



# BRITISH SKY BROADCASTING GROUP PLC

## US\$750,000,000 2.625 per cent. Senior Unsecured Notes due 16 September 2019

## US\$1,250,000,000 3.750 per cent. Senior Unsecured Notes due 16 September 2024

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Issue Price for the US\$750,000,000 2.625 per cent. Senior Unsecured Notes due 16 September 2019: 99.851 per cent.

Issue Price for the US\$1,250,000,000 3.750 per cent. Senior Unsecured Notes due 16 September 2024: 99.620 per cent.

**Fully and unconditionally guaranteed on a senior, unsecured basis by British Sky Broadcasting Limited, BSKyB Finance UK plc, Sky In-Home Service Limited and Sky Subscribers Services Limited**

*Interest on the US\$750,000,000 2.625 per cent. Senior Unsecured Notes due 16 September 2019 (the "2019 Notes") will be payable semi-annually in arrear on 16 March and 16 September, commencing on 16 March 2015.*

*Interest on the US\$1,250,000,000 3.750 per cent. Senior Unsecured Notes due 16 September 2024 (the "2024 Notes") will be payable semi-annually in arrear on 16 March and 16 September, commencing on 16 March 2015.*

The 2019 Notes and the 2024 Notes (together, the "Notes") were issued on 16 September 2014 by British Sky Broadcasting Group plc, a public limited company organised under the laws of England and Wales (the "Issuer" or "BSkyB") and have been admitted to the official list of the Financial Conduct Authority in its capacity as competent authority (the "UKLA") and to listing on the Professional Securities Market (the "PSM"), which is an exchange-regulated market of the London Stock Exchange plc and is not a regulated market for the purposes of Directive 2004/39/EC of European Parliament and of the Council on markets in financial instruments. Payment of principal and interest (including additional amounts, if any) on the Notes will be fully and unconditionally guaranteed on a senior, unsecured and joint and several basis by British Sky Broadcasting Limited, BSKyB Finance UK plc, Sky In-Home Service Limited and Sky Subscribers Services Limited (the "Initial Guarantors") pursuant to guarantees to be set forth in the Indenture (as defined in "Description of the Notes and the Guarantees") under which the Notes will be issued and annexed to the Notes. The Notes and the guarantees will rank *pari passu* with all other direct, unsecured and unsubordinated obligations (except those obligations preferred by statute or operation of law) of the Issuer and the guarantors of the Notes from time to time pursuant to and in accordance with the Indenture (the "Guarantors").

The 2019 Notes will mature on 16 September 2019. The 2024 Notes will mature on 16 September 2024. The Notes are redeemable, in whole or in part, at any time at the option of the Issuer at the applicable redemption price described in these Listing Particulars (the "Listing Particulars"). The Notes are also subject to a special acquisition redemption in the event that the proposed acquisition of Sky Deutschland AG (together with its subsidiaries, "Sky Deutschland") described herein does not complete on or prior to the Sky Deutschland Longstop Date (as defined herein) (see "Description of the Notes and the Guarantees – Special Acquisition Redemption"). In addition, the Notes are redeemable, in whole but not in part, at the option of the Issuer, upon the occurrence of certain changes in tax laws, at their respective principal amounts plus accrued and unpaid interest (including additional amounts, if any, on the Notes) to but not including the date of redemption.

The Notes are part of the financing for the Group's (as defined below) proposed acquisition of Sky Deutschland AG and Sky Italia S.r.l. (together with its subsidiaries, "Sky Italia") and a voluntary cash offer to all Sky Deutschland AG shareholders (the "Sky Deutschland Offer"). In addition, the net proceeds of the Notes may also be used, in part, for general corporate purposes, which may include refinancing the US\$750,000,000 5.625 per cent. Senior Unsecured Notes due 2015 issued by BSKyB Finance UK plc (the "2015 Bonds"). See further "The Transaction" and "Use of Proceeds".

The Notes were issued in fully registered form initially as Global Notes (as defined below). Except as set forth in the Indenture and described in these Listing Particulars, Global Notes will not be exchangeable for Definitive Notes.

Application has been made to the Irish Stock Exchange (the "ISE") for the approval of these Listing Particulars as listing particulars. Application has been made to the ISE for the Notes to be admitted to the Official List and to trading on the global exchange market (the "GEM") which is the exchange-regulated market of the ISE. 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 PSM 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.

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**For a discussion of certain factors that should be considered in connection with an investment in the Notes, see "Risk Factors" beginning on page 8.**

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The Notes and the guarantees have not been and will not be registered under the US Securities Act of 1933, as amended (the "Securities Act"), or any state or other securities laws and have been offered and sold within the United States only to "qualified institutional buyers" ("QIBs"), as defined in Rule 144A under the Securities Act ("Rule 144A"), and outside the United States to persons other than US persons in reliance on Regulation S under the Securities Act ("Regulation S"). Prospective purchasers are hereby notified that the seller of any Note may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A thereunder. For a description of certain restrictions on transfer of the Notes, see "Transfer Restrictions".

The long-term unsecured debt of the Issuer is currently rated Baa1 by Moody's Investors Service Ltd. ("Moody's") and BBB+ by Standard and Poor's Credit Market Services Europe Limited ("Standard & Poor's"). However, following the completion of the Transaction (as defined herein), the Issuer expects that its credit ratings will be downgraded by up to two notches (see "Risk Factors – Risk factors relating to the Transaction – A downgrade in credit ratings, particularly below investment grade, may adversely affect the Group").

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"). A credit 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. A suspension, reduction or withdrawal of the rating assigned to the Notes may adversely affect the market price of the Notes.

The Notes were delivered to investors on or about 16 September 2014 through the facilities of The Depository Trust Company ("DTC") and its participants, including Euroclear Bank S.A./N.V. ("Euroclear") and Clearstream Banking, *société anonyme* ("Clearstream, Luxembourg"), against payment in immediately available funds.

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These Listing Particulars have been prepared by the Issuer and the Initial Guarantors solely for use in connection with the listing of the Notes described in these Listing Particulars. These Listing Particulars do not constitute an offer to any person or to the public generally to subscribe for or otherwise acquire securities.

The Issuer and the Initial Guarantors accept responsibility for the information contained in these Listing Particulars. Having taken all reasonable care to ensure that such is the case, the information contained in these Listing Particulars is, to the best of the knowledge of the Issuer and the Initial Guarantors, in accordance with the facts and contains no omission likely to affect its import.

In making an investment decision, prospective investors must rely on their own examination of the Issuer and the Initial Guarantors, including the merits and risks involved. Prospective investors should not construe anything in these Listing Particulars as legal, business or tax advice. Each prospective investor should consult its own advisors as needed to make its investment decision and to determine whether it is legally permitted to purchase the securities under applicable legal investment or similar laws or regulations.

***In these Listing Particulars, all information relating to Sky Deutschland has been sourced from publicly available information published by Sky Deutschland. The Issuer requested access to Sky Deutschland's non-public information from Sky Deutschland shortly before the Announcement in respect of the Issuer's intention to make the Sky Deutschland Offer. The Issuer has not been given such access save for limited information relating predominantly to change of control provisions in certain contracts, financing agreements and certain limited information for the purposes of the Issuer's EU merger filing. Accordingly, the information included in these Listing Particulars in relation to Sky Deutschland has principally been compiled on the basis of publicly available information and has not been verified by the Issuer or the Initial Guarantors or by Sky Deutschland or the Sky Deutschland directors. Sky Deutschland operates under a typical German dual management system, with a management board being responsible for managing Sky Deutschland and a supervisory board overseeing the management board. Although persons associated with 21st Century Fox Adelaide Holdings B.V. (a wholly owned subsidiary of Twenty-First Century Fox, Inc. ("21st Century Fox")), as the majority shareholder of Sky Deutschland AG, have a presence on the supervisory board, both 21st Century Fox Adelaide Holdings B.V. (in its capacity as shareholder) and its affiliated directors on the Sky Deutschland supervisory board (Chase Carey, James Murdoch, Jan Koeppen and Mark Kaner) are subject to confidentiality obligations in respect of non-public Sky Deutschland information. The Issuer does not expect to obtain further access to Sky Deutschland's non-public information prior to the completion of the Sky Deutschland Transaction. In addition, Sky Deutschland's management has not provided any supporting materials to the Issuer with respect to any Sky Deutschland information contained in this Listing Particulars. Accordingly, all information relating to Sky Deutschland contained or referred to herein is based solely on information publicly reported by Sky Deutschland and available on Sky Deutschland's website and has not been independently verified by the Issuer or the Initial Guarantors.***

In these Listing Particulars, the Issuer and the Initial Guarantors rely on and refer to information and statistics regarding the industry in which they operate. This market data has been obtained by the Issuer and the Initial Guarantors from independent industry publications or other publicly available information. Although they believe that these sources are reliable, they have not independently verified, and do not guarantee the accuracy and completeness of this information. With respect to such market data, the Issuer and the Initial Guarantors only accept responsibility for the correct extraction of such information from its source and the correct reproduction of such information in these Listing Particulars.

These Listing Particulars contains summaries believed to be accurate with respect to certain documents, but reference is made to the actual documents for complete information. All such summaries are qualified in their entirety by such reference.

The information set out in the sections of these Listing Particulars describing clearing and settlement arrangements is subject to any change or reinterpretation of the rules, regulations and procedures of DTC as currently in effect. The information in such sections concerning these clearing systems has been obtained from sources that the Issuer and the Initial Guarantors believe to be reliable. The Issuer and the Initial Guarantors accept responsibility only for the correct extraction and reproduction of such information, but not for the accuracy of such information. If investors wish to use the facilities of any clearing system they should confirm the applicability of the rules, regulations and procedures of the relevant clearing system. The Issuer and the Initial Guarantors will not be responsible or liable for any aspect of the records relating to, or payments made on account of, book-entry interests held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to such book-entry interests.

## AVAILABLE INFORMATION

If the Issuer is not subject to the reporting requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, as amended, at any time when the Notes are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the 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 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.

## CERTAIN US MATTERS

By purchasing the Notes, investors are deemed to have made the acknowledgements, representations, warranties and agreements set forth under “*Transfer Restrictions*”.

The Notes and the guarantees have not been and will not be registered with, or recommended or approved by, the US Securities and Exchange Commission (“SEC”) or any other US federal or state or foreign securities commission or regulatory authority, nor has any such commission or regulatory authority reviewed or passed upon the accuracy or adequacy of these Listing Particulars or endorsed the merits of offering the Notes. Any representation to the contrary is a criminal offence.

**The Notes and the guarantees have not been registered under the Securities Act or any state or other securities laws and, subject to certain exceptions, may not be offered or sold in the United States or to, or for the benefit of, US Persons (as defined in Regulation S). Investors should be aware that they may be required to bear the financial risks of their investment in the Notes for an indefinite period of time. Prospective purchasers are hereby notified that the seller of any Note may be relying on the exemption from the provisions of Section 5 of the Securities Act provided by Rule 144A. See “*Transfer Restrictions*”.**

## NOTICE TO NEW HAMPSHIRE RESIDENTS

**NEITHER THE FACT THAT A REGISTRATION STATEMENT OR AN APPLICATION FOR A LICENSE HAS BEEN FILED UNDER 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 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 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.**

### **Trademarks and Other Proprietary Marks**

These Listing Particulars contain trade names, trademarks, service names and brands that are proprietary to the Issuer and its subsidiaries. Certain other trade names and brands that are referred to in these Listing Particulars are proprietary to others and may be used by the Issuer and its subsidiaries only pursuant to specific contractual arrangements. Other trade names and brands are used for identification purposes only, for example, to indicate specific competitors or competing products.

## PRESENTATION OF FINANCIAL INFORMATION

The Group’s fiscal year ends on the Sunday nearest to 30 June in each year. References in these Listing Particulars 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 the Group’s audited consolidated financial statements for the year ended 30 June 2014 (the “**Group 2014 Financial Statements**”) and the Group’s audited consolidated financial statements for the year ended 30 June 2013 (the “**Group 2013 Financial Statements**”), each of which is incorporated by reference in these Listing Particulars. The Group Consolidated Financial Statements have been prepared in accordance with IFRS.

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

- (a) Sky Deutschland’s preliminary unaudited consolidated financial information for the three months ended 30 September 2014;
- (b) Sky Deutschland’s audited consolidated financial statements for the years ended 31 December 2013 and 31 December 2012; and
- (c) Sky Deutschland’s consolidated audited financial information for the financial year ended 30 June 2014 set out in the 2014 Annual Report of Sky Deutschland for the short financial year 2014 (the “**Sky Deutschland 2014 Annual Report**”),

each of which is incorporated by reference in these Listing Particulars.

Sky Deutschland changed its reporting period to run from 1 July to 30 June with effect from 1 July 2014. The full year results included in the Sky Deutschland 2014 Annual Report are the aggregated quarterly results of each of the quarters ended 30 September 2013, 31 December 2013, 31 March 2014 and 30 June 2014 of Sky Deutschland, which have neither been audited nor reviewed by Sky Deutschland’s external auditors.

Sky Deutschland’s audited consolidated financial statements for the years ended 31 December 2013 and 31 December 2012 were reported to have been prepared in accordance with IFRS. See also “*Risk Factors – Risk Factors Relating to the Transaction – Information on Sky Deutschland has been derived from public sources and has not been independently verified by the Issuer or the Initial Guarantors*”.

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 these Listing Particulars.

Certain data in these Listing Particulars, including financial, statistical, and operating information, has been rounded. As a result of the rounding, the totals of data presented in these Listing Particulars 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 these Listing Particulars, the Issuer has included references to certain non-IFRS measures, including:

- (a) 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*”);
- (b) in the case of Sky Deutschland, EBITDA as defined by Sky Deutschland (for definition, see “*Information on Sky Deutschland – Selected Consolidated Historical Financial Data of Sky Deutschland – Other Financial Data for the three years ended 31 December 2013*” and “*Information on Sky Deutschland – Selected Consolidated Historical Financial Data of Sky Deutschland – Other Financial Data for the three months ended 31 March 2014*”); and
- (c) in the case of Sky Italia, adjusted EBITDA as defined by the Group (for definition and reconciliation, see “*Information on Sky Italia – Selected Consolidated Historical Financial Data of Sky Italia – Other Financial Data*”).

These non-IFRS measures should not be considered in isolation. The non-IFRS measures are not a measure of the 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*”, “*Information on Sky Deutschland – Selected Consolidated Historical Financial Data of Sky Deutschland*” and “*Information on Sky Italia – Selected Consolidated Historical Financial Data of Sky Italia*”.

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 our revolving credit facility; and a profit of £7 million arising on the disposal of a joint venture; and
- (iv) 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. Sky Deutschland's management has stated in the Sky Deutschland 2014 Annual Report that it believes that its EBITDA is a good indicator of its profitability irrespective of its financial structure and tax burden.

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.

## FORWARD-LOOKING STATEMENTS

These Listing Particulars contains or incorporates reference to 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 with respect 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, Direct-to-Home ("DTH") customer growth, Over-the-top ("OTT") customer

growth, Sky Multiscreen, On Demand, NOW TV, Sky Go, Sky Go Extra, Sky+, Sky+ HD and other services, churn, revenue, profitability and margin growth, cash flow generation, programming costs, subscriber management and supply chain costs, administration costs and other costs, marketing expenditure, capital expenditure programmes and proposals for returning capital to shareholders. In particular, and without limitation, forward-looking statements of the foregoing kind include statements concerning the Acquisitions, such as the pound sterling value of the total consideration in respect of the Acquisitions; the magnitude of synergies expected to be achieved, as well as their capitalised value and impact on enterprise value at various future dates; the impact of the Acquisitions and their financing on leverage levels; future size of customer base, levels of market penetration and product take-up; market growth and market growth potential, especially in Germany and Italy; the impact of the Acquisitions on revenue and other financial metrics of the Group after completion of the Acquisitions; the post-Acquisitions regulatory environment in the United Kingdom, Germany and Italy; and the possible reaction of credit rating agencies to the Acquisitions and their impact on the Group's level of leverage and financial position generally. 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 Issuer believes 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 these Listing Particulars are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the Issuer's 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 these Listing Particulars.

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

#### **ENFORCEMENT OF CERTAIN CIVIL LIABILITIES**

The Issuer and the Initial Guarantors are each companies organised under the laws of England and Wales. Most of the directors and officers of the Issuer and the Initial Guarantors, and certain of the experts named herein, reside outside of the United States. In addition, substantially all of the assets of the Issuer and the Initial 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 Issuer, the Initial Guarantors or their respective directors and officers and certain experts or to enforce against any of them judgments, including those obtained in original actions or in actions to enforce judgments of the US courts, predicated upon the civil liability provisions of the federal securities laws of the United States. The Issuer and the Initial Guarantors have been advised by their English legal advisers, Clifford Chance LLP, that there is doubt as to the direct enforceability in England of civil liabilities predicated upon the federal securities laws of the United States.

The Issuer and the Initial Guarantors have expressly submitted to the jurisdiction of the US federal or state courts sitting in the Borough of Manhattan, The City of New York for the purpose of any suit, action or proceeding to enforce the Notes or the guarantees and have appointed CT Corporation System, 111 Eighth Avenue, 13<sup>th</sup> Floor, New York, New York 10011 as their agent to accept service of process in any such suit, action or proceeding.

