Maximum/Minimum Rates of Interest and Redemption Amounts and Rounding

- (i) If any Margin is specified hereon (either (x) generally, or (y) in relation to one or more Interest Accrual Periods), an adjustment shall be made to all Rates of Interest, in the case of (x), or the Rates of Interest for the specified Interest Accrual Periods, in the case of (y), calculated in accordance with Condition 5(b) above by adding (if a positive number) or subtracting the absolute value (if a negative number) of such Margin, subject always to the next paragraph.
- (ii) If any Maximum or Minimum Rate of Interest or Redemption Amount is specified hereon, then any Rate of Interest or Redemption Amount shall be subject to such maximum or minimum, as the case may be.
- (iii) For the purposes of any calculations required pursuant to these Conditions (unless otherwise specified), (x) all percentages resulting from such calculations shall be rounded, if necessary, to the nearest one hundred-thousandth of a percentage point (with halves being rounded up), (y) all figures shall be rounded to seven significant figures (with halves being rounded up) and (z) all currency amounts that fall due and payable shall be rounded to the nearest unit of such currency (with halves being rounded up), save in the case of yen, which shall be rounded down to the nearest yen. For these purposes “unit” means the lowest amount of such currency that is available as legal tender in the country or countries, as the case may be, of such currency.

(f) Calculations

The amount of interest payable per Calculation Amount in respect of any Note for any Interest Accrual Period shall be equal to the product of the Rate of Interest, the Calculation Amount specified hereon, and the Day Count Fraction for such Interest Accrual Period, unless an Interest Amount (or a formula for its calculation) is applicable to such Interest Accrual Period, in which case the amount of interest payable per Calculation Amount in respect of such Note for such Interest Accrual Period shall equal such Interest Amount (or be calculated in accordance with such formula). Where any Interest Period comprises two or more Interest Accrual Periods, the amount of interest payable per Calculation Amount in respect of such Interest Period shall be the sum of the Interest Amounts payable in respect of each of those Interest Accrual Periods. In respect of any other period for which interest is required to be calculated, the provisions above shall apply save that the Day Count Fraction shall be for the period for which interest is required to be calculated.

(g) Determination and Publication of Rates of Interest, Interest Amounts, Final Redemption Amounts, Early Redemption Amounts and Optional Redemption Amounts

The Calculation Agent shall, as soon as practicable on each Interest Determination Date, or such other time on such date as the Calculation Agent may be required to calculate any rate or amount, obtain any quotation or make any determination or calculation, determine such rate and calculate the Interest Amounts for the relevant Interest Accrual Period, calculate the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, obtain such quotation or make such determination or calculation, as the case may be, and cause the Rate of Interest and the Interest Amounts for each Interest Accrual Period and the relevant Interest Payment Date and, if required to be calculated, the Final Redemption Amount, Early Redemption Amount or any Optional Redemption Amount to be notified to the Trustee, the Issuer, each of the Paying Agents, the Noteholders, any other Calculation Agent appointed in respect of the Notes that is to make a further calculation upon receipt of such information and, if the Notes are listed on a stock exchange and the rules of such exchange or other relevant authority so require, such exchange or other relevant authority as soon as possible after their determination but in no event later than (i) the commencement of the relevant Interest Period, if determined prior to such time, in the case of notification to such exchange of a Rate of Interest and Interest Amount, or (ii) in all other cases, the fourth Business Day after such determination. Where any Interest Payment Date or Interest Period Date is subject to adjustment pursuant to Condition 5(b)(ii), the Interest Amounts and the Interest Payment Date so published may subsequently be amended (or appropriate alternative arrangements made with the consent of the Trustee by way of adjustment) without notice in the event of an extension or shortening of the Interest Period. If the Notes become due and payable under Condition 10, the accrued interest and the Rate of Interest payable in respect of the Notes shall nevertheless continue to be calculated as previously in accordance with this Condition but no publication of the Rate of Interest or the Interest Amount so calculated need be made unless the Trustee otherwise requires. The determination of any rate or amount, the obtaining of each quotation and the making of each determination or calculation by the Calculation Agent(s) shall (in the absence of manifest error) be final and binding upon all parties.

(h) Calculation Agent

The Issuer shall procure that there shall at all times be one or more Calculation Agents if provision is made for them hereon and for so long as any Note is outstanding (as defined in the Trust Deed). Where more than one Calculation Agent is appointed in respect of the Notes, references in these Conditions to the Calculation Agent shall be construed as each Calculation Agent performing its respective duties under the Conditions. If the Calculation Agent is unable or unwilling to act as such or if the Calculation Agent fails duly to establish the Rate of Interest for an Interest Accrual Period or to calculate any Interest Amount, Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, or to comply with any other requirement, the Issuer shall appoint a leading bank or financial institution engaged in the interbank market that is most closely connected with the calculation or determination to be made by the Calculation Agent (acting through its principal London office or any other office actively involved in such market) to act as such in its place. The Calculation Agent may not resign its duties without a successor having been appointed as aforesaid.

(i) 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, wilful default or negligence) be final and binding upon all parties and (in the

absence as aforesaid) no liability to the Noteholders, the Issuer or any other party shall attach to the Calculation Agent in connection with the exercise or non-exercise by it of any of its powers, duties and discretions hereunder.

6 Redemption, Purchase and Options

(a) Final Redemption

Unless previously redeemed, purchased and cancelled as provided in this Condition 6, each Note shall be finally redeemed on the Maturity Date specified hereon at its Final Redemption Amount (which, unless otherwise provided hereon, is its nominal amount).

(b) Early Redemption

(i) Zero Coupon Notes

- (A) The Early Redemption Amount payable in respect of any Zero Coupon Note, upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 shall be the “Amortised Face Amount” (calculated as provided below) of such Note unless otherwise specified hereon.
- (B) Subject to the provisions of sub-paragraph (C) below, the Amortised Face Amount of any such Note shall be the scheduled Final Redemption Amount of such Note on the Maturity Date discounted at a rate per annum (expressed as a percentage) equal to the Amortisation Yield (which, if none is shown hereon, shall be such rate as would produce an Amortised Face Amount equal to the issue price of the Notes if they were discounted back to their issue price on the Issue Date) compounded annually.
- (C) If the Early Redemption Amount payable in respect of any such Note upon its redemption pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10 is not paid when due, the Early Redemption Amount due and payable in respect of such Note shall be the Amortised Face Amount of such Note as defined in sub-paragraph (B) above, except that such sub-paragraph shall have effect as though the date on which the Note becomes due and payable were the Relevant Date. The calculation of the Amortised Face Amount in accordance with this sub-paragraph shall continue to be made (both before and after judgment) until the Relevant Date, unless the Relevant Date falls on or after the Maturity Date, in which case the amount due and payable shall be the scheduled Final Redemption Amount of such Note on the Maturity Date together with any interest that may accrue in accordance with Condition 5(c).

Where such calculation is to be made for a period of less than one year, it shall be made on the basis of the Day Count Fraction shown hereon.

(ii) Other Notes

The Early Redemption Amount payable in respect of any Note (other than Notes described in (i) above), upon redemption of such Note pursuant to Condition 6(c) or upon it becoming due and payable as provided in Condition 10, shall be the Final Redemption Amount unless otherwise specified hereon.

(c) Redemption for Taxation Reasons

The Notes may be redeemed at the option of the Issuer in whole, but not in part, on any Interest Payment Date (if this Note is a Floating Rate Note) or at any time (if this Note is not a Floating Rate

Note), on giving not less than 30 nor more than 60 days' notice to the Noteholders (which notice shall be irrevocable) at their Early Redemption Amount (as described in Condition 6(b) above) (together with interest accrued to the date fixed for redemption), if (i) the Issuer (or, if the Guarantee were called, the relevant Guarantor(s)) satisfies or satisfy, as the case may be, the Trustee immediately before the giving of such notice that it has or will or they have or will, as the case may be, become obliged to pay additional amounts as described under Condition 8 as a result of any change in, or amendment to, the laws or regulations of the United Kingdom or any political subdivision or any authority thereof or therein having power to tax, or any change in the application or official interpretation of such laws or regulations, which change or amendment becomes effective on or after the date on which the first Tranche of the Notes is issued, and (ii) such obligation cannot be avoided by the Issuer (or the relevant Guarantor(s), as the case may be) taking reasonable measures available to it or them, as the case may be, **provided, however, that** no such notice of redemption shall be given earlier than:

1. where the Notes may be redeemed at any time, 90 days prior to the earliest date on which the Issuer or the relevant Guarantor would be obliged to pay such additional amounts if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made; or
2. where the Notes may be redeemed only on an Interest Payment Date, 60 days prior to the Interest Payment Date occurring immediately before the earliest date on which the Issuer or the relevant Guarantor would be obliged to pay such additional amounts if a payment in respect of the Notes were then due or (as the case may be) a demand under the Guarantee of the Notes were then made.

Before the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee a certificate signed by two directors of the Issuer (or the relevant Guarantor(s), as the case may be) stating that the obligation referred to in (i) above cannot be avoided by the Issuer (or the relevant Guarantor(s), as the case may be) taking reasonable measures available to it or them, as the case may be, and the Trustee shall be entitled to accept such certificate as sufficient evidence of the satisfaction of the condition precedent set out in (ii) above in which event it shall be conclusive and binding on Noteholders and Couponholders.

(d) Redemption at the Option of the Issuer

If Call Option is specified hereon, the Issuer may, on giving not less than 15 nor more than 30 days' irrevocable notice to the Noteholders (or such other notice period as may be specified hereon) redeem all or, if so provided, some of the Notes on any Optional Redemption Date. Any such redemption of Notes shall be at their Optional Redemption Amount specified hereon together with interest accrued to the date fixed for redemption. Any such redemption or exercise must relate to Notes of a nominal amount at least equal to the Minimum Redemption Amount to be redeemed specified hereon and no greater than the Maximum Redemption Amount to be redeemed specified hereon.

All Notes in respect of which any such notice is given shall be redeemed on the date specified in such notice in accordance with this Condition.

In the case of a partial redemption, the notice to Noteholders shall also contain the certificate numbers of the Bearer Notes, or, in the case of Registered Notes, shall specify the nominal amount of Registered Notes drawn and the holder(s) of such Registered Notes, to be redeemed, which shall have been drawn in such place as the Trustee may approve and in such manner as it deems appropriate,

subject to compliance with any applicable laws and stock exchange or other relevant authority requirements.

If Make-Whole Amount is specified hereon as the Optional Redemption Amount, the Optional Redemption Amount shall be equal to the higher of (i) 100 per cent. of the nominal amount of the Notes to be redeemed and (ii) the nominal amount of the Notes to be redeemed multiplied by the price (expressed as a percentage and rounded to four decimal places with 0.00005 being rounded upwards) at which the Gross Redemption Yield on such Notes on the Reference Date is equal to the Gross Redemption Yield at the Quotation Time on the Reference Date of the Reference Bond, plus the Redemption Margin, all as determined by the Financial Adviser.

In this Condition 6(d):

“Financial Adviser” means an independent financial adviser selected and appointed by the Issuer after consultation with the Trustee.

“Gross Redemption Yield” means a yield calculated in accordance with generally accepted market practice at such time, as advised to the Issuer and Trustee by the Financial Adviser.

“Quotation Time” has the meaning as specified hereon.

“Redemption Margin” has the meaning as specified hereon.

“Reference Bond” shall be the security as specified hereon or, where the Financial Adviser advises the Issuer and Trustee that, for reasons of illiquidity or otherwise, such security is not appropriate for such purpose, such other government stock as such Financial Adviser may recommend.

“Reference Date” shall be set out in the relevant notice of redemption.

All notifications, opinions, determinations, certifications, calculations, quotations and decisions given, expressed, made or obtained for the purposes of this Condition 6(d) by the Financial Adviser, shall (in the absence of negligence, wilful default or manifest error) be binding on the Issuer, the Trustee, the Paying Agents, the Registrar, the Transfer Agents and all holders.

(e) Redemption at the Option of Noteholders

If Put Option is specified hereon, the Issuer shall, at the option of the holder of any such Note, upon the holder of such Note giving not less than 15 nor more than 30 days' notice to the Issuer (or such other notice period as may be specified hereon) redeem such Note on the Optional Redemption Date(s) at its Optional Redemption Amount together with interest accrued to the date fixed for redemption.

To exercise such option the holder must deposit (in the case of a Bearer Note) such Note (together with all unmatured Coupons and unexchanged Talons) with any Paying Agent or (in the case of a Registered Note) the Certificate representing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly completed option exercise notice (**“Exercise Notice”**) in the form obtainable from any Paying Agent, the Registrar or any Transfer Agent (as applicable) within the notice period. No Note or Certificate so deposited and option so exercised may be withdrawn (except as provided in the Agency Agreement) without the prior consent of the Issuer.

(f) Redemption at the Option of Noteholders on a Change of Control Put Event

If a Change of Control Put Option is specified hereon and a Change of Control Put Event occurs, the holder of each Note will have the option (a **“Change of Control Put Option”**) (unless prior to the giving of the relevant Change of Control Put Event Notice (as defined below) the Issuer has given notice of redemption under Condition 6(c) or 6(d)) to require the Issuer to redeem or, at the Issuer's

option, purchase (or procure the purchase of) that Note on the Optional Redemption Date (as defined below) at the Optional Redemption Amount specified hereon together with interest accrued to (but excluding) the Optional Redemption Date.

A “**Change of Control Put Event**” will be deemed to occur if:

- (i) any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers), other than a holding company (as defined in Section 1159 of the Companies Act 2006 (as amended)) whose shareholders are or are to be substantially similar to the pre-existing shareholders of the Issuer, shall become interested (within the meaning of Part 22 of the Companies Act 2006 (as amended)) in (A) more than 50 per cent. of the issued or allotted ordinary share capital of the Issuer or (B) shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer (each such event being, a “**Change of Control**”); and
- (ii) on the date (the “**Relevant Announcement Date**”) that is the earlier of (1) the date of the first public announcement of the relevant Change of Control and (2) the date of the earliest Relevant Potential Change of Control Announcement (if any), the Notes carry from any Rating Agency:
 - (A) an investment grade credit rating (*Baa3/BBB-, or equivalent, or better*), and such rating from any Rating Agency is, within the Change of Control Period, either downgraded to a non-investment grade credit rating (*Ba1/BB+, or equivalent, or worse*) (a “**Non-Investment Grade Rating**”) or withdrawn and is not, within the Change of Control Period, subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to an investment grade credit rating by such Rating Agency; or
 - (B) a Non-Investment Grade Rating and such rating from any Rating Agency is, within the Change of Control Period, either downgraded by one or more notches (*by way of example, Ba1 to Ba2 being one notch*) or withdrawn and is not, within the Change of Control Period, subsequently (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to its earlier credit rating or better by such Rating Agency; or
 - (C) no credit rating and a Negative Rating Event also occurs within the Change of Control Period,provided that if at the time of the occurrence of the Change of Control the Notes carry a credit rating from more than one Rating Agency, at least one of which is investment grade, then sub paragraph (A) will apply; and
- (iii) in making any decision to downgrade or withdraw a credit rating pursuant to paragraphs (A) and (B) above or not to award a credit rating of at least investment grade as described in paragraph (ii) of the definition of Negative Rating Event, the relevant Rating Agency announces publicly or confirms in writing to the Issuer that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control or the Relevant Potential Change of Control Announcement;

Within 30 days after the Issuer becoming aware that a Change of Control Put Event has occurred the Issuer shall notify the Trustee in writing and shall, and if so requested by the holders of at least one-quarter in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders, the Trustee shall, (subject to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction) give notice (a “**Change of Control Put Event Notice**”) to the Noteholders in accordance with Condition 16 specifying the nature of the Change of Control Put Event and the procedure for exercising the Change of Control Put Option.

To exercise the Change of Control Put Option, the holder of a Bearer Note must deliver such Note at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the period (the “**Change of Control Put Period**”) of 45 days after a Change of Control Put Event Notice is given, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (an “**Exercise Notice**”). The Note should be delivered together with all Coupons appertaining thereto maturing after the date which is seven days after the expiration of the Change of Control Put Period (the “**Optional Redemption Date**”), failing which the Paying Agent will require payment from or on behalf of the Noteholder of an amount equal to the face value of any missing such Coupon. Any amount so paid will be reimbursed by the Paying Agent to the Noteholder against presentation and surrender of the relevant missing Coupon (or any replacement therefor issued pursuant to Condition 14) at any time after such payment, but before the expiry of the period of five years from the date on which such Coupon would have become due, but not thereafter. The Paying Agent to which such Note and Exercise Notice are delivered will issue to the Noteholder concerned a non-transferable receipt in respect of the Note so delivered. Payment in respect of any Note so delivered will be made, if the holder duly specified a bank account in the Exercise Notice to which payment is to be made, on the Optional Redemption Date by transfer to that bank account and, in every other case, on or after the Optional Redemption Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of any Paying Agent. An Exercise Notice, once given, shall be irrevocable. For the purposes of these Conditions, receipts issued pursuant to this Condition 6(f) shall be treated as if they were Notes.

To exercise the Change of Control Put Option, the holder of a Registered Note must deposit the Certificate evidencing such Note(s) with the Registrar or any Transfer Agent at its specified office, together with a duly signed and completed Exercise Notice obtainable from the Registrar or any Transfer Agent within the Change of Control Put Period. No Certificate so deposited and option so exercised may be withdrawn without the prior consent of the Issuer. Payment in respect of any Certificate so deposited will be made, if the holder duly specified a bank account in the Exercise Notice to which payment is to be made, on the Optional Redemption Date by transfer to that bank account and, in every other case, by cheque drawn on a bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register.

The Issuer shall redeem or purchase (or procure the purchase of) the Notes in respect of which the Change of Control Put Option has been validly exercised in accordance with the provisions of this Condition 6(f) on the Optional Redemption Date unless previously redeemed (or purchased) and cancelled.

Any Exercise Notice shall be irrevocable except where prior to the Optional Redemption Date an Event of Default shall have occurred and be continuing in which event such holder, at its option, may elect by notice to the Issuer to withdraw the Exercise Notice and instead to declare such Note forthwith due and payable pursuant to Condition 10.

If 80 per cent. or more in principal amount of the Notes then outstanding have been redeemed or purchased pursuant to this Condition 6(f), the Issuer may, on giving not less than 30 nor more than 60 days’ notice to the Noteholders (such notice being given within 30 days after the Optional Redemption Date), redeem or purchase (or procure the purchase of), at its option, all but not some only of the remaining outstanding Notes at their principal amount, together with interest accrued to (but excluding) the date fixed for such redemption or purchase.

If the rating designations employed by any of Moody’s, S&P or Fitch are changed from those which are described in paragraph (ii) of the definition of “Change of Control Put Event”, or if a rating is

procured from a Substitute Rating Agency, the Issuer shall determine, with the agreement of the Trustee, the rating designations of Moody's, S&P or Fitch or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of Moody's, S&P or Fitch and this Condition 6(f) shall be construed accordingly. Such determinations shall be binding on all parties.

The Trustee, the Paying Agents and the Transfer Agents are under no obligation to ascertain whether a Change of Control Put Event or Change of Control or any event which could lead to the occurrence of or could constitute a Change of Control Put Event or Change of Control has occurred, or to seek any confirmation from any Rating Agency pursuant to the definition of Negative Rating Event, and, until they shall have actual knowledge or express notice pursuant to the Trust Deed or the Agency Agreement, as the case may be, to the contrary, the Trustee, the Paying Agents and the Transfer Agents may assume that no Change of Control Put Event or Change of Control or other such event has occurred.

(g) Purchases

The Issuer, the relevant Guarantors and any of their subsidiaries may at any time purchase Notes (provided that all unmatured Coupons and unexchanged Talons relating thereto are attached thereto or surrendered therewith) in the open market or otherwise at any price.

(h) Cancellation

All Notes purchased by or on behalf of the Issuer, the relevant Guarantors or any of their subsidiaries may be surrendered for cancellation, in the case of a Bearer Note, by surrendering such Note together with all unmatured Coupons and all unexchanged Talons to the Issuing and Paying Agent and, in the case of a Registered Note, by surrendering the Certificate representing such Notes to the Registrar and, in each case, if so surrendered, shall, together with all Notes redeemed by the Issuer, be cancelled forthwith (together with all unmatured Coupons and unexchanged Talons attached thereto or surrendered therewith). Any Notes so surrendered for cancellation may not be reissued or resold and the obligations of the Issuer and the relevant Guarantors in respect of any such Notes shall be discharged.

7 Payments and Talons

(a) Bearer Notes

Payments of principal and interest in respect of Bearer Notes shall, subject as mentioned below, be made against presentation and surrender of the Notes (in the case of all other payments of principal and, in the case of interest, as specified in Condition 7(f)(v)) or Coupons (in the case of interest, save as specified in Condition 7(f)(ii)), as the case may be, at the specified office of any Paying Agent outside the United States by a cheque payable in the relevant currency drawn on, or, at the option of the holder, by transfer to an account denominated in such currency with, a Bank. For the purpose of this Condition 7, "**Bank**" means a bank in the principal financial centre for such currency or, in the case of euro, a bank which has access to the TARGET System.

(b) Registered Notes

- (i) Payments of principal in respect of Registered Notes shall be made against presentation and surrender of the relevant Certificates at the specified office of any of the Transfer Agents or of the Registrar and in the manner provided in paragraph (ii) below.
- (ii) Interest on Registered Notes shall be paid to the person shown on the Register at the close of business on the fifteenth day before the due date for payment thereof (the "**Record Date**").

Payments of interest on each Registered Note shall be made in the relevant currency by cheque drawn on a Bank and mailed to the holder (or to the first named of joint holders) of such Note at its address appearing in the Register. Upon application by the holder to the specified office of the Registrar or any Transfer Agent before the Record Date, such payment of interest may be made by transfer to an account in the relevant currency maintained by the payee with a Bank.

(c) Payments in the United States

Notwithstanding the foregoing, if any Bearer Notes are denominated in U.S. dollars, payments in respect thereof may be made at the specified office of any Paying Agent in New York City in the same manner as aforesaid if (i) the Issuer shall have appointed Paying Agents with specified offices outside the United States with the reasonable expectation that such Paying Agents would be able to make payment of the amounts on the Notes in the manner provided above when due, (ii) payment in full of such amounts at all such offices is illegal or effectively precluded by exchange controls or other similar restrictions on payment or receipt of such amounts and (iii) such payment is then permitted by United States law, without involving, in the opinion of the Issuer, any adverse tax consequence to the Issuer.

(d) Payments subject to Fiscal Laws

Payments will be subject in all cases to any fiscal or other laws and regulations applicable thereto in the place of payment, but without prejudice to the provisions of Condition 8. No commissions or expenses shall be charged to the Noteholders or Couponholders in respect of such payments.

(e) Appointment of Agents

The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent initially appointed by the Issuer and the relevant Guarantors and their respective specified offices are listed below. The Issuing and Paying Agent, the Paying Agents, the Registrar, the Transfer Agents and the Calculation Agent act solely as agents of the Issuer and the relevant Guarantors and do not assume any obligation or relationship of agency or trust for or with any Noteholder or Couponholder. The Issuer and the relevant Guarantors reserve the right at any time with the approval of the Trustee to vary or terminate the appointment of the Issuing and Paying Agent, any other Paying Agent, the Registrar, any Transfer Agent or the Calculation Agent(s) and to appoint additional or other Paying Agents or Transfer Agents, provided that the Issuer shall at all times maintain (i) an Issuing and Paying Agent, (ii) a Registrar in relation to Registered Notes, (iii) a Transfer Agent in relation to Registered Notes, (iv) one or more Calculation Agent(s) where the Conditions so require, (v) Paying Agents having specified offices in at least two major European cities, (vi) such other agents as may be required by any other stock exchange on which the Notes may be listed in each case, as approved by the Trustee and (vii) a Paying Agent with a specified office in a European Union Member State that will not be obliged to withhold or deduct tax pursuant to any law implementing European Council Directive 2003/48/EC (as amended from time to time) or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000.

In addition, the Issuer and the relevant Guarantors shall forthwith appoint a Paying Agent in New York City in respect of any Bearer Notes denominated in U.S. dollars in the circumstances described in paragraph (c) above.

Notice of any such change or any change of any specified office shall promptly be given to the Noteholders.

(f) Unmatured Coupons and unexchanged Talons

- (i) Upon the due date for redemption of Bearer Notes which comprise Fixed Rate Notes they should be surrendered for payment together with all unmatured Coupons (if any) relating thereto, failing which an amount equal to the face value of each missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the amount of such missing unmatured Coupon that the sum of principal so paid bears to the total principal due) shall be deducted from the Final Redemption Amount, Early Redemption Amount or Optional Redemption Amount, as the case may be, due for payment. Any amount so deducted shall be paid in the manner mentioned above against surrender of such missing Coupon within a period of 10 years from the Relevant Date for the payment of such principal (whether or not such Coupon has become void pursuant to Condition 9).
- (ii) Upon the due date for redemption of any Bearer Note comprising a Floating Rate Note, unmatured Coupons relating to such Note (whether or not attached) shall become void and no payment shall be made in respect of them.
- (iii) Upon the due date for redemption of any Bearer Note, any unexchanged Talon relating to such Note (whether or not attached) shall become void and no Coupon shall be delivered in respect of such Talon.
- (iv) Where any Bearer Note that provides that the relative unmatured Coupons are to become void upon the due date for redemption of those Notes is presented for redemption without all unmatured Coupons, and where any Bearer Note is presented for redemption without any unexchanged Talon relating to it, redemption shall be made only against the provision of such indemnity as the Issuer may require.
- (v) If the due date for redemption of any Note is not a due date for payment of interest, interest accrued from the preceding due date for payment of interest or the Interest Commencement Date, as the case may be, shall only be payable against presentation (and surrender if appropriate) of the relevant Bearer Note or Certificate representing it, as the case may be. Interest accrued on a Note that only bears interest after its Maturity Date shall be payable on redemption of such Note against presentation of the relevant Note or Certificate representing it, as the case may be.

(g) Talons

On or after the Interest Payment Date for the final Coupon forming part of a Coupon sheet issued in respect of any Bearer Note, the Talon forming part of such Coupon sheet may be surrendered at the specified office of the Issuing and Paying Agent in exchange for a further Coupon sheet (and if necessary another Talon for a further Coupon sheet) (but excluding any Coupons that may have become void pursuant to Condition 9).

(h) Non-Business Days

If any date for payment in respect of any Note or Coupon 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 paragraph, “**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 relevant place of presentation, in such jurisdictions as shall be specified as “**Financial Centres**” hereon and:

- (i) (in the case of a payment in a currency other than euro) where payment is to be made by transfer to an account maintained with a bank in the relevant currency, on which foreign

exchange transactions may be carried on in the relevant currency in the principal financial centre of the country of such currency; or

- (ii) (in the case of a payment in euro) which is a TARGET Business Day.

8 Taxation

All payments of principal and interest by or on behalf of the Issuer or the relevant Guarantors in respect of the Notes and the Coupons or under the Guarantee shall be made free and clear of, and without withholding or deduction for, any taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or within the United Kingdom or any authority therein or thereof having power to tax, unless such withholding or deduction is required by law. In that event, the Issuer or, as the case may be, the relevant Guarantors shall pay such additional amounts as shall result in receipt by the Noteholders and Couponholders of such amounts as would have been received by them had no such withholding or deduction been required, except that no such additional amounts shall be payable with respect to any Note or Coupon:

(a) Other connection

held by, or by a third party on behalf of, a holder who is liable to such taxes, duties, assessments or governmental charges in respect of such Note or Coupon by reason of his having some connection with the United Kingdom other than the mere holding of the Note or Coupon; or

(b) Presentation more than 30 days after the Relevant Date

presented (or in respect of which the Certificate representing it is presented) for payment more than 30 days after the Relevant Date except to the extent that the holder of it would have been entitled to such additional amounts on presenting it for payment on the thirtieth day; or

(c) Payment to individuals

where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any law implementing European Council Directive 2003/48/EC (as amended from time to time) or any other Directive implementing the conclusions of the ECOFIN Council meeting of 26-27 November 2000; or

(d) Payment by another Paying Agent

(except in the case of Registered Notes) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union.

Notwithstanding any other provision of the terms and conditions, any amounts to be paid on the Notes by or on behalf of the Issuer, 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 or agreements thereunder or official interpretations thereof) or an intergovernmental agreement between the United States and another jurisdiction facilitating the implementation thereof (or any law, rules or practices implementing such an intergovernmental agreement) (any such withholding or deduction, a “**FATCA Withholding**”). Neither the Issuer nor any other person will be required to pay any additional amounts in respect of FATCA Withholding.

As used in these Conditions, “**Relevant Date**” in respect of any Note or Coupon means the date on which payment in respect of it first becomes due or (if any amount of the money payable is improperly withheld or

refused) the date on which payment in full of the amount outstanding is made or (if earlier) the date seven days after that on which notice is duly given to the Noteholders that, upon further presentation of the Note (or relevant Certificate) or Coupon being made in accordance with the Conditions, such payment will be made, provided that payment is in fact made upon such presentation. References in these Conditions to (i) “principal” shall be deemed to include any premium payable in respect of the Notes, all Final Redemption Amounts, Early Redemption Amounts, Optional Redemption Amounts, Amortised Face Amounts and all other amounts in the nature of principal payable pursuant to Condition 6 or any amendment or supplement to it, (ii) “interest” shall be deemed to include all Interest Amounts and all other amounts payable pursuant to Condition 5 or any amendment or supplement to it and (iii) “principal” and/or “interest” shall be deemed to include any additional amounts that may be payable under this Condition or any undertaking given in addition to or in substitution for it under the Trust Deed.

9 Prescription

Claims against the Issuer and/or the relevant Guarantors for payment in respect of the Notes and Coupons (which, for this purpose, shall not include Talons) shall be prescribed and become void unless made within 10 years (in the case of principal) or five years (in the case of interest) from the appropriate Relevant Date in respect of them.