#### **NO INCORPORATION OF WEBSITE INFORMATION**

Except for the information on the website of the Issuer which is specifically incorporated by reference herein, as set out on pages 25 to 27 hereof, the contents of the website of the Issuer do not form part of these Listing Particulars.

## WARNING

None of the Issuer or the Initial Guarantors has authorised anyone to provide any information. The Issuer and the Initial Guarantors take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give the investors. None of the Issuer or the Initial Guarantors is making an offer of, or an invitation to purchase, any of the Notes in any jurisdiction. Investors should not assume that the information contained in these Listing Particulars is accurate as at any date other than the date on the front of these Listing Particulars, the date expressly stated or the date of any information that has been incorporated by reference, as the case may be.

## DEFINITIONS

Certain capitalised terms used in these Listing Particulars are defined in the “*Glossary of Terms*” which appears at the end of these Listing Particulars.

In these Listing Particulars, unless the context requires or these Listing Particulars state otherwise, the “**Issuer**” refers to British Sky Broadcasting Group plc and the “**Group**” refers to British Sky Broadcasting Group plc and its current subsidiary undertakings and includes the Group as enlarged by: (a) the Sky Deutschland Transaction (as defined below) (if the Sky Deutschland Transaction completes); (b) the Sky Italia Acquisition (as defined below) (if the Sky Italia Acquisition completes); and (c) the Sky Deutschland Transaction and the Sky Italia Acquisition (if the Transaction completes). The “**Initial Guarantors**” refers to British Sky Broadcasting Limited (“**BSkyB Limited**”), BSkyB Finance UK plc (“**BSkyB Finance**”), Sky In-Home Service Limited (“**Sky In-Home**”) and Sky Subscribers Services Limited (“**Sky Subscribers**”). “**Sky Deutschland**” refers to Sky Deutschland AG and its subsidiary undertakings and “**Sky Italia**” refers to Sky Italia S.r.l. and its subsidiary undertakings.

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## OVERVIEW

*The following information is derived from, and should be read in conjunction with, the full text of these Listing Particulars 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 these Listing Particulars.*

### The Group's Business

The Group operates the leading home entertainment and communications business in the UK and Ireland.

The Group retails subscription television services to residential and commercial premises in the UK and Ireland via both DTH satellite and OTT means, with the latter also reaching customers on the move. The Sky DTH platform currently offers access to 195 pay television channels (including 134 Sky Distributed Channels and 32 Sky Channels) and in addition all customers can receive more than 300 free-to-air television and radio channels and services. The Sky Channels include a portfolio of general entertainment and arts, sports, movies and news channels.

The Group retails broadband and telephony services to residential customers in the UK and Ireland. Sky Broadband is the choice of 5.2 million customers across the UK and Ireland as at 30 June 2014. Sky Talk is a telephony service and had a total of 5.0 million customers as at 30 June 2014. The Group also operates a WiFi network across the UK and Europe giving internet access to millions of WiFi enabled smartphones, laptops and entertainment devices, free of charge to certain of Sky's Broadband customers under Sky branding and also directly to members of the public under the Cloud brand.

The Group also operates other adjacent businesses including wholesaling Sky Channels to other providers, selling advertising on Sky and partner channels, and offering a range of betting and gaming services to consumers.

As at 30 June 2014, the Group had 11.5 million retail customers. The Group's total adjusted revenue in the year ended 30 June 2014 was £7,617 million, as set out in the table below:

	<b>Year ended 30 June 2014</b>	
	<i>(in £ millions)</i>	<i>per cent.</i>
Retail subscription . . . . .	6,255	82
Wholesale subscription . . . . .	407	6
Advertising . . . . .	472	6
Installation, hardware and service . . . . .	85	1
Other . . . . .	398	5
	<b><u>7,617</u></b>	<b><u>100</u></b>

For an analysis of adjusting items, see "*Selected Consolidated Historical Financial Data of the Group – Other Financial Data*" and the notes thereto.

### The Transaction

#### Introduction

On 25 July 2014, the Issuer announced (the "**Announcement**") that:

- (a) it had conditionally agreed to acquire (through a wholly owned subsidiary) 21st Century Fox Adelaide Holdings B.V.'s (a wholly owned subsidiary of 21st Century Fox) entire shareholding in Sky Deutschland AG, a German stock corporation listed on the Frankfurt Stock Exchange (which, as at the date of the Announcement, represented 57.4 per cent. of the issued share capital of Sky Deutschland AG on a fully diluted basis, assuming the exercise by 21st Century Fox Adelaide Holdings B.V. of its conversion rights pursuant to the Convertible Bond (as defined in "*Glossary of Terms*")) (the "**Sky Deutschland Acquisition**");

- (b) it intended to make a voluntary cash offer to all Sky Deutschland AG shareholders, subject to certain conditions (the “**Sky Deutschland Offer**”). The Issuer made the Sky Deutschland Offer on 3 September 2014. The Sky Deutschland Acquisition and the Sky Deutschland Offer are together referred to as the “**Sky Deutschland Transaction**”;
- (c) it had conditionally agreed to acquire (through a wholly owned subsidiary) the entire issued and to be issued corporate capital of Sky Italia S.r.l., a private company incorporated in Italy, from SGH Stream Sub, Inc., a wholly owned subsidiary of 21st Century Fox (the “**Sky Italia Acquisition**”, and together with the Sky Deutschland Acquisition, the “**Acquisitions**”), with the consideration being partially settled by the disposal of the Issuer’s indirect 21 per cent. stake in NGC Network Latin America, LLC and NGC Network International, LLC (“**National Geographic Channel International**”) to certain of 21st Century Fox’s wholly owned subsidiaries (the “**National Geographic Channel Transfer**”); and
- (d) it would be placing 156,132,213 new ordinary shares representing approximately 9.99 per cent. of the issued share capital of the Issuer (the “**Equity Placing**”). The Equity Placing was completed on 30 July 2014 and raised net proceeds of approximately £1.3 billion.

The Sky Deutschland Transaction, the Sky Italia Acquisition and the National Geographic Channel Transfer comprise the “**Transaction**”. The Sky Deutschland Transaction, the Sky Italia Acquisition and the National Geographic Channel Transfer are intended to complete together, as:

- the Sky Deutschland Acquisition is subject to the same conditions precedent to completion as the Sky Deutschland Offer and will close on the Sky Deutschland Offer Settlement Date;
- the Sky Italia Acquisition is conditional upon, amongst other things, completion of the Sky Deutschland Acquisition; and
- the National Geographic Channel Transfer is conditional upon, amongst other things, completion of the Sky Italia Acquisition.

However, if certain conditions of the Sky Italia Acquisition, which are not conditions under the Sky Deutschland Acquisition and the Sky Deutschland Offer, are not fulfilled (or termination rights arise under the Sky Italia Acquisition, which are not termination rights under the Sky Deutschland Acquisition and the Sky Deutschland Offer), it is possible that the Issuer could complete the Sky Deutschland Acquisition and the Sky Deutschland Offer, but not complete the Sky Italia Acquisition and the National Geographic Channel Transfer. See “*The Transaction*” and “*Material Contracts Relating to the Transaction*”.

#### ***Consideration for the Sky Deutschland Transaction***

The Sky Deutschland Offer values Sky Deutschland AG at €6.75 per share which is equal to the price to be paid per share to 21st Century Fox Adelaide Holdings B.V. under the Sky Deutschland Acquisition and is therefore the minimum price permissible for a voluntary cash offer under the German Takeover Act (as defined in “*Glossary of Terms*”).

The total consideration for the Sky Deutschland Acquisition is €3.6 billion (£2.9 billion) based on the value of 21st Century Fox Adelaide Holdings B.V.’s shareholding in Sky Deutschland AG (which, as at the date of the Announcement, represented 57.4 per cent. of the issued share capital of Sky Deutschland AG on a fully diluted basis, assuming the exercise by 21st Century Fox Adelaide Holdings B.V. of its conversion rights pursuant to the Convertible Bond).

The total consideration for the Sky Deutschland Transaction will depend on the number of Sky Deutschland AG shareholders other than 21st Century Fox and its associates (the “**Sky Deutschland Minority Shareholders**”) that accept the Sky Deutschland Offer.

If all of the Sky Deutschland Minority Shareholders accept the Sky Deutschland Offer on the basis of the offer price of €6.75 per Sky Deutschland AG share, the Sky Deutschland Transaction will result in a consideration of €6.3 billion (£5.0 billion). If none of the Sky Deutschland Minority Shareholders accept the Sky Deutschland Offer on the basis of the offer price of €6.75 per Sky Deutschland AG share, the consideration for the Sky Deutschland Transaction will total €3.6 billion (£2.9 billion).

Consideration for the Sky Deutschland Transaction will be paid in euros. The pound sterling figures above are based on the pound sterling to euro exchange rate as derived from Bloomberg on 29 August 2014 (£1 to €1.2639). See also “*Risk Factors – Risk Factors Relating to the Transaction – The pound sterling value of the consideration payable by the Issuer in respect of the Acquisitions may increase due to currency fluctuations*”.

21st Century Fox Adelaide Holdings B.V. and Sky International Operations Limited (a wholly owned subsidiary of the Issuer) have also entered into a sale assignment and transfer agreement pursuant to which 21st Century Fox Adelaide Holdings B.V. will, with effect from completion of the Sky Deutschland Acquisition, transfer to Sky International Operations Limited its rights and obligations in respect of two shareholder loans (provided by 21st Century Fox Adelaide Holdings B.V. to Sky Deutschland AG) for an aggregate principal amount of approximately €121 million plus accrued interest of approximately €8.7 million as at 25 July 2014.

### ***Consideration for the Sky Italia Acquisition***

Sky Italia will be acquired on a debt and cash free basis in accordance with a working capital completion adjustment mechanism under the terms of the sale and purchase agreement between Sky Italian Holdings S.p.A. (a wholly owned subsidiary of the Issuer) as purchaser and SGH Stream Sub, Inc. (a wholly owned subsidiary of 21st Century Fox) as seller for the entire issued and to be issued corporate capital of Sky Italia S.r.l. (the “**Sky Italia SPA**”). Subject to such working capital adjustment, the total consideration for the Sky Italia Acquisition is £2.45 billion, with approximately £2.06 billion to be paid in cash and the balance to be satisfied through the National Geographic Channel Transfer at a value of US\$650 million (£392 million). The value of the National Geographic Channel International stake is fixed in US dollar and converted to pound sterling based on the pound sterling to US dollar exchange rate as derived from Bloomberg on 29 August 2014 (£1 to US\$1.6598). See also “*Risk Factors – Risk Factors Relating to the Transaction – The pound sterling value of the consideration payable by the Issuer in respect of the Acquisitions may increase due to currency fluctuations*”.

### ***Total consideration for the Transaction***

If all of the Sky Deutschland Minority Shareholders accept the Sky Deutschland Offer, the Transaction will result in a combined consideration for the Sky Deutschland Transaction and Sky Italia Acquisition (including the National Geographic Channel Transfer) of £7.4 billion. If none of the Sky Deutschland Minority Shareholders accept the Sky Deutschland Offer, the combined consideration for the Sky Deutschland Transaction and Sky Italia Acquisition (including the National Geographic Channel Transfer) will total £5.3 billion.

The figures set out above for the total consideration for the Transaction are subject to the working capital adjustment mechanism under the terms of the Sky Italia SPA. The figures set out above relating to the consideration for the Sky Deutschland Transaction (and, therefore, the total consideration for the Transaction) are calculated on the assumption that there are no further issues of shares in Sky Deutschland AG (with the exception of Sky Deutschland AG shares issued to 21st Century Fox Adelaide Holdings B.V. in connection with the exercise of its conversion rights under the Convertible Bond).

In the event that the Sky Deutschland Transaction completes but the Sky Italia Acquisition does not complete, the total consideration for the Transaction will be as set out in “– *Consideration for the Sky Deutschland Transaction*” above.

### ***Financing for the Transaction***

The proposed total consideration for the Transaction will be financed through a combination of the Facilities Agreement (as defined under “*The Transaction – Financing – Facilities Agreement*”), existing cash resources and the consideration pursuant to the National Geographic Channel Transfer. At the time of the Announcement, the Issuer had put in place sufficient financing for the purposes of the Transaction. However, the Issuer may from time to time access the capital markets (in addition to issuing the Notes) prior to completing the Transaction. This would reduce the Issuer’s liability under and/or reliance on the Facilities Agreement. See further “*The Transaction – Financing*” and “*Use of Proceeds*”.

## The Notes

The following is an overview of the principal features of the Notes and is taken from, and is qualified in its entirety by, the remainder of these Listing Particulars and, in particular, the section below entitled “Description of the Notes and the Guarantees”. Terms used in this overview and not otherwise defined have the meanings given to them in “Description of the Notes and the Guarantees”.

**Issuer** ..... British Sky Broadcasting Group plc.

**Initial Guarantors** ..... British Sky Broadcasting Limited, BSKyB Finance UK plc, Sky In-Home Service Limited and Sky Subscribers Services Limited. As described under “Description of the Notes and the Guarantees”, additional Guarantors may guarantee the Notes. British Sky Broadcasting Limited, BSKyB Finance UK plc, Sky In-Home Service Limited, Sky Subscribers Services Limited and such additional Guarantors may be released from their guarantees under certain circumstances.

**Notes Offered** ..... The 2019 Notes, issued in an original aggregate principal amount of US\$750,000,000, will bear interest at a rate of 2.625 per cent. and will mature on 16 September 2019. Interest on the Notes will be payable semi-annually on 16 March and 16 September of each year, commencing on 16 March 2015.

The 2024 Notes, issued in an original aggregate principal amount of US\$1,250,000,000, will bear interest at a rate of 3.750 per cent. and will mature on 16 September 2024. Interest on the Notes will be payable semi-annually on 16 March and 16 September of each year, commencing on 16 March 2015.

Interest will begin to accrue on the Notes commencing on 16 September 2014. Interest on the Notes will be computed on the basis of a 360-day year of twelve 30-day months.

**Ratings** ..... The Notes are rated Baa1 (stable) by Moody’s and BBB+ (stable) by Standard & Poor’s. Following the Announcement, each of Moody’s and Standard & Poor’s has placed these ratings under review for downgrade. Following the completion of the Transaction, the Issuer expects that its credit ratings will be downgraded by up to two notches (see “Risk Factors – Risk Factors Relating to the Transaction – A downgrade in credit ratings, particularly below investment grade, may adversely affect the Group”).

Each of Moody’s and Standard & Poor’s is established in the European Union and registered under the CRA Regulation. A credit rating is not a recommendation to buy, sell or hold securities and may be subject to revisions, suspension or withdrawal at any time by the relevant rating organisation. It is a rating based on certain criteria applicable to an issuer and an issue.

**Guarantees** ..... Subject to the provisions described under “Description of the Notes and the Guarantees”, the obligations of the Issuer under the Notes and the Indenture will be fully and unconditionally guaranteed on a senior, unsecured basis by the Initial Guarantors. As described under “Description of the Notes and the Guarantees”, additional Guarantors may guarantee the Notes. Certain Guarantors may be released from their guarantees under certain circumstances.

**Ranking** ..... The Notes will rank as direct, unsecured and unsubordinated indebtedness of the Issuer and will rank *pari passu* with all other unsubordinated and unsecured indebtedness of the Issuer. The guarantees are full and unconditional obligations of the respective Guarantors and will rank equally with all present and future direct, unsecured and unsubordinated indebtedness of the respective Guarantors.

None of the Issuer’s subsidiaries other than the Guarantors has or will have any obligations with respect to the Notes. As a result, the Notes will be effectively subordinated to claims of creditors (including trade creditors and preferred shareholders, if any) of each of the Issuer’s subsidiaries other than the Guarantors. The Indenture does not impose any limitation on the incurrence of additional indebtedness by any company in the Group.

**Redemption for Taxation Reasons** .... The Issuer may redeem all but not part of the 2019 Notes and/or all but not part of the 2024 Notes, at their respective principal amount plus accrued and unpaid interest (including additional amounts, if any) to, but not including, the applicable date of redemption upon the occurrence of certain changes in tax laws. See “*Description of the Notes and the Guarantees – Optional Redemption – Redemption for Taxation Reasons*”.

**Optional Redemption Other Than for Taxation Reasons** ..... The Issuer may redeem the 2019 Notes and/or the 2024 Notes at the redemption prices described under “*Description of the Notes and the Guarantees – Optional Redemption – Redemption Other Than for Taxation Reasons*”, in whole or in part, at any time prior to their respective maturity.

**Special Acquisition Redemption** ..... In the event that the conditions to the closing of the Sky Deutschland Acquisition set out in the Sky Deutschland SPA have not been satisfied or, if applicable, waived on or prior to the Sky Deutschland Longstop Date, the Issuer shall redeem all (but not some only) of the Notes at 101 per cent. of their outstanding aggregate principal amount together with any accrued and unpaid interest to (but excluding) the applicable date of redemption specified in the Call Redemption Notice. See “*Description of the Notes and the Guarantees – Special Acquisition Redemption*”.

**Payment of Additional Amounts** ..... In the event that certain taxes are required to be deducted or withheld from payments on the 2019 Notes or the 2024 Notes (as the case may be) or under the guarantees, the Issuer, any Guarantor, any successor Person, any successor Issuer or any successor Guarantor, as applicable, will, subject to certain exceptions, pay such additional amounts on the 2019 Notes or the 2024 Notes (as the case may be) or the guarantees as will result, after deduction or withholding of such taxes, in the payment of the amounts that would have been payable in respect of the 2019 Notes or the 2024 Notes (as the case may be) or the guarantees had no such deduction or withholding been required. See “*Description of the Notes and the Guarantees – Payment of Additional Amounts*”.

**Put Event** ..... Upon the occurrence of a Put Event the Issuer will be required to make an offer to redeem or purchase the 2019 Notes and the 2024 Notes at a price equal to 101 per cent. of their respective principal amount, plus accrued and unpaid interest (including additional amounts, if any) accrued to, but not including, the date of redemption or repurchase. If 80 per cent. or more of the outstanding 2019 Notes

or 2024 Notes (as the case may be) are redeemed or purchased pursuant to a Put Event, the Issuer has the right to redeem or purchase the remaining 2019 Notes or 2024 Notes (as the case may be) outstanding at a price equal to 101 per cent. of their respective principal amount, plus accrued and unpaid interest (including additional amounts, if any) accrued to, but not including, the date of redemption or repurchase.

**Further Issues** ..... The Issuer may from time to time, without the consent of the holders of the 2019 Notes or the 2024 Notes (as the case may be), issue further securities having identical terms to the 2019 Notes or the 2024 Notes (as the case may be) so that any further issue is consolidated and forms a single series of securities with the 2019 Notes or the 2024 Notes (as the case may be); **provided that** such further issue constitutes a “qualified reopening” for US federal income tax purposes.

**Covenants** ..... So long as any of the Notes is outstanding, the Issuer and certain of its subsidiaries will be subject to certain limitations on the incurrence of liens on certain properties and the ability to merge or sell all or substantially all of their respective assets.

The covenants referred to above are subject to important exceptions and qualifications that are described under “*Description of the Notes and the Guarantees – Certain Covenants*”.

**Form and Denomination** ..... The Notes are in registered form in principal amounts of US\$200,000 and integral multiples of US\$1,000 in excess thereof. The Notes have initially been issued in the form of global notes in registered form and may be exchanged into definitive notes only under the limited circumstances described in “*Book-Entry, Delivery and Form*”.

The Notes sold to QIBs in reliance on Rule 144A are represented by one or more Rule 144A global notes (the “**Rule 144A Global Notes**”). The Notes sold outside the United States to persons other than US persons in reliance on Regulation S are represented by one or more Regulation S global notes (the “**Regulation S Global Notes**”).

The Rule 144A Global Notes and the Regulation S Global Notes representing the Notes have been deposited with the Trustee, as custodian for DTC, and registered in the name of Cede & Co., as nominee of DTC.

**Transfer Restrictions** ..... The Notes and the guarantees have not been registered under the Securities Act or state or other applicable securities laws and 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 and in compliance with all applicable laws. The Notes are subject to certain restrictions on transfer.

**Trustee** ..... The Bank of New York Mellon.

**Governing Law** ..... The Notes and guarantees will be governed by and construed in accordance with the laws of the State of New York.

**Listing and Trading** ..... The Notes have been admitted to the official list of the UKLA and admitted to trading on the PSM. Application has been made to the ISE for the Notes to be admitted to the Official List and to be admitted to trading on the GEM.

**Use of Proceeds** ..... The net proceeds of the Notes, together with other indebtedness and available cash, will be used to finance the Transaction. The net proceeds of the Notes will be held in cash and cash equivalents until used. See “*Use of Proceeds*”.

**Risk Factors** ..... Investing in the Notes involves a high degree of risk. For a discussion of certain risk factors relating to the Transaction, the Issuer, the Initial Guarantors, the Group and the Notes that prospective investors should carefully consider prior to making an investment in the Notes, see “*Risk Factors*” beginning on page 8.

## RISK FACTORS

*Investors should consider carefully the specific risk factors set out below, in addition to the other information contained in or incorporated into these Listing Particulars, before making an investment decision in relation to the Notes. The risks and uncertainties described below are not the only ones that may be material to the Group's business. Additional risks and uncertainties that the Issuer currently considers to be immaterial may also adversely affect the Group's business. If any of the following risks actually occur, the Group's business, results of operations and financial condition could be materially and adversely affected. In that case, the trading price of the Notes could decline or the Issuer could be unable to pay interest, principal or other amounts on the Notes, and investors may lose all or part of their investment. The fact that a specific example of a risk is listed under one risk factor category does not necessarily mean that it may not be relevant to any other category of risk factor.*

*The Notes are complex investments that should be considered only by investors who, either alone or with their financial, tax and legal advisors, have the expertise to analyse the terms of the Notes, the tax consequences of an investment, the Group's business and results, as well as the interaction of these factors.*

*The Issuer and the Initial Guarantors believe that the factors described below represent the principal risks inherent in investing in Notes, but the inability of the Issuer or the Initial Guarantors to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons and neither the Issuer nor any of the Initial Guarantors represents that the statements below regarding the risks of holding any Notes are exhaustive.*

### **Risk Factors Relating to the Transaction**

#### ***There is a risk that the Transaction will only complete in part***

The Sky Deutschland Transaction, the Sky Italia Acquisition and the National Geographic Channel Transfer are intended to complete together, as:

- the Sky Deutschland Acquisition is subject to the same conditions precedent to completion as the Sky Deutschland Offer and will close on the Sky Deutschland Offer Settlement Date;
- the Sky Italia Acquisition is conditional upon, amongst other things, completion of the Sky Deutschland Acquisition; and
- the National Geographic Channel Transfer is conditional upon, amongst other things, completion of the Sky Italia Acquisition.

However, in the event that the Sky Deutschland Transaction completes but the Sky Italia Acquisition does not complete, the Issuer may forego the long term benefits in connection with completion of the entire Transaction, which may adversely affect the business, results of operations and financial condition of the Group.

#### ***The pound sterling value of the consideration payable by the Issuer in respect of the Acquisitions may increase due to currency fluctuations***

The Group's reporting currency is pound sterling. However, the cash consideration payable by the Issuer for the Sky Deutschland Acquisition and the Sky Deutschland Offer is in euros and the pound sterling-euro exchange rate fluctuates continuously. Additionally, the value of the National Geographic Channel International stake is fixed in US dollars. The Group is therefore exposed to currency fluctuation risks which may mean that the pound sterling value of the consideration actually payable in euros or of the National Geographic Channel International stake may be materially greater (or lower) than the amount expected as at the date of the Announcement.

#### ***Information on Sky Deutschland has been derived from public sources and has not been independently verified by the Issuer or the Initial Guarantors***

The Issuer requested access to Sky Deutschland's non-public information from Sky Deutschland shortly before the Announcement in respect of the Issuer's intention to make the Sky Deutschland Offer. The Issuer has not been given such access save for limited information relating predominantly to change of control provisions in certain contracts, financing agreements and certain limited information for the purposes of the Issuer's

EU merger filing. Accordingly, the information included in these Listing Particulars in relation to Sky Deutschland has principally been compiled on the basis of publicly available information and has not been verified by the Issuer or the Initial Guarantors or by Sky Deutschland or the Sky Deutschland directors.

Sky Deutschland operates under a typical German dual management system, with a management board being responsible for managing Sky Deutschland and a supervisory board overseeing the management board. Although persons associated with 21st Century Fox Adelaide Holdings B.V., as the majority shareholder of Sky Deutschland AG, have a presence on the supervisory board, both 21st Century Fox Adelaide Holdings B.V. (in its capacity as shareholder) and its affiliated directors on the Sky Deutschland supervisory board (Chase Carey, James Murdoch, Jan Koeppen and Mark Kaner) are subject to confidentiality obligations in respect of non-public Sky Deutschland information.

The Issuer does not expect to obtain further access to Sky Deutschland's non-public information prior to the completion of the Sky Deutschland Transaction. In addition, Sky Deutschland's management has not provided any supporting materials to the Issuer with respect to any Sky Deutschland information contained in these Listing Particulars. Accordingly, all information relating to Sky Deutschland contained or referred to herein is based solely on information publicly reported by Sky Deutschland and available on Sky Deutschland's website and has not been independently verified by the Issuer or the Initial Guarantors.

Therefore, following completion of the Sky Deutschland Transaction, the Group may become subject to unknown liabilities or obligations of Sky Deutschland, which may have a material adverse effect on the Group's business, results of operations and financial condition.

***Following completion of the Acquisitions, the Group will have a broader geographical spread and will be larger in scale***

The scale of the Group will be increased following completion of the Acquisitions and it will have a broader geographical spread in Europe. As a result of the increased scale and broader geographical spread, the Group will be exposed to all or some of the German, Austrian, Italian, Swiss and Luxembourg markets, which will present different challenges to those currently faced in the UK and Ireland, including:

- exposure to markets with differing levels of maturity together with new competitors, new licensors and different terms for key content renewal arrangements;
- exposure to new domestic legislation, regulations, policies and regulators in Germany, Austria, Italy, Switzerland and Luxembourg;
- exposure to different customer expectations and economic conditions in the German, Austrian, Italian, Swiss and Luxembourg markets which will be important due to the reliance of the business of the Group on consumer spending; and
- the Group's management having greater responsibilities due to the increased size of the Group, potentially diverting management's attention from focusing solely on the current business and operations of the Group.

If the Group cannot effectively manage exposure to these challenges, this could have a material adverse effect on the Group's business, results of operations and financial condition.

***The Group may not realise the anticipated benefits and synergies of the Transaction***

The Transaction may expose the Group to a number of risks including:

- while the Transaction is in progress, diversion of management attention and financial resources that would otherwise be available for the ongoing development or expansion of existing operations;
- unexpected losses of key employees, customers and suppliers of the acquired operations;
- difficulties or delays in assimilating the financial, technological and management standards, processes, procedures and controls of the acquired business with those of the Group's existing operations;
- exposure to unanticipated liabilities and/or difficulties in mitigating contingent and/or assumed liabilities; and
- exposure to unexpected increased expenses.

Accordingly, there can be no assurance that any or all anticipated cost savings or other synergies outlined herein will be achieved or their implementations costs and/or timeframes will be as anticipated by the Group currently. These risks are particularly acute in connection with the Sky Deutschland Acquisition because the Issuer has not been able to conduct any due diligence on Sky Deutschland aside from access to publicly available information (and save for limited information relating predominantly to change of control provisions in certain contracts, financing agreements and certain limited information for the purposes of the Issuer's EU merger filing). In addition, although the Issuer has conducted due diligence reviews in connection with the Sky Italia Acquisition, there can be no assurance that such due diligence would reveal or highlight all relevant facts that may be necessary or helpful in evaluating the Transaction and potential synergies.

The significant majority of synergies are expected to arise from the UK and Italy being the two businesses with larger and more similar DTH operations. However, if certain conditions of the Sky Italia Acquisition, which are not conditions under the Sky Deutschland Acquisition and the Sky Deutschland Offer, are not fulfilled (or termination rights arise under the Sky Italia Acquisition, which are not termination rights under the Sky Deutschland Acquisition and the Sky Deutschland Offer), it is possible that the Issuer could complete the Sky Deutschland Acquisition and the Sky Deutschland Offer, but not complete the Sky Italia Acquisition and the National Geographic Channel Transfer either at the same time as the Sky Deutschland Acquisition or at all. In such circumstances, the anticipated long-term benefits attributable to the Sky Italia Acquisition would either (a) not be realised until after completion of the Sky Italia Acquisition, which may adversely affect the business, results of operations and financial condition of the Group; or (b) not materialise at all, which may adversely affect the business, results of operations and financial condition of the Group.

If the Group is unable to achieve anticipated synergies or encounters unforeseen delays and/or implementations costs, this could have an adverse impact on the business, results of operations and financial condition of the Group.

***The Transaction will entitle certain counterparties of Sky Deutschland and Sky Italia to terminate their contracts as a result of change of control provisions***

Both Sky Deutschland and Sky Italia have business related agreements which contain change of control clauses that entitle the relevant counterparties to terminate or enforce other rights under the agreements if a third party acquires a majority stake in or gains control through other means over Sky Deutschland AG or Sky Italia S.r.l. as applicable. Following completion of each of the Sky Deutschland Acquisition and/or the Sky Italia Acquisition, such counterparties may seek to exercise these rights or seek to provide consent to the change of control on unfavourable terms. The termination of business contracts at Sky Deutschland or Sky Italia could materially or adversely affect their business, which in turn could have an adverse impact on the business, results of operations and financial condition of the Group.

***Following the completion of the Transaction, the indebtedness and financial leverage of the Group will increase***

The Issuer intends to finance the Transaction principally through increased borrowings and capital markets issuances. The borrowings may take the form of borrowings under the Facilities Agreement or debt issuances in the capital markets (including the Notes), or a combination thereof. Consequently, the Transaction will increase the overall indebtedness and financial leverage of the Group, which will result in increased repayment commitments and borrowing costs. This could limit the Group's commercial and financial flexibility, causing it to reprioritise the uses to which its capital is put to the potential detriment of its business. Therefore, depending on the level of the Group's borrowings, prevailing interest rates and exchange rate fluctuations, this could result in reduced funds being available for expansion, dividend payments and other general corporate purposes. The occurrence of any of these events could have a material adverse effect on the Group's business, results of operations and financial condition.

***The Group may be unable to refinance the Facilities Agreement on commercially acceptable terms***

On 25 July 2014, the Issuer entered into the Facilities Agreement which originally was comprised of a €4.0 billion term loan facility ("**Term Loan A**"), a €2.5 billion and £450 million term loan facility ("**Term Loan B**") and a £1 billion revolving credit facility (the "**RCF**"). Following the issuance of the Notes and the EMTN Offering, The Issuer cancelled Term Loan A in its entirety. The Issuer earlier reduced Term Loan B so that it

now constitutes a €2.5 billion and £250 million term loan facility. The Issuer's ability to refinance indebtedness under the Facilities Agreement, will in part depend on its financial condition at that time. Furthermore, the Group may be unable to find alternative financing, and even if the Group could obtain alternative financing, it might not be on terms that are favourable or acceptable to the Group. For example, any refinancing could be at higher interest rates, which could restrict the business, results of operations and financial condition of the Group. Any inability to refinance such debt on commercially acceptable terms may have a material adverse effect on the Group's business, results of operations and financial condition.

***A downgrade in credit ratings, particularly below investment grade, may adversely affect the Group***

The Group's borrowing costs and access to the debt capital markets depend on the Group's public credit ratings. Announcements made by Moody's and Standard and Poor's on 25 July 2014, Fitch Ratings Limited on 29 July 2014 and the publication of Moody's credit focus document on 31 July 2014 (following the Announcement) stated that the Issuer's credit ratings are under review for downgrade by up to two notches due to the increased indebtedness and financial leverage resulting from the Transaction. The Issuer therefore expects that, following completion of the Sky Deutschland Transaction and the Sky Italia Acquisition, the Issuer's credit ratings will be downgraded by up to two notches. In the event that only the Sky Deutschland Transaction completes, and if none of the Sky Deutschland Minority Shareholders accept the Sky Deutschland Offer, the Issuer expects that its credit ratings will be downgraded by less than two notches. However, if only the Sky Deutschland Transaction completes and all of the Sky Deutschland Minority Shareholders accept the Sky Deutschland Offer, the Issuer expects that its credit ratings will be downgraded by up to two notches. In addition, following completion of the Transaction, and depending on the performance of the Group, the Group may be subject to the risk of further rating downgrades. In certain circumstances, this downgrade could result in a below investment grade rating for the Group. Any such downgrade in the Group's credit ratings, particularly below investment grade, may adversely affect the Group's ability to access capital and could likely result in more stringent covenants and higher interest rates under the terms of any new indebtedness. If such an event were to occur, it could have a material adverse effect on the Group's business, results of operations and financial condition.

***The Group may not be able to use Sky Deutschland's tax losses***

According to page 77 of the Sky Deutschland 2014 Annual Report, in November 2012 Sky Deutschland AG received an advanced ruling from the Munich tax authorities granting approval on the general technical approach regarding the application of the hidden reserve clause of the German Corporate Income Tax Act to protect German tax losses and tax loss carry-forwards in the event of certain changes to Sky Deutschland AG's shareholder structure (e.g., increase of the shareholding of 21st Century Fox Adelaide Holdings B.V. to 54.45 per cent. on 15 January 2013). The Sky Deutschland 2014 Annual Report further states that, while the Munich tax authorities only issued comments on the methodology for the determination of hidden reserves and did not comment on valuation results, Sky Deutschland management believed that pursuant to the Munich tax ruling Sky Deutschland should be able to retain a significant part of its current German tax losses and tax loss carry-forwards in the event of relevant changes to Sky Deutschland AG's shareholder structure.