10 Events of Default

If any of the following events (“**Events of Default**”) occurs and is continuing, the Trustee at its discretion may, and if so requested by holders of at least one-quarter in nominal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution shall, subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction, give notice to the Issuer that the Notes are, and they shall immediately become, due and payable at their Early Redemption Amount together with accrued interest:

(a) Non-Payment

default is made for more than (i) 30 days (in the case of interest or payments of principal in respect of Zero Coupon Notes other than any payment in respect of principal due prior to the Maturity Date of a Zero Coupon Note as a result of the exercise of any call or put option) or (ii) seven days (in the case of principal including any payment in respect of principal due prior to the Maturity Date of a Zero Coupon Note as a result of the exercise of any call or put option but not other payments of principal on Zero Coupon Notes), in each case in the payment on the due date of interest or principal, as the case may be, in respect of any of the Notes; or

(b) Breach of Other Obligations

the Issuer or any relevant Guarantor does not perform or comply with any one or more of its other obligations in the Notes or the Trust Deed which default is incapable of remedy or, if in the opinion of the Trustee capable of remedy, is not in the opinion of the Trustee remedied within 60 days after notice of such default shall have been given to the Issuer or such Guarantor by the Trustee; or

(c) Cross-Acceleration

any other present or future Indebtedness for money borrowed or raised by the Issuer or the relevant Guarantors or any Subsidiary becomes due and payable prior to its stated maturity by reason of any event of default (howsoever described) without, except in the case of Indebtedness in respect of the 2005 Bonds, the 2008 Bonds or the 2012 Bonds, such Indebtedness having been discharged, or such acceleration having been rescinded or annulled within a period of 10 days after the date on which the Issuer gives notice to the Trustee of such acceleration as required by the Trust Deed, provided that the

aggregate amount of the relevant Indebtedness equals or exceeds the greater of U.S.\$75,000,000 or its equivalent and 5 per cent. of Consolidated Net Tangible Assets (in each case as reasonably determined by the Trustee); or

(d) Failure to pay other Indebtedness on Maturity

the failure to pay at stated maturity (or, if later, the expiration of any relevant grace period) any other Indebtedness for money borrowed of the Issuer or any Guarantor or any Subsidiary provided that (i) except in the case of Indebtedness in respect of the 2005 Bonds, the 2008 Bonds or the 2012 Bonds, no Event of Default shall occur under this paragraph unless the relevant amount remains unpaid for a period of 10 days after the date on which the Issuer gives notice to the Trustee of such failure to pay as required by the Trust Deed and (ii) the aggregate amount of the relevant Indebtedness equals or exceeds the greater of U.S.\$75,000,000 or its equivalent and 5 per cent. of Consolidated Net Tangible Assets (in each case as reasonably determined by the Trustee); or

(e) Enforcement Proceedings

a final judgment (from which no appeal is possible) is given or order made against the Issuer and/or any relevant Guarantors by a court of competent jurisdiction in an aggregate amount in excess of the greater of U.S.\$75,000,000 or its equivalent and 5 per cent. of Consolidated Net Tangible Assets (in each case as reasonably determined by the Trustee) and is not discharged or stayed within 60 days; or

(f) Insolvency

the entry by a competent court having jurisdiction of (i) a decree, judgment or order for relief in respect of the Issuer or any Guarantor in an involuntary case or proceeding (including winding up proceedings) under any applicable United Kingdom insolvency law or (ii) a decree, judgment or order adjudging the Issuer or any Guarantor insolvent, or approving as properly filed a petition seeking the arrangement, adjustment or composition of or in respect of the Issuer or any Guarantor under any applicable United Kingdom insolvency law, or appointing a receiver, liquidator, administrator or other similar official of the Issuer or any Guarantor or of all or, in the opinion of the Trustee, any substantial part of their respective property, and the continuance of any such decree, judgment or order for relief referred to in (i) above or any such other decree, judgment or order referred to in (ii) above unstayed and in effect for a period of 60 consecutive days; or

(g) Consent to Insolvency

the commencement by the Issuer or the Guarantors of a voluntary case or proceeding under any applicable United Kingdom insolvency law or the commencement of any insolvency case or proceeding, or the consent by the Issuer or any Guarantor to the entry of a decree or order for relief in respect of the Issuer or the Guarantors in an involuntary case or proceeding under any applicable United Kingdom insolvency law or to the commencement of any insolvency case or proceeding against them, or the consent by any of them to the appointment of or taking possession by a receiver, liquidator, administrator or other similar official of the Issuer or the Guarantors or of all or, in the opinion of the Trustee, any substantial part of their property, or the making by any of them of an assignment for the benefit of creditors generally, or the admission by any of them in writing of its inability to pay its debts generally as they become due; or

(h) Guarantees

the Guarantee is not (or is claimed by the Guarantor not to be) in full force and effect,

provided that in the case of paragraphs (b), (c) and (e) (in so far as its relates to any of the events mentioned in relation to paragraphs (b), (c) or (e) only), the Trustee shall have certified that in its opinion such event is materially prejudicial to the interests of the Noteholders.

11 Meetings of Noteholders, Modification, Waiver and Substitution

(a) Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of Noteholders to consider any matter affecting their interests, including the sanctioning by Extraordinary Resolution of a modification of any of these Conditions or any provisions of the Trust Deed. Such a meeting may be convened by Noteholders holding not less than 10 per cent. in nominal amount of the Notes for the time being outstanding. The quorum for any meeting convened to consider an Extraordinary Resolution shall be two or more persons holding or representing a clear majority in nominal amount of the Notes for the time being outstanding, or at any adjourned meeting two or more persons being or representing Noteholders whatever the nominal amount of the Notes held or represented, unless the business of such meeting includes consideration of proposals, *inter alia*, (i) to amend the dates of maturity or redemption of the Notes or any date for payment of interest or Interest Amounts on the Notes, (ii) to reduce or cancel the nominal amount of, or any premium payable on redemption of, the Notes, (iii) to reduce the rate or rates of interest in respect of the Notes or to vary the method or basis of calculating the rate or rates or amount of interest or the basis for calculating any Interest Amount in respect of the Notes, (iv) if a Minimum and/or a Maximum Rate of Interest or Redemption Amount is shown hereon, to reduce any such Minimum and/or Maximum, (v) to vary any method of, or basis for, calculating the Final Redemption Amount, the Early Redemption Amount or the Optional Redemption Amount, including the method of calculating the Amortised Face Amount, (vi) to vary the currency or currencies of payment or denomination of the Notes, (vii) to modify the provisions concerning the quorum required at any meeting of Noteholders or the majority required to pass the Extraordinary Resolution, or (viii) to modify or cancel the Guarantee, in which case the necessary quorum shall be two or more persons holding or representing not less than 75 per cent., or at any adjourned meeting not less than 25 per cent., in nominal amount of the Notes for the time being outstanding. Any Extraordinary Resolution duly passed shall be binding on Noteholders (whether or not they were present at the meeting at which such resolution was passed) and on all Couponholders.

(b) Modification and waiver

The Trustee may agree, without the consent of the Noteholders or Couponholders, to (i) any modification of any of the provisions of these Conditions or the Trust Deed that is in its opinion of a formal, minor or technical nature or is made to correct a manifest error, and (ii) any other modification (except as mentioned in the Trust Deed), and any waiver or authorisation of any breach or proposed breach, of any of the provisions of these Conditions or the Trust Deed that is in the opinion of the Trustee not materially prejudicial to the interests of the Noteholders. Any such modification, authorisation or waiver shall be binding on the Noteholders and the Couponholders and, if the Trustee so requires, such modification shall be notified to the Noteholders as soon as practicable.

(c) Substitution

The Trust Deed contains provisions permitting the Trustee to agree, subject to such amendment of the Trust Deed and such other conditions as the Trustee may require, but without the consent of the Noteholders or the Couponholders, to (i) the substitution of the Issuer's successor in business or any subsidiary of the Issuer or its successor in business in place of the Issuer or of any previously substituted company or (ii) the substitution of any relevant Guarantor's successor in business in place

of such Guarantor or of any previous substituted company, under the Trust Deed and the Notes. In the case of such a substitution the Trustee may agree, without the consent of the Noteholders or the Couponholders, to a change of the law governing the Notes, the Coupons, the Talons and/or the Trust Deed provided that such change would not in the opinion of the Trustee be materially prejudicial to the interests of the Noteholders.

(d) Entitlement of the Trustee

In connection with the exercise of its functions (including but not limited to those referred to in this Condition) the Trustee shall have regard to the interests of the Noteholders as a class and shall not have regard to the consequences of such exercise for individual Noteholders or Couponholders and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer or any relevant Guarantor any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders.

12 Enforcement

At any time after the Notes become due and payable, the Trustee may, at its discretion and without further notice, take such steps or actions or institute such proceedings against the Issuer and/or any relevant Guarantor as it may think fit to enforce the terms of the Trust Deed, the Notes and the Coupons, but it need not take any such steps, actions or proceedings unless (a) it shall have been so directed by an Extraordinary Resolution or so requested in writing by Noteholders holding at least one-quarter in nominal amount of the Notes outstanding, and (b) it shall have been indemnified and/or secured and/or prefunded to its satisfaction. No Noteholder or Couponholder may proceed directly against the Issuer or any relevant Guarantor unless the Trustee, having become bound so to proceed, fails to do so within a reasonable time and such failure is continuing.

13 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility. The Trustee is entitled to enter into business transactions with the Issuer, any Guarantor and any entity related to the Issuer or any Guarantor without accounting for any profit.

14 Replacement of Notes, Certificates, Coupons and Talons

If a Note, Certificate, Coupon or Talon 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 Issuing and Paying Agent (in the case of Bearer Notes, Coupons or Talons) and of the Registrar (in the case of Certificates) or such other Paying Agent or Transfer Agent, as the case may be, as may from time to time be designated by the Issuer for the purpose and notice of whose designation is given to Noteholders, 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 and indemnity (which may provide, *inter alia*, that if the allegedly lost, stolen or destroyed Note, Certificate, Coupon or Talon is subsequently presented for payment or, as the case may be, for exchange for further Coupons, there shall be paid to the Issuer on demand the amount payable by the Issuer in respect of such Notes, Certificates, Coupons or further Coupons) and otherwise as the Issuer and the Issuing and Paying Agent may require. Mutilated or defaced Notes, Certificates, Coupons or Talons must be surrendered before replacements will be issued.

15 Further Issues

The Issuer may from time to time without the consent of the Noteholders or Couponholders create and issue further securities either having the same terms and conditions as the Notes in all respects (or in all respects except for the first payment of interest on them) and so that such further issue may be consolidated and form a single series with the outstanding securities of any series (including the Notes) or upon such terms as the Issuer may determine at the time of their issue. References in these Conditions to the Notes include (unless the context requires otherwise) any other securities issued pursuant to this Condition and forming a single series with the Notes. Any further securities forming a single series with the outstanding securities of any series (including the Notes) constituted by the Trust Deed or any deed supplemental to it shall, and any other securities may (with the consent of the Trustee), be constituted by the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of securities of other series where the Trustee so decides.

16 Notices

Notices to the holders of Registered Notes shall be mailed to them at their respective addresses in the Register and deemed to have been given on the fourth weekday (being a day other than a Saturday or a Sunday) after the date of mailing. Notices to the holders of Bearer Notes shall be valid if published in a daily newspaper of general circulation in London (which is expected to be the *Financial Times*). If in the opinion of the Trustee any such publication is not practicable, notice shall be validly given if published in another leading daily English language newspaper with general circulation in Europe. Any such notice shall be deemed to have been given on the date of such publication or, if published more than once or on different dates, on the first date on which publication is made, as provided above.

Couponholders shall be deemed for all purposes to have notice of the contents of any notice given to the holders of Bearer Notes in accordance with this Condition.

17 Contracts (Rights of Third Parties) Act 1999

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

18 Governing Law and Jurisdiction

(a) Governing Law

The Trust Deed, the Notes, the Coupons and the Talons and any non-contractual obligations arising out of or in connection with them are governed by, and shall be construed in accordance with, English law.

(b) Jurisdiction

The Courts of England are to have jurisdiction to settle any disputes that may arise out of or in connection with any Notes, Coupons or Talons and accordingly any legal action or proceedings arising out of or in connection with any Notes, Coupons or Talons may be brought in such courts.

19 Definitions

In these Conditions, unless the context otherwise requires, the following defined terms shall have the meanings set out below:

“**2005 Bonds**” means the principal amount of U.S.\$750,000,000 5.625 per cent. Senior Unsecured Notes due 2015, U.S.\$350,000,000 6.500 per cent. Senior Unsecured Notes due 2035 and £400,000,000 5.750 per cent.

Senior Unsecured Notes due 2017 issued pursuant to the indenture dated 20 October 2005 among Sky Finance, as issuer, Sky, Sky UK and Sky Subscribers, as initial guarantors, and The Bank of New York (now known as The Bank of New York Mellon), as trustee.

“**2008 Bonds**” means: (i) the principal amount of U.S.\$750,000,000 6.10 per cent. Senior Unsecured Notes due 2018 issued pursuant to the indenture dated 15 February 2008 among Sky as issuer, Sky UK, Sky Finance, BSkyB Investments and BSkyB Publications as initial guarantors and The Bank of New York Mellon as trustee; and (ii) the principal amount of U.S.\$600,000,000 9.5 per cent. Senior Unsecured Notes due 2018 issued pursuant to the indenture dated 24 November 2008 among Sky, as issuer, Sky UK, Sky Finance, BSkyB Investments, BSkyB Publications, Sky In-Home Service Limited (“**Sky In-Home**”) and Sky Subscribers as initial guarantors and The Bank of New York Mellon as trustee.

“**2012 Bonds**” means the principal amount of U.S.\$800,000,000 3.125 per cent. Senior Unsecured Notes due 2022 issued pursuant to a supplemental indenture dated 14 November 2012 among Sky as issuer, Sky UK, Sky Finance, Sky In-Home and Sky Subscribers as guarantors and The Bank of New York Mellon as trustee, which supplements and amends the indenture dated 24 November 2008 among Sky as issuer, Sky UK, Sky Finance, BSkyB Investments, BSkyB Publications, Sky In-Home and Sky Subscribers as initial guarantors and The Bank of New York Mellon as trustee.

“**Business Day**” means:

- (i) in the case of a currency other than euro, a day (other than a Saturday or Sunday) on which commercial banks and foreign exchange markets settle payments in the principal financial centre for such currency and/or
- (ii) in the case of euro, a day on which the TARGET system is operating (a “**TARGET Business Day**”) and/or
- (iii) in the case of a currency and/or one or more Business Centres a day (other than a Saturday or a Sunday) on which commercial banks and foreign exchange markets settle payments in such currency in the Business Centre(s) or, if no currency is indicated, generally in each of the Business Centres.

“**Calculation Amount**” has the meaning as specified hereon.

“**Change of Control Period**” means the period commencing on the Relevant Announcement Date and ending 90 days after the Change of Control (or such longer period for which the Notes are under consideration (such consideration having been announced publicly within the period ending 90 days after the Change of Control) for rating review or, as the case may be, rating by a Rating Agency, such period not to exceed 60 days after the public announcement of such consideration).

“**Consolidated Net Tangible Assets**” means the total amount of assets of the Group including deferred pension costs included within total assets, and deferred tax assets, after deducting therefrom:

- (i) all current liabilities (excluding any Finance Lease Obligation classified as a current liability);
- (ii) all goodwill, trade names, trade marks, patents, unamortised debt discount and financing costs; and
- (iii) appropriate adjustments on account of minority interests of other Persons holding shares in any Subsidiary,

all as set forth in the most recent consolidated balance sheet of the Group (but, in any event, as of a date within 150 days of the date of determination) and computed in accordance with IFRS.

“Day Count Fraction” means, in respect of the calculation of an amount of interest on any Note for any period of time (from and including the first day of such period to but excluding the last) (whether or not constituting an Interest Period or Interest Accrual Period, the **“Calculation Period”**):

- (i) if “Actual/Actual” or “Actual/Actual – ISDA” is specified hereon, the actual number of days in the Calculation Period divided by 365 (or, if any portion of that Calculation Period falls in a leap year, the sum of (A) the actual number of days in that portion of the Calculation Period falling in a leap year divided by 366 and (B) the actual number of days in that portion of the Calculation Period falling in a non-leap year divided by 365)
- (ii) if “Actual/365 (Fixed)” is specified hereon, the actual number of days in the Calculation Period divided by 365
- (iii) if “Actual/360” is specified hereon, the actual number of days in the Calculation Period divided by 360
- (iv) if “30/360”, “360/360” or “Bond Basis” is specified hereon, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case **D₁** will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31 and **D₁** is greater than 29, in which case **D₂** will be 30

- (v) if “30E/360” or “Eurobond Basis” is specified hereon, the number of days in the Calculation Period divided by 360 calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless such number would be 31, in which case **D₁** will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless such number would be 31, in which case **D₂** will be 30

- (vi) if “30E/360 (ISDA)” is specified hereon, the number of days in the Calculation Period divided by 360, calculated on a formula basis as follows:

$$\text{Day Count Fraction} = \frac{[360 \times (Y_2 - Y_1)] + [30 \times (M_2 - M_1)] + (D_2 - D_1)}{360}$$

where:

“**Y₁**” is the year, expressed as a number, in which the first day of the Calculation Period falls;

“**Y₂**” is the year, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**M₁**” is the calendar month, expressed as a number, in which the first day of the Calculation Period falls;

“**M₂**” is the calendar month, expressed as a number, in which the day immediately following the last day included in the Calculation Period falls;

“**D₁**” is the first calendar day, expressed as a number, of the Calculation Period, unless (i) that day is the last day of February or (ii) such number would be 31, in which case **D₁** will be 30; and

“**D₂**” is the calendar day, expressed as a number, immediately following the last day included in the Calculation Period, unless (i) that day is the last day of February but not the Maturity Date or (ii) such number would be 31, in which case **D₂** will be 30; and

- (vii) if “Actual/Actual-ICMA” is specified hereon:
- (a) if the Calculation Period is equal to or shorter than the Determination Period during which it falls, the number of days in the Calculation Period divided by the product of (x) the number of days in such Determination Period and (y) the number of Determination Periods normally ending in any year; and
 - (b) if the Calculation Period is longer than one Determination Period, the sum of:
 - (x) the number of days in such Calculation Period falling in the Determination Period in which it begins divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year; and
 - (y) the number of days in such Calculation Period falling in the next Determination Period divided by the product of (1) the number of days in such Determination Period and (2) the number of Determination Periods normally ending in any year

where:

“**Determination Period**” means the period from and including a Determination Date in any year to but excluding the next Determination Date; and

“Determination Date” means the date(s) specified as such hereon or, if none is so specified, the Interest Payment Date(s).

“Early Redemption Amount” has the meaning as specified hereon.

“Euro-zone” means the region comprised of member states of the European Union that adopt the single currency in accordance with the Treaty establishing the European Community, as amended.

“Extraordinary Resolution” has the meaning given in the Trust Deed.

“Final Redemption Amount” has the meaning as specified hereon.

“Finance Lease Obligation” means any indebtedness or other obligation of a Person under a lease treated as a finance lease in accordance with IFRS as amended, superseded or substituted in accordance with IFRS.

“Group” means Sky and its consolidated subsidiaries which are consolidated under IFRS.

“IFRS” means International Financial Reporting Standards as issued by the International Accounting Standard Board, as endorsed by the European Commission and applied by Sky on a consistent basis or any other body of generally accepted accounting principles as may be required to be applied by Sky in accordance with the rules of any relevant regulatory body, as so applied.

“Indebtedness” of any Person as at the relevant date means, and without duplication, any obligation for or in respect of:

- (i) money borrowed or raised (whether or not for a cash consideration and whether or not the recourse of the lender is to the whole of the assets of such Person or only a portion thereof) and premiums (if any) and capitalised interest (if any) in respect thereof;
- (ii) any debenture, bond, note, loan, stock or similar instrument (whether or not issued or raised for a cash consideration);
- (iii) liabilities of such Person in respect of any letter of credit (other than in respect of Trade Payables), bankers’ acceptance or note purchase facility or any liability with respect to any recourse receivables purchase, factoring or discounting arrangement;
- (iv) Finance Lease Obligations (whether in respect of buildings, machinery, equipment or otherwise);
- (v) any deferred purchase or conditional sale agreement or arrangement or representing the balance deferred and unpaid of the purchase price of any property (including pursuant to any Finance Lease Obligation), except any such balance which represents a Trade Payable;
- (vi) net liabilities in respect of any Interest Rate Protection Agreements (but only to the extent that such liabilities are secured by the posting of cash collateral);
- (vii) all obligations of such Person to purchase, redeem, retire, defease or otherwise acquire for value any Redeemable Stock of such Person or any warrants, rights or options to acquire such Redeemable Stock valued, in the case of Redeemable Stock, at the greatest amount payable in respect thereof on a liquidation (whether voluntary or involuntary) plus accrued and unpaid dividends;
- (viii) direct or indirect guarantees of all Indebtedness of other Persons referred to in clauses (i) to (vii) (inclusive) above or legally binding agreements by any Person:
 - (a) to pay or purchase such Indebtedness or to advance or supply funds for the payment or purchase of such Indebtedness, or

- (b) to purchase, sell or lease (as lessee or lessor) property, or to purchase or sell services, primarily for the purpose of enabling the debtor to make payment of such Indebtedness, or
 - (c) to supply funds to or in any other manner invest in the debtor (including any agreement to pay for property or services irrespective of whether such property is received or such services are rendered), or
 - (d) otherwise to assure in a legally binding manner any Person to whom Indebtedness is owed against loss; and
- (ix) all Indebtedness of the types referred to in clauses (i) to (viii) (inclusive) above secured by (or for which the holder of such Indebtedness has an existing right, contingent or otherwise, to be secured by) any encumbrance on any asset owned by such Person, even though such Person has not assumed or become liable for the payment of such Indebtedness.

The amount of Indebtedness of any Person at any date shall be (without duplication) (i) the outstanding balance at such date of all unconditional obligations as described above and the maximum liability of any such contingent obligations at such date and (ii), in the case of Indebtedness of others, secured by a Lien to which the property or assets owned or held by such Person is subject, the lesser of the fair market value at such date of any asset subject to a Lien securing the Indebtedness of others and the amount of the Indebtedness secured.

“Interest Accrual Period” means the period beginning on (and including) the Interest Commencement Date and ending on (but excluding) the first Interest Period Date and each successive period beginning on (and including) an Interest Period Date and ending on (but excluding) the next succeeding Interest Period Date.

“Interest Amount” means:

- (i) in respect of an Interest Accrual Period, the amount of interest payable per Calculation Amount for that Interest Accrual Period and which, in the case of Fixed Rate Notes, and unless otherwise specified hereon, shall mean the Fixed Coupon Amount or Broken Amount specified hereon as being payable on the Interest Payment Date ending the Interest Period of which such Interest Accrual Period forms part; and
- (ii) in respect of any other period, the amount of interest payable per Calculation Amount for that period.

“Interest Commencement Date” means the Issue Date or such other date as may be specified hereon.

“Interest Determination Date” means, with respect to a Rate of Interest and Interest Accrual Period, the date specified as such hereon or, if none is so specified, (i) the first day of such Interest Accrual Period if the Specified Currency is Sterling or (ii) the day falling two Business Days in London for the Specified Currency prior to the first day of such Interest Accrual Period if the Specified Currency is neither Sterling nor euro or (iii) the day falling two TARGET Business Days prior to the first day of such Interest Accrual Period if the Specified Currency is euro.

“Interest Period” means the period beginning on (and including) the Interest Commencement 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 Period Date” means each Interest Payment Date unless otherwise specified hereon.

“Interest Rate Protection Agreements” of any Person is defined as the obligations of such Person pursuant to any interest rate swap agreement, interest rate collar agreement, option or future contract or other similar

agreement or arrangement designed to protect such Person or any of its Subsidiaries against fluctuations in interest rates.

“ISDA Definitions” means the 2006 ISDA Definitions, as published by the International Swaps and Derivatives Association, Inc., unless otherwise specified hereon.

“Lien” means any mortgage, lien, pledge, security interest, conditional sale or other title retention agreement, charge, or other security interest or encumbrance of any kind (including any unconditional agreement to give security interest).

“Margin” has the meaning as specified hereon.

“Maximum Rate of Interest” has the meaning as specified hereon.

“Maximum Redemption Amount” has the meaning as specified hereon.

“Minimum Rate of Interest” has the meaning as specified hereon.

“Minimum Redemption Amount” has the meaning as specified hereon.

A **“Negative Rating Event”** shall be deemed to have occurred if at such time as there is no rating assigned to the Notes by a Rating Agency (i) the Issuer does not, either prior to, or not later than 21 days after, the occurrence of the Change of Control seek, and thereafter throughout the Change of Control Period use all reasonable endeavours to obtain, a rating of the Notes, or any other unsecured and unsubordinated debt of the Issuer or (ii) if the Issuer does so seek and use such endeavours, it is unable to obtain such a rating of at least investment grade by the end of the Change of Control Period.

“Optional Redemption Amount” has the meaning as specified hereon.

“Person” means any individual, corporation, partnership, joint venture, trust, unincorporated organisation or government or any agency or political subdivision thereof.

“Rate of Interest” means the rate of interest payable from time to time in respect of this Note and that is either specified or calculated in accordance with the provisions hereon.

“Rating Agency” means Moody’s Investors Service Ltd. (**“Moody’s”**), Standard & Poor’s Credit Market Services Europe Ltd. (**“S&P”**) or Fitch Ratings Limited (**“Fitch”**) or any of their respective successors or any rating agency (a **“Substitute Rating Agency”**) substituted for any of them by the Issuer from time to time with the prior written approval of the Trustee.

“Redeemable Stock” means any equity security that by its terms or otherwise is required to be redeemed prior to the maturity of the Notes or is redeemable at the option of the holder thereof at any time prior to maturity of the Notes.

“Redemption Amount” means, as appropriate, the Final Redemption Amount, the Early Redemption Amount, the Optional Redemption Amount or such other redemption amount as may be specified hereon.

“Reference Banks” means, in the case of a determination of LIBOR, the principal London office of four major banks in the London inter-bank market and, in the case of a determination of EURIBOR, the principal Euro-zone office of four major banks in the Euro-zone inter-bank market, in each case selected by the Calculation Agent or as specified hereon.

“Reference Rate” means the rate specified as such hereon.

“Relevant Indebtedness” means any Indebtedness which is in the form of or represented by any bond, note, debenture, debenture stock, loan stock, certificate or other instrument which is, or is intended to be, listed,

quoted or traded on any stock exchange or in any securities market (including, without limitation, any over-the-counter market).

“Relevant Potential Change of Control Announcement” means any public announcement or statement by the Issuer, any actual or potential bidder or any adviser acting on behalf of any actual or potential bidder relating to any potential Change of Control where within 90 days following the date of such announcement or statement, a Change of Control occurs.

“Relevant Screen Page” means such page, section, caption, column or other part of a particular information service as may be specified hereon or any successor page.

“Revolving Credit Facility” means the £750,000,000 revolving credit facility for Sky, guaranteed by certain subsidiaries of Sky dated as of 19 June 2009, as amended, supplemented or otherwise modified from time to time by the parties thereto, or any refinancing, refunding, renewal or substitution thereof.

“Specified Currency” means the currency specified as such hereon or, if none is specified, the currency in which the Notes are denominated.

“Specified Interest Payment Dates” means such dates as may be specified hereon.

“Subsidiary” means, from time to time, a subsidiary of Sky within the meaning of Section 1159 of the Companies Act 2006.

“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.

“Trade Payables” of any Person means as accounts payable or any other Indebtedness or monetary obligations to trade creditors created, assumed or guaranteed by such Person or any of its subsidiaries in the ordinary course of business in connection with the obtaining of goods, materials or services.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE IN GLOBAL FORM

1 Initial Issue of Notes

If the Global Notes or the Global Certificates are stated in the applicable Pricing Supplement to be issued in NGN form or to be held under the NSS (as the case may be), (i) the Global Notes or the Global Certificates will be delivered on or prior to the original issue date of the Tranche to a Common Safekeeper and (ii) the relevant clearing systems will be notified whether or not such Global Notes or Global Certificates are intended to be held in a manner which would allow Eurosystem eligibility. Depositing the Global Notes or the Global Certificates with the Common Safekeeper does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra-day credit operations by the Eurosystem either upon issue, or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystem eligibility criteria.

Global Notes which are issued in CGN form and Unrestricted Global Certificates which are not held under the NSS may be delivered on or prior to the original issue date of the Tranche to a common depositary for Euroclear and Clearstream, Luxembourg (the “**Common Depositary**”).

Restricted Global Certificates may be delivered on or prior to the original issue date of a Tranche to a Custodian for, and registered in the name of Cede & Co. as nominee for, DTC.

If the Global Note is a CGN, upon the initial deposit of a Global Note with a Common Depositary or registration of Registered Notes in the name of any nominee for Euroclear and Clearstream, Luxembourg and delivery of the relative Global Certificate to the Common Depositary, Euroclear or Clearstream, Luxembourg will credit each subscriber with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid. If the Global Note is a NGN, the nominal amount of the Notes shall be the aggregate amount from time to time entered in the records of Euroclear or Clearstream, Luxembourg. The records of such clearing system shall be conclusive evidence of the nominal amount of Notes represented by the Global Note and a statement issued by such clearing system at any time shall be conclusive evidence of the records of the relevant clearing system at that time.

Upon the initial deposit of a Restricted Global Certificate in respect of, and registration of, Registered Notes in the name of a nominee for DTC and delivery of the relevant Restricted Global Certificate to the Custodian for DTC, DTC will credit each participant with a nominal amount of Notes equal to the nominal amount thereof for which it has subscribed and paid.

Notes that are initially deposited with the Common Depositary may also be credited to the accounts of subscribers with (if indicated in the relevant Pricing Supplement) other clearing systems through direct or indirect accounts with Euroclear and Clearstream, Luxembourg held by such other clearing systems. Conversely, Notes that are initially deposited with any other clearing system may similarly be credited to the accounts of subscribers with Euroclear, Clearstream, Luxembourg or other clearing systems.

2 Relationship of Accountholders with Clearing Systems

Each of the persons shown in the records of Euroclear, Clearstream, Luxembourg, DTC or any other permitted clearing system (the “**Alternative Clearing System**”) as the holder of a Note represented by a Global Note or a Global Certificate must look solely to Euroclear, Clearstream, Luxembourg, DTC or any such Alternative Clearing System (as the case may be) for his share of each payment made by the relevant Issuer to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, and in relation to all other rights arising under the Global Notes or Global Certificates, subject to and in accordance with the respective rules and procedures of Euroclear, Clearstream, Luxembourg, DTC or such

Alternative Clearing System (as the case may be). Such persons shall have no claim directly against the relevant Issuer in respect of payments due on the Notes for so long as the Notes are represented by such Global Note or Global Certificate and such obligations of the relevant Issuer will be discharged by payment to the bearer of such Global Note or the holder of the underlying Registered Notes, as the case may be, in respect of each amount so paid.