Notwithstanding the statements made by Sky Deutschland there is a risk that, following completion of the Sky Deutschland Transaction, the Group will be prevented from using these tax losses as a consequence of either the 2013 change in the shareholder structure or the Sky Deutschland Transaction, which could have an adverse impact on the business, results of operations and financial condition of the Group.

The financial effects of the Transaction outlined in "*The Transaction – Financial effects of the Transaction*" do not assume the utilisation of Sky Deutschland tax losses.

***Upon completion of the Transaction, the Group will have an increased exposure to foreign exchange risk***

The Group presents its financial results in pound sterling. As a result of: (a) the Transaction; (b) the resulting increased portion of assets, liabilities, earnings and costs denominated in euros, and (c) the increased level of content costs denominated in US dollars, the operational and financial results of the Group will be more sensitive to fluctuations in the exchange rate of pound sterling against the euro and euro against the US dollar. Depreciation of the euro relative to pound sterling and US dollar may have an adverse impact on the business, results of operations and financial condition of the Group.

## **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, betting and gaming 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 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 (consisting of NOW TV in the UK, Snap by Sky in Germany and Sky Online in Italy), 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, and European Union legislation and, should the Transaction complete, will be subject to regulations under Austrian, German, Italian, Luxembourg and Swiss legislation.

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

- Gambling –
  - Alderney Gambling Control Commission regulation; and
  - the Gambling Act 2005. The Group has applied for a remote operating licence (within the meaning given by the Gambling Act 2005) and has received a Combined Continuation Remote Operating Licence effective from 1 November 2014;
- 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;
  - should the Sky Deutschland Transaction complete, the Group will hold various nationwide broadcasting licences in Germany for its channels granted by the state media authorities of Hamburg/Schleswig-Holstein and Bavaria (in conjunction with a national licensing commission, 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 State Broadcasting Treaty, as amended by the 15th State Broadcasting Amendment Treaty (*Rundfunkstaatsvertrag* or "**RStV**"). Broadcasters in Germany must comply with the RStV as well as with the laws of the federal state that has granted the broadcasting licence, except to the extent that the RStV provides an exception to this principle. 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;
  - should the Sky Deutschland Transaction complete, the Group will hold 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

- should the Sky Italia Acquisition complete, the Group will hold 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, CA and access control services, the Group is subject to regulation under the UK Communications Act 2003 which, amongst other things, requires it to provide EPG, CA and access control services to other broadcasters on fair, reasonable and non-discriminatory terms; and
  - should the Sky Deutschland Transaction complete, comparable and additional duties will 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 –
  - should the Sky Italia Acquisition complete, the Group will hold 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 will hold, through Sky Italia, a general authorisation in Italy granted to Sky Italia Network Services S.r.l., a wholly owned subsidiary of Sky Italia S.r.l., 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 will be reliant on a 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, should the Sky Deutschland Transaction complete, in Germany and Austria this will include 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, and general transmission failures caused by a number of additional factors. 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.

Should the Sky Deutschland Transaction complete, the Group will be 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 Sky Deutschland 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 Sky Deutschland, 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 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.

***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 is expected to increase if the Transaction completes, reflecting the increased size of the Group's business. 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.

## **Risk Factors Relating to the Notes and the Guarantees**

### ***The Notes and the guarantees are unsecured obligations***

The Notes will be senior, unsecured indebtedness of the Issuer and will rank *pari passu* with all existing and future unsecured and unsubordinated obligations of the Issuer. The guarantees will rank equally in right of payment with all existing and future senior, unsecured and unsubordinated indebtedness of the respective Guarantors. The guarantees will rank junior to any existing or future secured indebtedness of the Issuer or the Guarantors, to the extent of the collateral securing such indebtedness. As a result, in any liquidation, dissolution, bankruptcy or other similar proceeding, the holders of the Group's 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 30 June 2014, neither the Issuer nor any of the Initial Guarantors had any secured indebtedness outstanding, other than indebtedness incurred in the ordinary course of business. For more information on the ranking of the Notes, see "*Description of the Notes and the Guarantees – Ranking*".

The Issuer is a holding company and will depend upon funds from its subsidiaries to meet its obligations under the Notes. Its only significant assets are its investments in its subsidiaries and certain intellectual property rights associated with its brand. As a holding company, it will be dependent upon dividends, loans or advances, or other inter-company transfers of funds from its subsidiaries to meet its obligations under the Notes. The ability of its subsidiaries to pay dividends and make other payments to the Issuer 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 Issuer's ability to make payments with respect to the Notes may be limited.

### ***The Notes are structurally subordinated to any liabilities of the Issuer's subsidiaries other than the Guarantors***

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

### ***The provisions in the Indenture relating to change of control transactions will not necessarily protect investors in the event of a highly leveraged transaction***

The provisions contained in the Indenture will not necessarily afford investors protection in the event of a highly leveraged transaction that may adversely affect investors, including a reorganisation, restructuring, acquisition, merger or other similar transaction involving the Group. These transactions may not involve a change in voting power or beneficial ownership or, even if they do, may not involve a change of the magnitude or rating circumstances required under the definition of a "**Put Event**" in the Indenture to trigger these provisions. Except as described under "*Description of the Notes and the Guarantees – Redemption or Purchase of Notes upon a Put Event*", the Indenture does not contain provisions that permit the holders of the Notes to require the Issuer to repurchase the Notes in the event of a takeover, recapitalisation or similar transaction.

### ***The Issuer may not be able to repurchase all of the Notes upon a Put Event***

As described under "*Description of the Notes and the Guarantees – Redemption or Purchase of Notes upon a Put Event*", the Issuer will be required to offer to repurchase the Notes upon the occurrence of a Put Event. The Issuer may not have sufficient funds to repurchase the Notes in cash at such time or have the ability to arrange necessary financing on acceptable terms. In addition, the Issuer's ability to repurchase the Notes for cash may be limited by law or the terms of other agreements relating to the Issuer's indebtedness outstanding at the time. See also "*Risk Factors Relating to the Transaction – There is a risk that the conditions to the closing of the Sky Deutschland Acquisition will not be satisfied by the Sky Deutschland Longstop Date (as defined in the "Glossary of Terms") and therefore the Issuer will redeem all of the Notes, which means that investors may not obtain the return they expect on the Notes*".

### ***The ability of holders to transfer the Notes will be limited***

The Notes and the guarantees issued in this offering have not been registered under the Securities Act or any US state securities laws and may not be offered or sold in the US except pursuant to an exemption from the

registration requirements of the Securities Act and applicable US state securities laws or pursuant to an effective registration statement. The Issuer is not obligated, and does not intend, to file a registration statement with respect to the Notes.

***There may not be a liquid trading market for the Notes***

The Notes are admitted to the official list of the UKLA and to trading on the PSM and application will be made to admit the Notes to the Official List and to trading on the ISE, but, the Issuer is not required to maintain this listing. The Notes are new securities with no established trading market. If an active market for the Notes does not develop, the price of the Notes and the ability of a holder of Notes to find a ready buyer will be adversely affected. As a result, the Issuer cannot assure the investors as to the liquidity of any trading market for the Notes.

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

If market interest rates increase above the 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 their Notes may decline. The Issuer cannot give any assurance regarding the future level of market interest rates.

***Changes in the Issuer's credit ratings are expected to affect the value of the Notes***

The Issuer's credit ratings are an assessment of its ability to pay its obligations. Consequently, real or anticipated changes in the Issuer's credit ratings may affect the trading value of the Notes. However, because investors' return on the Notes depends upon factors in addition to the Issuer's ability to pay its obligations, an improvement in the Issuer's credit ratings will not reduce the other investment risks related to the Notes. In addition, the ratings may not reflect the potential impact of all risks related to structure, market, additional risks factors discussed herein, 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. See also "*Risk Factors Relating to the Transaction – A downgrade in credit ratings, particularly below investment grade, may adversely affect the Group*".

***The Notes are subject to optional redemption by the Issuer***

The Notes may be redeemed at the Issuer's option. The optional redemption feature may affect the market value of the Notes. The market value of the Notes generally is unlikely to rise substantially above the price at which they can be redeemed. An issuer is generally likely to, and the Issuer may therefore elect to, redeem the Notes when its cost of borrowing is lower than the interest rate on the Notes. Potential investors should consider reinvestment risk.

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

The Issuer will pay principal and interest on the Notes in US dollars. 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 US dollar. These include the risk that exchange rates may significantly change (including changes due to devaluation of the US dollar, 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 US dollar 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.

***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) the Notes are legal investments for it, (2) the 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 the Notes under any applicable risk-based capital or similar rules.

***The Issuer is subject to English insolvency laws, which pose particular risks for holders of the Notes***

As the Issuer and the Initial 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. The Issuer believes that the Notes will not be issued on terms which would amount to a transaction at an undervalue, the offering is in good faith for the purpose of carrying on the Issuer’s business and there are reasonable grounds for believing that the offering of the Notes will benefit the Issuer. 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 support the Issuer’s 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 the Issuer’s issuance of the Notes. The Issuer and each Initial Guarantor believe that the entry into each guarantee is in good faith for the purpose of carrying on the business of each Initial Guarantor and that there are reasonable grounds for believing that such transactions benefit each such Initial 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 Issuer’s analysis.

The directors of the Issuer 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 Issuer and not the Guarantors. However, the board of directors of each Initial Guarantor has passed a resolution approving the entry into the relevant guarantee on the basis that it will promote the success of the company for the benefit of its members as a whole. The entry into the guarantees will promote the success of the Initial Guarantors through raising of finance for general corporate purposes and/or for refinancing of existing indebtedness and receiving the ongoing support of their parent company. The Issuer can give no assurance, however, that a court would agree with their conclusions in this regard.

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

Because the guarantees are given by subsidiaries of the Issuer in respect of obligations of their parent, a court could void any or 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 fair consideration or reasonably equivalent value 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 the Issuer and, if applicable, the remaining Guarantors.

***Notes may be traded in integral multiples of less than the specified denomination***

The denominations of the Notes are US\$200,000 and integral multiples of US\$1,000 in excess thereof, up to and including US\$399,000. Therefore, it is possible that the Notes may be traded in amounts in excess of US\$200,000 that are not integral multiples of US\$200,000. In such a case, a holder of Notes who, as a result of trading such amounts, holds a principal amount of less than US\$200,000 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 denominations.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of US\$200,000 may be illiquid and difficult to trade.

***The Notes will initially be held in book-entry form and therefore investors must rely on the procedures of the relevant clearing systems to exercise any rights and remedies***

Unless and until the Notes in definitive registered form, or definitive registered Notes, are issued in exchange for book-entry interests, owners of book-entry interests will not be considered owners or holders of Notes. DTC, or its nominee, will be the registered holder of the Global Notes for the benefit of its participants including Euroclear and Clearstream, Luxembourg. After payment to the registered holder, the Issuer will have no responsibility or liability for the payment of interest, principal or other amounts to the owners of book-entry interests. Accordingly, if an investor owns a book-entry interest, it must rely on the procedures of DTC, Euroclear and/or Clearstream, Luxembourg, and if the investor is not a participant in DTC, Euroclear and/or Clearstream, Luxembourg, on the procedures of the participant through which the investor owns its interest, to exercise any rights and obligations of a holder of the Notes. See “*Book-Entry, Delivery and Form*”.

Unlike holders of the Notes themselves, owners of book-entry interests will not have any direct rights to act upon the Issuer’s solicitations for consents, requests for waivers or other actions from holders of the Notes. Instead, if an investor owns a book-entry interest, it will be permitted to act only to the extent it has received appropriate proxies to do so from DTC, Euroclear and/or Clearstream, Luxembourg or, if applicable, from a participant. There can be no assurance that procedures implemented for the granting of such proxies will be sufficient to enable the investor to vote on any matters on a timely basis.

Similarly, upon the occurrence of an event of default under the Indenture, unless and until definitive registered Notes are issued in respect of all book-entry interests, if an investor owns a book-entry interest it will be restricted to acting through DTC, Euroclear and/or Clearstream, Luxembourg. The Issuer cannot assure investors that the procedures to be implemented through DTC, Euroclear and/or Clearstream, Luxembourg will be adequate to ensure the timely exercise of rights under the Notes. See “*Book-Entry, Delivery and Form*”.

***Investors in the Notes may have limited recourse against the Issuer’s independent accountants***

See “*Accountants*” for a description of the independent auditors’ reports and the financial statements to which they relate. The Group Consolidated Financial Statements which have been incorporated by reference herein include both the Guarantors and non-guarantor subsidiaries and therefore may be of limited use in assessing the individual financial positions of the Guarantors. In particular, in respect of the audit reports relating to the Group Consolidated Financial Statements, Deloitte LLP, in accordance with guidance issued by the Institute of Chartered Accountants in England and Wales, includes 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”.

Investors in the Notes should understand that these statements are intended to disclaim any liability to parties (such as purchasers of the Notes) other than members of the Issuer with respect to those reports. In the context of the offering of the Notes, the Issuer’s accountants have reconfirmed to the Issuer that they do not intend their duty of care to extend to any party other than those to whom their reports were originally addressed (i.e. to the members of the Issuer).

The SEC would not permit such limiting language to be included in a registration statement, an offering memorandum or prospectus used in connection with an offering of securities registered under the Securities Act, or in a report filed under the Securities Exchange Act of 1934, as amended (the “**Exchange Act**”). If a US court (or any other court) were to give effect to the language quoted above, the recourse that investors in the Notes may have against the independent auditors based on their reports or the Group Consolidated Financial Statements to which they relate could be limited.

*A holder may be subject to the EU Savings Tax Directive*

The Council of the European Union has adopted Directive 2003/48/EC regarding the taxation of savings income (the “**Savings Directive**”). The Savings Directive requires EU Member States to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established in one EU Member State to (or for the benefit of) an individual or to certain other persons in another EU Member State, except that Austria and Luxembourg will instead impose a withholding system for a transitional period unless during such period they elect otherwise (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). The Luxembourg government has announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect from 1 January 2015.

The Council of the European Union has since adopted Council Directive 2014/48/EU (the “**Amending Directive**”) amending the Savings Directive, which will, when implemented, inter alia, broaden (i) the scope of the information reporting or withholding requirements to include payments to (or for the benefit of) an entity or legal arrangement having its place of effective management or establishment in an EU Member State and not being subject to effective taxation, (ii) the circumstances in which an economic operator, entity or legal arrangement may be required to report information or withhold tax, (iii) the types of payment to which the Savings Directive applies and (iv) the circumstances in which an individual resident in an EU Member State is to be treated as the beneficial owner of such payments. The Amending Directive requires EU Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017.

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 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, neither the Issuer 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 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 Issuer will be required to maintain a paying agent in an EU Member State that will not be obliged to withhold or deduct tax pursuant to 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, which may mitigate an element of this risk if the holder or couponholder is able to arrange for payment through such a paying agent. However, investors should choose their custodians and intermediaries with care, and provide each custodian and intermediary with any information that may be necessary to enable such persons to make payments free from withholding and in compliance with the Savings Directive.

Investors who are in any doubt as to their position should consult their professional advisers.

## CURRENCY OF PRESENTATION AND EXCHANGE RATES

The Issuer publishes its consolidated financial statements in pound sterling. Each of Sky Deutschland and Sky Italia publishes its consolidated financial statements in euro. In these Listing Particulars, references to “\$”, “US\$” or “US dollars” are to United States dollars, references to “£”, “pound sterling”, “pounds” or “pence” are to the lawful currency of the United Kingdom (“UK”) and references to “€” and “euro” 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. Solely for the convenience of the reader, these Listing Particulars contain translations of certain pound sterling amounts or euro amounts (as applicable) into US dollars at the rate or rates indicated. Unless otherwise indicated, US dollar amounts as at 30 June 2014 have been translated from (i) the corresponding pound sterling amounts at the noon buying rate for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York (the “noon buying rate”) on 30 June 2014, which was US\$1.7105 per £1.00, or (ii) the corresponding euro amounts at the noon buying rate for cable transfers in foreign currencies as certified for customs purposes by the Federal Reserve Bank of New York (the “noon buying rate”) on 30 June 2014, which was US\$1.3690 per €1.00, as applicable.

These translations should not be construed as representations that the pound sterling amounts or the euro amounts (as applicable) actually represent such US dollar amounts, or could be converted into US dollars at the rate indicated.

### Pound sterling-US dollar buying rates

The annual average of the noon buying rates certified for customs purposes by the Federal Reserve Bank of New York for pound sterling expressed in US dollars for each of the three years in the period ended 30 June 2014 was:

<u>Year ended 30 June</u>	<u>Average</u>
2014 .....	1.6270
2013 .....	1.5683
2012 .....	1.5845

The following table sets forth the high and low noon buying rates certified for customs purposes by the Federal Reserve Bank of New York for pound sterling expressed in US dollars for each of the months from March 2014 to August 2014. On 29 August 2014, the noon buying rate was £1.00 = US\$1.6585.

<u>Month ended</u>	<u>High</u>	<u>Low</u>
29 August 2014 .....	1.6874	1.6570
31 July 2014 .....	1.7165	1.6889
30 June 2014 .....	1.7105	1.6747
31 May 2014 .....	1.6976	1.6709
30 April 2014 .....	1.6883	1.6583
31 March 2014 .....	1.6743	1.6491

The Issuer makes no representation that the pound sterling or US dollar amounts referred to in these Listing Particulars have been, could have been or could, in the future, be converted into US dollars or pound sterling, as the case may be, at any particular rate, if at all.

### Euro-US dollar buying rates

The annual average of the noon buying rates certified for customs purposes by the Federal Reserve Bank of New York for euro expressed in US dollars for each of the three years in the period ended 30 June 2014 was:

<u>Year ended 30 June</u>	<u>Average</u>
2014 .....	1.3571
2013 .....	1.2935
2012 .....	1.3390

The following table sets forth the high and low noon buying rates certified for customs purposes by the Federal Reserve Bank of New York for euro expressed in US dollars for each of the months from March 2014 to August 2014. On 29 August 2014, the noon buying rate was €1.00 = US\$1.3150.

<u>Month ended</u>	<u>High</u>	<u>Low</u>
29 August 2014 .....	1.3436	1.3150
31 July 2014 .....	1.3681	1.3378
30 June 2014 .....	1.3690	1.3522
31 May 2014 .....	1.3924	1.3596
30 April 2014 .....	1.3898	1.3704
31 March 2014 .....	1.3927	1.3731

The Issuer makes no representation that the euro or US dollar amounts referred to in these Listing Particulars have been, could have been or could, in the future, be converted into US dollars or euro, as the case may be, at any particular rate, if at all.

## DOCUMENTS INCORPORATED BY REFERENCE

### Group

The following information, available free of charge either in electronic format through the Group's website at [www.sky.com/corporate](http://www.sky.com/corporate) or from the Issuer at its registered office during usual business hours on any weekday (public holidays excepted), is incorporated by reference into these Listing Particulars subject, in each case, to the extent that the information in any of such sections has been superseded by the information in these Listing Particulars. Where any document listed below incorporates information from another document by reference, such information does not form part of these Listing Particulars unless that other document is itself listed below. Those parts of the documents listed below which are not specifically incorporated by reference in these Listing Particulars are either not relevant for prospective investors in the Notes or the relevant information is included elsewhere in these Listing Particulars.

<u>Information incorporated by reference</u>	<u>Document reference</u>	<u>Page number(s)</u>
Unaudited results for the three months ended 30 September 2014	Group's unaudited results for the three months ended 30 September 2014 as announced through a Regulatory Information Service on 16 October 2014 (the " <b>Q1 Results Press Release</b> ")	1
Results Highlights	Q1 Results Press Release	2
Summary of Operational and Financial Performance	Q1 Results Press Release	3-4
Detailed Financial Performance (with the exception of the last sentence of page 6)	Q1 Results Press Release	5-7
Schedule 1 – KPI Summary	Q1 Results Press Release	9
Use of measures not defined under IFRS	Q1 Results Press Release	10
Forward looking statements	Q1 Results Press Release	10
Glossary of terms	Q1 Results Press Release	10
Strategic report – Our performance	2014 Annual Report of BSkyB for the short financial year ended 30 June 2014 (the " <b>2014 Annual Report</b> ")	10-11
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
Independent Auditor's report and consolidated financial statements (with notes thereto) and unaudited group financial record	2014 Annual Report	82-138
Non-GAAP measures	2014 Annual Report	139-140
Shareholder Information	2014 Annual Report	141
Glossary of terms	2104 Annual Report	142
Directors' report – Business review – Review of our business	2013 Annual Report of BSkyB for the year ended 30 June 2013 (the " <b>2013 Annual Report</b> ")	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	61-113
Shareholder information	2013 Annual Report	116-117
Glossary of terms	2013 Annual Report	118-119
Directors' report – Financial and operating review	2012 Annual Report of BSkyB for the year ended 30 June 2012 (the " <b>2012 Annual Report</b> ")	32-38
Independent Auditor's report and consolidated financial statements	2012 Annual Report	68-127
Non-GAAP measures	2012 Annual Report	128-129

## Sky Italia

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

<u>Information incorporated by reference</u>	<u>Document reference</u>	<u>Page number(s)</u>
Sky Italia's consolidated historical financial information for the three years ended 30 June 2014, together with the notes thereto . . . . .	Prospectus dated 5 September 2014 relating to the BSkyB Finance UK plc and British Sky Broadcasting Group plc £10 billion Euro Medium Term Note Programme (" <b>2014 EMTN Prospectus</b> ")	F-81 - F-110

## Sky Deutschland

Also incorporated by reference herein are the following (which are available (i) from the Issuer (but not through the Issuer's website), and (ii) on the website of Sky Deutschland at <http://info.sky.de>):

<u>Information incorporated by reference</u>	<u>Document reference</u>	<u>Page number(s)</u>
Media release of the preliminary Q1 2014/2015 results of Sky Deutschland with the exception of the section entitled " <i>Confirming Outlook</i> " (the " <b>Sky Deutschland Media Release</b> ") . . . . .	Sky Deutschland Media Release	1-7
Preliminary results of Sky Deutschland for the three months ended 30 September 2014, with the exception of the section entitled " <i>EBITDA and outlook</i> " (the " <b>Sky Deutschland Preliminary Results</b> ") . . . . .	Sky Deutschland Preliminary Results	1-25
2014 Annual Report of Sky Deutschland for the short financial year 2014 (the " <b>Sky Deutschland 2014 Annual Report</b> ") – Combined Management Report . . . . .	Annual Report	46-91
Consolidated financial statements . . . . .	Sky Deutschland 2014	96-101
Notes to the Short Financial Year . . . . .	Annual Report	102-155
Responsibility Statement . . . . .	Annual Report	156
Auditor's Report . . . . .	Annual Report	157
Corporate Governance Report . . . . .	Annual Report	165-171
2013 Annual Report of Sky Deutschland for the year ended 31 December 2013 (the " <b>Sky Deutschland 2013 Annual Report</b> ") – Combined management report . . . . .	2014 EMTN Prospectus	A-79 - A-126
Sky Deutschland 2013 Annual Report – Financial statements . . . . .	2014 EMTN Prospectus	A-127 - A-147
Sky Deutschland 2013 Annual Report – Notes to consolidated financial statements . . . . .	2014 EMTN Prospectus	A-148 - A-190
Sky Deutschland 2013 Annual Report – Responsibility statement . . . . .	2014 EMTN Prospectus	A-191

<u>Information incorporated by reference</u>	<u>Document reference</u>	<u>Page number(s)</u>
Sky Deutschland 2013 Annual Report – Auditor’s Report . . . . .	2014 EMTN Prospectus	A-192
Sky Deutschland 2013 Annual Report – Corporate governance report of Sky Deutschland for the financial year 2013 . . . . .	2014 EMTN Prospectus	A-193 - A-200
2012 Annual Report of Sky Deutschland for the year ended 31 December 2012 (the “ <b>Sky Deutschland 2012 Annual Report</b> ”) – Combined management report . . . . .	2014 EMTN Prospectus	A-201 - A-247
Sky Deutschland 2012 Annual Report – Financial statements . . . . .	2014 EMTN Prospectus	A-248 - A-264
Sky Deutschland 2012 Annual Report – Notes to consolidated financial statements . . . . .	2014 EMTN Prospectus	A-265 - A-299
Sky Deutschland 2012 Annual Report – Responsibility statement . . .	2014 EMTN Prospectus	A-300
Sky Deutschland 2012 Annual Report – Auditor’s Report . . . . .	2014 EMTN Prospectus	A-301
Sky Deutschland 2012 Annual Report – Corporate governance report of Sky Deutschland for the financial year 2012 . . . . .	2014 EMTN Prospectus	A-302 - A-309
Sky Deutschland 2012 Annual Report – Corporate Responsibility . . .	2014 EMTN Prospectus	A-310 - A-312

Information on Sky Deutschland incorporated by reference herein has not been independently verified by the Issuer or the Guarantors. See “*Risk Factors – Risk Factors Relating to the Transaction—Information on Sky Deutschland has been derived from public sources and has not been independently verified by the Issuer or the Initial Guarantors*”.

## THE TRANSACTION

### Introduction

On 25 July 2014, the Issuer announced (the “**Announcement**”) that:

- it had conditionally agreed to acquire (through a wholly owned subsidiary) 21st Century Fox Adelaide Holdings B.V.’s (a wholly owned subsidiary of 21st Century Fox) shareholding in Sky Deutschland AG, a German stock corporation listed on the Frankfurt Stock Exchange (which, as at the date of the Announcement, represented 57.4 per cent. of the issued share capital of Sky Deutschland AG on a fully diluted basis, assuming the exercise by 21st Century Fox Adelaide Holdings B.V. of its conversion rights pursuant to the Convertible Bond (as defined in “*Glossary of Terms*”)) (the “**Sky Deutschland Acquisition**”);
- it intended to make a voluntary cash offer to all Sky Deutschland AG shareholders, subject to certain conditions (the “**Sky Deutschland Offer**”). Sky German Holdings GmbH (a wholly owned subsidiary of the Issuer) made the Sky Deutschland Offer on 3 September 2014. The Sky Deutschland Acquisition and the Sky Deutschland Offer are together referred to as the “**Sky Deutschland Transaction**”;
- it had conditionally agreed to acquire (through a wholly owned subsidiary) the entire issued and to be issued corporate capital of Sky Italia S.r.l., a private company incorporated in Italy, from SGH Stream Sub, Inc., a wholly owned subsidiary of 21st Century Fox (the “**Sky Italia Acquisition**”, and together with the Sky Deutschland Acquisition, the “**Acquisitions**”), with the consideration being partially settled by the disposal of the Issuer’s indirect 21 per cent. stake in NGC Network Latin America, LLC and NGC Network International, LLC (“**National Geographic Channel International**”) to certain of 21st Century Fox’s wholly owned subsidiaries (the “**National Geographic Channel Transfer**”); and
- it would be placing 156,132,213 new ordinary shares representing approximately 9.99 per cent. of the issued share capital of the Issuer raising (the “**Equity Placing**”). The Equity Placing was completed on 30 July 2014 and raised net proceeds of approximately £1.3 billion.

The Sky Deutschland Transaction, the Sky Italia Acquisition and the National Geographic Channel Transfer comprise the Transaction. The Sky Deutschland Transaction, the Sky Italia Acquisition and the National Geographic Channel Transfer are intended to complete together, as:

- the Sky Deutschland Acquisition is subject to the same conditions precedent to completion as the Sky Deutschland Offer and will close on the Sky Deutschland Offer Settlement Date. In the event that no shares whatsoever are tendered by the Sky Deutschland Minority Shareholders under the Sky Deutschland Offer, completion of the Sky Deutschland Acquisition shall take place seven business days following the later of: (i) the end (at the election of Sky German Holdings GmbH) of the initial or further acceptance period under the Sky Deutschland Offer; and (ii) the fulfilment of the completion conditions to the Sky Deutschland SPA;
- the Sky Italia Acquisition is conditional upon, amongst other things, completion of the Sky Deutschland Acquisition; and
- the National Geographic Channel Transfer is conditional upon, amongst other things, completion of the Sky Italia Acquisition.

However, if certain conditions of the Sky Italia Acquisition, which are not conditions under the Sky Deutschland Acquisition and the Sky Deutschland Offer, are not fulfilled (or termination rights arise under the Sky Italia Acquisition, which are not termination rights under the Sky Deutschland Acquisition and the Sky Deutschland Offer), it is possible that the Issuer could complete the Sky Deutschland Acquisition and the Sky Deutschland Offer, but not complete the Sky Italia Acquisition and the National Geographic Channel Transfer. See “*Material Contracts Relating to the Transaction*”. The Issuer received the approval of its shareholders for the Transaction at an extraordinary general meeting held on 6 October 2014.

### Consideration for the Transaction

#### *Consideration for the Sky Deutschland Transaction*

The consideration for the Sky Deutschland Transaction will be paid in euros. The Sky Deutschland Offer values Sky Deutschland AG at €6.75 per share which is equal to the price to be paid per share to 21st Century Fox Adelaide Holdings B.V. under the Sky Deutschland Acquisition and is therefore the minimum price permissible for a voluntary cash offer under the German Takeover Act.

The total consideration for the Sky Deutschland Acquisition is €3.6 billion (£2.9 billion) based on the value of 21st Century Fox Adelaide Holdings B.V.'s (a wholly owned subsidiary of 21st Century Fox) shareholding in Sky Deutschland AG (which, as at the date of the Announcement, represented 57.4 per cent. of the issued share capital of Sky Deutschland AG on a fully diluted basis, assuming the exercise by 21st Century Fox Adelaide Holdings B.V. of its conversion rights pursuant to the Convertible Bond).

The total consideration for the Sky Deutschland Transaction will depend on the number of Sky Deutschland Minority Shareholders that accept the Sky Deutschland Offer.

If all of the Sky Deutschland Minority Shareholders accept the Sky Deutschland Offer on the basis of the offer price of €6.75 per Sky Deutschland AG share, the Sky Deutschland Transaction will result in a consideration of €6.3 billion (£5.0 billion). If none of the Sky Deutschland Minority Shareholders accept the Sky Deutschland Offer on the basis of the offer price of €6.75 per Sky Deutschland AG share, the consideration for the Sky Deutschland Transaction will total €3.6 billion (£2.9 billion).

Consideration for the Sky Deutschland Transaction will be paid in euros. The pound sterling figures above are based on the pound sterling to euro exchange rate as derived from Bloomberg on 29 August 2014 (£1 to €1.2639). See also "*Risk Factors – Risk Factors Relating to the Transaction – The pound sterling value of the consideration payable by the Issuer in respect of the Acquisitions may increase due to currency fluctuations*".

### ***Consideration for the Sky Italia Acquisition***

The consideration for the Sky Italia Acquisition will be paid in pound sterling. Sky Italia will be acquired on a debt and cash free basis in accordance with a working capital completion adjustment mechanism under the terms of the Sky Italia SPA. Subject to such working capital adjustment, the total consideration for the Sky Italia Acquisition is £2.45 billion, with approximately £2.06 billion to be paid in cash and the balance to be satisfied through the National Geographic Channel Transfer at a value of US\$650 million (£392 million). The value of the National Geographic Channel International stake is fixed in US dollars and has been converted to pound sterling based on the pound sterling to US dollar exchange rate as derived from Bloomberg on 29 August 2014 (£1 to US\$1.6598). See also "*Risk Factors – Risk Factors Relating to the Transaction – The pound sterling value of the consideration payable by the Issuer in respect of the Acquisitions may increase due to currency fluctuations*".

### ***Total consideration for the Transaction***

If all of the Sky Deutschland Minority Shareholders accept the Sky Deutschland Offer, the Transaction will result in a combined consideration for the Sky Deutschland Transaction and Sky Italia Acquisition (including the National Geographic Channel Transfer) of £7.4 billion. If none of the Sky Deutschland Minority Shareholders accept the Sky Deutschland Offer, the combined consideration for the Sky Deutschland Transaction and Sky Italia Acquisition (including the National Geographic Channel Transfer) will total £5.3 billion.

The figures set out above for the total consideration for the Transaction are subject to the working capital adjustment mechanism under the terms of the Sky Italia SPA. The figures set out above relating to the consideration for the Sky Deutschland Transaction (and, therefore, the total consideration for the Transaction) are calculated on the assumption that there are no further issues of shares in Sky Deutschland AG (with the exception of Sky Deutschland AG shares issued to 21st Century Fox Adelaide Holdings B.V. in connection with the exercise of its conversion rights under the Convertible Bond).

In the event that the Sky Deutschland Transaction completes but the Sky Italia Acquisition does not complete, the total consideration for the Transaction will be as set out in "*Consideration for the Sky Deutschland Transaction*".

## **Background to and reasons for the Transaction**

### ***Information on the Issuer***

The Issuer is the UK and Ireland's leading home entertainment and communications company, providing services to more than 40 per cent. of homes.

In recent years, the Issuer's successful transition to a multi-product strategy has significantly increased the scale of the business and opened up new sources of growth. Over the last five years, the Issuer has more than doubled its total paid-for subscription products to 35 million and has added more than two million new customers. This

has driven a step change in financial performance, with a 43 per cent. increase in revenues over this period and a 132 per cent. increase in earnings per share.<sup>1</sup>

The Issuer's success is rooted in the combination of strengths in three core areas: content, innovation and customers. By increasing the range and quality of its content and innovating across multiple platforms, the Issuer is opening up a wider opportunity and creating more ways to reach new customers. The Issuer has also created adjacent business opportunities in areas such as wholesale channel distribution, international programme sales and targeted advertising.

The rationale for the Transaction is as follows:

### ***Creating a world-class multinational pay TV group***

Bringing together three leading pay TV providers in each of the UK and Ireland, Germany and Austria and Italy will create a multinational pay TV group with a leading presence in three of the four largest European TV markets. The combination provides the opportunity to improve further the already compelling customer propositions offered by the Issuer, Sky Deutschland and Sky Italia in their respective home territories.