3 Exchange

3.1 Temporary Global Notes

Each temporary Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date:

- (i) if the relevant Pricing Supplement indicates that such Global Note is issued in compliance with the C Rules or in a transaction to which TEFRA is not applicable (as to which, see “*Overview of the Programme — Selling Restrictions*”), in whole, but not in part, for the Definitive Notes defined and described below; and
- (ii) otherwise, in whole or in part upon certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement for interests in a permanent Global Note or, if so provided in the relevant Pricing Supplement, for Definitive Notes.

Each temporary Global Note that is also an Exchangeable Bearer Note will be exchangeable for Registered Notes in accordance with the Conditions in addition to any permanent Global Note or Definitive Notes for which it may be exchangeable and, before its Exchange Date, will also be exchangeable in whole or in part for Registered Notes only.

In relation to any issue of Notes which are expressed to be temporary Global Notes exchangeable for Definitive Notes, such Notes shall be issued and tradeable only in principal amounts equal to the Specified Denomination (or if more than one Specified Denomination, the lowest Specified Denomination) and multiples thereof.

3.2 Permanent Global Notes

Each permanent Global Note will be exchangeable, free of charge to the holder, on or after its Exchange Date in whole but not, except as provided under paragraph 3.4 below, in part for Definitive Notes or Registered Notes:

- (i) if the permanent Global Note is an Exchangeable Bearer Note, by the holder giving notice to the Issuing and Paying Agent of its election to exchange the whole or a part of such Global Note for Registered Notes; and
- (ii) if the permanent Global Note is held on behalf of Euroclear or Clearstream, Luxembourg or an 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 in fact does so.

In the event that a Global Note is exchanged for Definitive Notes, such Definitive Notes shall be issued in Specified Denomination(s) only. A Noteholder who holds a principal amount of less than the minimum Specified Denomination will not receive a Definitive Note in respect of such holding and would need to purchase a principal amount of Notes such that it holds an amount equal to one or more Specified Denominations.

3.3 Permanent Global Certificates

(a) Unrestricted Global Certificates

If the Pricing Supplement state that the Notes are to be represented by an Unrestricted Global Certificate on issue, the following will apply in respect of transfers of Notes held in Euroclear or Clearstream, Luxembourg or an Alternative Clearing System. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of such clearing system, but will limit the circumstances in which the Notes may be withdrawn from the relevant clearing system.

Transfers of the holding of Notes represented by an Unrestricted Global Certificate pursuant to Condition 2(b) may only be made in part:

- (i) if the relevant 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) with the consent of the relevant Issuer,

provided that, in the case of any transfer pursuant to paragraph 3.3(a)(i) above, the Registered Holder has given the Registrar not less than 30 days' notice at its specified office of the Registered Holder's intention to effect such transfer.

(b) Restricted Global Certificates

If the Pricing Supplement state that the Notes are to be represented by a Restricted Global Certificate on issue, the following will apply in respect of transfers of Notes held in DTC. These provisions will not prevent the trading of interests in the Notes within a clearing system whilst they are held on behalf of DTC, but will limit the circumstances in which the Notes may be withdrawn from DTC.

Transfers of the holding of Notes represented by a Restricted Global Certificate pursuant to Condition 2(b) may only be made in part:

- (i) if such Notes are held on behalf of a Custodian for DTC and if DTC notifies the relevant Issuer that it is no longer willing or able to discharge properly its responsibilities as depository with respect to that Restricted Global Certificate or DTC ceases to be a "clearing agency" registered under the Exchange Act or is at any time no longer eligible to act as such, and such Issuer is unable to locate a qualified successor within 90 days of receiving notice of such ineligibility on the part of DTC; or
- (ii) with the consent of the relevant Issuer,

provided that, in the case of any transfer pursuant to paragraph 3.3(b)(i) above, the relevant Registered Noteholder has given the Registrar not less than 30 days' notice at its specified office of the Registered Noteholder's intention to effect such transfer. Individual Certificates issued in exchange for a beneficial interest in a Restricted Global Certificate shall bear the legend applicable to such Notes as set out in "*Transfer Restrictions*".

3.4 Partial Exchange of Permanent Global Notes

For so long as a permanent Global Note is held on behalf of a clearing system and the rules of that clearing system permit, such permanent Global Note will be exchangeable in part on one or more occasions for Registered Notes if the permanent Global Note is an Exchangeable Bearer Note and the part submitted for exchange is to be exchanged for Registered Notes.

3.5 Delivery of Notes

If the Global Note is a CGN, on or after any due date for exchange, the holder of a Global Note may surrender such Global Note or, in the case of a partial exchange, present it for endorsement to or to the order of the Issuing and Paying Agent. In exchange for any Global Note, or the part thereof to be exchanged, the relevant Issuer will (i) in the case of a temporary Global Note exchangeable for a permanent Global Note, deliver, or procure the delivery of, a permanent Global Note in an aggregate nominal amount equal to that of the whole or that part of a temporary Global Note that is being exchanged or, in the case of a subsequent exchange, endorse, or procure the endorsement of, a permanent Global Note to reflect such exchange or (ii) in the case of a Global Note exchangeable for Definitive Notes or Registered Notes, deliver, or procure the delivery of, an equal aggregate nominal amount of duly executed and authenticated Definitive Notes and/or Certificates, as the case may be, or if the Global Note is a NGN, the relevant Issuer will procure that details of such exchange be entered *pro rata* in the records of the relevant clearing system. Such Global Notes and Definitive Notes and/or Certificates will be delivered outside the United States and its possessions. In this Offering Memorandum, “**Definitive Notes**” means, in relation to any Global Note, the definitive Bearer Notes for which such Global Note may be exchanged (if appropriate, having attached to them all Coupons in respect of interest that has not already been paid on the Global Note and a Talon). Definitive Notes will be security printed and Certificates will be printed in accordance with any applicable legal and stock exchange requirements in or substantially in the form set out in the Schedules to the Trust Deed. On exchange in full of each permanent Global Note, the relevant Issuer will, if the holder so requests, procure that it is cancelled and returned to the holder together with the relevant Definitive Notes.

3.6 Exchange Date

“**Exchange Date**” means, in relation to a temporary Global Note, the day falling after the expiry of 40 days after its issue date and, in relation to a permanent Global Note, a day falling not less than 60 days, or in the case of an exchange for Registered Notes five days, after that on which the notice requiring exchange is given and on which banks are open for business in the city in which the specified office of the Issuing and Paying Agent is located and in the city in which the relevant clearing system is located.

4 Amendment to Conditions

The temporary Global Notes, permanent Global Notes and Global Certificates contain provisions that apply to the Notes that they represent, some of which modify the effect of the terms and conditions of the Notes set out in this Offering Memorandum. The following is a summary of certain of those provisions:

4.1 Payments

No payment falling due after the Exchange Date will be made on any Global Note unless exchange for an interest in a permanent Global Note or for Definitive Notes or Registered Notes is improperly withheld or refused. Payments on any temporary Global Note issued in compliance with the D Rules before the Exchange Date will only be made against presentation of certification as to non-U.S. beneficial ownership in the form set out in the Agency Agreement. All payments in respect of Notes represented by a Global Note in CGN form will be made against presentation for endorsement and, if no further payment falls to be made in respect of the Notes, surrender of that Global Note to or to the order of the Issuing and Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purpose. If the Global Note is a CGN, a record of each payment so made will be endorsed on each Global Note, which endorsement will be *prima facie* evidence that such payment has been made in respect of the Notes. Condition 7(e)(vii) and Condition 8(d) will apply to the Definitive Notes only. If the Global Note is a NGN or if the Global Certificate is held under the NSS, the relevant Issuer shall procure that details of each such payment shall be entered *pro rata* in the records of the

relevant clearing system and in the case of payments of principal, the nominal amount of the Notes recorded in the records of the relevant clearing system and represented by the Global Note or the Global Certificate will be reduced accordingly. Payments under a NGN will be made to its holder. Each payment so made will discharge the relevant Issuer's obligations in respect thereof. Any failure to make the entries in the records of the relevant clearing system shall not affect such discharge. For the purpose of any payments made in respect of a Global Note, the relevant place of presentation shall be disregarded in the definition of "**business day**" set out in Condition 7(h) (Non-Business Days).

All payments in respect of Notes represented by a Global Certificate 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.

4.2 Prescription

Claims against the relevant Issuer in respect of Notes that are represented by a permanent Global Note will become void unless it is presented for payment within a period of 10 years (in the case of principal) and five years (in the case of interest) from the appropriate Relevant Date (as defined in Condition 8).

4.3 Meetings

The holder of a permanent Global Note or of the Notes represented by a Global Certificate shall (unless such permanent Global Note or Global Certificate represents only one Note) be treated as being two persons for the purposes of any quorum requirements of a meeting of Noteholders and, at any such meeting, the holder of a permanent Global Note shall be treated as having one vote in respect of each integral currency unit of the Specified Currency of the Notes. All holders of Registered Notes are entitled to one vote in respect of each integral currency unit of the Specified Currency of the Notes comprising such Noteholder's holding, whether or not represented by a Global Certificate.

4.4 Cancellation

Cancellation of any Note represented by a permanent Global Note that is required by the Conditions to be cancelled (other than upon its redemption) will be effected by reduction in the nominal amount of the relevant permanent Global Note.

4.5 Purchase

Notes represented by a permanent Global Note may only be purchased by the Issuers, the Guarantors or any of their respective subsidiaries if they are purchased together with the rights to receive all future payments of interest thereon.

4.6 Issuer's Option

Any option of the relevant Issuer provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note shall be exercised by the relevant Issuer giving notice to the Noteholders within the time limits set out in and containing the information required by the Conditions, except that the notice shall not be required to contain the serial numbers of Notes drawn in the case of a partial exercise of an option and accordingly no drawing of Notes shall be required. In the event that any option of the relevant Issuer is exercised in respect of some but not all of the Notes of any Series, the rights of accountholders with a clearing system in respect of the Notes will be governed by the standard procedures of Euroclear and/or Clearstream, Luxembourg (to be reflected in the records of Euroclear and Clearstream, Luxembourg as either a pool factor or a reduction in nominal amount, at their discretion) and/or DTC or any other Alternative Clearing System (as the case may be).

4.7 Noteholders' Options

Any option of the Noteholders provided for in the Conditions of any Notes while such Notes are represented by a permanent Global Note may be exercised by the holder of the permanent Global Note giving notice to the Issuing and Paying Agent within the time limits relating to the deposit of Notes with a Paying Agent set out in the Conditions substantially in the form of the notice available from any Paying Agent, except that the notice shall not be required to contain the serial numbers of the Notes in respect of which the option has been exercised, and stating the nominal amount of Notes in respect of which the option is exercised and at the same time, where the permanent Global Note is a CGN, presenting the permanent Global Note to the Issuing and Paying Agent, or to a Paying Agent acting on behalf of the Issuing and Paying Agent, for notation. Where the Global Note is a NGN or where the Global Certificate is held under the NSS, the relevant Issuer shall procure that details of such exercise shall be entered *pro rata* in the records of the relevant clearing system and the nominal amount of the Notes recorded in those records will be reduced accordingly.

4.8 NGN nominal amount

Where the Global Note is a NGN, the relevant Issuer shall procure that any exchange, payment, cancellation, exercise of any option or any right under the Notes, as the case may be, in addition to the circumstances set out above shall be entered in the records of the relevant clearing systems and upon any such entry being made, in respect of payments of principal, the nominal amount of the Notes represented by such Global Note shall be adjusted accordingly.

4.9 Trustee's Powers

In considering the interests of Noteholders while any Global Note is held on behalf of, or Registered Notes are 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 such Global Note or Registered Notes and may consider such interests as if such accountholders were the holders of the Notes represented by such Global Note or Global Certificate.

4.10 Notices

So long as any Notes are represented by a Global Note and such Global Note is held on behalf of a clearing system, notices to the holders of Notes of that Series may be given by delivery of the relevant notice to that clearing system for communication by it to entitled accountholders in substitution for publication as required by the Conditions or by delivery of the relevant notice to the holder of the Global Note.

4.11 Electronic Consent

While any Global Note is held on behalf of, or any Global Certificate is registered in the name of a nominee for, a clearing system, then approval of a resolution proposed by the relevant Issuer, the relevant Guarantors or the Trustee (as the case may be) 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 nominal amount of the Notes outstanding (an “**Electronic Consent**” as defined in the Trust Deed) shall, for all purposes, take effect as an Extraordinary Resolution passed at a meeting of Noteholders duly convened and held, and shall be binding on all Noteholders and holders of Coupons and Talons whether or not they participated in such Electronic Consent.

USE OF PROCEEDS

It is expected that the net proceeds from the issue of each Tranche of Notes will be applied by the relevant Issuer for general corporate purposes, for the refinancing of existing debt and/or to extend the maturity profile of the Group's debt. In addition, the Group may use the proceeds from the issue of any Tranche of Notes for acquisitions of businesses and/or assets in support of its general strategy.

SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA

Selected Financial Data

Consolidated results

Set forth below is selected financial information for the Group prepared in accordance with IFRS as at 30 June 2014 and 30 June 2013 and for each of the years ended 30 June 2014 and 2013 derived from the Group Consolidated Financial Statements. The selected financial information should be read in conjunction with the Group Consolidated Financial Statements. See “*Documents Incorporated by Reference*”.

Consolidated Income Statement and Statement of Comprehensive Income

	Year ended 30 June	
	2014	2013
	<i>(in £ millions except per share data)</i>	
Retail subscription	6,255	5,951
Wholesale subscription	422	396
Advertising	472	440
Installation, hardware and service	85	87
Other	398	361
Revenue	7,632	7,235
Operating expense	(6,471)	(5,944)
Operating profit	1,161	1,291
Share of results of joint ventures and associates	35	46
Investment income	26	28
Finance costs	(140)	(108)
Profit before tax	1,082	1,257
Taxation	(217)	(278)
Profit for the year	865	979
Profit for the year attributable to equity shareholders of the parent company ..	865	979
Other comprehensive income for the year (net of tax)	73	129
Total comprehensive income for the year attributable to equity shareholders of the parent company	938	1,108
Basic earnings per share from profit for the year (in pence)	55.4p	60.7p
Diluted earnings per share from profit for the year (in pence)	54.9p	59.7p
Dividends per share (in pence) ⁽¹⁾	32.0p	30.0p

Consolidated Balance Sheet

	As at 30 June	
	2014	2013
	<i>(in £ millions)</i>	
Non-current assets	3,876	3,776
Current assets	2,573	2,569
Current liabilities	(2,519)	(2,317)
Non-current liabilities	(2,858)	(3,016)
Total equity attributable to equity shareholders of the parent company	1,072	1,012
Capital stock⁽²⁾	2,218	2,234
Number of shares in issue (in millions)	1,563	1,594

Consolidated Cash Flow Statement

	Year ended 30 June	
	2014	2013
	<i>(in £ millions)</i>	
Purchase of plant, property, equipment and intangible assets	543	454
Cash and cash equivalents at the end of the year	1,082	815

Other Financial Data⁽³⁾

	Year ended 30 June	
	2014	2013
	<i>(in £ millions)</i>	
Adjusted revenue	7,617	7,235
Adjusted operating expense	(6,357)	(5,905)
Adjusted EBITDA	1,667	1,692
Adjusted operating profit	1,260	1,330
Adjusted taxation	(249)	(295)
Adjusted profit	937	969
Adjusted free cash flow	944	1,028

Key Operating Statistics

	Year ended 30 June	
	2014	2013
	(in thousands)	
Retail customers	11,495	11,153
Wholesale customers ⁽⁴⁾⁽⁵⁾	4,041	3,677
Total customers	15,536	14,830
Sky Broadband homes	5,247	4,906
Sky Talk homes	4,982	4,501

Notes:

- (1) Dividends are shown in respect of the period to which they relate.
- (2) Capital stock includes called-up share capital and share premium.
- (3) Each of these measures is a non IFRS measure and should not be considered by investors in isolation or as a substitute for measures of profit, or as an indicator of the Group's operating performance or cash flows from operating activities as determined in accordance with IFRS. See further "*Presentation of Financial Information – Non IFRS Financial Measures*".
- (4) Wholesale customers are customers who take a package from one of Sky's wholesale partners in which they receive at least one paid for Sky Channel.
- (5) The number of wholesale customers is as reported to the Group by the wholesale operators.

The following tables reconcile the results for the period to the above measures for each of the years indicated:

Reconciliation of revenue to adjusted revenue

	Year ended 30 June	
	2014	2013
	(in £ millions)	
Revenue	7,632	7,235
Revenue relating to termination of an escrow agreement with a current wholesale operator	(15)	—
Adjusted revenue	7,617	7,235

Reconciliation of operating expense to adjusted operating expense

	Year ended 30 June	
	2014	2013
	(in £ millions)	
Operating expense	(6,471)	(5,944)
Costs relating to the acquisition and integration of the O2 consumer broadband and fixed-line telephony business (including amortisation in relation to associated intangible assets)	72	15
Costs in relation to a corporate restructuring and efficiency programme (including impairment in relation to associated intangible and tangible assets and redundancy costs)	40	33

Costs relating to an expense as a result of the termination of an escrow agreement with a current wholesale operator.....	2	—
Credit relating to a credit note received following an Ofcom determination	—	(32)
Credit relating to the final settlement of disputes with a former manufacturer of set-top boxes (net of associated costs and including impairment in relation to associated intangible assets) .	—	(33)
Costs relating to one-off upgrade of set-top boxes.....	—	31
Costs relating to a programme to offer wireless connectors to selected Sky Movies customers	—	25
Costs relating to a restructuring exercise	—	—
Credit relating to the News Corporation (subsequently renamed Twenty-First Century Fox, Inc.) proposal in 2011 consisting of costs incurred offset by the receipt of the break fee	—	—
Adjusted operating expense	(6,357)	(5,905)

Reconciliation of profit for the year to adjusted EBITDA and adjusted operating profit

	Year ended 30 June	
	2014	2013
	<i>(in £ millions)</i>	
Profit for the year	865	979
Taxation.....	217	278
Profit before tax.....	1,082	1,257
Share of results of joint ventures and associates	(35)	(46)
Investment income.....	(26)	(28)
Finance costs	140	108
Operating profit.....	1,161	1,291
Revenue relating to termination of an escrow agreement with a current wholesale operator.....	(15)	—
Costs relating to the acquisition and integration of the O2 consumer broadband and fixed-line telephony business (including amortisation in relation to associated intangible assets).....	72	15
Costs in relation to a corporate restructuring and efficiency programme (including impairment in relation to associated intangible and tangible assets and redundancy costs)	40	33
Costs relating to an expense as a result of the termination of an escrow agreement with a current wholesale operator.....	2	—
Credit relating to a credit note received following an Ofcom determination	—	(32)
Credit relating to the final settlement of disputes with a former manufacturer of set-top boxes (net of associated costs and including impairment in relation to associated intangible assets) .	—	(33)
Costs relating to one-off upgrade of set-top boxes.....	—	31
Costs relating to a programme to offer wireless connectors to selected Sky Movies customers	—	25
Costs relating to a restructuring exercise	—	—
Credit relating to the News Corporation (subsequently renamed Twenty-First Century Fox, Inc.) proposal in 2011 consisting of costs incurred offset by the receipt of the break fee	—	—
Adjusted operating profit.....	1,260	1,330
Depreciation and amortisation (adjusted to exclude amortisation in relation to acquired intangible assets of £27 million (2013: £4 million; 2012: nil) and impairment in relation to intangible and tangible assets of £2 million (2013: £13 million; 2012: nil)	407	362

	Year ended 30 June	
	2014	2013
	(in £ millions)	
Adjusted EBITDA	1,667	1,692

Reconciliation of taxation to adjusted taxation

	Year ended 30 June	
	2014	2013
	(in £ millions)	
Taxation	(217)	(278)
Tax adjusting items and the tax effect of other adjusting items	(32)	(17)
Adjusted taxation.....	(249)	(295)

Reconciliation of profit to adjusted profit

A detailed reconciliation of profit to adjusted profit is included in note 8 to the Group 2014 Financial Statements.

Reconciliation of cash generated from operations to adjusted free cash flow

	Year ended 30 June	
	2014	2013
	(in £ millions)	
Cash generated from operations.....	1,769	1,877
Interest received	27	29
Taxation paid.....	(240)	(300)
Dividends received from joint ventures and associates.....	32	43
Net funding to joint ventures and associates.....	(6)	(4)
Purchase of property, plant and equipment.....	(241)	(203)
Purchase of intangible assets	(302)	(251)
Interest paid.....	(137)	(128)
Free cash flow	902	1,063
Receipt following termination of an escrow agreement with a current wholesale operator	(19)	—
Receipt following final settlement of disputes with a former manufacturer of set-top boxes ^(A) ..	(9)	(10)
Cash paid relating to a corporate restructuring and efficiency programme.....	12	4
Cash paid (receipt) following an Ofcom determination ^(A)	4	(28)
Cash paid relating to one-off upgrade of set-top boxes ^(A)	16	7
Cash paid relating to programme to offer wireless connectors to selected Sky Movies customers ^(A)	16	1
Cash paid relating to the acquisition and integration of the O2 consumer broadband and	22	4

	Year ended 30 June	
	2014	2013
	<i>(in £ millions)</i>	
fixed-line telephony business.....		
Net recovery of costs in relation to News Corporation (subsequently renamed Twenty-First Century Fox, Inc.) proposal ^(A)	—	—
Cash paid relating to a restructuring exercise	—	—
Recovery of import duty on set-top boxes ^(A)	—	—
Receipt on disposal of joint venture ^(A)	—	(13)
Adjusted free cash flow	944	1,028

^(A) Net of applicable corporation tax.

Factors which materially affect the comparability of the selected financial data

Business combinations

During the year ended 30 June 2013, the Group completed the acquisition of the O2 consumer broadband and fixed-line telephony business, comprising 100 per cent. of the share capital of Be Un Limited (subsequently renamed Sky Home Communications Limited), from Telefónica UK. The results of this acquisition were consolidated from the date on which control passed to the Group (30 April 2013).

DESCRIPTION OF SKY GROUP FINANCE PLC

Sky Group Finance plc

Sky Group Finance plc (“**Sky Finance**”) is a public company limited by shares and domiciled in the UK, operating under the laws of England and Wales. It was incorporated in England and Wales on 28 September 2005 with registered number 05576975. Its principal place of business is Grant Way, Isleworth, Middlesex, TW7 5QD, England, Tel +44 (0)333 100 0333.

The primary purpose of Sky Finance is to assist in the financing operations of the Group. The issued share capital of Sky Finance is 99.998 per cent. held by Sky and 0.002 per cent. held by Sky UK, which is a direct, wholly owned subsidiary of Sky.

The current directors of Sky Finance are as follows:

Name	Since	Position within the Group
Andrew Griffith	2008	Chief Financial Officer
Christopher Taylor	2013	Company Secretary

The business address for each director is Grant Way, Isleworth, Middlesex, TW7 5QD, England.

There are no potential conflicts of interest between (i) any director of Sky Finance’s private interests and/or other duties, and (ii) any duty they owe to the Issuers and/or Guarantors.

DESCRIPTION OF SKY PLC

Sky plc

Sky plc (“**Sky**”), a public company limited by shares and domiciled in the UK, operates under the laws of England and Wales. It was incorporated in England and Wales on 25 April 1988, with registered number 02247735. Its registered office is Grant Way, Isleworth, Middlesex, TW7 5QD, England (Tel +44 (0)333 100 0333). Sky and its subsidiaries operate principally within the UK, Ireland, Italy, Germany and Austria. Sky changed its name from “British Sky Broadcasting Group plc” to “Sky plc” on 21 November 2014.

Board of Directors

The current directors (the “**Directors**”) of Sky are as follows:

Name	Since	Position with Sky
Chase Carey	2013	Director [*]
Tracy Clarke	2012	Director (Remuneration Committee Chairman) ^{**}
Jeremy Darroch	2004	Director (Chief Executive Officer)
David DeVoe	1994	Director [*]
Nicholas Ferguson	2004	Chairman ^{***} and Corporate Governance & Nominations Committee Chairman
Martin Gilbert	2011	Director (Senior Independent Non-Executive Director and Audit Committee Chairman) ^{**}
Adine Grate	2013	Director ^{**}
Andrew Griffith	2008	Director (Chief Financial Officer)
David Lewis	2012	Director ^{**}
James Murdoch	2003	Director (Bigger Picture Committee Chairman) [*]
Matthieu Pigasse	2011	Director ^{**}
Daniel Rimer	2008	Director ^{**}
Arthur Siskind	1991	Director [*]
Andrew Sukawaty	2013	Director ^{**}

Note:

* Non-Executive

** Independent Non-Executive

*** Independent on appointment as Chairman

Chase Carey was appointed as a Director of Sky on 30 January 2013. Mr Carey has extensive media and Pay TV experience. Mr Carey is President and Chief Operating Officer of 21st Century Fox (formerly known as News Corporation). He was formerly President and Chief Executive Officer (“**CEO**”) of DIRECTV, Inc.,

where he led the operations and strategic direction of the Direct TV Group. Prior to joining DIRECTV, Inc., Mr Carey was Co-Chief Operating Officer of News Corporation (subsequently renamed Twenty-First Century Fox, Inc.) and Chairman and CEO of the Fox Television Group. Until November 2014 Mr Carey served as a member of the Supervisory Board of Sky Deutschland AG.

Tracy Clarke was appointed as a Director of Sky on 11 June 2012. Ms Clarke is an experienced banking and human resources professional. She is Director for Compliance, People and Communications at Standard Chartered Bank. Ms Clarke has spent most of her career in banking roles both in the UK and in Hong Kong. Ms Clarke was formerly a Non-Executive Director of SC First Bank in Korea (2005-2007) and a Non-Executive Director of Eaga plc (2007-2011), where she chaired the Remuneration Committee. Ms Clarke is a trustee of the charity, WORKing for YOUTh, and a member of the Institute of Financial Services and a Fellow of the Chartered Institute of Personnel and Development.

Jeremy Darroch joined Sky as Chief Financial Officer (“CFO”) on 16 August 2004 and was appointed CEO on 7 December 2007. In November 2014 he was appointed Chairman of the Supervisory Board of Sky Deutschland AG. He has extensive experience in the retailing and fast-moving consumer goods sectors. Prior to joining Sky, Mr Darroch was Group Finance Director of DSG International plc (“DSG”), formerly Dixons Group plc, and prior to DSG, he spent 12 years at Procter & Gamble in a variety of roles in the UK and Europe. In February 2014, Mr Darroch was appointed a Non-Executive Director and a member of each of Audit, Remuneration and Nomination Committees of Burberry Group plc. Mr Darroch has previously served as a Non-Executive Director and Chairman of the Audit Committee of Marks and Spencer Group plc. Mr Darroch is a Council Member of the National Centre for Universities and Business.

David F DeVoe was appointed as a Director of Sky on 15 December 1994. Mr DeVoe is a finance professional with extensive experience in the media sector. Since July 2013, Mr DeVoe has served as Senior Advisor to the Board of 21st Century Fox (formerly known as News Corporation) having served as CFO from 1990 to June 2013 and as a Senior Executive Vice President from 1996 to June 2013. Mr DeVoe previously served as a Director of Shine Limited (2011-2013), a Director of Gemstar-TV Guide (2001-2008) and as a Director of DIRECTV (2003-2008).

Nicholas Ferguson was appointed as a Director of Sky on 15 June 2004 and has extensive experience in leadership roles in the finance sector. Mr Ferguson was co-founder and instrumental in the development of Schroder Ventures (the private equity group which later became Permira) of which he served as Chairman from 1984 to 2001. Prior to his appointment as Chairman of Sky on 3 April 2012, Mr Ferguson served as Deputy Chairman and Senior Independent Non-Executive Director. Mr Ferguson has been Chairman of Alta Advisers Limited, an investment advisory firm, since January 2007. Mr Ferguson was Chairman of the Courtauld Institute of Art for 10 years before retiring in July 2012 and Chairman of SVG Capital plc, a public quoted private equity group, from April 2005 to November 2012.

Martin Gilbert was appointed as a Director of Sky on 29 November 2011. Mr Gilbert is an experienced finance professional and entrepreneur and CEO of Aberdeen Asset Management PLC, the fund management group that he co-founded in 1983. He is a member of the Scottish Government’s Financial Services Advisory Board and a Director of a number of investment trusts. Mr Gilbert is former Chairman of Firstgroup plc and Chaucer PLC and was Non-Executive Director of Dynmark International Limited.

Adine Grate was appointed as a Director of Sky on 17 July 2013. Ms Grate is an executive with extensive finance and investment management and communications technology experience. Ms Grate has operated at the top tiers of Nordic based international business for the past two decades. She is Chairperson of NASDAQ OMX Swedish Listing Committee and Vice Chairperson of AP7, a Swedish pension and savings asset management company. Ms Grate is a Board member of Three (Scandinavia), a mobile telecommunications and broadband operator; SOBI AB, an international specialty healthcare company; Sampo OY, a leading

financial and insurance institution and Swedavia AB, an airport operator. Ms Grate was formerly Executive Vice President and Managing Director of Investor AB, owner of a number of Nordic based international companies. Ms Grate is Chairperson of Friends of a Designmuseum and the Swedish Dance Museum.

Andrew Griffith was appointed as CFO and a Director of Sky on 7 April 2008. In November 2014 he was appointed as a member of the Supervisory Board of Sky Deutschland AG. An experienced finance professional, Mr Griffith joined Sky in October 1999 and held a number of senior finance roles prior to his appointment as CFO in April 2008. In addition to his role as CFO, Mr Griffith has executive responsibility for Sky's commercial businesses, including advertising, data services, WiFi and subscription services. Mr Griffith joined Sky from Rothschild, the investment banking organisation, where he provided financial and strategic advice to corporate clients in the technology, media and telecommunications sector. In March 2014, Mr Griffith was appointed a Non-Executive Director, Senior Independent Non-Executive Director, Chairman of the Audit Committee and a member of the Remuneration Committee of Just Eat plc. He has a degree in law from Nottingham University and is a member of the 100 Group of Finance Directors and Advisory Board of the Oxford University Centre for Business Taxation.

David Lewis was appointed as a Director of Sky on 16 November 2012. Mr Lewis is an experienced executive with strong operational expertise. He joined the board of Tesco PLC as Chief Executive Officer on 1 September 2014. Prior to that Mr Lewis was President, Personal Care for Unilever plc, where he sat on the Unilever Leadership Executive. Joining Unilever as a graduate trainee in 1987, he held a variety of senior roles in Europe, South America and Asia, including President for the Americas and Chairman of Unilever UK and Ireland during his time there.