### ***Highly attractive opportunity for long-term growth***

Following completion of the Acquisitions, the Group would have an estimated 20 million retail customers and significantly increased headroom of over 97 million targetable customer households. The Issuer recognises the significant headroom for growth in pay TV penetration in Germany and Italy. Currently the Group operates in the UK and Ireland with 53 per cent. pay TV penetration and 14 million pay TV household headroom. It is anticipated that, following the Transaction, the Group would operate in countries with a total of 32 per cent. pay TV penetration and up to 66 million pay TV household headroom.

Both Germany and Italy are at much earlier stages in their maturity profile compared to the UK. Based on IHS Screendigest data and company sources, approximately 72 per cent. of Italian households have yet to take pay TV, while an estimated 81 per cent. of German pay TV households have yet to take pay TV beyond an entry-level package. If the penetration of pay TV in Germany and Italy grew over time to reach only the current levels of penetration in the UK (which the Independent Directors (as defined in the "Glossary of Terms") believe has further growth potential), this would represent a potential growth opportunity of approximately 22 million pay TV customers.

Furthermore, there is significant headroom for additional product growth in Sky Deutschland and Sky Italia's countries of operation through further take-up of Sky+, High Definition, On Demand, Sky Multiscreen and Sky Go as well as Sky Store. The Group also expects Sky Italia to benefit from its marketing arrangements with both Fastweb and Telecom Italia, enabling it to offer broadband and telephony packages with its pay TV bundles.

### ***Ability to deploy capabilities across the Group***

Following completion of the Acquisitions, the Group will aim to leverage capabilities and best practice from across the businesses to realise the enhanced growth opportunity. The Issuer, Sky Deutschland and Sky Italia each have their own strengths and these could be deployed to deliver revenue growth and improved operating efficiency and accelerate innovation. The Group has created significant value through the development of new opportunities in adjacent business areas in the UK and Ireland and the Independent Directors believe that there is potential for Sky Deutschland and Sky Italia to replicate these ventures. Such initiatives may include replicating the success of Sky Store and Sky AdSmart.

### ***Complementary businesses with shared brand and similar culture***

The Issuer, Sky Deutschland and Sky Italia are complementary businesses that share a common brand and operate similar business models and product sets. The offering of all three entities is underpinned by the "Sky" brand, which the Independent Directors believe consistently represents choice, quality and innovation for customers, underpinned by a culture of continuous improvement.

<sup>1</sup> The increase in revenues and increase in earnings per share are based on adjusted revenues (adjusted to exclude items that may distort comparability, in order to provide a measure of underlying performance from recurring activities) and adjusted earnings per share (the profit after tax for the year excluding adjusted items, related tax effects and tax items, divided by the weighted average number of ordinary shares).

Each of the businesses shares a strategy to sell more products to more customers by continuously improving the customer experience and enhancing the range and quality of their content.

***Strong management teams with a proven track record of delivery***

The management teams of the Issuer, Sky Deutschland and Sky Italia have a long history of working together. The CEOs of Sky Deutschland and Sky Italia, Brian Sullivan and Andrea Zappia respectively, have both previously held senior management positions within the Group.

***It is the right time for the Group to expand internationally***

The Group's UK and Ireland business is delivering strong growth by executing well against a consistent and successful strategy and the Independent Directors believe that there is significant headroom for growth in the Group's core subscription products in TV and home communications.

In addition, the Group is creating new revenue opportunities in emerging segments of the market, for example by addressing the pay-light segment with a second brand NOW TV and by participating in the estimated £1.5 billion home video transactional sector through the growth of Sky Store. The Independent Directors believe that the Group's adjacent businesses offer further potential for attractive revenue and profit growth. Each of these opportunities is additive and highly complementary.

The Independent Directors believe that it is the right time to take the Group's expertise to new territories, which offer enhanced opportunities for growth across a significantly increased number of addressable households.

***Significant value creation for the Issuer's shareholders***

The Independent Directors believe that the Group has expanding growth opportunities in the UK and Ireland, a well-established and successful strategy, and a strong track record of delivery.

The Transaction will build upon this strong platform to further enhance the Group's medium to long-term growth prospects given that Sky Deutschland and Sky Italia have a significant opportunity to capitalise on the headroom for customer and product growth in their relevant markets.

In addition to this enhanced growth profile, the Independent Directors also expect the Group to be able to realise synergies, and the Group is targeting £200 million of run-rate cash synergies by the end of the second full financial year after completion of the Sky Deutschland Transaction and the Sky Italia Acquisition, with further additional synergies expected in subsequent periods. The substantial majority of the cash synergies are expected to relate to a reduction in operating costs and revenue benefits, with a small proportion from reduced capital expenditures. These cash synergies are expected to arise principally from deploying shared expertise to drive operating efficiencies, delivering procurement efficiencies and the creation of a single unified product roadmap, as well as revenue synergies from deploying shared expertise on products and services growth. The Issuer, Sky Deutschland and Sky Italia share similar cultures, business processes, products and services and have common suppliers, which should assist in enabling delivery of synergies. However, please see "*Risk Factors – Risk Factors Relating to the Transaction – The Group may not realise the anticipated benefits and synergies of the Transaction*".

For information on Sky Deutschland, see "*Information on Sky Deutschland*".

For information on Sky Italia, see "*Information on Sky Italia*".

**Principal terms and conditions of the Transaction**

On 25 July 2014, the Issuer and 21st Century Fox (each through their respective wholly owned subsidiaries) entered into the Sky Deutschland SPA and the Sky Italia SPA. On 3 September 2014, Sky German Holdings GmbH (a wholly owned subsidiary of the Issuer) made the Sky Deutschland Offer to Sky Deutschland AG shareholders pursuant to the Sky Deutschland Offer Document.

The Sky Deutschland Transaction, the Sky Italia Acquisition and the National Geographic Channel Transfer are intended to complete together, as:

- the Sky Deutschland Acquisition is subject to the same conditions precedent to completion as the Sky Deutschland Offer and will close on the Sky Deutschland Offer Settlement Date.

- the Sky Italia Acquisition is conditional upon, amongst other things, completion of the Sky Deutschland Acquisition; and
- the National Geographic Channel Transfer is conditional upon, amongst other things, completion of the Sky Italia Acquisition.

However, if certain conditions of the Sky Italia Acquisition, which are not conditions under the Sky Deutschland Acquisition and the Sky Deutschland Offer, are not fulfilled (or termination rights arise under the Sky Italia Acquisition, which are not termination rights under the Sky Deutschland Acquisition and the Sky Deutschland Offer), it is possible that the Issuer could complete the Sky Deutschland Acquisition and the Sky Deutschland Offer, but not complete the Sky Italia Acquisition and the National Geographic Channel Transfer. See “*Material Contracts Relating to the Transaction*”.

In addition, completion of the Sky Deutschland Acquisition and the Sky Italia Acquisition are conditional upon the fulfilment (or, where applicable, waiver) of the respective conditions set out in the Sale and Purchase Agreements. The Sky Deutschland Offer was conditional upon the fulfilment (or, where applicable, waiver) of the conditions set out in the Sky Deutschland Offer Document (which, as noted above, are the same conditions for the Sky Deutschland Acquisition) which have been satisfied. The conditions in the Sale and Purchase Agreements and the Sky Deutschland Offer Document include, amongst other things:

- receipt of all relevant competition/merger control clearances;
- receipt of relevant local regulatory approvals relating to broadcasting, media and communications;
- approval of the Transaction by the independent shareholders of the Issuer (being shareholders other than 21st Century Fox UK Nominees Limited and its associates);
- no material adverse changes having occurred in respect of Sky Deutschland or Sky Italia, as the case may be; and
- the waiver by certain third parties of rights arising from the change of control of Sky Deutschland or Sky Italia, as the case may be, resulting from the Transaction under certain contracts.

See further “*Material Contracts Relating to the Transaction*”.

On the expiry of the initial acceptance period in relation to the Sky Deutschland Offer on 15 October 2014, Sky Deutschland Minority Shareholders holding 105,655,521 shares had accepted the Sky Deutschland Offer.

## **Financing**

The total consideration for the Transaction will, depending on the number of Sky Deutschland Minority Shareholders that accept the Sky Deutschland Offer, be up to £7.0 billion in cash plus the National Geographic Channel Transfer.

The proposed total consideration for the Transaction will be financed through a combination of the Facilities Agreement (as defined below), cash resources (including net proceeds from the Equity Placing, net proceeds from the Notes, net proceeds from the ITV Disposal and existing cash) and the consideration pursuant to the National Geographic Channel Transfer. The Issuer may also from time to time access the capital markets (in addition to issuing the Notes) which will reduce the Issuer’s liability under and/or reliance on the Facilities Agreement.

If all of the Sky Deutschland Minority Shareholders accept the Sky Deutschland Offer on the basis of a consideration of €6.75 per Sky Deutschland AG share, the Transaction will result in a combined consideration for the Sky Deutschland Transaction and Sky Italia Acquisition (including the National Geographic Channel Transfer) of £7.4 billion. If none of the Sky Deutschland Minority Shareholders accept the Sky Deutschland Offer, the combined consideration for the Sky Deutschland Transaction and Sky Italia Transaction (including the National Geographic Channel Transfer) will total £5.3 billion. The figures set out above for the total consideration for the Transaction are subject to the working capital adjustment mechanism under the terms of the Sky Italia SPA.

In the event that the Sky Deutschland Transaction completes but the Sky Italia Acquisition does not complete, the total consideration for the Transaction will be €6.3 billion (£5.0 billion) if all of the Sky Deutschland Minority Shareholders accept the Sky Deutschland Offer, or €3.6 billion (£2.9 billion) if none of the Sky Deutschland Minority Shareholders accept the Sky Deutschland Offer.

Consideration for the Sky Deutschland Transaction will be paid in euros. The pound sterling figures above are based on the pound sterling to euro exchange rate as derived from Bloomberg on 29 August 2014 (£1 to €1.2639). See also “*Risk Factors – Risk Factors Relating to the Transaction – The pound sterling value of the consideration payable by the Issuer in respect of the Acquisitions may increase due to currency fluctuations*”.

Cash consideration for the Sky Italia Acquisition will be paid in pound sterling and will be subject to a working capital completion adjustment mechanism under the terms of the Sky Italia SPA. The value of the National Geographic Channel International stake is fixed in US dollar and converted to pound sterling based on the pound sterling to US dollar exchange rate as derived from Bloomberg on 29 August 2014 (£1 to US\$1.6598). See also “*Risk Factors – Risk Factors Relating to the Transaction – The pound sterling value of the consideration payable by the Issuer in respect of the Acquisitions may increase due to currency fluctuations*”.

### **Facilities Agreement**

On 25 July 2014, the Issuer entered into a facilities agreement (the “**Facilities Agreement**”) between the Issuer as borrower, British Sky Broadcasting Limited, B SkyB Finance UK plc, Sky In-Home Service Limited and Sky Subscribers Services Limited as guarantors, Barclays Bank PLC as agent, Barclays Bank PLC, J.P. Morgan Limited, Morgan Stanley Bank International Limited as mandated lead arrangers and bookrunners, Barclays Bank PLC, JPMorgan Chase Bank, N.A. – London Branch and Morgan Stanley Bank, N.A. as underwriters and Barclay Bank PLC, JPMorgan Chase Bank, N.A. – London Branch and Morgan Stanley Bank, N.A. as original lenders. The Facilities Agreement originally comprised of a €4.0 billion term loan facility (“**Term Loan A**”), a €2.5 billion and £450 million term loan facility (“**Term Loan B**”) and a £1 billion revolving credit facility (the “**RCF**”). Following the issuance of the Notes and the EMTN Offering, the Issuer cancelled Term Loan A in its entirety. The Issuer earlier reduced Term Loan B so that it now constitutes a €2.5 billion and a £250 million term loan facility.

Borrowings under Term Loan B may be used, amongst other things, to finance a portion of the consideration for the Transaction and to refinance the existing indebtedness of Sky Deutschland. Upon completion of the Transaction, borrowings under the RCF will be used, among other things, to repay any borrowings under the Group’s existing revolving credit facility (the “**Existing RCF**”). See further “*Material Contracts Relating to the Transaction*”.

### **Cash Resources**

The Issuer intends to fund £5.5 billion of the cash consideration for the Transaction from its cash resources, which include net proceeds of approximately £1.3 billion from the Equity Placing, net proceeds of approximately US\$2.0 billion from the Notes, net proceeds of approximately €2.5 billion from the EMTN Offering (as defined below) which closed on 15 September 2014, net proceeds of approximately £481 million from the ITV Disposal and £500 million of available cash and cash equivalents on its balance sheet. The Issuer may from time to time access the capital markets prior to completing the Transaction.

### **Equity Placing**

A total of 156,132,213 new ordinary shares in the Issuer were placed by Barclays Bank PLC and Morgan Stanley Securities Limited on 25 July 2014 at a price of 870 pence per share, raising net proceeds of £1,345,720,074 (gross proceeds of £1,358,350,253) for the Issuer. The new shares issued represented approximately 9.99 per cent. of the Issuer’s issued ordinary share capital prior to the Equity Placing.

Pursuant to the Equity Placing, 61,106,496 of the new ordinary shares were issued to 21st Century Fox UK Nominees Limited (pursuant to an agreement dated 25 July 2014 between: (i) 21st Century Fox; (ii) the Issuer; (iii) 21st Century Fox UK Nominees Limited; (iv) Barclays Bank PLC; and (v) Morgan Stanley Securities Limited, by which 21st Century Fox UK Nominees Limited agreed to subscribe for its *pro rata* share of the shares being placed at a price of 870 pence per share to maintain its shareholding of 39.14 per cent.), raising gross proceeds of £531.6 million for the Issuer.

The Equity Placing was announced on 25 July 2014 and completed on 30 July 2014. The new ordinary shares were admitted to listing on the official list of the Financial Conduct Authority and to trading on the London Stock Exchange plc’s main market for listed securities on 30 July 2014. The new ordinary shares were issued credited as fully paid and rank *pari passu* in all respects with the existing ordinary shares in the capital of the Issuer, including the right to receive all dividends and other distributions declared after the date of the issue apart from the new ordinary shares issued to 21st Century Fox UK Nominees Limited, which are subject to the voting agreement described in “*General Information – Material contracts – The Group – Other material contracts – 21st Century Fox voting agreement*”.

### *Net proceeds of the Notes and EMTNs*

Net proceeds of the Notes will be used to finance the Transaction. See “*Use of Proceeds*”. In addition, on 15 September 2014, the Issuer 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 its 2014 EMTN Programme (together, the “**EMTN Offering**”). The net proceeds of the EMTN Offering will be used to finance the Transaction.

### *ITV Disposal*

At 30 June 2014, the Group held an interest in 7.23 per cent. of the shares in ITV plc. On 17 July 2014, Sky Holdings Limited (a wholly owned subsidiary of the Issuer) and Liberty Global Incorporated Limited entered into an agreement whereby Sky Holdings Limited agreed to sell a shareholding of 259,820,065 ordinary shares in the share capital of ITV plc (representing 6.4 per cent. of the share capital in ITV plc) for £481 million to Liberty Global Incorporated Limited (the “**ITV Disposal**”). Net proceeds from the ITV Disposal are, and will continue to be, held in cash and cash equivalents.

### *Existing cash*

In addition to the net proceeds of the Equity Placing, net proceeds of the Notes and net proceeds of the ITV Disposal, the Issuer intends to utilise £500 million of available cash and cash equivalents on its balance sheet for the financing of the Transaction.

### *Future capital market transactions*

The Issuer may access the debt capital markets either before or after drawing any loans under the Facilities Agreement. In the event the Issuer completes any such transaction before drawing under the Facilities Agreement, it shall reduce the borrowing availability thereunder by an amount equal to the net proceeds of such issuance. In the event the Issuer completes any such transaction after drawing under the Facilities Agreement, it shall use the net proceeds to refinance any loans thereunder.

### *Stake in National Geographic Channel International*

Sky Ventures Limited (a wholly owned subsidiary of the Issuer) currently holds a 21 per cent. stake in National Geographic Channel International. The remaining units in National Geographic Channel International are held by Fox-NGC (International) Holdings, Inc. and Fox International Channels (US), Inc. (“**National Geographic Channel Purchasers**”) (which together own approximately 52 per cent.) and by the National Geographic Society (which owns approximately 27 per cent.). Sky Venture Limited’s stake in National Geographic Channel International will be sold for US\$650 million, which will be applied as part settlement of the consideration for the Sky Italia Acquisition. The National Geographic Channel Transfer is conditional, amongst other things, on completion of the Sky Italia SPA in accordance with its terms.

For further information, see “*Material Contracts Relating to the Transaction*” and “*Use of Proceeds*”.

### **Financial effects of the Transaction**

As noted above, the Independent Directors anticipate that the Transaction will further enhance the Issuer’s long-term growth prospects, particularly as Sky Deutschland and Sky Italia have a significant opportunity to capitalise on the subscriber and product penetration potential in their relevant markets. The Independent Directors believe that, following completion of the Acquisitions, the Group will have a higher growth profile in the medium and long-term than the Issuer would have as a standalone entity.

The Independent Directors believe that the Transaction will generate significant benefits to the Issuer’s shareholders through the Issuer’s ability to deliver substantial operating synergies through the sharing of best practice, implementation of shared expertise, and economies of scale, as well as the enhanced growth opportunities that the combined business will be able to capture.

The Independent Directors expect that the Issuer will be able to realise £200 million of run-rate cash synergies by the end of the second full financial year after completion of the Sky Deutschland Transaction and the Sky Italia Acquisition, with further additional synergies expected in subsequent periods. The substantial majority of the

cash synergies are expected to relate to a reduction in operating costs and revenue benefits, with a small proportion from reduced capital expenditures. The significant majority of synergies are expected to arise from the UK and Italy being the two businesses with larger and more similar direct-to-home operations. Cost savings are expected across most areas of the business including the production of live events, commissioning, back office IT systems, rationalisation of suppliers and, over time, in product and set-top box development. The Directors' current estimate is that the costs to achieve these synergies will be around £150 million.

The synergies are expected to be achieved principally through:

- the creation of a single unified product development roadmap;
- the extraction of operating efficiencies through the application of shared expertise across the Group, including through customer contact and marketing strategies;
- the sharing of brand and advertising creative, own-produced shows and events across all three markets;
- back office infrastructure, hardware, IT, transmission and set-top box procurement savings;
- consolidation of TV platform operations; and
- new revenue opportunities (AdSmart, Sky Store and Sky Go Extra).

The Transaction is expected to be at least neutral to earnings per share in the second full financial year following completion of the Sky Deutschland Transaction and the Sky Italia Acquisition. Driven by the enhanced growth profile of the Group (following completion of the Acquisitions) and the realisation of synergies by 2017, the Transaction is expected to strongly enhance earnings per share in the third full financial year following completion of the Sky Deutschland Transaction and the Sky Italia Acquisition.

The Independent Directors expect that the Group's post-Transaction ratio of net debt to last twelve months' EBITDA will be in a range of 2.9x to 4.0x, assuming none or all Sky Deutschland Minority Shareholders accept the Sky Deutschland Offer respectively. The Issuer will aim to reduce its leverage by a range of 0.5x to 0.7x by June 2016.

Announcements made by Moody's and Standard & Poor's on 25 July 2014, Fitch Ratings Limited on 29 July 2014 and the publication of Moody's credit focus document on 31 July 2014 (following the Announcement) stated that the Issuer's credit ratings are under review for downgrade by up to two notches due to the increased indebtedness and financial leverage resulting from the Sky Deutschland Transaction and the Sky Italia Acquisition. The Issuer therefore expects that, following completion of the Sky Deutschland Transaction and the Sky Italia Acquisition, the Issuer's credit ratings will be downgraded by up to two notches, and therefore the Issuer expects to maintain an investment grade rating. The Issuer remains committed to an investment grade credit rating and supported by the strong cash flow generation capabilities of the Group (following completion of the Acquisitions), the Issuer intends to target a leverage profile of no more than two times EBITDA in the medium-term. The Issuer's share buyback programme was suspended on 25 July 2014. The Issuer currently does not plan to resume share buy-backs or to undertake any further material mergers or acquisitions until this target leverage profile has been achieved.

If only the Sky Deutschland Transaction completes and all of the Sky Deutschland Minority Shareholders accept the Sky Deutschland Offer, the Issuer expects that its credit ratings will be downgraded by up to two notches.

The Issuer is committed to ensuring that it has sufficient liquidity resources.

The Issuer is targeting a return on invested capital above its existing cost of capital in the fifth full financial year following completion of the Sky Deutschland Transaction and the Sky Italia Acquisition.

The synergies are expected to recur annually from the second full financial year after completion of the Sky Deutschland Transaction and the Sky Italia Acquisition. The estimated synergies reflect both the beneficial elements and relevant costs.

The estimated synergies are contingent on completion of the Sky Deutschland Transaction and the Sky Italia Acquisition and the synergies could not be achieved independently of the Transaction. The significant majority

of synergies are expected to arise from the UK and Italy being the two businesses with larger and more similar direct-to-home operations.

However, please see “*Risk Factors – Risk Factors Relating to the Transaction – The Group may not realise the anticipated benefits and synergies of the Transaction*”. See also “*Risk Factors – Risk Factors Relating to the Transaction – A downgrade in credit ratings, particularly below investment grade, may adversely affect the Group*” and “*Information on the Expected Impact of the Transaction on the Assets and Liabilities of the Group*”.

The financial effects of the Transaction outlined above do not assume the utilisation of the Sky Deutschland losses (see “*Risk Factors – Risk Factors Relating to the Transaction – The Group may not be able to use Sky Deutschland’s tax losses*”).

### **Dividend policy**

On 25 July 2014, the Issuer announced a proposed final dividend of 20 pence per ordinary share, which would result in a total dividend of 32 pence per ordinary share for the financial year ended 30 June 2014 (2013: 30 pence per ordinary share), representing an annual increase of 7 per cent.

Reflecting the confidence that the Independent Directors have in the benefits of the Transaction and the cash generative potential of the Group (following completion of the Acquisitions), the Independent Directors intend that the Group will maintain a progressive dividend following completion of the Sky Deutschland Transaction and the Sky Italia Acquisition, providing an attractive mix of growth and capital returns to its shareholders. Following the initial dilution to earnings arising from the Transaction, the Independent Directors expect to return to the Issuer’s current stated policy of paying out 50 per cent. of adjusted earnings as ordinary dividends.

### **Recent Developments**

As at the end of the acceptance period on 3 November 2014 in relation to the Sky Deutschland Offer, acceptance in respect of 814,224,168 shares of Sky Deutschland (representing approximately 87.45 per cent. of the total share capital and the voting rights in Sky Deutschland) had been received, including shares to be acquired as a part of the Sky Deutschland Acquisition.

## INFORMATION ON THE EXPECTED IMPACT OF THE TRANSACTION ON THE ASSETS AND LIABILITIES OF THE GROUP

### Introduction

The Group's consolidated financial statements for the year ended 30 June 2014 have been prepared in accordance with IFRS.

The Issuer requested access to Sky Deutschland's non-public information from Sky Deutschland shortly before the Announcement in respect of the Issuer's intention to make the Sky Deutschland Offer. The Issuer has not been given such access save for limited information relating predominantly to change of control provisions in certain contracts, financing agreements and certain limited information for the purposes of the Issuer's EU merger filing. Sky Deutschland operates under a typical German dual management system, with a management board being responsible for managing Sky Deutschland and a supervisory board overseeing the management board. Although persons associated with 21st Century Fox Adelaide Holdings B.V., as the majority shareholder of Sky Deutschland AG, have a presence on the supervisory board, both 21st Century Fox Adelaide Holdings B.V. (in its capacity as shareholder) and its affiliated directors on the Sky Deutschland supervisory board (Chase Carey, James Murdoch, Jan Koeppen and Mark Kaner) are subject to confidentiality obligations in respect of non-public Sky Deutschland information. Consequently, although Sky Deutschland also prepares its audited consolidated financial statements in accordance with IFRS, the Issuer has not had access to Sky Deutschland's non-public information to enable it to determine whether there are significant differences between the Group's policies and those adopted by Sky Deutschland that might be material to Sky Deutschland's financial information.

Additionally, at the time Sky Deutschland AG became a fully consolidated subsidiary of 21st Century Fox, the information which 21st Century Fox required to comply with US GAAP under 21st Century Fox's policies was agreed with Sky Deutschland. This information forms the basis of Sky Deutschland's regular annual reporting to 21st Century Fox, and which the Issuer understands would not provide the necessary information to evaluate and quantify the restatements necessary to comply with the Group's policies under IFRS.

As such the Issuer does not have sufficient information to enable it to prepare a reconciliation to reflect adjustments to Sky Deutschland's historical financial information to restate the information on a basis consistent with the Group's accounting policies. The Issuer does not expect to obtain further access to Sky Deutschland's non-public information prior to the completion of the Sky Deutschland Transaction.

Sky Italia Historical Financial Information have been prepared in accordance with IFRS and on a basis consistent with the accounting policies adopted in the Group 2014 Financial Statements (see further "*Information on Sky Italia*"). However, since the Issuer has not had access to Sky Deutschland's non-public information (save for limited information relating predominantly to change of control provisions in certain contracts, financing agreements and certain limited information for the purposes of the Issuer's EU merger filing), the Issuer is unable to identify or quantify the adjustments necessary to present Sky Deutschland's financial information on a basis consistent with the Group's accounting policies. As a result, it is not possible at this time for the Issuer to prepare pro forma financial information for the Transaction.

The information below is provided to describe how the Transaction might affect the Group's net assets.

### Impact of the Transaction

#### *Financing*

For sources of funds of the Transaction, see "*The Transaction – Financing*".

If all of the Sky Deutschland Minority Shareholders accept the Sky Deutschland Offer, the total net consideration, after deducting the consideration in respect of the National Geographic Channel Transfer to be applied as part settlement of the consideration for the Sky Italia Acquisition, amounts to £7.0 billion, subject to the working capital adjustment mechanism under the terms of the Sky Italia SPA. This will result in an increase to the Group's debt of £5.0 billion from the amount of debt raised less associated expenses.

If none of the Sky Deutschland Minority Shareholders accept the Sky Deutschland Offer, the total net consideration after deducting the consideration in respect of the National Geographic Channel Transfer to be applied as part settlement of the consideration for the Sky Italia Acquisition, amounts to £4.9 billion, subject to the working capital adjustment mechanism under the terms of the Sky Italia SPA. This will result in an increase to the Group's debt of £2.9 billion from the amount of debt raised less associated expenses.

### ***Payment of consideration***

If all of the Sky Deutschland Minority Shareholders accept the Sky Deutschland Offer, the Group's total cash will decrease by:

- £5.0 billion upon payment, at completion of the Sky Deutschland Transaction, of the cash consideration for the Sky Deutschland Transaction; and
- £2.1 billion upon payment, at completion of the Sky Italia Acquisition, of the consideration for the Sky Italia Acquisition, after deducting the consideration in respect of the National Geographic Channel Transfer to be applied as part settlement of the cash consideration for the Sky Italia Acquisition (subject to adjustment pursuant to the working capital completion adjustment mechanism under the terms of the Sky Italia SPA).

If none of the Sky Deutschland Minority Shareholders accept the Sky Deutschland Offer, the Group's total cash will decrease by:

- £2.9 billion upon payment, at completion of the Sky Deutschland Transaction, of the cash consideration for the Sky Deutschland Transaction; and
- £2.1 billion upon payment, at completion of the Sky Italia Acquisition, of the consideration for the Sky Italia Acquisition, after deducting the consideration in respect of the National Geographic Channel Transfer to be applied as part settlement of the cash consideration for the Sky Italia Acquisition (subject to adjustment pursuant to the working capital completion adjustment mechanism under the terms of the Sky Italia SPA).

Consideration for the Sky Deutschland Transaction will be paid in euros. The pound sterling figures above are based on the pound sterling to euro exchange rate as derived from Bloomberg on 29 August 2014 (£1 to €1.2639). Cash consideration for the Sky Italia Acquisition will be paid in pound sterling and will be subject to a working capital completion adjustment mechanism under the terms of the Sky Italia SPA. The value of the National Geographic Channel International stake is fixed in US dollar and converted to pound sterling based on the pound sterling to US dollar exchange rate as derived from Bloomberg on 29 August 2014 (£1 to US\$1.6598). See also "*Risk Factors – Risk Factors Relating to the Transaction – The pound sterling value of the consideration payable by the Issuer in respect of the Acquisitions may increase due to currency fluctuations*".

See further "*The Transaction – Financing*".

### ***Sky Deutschland Transaction***

The effect on the Group's balance sheet is as follows:

- consolidated assets are estimated to increase on a line-by-line basis, being the recognition of Sky Deutschland's tangible and separately identifiable intangible assets at their fair value on acquisition;
- goodwill would be recognised, being the excess of the fair value of the purchase consideration (comprising the cash consideration and the associated costs) over the fair value of Sky Deutschland's net assets (excluding minority interests). The Directors have not completed their purchase price allocation process to enable them to allocate the purchase price between goodwill and the net assets of Sky Deutschland. The fair value of Sky Deutschland's net assets will be determined as at the date of completion of the Sky Deutschland Transaction; and
- consolidated liabilities are estimated to increase on a line-by-line basis, being the recognition of Sky Deutschland's liabilities (including contingent liabilities to be recognised in accordance with IFRS 3). Interest bearing liabilities would be reduced to the extent that they are refinanced upon acquisition.

### ***Sky Italia Acquisition***

The illustrative effect on the Group's balance sheet as at 30 June 2014, on the basis of Sky Italia's latest historical financial information prepared in accordance with IFRS and on a basis consistent with the accounting policies adopted in the Group 2014 Financial Statements (see "*Information on Sky Italia*") excluding the impact of acquisition financing, costs and other acquisition adjustments, is estimated as follows:

- an increase to current assets of £621 million and to non-current assets of £783 million;
- an increase to current liabilities of £718 million and to non-current liabilities of £105 million; and
- an increase to net assets of £580 million.

The pound sterling figures above are based on the pound sterling to euro exchange rate as derived from Bloomberg on 29 August 2014 (£1 to €1.2639). See also "*Risk Factors – Risk Factors Relating to the Transaction – The pound sterling value of the consideration payable by the Issuer in respect of the Acquisitions may increase due to currency fluctuations*".

The Directors have not completed their purchase price allocation process to enable them to allocate the purchase price between goodwill and the net assets of Sky Italia. The fair value of Sky Italia's net assets will be determined as at the date of completion of the Sky Italia Acquisition based on independent valuations. In addition, the figures set out above for the consideration for the Sky Italia Acquisition are subject to the working capital adjustment mechanism under the terms of the Sky Italia SPA. Accordingly, the amount of goodwill may increase or decrease depending on the consideration that is paid.

## USE OF PROCEEDS

The following table sets forth the Issuer's expected sources and uses of Transaction funds (including the net proceeds of the Notes):

Sources of Funds	Amount (in £ billions)	Use of Funds	Amount (in £ billions)
Drawn Facilities Agreement <sup>(1)</sup> . . . . .	up to 1.8 <sup>(2)</sup>	Consideration for Sky Deutschland Transaction <sup>(6)</sup> . . . . .	2.9 to 5.0 <sup>(2)</sup>
Existing cash resources		Consideration for Sky Italia Acquisition <sup>(7)</sup> . . . . .	2.5
Equity Placing . . . . .	1.3	Acquisition of shareholder loans <sup>(8)</sup> . . . . .	0.1
Notes <sup>(3)</sup> . . . . .	1.2	Fees and risk management costs . . . . .	0.2
EMTN Offering <sup>(4)</sup> . . . . .	2.0	<b>Total uses<sup>(2)</sup></b> . . . . .	<b><u>5.6 to 7.7</u></b>
ITV Disposal . . . . .	0.5		
Cash and cash equivalents . . . . .	0.5		
Total existing cash resources . . . . .	5.5		
Group's National Geographic Channel International stake consideration <sup>(5)</sup> . . . . .	0.4		
<b>Total sources<sup>(2)</sup></b> . . . . .	<b><u>up to 7.7</u></b>		

- (1) The Facilities Agreement originally comprised of a €4.0 billion term loan facility (“**Term Loan A**”), a €2.5 billion and £450 million term loan facility (“**Term Loan B**”) and a £1 billion revolving credit facility (the “**RCF**”). Following the issuance of the Notes and the EMTN Offering, the Issuer cancelled Term Loan A in its entirety. The Issuer earlier reduced Term Loan B so that it now constitutes a €2.5 billion and a £250 million term loan facility. Upon completion of the offering of the Notes and the EMTN Offering, the availability under the Term Loans was reduced by the net proceeds of the offering and the EMTN Offering (in accordance with the provisions of the Facilities Agreement). In the future the Issuer may also from time to time access the capital markets (in addition to offering of the Notes and the EMTN Offering) which would further reduce the borrowing availability under the Term Loans. See further “*The Transaction – Financing – Facilities Agreement*”. The Group also has a £743 million revolving credit facility syndicated across 10 counterparty banks (“**Existing RCF**”). In October 2013, the Group extended the Existing RCF which is now due to expire on 31 October 2018. As at the date of these Listing Particulars, the Existing RCF has not been drawn. Should the Existing RCF be drawn before completion of the Transaction, part or all of the RCF may be used by the Group to repay the Existing RCF at such completion.
- (2) The low end of the range highlighted identifies the sources and expected uses should none of the Sky Deutschland Minority Shareholders accept the Sky Deutschland Offer, and the high end of the range identifies the sources and expected uses should all the Sky Deutschland Minority Shareholders accept the Sky Deutschland Offer. The figures set out above relating to the consideration for the Sky Deutschland Transaction (and, therefore, the total consideration for the Transaction) are calculated on the assumption that there are no further issues of shares in Sky Deutschland AG (with the exception of Sky Deutschland AG shares issued to 21st Century Fox Adelaide Holdings B.V. in connection with the exercise of its conversion rights under the Convertible Bond).
- (3) The net proceeds of the Notes were approximately US\$2.0 billion. The pound sterling figures in the table above are based on the pound sterling to US dollar exchange rate as derived from Bloomberg on 29 August 2014 (£1 to US\$1.6598). See further “*Risk Factors – Risk Factors Relating to the Transaction – The pound sterling value of the consideration payable by the Issuer in respect of the Acquisition may increase due to currency fluctuations*”.
- (4) On 15 September 2014, the Issuer 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 its 2014 EMTN Programme (together, the “**EMTN Offering**”). The net proceeds of the EMTN Offering was approximately €2.5 billion. The pound sterling figures in the table above are based on the pound sterling to euro exchange rate as derived from Bloomberg on 29 August 2014 (£1 to €1.2639). See further “*Risk Factor – Risk Factors relating to the Transaction – The pound sterling value of the consideration payable by the Issuer in respect of the Acquisition may increase due to currency fluctuations*”.
- (5) Sky Ventures Limited's stake in National Geographic Channel International will be transferred to National Geographic Channel Purchasers as part settlement of the consideration for the Sky Italia Acquisition. See further “*The Transaction – Financing – Stake in National Geographic Channel International*”. The value of the National Geographic Channel International stake is fixed in US dollar and converted to pound sterling based on the pound sterling to US dollar exchange rate as derived from Bloomberg on 29 August 2014. (£1 to US\$1.6598). See also