James Murdoch was appointed as a Director of Sky on 13 February 2003. Mr Murdoch is an experienced media executive and has held a number of senior leadership roles within 21st Century Fox (formerly known as News Corporation). He served as CEO of Sky from November 2003 until December 2007 and Chairman from December 2007 until April 2012. Mr Murdoch is Co-Chief Operating Officer of 21st Century Fox (formerly known as News Corporation). Mr Murdoch is a member of the Board of Directors and Executive Committee at 21st Century Fox (formerly known as News Corporation), a member of the Board of News Corporation, Inc., a member (and former Chairman until November 2014) of the Supervisory Board of Sky Deutschland AG and Non-Executive Director of Yankee Global Enterprises. Between 2000 and 2003, he was Chairman and CEO of Star Group Limited. Mr Murdoch is a former Non-Executive Director of GlaxoSmithKline plc (2009-2012) and Sotheby's (2010-2012).

Matthieu Pigasse was appointed as a Director of Sky on 29 November 2011. Mr Pigasse is a leading investment banking professional and former civilian administrator of the French Ministry of Economy and Finance. In 2002 he joined investment banking firm Lazard. Mr Pigasse is Deputy CEO of Lazard in France and Vice Chairman of Lazard in Europe. He is also the owner of the French publishing group, Les Inrockuptibles and a co-controlling shareholder of the leading newspaper publisher Le Monde and the French edition of the Huffington Post. Mr Pigasse is a board member of Groupe Lucien Barrière SAS, Derichebourg and Relax News.

Daniel Rimer was appointed as a Director of Sky on 7 April 2008. Mr Rimer is an investment finance professional and entrepreneur with extensive experience of building investment businesses internationally. Mr Rimer's specific sector knowledge and skills focus include internet infrastructure software and services, technology, communications, e-commerce and media business. Mr Rimer is a General Partner of the venture capital firm Index Ventures Management LLP (Index Ventures). Prior to joining Index Ventures, he was a General Partner of The Barksdale Group. Mr Rimer serves on a number of boards including Good Eggs, Farfetch.com Limited, Patreon, First Dibs, Inc., Flipboard Inc., FON Wireless Limited, Nasty Gal, Inc., RightScale Inc., and Viagogo AG.

Arthur Siskind was appointed as a Director of Sky on 19 November 1991. He is a highly experienced legal practitioner and member of the Bar of the State of New York since 1962. Mr Siskind has been the Senior Adviser to the Chairman since January 2005 and Director Emeritus since October 2012 of 21st Century Fox (formerly known as News Corporation). Mr Siskind served at 21st Century Fox as an Executive Director from 1991 to October 2012, Group General Counsel from 1991 to December 2004, as a Senior Executive President from 1996 to December 2004 and as an Executive Vice President from 1991 to 1996. Mr Siskind was an Adjunct Professor of Law at The Cornell Law School (2007-2009) and was an Adjunct Professor of Law at Georgetown University Law Center (2005-2007).

Andrew Sukawaty was appointed as a Director of Sky on 1 June 2013. Mr Sukawaty is Executive Chairman of Inmarsat plc, a global mobile satellite communications provider. Mr Sukawaty has previously held a number of senior management positions in the telecommunications industry; including Chief Executive and President of Sprint PCS and Chief Executive of NTL (UK) and roles at US West and AT&T. Mr Sukawaty also served as a Non-Executive Chairman of the Supervisory Board of Ziggo N.V., a Dutch national media and communications company, until December 2014.

A Director may appoint any other Director or any other person to act as his alternate (an “**Alternate Director**”). An Alternate Director shall be entitled to receive notice of and attend meetings of the Directors and committees of Directors of which his appointer is a member and not able to attend. The Alternate Director shall be entitled to vote at such meetings and generally perform all the functions of his appointer as a Director in his absence.

On the resignation of the appointer for any reason the Alternate Director shall cease to be an Alternate Director. The appointer may also remove his Alternate Director by notice to the Sky Secretary signed by the appointer making or revoking the appointment. An Alternate Director shall not be entitled to fees for his service as an Alternate Director.

Chase Carey, David F DeVoe, Arthur Siskind and James Murdoch have appointed each of the others to act as their Alternate Director.

Chase Carey, David F DeVoe, Arthur Siskind, and James Murdoch, in addition to being directors of Sky, are directors of, or otherwise affiliated to, 21st Century Fox (formerly known as News Corporation). Should Sky contemplate entering into any agreement or arrangement with 21st Century Fox there is a potential for there to be a conflict of interest between (i) each of the above-mentioned directors of Sky and their respective private interests and/or other duties and (ii) any duty each of them owe to Sky.

Through the operation of its Articles of Association and compliance with the Companies Act 2006, should an actual conflict of interest arise in respect of any director of Sky, that director may be restricted from voting on any material matter in which he is materially interested.

All existing external appointments for each Director have been authorised by the board of directors and each authorisation is set out in a conflicts register. Directors are required to notify the board of potential conflicts so that they can be considered, and if appropriate, authorised by the board. In addition, the Corporate Governance and Nominations Committee conducts an annual review of Directors’ conflicts and reports its findings to the board. The Corporate Governance and Nominations Committee reviewed the Directors’ conflicts during the previous financial year and concluded that conflicts had been appropriately authorised and that the process for authorisation is operating effectively. The Corporate Governance and Nominations Committee and the board will continue to monitor and review potential conflicts of interest on a regular basis.

Other than as set out above, there are no potential conflicts of interest between (i) any Director’s private interests and/or other duties and (ii) any duty they owe to the Issuers and/or Guarantors.

The business address for Nicholas Ferguson is 123 Buckingham Palace Road, 2nd Floor, London SW1W 9SL. The business address for Martin Gilbert is 10 Queens Terrace, Aberdeen AB10 1YG. The business address for James Murdoch is Twenty-First Century Fox, Inc., 1211 Avenue of the Americas, New York, NY 10036. The business address for Daniel Rimer is 52-53 Conduit Street, London W1S 2YX. The business address for all the other directors is Sky plc, Grant Way, Isleworth, Middlesex, TW7 5QD, England.

Board Committees

The membership of the board committees of Sky as at the date of this Offering Memorandum is shown below:

Audit Committee

Martin Gilbert	Chairman
Adine Grate	Member
David Lewis	Member
Matthieu Pigasse	Member

Corporate Governance and Nominations Committee

Nick Ferguson	Chairman
Martin Gilbert	Member
David Lewis	Member
Arthur Siskind	Member

Remuneration Committee

Tracy Clarke	Chairman
Nicholas Ferguson	Member
Adine Grate	Member
Andrew Sukawaty	Member

Bigger Picture Committee

James Murdoch	Chairman
Tracy Clarke	Member
David Lewis	Member

The Articles of Association of Sky are registered at Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ, Wales, under company number 02247735.

The Directors are not aware of any person who prior to publication of this Offering Memorandum, directly or indirectly, jointly or severally, exercises or could exercise control over Sky.

As at 3 June 2015 (the latest practicable date prior to the printing of this Offering Memorandum), Sky had 1,719,017,230 shares in issue, all of which had been allotted, called-up and fully paid. Sky has one class of ordinary shares, with a nominal value of 50p each, which carry equal voting rights and no contractual right to receive payment.

With effect from 1 November 2008, Sky has been in full compliance with the provisions set out in Section 1 of the UK Combined Code on Corporate Governance (the “**Combined Code**”) and the main provisions of the Corporate Governance Code (the “**Corporate Governance Code**”), which replaced the Combined Code on 29 June 2010 with the following exception. Provision C.3.1. of the Corporate Governance Code states that the Audit Committee must be comprised of at least three Independent Non-Executive Directors. There was a period between Allan Leighton’s retirement from the Board and the Audit Committee on 29 November 2011 and Matthieu Pigasse’s appointment as a member of the Audit Committee on 1 May 2012, that the Audit Committee’s membership fell to two Independent Non-Executive Directors. The meeting of the Audit Committee held on 30 January 2012 was held prior to Mr Pigasse’s appointment to the Audit Committee. There were no other meetings held without three Independent Non-Executive Directors being present from 29 November 2011 to 1 May 2012.

Remuneration

The total remuneration to the Directors (which included key management of Sky) for the 2014 financial year amounted to £9 million.¹

¹ The Directors’ remuneration figure includes the market value of the awards made under Sky’s Co-Investment Plan that vested on 30 August 2014 following the end of the performance period ended 30 June 2014. No Long Term Incentive Plan (“**LTIP**”) awards vested for the performance period ended 30 June 2014. The Directors’ remuneration figure excludes awards that vested in July and August 2013 under Sky’s LTIP and Co-Investment Plan as these awards related to a prior performance period which ended on 30 June 2013.

DESCRIPTION OF SKY UK LIMITED

Sky UK Limited

Sky UK Limited (“**Sky UK**”) is a private company limited by shares and domiciled in the UK, operating under the laws of England and Wales. It was incorporated in England and Wales on 10 March 1994 with registered number 02906991. Its principal place of business is Grant Way, Isleworth, Middlesex, TW7 5QD, England, Tel +44 (0)333 1000333.

The principal activity of Sky UK is the operation of a pay television broadcasting service and home telecommunications service in the UK and Ireland. The issued share capital of Sky UK is 100 per cent. held by Sky.

The current directors of Sky UK are as follows:

Name	Since	Position within the Group
Andrew Griffith	2008	Chief Financial Officer
Christopher Taylor	2013	Company Secretary

The business address for each director is Grant Way, Isleworth, Middlesex, TW7 5QD, England.

There are no potential conflicts of interest between (i) any director of Sky UK’s private interests and/or other duties, and (ii) any duty they owe to the Issuers and/or Guarantors.

DESCRIPTION OF SKY SUBSCRIBERS SERVICES LIMITED

Sky Subscribers Services Limited

Sky Subscribers Services Limited (“**Sky Subscribers**”) is a private company limited by shares and domiciled in the UK, operating under the laws of England and Wales. It was incorporated in England and Wales on 27 January 1989 with registered number 02340150. Its principal place of business is Grant Way, Isleworth, Middlesex, TW7 5QD, England, Tel +44 (0)333 1000333.

The principal activities of Sky Subscribers are the provision of ancillary functions supporting the satellite television broadcasting and home telecommunications operations of the Group and acting as agent for the direct-to-home pay TV business of its parent company, Sky UK. Sky Subscribers is a direct wholly owned subsidiary of Sky UK which is a direct wholly owned subsidiary of Sky.

The current directors of Sky Subscribers are as follows:

Name	Since	Position within the Group
Andrew Griffith	2008	Chief Financial Officer
Christopher Taylor	2013	Company Secretary

The business address for each director is Grant Way, Isleworth, Middlesex, TW7 5QD, England.

There are no potential conflicts of interest between (i) any director of Sky Subscribers’ private interests and/or other duties, and (ii) any duty they owe to the Issuers and/or Guarantors.

DESCRIPTION OF SKY TELECOMMUNICATIONS SERVICES LIMITED

Sky Telecommunications Services Limited

Sky Telecommunications Services Limited (“STSL”) is a private company limited by shares and domiciled in the UK, operating under the laws of England and Wales. It was incorporated in England and Wales on 21 December 1993 with registered number 02883980. Its principal place of business is Grant Way, Isleworth, Middlesex, TW7 5QD, England, Tel +44 (0)333 100 0333.

The principal activity of STSL is that of the provision of networking services in the United Kingdom in support of Sky UK’s broadband service. STSL is a direct wholly owned subsidiary of Sky UK which is a direct wholly owned subsidiary of Sky.

The current directors of STSL are as follows:

Name	Since	Position within the Group
Andrew Griffith	2014	Chief Financial Officer
Christopher Taylor	2013	Company Secretary

The business address for each director is Grant Way, Isleworth, Middlesex, TW7 5QD, England.

There are no potential conflicts of interest between (i) any director of STSL’s private interests and/or other duties, and (ii) any duty they owe to the Issuers and/or Guarantors.

BUSINESS OF THE GROUP

Sky is Europe's leading entertainment company. As at 31 March 2015, the Group served 21 million customers across five countries: Italy, Germany, Austria, the UK and Ireland.

Sky has annual revenues of nearly £11 billion and is Europe's leading investor in television content with a combined programming budget of over £4.6 billion. Sky employs 31,000 people and is listed on the London Stock Exchange. The subsidiary Sky Deutschland is listed in Germany on the Frankfurt Stock Exchange.

The majority of the Group's revenue is derived from retailing pay television services both in the home and on the move. In the UK and Ireland, the Group also connects customers with broadband and telephony products, including DSL, fibre and WiFi. The Group retails TV services to commercial customers and operates adjacent businesses which include wholesaling Sky Channels to other providers and selling advertising on the Group's own and partner channels. The Group also sells both Group-originated television programmes and third party television programmes internationally through Sky Vision.

The main activities in the UK and Ireland are:

- products and services (television, home entertainment, home communication and Sky Business);
- channel offerings (entertainment channels, Sky Movies, Sky Sports and Sky News);
- adjacent businesses (Sky Media, wholesale distribution and Sky Vision); and
- infrastructure and technology (satellites, playout and uplink facilities, digital satellite reception equipment, encryption and security and communications infrastructure).

The main activities in Germany and Austria are:

- products and services (television and home entertainment and commercial customers);
- channel offerings (entertainment channels, movies and sports); and
- wholesale distribution.

The main activities in Italy are:

- products and services (television, home entertainment and Sky Business);
- channel offerings (entertainment channels, movies, sports and Sky TG24, Sky Italia's news service); and
- infrastructure and technology (satellites, playout and uplink facilities, digital satellite reception equipment, encryption and security and communications infrastructure).

Products and Services

In the UK and Ireland, the Group retails subscription TV and communications services to residential and commercial premises. It owns and broadcasts the Sky Channels, which it retails together with the Sky Distributed Channels to its TV Customers. Further, the Group offers access to an internet TV service in the UK through NOW TV and has also recently added the transactional Sky Store and Buy and Keep services. The Group recently announced that it will launch a mobile telephony service to customers in the UK in 2016. The Group also connects its customers with broadband and telephony via DSL, fibre and WiFi.

In Germany and Austria, Sky Deutschland retails subscription TV services to residential and commercial premises. It broadcasts the Sky Channels, which it retails together with the Sky Distributed Channels to its TV Customers. Sky Deutschland distributes its packages directly to subscribers via satellite, cable, internet, IPTV

and mobile networks. Sky Deutschland has concluded marketing and distribution agreements with all major cable network operators including Kabel Deutschland (KDG – a Vodafone company) and Unitymedia KabelBW (“UMKBW”) and with the two leading IPTV platforms Deutsche Telekom and Vodafone. In Austria, Sky has engaged in marketing partnerships with a leading cable network operator UPC Austria as well as with the leading IPTV Platform A1, enabling it to distribute content through such partners. Sky Deutschland offers access to an internet TV service in Germany through its stand-alone OTT offer Sky Online and Snap by Sky and it also offers its channels via wholesale arrangements in Switzerland and Luxemburg.

In Italy, the Group retails subscription TV services to residential and commercial premises via Sky Italia. It broadcasts the Sky Channels, which it retails together with the Sky Distributed Channels to its TV Customers. Sky Italia also offers a standalone OTT pay TV product (SkyOnline), which launched in April 2014. Sky Italia offers a bundled triple-play package that is co-marketed with Italian broadband and telecoms service provider Fastweb. In April 2015, Sky Italia entered into a strategic commercial agreement with Telecom Italia, delivering all of Sky Italia’s TV services through a new hybrid (Satellite-IPTV) set top box developed by Sky and connected to Telecom Italia’s broadband/ultrabroadband network. Sky Italia also operates the free to air channels, Cielo and Sky TG24.

Television: UK and Ireland

- *Sky Channels and Sky Distributed Channels:* For its DTH TV customers, the Group makes the Sky Distributed Channels (other than the Premium Sky Distributed Channels) and the Sky Basic Channels available in three bundles: Original, Variety and Family. The Original bundle is available for £21.50 per month and includes popular entertainment channels such as Sky 1, Sky Atlantic, Sky Living, Comedy Central, Watch, Gold, Alibi and Fox. The Variety bundle is available for £30 per month and includes all the channels from the Original pack plus additional channels including Discovery, Disney and National Geographic and provides access to the UK’s biggest catch up TV service. The Family bundle is available for £36 per month and includes all the channels from the Variety pack plus over 50 of these channels in HD and access to Sky Box Sets on demand. Customers also have the option to add a combination of premium sports and movies channels to their package. In total, the Sky TV service currently offers access to 166 pay television channels (134 Sky Distributed Channels and 32 Sky Channels) and in addition, all Sky TV Customers can receive more than 300 free-to-air television and radio channels and services. The Group currently broadcasts versions of three of its channels, Sky News, Challenge and Pick TV, unencrypted free-to-air via DTT in the UK and also on Freesat. The Group’s agreements with the owners of the Sky Distributed Channels typically grant the Group the exclusive right to offer these channels to residential DTH customers in the UK and Ireland.
- *Sky+:* TV Customers can use Sky+ to record two programmes simultaneously whilst they are watching another programme recorded earlier. TV Customers can also use Sky+ to pause and rewind live TV and record entire series, and future returning series at the touch of a button with the ‘Smart Series Link’ feature. The new TV Guide design puts On Demand content and suggestions at the heart of the viewing experience. TV Customers can search in real time for shows to watch, record or download when connected to the internet. The Sky+ app on mobiles and tablets lets TV Customers view the TV Guide and On Demand catalogue, view recommendations, remote record programmes and set up Smart Series Link whilst on the move. When in the home, TV Customers can use the Sky+ app to browse their planner and use it as a remote control for their Sky+ HD box. Sky Snapshots is a recently introduced feature of the Sky+ app that lets TV Customers view photos from their devices on the TV.
- *Sky HD:* The Group operates an HD service which consists of over 70 HD channels offering a range of content across all key genres. In 2013, the Group introduced greater flexibility as to the means by which customers can access the HD service. Over 50 basic HD channels including Sky 1 HD, Sky Living HD, Sky Atlantic HD, Sky Arts 1 HD and Sky News HD and 11 free-to-air channels are

available within the Family pack. Customers then have the option to add an HD Pack on top of this for Premium HD channels in line with their TV package including seven Sky Sports channels and 11 Sky Movies channels.

- *Sky Multiscreen:* The Group also offers its DTH customers a multiscreen subscription, allowing customers to watch Sky TV in different rooms at the same time through additional set-top boxes.
- *On Demand:* Sky's On Demand services offer a wide selection of content from across the Sky platform, including the Sky Channels, the Sky Distributed Channels and free-to-air broadcasters (including BBC iPlayer and ITV Player) for customers to watch TV when it suits them. Sky's full On Demand service includes IP delivered video on demand and is available to homes that have an active broadband connection. Once their box is connected to their broadband connection, relevant TV Customers have a regularly updated library of on demand TV, including the UK's biggest catch up TV offering a range of content from up to 60 channels. TV Customers can also access over 1,000 movies and Sky Box Sets of the more popular shows (including iconic series from HBO) in line with their subscriptions.
- *Sky Go:* The mobile TV service is available at no extra cost to DTH customers, allowing them to watch over 70 live channels and On Demand content including all seven Sky Sports channels, Sky Movies, Sky 1, Sky Living, Sky Arts and Sky Atlantic on a matched-entitlement basis. Customers can also watch programmes from a range of Sky Distributed Channels and On Demand content live and on demand including children's content from Disney, Nickelodeon and Turner and entertainment content from Fox, Syfy, Universal and Star Plus. Content from ITV, Channel 4 and 4oD is also available for customers to watch. Sky Go is available on laptops, mobiles and tablets. Each Sky home is entitled to register for the service on up to two compatible devices.
- *Sky Go Extra:* In January 2013, the Group launched its subscription service, Sky Go Extra. The service, which costs £5 a month, or as part of a Sky Multiscreen subscription allows DTH customers to download selected content included with their TV package to watch on laptops, mobiles and tablets when and where they want, without the need for a WiFi or 3G/4G connection. Customers can also register for Sky Go on four, rather than two, internet-connected devices, including Xbox 360, PlayStation 3, and PlayStation 4 for streamed live and On Demand content.
- *Sky Box Office:* Sky's Sky Box Office service currently offers its DTH customers television premieres of movies and occasional live sports and entertainment events on a pay-per-view basis.
- *Sky Store:* Sky Store is the Group's movies rentals service, giving customers a choice of over 1,000 movies including new releases just out on DVD and a library of past releases, all available to rent at the touch of a button and on demand. In April 2014, the Group added a Buy & Keep option allowing customers to receive a title on demand to their box as well as receiving the DVD in the post. Since April 2015, non-Sky TV customers have been able to rent and buy movies from Sky Store to watch OTT on a number of devices, including the NOW TV Box and YouView box.
- *NOW TV:* Sky's online streaming service gives consumers a contract free way to watch movies, sport and entertainment. The service is available across a wide-range of internet-connected devices, including the NOW TV Box (which turns a regular TV into a smart TV and includes catch-up services including BBC iPlayer, 4oD and ITV Player for free), on the web, or using an app on a range of over 60 devices. Through NOW TV customers can purchase a range of passes to watch content. Unlimited access to over 1,000 films is offered under a Sky Movies Month Pass for £9.99 a month. The Entertainment Month Pass provides access to over 250 box sets and 13 channels not available on Freeview, including Sky Atlantic, Sky 1, Sky Living and MTV for £6.99 per month. Access to live

matches and events is provided with either a Sky Sports Day Pass, £6.99 for 24 hours or the Sky Sports Week Pass, £10.99 for 7 days.

Television: Germany and Austria

- *Sky Channels and Sky Distributed Channels:* As at 30 April 2015, Sky Deutschland offered around 80 channels (most of them exclusive), the online-TV service Sky Go, the OTT streaming service Sky Online, the online media library Snap, the only 24/7 sports news channel in Germany and Austria and the premium HD offering with up to 95 HD channels (in combination with HD+ free-to-air channels), through a broad range of content packages.
- The basic Sky Pay TV package, Sky Welt, for €16.99 per month provides viewers with a diverse selection of more than 50 channels featuring series, documentaries, sports, music and kids programming, with up to 18 HD channels.
- In addition to the basic Sky Welt offering, Sky Deutschland offers three premium content packages which can be purchased as buy-through products from the basic tier:
 - The Sky Sport package offers live sports with exclusive programming including UEFA Champions League, UEFA Europa League, DFB Cup, all major golf tournaments, tennis, Handball Champions League, Formula 1 racing, US sports and beach volleyball – all in HD.
 - The Fußball Bundesliga package all 612 Bundesliga and second Bundesliga matches on up to ten channels or simultaneously on one screen with the new Sky HD Fan Zone – all live and in HD and select matches in 3D and Ultra-HD; and
 - The Sky Film package (10 channels, all available in HD, featuring exclusive first run movies from the major US studios – Disney, Sony, MGM, Warner, Universal, HBO and Twentieth Century Fox) with over 80 films a day and around 20 TV premieres each month – including HD and 3D. The pack also includes Sky Atlantic with exclusive access to HBO series.
- The current price and packaging structure for Sky Deutschland is: Sky Welt + 1 premium packages €35.99, Sky Welt + 2 premium packages €48.99 and Sky Welt + 3 premium packages €58.99. For each of the premium packages, Sky Deutschland also offers an HD option for an additional €10 per month and the second smartcard (Zweitkarte) option allows customers in a single household to access all subscribed packages at the same time in different rooms (€16.99 - €24.99). The minimum contract length is 12 months with 24-month contracts having been available since January 2013.

Television: Italy

- *Sky Channels and Sky Distributed Channels:* As at 30 April 2015, Sky Italia offered approximately 160 channels (of which 65 are offered in HD and one in 3D). The basic Sky TV television package for €19.90 per month comprised more than 48 general entertainment, lifestyle and news channels (of which 20 are offered in HD). Sky Famiglia is available for €24.90 per month and includes all the channels from the Sky TV package plus an additional 44 documentary, children's and music channels (of which eight are offered in HD). In addition, Sky Italia offers three premium content packages which are (a) Sky Sport (11 channels of which nine are offered in HD, featuring a broad range of sports from golf to tennis and motorsport. Key featured events include Formula 1, MotoGP and key Serie A matches); (b) Sky Calcio (19 channels of which 11 are available in HD, featuring all Serie A matches, Bundesliga and Fox Sports channels, with other major European football leagues, such as the English Premier League, Spanish Liga and French Ligue 1); and (c) Sky Cinema (13 channels, 12 available in HD, featuring exclusive first run TV access to movies from the major US studios – Fox, Disney, Sony and Paramount).

- Sky Italia also operates the free to air channels Cielo and Sky TG24.

Home communications: UK and Ireland

- ***Sky Broadband:*** As at 31 March 2015, Sky had over 5.5 million broadband customers. Since its launch in 2006, Sky Broadband has been the fastest growing provider of broadband and home telephony services, and its acquisition of O2's consumer broadband and fixed-line telephony business in April 2013 strengthened its position as the second largest operator in the UK. As well as competitive pricing, customers are switching to Sky for improved customer service, a better product experience and more flexibility. Having a state of the art, all-fibre-core network means Sky Broadband can give its customers a highly reliable service without imposing fair use policies on uncapped products that reduce speeds at peak-times. As at 30 June 2014, the Group's network covered almost 90 per cent. of UK households and allowed the Group to offer customers a choice of high quality and great value broadband services. Sky Broadband Connect is a white labelled service offered to customers in the UK who are not within the coverage area of the Group's network. It allows the Group to provide customers with a Sky-branded broadband service and give them access to Sky's customer service infrastructure even though Sky's network does not extend to their home. For UK homes within the Group's network reach, the Group offers two, copper-based (DSL) broadband products. For each of these DSL products, the Group seeks to provide customers with the fastest, most reliable speed possible on their line. Sky Broadband Lite is provided without additional charge for customers who also take line rental and it has a 2GB monthly usage allowance. Sky Broadband Unlimited retails at £7.50 per month (when taken with a TV and Sky Talk service) and has no monthly usage allowance. The majority of Sky's broadband customers choose this unlimited product. The Group also offers two differentiated fibre broadband products to customers in the UK. Sky Fibre Unlimited gives customers download speeds of up to 38 Mbps and Sky Fibre Unlimited Pro offers speeds of up to 76 Mbps. Neither product has usage caps imposed. The Group recently launched a capped fibre product which is retailed at £10 per month with a usage cap of 25GB per month ("**Sky Fibre**"). The fibre products are wholesaled from BT Openreach and are therefore available to Sky customers who reside within the coverage area of BT's fibre network. Sky Broadband customers in the UK (except Sky Broadband Lite customers) can also enjoy unlimited Sky WiFi from The Cloud in over 20,000 hotspots across the UK, all included at no extra cost as part of their monthly broadband subscription. This gives customers the opportunity to enjoy unlimited wireless access across the high street and other locations where people want to get online. Consumers do not need to be Sky TV Customers to enjoy Sky's broadband; each of the broadband products (except Sky Broadband Lite) is also available on a standalone basis. In February 2013, the Group launched Sky Broadband in Ireland. The Group white-labels BT Ireland's products to offer Irish customers two copper-based (DSL) products, Sky Broadband Lite and Sky Broadband Unlimited. Both products offer customers download speeds of up to 24 Mbps (depending on the customer's location). In January 2015, the Group launched fibre in Ireland.
- ***Sky Talk:*** Sky Talk is a telephony service (including landline) available to homes in the UK and Ireland and as at 30 June 2014, the Group had almost 5 million customers. Sky Talk is also available to customers who do not take a television service. In the UK, Sky offers three call plans: Sky Talk Weekends offers customers inclusive weekend calls of up to one hour to UK landlines; Sky Talk Anytime UK offers customers unlimited calls (for up to one hour per call) to UK landlines; and Sky Talk Anytime International offers customers unlimited calls (for up to one hour per call) to UK landlines and 50 international destinations. In Ireland, Sky Talk Freetime offers customers inclusive evening and weekend calls of up to one hour to landlines in the Republic of Ireland and Sky Talk Anytime offers customers inclusive calls of up to one hour to landlines in the Republic and Northern Ireland and 20 international destinations.

- *The Cloud WiFi*: The Group has continued to grow its WiFi footprint across the UK and now has over 20,000 high bandwidth, public access hotspots. The quality of its hotspots in popular locations where people dwell provides valued, seamless internet access at no extra cost to Sky Broadband Unlimited, Sky Broadband Connect, Sky Fibre, Sky Fibre Unlimited and Sky Fibre Unlimited Pro customers under the Sky WiFi brand and also directly to members of the public under The Cloud brand. The service provides flexibility and convenience and proves particularly valuable for customers who access Sky content on the go.

Sky Business

The Group offers a number of its services, including its HD service, to commercial TV customers in the UK, Ireland, Germany, Austria and Italy under a range of contracts. The types of contract, and the channels which are available to any particular commercial customer, depend primarily upon the type of business premises within which such customers wish to show Sky services. The Group's commercial TV customers include offices, retail outlets, hotels, pubs and clubs. The Group also offers WiFi services to commercial customers.

Channel Portfolio

The Group believes it is key that the content it offers its TV customers differentiates its services from what is available on the free-to-air channels and the Group continues to increase its investment in its channel portfolio. For example, in January 2014 in the UK and Ireland, the Group signed a long-term extension through to 2020 with HBO.

In the UK and Ireland, the Group's continued investment in original British production, particularly drama, has yielded positive results. During 2015, the crime drama *Fortitude* was the highest rated commissioned show ever on Sky Atlantic following on from the successes of *Penny Dreadful* and *The Tunnel* in 2014. Meanwhile, in acquired content, the fourth series of HBO's epic *Game of Thrones* set new records to become the highest-rated show ever for Sky Atlantic with average viewing up 60 per cent on series three. In Italy, Sky Italia has had significant success with the critically acclaimed crime drama *Gomorra* which has been re-commissioned for a second series and in March 2015, Sky Italia launched *1992* which opened as its most successful ever original commission debut for a TV Series on the Sky platform. Sky Deutschland took its first steps in international co-production with *100 Code* and entered into a milestone cooperation with the German public broadcaster ARD to co-produce *Babylon Berlin*.

The Group's investment in original British content production won external recognition in May 2014, with BAFTA TV Awards for *A League of Their Own*, David Attenborough's *Natural History Museum Alive* in 3D and Sky Sports' coverage of the 2013 Summer Ashes series.

In 2014 in the UK and Ireland, Sky's pay channels outperformed the market, growing their share of viewing by 2 per cent. over the year, while Sky channels accounted for all of the top 5 'must-have' channels among Sky customers, with Sky 1 rated top. Sky Sports ended the 2014 financial year with its share of viewing at a seven-year high, boosted by the open race for the Premier League title. Sky Sports also delivered its highest share in Sky homes on a single day for two years with the combination, in one weekend, of the Champions League Final, the Championship Play-Off Final, the Heineken Cup Final and the Monaco Grand Prix. This included a record audience for club Rugby Union with more than 650,000 viewers watching the Heineken Cup Final between Toulon and Saracens.

Entertainment channels: UK and Ireland

- *Sky 1*: Sky 1 is the Group's flagship entertainment channel and the biggest pay TV entertainment channel in the UK, reaching over 20 million viewers a month. Sky 1 invests in UK commissions and US programming. Sky 1 programmes in 2013 won a host of awards including BAFTA TV Awards for *A League of Their Own* and David Attenborough's *Natural History Museum Alive* and an IFTA for

Moone Boy. The channel is consistently rated as the number one 'must-have' channel amongst Sky customers.

- *Sky Living*: Sky Living primarily offers US dramas, with *The Blacklist* being the highest-rating scripted title for the channel to date.
- *Sky Atlantic*: Sky Atlantic offers cinematic UK and US drama and is the home of HBO content in the UK. The channel's successes in the 2014 financial year include *Penny Dreadful* and the fourth series of *Game of Thrones* (the highest-rated show ever on the channel). Sky Atlantic recently premiered the commissioned crime drama *Fortitude*, which was the most successful original drama series in homes with access to Sky. Sky Atlantic programmes received a total of 13 awards in 2014 and Stephen Dillane won an International Emmy for his role in *The Tunnel*.
- *Sky Arts*: Sky Arts offer art-oriented programmes including theatrical performances, movies, documentaries and music. In 2014, Sky Arts aired *A Young Doctor's Notebook* (Sky Arts' most successful show ever and an original UK commission, starring Jon Hamm and Daniel Radcliffe) as well as *Playhouse Presents* (a run of one-off plays starring world class talent, including Matthew Perry making his UK TV debut and Cara Delevingne in her first acting role).

Sky 1, Sky Living, Sky Atlantic and Sky Arts are all broadcast in HD and are also available on Sky Go, and content from the channels is available on demand via On Demand, Sky Go and Sky Go Extra.

Partner channels: UK and Ireland

To complement its own entertainment channels, Sky's pay TV offering also includes a range of high quality channels from other broadcasters. This includes well known channels from major international broadcasters such as Disney, Discovery, Viacom, Fox and NBC Universal, amongst others. Partner channels such as Comedy Central, Gold, Watch, Syfy, Fox and MTV add breadth to Sky's entertainment offering. In January 2014, the Group entered into a new partnership with ITV, including the launch (in June 2014) of a new pay channel ITV Encore. ITV Encore offers high quality ITV drama content and from 2015 onwards will include new original drama commissions. In May 2015, Sky announced a long term extension to its partnership deal with Viacom, which includes popular pay TV channels such as Comedy Central and MTV. The children's offering includes channels from the trusted Disney and Nickelodeon brands, and the factual offering includes some outstanding content from the likes of Discovery, National Geographic and the History Channel. All of Sky's major pay TV partner channels supply content to Sky's range of innovative TV services, allowing customers to enjoy content On Demand or on-the-go.

Welt package - Entertainment and partner channels: Germany and Austria

Sky Deutschland offers a diverse selection of more than 50 high quality third party channels from all categories including TV series, comedy, documentaries, music, programmes for children and classic movies, including 18 HD channels. These channels include Discovery, National Geographic, Nat Geo Wild, Syfy, Fox, TNT serie, Disney XD and many more. The Welt package also includes Sky Sport News HD, Germany and Austria's only 24/7 sports news channel.

Entertainment and partner channels: Italy

Sky Italia's entertainment channels include Sky Atlantic HD, Sky Uno HD and Sky Arte HD and it also retails third party entertainment channels such as the Disney channels, National Geographic and DeASapere in HD, together these offer major cultural, nature, history and technology documentary programmes, talent shows, such as *The X Factor*, *MasterChef*, *Hell's Kitchen*, high profile original productions (including *Romanzo Criminale* and *Gomorra*) and US TV series.

Sky Movies: UK and Ireland

Sky Movies has an extensive range of films including the latest Hollywood blockbusters, new British films and a wide library of all-time classic titles. Through the Group's agreements with major studios and other distributors, content providers and licensors, Sky Movies offers its customers over 1,000 movies On Demand and across 11 dedicated channels, including new premieres every week. Sky Movies customers can access these new films within nine months from their initial release in cinemas and at least 12 months before any online movies subscription service. In the 2014 financial year, the Sky Movies Oscars pop-up channel (showcasing over 100 Oscar winning films) and the Sky Movies Superheroes pop-up channel were created and the 'Buy & Keep' movies service was launched. The latter service enables customers to buy, watch and keep movies on their set-top box, as well as receiving a copy of the DVD in the post. In addition, the Group renewed its output deal with Paramount, securing access to Paramount's films as well as premium library. In the two years ended 30 June 2014, the Group has agreed new deals with five of the six main studios.

Sky Cinema: Italy

Sky Italia offers 12 cinema channels in HD, with thousands of titles every year. Sky Italia also offers pop-up cinema channels to celebrate significant events in the cinema world (such as Sky Cinema Oscar HD for The Academy Awards, Sky Cinema 007 HD to celebrate the 50th anniversary of the first James Bond film, Sky Cinema PRINCIPESSA HD celebrating the most famous Disney productions).

Film package: Germany and Austria

The Film package provides access to around 20 TV premieres airing on more than ten movie channels, up to one year before their debut on free-to-air TV. The Film package presents over 80 movies a day – from recent blockbusters to movie classics. All movies are shown without commercial breaks and many can be watched in the original language. Features such as HD, 3D, 16:9 format, and Dolby Digital Sound ensure brilliant image and sound quality. As a highlight for TV series fans, Sky Atlantic (available in SD and HD) is also included in the Film package. This channel offers critically acclaimed productions from HBO, the most successful premium channel in the US.

Sky Sports: UK and Ireland

The Sky Sports channels are Sky Sports News HQ, Sky Sports 1, Sky Sports 2, Sky Sports 3, Sky Sports 4, Sky Sports 5 and Sky Sports F1 together with their HD simulcasts. The Group launched Sky Sports 5 (focused on European football) in August 2014. All Sky Sports channels are also all available online on Sky Go and via NOW TV with content from these channels also available On Demand. In the 2014 calendar year, the Group broadcast 59,000 hours of sport across its seven channel network.

The Group's programming rights for the Sky Sports channels include exclusive live rights to broadcast, in the UK (and in most cases Ireland), a range of sport including football (including Premier League, UEFA Champions League, Football League, La Liga and, for the 2014/15 season, the Dutch Eredivisie), motorsport, rugby union, rugby league, cricket, golf and tennis events. From the end of the current season, the Group will no longer have the rights to broadcast the UEFA Champions League. In the 2014 financial year, Sky Sports achieved its best performance in the past seven years with a share of viewing of 5.02 per cent. driven by the Premier League season (with 49 of the top 50 Premier League matches (measured by five minute peak audience) being shown on Sky Sports), the 2013 Summer Ashes series and Heineken Cup as well as the F1 and Super League seasons. Audiences watching on devices other than televisions also increased during the 2014 financial year, with Sky Go viewing adding 15 per cent. to in-home audience figures. Sky Sports also won a number of awards in the 2014 financial year including the BAFTA award for the 2013 Summer Ashes series coverage, Best Digital Platform for Sky Sports Digital Media at the Sports Industry Awards and two RTS Awards for Gary Neville as Best Sports Pundit and the 2013 Summer Ashes series coverage. During

calendar year 2014, the Group agreed 25 rights renewals including Masters & PGA golf, ICC & ECB cricket, Lions & England rugby, plus the Open golf in 2015.

In February 2015, the Group strengthened its position by winning the UK rights to 126 live Premier League matches a season from 2016-17 to 2018-19. In a successful outcome to the Premier League's tender process, Sky Sports was awarded five packs of live rights. Sky will pay £1,392 million per annum for each of the three years of the new agreement.

Sports channels: Italy

Sky Italia's sports programming includes among others, the rights to Serie A, UEFA Champions League for the 2014-2015 season, UEFA Europa League for the 2015-2018 seasons, Bundesliga, Formula 1 and MotoGP.

Sport package: Germany and Austria

In Germany and Austria, Sky Deutschland has an extensive portfolio of exclusive programming including all matches of the UEFA Champions League and all DFB-Pokal matches, as well as selected English Premier League matches and all UEFA Europa League matches involving German and Austrian teams. The Sport package offers all major golf tournaments and tennis from Wimbledon. Additionally, subscribers can watch Formula 1 racing and enjoy exclusive access to the new FIA Formula E racing, as well as beach volleyball and top handball from the Velux EHF Champions League. The Sky Sport Austria channel is also part of this package, offering live and HD broadcasts of all Austrian football league matches. The premium HD option for the Sport package includes partner channels, such as Sport1+ HD, Sport1 US HD and Eurosport 2 HD.

Fußball Bundesliga: Germany and Austria

Sky Deutschland exclusively retails the Fußball Bundesliga package showing all Bundesliga and second Bundesliga matches – on up to ten channels, and on the new Sky HD Fan Zone at the same time, all live and in HD. Sky Deutschland shows all 612 Bundesliga matches per season live and combines them with the award-winning coverage from Sky's Sports Editorial department.

Sky News: UK and Ireland

Sky News provides national and international news to viewers in the UK, Ireland and across the globe. The channel is broadcast unencrypted on Astra satellites, and distributed to viewers via cable, satellite and over-the-top networks in Europe, Africa, the Middle East, North America and Asia. It is also currently shown on most cable and satellite networks in the UK and Ireland as well as DTT in the UK as part of the Freeview offering. An HD version of Sky News is currently available in Sky DTH households and will launch on the VM cable platform in 2015. Overall, Sky News reaches in excess of 111 million homes in 118 countries. Sky News is growing its international footprint through over-the-top distribution, which currently includes Apple TV and Roku. The Group intends to add Sky News to further platforms in the coming years. In October 2013, Sky News signed a two-year extension to the agreement to provide radio services to Independent Radio News, which represents the vast majority of commercial radio operators in the UK.

During the 2014 financial year, multi-platform coverage of significant events such as the crisis in Ukraine, the search for the missing Malaysian flight MH370 and the Oscar Pistorius trial in South Africa delivered large audiences on Sky News. The Sky News channel delivered its best share of viewing for 11 years while consumption levels for digital platforms, including the website, mobile and tablet applications, increased year-on-year by 28 per cent. Sky News and Sky Sports News recently launched on the Snapchat Discover platform.

Sky News Arabia, the Group's joint venture with the Abu Dhabi Media Investment Corporation, is an Arabic news and current affairs channel which is broadcast mainly in the Middle East and North Africa region.

Sky TG24: Italy

Sky Italia's news channels include Sky TG24 HD, which is the first all-news channel in Italy, and the only news channel to be offered in HD with coverage of the most important national and international events. The channel is also available free-to-air in Italy.

Adjacent Businesses

In addition to the retail and broadcast operations described above, the Group has a number of other operations including wholesaling its channel portfolio, selling advertising on its own and partner channels and the Group's international programme sales operation.

Sky Media

In the UK and Ireland, Sky Media sells advertising and sponsorship across all of the Sky Channels and acts as the advertising and sponsorship sales representative across 97 partner channels. The Group also sells tailored advertising through Sky AdSmart, online advertising across Sky's network of websites, mobile advertising, advertising across Sky's On Demand services and product placement opportunities.

In the UK and Ireland, Sky Media launched its targeted advertising service, Sky AdSmart, in 2014 and this service has had a strong start. After just twelve months, the Group had run over a thousand campaigns from nearly 500 different advertisers and over 70 per cent. of those advertisers are new to TV or new to Sky. Sky Media is now increasing the proportion of its inventory available through Sky AdSmart, extending the services to the Group's third party channels and adding additional segments. In May 2015, the Group announced an extension to the commercial agreement with Viacom for a further five years and the Group will extend their advertising sales relationship to include Channel 5 and its associated channels. A strategic partnership with Johnston Press, announced in May 2014, further strengthens the offering by enabling local companies to create and deliver campaigns that combine Johnston Press' regional print titles with TV advertising focused on specific local markets.

Wholesale distribution

Wholesale operators

Wholesale operators acquire the rights from the Group to distribute certain of the Sky Channels which they combine with other channels from third parties and distribute to their subscribers. In the UK, the Group has arrangements in place with VM, BT and TalkTalk for the re-transmission of certain Sky Channels on their respective platforms. In Ireland, the Group has arrangements in place with UPC Communications Ireland Limited and eircom for the re-transmission of certain Sky Channels on their platform. The Group also has contracts with a number of smaller regional cable operators in both the UK and Ireland. In Germany, the Group has a small number of wholesale customers.

Free-to-air distribution

In the UK and Ireland, the Group currently broadcasts versions of three of its channels, Sky News, Challenge and Pick TV, unencrypted free-to-air via DTT in the UK and also on Freesat. In Italy, the Group currently broadcasts the news channel Sky TG24 and the general entertainment channel Cielo unencrypted free-to-air via DTT.

Sky Vision: UK and Ireland

In July 2012, the Group acquired the Parthenon Media Group, a leading independent international distribution and multi-media rights management company. Rebranded as Sky Vision the business exploits the international rights to certain Group-originated content as well as content from third parties. The distribution capability generates revenues from the Group's content investment through the sale of overseas rights, which in turn enables the Group to reinvest in the UK's creative economy for the benefit of both customers and

content makers. During the 2014 financial year, Sky Vision has significantly increased the number of hours in its catalogue, representing nearly 4,000 hours of quality programming (after launching in 2012 with 1,500 hours). Sky Vision represents more than 100 independent production companies, principally in the UK and US, and acquires a significant volume of third party content in addition to programmes produced for Sky entertainment channels. Sky Vision sources its content in a number of ways, including individual programme deals, development deals and equity deals. Recent development deals have been secured with Ugly Brother Studios in the US and UK producers ACME Films, Spark Media Partners, Back2Back and Roughcut TV. Sky Vision also produces approximately 30 to 40 hours of in-house original factual and factual entertainment content for US and UK broadcasters annually.

Infrastructure and Technology

The Group utilises a powerful hybrid network to deliver a high quality integrated entertainment experience for its customers. Satellite remains the most efficient means to broadcast HD live TV into the home and the local storage of the HD set-top box gives customers the added capability of time-shifted viewing. In the UK and Ireland, Sky's HD box is ethernet enabled and connects via broadband to give customers access to the On Demand service. The Group has also developed a range of software applications that enable access to its content across multiple devices and away from the home. Developing and maintaining its technological capabilities is critical to the Group's commitment to continued innovation.

Satellites: UK and Ireland

The digital transmission of Sky's channels, for reception both by DTH customers and cable operators, utilises capacity on a number of satellite transponders on the SES satellites Astra 2A and 2E. The Group contracts with SES for this capacity (currently 31 transponders). In June 2009, the Group signed a long-term agreement with SES which covered the leases for 24 transponders. Those transponder agreements have expiry dates between 2019 and 2025 and thus provide long-term security for the platform. As part of this arrangement, the Group also entered into an inter-satellite back-up transponder agreement with SES which provides full protection for the 31 supplied transponders in the event of transponder or satellite failures. The Group is designated a "non pre-emptible customer" under each of its transponder agreements. This means that, in the event of satellite or transponder failure, the Group's use of these transponders cannot be suspended or terminated by SES in favour of another broadcaster. The Group also has disaster recovery plans in place in the event that it experiences any significant disruption of its transponder capacity. These plans utilise SES satellites Astra 2A, 2E and 2F.

The Group considers these arrangements with SES essential to the business of the Group. In addition to using some of the transponder capacity that the Group has contracted to broadcast Sky Channels, some of this transponder capacity (and in some cases all of the capacity on a particular transponder) is sub-contracted to third parties for the transmission of other channels or services, including certain of the Sky Distributed Channels.

Playout and uplink facilities: UK and Ireland

The Group's uplinking facilities, located in southern England, provide uplinking capacity for the Group's digital services to the satellites referred to above. Sky television channels are distributed from two sites with each of the sites providing backup service for the other.

Satellite, playout and uplink facilities: Italy

Sky Italia contracts directly with Eutelsat for its entire transponder capacity of 26 transponders for the transmission of its channels. Sky Italia's arrangements with Eutelsat provide for full in orbit back-ups in the event of an equipment, transponder or satellite failure; also Sky Italia's use of its transponders cannot be

suspended or terminated in favour of another broadcaster. Sky Italia's playout, distribution and uplinking facilities are located in Rome and Milan, with each acting as back-up for the other.

Satellite, cable, playout and uplink facilities: Germany and Austria

Sky Deutschland transmits digital broadcasts via satellite and cable as well as IPTV, internet and mobile platforms and has technical access to almost 100 per cent. of households in Germany and almost 96 per cent. of households in Austria. (Source: SES-ASTRA Satellite Monitor TNS Infratests, End of Year 2014). These broadcasts are distributed by satellite and cable network operators based on long-term agreements with Sky Deutschland. In addition, Sky Deutschland offers selective programs via its Sky Go service which makes certain content available to fixed and mobile devices via broadband internet, Wi-Fi and mobile data networks. Sky Deutschland contracts digital playout and uplink services from SES Platform Services GmbH ("**SPS**"). Playout and uplink services include the compilation and playout of individual channels as well as encryption and transmission to satellites, and feed-in to cable networks.

Digital satellite reception equipment: UK and Ireland

In order to receive the DTH service, customers are required to have a digital satellite system, which includes a satellite dish and low noise block converter ("**LNB**"), a digital satellite receiver ("**set-top box**"), a smartcard and a remote control.

The Group sources all of its set-top boxes from its own manufacturing division, Home Service and Supply. The Group's Product Design and Development division works with Home Service and Supply and designs, specifies, develops and supplies HD set-top boxes (both PVRs and standard set-top boxes). In addition, the Product Design and Development division also supports the development of additional new features and functionality for such set-top boxes. The actual manufacture of these set-top boxes takes place in China across two factories and this will continue through the next fiscal year.

Digital reception equipment: Germany and Austria

In order to view Sky Deutschland's digital pay-TV programming via satellite or cable on TV sets at home, subscribers need a digital receiver suitable for Sky Deutschland's programming. There are a variety of receivers available for this purpose, a prerequisite being that these receivers are compatible with the applicable encryption systems. Sky Deutschland has developed and released technical specifications that need to be satisfied in order for a receiver to be suitable for reception of Sky Deutschland's programming. In order to view HD content, the receivers, as well as the TV sets used, must have HD capability. Sky Deutschland distributes its own HD receivers as well as its own Sky+ HD receivers (HD receiver and hard disk recorder) to subscribers as a part of subscription packages, primarily on a leasing basis without extra charge to subscribers (except for activation and service fees) in connection with new and also existing subscriptions (e.g., upgrading). In 2010, the Group introduced, and since then actively markets, its Sky+ HD receiver and hard disk recorder to new and existing subscribers (as an upgrade). As at 31 March 2015, 2,099 million subscribers, i.e. circa 50 per cent. of all subscribers enjoyed the convenience and flexibility of a Sky+ receiver. Sky Deutschland sources its own receivers from Humax and Pace.

Encryption and security: UK and Ireland

The Group uses VideoGuard conditional access technology to encrypt and decrypt digital television and audio services and to control access to certain channels on the DTH platform. The Group uses the VideoGuard technology and distributes smartcards in the UK and Ireland under an agreement with Cisco. Cisco supplies smartcards and undertakes ongoing security development and other support services in return for the payment of fees by the Group. In conjunction with Cisco, the Group maintains a policy of refining and updating the VideoGuard technology in order to restrict unauthorised DTH reception of its services. The Group takes appropriate measures to counter the threat of piracy, including seeking legal remedies, both civil and criminal.

Other digital rights management and/or conditional access systems are used to protect the Group's content when it is distributed by means of other platforms (e.g. cable, IPTV or via the range of devices relying on internet-delivery). Where the Group wholesales its content, these systems will have been deployed and are operated by the relevant wholesale customer (e.g. VM or TalkTalk) and similarly in relation to certain devices (e.g. iPhones or Xbox) the device manufacturer may determine the type of content protection system deployed.

Encryption and piracy: Italy

Sky Italia utilises various security methods to prevent unauthorised access to its network, including using VideoGuard conditional access technology to encrypt and decrypt its digital television signals and deploying over-the-air counter-measures to fight fraudulent usage of smart cards. Sky Italia constantly monitors and reviews potential incidences of content piracy and is willing to take appropriate legal action to prevent illegal access to its network.

Encryption and security: Germany and Austria

Sky Deutschland's business model is based on the provision of access to electronic content against a fee, Sky Deutschland is critically dependent on its ability to protect its content against unauthorised access by third parties and, as other pay-TV companies, on effective and secure conditional access systems. To avoid or reduce any damage from security breaches, Sky Deutschland depends on its ability to periodically update the encryption technologies in use and to remedy security breaches quickly, if and when they occur.

With regard to cable customers, the relevant cable network operators are responsible for the encryption of Sky Deutschland's signals during transmission via their cable networks.

DTT transmission: UK and Ireland

Arqiva provides DTT capacity on the Comm 5 Multiplex (previously known as Mux C) for the Group's three DTT channels under a technical services agreement which extends through to December 2020.

Subscriber reception and viewing: Italy

Satellite is the predominant means by which Sky Italia broadcasts its live TV signal. The most recent and distributed version of the set-top box is MySky, a hybrid set top box with hard drive which allows customers to store content locally to be watched at their convenience and with a broadband connection (via WiFi or ethernet) for On Demand services and an integrated DTT tuner.

A full offering via MySky, mirroring the one provided by DTH, has been launched in April 2015 via Telecom Italia's IPTV network. Sky Italia's satellite customers, with Sky Go service, also have access to content across multiple devices, including outside the home. By April 2014, Sky Italia had made available a subset of contents, linear and On Demand, through a standalone OTT offer, Sky Online.

Communications infrastructure: UK and Ireland

The Group's UK broadband network comprises a fixed access network, a public WiFi access network and a long distance core fibre network. To provide broadband and talk services in the UK, the Group rents access to the copper line to the customer home from BT on regulated terms and prices (as well as wholesale managed products from BT in some instances). These lines are connected to the Group's own electronic equipment in the local telephone exchange. The Group's electronic equipment is currently sited in 2,367 telephone exchanges, covering approximately 90 per cent. of the UK's population. To provide fibre broadband, the Group purchases another wholesale product from BT based on fibre to the cabinet technology, which also BT is obliged by regulation to supply. The Group's core fibre network is one of the most extensive all-IP, fibre optic networks in the UK. It comprises 7,500 kilometres of high capacity fibre optic circuits, stretching from

Cornwall to Scotland. The Group does not operate its own network in Ireland but instead supplies Sky Talk and Sky Broadband in Ireland using the network of its wholesale partner, BT Ireland.

Significant Corporate Events in the Last Three Financial Years

Dividends

At Sky's annual general meeting on 1 November 2012 (the "**2012 AGM**"), the shareholders approved a final dividend of 16.2 pence per ordinary share, resulting in a total dividend for the year of 25.4 pence, representing growth of 9 per cent. over the prior year full year dividend. The ex-dividend date was 24 October 2012 and the dividend was paid on 16 November 2012 to shareholders on record on 26 October 2012.

In January 2013, the Directors declared an interim dividend of 11.0 pence per ordinary share. The ex-dividend date was 27 March 2013 and the dividend was paid on 23 April 2013 to shareholders of record on 2 April 2013.

At Sky's annual general meeting on 22 November 2013 (the "**2013 AGM**"), the shareholders approved a final dividend of 19.0 pence per ordinary share, resulting in a total dividend for the year of 30.0 pence, representing growth of 18 per cent. over the prior year full year dividend. The ex-dividend date was 13 November 2013 and the dividend was paid on 6 December 2013 to shareholders on record on 15 November 2013.

In January 2014, the Directors declared an interim dividend of 12.0 pence per ordinary share. The ex-dividend date was 26 March 2014 and the dividend was paid on 22 April 2014 to shareholders of record on 28 March 2014.

At Sky's annual general meeting on 21 November 2014 (the "**2014 AGM**"), the shareholders approved a final dividend of 20.0 pence per ordinary share, resulting in a total dividend for the year of 32.0 pence, representing growth of 7 per cent. over the prior year full year dividend. The ex-dividend date was 13 November 2014 and the dividend was paid on 5 December 2014 to shareholders on record on 14 November 2013.

In January 2015, the Directors declared an interim dividend of 12.3 pence per ordinary share. The ex-dividend date was 26 March 2015 and the dividend was paid on 21 April 2015 to shareholders of record on 27 March 2015.

Share buy-backs

On 29 November 2011, Sky's shareholders approved a resolution at the annual general meeting (the "**2011 AGM**") for Sky to return £750 million of capital to shareholders via a share buy-back programme. Sky entered into an agreement with 21st Century Fox (formerly known as News Corporation) under which, following any market purchases of shares by Sky, 21st Century Fox would sell to Sky sufficient shares to maintain its percentage shareholding at the same level as applied prior to those market purchases. The price payable to 21st Century Fox would be the price payable by Sky in respect of the relevant market purchases. The effect of the agreement is to provide that there will be no change in 21st Century Fox's economic or voting interests in Sky as a result of the share buy-back programme ("**2011 Share Buy-back**").

Pursuant to the 2011 Share Buy-back, Sky repurchased and subsequently cancelled 103,392,937 ordinary shares for a total consideration of £731.3 million which included stamp duty and commission of £3.9 million.

At the 2012 AGM, Sky's shareholders approved a resolution for Sky to return a further £500 million of capital to shareholders via a share buy-back programme. Sky entered into an agreement with 21st Century Fox (formerly known as News Corporation) on substantially the same terms as the previous agreement in respect of the 2011 Share Buy-back under which, following any market purchases of shares by Sky, 21st Century Fox would sell to Sky sufficient shares to maintain its percentage shareholding at the same level as applied prior to those market purchases ("**2012 Share Buy-back**").

Pursuant to the 2012 Share Buy-back, Sky repurchased and subsequently cancelled 61,642,949 ordinary shares for a total consideration of £492.7 million which included stamp duty and commission of £2.6 million.

At the 2013 AGM, Sky's shareholders approved a resolution for Sky to return £500 million of capital to shareholders via a share buy-back programme. Sky has entered into a new agreement with 21st Century Fox (formerly known as News Corporation) on substantially the same terms as the previous agreements under which, following any market purchases of shares by Sky, 21st Century Fox would sell to Sky sufficient shares to maintain its percentage shareholding at the same level as applied prior to those market purchases ("**2013 Share Buy-back**").

Pursuant to the 2013 Share Buy-back, up to 30 June 2014, Sky repurchased for cancellation 24,921,696 ordinary shares for a total consideration of £214.9 million which included stamp duty and commission of £1.1 million.

Board appointments

At the 2011 AGM, David Evans and Allan Leighton retired from the board of directors. On the same date, Martin Gilbert and Matthieu Pigasse were appointed to the board of directors as Independent Non-Executive Directors.

On 3 April 2012, Sky announced that James Murdoch had stepped down as Chairman and would continue to serve in his capacity as a Non-Executive Director of Sky. On the same date, Nicholas Ferguson was appointed as Chairman.

On 11 June 2012, Dame Gail Rebuck retired from the board of directors. On the same date, Tracy Clarke was appointed to the board of directors as an Independent Non-Executive Director.

At the 2012 AGM, Jacques Nasser retired from the board of directors.

On 16 November 2012, Dave Lewis was appointed as an Independent Non-Executive Director.

On 13 December 2012, Sky announced that Andrew Sukawaty had agreed to join the board of directors as an Independent Non-Executive Director with effect from 1 June 2013. Lord Wilson of Dinton stepped down from the board of directors once Mr Sukawaty's appointment had taken effect.

Thomas Mockridge resigned as a Non-Executive Director on 30 January 2013 and Chase Carey was appointed a Non-Executive Director with effect from 30 January 2013.

On 17 July 2013, Adine Grate was appointed as an Independent Non-Executive Director.

Andrew Higginson resigned as an Independent Non-Executive Director on 21 November 2014.

The Sky Deutschland Transaction and Sky Italia Acquisition

On 12 November 2014, Sky completed its acquisition of Sky Italia and an 89.71 per cent. stake in Sky Deutschland. Subsequently, Sky acquired additional Sky Deutschland shares through market purchases and as a result holds 96.05 per cent. of Sky Deutschland. The acquisition of Sky Italia was for a total consideration of £2.45 billion, satisfied by approximately £2.07 billion in cash and the balance through the transfer to 21st Century Fox of Sky's 21 per cent. stake in National Geographic Channel International. The acquisition of 96.05 per cent. of Sky Deutschland was for a total consideration of €6.02 billion.

Other corporate activities

On 17 July 2014, Sky placed a shareholding of approximately 6.4 per cent. in ITV which resulted in aggregate consideration of £481 million.

On 25 July 2014, the Sky announced a placing of 156.1 million new ordinary shares representing approximately 9.99 per cent. of the issued share capital of Sky.

On 25 July 2014, the Group entered into a £1,450,000,000 and €6,500,000,000 Multicurrency Term and Revolving Facilities Agreement. Under this agreement: Facility C, a £1bn Revolving Credit Facility, is currently undrawn and available until 30 November 2020; all other facilities under this agreement have been either repaid or cancelled.

EMTN Programmes: on 2 April 2007, the Group established this Programme as a Euro Medium Term Note Programme (the “**Original EMTN Programme**”). The Original EMTN Programme provides the Group with a standardised documentation platform to allow for senior debt issuance in the Eurobond markets. The maximum potential issuance under the Original EMTN Programme is £2.5 billion. In May 2007, £300 million 6.000 per cent. notes were issued under the Original EMTN Programme, repayable in May 2027. The Original EMTN Programme was last updated to become a Global Medium Term Note programme on 7 February 2014. On 5 September 2014, the Group established another Euro Medium Term Note Programme (the “**EMTN Programme**”) with a maximum potential issuance of £10 billion. On 15 September 2014, Sky issued €1,500,000,000 1.5 per cent. notes due 15 September 2021 and €1,000,000,000 2.5 per cent. notes due 15 September 2026 under the EMTN Programme.

On 16 September 2014, Sky issued US\$750,000,000 2.625 per cent. senior unsecured notes due 16 September 2019 and US\$1,250,000,000 3.750 per cent. senior unsecured notes due 16 September 2024.

On 24 November 2014, Sky issued €850,000,000 1.875 per cent. Guaranteed Notes due 2023, £450,000,000 2.875 per cent. Guaranteed Notes due 2020 and £300,000,000 4.000 per cent. Guaranteed Notes due 2029 under the EMTN Programme.

On 27 November 2014 the Group issued €400,000,000 2.75 per cent. Guaranteed Notes due 27 November 2029 under the EMTN Programme.

On 1 April 2015, Sky issued €600,000,000 Guaranteed Floating Rate Notes due 2020 under the EMTN Programme.

Guaranteed Notes: the Group issued US\$800 million 3.125 per cent. Guaranteed Notes due 2022). These notes are described in Note 20 of the Group 2014 Financial Statements;

These are separate 144A issuances and not covered above. However, apart from the last issuance mentioned above, all of the other issuances were prior to 2012.

On 17 February 2015, Sky announced that it had notified the management board of Sky Deutschland that it is initiating the necessary steps for the transfer of the remaining approximately 4 per cent. minority shareholdings in Sky Deutschland (squeeze-out).

On 29 January 2015, Sky announced a multi-year agreement with Telefonica UK enabling Sky to add mobile voice and data services to its customer offering for the first time.

On 19 March 2015, Sky completed its disposal of a controlling stake in Sky Bet (Sky’s online betting and gaming business) to funds advised by CVC Capital partners.

Regulatory and Competition

Wholesale must-offer obligations

On 31 March 2010, Ofcom published its decision to impose wholesale must-offer obligations on the Group (the “**WMO Obligations**”) for the channels Sky Sports 1, Sky Sports 2, Sky Sports 1 HD and Sky Sports 2 HD. The WMO Obligations require the Group, amongst other things, to offer Sky Sports 1, Sky Sports 2, Sky

Sports 1 HD and Sky Sports 2 HD on a wholesale basis to third parties which satisfy various minimum qualifying criteria (including financial, technical and security criteria). The WMO Obligations specify maximum prices that the Group may charge for Sky Sports 1 and/or Sky Sports 2. Under the WMO Obligations, the wholesale price is linked to the Group's retail price. The WMO Obligations do not specify a maximum price for Sky Sports 1 HD and/or Sky Sports 2 HD. Rather, the Group is required to offer these channels on a fair, reasonable and non-discriminatory basis. In April 2010, the Group applied to the Competition Appeal Tribunal ("CAT") for a suspension of the implementation of the WMO Obligations. On 29 April 2010, the Group's application was resolved by way of an agreed Order from the then-President of the CAT (the "**Order**"). The terms of the Order resulted in the suspension of certain aspects of Ofcom's decision, pending the outcome of the Group's substantive appeal. In summary, the effect of the Order is as follows:

- The Group is required to offer, subject to certain pre-conditions being met, Sky Sports 1, Sky Sports 2, Sky Sports 1 HD and Sky Sports 2 HD to each of BT, Top Up TV and Virgin Media for distribution via Digital Terrestrial Television and to Virgin Media for distribution via cable. Other parties may apply to the CAT to be added to the list of persons to whom the Group is required to offer its channels (on 23 November 2010, REAL Digital EPG Services Limited was added to the list in respect of direct-to-home satellite distribution, but has not commenced distribution of any Sky Sports channels).
- In the event that BT, Top Up TV or Virgin Media enter into a distribution agreement for Sky Sports 1 and/or Sky Sports 2 under the WMO Obligations, the distributor is required to pay the Group the equivalent of the maximum price the Group may charge for the channel(s) under the WMO Obligations. The difference between that price and the rate card price set by the Group will be paid into escrow.

On 8 August 2012, the CAT handed down its judgment on the Group's appeal against Ofcom's decision to impose the WMO Obligations (the "**Pay TV Judgment**"), publishing its full judgment on 26 October 2012. The CAT found that "Ofcom's core competition concern is unfounded" (Ofcom had found that the Group deliberately withheld wholesale supply of its premium channels) and therefore allowed the Group's appeal.

On 26 April 2013, BT was granted permission to appeal the Pay TV Judgment to the Court of Appeal. The Court of Appeal has stayed the withdrawal of Ofcom's original decision (and therefore the withdrawal of the WMO Obligations and distribution of any monies held in escrow) pending determination of BT's appeal. On 17 February 2014 the Court of Appeal dismissed the Group's cross-appeal on whether Ofcom had the power to impose the WMO Obligations and allowed BT's appeal. The Court found that Ofcom's decision contained a further competition concern in relation to the Group's rate card prices and discounts to those prices, and that the CAT should have considered that concern. It therefore remitted that issue to the CAT for further consideration. While the CAT's finding that Ofcom's core competition concern was unfounded remains undisturbed, the WMO Obligations (as modified by the Order) continue in force pending the CAT consideration of the further issue remitted to it. However, the Group has agreed with a major wholesale customer to terminate the escrow agreement and release funds in escrow to the parties.

The Group applied for permission to the Supreme Court to appeal the judgment of the Court of Appeal but permission was refused on 30 October 2014. The CAT had previously indicated that it was not minded to hear the remitted issue until the outcome of the Group's application to the Supreme Court was known. The CAT is now considering the process for determining the issue remitted to it by the Court of Appeal.

On 19 December 2014, Ofcom published a consultation as part of its review of the WMO Obligation announced in April 2014. This document represents the first phase of Ofcom's review, the purpose of which is to decide the extent to which the WMO Obligation remains appropriate or needs to be modified or removed. Ofcom is consulting on its assessment of whether, absent regulation, providers of channels which carry key sports content might limit distribution to some pay TV retailers and whether that would undermine

competition. Ofcom's current view is that it may be appropriate to maintain some form of regulation on Sky in order to ensure fair and effective competition in pay TV, and that it is unlikely to be appropriate to consider the imposition of regulation on BT for the same purpose at the current time. The Group has responded to the consultation. Ofcom plans to set out the conclusions of its assessment, and where necessary consult further on any proposed remedies, in 2015.

BT made an application on 11 April 2014 to the CAT to vary the Order such that the WMO Obligations would extend to distribution on BT's IPTV platforms, "Cardinal" and "BT YouView". On 5 November 2014, the CAT granted that variation subject to BT giving an undertaking that it would maintain the self-retailing of its sports channels (BT Sport 1, BT Sport 2 and ESPN) via Sky's DTH satellite platform until the final determination of the matters remitted to the CAT.

The Group is currently unable to determine whether, and to what extent, the appeals concerning the WMO Obligations will be successful, and it is not possible for the Group to conclude on the financial impact of the outcome at this stage; however, should the outcome be adverse to the Group this may have a significant effect on the financial position or profitability of the Group.

BT complaint to Ofcom concerning wholesale supply of Sky Sports 1 and Sky Sports 2

On 24 May 2013 Ofcom received a complaint from BT alleging against the Group an abuse of a dominant position pursuant to Chapter II of the Competition Act 1998 and Article 102 of the Treaty on the Functioning of the European Union. The complaint alleges that the Group is making wholesale supply of Sky Sports 1 and Sky Sports 2 to BT's YouView platform conditional on BT wholesaling BT Sport channels to the Group for retail on the Group's satellite platform, and that this constitutes an abuse of dominance.

In its complaint, BT also made an application for interim measures against the Group, either to restrain the Group from insisting the wholesale supply of Sky Sports 1 and Sky Sports 2 to BT's YouView platform be conditional on BT wholesaling BT Sport channels to the Group, or to mandate the Group to provide wholesale access to BT to Sky Sports 1 and Sky Sports 2 on equivalent terms to those which the Group has already agreed for other platforms. Ofcom refused BT's application for interim measures on 31 July 2013.

Ofcom's investigation of BT's complaint is continuing. The Group is currently unable to determine whether, and to what extent, BT's complaint will be upheld by Ofcom, and it is not possible for the Group to conclude on the financial impact of the outcome at this stage; however, should the outcome of the investigation be adverse to the Group this may have a significant effect on the financial position or profitability of the Group.

European Commission investigation

On 13 January 2014, the European Commission opened a formal competition law investigation into cross-border provision of pay TV services in the EU. The Commission will examine certain provisions relating to territorial protection in licence agreements between major US film studios (20th Century Fox, Warner Bros., Sony Pictures, NBCUniversal and Paramount) and key European pay TV broadcasters (the Group, Canal Plus, Sky Italia, Sky Deutschland and DTS, which is operating under the Canal Plus brand in Spain). However, the EC explicitly states that the question of the legality of granting territorial licences within the EU is not an issue in this investigation - the focus is on contractual clauses that could require pay TV operators to comply with absolute territorial exclusivity. So far as the Group is aware, the Commission has not reached any conclusions at this stage. Consequently the Issuer is not yet able to assess whether, or the extent to which, this investigation will have a material effect on the Issuer or the Group. The timing of the proceedings is not yet certain.

VM complaint to Ofcom concerning the ‘collective’ selling of live UK television rights by the PL is in breach of competition law

In September 2014 Ofcom received a complaint from VM alleging that the arrangements for the ‘collective’ selling of live UK television rights by the PL for matches played by its member clubs is in breach of competition law. On 18 November 2014 Ofcom opened an investigation under section 25 of the Competition Act 1998 into how the PL sells live UK audio-visual media rights for Premier League football matches.

Ofcom’s investigation is continuing and at this time is at the information gathering stage. The Group is currently unable to determine whether, or to what extent, VM’s complaint will be upheld by Ofcom, and it is not possible for the Group to conclude on the financial impact of the outcome at this stage.

Board of Directors

See “*Description of Sky plc - Board of Directors*”.

TAXATION

United Kingdom Taxation

The following is a summary of the United Kingdom withholding taxation treatment at the date hereof in relation to payments of principal and interest in respect of the Notes. The comments do not deal with other United Kingdom tax aspects of acquiring, holding or disposing of Notes. The comments below are of a general nature and apply only to persons who are absolute beneficial owners of the Notes. The comments are based on current United Kingdom law as applied in England and Wales and HM Revenue and Customs practice (which may not be binding on HM Revenue and Customs and which may be subject to change sometimes with retrospective effect) and are not intended to be exhaustive. They assume that there will be no substitution of the relevant Issuer and do not address the consequences of any such substitution that may be permitted by the Terms and Conditions of the Notes. Any Noteholders who are in doubt as to their own tax position should consult their professional advisers. Noteholders who may be liable to taxation in jurisdictions other than the United Kingdom in respect of their acquisition, holding or disposal of the Notes are particularly advised to consult their professional advisers as to whether they are so liable (and if so under the laws of which jurisdictions), since the following comments relate only to certain United Kingdom taxation aspects of payments in respect of the Notes. In particular, Noteholders should be aware that they may be liable to taxation under the laws of other jurisdictions in relation to payments in respect of the Notes even if such payments may be made without withholding or deduction for or on account of taxation under the laws of the United Kingdom.

References in this part to “interest” shall mean amounts that are treated as interest for the purposes of United Kingdom taxation.

1 Interest on the Notes

The Notes issued will constitute “quoted Eurobonds” within the meaning of section 987 of the Income Tax Act 2007 (“**ITA**”) provided they are and continue to be listed on a recognised stock exchange, within the meaning of section 1005 ITA, and they continue to carry a right to interest. The ISE is a recognised stock exchange for these purposes. Securities will be treated as listed on the ISE if they are included in the Official List and are admitted to trading on the GEM.

Whilst the Notes are and continue to be quoted Eurobonds, payments of interest on the Notes may be made without withholding or deduction for or on account of United Kingdom tax.

In all other cases, interest will generally be paid under deduction of United Kingdom income tax at the basic rate (currently 20 per cent.) subject to the availability of other reliefs or to any direction to the contrary from HM Revenue and Customs in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty. However, this withholding will not apply if the relevant interest is paid on Notes with a maturity date of less than one year from the date of issue and which are not issued under a scheme or arrangement the intention or effect of which is to render such Notes part of a borrowing with a total term of a year or more.

2 Payments in respect of the guarantees of the Notes

It is possible that payments under the guarantees of the Notes in respect of interest on the Notes (or other amounts due under the Notes other than repayment of amounts paid for the Notes) may not be eligible for the “quoted Eurobond” exemption from United Kingdom withholding tax described above. If such payments are not eligible for that exemption, they may fall to be paid under deduction of United Kingdom income tax at the

basic rate (currently 20 per cent.) subject to such relief as may be available under the provisions of any applicable double tax treaty or any other relief that may apply.

3 Information Reporting

HM Revenue and Customs has powers to obtain information relating to securities in certain circumstances. This may include details of the beneficial owners of the Notes (or the persons for whom the Notes are held), details of the persons to whom payments derived from the Notes are or may be paid and information and documents in connection with transactions relating to the Notes. In certain circumstances, the information obtained by HM Revenue and Customs may be exchanged with tax authorities in other countries.

4 Other rules relating to United Kingdom withholding tax

Notes may be issued at an issue price of less than 100 per cent. of their principal amount. Any discount element on any such Notes will not generally be subject to any United Kingdom withholding tax pursuant to the provisions mentioned in paragraph 1 above, but may be subject to reporting requirements as outlined in paragraph 3 above.

Where Notes are to be, or may fall to be, redeemed at a premium, as opposed to being issued at a discount, then any such element of premium may constitute a payment of interest. Payments of interest are subject to the rules on United Kingdom withholding tax and the reporting requirements as outlined above.

Where interest has been paid under deduction of United Kingdom income tax, Noteholders who are not resident in the United Kingdom may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

The statements above do not take any account of any different definitions of “interest” or “principal” which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation. Noteholders should seek their own professional advice as regards the withholding tax treatment of any payment on the Notes which does not constitute “interest” or “principal” as those terms are understood in United Kingdom tax law.

EU Directive on the Taxation of Savings Income

Under EC Council Directive 2003/48/EC on the taxation of savings income (the “**Directive**”), each Member State of the European Union (each an “**EU Member State**”) is required to provide to the tax authorities of other EU Member States details of payments of interest or other similar income paid by a person established within its jurisdiction to (or collected by such person for the benefit of) an individual resident, or to certain limited types of entity established, in that other EU Member State. For a transitional period, Austria will instead operate a withholding system in relation to such payments (subject to a procedure whereby, on meeting certain conditions, the beneficial owner of the interest or other income may request that no tax be withheld), unless during that period it elects otherwise, deducting a tax at a rate of 35 per cent.. The transitional period is to terminate at the end of the first full fiscal year following agreement by certain non-EU countries to the exchange of information relating to such payments.

A number of non-EU countries, and certain dependent or associated territories of certain EU Member States, have adopted similar measures (either provision of information or transitional withholding) to the EU Savings Directive. In addition, the EU Member States have entered into provision of information or transitional withholding arrangements with certain of those dependent or associated territories in relation to payments made by a person in an EU Member State to (or collected by such a person for the benefit of) an individual resident, or to (or collected for) certain limited types of entity established, in one of those territories.

The Council of the European Union formally adopted a Council Directive amending the Directive on 24 March 2014 (the “**Amending Directive**”). The Amending Directive would, if implemented, amend and expand the range of payments covered by the Directive, in particular to include additional types of income payable on securities. These changes will also expand the circumstances in which payments must be reported or paid subject to withholding. EU Member States have until 1 January 2016 to adopt the national legislation necessary to comply with the Amending Directive and are required to apply these new requirements from 1 January 2017. The Amending Directive will also apply a “look through approach” to payments made via, or collected for, certain additional entities and legal arrangements (including trusts), where certain conditions are satisfied, and may in some cases apply where the person, entity or legal arrangement is established or effectively managed outside the EU.

However, the European Commission has proposed the repeal of the Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other EU Member States (subject to on-going requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The proposal also provides that, if it proceeds, EU Member States will not be required to apply the new requirements of the Amending Directive.

The Proposed Financial Transactions Tax (“FTT”)

On 14 February 2013, the European Commission published a proposal (the “**Commission’s Proposal**”) for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the “**participating Member States**”).

The Commission’s Proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Notes should, however, be exempt.

Under the Commission’s Proposal the FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, “established” in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Joint statements issued by participating Member States indicate an intention to implement the FTT by 1 January 2016.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional EU Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

United States Taxation

Certain U.S. Federal Income Tax Considerations

The following summary discusses certain U.S. federal income tax consequences of the acquisition, ownership and disposition of the Notes. Except as specifically noted below, this discussion applies only to:

- Registered Notes;
- purchased by U.S. Holders (as defined below);
- purchased on original issuance at their published offer price; and
- that are held as capital assets.

This discussion does not describe all of the tax consequences that may be relevant in light of a U.S. Holder's particular circumstances or to U.S. Holders subject to special rules, such as:

- financial institutions;
- insurance companies;
- individual retirement accounts and other tax-deferred accounts;
- tax-exempt organisations;
- dealers in securities or foreign currencies;
- persons holding Notes as part of a hedging transaction, straddle, conversion transaction or other integrated transaction;
- U.S. Holders whose functional currency is not the U.S. dollar;
- partnerships or other entities classified as partnerships for U.S. federal income tax purposes; or
- former citizens and residents of the United States.

This summary is based on the Internal Revenue Code of 1986, as amended to the date hereof (the “**Code**”), administrative pronouncements, judicial decisions and final, temporary and proposed U.S. Treasury Regulations all as of the date of this Offering Memorandum and any of which may at any time be repealed, revised or subject to differing interpretation, possibly retroactively so as to result in U.S. federal income tax consequences different from those described below. No rulings have been requested from the U.S. Internal Revenue Service (the “**IRS**”) and there can be no guarantee that the IRS would not challenge, possibly successfully, the treatment described below. This discussion does not address any other U.S. federal tax rules (such as the alternative minimum tax or the Medicare contribution tax on net investment income) nor does it address any non-U.S. tax rules. Persons considering the purchase of the Notes should consult their tax advisers with regard to the application of the U.S. federal income tax laws to their particular situations as well as any tax consequences arising under any other U.S. federal laws or the laws of any state, local or non-U.S. taxing jurisdiction.

As used herein, the term “**U.S. Holder**” means a beneficial owner of a Note that is for U.S. federal income tax purposes:

- a citizen or individual resident of the United States;
- a corporation created or organised in or under the laws of the United States or of any state thereof or the District of Columbia; or
- an estate or trust the income of which is subject to U.S. federal income taxation regardless of its source.

If an entity that is classified as a partnership for U.S. federal income tax purposes holds Notes, the U.S. federal income tax treatment of a partner will generally depend on the status of the partner and upon the

activities of the partnership. Partners of entities treated as partnerships for U.S. federal income tax purposes holding Notes should consult with their tax advisers regarding the U.S. federal tax consequences of an investment in the Notes.

Payments of Stated Interest

Interest paid on a Note will be taxable to a U.S. Holder as ordinary interest income at the time it accrues or is received in accordance with the U.S. Holder's method of accounting for U.S. federal income tax purposes, provided that the interest is "qualified stated interest" (as defined below). Interest income earned by a U.S. Holder with respect to a Note will constitute foreign source income for U.S. federal income tax purposes, which may be relevant in calculating the U.S. Holder's foreign tax credit limitation. The rules regarding foreign tax credits are complex and prospective investors should consult their tax advisers about the application of such rules to them in their particular circumstances. Special rules governing the treatment of interest paid with respect to original issue discount notes and foreign currency notes are described under "*Original Issue Discount*" and "*Foreign Currency Notes*".

Original Issue Discount

A Note that has an "issue price" that is less than its "stated redemption price at maturity" will be considered to have been issued with original issue discount for U.S. federal income tax purposes (and will be referred to as an "original issue discount Note") unless the Note satisfies a *de minimis* threshold (as described below) or is a short-term Note (as defined below). The "issue price" of a Note generally will be the first price at which a substantial amount of the Notes is sold to the public (which does not include sales to bond houses, brokers or similar persons or organisations acting in the capacity of underwriters, placement agents or wholesalers). The "stated redemption price at maturity" of a Note generally will equal the sum of all payments required to be made under the Note other than payments of "qualified stated interest". "Qualified stated interest" is stated interest unconditionally payable (other than in debt instruments of the relevant Issuer) at least annually during the entire term of the Note using a single fixed rate of interest, at a single qualified floating rate of interest or at a rate that is determined at a single fixed formula that is based on objective financial or economic information. A rate is a qualified floating rate if variations in the rate can reasonably be expected to measure contemporaneous fluctuations in the cost of newly borrowed funds in the currency in which the Note is denominated.

If the difference between a Note's stated redemption price at maturity and its issue price is less than a *de minimis* amount, i.e., $\frac{1}{4}$ of 1 per cent. of the stated redemption price at maturity multiplied by the number of complete years to maturity (or weighted average maturity if any amount included in the stated redemption price at maturity is payable before maturity), the Note will not be considered to have original issue discount. U.S. Holders of a Note with a *de minimis* amount of original issue discount will include this original issue discount in income, as capital gain, on a pro rata basis as principal payments are made on the Note.

U.S. Holders of original issue discount Notes that mature more than one year from their date of issuance will be required to include original issue discount in income for U.S. federal income tax purposes as it accrues in accordance with a constant yield method based on a compounding of interest, regardless of whether cash attributable to this income is received. Under these rules, U.S. Holders generally will have to include in taxable income increasingly greater amounts of original issue discount in successive accrual periods.

A U.S. Holder may make an election to include in gross income all interest that accrues on any particular Note (including stated interest, acquisition discount (the excess of a short-term obligation's stated redemption price at maturity over the U.S. Holder's basis in the obligation), original issue discount, *de minimis* original issue discount, market discount (discussed below), *de minimis* market discount and unstated interest, as

adjusted by any amortisable bond premium (discussed below) or acquisition premium (discussed below)) in accordance with a constant yield method based on the compounding of interest, and generally may revoke such election only with the permission of the IRS (a “**constant yield election**”). If a U.S. Holder makes a constant yield election with respect to a Note with market discount, the U.S. Holder will be treated as having made an election to include market discount in income currently over the life of all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which such election applies. U.S. Holders should consult their tax advisers about making this election in light of their particular circumstances.

A Note that matures one year or less from its date of issuance (a “**short-term Note**”) will be treated as being issued at a discount and none of the interest paid on the Note will be treated as qualified stated interest regardless of issue price. In general, a cash method U.S. Holder of a short-term Note is not required to accrue the discount for U.S. federal income tax purposes unless it elects to do so. Cash method U.S. Holders who do not elect to accrue the discount should include stated interest payments on short-term Notes as ordinary income upon receipt. Cash method U.S. Holders who do elect to accrue the discount and certain other U.S. Holders, including those who report income on the accrual method of accounting for U.S. federal income tax purposes, are required to include the discount in income as it accrues on a straight-line basis, unless another election is made to accrue the discount according to a constant yield method based on daily compounding. In the case of a U.S. Holder who is not required and who does not elect to include the discount in income currently, any gain realised on the sale, exchange, or retirement of the short-term Note will be ordinary income to the extent of the discount accrued on a straight-line basis (or, if elected, according to a constant yield method based on daily compounding) through the date of sale, exchange or retirement. In addition, those U.S. Holders will be required to defer deductions for any interest paid on indebtedness incurred to purchase or carry short-term Notes in an amount not exceeding the accrued discount until the accrued discount is included in income.

The relevant Issuer may have an unconditional option to redeem, or U.S. Holders may have an unconditional option to require the relevant Issuer to redeem, a Note prior to its stated maturity date. Under applicable regulations, if the relevant Issuer has an unconditional option to redeem a Note prior to its stated maturity date, this option will be presumed to be exercised if, by utilising any date on which the Note may be redeemed as the maturity date and the amount payable on that date in accordance with the terms of the Note as the stated redemption price at maturity, the yield on the Note would be lower than its yield to maturity. If the U.S. holders have an unconditional option to require the relevant Issuer to redeem a Note prior to its stated maturity date, this option will be presumed to be exercised if making the same assumptions as those set forth in the previous sentence, the yield on the Note would be higher than its yield to maturity. If it was presumed that an option would be exercised but it is not in fact exercised, the Note would be treated solely for purposes of calculating original issue discount as if it were redeemed, and a new Note were issued, on the presumed exercise date for an amount equal to the Note’s adjusted issue price on that date. The adjusted issue price of an original issue discount Note is defined as the sum of the issue price of the Note and the aggregate amount of previously accrued original issue discount, less any prior payments other than payments of qualified stated interest.

Market Discount

If a U.S. Holder purchases a Note (other than a short-term Note) for an amount that is less than its stated redemption price at maturity (or, in the case of an original issue discount Note, its adjusted issue price), the amount of the difference will be treated as market discount for U.S. federal income tax purposes, unless this difference is less than.

A U.S. Holder will be required to treat any principal payment (or, in the case of an original issue discount Note, any payment that does not constitute qualified stated interest) on, or any gain on the sale, exchange,

retirement or other disposition of, a Note, including disposition in certain non-recognition transactions, as ordinary income to the extent of the market discount accrued on the Note at the time of the payment or disposition unless this market discount has been previously included in income by the U.S. Holder pursuant to an election by the U.S. Holder to include market discount in income as it accrues. An election to include market discount in income as it accrues applies to all debt instruments with market discount acquired by the electing U.S. Holder on or after the first day of the first taxable year to which such election applies and may not be revoked without the consent of the IRS. In addition, a U.S. Holder that does not elect to include market discount in income currently may be required to defer, until the maturity of the Note or its earlier disposition (including certain non-taxable transactions), the deduction of all or a portion of the interest expense on any indebtedness incurred or maintained to purchase or carry such Note.

Market discount will accrue on a straight line basis unless a U.S. Holder makes an election with respect to a particular Note to accrue on a constant yield basis (as described under “—*Original Issue Discount*”). Such election will result in a deemed election for all market discount bonds acquired by the U.S. Holder on or after the first day of the first taxable year to which such election applies.

Acquisition Premium and Amortisable Bond Premium

A U.S. Holder who purchases a Note for an amount that is greater than the Note’s adjusted issue price but less than or equal to sum of all amounts payable on the Note after the purchase date other than payments of qualified stated interest will be considered to have purchased the Note at an acquisition premium. Under the acquisition premium rules, the amount of original issue discount that the U.S. Holder must include in its gross income with respect to the Note for any taxable year will be reduced by the portion of acquisition premium properly allocable to that year.

If a U.S. Holder purchases a Note for an amount that is greater than the stated redemption price at maturity, the U.S. Holder will be considered to have purchased the Note with amortisable bond premium equal in amount to the excess of the purchase price over the amount payable at maturity. The U.S. Holder may elect to amortise this premium, using a constant yield method, over the remaining term of the Note. A U.S. Holder who elects to amortise bond premium must reduce its tax basis in the Note by the amount of the premium amortised in any year. An election to amortise bond premium applies to all taxable debt obligations then owned and thereafter acquired by the U.S. Holder and may be revoked only with the consent of the IRS.

If a U.S. Holder makes a constant yield election (as described under “—*Original Issue Discount*”) for a Note with amortisable bond premium, such election will result in a deemed election to amortise bond premium for all of the U.S. Holder’s debt instruments with amortisable bond premium.

Sale, Exchange or Retirement of the Notes

Upon the sale, exchange or retirement of a Note, a U.S. Holder will recognise taxable gain or loss equal to the difference between the amount realised on the sale, exchange or retirement and the U.S. Holder’s adjusted tax basis in the Note. A U.S. Holder’s adjusted tax basis in a Note generally will equal the acquisition cost of the Note increased by the amount of original issue discount and market discount included in the U.S. Holder’s gross income and decreased by any bond premium previously amortised and by the amount of any payment received from the relevant Issuer other than a payment of qualified stated interest. Gain or loss, if any, will generally be U.S. source income for purposes of computing a U.S. Holder’s foreign tax credit limitation. For these purposes, the amount realised does not include any amount attributable to accrued but unpaid qualified stated interest on the Note. Amounts attributable to accrued but unpaid qualified stated interest are treated as payments of interest as described under “—*Payments of Stated Interest*”.

Gain or loss realised on the sale, exchange or retirement of a Note will generally be capital gain or loss and will be long-term capital gain or loss if at the time of sale, exchange or retirement the U.S. Holder has held

the Note for more than one year. Exceptions to this general rule apply to the extent of any accrued market discount or, in the case of a short-term Note, to the extent of any accrued discount not previously included in the U.S. Holder's taxable income. See "*—Original Issue Discount*" and "*—Market Discount*". In addition, other exceptions to this general rule apply in the case of foreign currency Notes; see "*—Foreign Currency Notes*". The deductibility of capital losses is subject to limitations.

Foreign Currency Notes

The following discussion summarises the principal U.S. federal income tax consequences to a U.S. Holder of the ownership and disposition of the Notes that are denominated in a currency other than the U.S. dollar or the payments of interest or principal on which are determined by reference to a currency other than the U.S. dollar ("**foreign currency Notes**").

The rules applicable to foreign currency Notes could require some or all gain or loss on the sale, exchange or other disposition of a foreign currency Note to be recharacterised as ordinary income or loss. The rules applicable to foreign currency Notes are complex and may depend on the U.S. Holder's particular U.S. federal income tax situation. For example, various elections are available under these rules, and whether a U.S. Holder should make any of these elections may depend on the U.S. Holder's particular U.S. federal income tax situation. U.S. Holders are urged to consult their tax advisers regarding the U.S. federal income tax consequences of the ownership and disposition of foreign currency Notes.

A U.S. Holder who uses the cash method of accounting and who receives a payment of qualified stated interest in a foreign currency with respect to a foreign currency Note will be required to include in income the U.S. dollar value of the foreign currency payment (determined on the date the payment is received) regardless of whether the payment is in fact converted to U.S. dollars at the time, and this U.S. dollar value will be the U.S. Holder's tax basis in the foreign currency.

An accrual method U.S. Holder (or cash method U.S. Holder with respect to original issue discount) will be required to include in income the U.S. dollar value of the amount of interest income, including original issue discount, that has accrued and is otherwise required to be taken into account with respect to a foreign currency Note during an accrual period. The U.S. dollar value of the accrued income will be determined by translating the income at the average rate of exchange for the accrual period or, with respect to an accrual period that spans two taxable years, at the average rate for the partial period within the taxable year.

Alternatively, the U.S. Holder described in the preceding paragraph may elect to translate interest income, including original issue discount, into U.S. dollars at the spot rate on the last day in the interest accrual period (or, in the case of a partial accrual period, the spot rate on the last day of the partial accrual period in the taxable year) or, if the date of receipt is within five business days of the last day of the interest accrual period, the spot rate on the date of receipt. A U.S. Holder that makes this election must apply it consistently to all debt instruments from year to year and cannot change the election without the consent of the IRS.

A U.S. Holder that has accrued interest income as described in either of the two preceding paragraphs will recognise ordinary income or loss with respect to accrued income on the date the corresponding payment is actually received. The amount of ordinary income or loss recognised will equal the difference between the U.S. dollar value of the foreign currency payment determined on the date the payment is received, and the U.S. dollar value that was accrued with respect to the accrual period.

Original issue discount, market discount, acquisition premium and amortisable bond premium on a foreign currency Note are to be determined in the relevant foreign currency. Where the taxpayer elects to include market discount in income currently, the amount of market discount will be determined for any accrual period in the relevant foreign currency and then translated into U.S. dollars on the basis of the average rate in effect during the accrual period. Exchange gain or loss realised with respect to such accrued market discount shall

be determined in accordance with the rules relating to accrued interest described above. Accrued market discount (other than market discount currently included in income) taken into account upon the receipt of any partial principal payment or upon the sale, retirement or other disposition of a Note is translated into U.S. dollars at the spot rate on such payment or disposition date.

If an election to amortise bond premium is made, amortisable bond premium taken into account on a current basis shall reduce interest income in units of the relevant foreign currency. Exchange gain or loss is realised on amortised bond premium with respect to any period by treating the bond premium amortised in the period in the same manner as payments on the sale, exchange or retirement of the foreign currency Note, as described below. Any exchange gain or loss will be ordinary income or loss as described below. If the election is not made, any loss realised on the sale, exchange or retirement of a foreign currency Note with amortisable bond premium by a U.S. Holder who has not elected to amortise the premium will be a capital loss to the extent of the bond premium.

Gain or loss realised upon the sale, exchange or retirement of a foreign currency Note that is attributable to fluctuation in currency exchange rates will be ordinary income or loss that will not be treated as interest income or expense. Gain or loss attributable to fluctuations in exchange rates will equal the difference between (i) the U.S. dollar value of the foreign currency principal amount of the Note, determined on the date the payment is received or the Note is disposed of, and (ii) the U.S. dollar value of the foreign currency principal amount of the Note, determined on the date the U.S. Holder acquired the Note. Payments received attributable to accrued interest will be treated in accordance with the rules applicable to payments of interest on foreign currency Notes described above. The foreign currency gain or loss will be recognised only to the extent of the total gain or loss realised by the U.S. Holder on the sale, exchange or retirement of the foreign currency Note. The source of the foreign currency gain or loss will be determined by reference to the residence of the U.S. Holder on whose books the Note is properly reflected. Any gain or loss realised by these U.S. Holders in excess of the foreign currency gain or loss will be capital gain or loss except to the extent of any accrued market discount or, in the case of short-term Note, to the extent of any discount not previously included in the U.S. Holder's income. U.S. Holders should consult their tax advisers with respect to the tax consequences of receiving payments in a currency different from the currency in which payments with respect to such Note accrue and how to account for the U.S. dollar value of payments made or received upon the acquisition or disposition of Notes.

Information Reporting and Backup Withholding

Information returns may be filed with the IRS in connection with payments on the Notes and the proceeds from a sale or other disposition of the Notes. A U.S. Holder may be subject to U.S. backup withholding on these payments if it fails to provide its tax identification number to the paying agent and comply with certain certification procedures. The amount of any backup withholding from a payment to a U.S. Holder will be allowed as a credit against the U.S. Holder's U.S. federal income tax liability and may entitle the U.S. Holder to a refund, provided that the required information is timely furnished to the IRS.

U.S. Holders should consult their tax advisers about any additional reporting obligations that may apply as a result of the acquisition, holding or disposition of the Notes. Failure to comply with certain reporting obligations could result in the imposition of substantial penalties.

The U.S. federal income tax discussion set forth above is included for general information only and may not be applicable depending upon a U.S. Holder's particular situation. U.S. Holders should consult their tax advisers with respect to the tax consequences to them of the ownership and disposition of the Notes, including the tax consequences under state, local, non-U.S. and other tax laws and the possible effects of changes in U.S. federal or other tax laws.

SUBSCRIPTION AND SALE

Summary of Dealer Agreement

Subject to the terms and on the conditions contained in an amended and restated dealer agreement dated 5 June 2015 (the “**Dealer Agreement**”) between the Issuers, the Guarantors, the Permanent Dealers and the Arranger, the Notes will be offered on a continuous basis by the relevant Issuer to the Permanent Dealers. The Notes may be resold at prevailing market prices, or at prices related thereto, at the time of such resale, as determined by the relevant Dealer. The Notes may also be sold by the relevant Issuer through the Dealers, acting as agents of the Issuers. The Dealer Agreement also provides for Notes to be issued in syndicated Tranches that are jointly and severally underwritten by two or more Dealers.

The relevant Issuer will pay each relevant Dealer a commission as agreed between them in respect of Notes subscribed by it. Sky has agreed to reimburse the Arranger for certain of its expenses incurred in connection with the update of the Programme and the Dealers for certain of their activities in connection with the Programme.

Each Issuer has agreed to indemnify the Dealers against certain liabilities in connection with the offer and sale of the Notes. The Dealer Agreement entitles the Dealers to terminate any agreement that they make to subscribe Notes in certain circumstances prior to payment for such Notes being made to the relevant Issuer.

Selling Restrictions

United States

The Notes and the guarantees of the Notes have not been and will not be registered under the Securities Act or any U.S. state securities law and the Notes may not be offered or sold within the United States or to, or for the account or benefit of, U.S. persons except in certain transactions exempt from, or not subject to, the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S under the Securities Act.

Notes in bearer form having a maturity of more than one year are subject to U.S. tax law requirements and may not be offered, sold or delivered within the United States or its possessions or to a U.S. person, except in certain transactions permitted by U.S. tax regulations. Terms used in this paragraph have the meanings given to them by the U.S. Internal Revenue Code and regulations thereunder.

Each Dealer has represented and agreed that, except as permitted by the Dealer Agreement, it has not offered, sold or delivered and will not offer, sell or deliver the Notes of any identifiable Tranche (i) as part of their distribution at any time or (ii) otherwise until 40 days after completion of the distribution of such Tranche as determined, and certified to the relevant Issuer, by the Issuing and Paying Agent, or in the case of Notes issued on a syndicated basis, the Lead Manager, within the United States or to, or for the account or benefit of, U.S. persons, and it will have sent to each Dealer to which it sells Notes during the distribution compliance period (other than resales pursuant to Rule 144A) a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the United States or to, or for the account or benefit of, U.S. persons.

The Notes are being offered and sold outside the United States to non-U.S. persons in reliance on Regulation S. The Dealer Agreement provides that the Dealers may directly or through their respective U.S. broker-dealer affiliates arrange for the offer and resale of Notes within the United States only to QIBs in reliance on Rule 144A.

In addition, until 40 days after the commencement of the offering, an offer or sale of Notes within the United States by any dealer that is not participating in the offering may violate the registration requirements of the Securities Act if such offer or sale is made otherwise than in accordance with Rule 144A or pursuant to another exemption from registration under the Securities Act.

This Offering Memorandum has been prepared by the Issuers for use in connection with the offer and sale of the Notes outside the United States and for the resale of the Notes in the United States. The relevant Issuer and the Dealers reserve the right to reject any offer to purchase the Notes, in whole or in part, for any reason. This Offering Memorandum does not constitute an offer to any person in the United States or to any U.S. person, other than any QIB to whom an offer has been made directly by one of the Dealers or its U.S. broker-dealer affiliate. Distribution of this Offering Memorandum by any non-U.S. person outside the United States or by any QIB in the United States to any U.S. person or to any other person within the United States, other than any QIB and those persons, if any, retained to advise such non-U.S. person or QIB with respect thereto, is unauthorised and any disclosure without the prior written consent of the relevant Issuer of any of its contents to any such U.S. person or other person within the United States, other than any QIB and those persons, if any, retained to advise such non-U.S. person or QIB, is prohibited.

Prospectus Directive Public Offer Selling Restriction

In relation to each Member State of the European Economic Area which has implemented the Prospectus Directive (each, a “**Relevant Member State**”), each Dealer has represented, and agreed, that with effect from and including the date on which the Prospectus Directive is implemented in that Relevant Member State (the “**Relevant Implementation Date**”) it has not made and will not make an offer of Notes which are the subject of the offering contemplated by this Offering Memorandum as completed by the Pricing Supplement in relation thereto to the public in that Relevant Member State except that it may, with effect from and including the Relevant Implementation Date, make an offer of such Notes to the public in that Relevant Member State:

- (i) at any time to any legal entity which is a qualified investor as defined in the Prospectus Directive;
- (ii) at any time to fewer than 150 natural or legal persons (other than qualified investors as defined in the Prospectus Directive), subject to obtaining the prior consent of the relevant Dealer or Dealers nominated by the relevant Issuer for any such offer; or
- (iii) at any time in any other circumstances falling within Article 3(2) of the Prospectus Directive,

provided that no such offer of Notes referred to in (i) to (iii) above shall require the relevant Issuer or any Dealer to publish a prospectus pursuant to Article 3 of the Prospectus Directive or supplement a prospectus pursuant to Article 16 of the Prospectus Directive.

For the purposes of this provision, the expression an “offer of Notes to the public” in relation to any Notes in any Relevant Member State means the communication in any form and by any means of sufficient information on the terms of the offer and the Notes to be offered so as to enable an investor to decide to purchase or subscribe the Notes, as the same may be varied in that Member State by any measure implementing the Prospectus Directive in that Member State, the expression “Prospectus Directive” means Directive 2003/71/EC (as amended, including by Directive 2010/73/EU), and includes any relevant implementing measure in the Relevant Member State.

United Kingdom

Each Dealer has represented and agreed that:

- (i) in relation to any Notes which have a maturity of less than one year, (a) it is a person whose ordinary activities involve it in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of its business and (b) it has not offered or sold and will not offer or sell any Notes

other than to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or who it is reasonable to expect will acquire, hold, manage or dispose of investments (as principal or agent) for the purposes of their businesses where the issue of the Notes would otherwise constitute a contravention of section 19 of the FSMA by the relevant Issuer;

- (ii) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of section 21 of the FSMA) received by it in connection with the issue or sale of any Notes in circumstances in which section 21(1) of the FSMA does not apply to the relevant Issuer or the relevant Guarantors; and
- (iii) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to any Notes in, from or otherwise involving the United Kingdom.

Japan

The Notes have not been and will not be registered under the Financial Instruments and Exchange Act of Japan (Act No. 25 of 1948, as amended, the “**Financial Instruments and Exchange Act**”). Accordingly, each Dealer has represented and agreed that it has not, directly or indirectly, offered or sold and will not, directly or indirectly, offer or sell any Notes in Japan or to, or for the benefit of, any resident of Japan (which term as used herein means any person resident in Japan, including any corporation or other entity organised under the laws of Japan) or to others for re-offering or re-sale, directly or indirectly, in Japan or to, or for the benefit of, any resident in Japan except pursuant to an exemption from the registration requirements of, and otherwise in compliance with, the Financial Instruments and Exchange Act and other relevant laws and regulations of Japan.

General

These selling restrictions may be modified by the agreement of the Issuers, the Guarantors and the Dealers following a change in a relevant law, regulation or directive.

No representation is made that any action has been taken in any jurisdiction that would permit a public offering of any of the Notes, or possession or distribution of this Offering Memorandum or any other offering material or any Pricing Supplement, in any country or jurisdiction where action for that purpose is required.

Each Dealer has agreed that it will, to the best of its knowledge, comply with all relevant laws, regulations and directives in each jurisdiction in which it purchases, offers, sells or delivers Notes or has in its possession or distributes this Offering Memorandum, any other offering material or any Pricing Supplement and none of the Issuers, the Guarantors and any other Dealer shall have responsibility therefor.

CLEARANCE AND SETTLEMENT

*The information set out below is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC, Euroclear and/or Clearstream, Luxembourg (together, the “**Clearing Systems**”) currently in effect. Investors wishing to use the facilities of any of the Clearing Systems are advised to confirm the continued applicability of the rules, regulations and procedures of the relevant Clearing Systems. Neither the Issuers, the Guarantors nor any other party to the Agency Agreement will have any responsibility or liability for any aspect of the records relating to, or payments made on account of, beneficial ownership interests in the Notes held through the facilities of any Clearing System or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. The information in this section concerning the Clearing Systems has been obtained from sources that the Issuers and the Guarantors believe to be reliable, but neither the Issuers, the Guarantors nor any Dealer takes any responsibility for the accuracy thereof. The Issuers and the Guarantors confirm that such information has been accurately reproduced and that, so far as it is aware and is able to ascertain from information published by such sources, no facts have been omitted which would render the reproduced information inaccurate or misleading.*

Book-Entry Ownership

1 Bearer Notes

The relevant Issuer may make applications to Euroclear and/or Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of any Series of Bearer Notes. In respect of Bearer Notes, a temporary Global Note and/or a permanent Global Note in bearer form without coupons may be deposited with a Common Depositary (in the case of CGNs) or a Common Safekeeper (in the case of NGNs) for Euroclear and/or Clearstream, Luxembourg or an Alternative Clearing System as agreed between the relevant Issuer and the Dealers. Transfers of interests in such temporary Global Notes or permanent Global Notes will be made in accordance with the normal Euromarket debt securities operating procedures of Euroclear and Clearstream, Luxembourg or, if appropriate, the Alternative Clearing System.

2 Registered Notes

The relevant Issuer may make applications to Euroclear and/or Clearstream, Luxembourg for acceptance in their respective book-entry systems in respect of the Registered Notes to be represented by an Unrestricted Global Certificate. Each Unrestricted Global Certificate deposited with a Common Depositary or a Common Safekeeper (as the case may be) for, and registered in the name of, a nominee of Euroclear and/or Clearstream, Luxembourg will have an ISIN and a Common Code.

The relevant Issuer, and a relevant U.S. agent appointed for such purpose that is an eligible DTC participant, may make applications to DTC for acceptance in its book-entry settlement system of the Registered Notes to be represented by a Restricted Global Certificate. Each such Restricted Global Certificate will have a CUSIP number. Each Restricted Global Certificate will be subject to restrictions on transfer contained in a legend appearing on the front of such Restricted Global Certificate, as set out under “*Transfer Restrictions*”. In certain circumstances, as described below in “*Transfers of Registered Notes*”, transfers of interests in a Restricted Global Certificate may be made as a result of which such legend may no longer be required.

In the case of a Tranche of Registered Notes to be cleared through the facilities of DTC, the Custodian with whom the Restricted Global Certificates are deposited, and DTC, will electronically record the nominal amount of the Restricted Notes held within the DTC system. Investors may hold their beneficial interests in a Restricted Global Certificate directly through DTC if they are participants in the DTC system, or indirectly through organisations which are participants in such system.

Payments of principal of, and interest on, each Restricted Global Certificate registered in the name of DTC's nominee will be to, or to the order of, its nominee as the registered owner of such Restricted Global Certificate. The relevant Issuer expects that the nominee, upon receipt of any such payment, will immediately credit DTC participants' accounts with payments in amounts proportionate to their respective beneficial interests in the nominal amount of the relevant Restricted Global Certificate as shown on the records of DTC or the nominee. The relevant Issuer also expects that payments by DTC participants to owners of beneficial interests in such Restricted Global Certificate held through such DTC participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers registered in the names of nominees for such customers. Such payments will be the responsibility of such DTC participants. Neither the relevant Issuer nor any Paying Agent or any Transfer Agent will have any responsibility or liability for any aspect of the records relating, to or payments made on account of, ownership interests in any Restricted Global Certificate or for maintaining, supervising or reviewing any records relating to such ownership interests.

All Registered Notes will initially be in the form of an Unrestricted Global Certificate and/or a Restricted Global Certificate. Individual Certificates will only be available, in the case of Notes initially represented by an Unrestricted Global Certificate, in amounts specified in the applicable Pricing Supplement, and, in the case of Notes initially represented by a Restricted Global Certificate, in minimum amounts of U.S.\$100,000 (or its equivalent rounded upwards as agreed between the relevant Issuer and the relevant Dealer(s)), or higher integral multiples of U.S.\$1,000, in certain limited circumstances described below.

3 Payments through DTC

Payments in U.S. dollars of principal and interest in respect of a Restricted Global Certificate registered in the name of a nominee of DTC will be made to the order of such nominee as the registered holder of such Note. Payments of principal and interest in a currency other than U.S. dollars in respect of Notes evidenced by a Restricted Global Certificate registered in the name of a nominee of DTC will be made or procured to be made by the Paying Agent in such currency in accordance with the following provisions. The amounts in such currency payable by the Paying Agent or its agent to DTC with respect to Notes held by DTC or its nominee will be received from the relevant Issuer by the Paying Agent who will make payments in such currency by wire transfer of same day funds to the designated bank account in such currency of those DTC participants entitled to receive the relevant payment who have made an irrevocable election to DTC, in the case of payments of interest, on or prior to the third business day in New York City after the Record Date for the relevant payment of interest and, in the case of payments of principal, at least 12 business days in New York City prior to the relevant payment date, to receive that payment in such currency. The Exchange Agent will convert amounts in such currency into U.S. dollars and deliver such U.S. dollar amount in same day funds to DTC for payment through its settlement system to those DTC participants entitled to receive the relevant payment who did not elect to receive such payment in such currency. The Agency Agreement sets out the manner in which such conversions are to be made.

4 Transfers of Registered Notes

Transfers of interests in Global Certificates within Euroclear, Clearstream, Luxembourg and DTC will be in accordance with the usual rules and operating procedures of the relevant clearing system. The laws of some States in the United States require that certain persons take physical delivery in definitive form of securities. Consequently, the ability to transfer interests in a Restricted Global Certificate to such persons may be limited. Because DTC can only act on behalf of direct participants, who in turn act on behalf of indirect participants, the ability of a person having an interest in a Restricted Global Certificate to pledge such interest to persons or entities that do not participate in DTC, or otherwise take actions in respect of such interest, may be affected by the lack of a physical certificate in respect of such interest.

Beneficial interests in an Unrestricted Global Certificate may only be held through Euroclear or Clearstream, Luxembourg. In the case of Registered Notes to be cleared through Euroclear, Clearstream, Luxembourg and/or DTC, transfers may be made at any time by a holder of an interest in an Unrestricted Global Certificate to a transferee who wishes to take delivery of such interest through a Restricted Global Certificate for the same Series of Notes provided that any such transfer made on or prior to the expiration of the distribution compliance period (as used in “*Subscription and Sale*”) relating to the Notes represented by such Unrestricted Global Certificate will only be made upon receipt by any Transfer Agent of a written certificate from Euroclear or Clearstream, Luxembourg, as the case may be, (based on a written certificate from the transferor of such interest) to the effect that such transfer is being made to a person whom the transferor, and any person acting on its behalf, reasonably believes is a QIB within the meaning of Rule 144A in a transaction meeting the requirements of Rule 144A and in accordance with any applicable securities laws of any State of the United States. Any such transfer made thereafter of the Notes represented by such Unrestricted Global Certificate will only be made upon request through Euroclear or Clearstream, Luxembourg by the holder of an interest in the Unrestricted Global Certificate to the Issuing and Paying Agent of details of that account at DTC to be credited with the relevant interest in the Restricted Global Certificate. Transfers at any time by a holder of any interest in the Restricted Global Certificate to a transferee who takes delivery of such interest through an Unrestricted Global Certificate will only be made upon delivery to any Transfer Agent of a certificate setting forth compliance with the provisions of Regulation S and giving details of the account at Euroclear or Clearstream, Luxembourg, as the case may be, and DTC to be credited and debited, respectively, with an interest in each relevant Global Certificate.

Subject to compliance with the transfer restrictions applicable to the Registered Notes described above and under “*Transfer Restrictions*”, cross-market transfers between DTC, on the one hand, and directly or indirectly through Euroclear or Clearstream, Luxembourg accountholders, on the other, will be effected by the relevant clearing system in accordance with its rules and through action taken by the Custodian, the Registrar and the Issuing and Paying Agent.

On or after the Issue Date for any Series, transfers of Notes of such Series between accountholders in Euroclear and/or Clearstream, Luxembourg and transfers of Notes of such Series between participants in DTC will generally have a settlement date three business days after the trade date (T+3). The customary arrangements for delivery versus payment will apply to such transfers.

Cross-market transfers between accountholders in Euroclear or Clearstream, Luxembourg and DTC participants will need to have an agreed settlement date between the parties to such transfer. Because there is no direct link between DTC, on the one hand, and Euroclear and Clearstream, Luxembourg, on the other, transfers of interests in the relevant Global Certificates will be effected through the Issuing and Paying Agent, the Custodian, the Registrar and any applicable Transfer Agent receiving instructions (and where appropriate, certification) from the transferor and arranging for delivery of the interests being transferred to the credit of the designated account for the transferee. Transfers will be effected on the later of (i) three business days after the trade date for the disposal of the interest in the relevant Global Certificate resulting in such transfer and (ii) two business days after receipt by the Issuing and Paying Agent, the relevant Transfer Agent or the Registrar, as the case may be, of the necessary certification or information to effect such transfer. In the case of cross-market transfers, settlement between Euroclear or Clearstream, Luxembourg accountholders and DTC participants cannot be made on a delivery versus payment basis. The securities will be delivered on a free delivery basis and arrangements for payment must be made separately.

For a further description of restrictions on transfer of Registered Notes, see “*Transfer Restrictions*”.

DTC has advised the relevant Issuer that it will take any action permitted to be taken by a holder of Registered Notes (including, without limitation, the presentation of Restricted Global Certificates for exchange as described above) only at the direction of one or more participants in whose account with DTC

interests in Restricted Global Certificates are credited and only in respect of such portion of the aggregate nominal amount of the relevant Restricted Global Certificates as to which such participant or participants has or have given such direction. However, in the circumstances described below, DTC will surrender the relevant Restricted Global Certificates for exchange for individual Certificates (which will, in the case of Restricted Notes, bear the legend applicable to transfers pursuant to Rule 144A).

DTC has advised the relevant Issuer as follows: DTC is a limited purpose trust company organised under the laws of the State of New York, a “banking organisation” under the laws of the State of New York, a member of the U.S. Federal Reserve System, a “clearing corporation” within the meaning of the New York Uniform Commercial Code and a “clearing agency” registered pursuant to the provisions of Section 17A of the Exchange Act. DTC was created to hold securities for its participants and facilitate the clearance and settlement of securities transactions between participants through electronic computerised book-entry changes in accounts of its participants, thereby eliminating the need for physical movement of certificates. Direct participants include securities brokers and dealers, banks, trust companies, clearing corporations and certain other organisations. Indirect access to DTC is available to others, such as banks, securities brokers, dealers and trust companies, that clear through or maintain a custodial relationship with a DTC direct participant, either directly or indirectly.

Under the rules, regulations and procedures creating and affecting DTC and its operations (the “**DTC Rules**”), DTC makes book-entry transfers of registered notes amongst direct participants on whose behalf it acts with respect to notes accepted into DTC’s book-entry settlement system (“**DTC Notes**”) as described below, and receives and transmits distributions of principal and interest on DTC Notes. The DTC Rules are on file with the Securities and Exchange Commission. Direct participants and indirect participants with which beneficial owners of DTC Notes (“**Owners**”) have accounts with respect to the DTC Notes similarly are required to make book-entry transfers and receive and transmit such payments on behalf of their respective Owners. Accordingly, although Owners who hold DTC Notes through direct participants or indirect participants will not possess registered notes, the DTC Rules, by virtue of the requirements described above, provide a mechanism by which direct participants will receive payments and will be able to transfer their interest with respect to the DTC Notes.

Euroclear, Clearstream, Luxembourg and DTC have each published rules and operating procedures designed to facilitate transfers of beneficial interests in registered notes amongst participants and accountholders of Euroclear, Clearstream, Luxembourg and DTC.

Although Euroclear, Clearstream, Luxembourg and DTC have agreed to the foregoing procedures in order to facilitate transfers of beneficial interests in the Global Certificates amongst participants and accountholders of DTC, Clearstream, Luxembourg and Euroclear, they are under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither the relevant Issuer, nor any Paying Agent nor any Transfer Agent will have any responsibility for the performance by Euroclear, Clearstream, Luxembourg or DTC or their respective direct or indirect participants or accountholders of their respective obligations under the rules and procedures governing their operations.

While a Restricted Global Certificate is lodged with DTC or the Custodian, Restricted Notes represented by individual Certificates will not be eligible for clearing or settlement through Euroclear, Clearstream, Luxembourg or DTC.

5 Individual Certificates

Registration of title to Registered Notes in a name other than a depositary or its nominee for Clearstream, Luxembourg and Euroclear or for DTC will be permitted only (i) in the case of Restricted Global Certificates in the circumstances set forth in “*Summary of Provisions Relating to the Notes while in Global Form* –

Exchange – Permanent Global Certificates – Restricted Global Certificates” or (ii) in the case of Unrestricted Global Certificates in the circumstances set forth in *“Summary of Provisions Relating to the Notes while in Global Form – Exchange – Permanent Global Certificates – Unrestricted Global Certificates”*. In such circumstances, the relevant Issuer will cause sufficient individual Certificates to be executed and delivered to the Registrar for completion, authentication and despatch to the relevant Noteholder(s). A person having an interest in a Global Certificate must provide the Registrar with:

- (i) a written order containing instructions and such other information as the relevant Issuer and the Registrar may require to complete, execute and deliver such individual Certificates; and
- (ii) in the case of a Restricted Global Certificate only, a fully completed, signed certification substantially to the effect that the exchanging holder is not transferring its interest at the time of such exchange, or in the case of a simultaneous resale pursuant to Rule 144A, a certification that the transfer is being made in compliance with the provisions of Rule 144A. Individual Certificates issued pursuant to this paragraph (ii) shall bear the legends applicable to transfers pursuant to Rule 144A.

6 Pre-issue Trades Settlement

It is expected that delivery of Notes will be made against payment therefor on the relevant Issue Date, which could be more than three business days following the date of pricing. Under Rule 15c6-1 of the Exchange Act, trades in the U.S. secondary market generally are required to settle within three business days (“T+3”), unless the parties to any such trade expressly agree otherwise. Accordingly, in the event that an Issue Date is more than three business days following the relevant date of pricing, purchasers who wish to trade Registered Notes in the United States between the date of pricing and the date that is three business days prior to the relevant Issue Date will be required, by virtue of the fact that such Notes initially will settle beyond T+3, to specify an alternative settlement cycle at the time of any such trade to prevent a failed settlement. Settlement procedures in other countries will vary. Purchasers of Notes may be affected by such local settlement practices and, in the event that an Issue Date is more than three business days following the relevant date of pricing, purchasers of Notes who wish to trade Notes between the date of pricing and the date that is three business days prior to the relevant Issue Date should consult their own adviser.

TRANSFER RESTRICTIONS

The Notes have not been and will not be registered under the Securities Act. The Notes may not be offered or sold in the United States except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act. The Notes are subject to restrictions on transfer as summarised below.

1 Restricted Notes

Each purchaser of Restricted Notes, by accepting delivery of this Offering Memorandum and the Restricted Notes, will be deemed to have represented, agreed and acknowledged that:

- (i) It is (a) a QIB, (b) acquiring such Restricted Notes for its own account, or for the account of one or more QIBs, (c) not formed for the purpose of investing in the Notes or the Issuers and (d) aware, and each beneficial owner of the Restricted Notes has been advised, that the sale of the Restricted Notes to it is being made in reliance on Rule 144A.
- (ii) (a) The Restricted Notes and the guarantees in respect of them have not been and will not be registered under the Securities Act and may not be offered, sold, pledged or otherwise transferred except (i) to the relevant Issuer or a direct or indirect subsidiary of the relevant Issuer, (ii) in accordance with Rule 144A to a person that is, and any person acting on its behalf reasonably believes is, a QIB purchasing for its own account or for the account of one or more QIBs, (iii) in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S under the Securities Act, (iv) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available), or (v) pursuant to an effective registration statement, in each case in accordance with any applicable securities laws of any State in the United States and other jurisdictions and (b) it will, and each subsequent holder of the Restricted Notes is required to, notify any purchaser of the Restricted Notes from it of the resale restrictions on the Restricted Notes.
- (iii) The Restricted Notes, unless the relevant Issuer determines otherwise in accordance with applicable law, will bear a legend (the “**Rule 144A Legend**”) in or substantially in the following form:

NEITHER THIS SECURITY, ANY BENEFICIAL INTEREST HEREIN NOR THE GUARANTEES HEREOF HAS BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “**SECURITIES ACT**”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO THE RELEVANT ISSUER OR A DIRECT OR INDIRECT SUBSIDIARY OF THE RELEVANT ISSUER, (2) IN ACCORDANCE WITH RULE 144A UNDER THE SECURITIES ACT (“**RULE 144A**”) TO A PERSON THAT THE HOLDER AND ANY PERSON ACTING ON ITS BEHALF REASONABLY BELIEVE IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A (A “**QIB**”) THAT IS ACQUIRING THE NOTES FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF ONE OR MORE QIBS, (3) IN AN OFFSHORE TRANSACTION IN ACCORDANCE WITH RULE 903 OR 904 OF REGULATION S UNDER THE SECURITIES ACT, (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER RULE 144 UNDER THE SECURITIES ACT (“**RULE 144**”), IF AVAILABLE, OR (5) PURSUANT TO AN EFFECTIVE REGISTRATION STATEMENT UNDER THE SECURITIES ACT (PROVIDED THAT AS A CONDITION TO REGISTRATION OF TRANSFER OF THIS GLOBAL NOTE OTHERWISE THAN AS SET FORTH IN (1), (2), (3) OR (5) ABOVE, THE RELEVANT ISSUER OR THE GUARANTORS, OR THE TRUSTEE MAY REQUIRE DELIVERY OF ANY DOCUMENTS OR

OTHER EVIDENCE THAT IT, IN ITS DISCRETION, DEEMS NECESSARY OR APPROPRIATE TO EVIDENCE COMPLIANCE WITH THE EXEMPTION REFERRED TO IN CLAUSE (4) ABOVE), AND, IN EACH CASE IN ACCORDANCE WITH ANY APPLICABLE SECURITIES LAWS OF ANY STATE OF THE UNITED STATES. NO REPRESENTATION CAN BE MADE AS TO THE AVAILABILITY OF THE EXEMPTION PROVIDED BY RULE 144 FOR RESALES OF THE NOTES.

- (iv) It understands that the relevant Issuer, the Registrar, the relevant Dealer(s) and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements. If it is acquiring any Notes for the account of one or more QIBs, it represents that it has sole investment discretion with respect to each of those accounts and that it has full power to make the foregoing acknowledgements, representations and agreements on behalf of each such account.
- (v) It understands that the Restricted Notes will be represented by a Restricted Global Certificate. Before any interest in a Restricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in the Unrestricted Global Certificate or as the case may be, Global Note, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.
- (vi) Upon the transfer, exchange or replacement of a Restricted Note, or upon specific request for removal of the Rule 144A Legend, the Issuers will deliver only a Restricted Global Certificate that bears such Rule 144A Legend or will refuse to remove such Rule 144A Legend, unless there is delivered to the Issuers and the relevant Transfer Agent such satisfactory evidence (which may include a legal opinion) as may reasonably be required by the Issuers that neither the Rule 144A Legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.
- (vii) Any interest in a Note represented by a Restricted Global Certificate that is transferred to a person who takes delivery in the form of an interest in a Note represented by an Unrestricted Global Certificate (as defined herein) will, upon transfer, cease to be an interest in a Restricted Global Certificate and become an interest in an Unrestricted Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to an interest in a Note represented by an Unrestricted Global Certificate.

Prospective purchasers that are QIBs are hereby notified that sellers of the Notes may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A.

2 Unrestricted Notes

Each purchaser of Unrestricted Notes and each subsequent purchaser of such Unrestricted Notes in resales prior to the expiration of the distribution compliance period, by accepting delivery of this Offering Memorandum and the Unrestricted Notes, will be deemed to have represented, agreed and acknowledged that:

- (i) It is, or at the time Unrestricted Notes are purchased will be, the beneficial owner of such Unrestricted Notes and (a) it is not a U.S. person and it is located outside the United States (within the meaning of Regulation S) and (b) it is not an affiliate of the relevant Issuer or a person acting on behalf of such an affiliate.
- (ii) It understands that such Unrestricted Notes and the guarantees in respect of them have not been and will not be registered under the Securities Act and that, prior to the expiration of the distribution compliance period (as defined in Regulation S), it will not offer, sell, pledge or otherwise transfer such Unrestricted Notes except in an offshore transaction in accordance with Rule 903 or Rule 904 of Regulation S or in the case of Restricted Notes, only in accordance with Rule 144A to a person that it

and any person acting on its behalf reasonably believe is a QIB purchasing for its own account or the account of a QIB, in each case in accordance with any applicable securities laws of any State of the United States.

- (iii) It understands that the Unrestricted Notes, unless otherwise determined by the relevant Issuer in accordance with applicable law, will bear a legend in or substantially in the following form:

THE NOTES IN RESPECT OF WHICH THIS UNRESTRICTED GLOBAL CERTIFICATE IS ISSUED (THE “**NOTES**”) AND THE GUARANTEES IN RESPECT THEREOF HAVE NOT BEEN AND WILL NOT BE REGISTERED UNDER THE U.S. SECURITIES ACT OF 1933 (THE “**SECURITIES ACT**”), OR WITH ANY SECURITIES REGULATORY AUTHORITY OF ANY STATE OR OTHER JURISDICTION OF THE UNITED STATES AND MAY NOT BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED WITHIN THE UNITED STATES EXCEPT PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT.

- (iv) It understands that the relevant Issuer, the Registrar, the relevant Dealer(s) and their affiliates, and others will rely upon the truth and accuracy of the foregoing acknowledgements, representations and agreements.
- (v) It understands that the Unrestricted Notes will be represented by an Unrestricted Global Certificate, or as the case may be, a Global Note. Prior to the expiration of the distribution compliance period, before any interest in an Unrestricted Global Certificate may be offered, sold, pledged or otherwise transferred to a person who takes delivery in the form of an interest in a Restricted Global Certificate, it will be required to provide a Transfer Agent with a written certification (in the form provided in the Agency Agreement) as to compliance with applicable securities laws.
- (vi) Any interest in a Note represented by an Unrestricted Global Certificate that is transferred to a person who takes delivery in the form of an interest in a Note represented by a Restricted Global Certificate will, upon transfer, cease to be an interest in a Note represented by an Unrestricted Global Certificate and become an interest in a Note represented by a Restricted Global Certificate and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to Notes represented by a Restricted Global Certificate.

FORM OF PRICING SUPPLEMENT

Pricing Supplement dated []

[Sky Group Finance plc]

[Sky plc]

Issue of [Aggregate Nominal Amount of Tranche] [Title of Notes]

Guaranteed by [Sky Group Finance plc] [Sky plc]

Sky UK Limited, Sky Subscribers Services Limited,

and

Sky Telecommunications Services Limited

under the £5,000,000,000

Global Medium Term Note Programme

PART A — CONTRACTUAL TERMS

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions set forth in the Offering Memorandum dated 5 June 2015 [and the supplemental Offering Memorandum dated [●]]. This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with such Offering Memorandum [as so supplemented]. Full information on the Issuer, the Guarantors and the offer of the Notes is only available on the basis of the combination of this Pricing Supplement and the Offering Memorandum [as so supplemented].

The following alternative language applies if the first tranche of an issue which is being increased was issued under an Offering Memorandum or Prospectus with an earlier date.

Terms used herein shall be deemed to be defined as such for the purposes of the Conditions (the “Conditions”) contained in the Trust Deed dated [●] which was in force on [issue date of original Notes], a copy of which is set forth in the [Offering Memorandum] [Prospectus] dated [original date] [and the supplemental [Offering Memorandum] [Prospectus] dated [●]] and incorporated by reference into the Offering Memorandum dated 5 June 2015. This document constitutes the Pricing Supplement of the Notes described herein and must be read in conjunction with the Offering Memorandum dated 5 June 2015 [and the supplemental Offering Memorandum dated [●]].

- | | | |
|---|--|--|
| 1 | (i) Issuer: | [Sky Group Finance plc/Sky plc] |
| | (ii) Guarantors: | [Sky Group Finance Plc] [Sky plc] Sky UK Limited, Sky Subscribers Services Limited and Sky Telecommunications Services Limited |
| 2 | [(i)] Series Number: | [●] |
| | [(ii)] Tranche Number: | [●] |
| | [(iii)] Date on which the Notes become fungible: | [Not Applicable/The Notes shall be consolidated, form a single series and be interchangeable for trading purposes with the [●] on [[●]/the Issue Date].] |
| 3 | Specified Currency or Currencies: | [●] |

- 4 Aggregate Nominal Amount of Notes: [●]
 [(i)] Series: [●]
 [(ii)] Tranche: [●]
- 5 Issue Price: [●] per cent. of the Aggregate Nominal Amount
 [plus accrued interest from [●]]
- 6 (i) Specified Denominations: [●]
 (ii) Calculation Amount: [●]
- 7 (i) Issue Date: [●]
 (ii) Interest Commencement Date: [[●]/Issue Date/Not Applicable]
- 8 Maturity Date: [[●]/Interest Payment Date falling in or nearest to
 [●]]
- 9 Interest Basis: [[●] per cent. Fixed Rate]
 [[specify reference rate] +/- [●] per cent. Floating
 Rate]
 [Zero Coupon]
 [other (specify)]
 (further particulars specified below)
- 10 Redemption/Payment Basis: Subject to any purchase and cancellation or early
 redemption, the Notes will be redeemed at [●] per
 cent. of their nominal amount
- 11 Change of Interest Basis: [●]/Not Applicable
- 12 Put/Call Options: [Investor Put]
 [Issuer Call]
 [Change of Control Put Option]
 [(further particulars specified below)]
- 13 [Date [Board] approval for issuance of Notes [●] [and [●], respectively]
 [and Guarantees] obtained:

PROVISIONS RELATING TO INTEREST (IF ANY) PAYABLE

- 14 Fixed Rate Note Provisions [Applicable/Not Applicable]
- (i) Rate[(s)] of Interest: [●] per cent. per annum [payable [annually/semi-
 annually/quarterly/monthly] in arrear]
- (ii) Interest Payment Date(s): [●] in each year [adjusted in accordance with
 [●]/not adjusted]
- (iii) Fixed Coupon Amount[(s)]: [●] per Calculation Amount
- (iv) Broken Amount(s): [●] per Calculation Amount, payable on the Interest
 Payment Date falling [in/on] [●]
- (v) Day Count Fraction: [Actual/Actual / Actual/Actual – ISDA]
 [Actual/365 (Fixed)]
 [Actual/360]

	[30/360 / 360/360 / Bond Basis]
	[30E/360 / Eurobond Basis]
	[30E/360 (ISDA)]
	[Actual/Actual – ICMA]
(vi) Determination Dates:	[●] in each year
15 Floating Rate Note Provisions	[Applicable/Not Applicable]
(i) Interest Period(s):	[●]
(ii) Specified Interest Payment Dates:	[●] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment]
(iii) First Interest Payment Date	[●]
(iv) Interest Period Date	[Not Applicable]/[●] in each year[, subject to adjustment in accordance with the Business Day Convention set out in (v) below/, not subject to any adjustment]]
(v) Business Day Convention:	[Floating Rate Business Day Convention/Following Business Day Convention/Modified Following Business Day Convention/Preceding Business Day Convention]
(vi) Business Centre(s):	[●]
(vii) Manner in which the Rate(s) of Interest is/are to be determined:	[Screen Rate Determination/ISDA Determination]
(viii) Party responsible for calculating the Rate(s) of Interest and Interest Amount(s) (if not the Calculation Agent):	[●]
(ix) Screen Rate Determination:	
— Reference Rate:	[LIBOR/EURIBOR]
— Interest Determination Date(s):	[First day of each Interest Accrual Period] [Second London business day prior to the first day of each Interest Accrual Period] [Second TARGET business day prior to the first day of each Interest Accrual Period]
— Relevant Screen Page:	[●]
(x) ISDA Determination:	
— Floating Rate Option:	[●]
— Designated Maturity:	[●]
— Reset Date:	[●]
(xi) Margin(s):	[+/-][●] per cent. per annum
(xii) Minimum Rate of Interest:	[●] per cent. per annum
(xiii) Maximum Rate of Interest:	[●] per cent. per annum
(xiv) Day Count Fraction:	[●]

- 16 Zero Coupon Note Provisions [Applicable/Not Applicable]
- (i) Amortisation Yield: [●] per cent. per annum
- (ii) Day Count Fraction in relation to Early Redemption: [Actual/Actual / Actual/Actual – ISDA]
[Actual/365 (Fixed)]
[Actual/360]
[30/360 / 360/360 / Bond Basis]
[30E/360 / Eurobond Basis]
[30E/360 (ISDA)]
[Actual/Actual – ICMA]

PROVISIONS RELATING TO REDEMPTION

- 17 Call Option [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [[●] per Calculation Amount]/[Make-Whole Amount]
- (iii) If redeemable in part:
- (a) Minimum Redemption Amount: [●] per Calculation Amount
- (b) Maximum Redemption Amount: [●] per Calculation Amount
- (iv) Notice period: [●]
- (v) Redemption Margin: [●]/[Not Applicable]
- (vi) Reference Bond: [●]/[Not Applicable]
- (vii) Quotation Time: [●]
- 18 Put Option [Applicable/Not Applicable]
- (i) Optional Redemption Date(s): [●]
- (ii) Optional Redemption Amount(s) of each Note and method, if any, of calculation of such amount(s): [●] per Calculation Amount
- (iii) Notice period: [●]
- 19 Change of Control Put Option [Applicable/Not Applicable]
- Optional Redemption Amount(s) of each Note: [●]
- 20 Final Redemption Amount of each Note [●] per Calculation Amount
- 21 Early Redemption Amount
- Early Redemption Amount(s) per Calculation Amount payable on redemption for taxation reasons or on event of default or other early redemption: [●] per Calculation Amount

GENERAL PROVISIONS APPLICABLE TO THE NOTES

- 22 Form of Notes
- (i) Form: [Bearer Notes:]
[Temporary Global Note exchangeable for a

- Permanent Global Note which is exchangeable for
Definitive Notes in the limited circumstances
specified in the Permanent Global Note]
- [Temporary Global Note exchangeable for
Definitive Notes on [●] days' notice]
- [Permanent Global Note exchangeable for
Definitive Notes in the limited circumstances
specified in the Permanent Global Note]
- [Registered Notes:]
- [Unrestricted Global Certificate registered in the
name of a nominee for [a common depositary for
Euroclear and Clearstream, Luxembourg]/[a
common safekeeper for Euroclear and Clearstream,
Luxembourg (that is, held under the NSS)]]
- [Restricted Global Certificate registered in the name
of a nominee for DTC]
- (ii) New Global Note/NSS: [Yes/No]
- 23 Financial Centre(s) or other special provisions relating to payment dates: [Not Applicable/[●]]
- 24 Talons for future Coupons to be attached to Definitive Notes (and dates on which such Talons mature): [Yes/No]
- 25 U.S. Selling Restrictions: [Rule 144A/Reg. S Compliance Category 2; TEFRA C/TEFRA D/TEFRA not applicable]

[PURPOSE OF PRICING SUPPLEMENT

This Pricing Supplement comprises the pricing supplement required for the issue and admission to trading on the [Global Exchange Market of the Irish Stock Exchange] of the Notes described herein pursuant to the £5,000,000,000 Global Medium Term Note Programme of Sky Group Finance plc and Sky plc unconditionally and irrevocably guaranteed by Sky Group Finance plc, Sky plc, Sky UK Limited, Sky Subscribers Services Limited and Sky Telecommunications Services Limited.]

THIRD PARTY INFORMATION

[[●] has been extracted from [●].] Each of the Issuer and the Guarantors confirms that such information has been accurately reproduced and that, so far as it is aware, and is able to ascertain from information published by [●], no facts have been omitted which would render the reproduced information inaccurate or misleading.

Signed on behalf of the Issuer:

By: _____

Duly authorised

Signed on behalf of the Guarantors:

By: _____

Duly authorised

PART B — OTHER INFORMATION

1 LISTING

- (i) Admission to trading: [Application has been made by the Issuer (or on its behalf) for the Notes to be admitted to trading on the [[●]] with effect from [●].]
- (ii) Estimate of total expenses related to admission to [●] trading:

2 RATINGS

Ratings: [The Notes to be issued [have been/are expected to be] rated:
[Moody's: [●]
Standard & Poor's: [●]]
[The Notes to be issued have not been specifically rated]

3 [INTERESTS OF NATURAL AND LEGAL PERSONS INVOLVED IN THE [ISSUE/OFFER]

“Save as discussed in [“*Subscription and Sale*”], so far as the Issuer is aware, no person involved in the offer of the Notes has an interest material to the offer. The [Managers/Dealers] and their affiliates have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform other services for, the Issuer, the Guarantors and their respective affiliates in the ordinary course of business.”]

4 [Fixed Rate Notes only — YIELD

Indication of yield: [●]
The yield is calculated at the Issue Date on the basis of the Issue Price. It is not an indication of future yield.]

5 DISTRIBUTION

- (i) If syndicated, names of Managers [Not Applicable/give names]
- (ii) Stabilising Manager (if any): [Not Applicable/give names]
- If non-syndicated, name of Dealer [Not Applicable/give names]
- Additional selling restrictions: [Not Applicable/give details]

6 OPERATIONAL INFORMATION

Reg S ISIN Code: [●]

Rule 144A ISIN Code: [●]

Reg S Common Code: [●]

Rule 144A Common Code: [●]

CUSIP: [●]

Any clearing system(s) other than Euroclear Bank S.A./N.V., Clearstream Banking, *société anonyme* and/or DTC and the relevant identification number(s): [Not Applicable/[●]]

Delivery:	Delivery [against/free of] payment
Names and addresses of Initial Paying Agent(s):	[●]
Names and addresses of additional Paying Agent(s) (if any):	[●]
Intended to be held in a manner which would allow Eurosystem eligibility	<p>[Yes. Note that the designation “yes” simply means that the Notes are intended upon issue to be deposited with one of the ICSDs [or registered in the name of a nominee of one of the ICSDs acting as common safekeeper,] as common safekeeper and does not necessarily mean that the Notes will be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem either upon issue or at any or all times during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]</p> <p><i>[include this text if “yes” is selected in which case the Notes must be issued in NGN form]</i></p> <p>[No. Whilst the designation is specified as “no” at the date of this Pricing Supplement, should the Eurosystem eligibility criteria be amended in the future such that the Notes are capable of meeting them the Notes may then be deposited with one of the ICSDs as common safekeeper [(and registered in the name of a nominee of one of the ICSDs acting as common safekeeper)]. Note that this does not necessarily mean that the Notes will then be recognised as eligible collateral for Eurosystem monetary policy and intra day credit operations by the Eurosystem at any time during their life. Such recognition will depend upon the ECB being satisfied that Eurosystem eligibility criteria have been met.]</p>

ACCOUNTANTS

The Group Consolidated Financial Statements (other than the Group's unaudited consolidated financial statements for the six months ended 31 December 2014) have been audited by Deloitte LLP, Chartered Accountants and Statutory Auditor. Deloitte LLP is registered to carry out audit work in the UK by, and is a member (number C009201919) of, the Institute of Chartered Accountants in England and Wales which is a Recognised Supervisory Body under Schedule 10 of the Companies Act 2006. Deloitte LLP's reports, in accordance with guidance issued by The Institute of Chartered Accountants in England and Wales, include the following limitations: "This report is made solely to the Company's members, as a body, in accordance with Chapter 3 of Part 16 of the Companies Act 2006. Our audit work has been undertaken so that we might state to the Company's members those matters we are required to state to them in an auditor's report and for no other purpose. To the fullest extent permitted by law, we do not accept or assume responsibility to anyone other than the Company and the Company's members as a body, for our audit work, for this report, or for the opinions we have formed".

The Sky Deutschland Consolidated Financial Statements, excluding Sky Deutschland's unaudited consolidated financial information for the six months ended 31 December 2014 (contained in the Sky Deutschland Q3 2015 Report), have been audited by KPMG AG.

The Sky Italia Historical Financial Information has been reported upon by Ernst & Young LLP. Ernst & Young LLP is registered to carry out audit work by the Institute of Chartered Accountants in England and Wales.

GENERAL INFORMATION

- (1) The listing of the Notes on the Official List will be expressed as a percentage of their nominal amount (exclusive of accrued interest). It is expected that each Tranche of the Notes which is to be admitted to the Official List and to trading on the GEM will be admitted separately as and when issued, subject only to the issue of a temporary or permanent Global Note (or one or more Certificates) in respect of each Tranche. The approval of the Programme in respect of the Notes is expected to be granted on or around 5 June 2015. Transactions on the Market will normally be effected for delivery on the third working day after the day of the transaction.
- (2) Each of the Issuers and the Guarantors has obtained all necessary consents, approvals and authorisations in connection with the Programme. The update of the Programme was authorised by a written resolution of the board of directors of Sky dated 28 May 2015. The update of the Programme was authorised by the board of directors of each of Sky Finance, Sky UK, Sky Subscribers and STSL on 2 June 2015.
- (3) There has been no material adverse change in the prospects of the Issuers since 30 June 2014, or any Guarantor since 30 June 2014. There has been no significant change in the financial or trading position of the Issuers and their subsidiary undertakings taken as a whole since 31 March 2015 or any Guarantor and its subsidiary undertakings taken as a whole since 30 June 2014.
- (4) Save as disclosed in “*Business of the Group – Regulatory and Competition*” on pages 108 to 111 of this Offering Memorandum, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuers or the Guarantors are aware) during the 12 months preceding the date of this Offering Memorandum which may have, or have had in the recent past, significant effects on the financial position or profitability of the relevant Issuer and its subsidiary undertakings taken as a whole, any Guarantor and its subsidiary undertakings taken as a whole or the Group.
- (5) Each Bearer Note having a maturity of more than one year, Coupon and Talon will bear the following legend: “Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code”.
- (6) Notes may be accepted for clearance through the Euroclear and Clearstream, Luxembourg systems (which are the entities in charge of keeping the records). In addition, the relevant Issuer may make an application for any Restricted Notes to be accepted for trading in book-entry form by DTC. Acceptance by DTC of such Notes will be confirmed in the relevant Pricing Supplement. The Common Code, the International Securities Identification Number (ISIN), the Committee on the Uniform Security Identification Procedure (CUSIP) number and (where applicable) the identification number for any other relevant clearing system for each Series of Notes will be set out in the relevant Pricing Supplement.

The address of Euroclear is 1 Boulevard du Roi Albert II, B-1210 Brussels, Belgium, the address of Clearstream, Luxembourg is 42 Avenue JF Kennedy, L-1855 Luxembourg and the address of DTC is 55 Water Street, New York, New York 10041.

- (7) Where information in this Offering Memorandum has been sourced from third parties this information has been accurately reproduced and as far as the Issuers are aware and are able to ascertain from the information published by such third parties no facts have been omitted which would render the

reproduced information inaccurate or misleading. The source of third party information is identified where used.

- (8) The issue price and the amount of the relevant Notes will be determined, before filing of the relevant Pricing Supplement of each Tranche, based on the prevailing market conditions. Neither of the Issuers intends to provide any post-issuance information in relation to any issues of Notes.
- (9) For so long as Notes may be issued pursuant to this Offering Memorandum, the following documents will be available in hard copy form, during usual business hours on any weekday (public holidays excepted), for inspection at the office of Sky and each of the Paying Agents:
 - (i) the Trust Deed (which includes the guarantees of the Notes, the form of the Global Notes, the definitive Bearer Notes, the Certificates, the Coupons and the Talons);
 - (ii) the Agency Agreement;
 - (iii) the Memorandum and Articles of Association of each of the Issuers and the Guarantors;
 - (iv) the audited consolidated annual financial statements of the Group for the years ended 30 June 2013 and 30 June 2014, respectively;
 - (v) the audited annual financial statements of each of Sky Finance, Sky UK, Sky Subscribers and STSL, respectively, for each of the years ended 30 June 2013 and 30 June 2014, respectively;
 - (vi) the press release incorporating the results for the nine months ended 31 March 2015 of Sky;
 - (vii) each Pricing Supplement (but only available for inspection by a holder of such Note and such holder must produce evidence satisfactory to the relevant Issuer and the Issuing and Paying Agent as to its holding of Notes and identity);
 - (viii) a copy of this Offering Memorandum together with any Supplement to this Offering Memorandum or further Offering Memorandum; and
 - (ix) all reports, letters and other documents, balance sheets, valuations and statements by any expert any part of which is extracted or referred to in this Offering Memorandum.
- (10) Copies of the latest annual consolidated financial statements of Sky and the latest interim consolidated financial statements of Sky may be obtained, and copies of the Trust Deed (including the guarantees of the Notes) will be available for inspection, at the specified offices of each of the Paying Agents during normal business hours, so long as any of the Notes is outstanding.
- (11) Deloitte LLP of 2 New Street Square, London EC4A 3BZ, United Kingdom (Chartered Accountants and Statutory Auditor) (authorised and regulated by the Financial Conduct Authority for designated investment business) have audited, and rendered unqualified audit reports on, (i) the consolidated financial statements of Sky for each of the years ended 30 June 2013 and 30 June 2014, respectively, and (ii) the financial statements of each of Sky Finance, Sky UK, Sky Subscribers and STSL, respectively, for each of the years ended 30 June 2013 and 30 June 2014, respectively.

The Dealers and their respective affiliates may have engaged, and may in the future engage, in investment banking and/or commercial banking transactions with, and may perform services for, the Issuers and their affiliates in the ordinary course of business. The Dealers and their affiliates may have positions, deal or make markets in the Notes issued under the Programme, related derivatives and reference obligations, including (but not limited to) entering into hedging strategies on behalf of the Issuers and their affiliates, investor clients, or as principal in order to manage their exposure, their general market risk, or other trading activities. In addition, in the ordinary course of their business

activities, the Dealers and their respective affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuers or the Guarantors or their respective affiliates. The Dealers or their affiliates that have a lending relationship with the Issuers or Guarantors routinely hedge their credit exposure to the Issuers or Guarantors, as applicable, consistent with their customary risk management policies. Typically, such Dealers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in securities, including potentially the Notes issued under the Programme. Any such positions could adversely affect future trading prices of Notes issued under the Programme. The Dealers and their respective affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

- (12) Walkers Listing & Support Services Limited is acting solely in its capacity as listing agent for the Issuers in connection with the Notes and is not itself seeking admission of the Notes to the Official List of the Irish Stock Exchange or to trading on the Global Exchange Market.

GLOSSARY OF TERMS

21st Century Fox	Twenty-First Century Fox, Inc., a company incorporated in Delaware, with its principal place of business at 1211 Avenues of the Americas, New York, New York 10036, USA
AdSmart	the Group's targeted advertising service
BT	British Telecommunications plc
CA	Conditional Access
Directors	means the current directors of Sky as set out in " <i>Description of Sky plc – Board of Directors</i> "
DSL	Digital Subscriber Line
DTH	Direct-to-Home: the transmission of satellite services and functionality with reception through a minidish. " DTH customer " means a subscriber to one or more of the Group's retailed packages of television channels made available via DTH
DTT	Digital Terrestrial Television: digital signals delivered to homes through a conventional aerial, converted through a set top box or integrated digital television set
eircom	Eircom Group Limited
EPG	Electronic Programme Guide
Frankfurt Stock Exchange	the stock exchange located in Frankfurt, owned and operated by Deutsche Börse
GAAP	Generally Accepted Accounting Principles
Group	refers to Sky plc and its current subsidiary undertakings
Group 2013 Financial Statements	Group's audited consolidated financial statements for the year ended 30 June 2013 together with the notes thereto, incorporated by reference in this Offering Memorandum
Group 2014 Financial Statements	Group's audited consolidated financial statements for the year ended 30 June 2014 together with the notes thereto, included elsewhere in this Offering Memorandum
Group Consolidated Financial Statements	Group 2014 Financial Statements, Group 2013 Financial Statements and the Group's unaudited consolidated financial statements for the six months ended 31 December 2014
HD	High definition television
IFRS	International Financial Reporting Standards
IP	Internet Protocol: the mechanism by which data packets may be routed between computers on a network
IPTV	Internet Protocol television
LLU	Local Loop Unbundling: a process by which BT's exchange lines are physically disconnected from BT's network and connected to other operators' networks. This enables operators other than BT to use the BT local loop to provide services to customers

National Geographic Channel International	NGC Network Latin America, LLC and NGC Network International, LLC
NOW TV	Sky's internet streaming service available to anyone in the UK with an internet connection regardless of ISP. The service is currently available on PC, Mac, the iPhone, XBox 360, Xbox One, PlayStation 3, PlayStation 4, LG Smart TV, YouView and Roku set-top boxes, Apple TV and selected Android devices
Ofcom	UK Office of Communications
On Demand	Sky's service offering content from across the Sky platform for customers to watch whenever they want
OTT	'over the top' content, delivered over the internet without the use of a satellite or cable television intermediary
PL	Premier League
Premium Channels	the Sky Premium Channels and the Premium Sky Distributed Channels
Premium Sky Distributed Channels	MUTV, Chelsea TV and MGM HD
PVR	Personal Video Recorder: satellite decoder which utilises a built-in hard disk drive to enable viewers to record without videotapes, pause live television and record one programme while watching another
Q2 Results Press Release	the Group's unaudited results for the six months ended 31 December 2014
SD	Standard definition
Sky+	the Group's fully-integrated PVR and satellite decoder
Sky+ HD	High Definition box with PVR functionality
Sky Basic Channels	the basic television channels wholly owned by the Group. Broadcasts in the UK and Ireland include Sky1, Sky2, Pick TV, Challenge, Sky News, Sky Sports News, Sky Arts 1, Sky Living, Sky Livingit and Sky Atlantic (and their multiplex versions and their simulcast HD versions). Broadcasts in Italy include Sky Uno, Sky Atlantic, Sky Arte, Sky TG24 and Cielo (and their multiplex versions and their simulcast HD versions). Broadcasts in Germany and Austria include Sky Atlantic and Sky Atlantic HD.
Sky Box Office	the Group's pay-per-view service offering its DTH customers television premieres of movies and occasional live sports and entertainment events, included within Sky Store
Sky Broadband	home broadband service previously provided exclusively for Sky digital customers but now extended to customers who do not take a television service from Sky
Sky Channels	television channels wholly owned by the Group, being the Sky Basic Channels and Sky Premium Channels
Sky Deutschland	Sky Deutschland AG, a German stock corporation (<i>Aktiengesellschaft</i>), registered at the commercial register of the local court of Munich under HRB 154549, and traded on the Frankfurt

	Stock Exchange, and its subsidiary undertakings
Sky Deutschland Transaction	the acquisition by Sky of an 89.71 per cent. stake in Sky Deutschland AG
Sky Distributed Channels	television channels owned and broadcast by third parties, retailed by the Group to TV customers
Sky Go	Sky's retailed packages of television channels and on demand content made available via a broadband connection, including the version made available to mobile devices via a wireless 3G connection
Sky Go Extra	in the UK and Ireland, the Group's paid-for mobile TV service which allows DTH customers to download selected content included with their TV package to watch on laptops, mobiles and tablets when and where they want, without the need for a WiFi or 3G/4G connection
Sky Italia	Sky Italia S.r.l., a private company incorporated in Italy with registered number 04619241005 and which has its registered office at Via Monte Penice No. 7, 20138, Milan, and its subsidiary undertakings
Sky Italia Acquisition	the acquisition by Sky of Sky Italia S.r.l.
Sky Multiscreen	in the UK and Ireland, the Group's Sky Multiscreen subscription allowing DTH customers to watch the Group's pay television services in different rooms at the same time through additional set-top boxes
Sky Online	the Group's over the top streaming service available on a variety of devices in Germany, Austria and Italy
Sky Premium Channels	the premium television channels wholly owned by the Group, currently being Sky Sports 1, Sky Sports 2, Sky Sports 3, Sky Sports 4, Sky Sports 5, Sky Sports F1, Sky Movies Premier, Sky Movies Showcase, Sky Movies Greats, Sky Movies Comedy, Sky Movies Family, Sky Movies Action & Adventure, Sky Movies SciFi & Horror, Sky Movies Drama & Romance, Sky Movies Crime & Thriller, Sky Movies Disney and Sky Movies Select (and their multiplex versions and their simulcast HD versions) and Sky 3D together with temporary pop up channels such as Sky Movies 007
Sky Store	the Group's movies rentals service, including Sky Box Office via linear channels, a buy and keep option for certain titles, "Sky Store" branded through the On Demand section of the EPG and "Sky Store" branded OTT rentals
Sky Talk	home telephony service provided for Sky digital subscribers and now extended to customers who do not take a television service from Sky
Sky Vision	the trading name of Parthenon Entertainment Limited, a limited liability company incorporated in England and Wales with registered company number 04377175 and which has its registered office at Grant Way, Isleworth, Middlesex TW7 5QD, being a wholly owned subsidiary of Sky
Snap	in Germany, the Group's paid-for mobile TV service which allows

	both subscribers and customers without a fixed-term subscription access to on demand content made available via a broadband connection, including the version made available to mobile devices via a wireless 3G/4G connection
Transaction	the Sky Italia Transaction and the Sky Deutschland Transaction
TV Customer	a paying subscriber to one or more of the Group's TV services. In the UK, this would principally be DTH and NOW TV. In Ireland, this would be DTH. In Germany, Austria and Italy, this would be DTH and Sky Online.
VM	Virgin Media

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