*“Risk Factors – Risk Factors Relating to the Transaction – The pound sterling value of the consideration payable by the Issuer in respect of the Acquisitions may increase due to currency fluctuations”.*

- (6) Consideration for the Sky Deutschland Transaction will be paid in euros. The pound sterling figures in the table above are based on the pound sterling to euro exchange rate as derived from Bloomberg on 29 August 2014 (£1 to €1.2639). See further *“Risk Factors – Risk Factors Relating to the Transaction – The pound sterling value of the consideration payable by the Issuer in respect of the Acquisition may increase due to currency fluctuations”* and *“The Transaction – Consideration for the Transaction – Consideration for the Sky Deutschland Transaction”*.
- (7) Consideration for Sky Italia Acquisition is subject to adjustment pursuant to the working capital completion adjustment mechanism under the terms of the Sky Italia SPA. See further *“The Transaction – Consideration for the Transaction – Consideration for the Sky Italia Acquisition”*.
- (8) 21st Century Fox Adelaide Holdings B.V. and Sky International Operations Limited (a wholly owned subsidiary of the Issuer) have also entered into a sale assignment and transfer agreement pursuant to which 21st Century Fox Adelaide Holdings B.V. will, with effect from completion of the Sky Deutschland Acquisition, transfer to Sky International Operations Limited its rights and obligations in respect of two shareholder loans (provided by 21st Century Fox Adelaide Holdings B.V. to Sky Deutschland AG) for an aggregate principal amount of approximately €121 million plus accrued interest of approximately €8.7 million as at 25 July 2014. The Group will not be under any obligation to refinance these shareholder loans and may choose not to do so.

Provided that Term Loan A and Term Loan B have been fully cancelled or repaid, net proceeds of the Notes may also be used, in part, for general corporate purposes, which may include repaying the US\$750,000,000 5.625 per cent. Senior Unsecured Notes due 2015 issued by BSkyB Finance (the **“2015 Bonds”**) at their maturity. The net proceeds of the Notes will be held in cash and cash equivalents until used.

The Notes are subject to a special acquisition redemption in the event that the Sky Deutschland Acquisition does not complete on or prior to the Sky Deutschland Longstop Date (see *“Description of the Notes and the Guarantees – Special Acquisition Redemption”*).

## CAPITALISATION

The following table sets forth the unaudited consolidated capitalisation of the Group derived from the Group's audited financial statements as at 30 June 2014. Other than as noted below, there have been no material changes in the consolidated capitalisation of the Group since 30 June 2014.

	<b>As at 30 June 2014<sup>(2)</sup></b>	
	<b>Actual<sup>(3)</sup></b>	
	£	US\$ <sup>(1)</sup>
	<i>(in millions)</i>	
Indebtedness <sup>(4)</sup>		
2015 Bonds . . . . .	434	742
£400 million 5.750% Guaranteed Notes due October 2017 . .	400	684
US\$750 million 6.100% Guaranteed Notes due February 2018 . . . . .	442	756
US\$582.8 million 9.500% Guaranteed Notes due November 2018 . . . . .	353	604
US\$800 million 3.125% Guaranteed Notes due November 2022 . . . . .	466	797
£300 million 6.000% Guaranteed Notes due May 2027 . . . . .	296	506
US\$350 million 6.500% Guaranteed Notes due October 2035 . . . . .	201	344
Other long-term debt . . . . .	77	132
Total indebtedness . . . . .	2,669	4,565
Total shareholders' equity <sup>(5)</sup> . . . . .	1,072	1,834
<b>Total capitalisation<sup>(6)</sup> . . . . .</b>	<b>3,741</b>	<b>6,399</b>

- (1) Solely for convenience, pound sterling amounts have been translated into US dollars at the noon buying rate of the Federal Reserve Bank of New York on 30 June 2014 of US\$1.7105 per £1.00.
- (2) The unaudited consolidated capitalisation of the Group has been prepared on a basis consistent with the accounting policies adopted by the Group in preparing its audited financial statements.
- (3) Extracted without material adjustment from the audited financial statements of the Group as at 30 June 2014.
- (4) Items included in indebtedness have been included net of issuance costs.
- (5) Subject to shareholder approval at the 2014 annual general meeting, a final dividend of 20.0 pence per share will be paid on 5 December 2014 to shareholders appearing on the register at the close of business on 14 November 2014 (the ex-dividend date will be 13 November 2014).
- (6) As at 30 June 2014, 1,562,885,017 ordinary shares were issued, called up and fully paid.

### Changes to capitalisation post 30 June 2014

Since 30 June 2014, the following events have occurred:

- the Issuer has announced the Transaction, which would result in an increase in the Group's total indebtedness. For information on the expected impact of the Transaction on the Group, see "*Information on the Expected Impact of the Transaction on the Assets and Liabilities of the Group*";
- as part of the Transaction, the Issuer completed the Equity Placing on 30 July 2014 pursuant to which 156,132,213 ordinary shares were issued raising net proceeds of approximately £1.3 billion. See further "*The Transaction – Financing – Cash Resources – Equity Placing*" and
- on 15 September 2014, the Issuer 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 its 2014 EMTN Programme. The net proceeds of the EMTN Offering is intended to finance the Transaction. See further "*The Transaction – Financing – Cash Resources – Net proceeds of the Notes and EMTNs*" and "*Use of Proceeds*".
- on 16 September 2014, the Issuer issued US\$750,000,000 2.625 per cent. notes due 16 September 2019 and US\$1,250,000,000 3.750 per cent. notes due 16 September 2024.

## SELECTED CONSOLIDATED HISTORICAL FINANCIAL DATA OF THE GROUP

### 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, 30 June 2013 and 30 June 2012 and for each of the years ended 30 June 2014, 2013 and 2012 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*”.

	Year ended 30 June		
	2014	2013	2012
	<i>(in £ millions except per share data)</i>		
<b>Consolidated Income Statement and Statement of Comprehensive Income</b>			
Retail subscription	6,255	5,951	5,593
Wholesale subscription	422	396	351
Advertising	472	440	440
Installation, hardware and service	85	87	98
Other	398	361	309
<b>Revenue</b>	<b>7,632</b>	<b>7,235</b>	<b>6,791</b>
Operating expense	(6,471)	(5,944)	(5,548)
<b>Operating profit</b>	<b>1,161</b>	<b>1,291</b>	<b>1,243</b>
Share of results of joint ventures and associates	35	46	39
Investment income	26	28	18
Finance costs	(140)	(108)	(111)
<b>Profit before tax</b>	<b>1,082</b>	<b>1,257</b>	<b>1,189</b>
Taxation	(217)	(278)	(283)
<b>Profit for the year</b>	<b>865</b>	<b>979</b>	<b>906</b>
<b>Profit for the year attributable to equity shareholders of the parent company</b>	<b>865</b>	<b>979</b>	<b>906</b>
Other comprehensive income for the year (net of tax)	73	129	64
<b>Total comprehensive income for the year attributable to equity shareholders of the parent company</b>	<b>938</b>	<b>1,108</b>	<b>970</b>
Total basic earnings per share from profit for the year (in pence)	55.4p	60.7p	52.6p
Total diluted earnings per share from profit for the year (in pence)	54.9p	59.7p	52.2p
Dividends per share (in pence) <sup>(1)</sup>	32.0p	30.0p	25.4p
	<b>As at 30 June</b>		
	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<i>(in £ millions)</i>		
<b>Consolidated Balance Sheet</b>			
Non-current assets	3,876	3,776	3,234
Current assets	2,573	2,569	2,275
Current liabilities	(2,519)	(2,317)	(2,098)
Non-current liabilities	(2,858)	(3,016)	(2,467)
<b>Total equity attributable to equity shareholders of the parent company</b>	<b>1,072</b>	<b>1,012</b>	<b>944</b>
<b>Capital stock<sup>(2)</sup></b>	<b>2,218</b>	<b>2,234</b>	<b>2,274</b>
Number of shares in issue (in millions)	1,563	1,594	1,674

	<u>Year ended 30 June</u>		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<i>(in £ millions)</i>		
<b>Consolidated Cash Flow Statement</b>			
Cash and cash equivalents at the end of the year .....	1,082	815	464
Purchase of plant, property, equipment and intangible assets .....	543	454	457

### Other Financial Data<sup>(3)</sup>

	<u>Year ended 30 June</u>		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<i>(in £ millions)</i>		
Adjusted revenue .....	7,617	7,235	6,791
Adjusted operating expense .....	(6,357)	(5,905)	(5,568)
Adjusted EBITDA .....	1,667	1,692	1,567
Adjusted operating profit .....	1,260	1,330	1,223
Adjusted taxation .....	(249)	(295)	(273)
Adjusted profit .....	937	969	875
Adjusted free cash flow .....	944	1,028	910

	<u>Year ended 30 June</u>		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<i>(in thousands)</i>		
<b>Key Operating Statistics</b>			
Retail customers .....	11,495	11,153	10,606
Wholesale customers <sup>(4)(5)</sup> .....	4,041	3,677	3,672
<b>Total customers</b> .....	<b><u>15,536</u></b>	<b><u>14,830</u></b>	<b><u>14,278</u></b>
Sky Broadband homes .....	5,247	4,906	4,001
Sky Talk homes .....	4,982	4,501	3,768

- (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*".

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*

	<u>Year ended 30 June</u>		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<i>(in £ millions)</i>		
<b>Revenue</b> .....	<b>7,632</b>	<b>7,235</b>	<b>6,791</b>
Revenue relating to termination of an escrow agreement with a current wholesale operator .....	(15)	—	—
<b>Adjusted revenue</b> .....	<b><u>7,617</u></b>	<b><u>7,235</u></b>	<b><u>6,791</u></b>

*Reconciliation of operating expense to adjusted operating expense*

	<b>Year ended 30 June</b>		
	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<i>(in £ millions)</i>		
<b>Operating expense</b> .....	<b>(6,471)</b>	<b>(5,944)</b>	<b>(5,548)</b>
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 .....	—	—	11
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 .....	—	—	(31)
<b>Adjusted operating expense</b> .....	<b>(6,357)</b>	<b>(5,905)</b>	<b>(5,568)</b>

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

	<b>Year ended 30 June</b>		
	<b>2014</b>	<b>2013</b>	<b>2012</b>
	<i>(in £ millions)</i>		
<b>Profit for the year</b> .....	<b>865</b>	<b>979</b>	<b>906</b>
Taxation .....	217	278	283
<b>Profit before tax</b> .....	<b>1,082</b>	<b>1,257</b>	<b>1,189</b>
Share of results of joint ventures and associates .....	(35)	(46)	(39)
Investment income .....	(26)	(28)	(18)
Finance costs .....	140	108	111
<b>Operating profit</b> .....	<b>1,161</b>	<b>1,291</b>	<b>1,243</b>
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	—

	Year ended 30 June		
	2014	2013	2012
	<i>(in £ millions)</i>		
Costs relating to a restructuring exercise	—	—	11
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	—	—	(31)
<b>Adjusted operating profit</b>	<b>1,260</b>	<b>1,330</b>	<b>1,223</b>
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: £12 million; 2012: nil))	407	362	344
<b>Adjusted EBITDA</b>	<b>1,667</b>	<b>1,692</b>	<b>1,567</b>

#### *Reconciliation of taxation to adjusted taxation*

	Year ended 30 June		
	2014	2013	2012
	<i>(in £ millions)</i>		
<b>Taxation</b>	<b>(217)</b>	<b>(278)</b>	<b>(283)</b>
Tax adjusting items and the tax effect of other adjusting items	(32)	(17)	10
<b>Adjusted taxation</b>	<b>(249)</b>	<b>(295)</b>	<b>(273)</b>

#### *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	2012
	<i>(in £ millions)</i>		
<b>Cash generated from operations</b>	<b>1,769</b>	<b>1,877</b>	<b>1,737</b>
Interest received	27	29	17
Taxation paid	(240)	(300)	(254)
Dividends received from joint ventures and associates	32	43	39
Net funding to joint ventures and associates	(6)	(4)	(6)
Purchase of property, plant and equipment	(241)	(203)	(228)
Purchase of intangible assets	(302)	(251)	(229)
Interest paid	(137)	(128)	(125)
<b>Free cash flow</b>	<b>902</b>	<b>1,063</b>	<b>951</b>
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 <sup>(A)</sup>	(9)	(10)	—
Cash paid relating to a corporate restructuring and efficiency programme	12	4	—
Cash paid (receipt) following an Ofcom determination <sup>(A)</sup>	4	(28)	—
Cash paid relating to one-off upgrade of set-top boxes <sup>(A)</sup>	16	7	—
Cash paid relating to programme to offer wireless connectors to selected Sky Movies customers <sup>(A)</sup>	16	1	—
Cash paid relating to the acquisition and integration of the O2 consumer broadband and fixed-line telephony business	22	4	—
Net recovery of costs in relation to News Corporation (subsequently renamed Twenty-First Century Fox, Inc.) proposal <sup>(A)</sup>	—	—	(13)
Cash paid relating to a restructuring exercise	—	—	3

	<u>Year ended 30 June</u>		
	<u>2014</u>	<u>2013</u>	<u>2012</u>
	<i>(in £ millions)</i>		
Recovery of import duty on set-top boxes <sup>(A)</sup> .....	—	—	(25)
Receipt on disposal of joint venture <sup>(A)</sup> .....	—	(13)	(6)
<b>Adjusted free cash flow</b> .....	<b><u>944</u></b>	<b><u>1,028</u></b>	<b><u>910</u></b>

(A) Net of applicable corporation tax.

(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.

### **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).

## BUSINESS OF THE GROUP

The Group operates UK and Ireland's leading home entertainment and communications business. The majority of the Group's revenue is derived from retailing pay television services both in the home and on the move. 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, selling advertising on the Group's own and partner channels, and offering a range of betting and gaming services to consumers. The Group also sells both Group-originated television programmes and third party television programmes internationally through Sky Vision. Within the Group, in respect of the provision of some network assets, the Issuer and Guarantors are dependent upon certain other wholly owned Group companies.

As at 30 June 2014, the Group had 11.5 million retail customers.

The Group's adjusted revenue from continuing operations can be analysed as follows:

	<b>Year ended 30 June 2014</b>	
	<i>(in £ millions)</i>	<i>per cent.</i>
Retail subscription . . . . .	6,255	82
Wholesale subscription . . . . .	407	6
Advertising . . . . .	472	6
Installation, hardware and service . . . . .	85	1
Other . . . . .	398	5
	<u><b>7,617</b></u>	<u><b>100</b></u>

For an analysis of adjusting items, see "*Selected Consolidated Historical Financial Data of the Group – Other Financial Data*" and the notes thereto.

The Group's main activities are:

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

A list of the Group's significant investments is set out in note 31 to the Group 2014 Financial Statements.



## Products and Services

The Group retails subscription TV and communications services to residential and commercial premises in the UK and Ireland. 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 service. The Group also connects its customers with broadband and telephony via DSL, fibre and WiFi.

### Television

- *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 packs: Original, Variety and Family. The Original pack 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. Variety is available for £28 per month and includes all the channels from the Original pack plus additional channels including Discovery, Disney and National Geographic. Family is available for £33 per month and includes all the channels from the Variety pack plus over 50 of these channels in HD and access to TV box-sets with 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 customers can receive more than 300 free-to-air television and radio channels and services. 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 at the touch of a button with the 'Series Link' feature. The Sky+ app on mobiles and tablets allows TV customers to view the TV Guide and On Demand catalogue, view recommendations, record programmes and set up a '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 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 and 2 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 six 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 service offers a wide selection of content from across the Sky platform, including content from the Sky Channels, the Sky Distributed Channels and free-to-air broadcasters (including BBC iPlayer) for customers to watch whenever they want. 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 service offering the widest range of catch up channels, as well as access to over 800 movies and TV box sets (including iconic series from HBO).
- *Sky Go:* The mobile TV service is available at no extra cost to DTH customers, allowing them to watch up to 67 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, 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.
- *NOW TV:* Sky's internet TV service giving customers in the UK an easy and commitment-free way to access some of the best Sky content is available across a wide range of internet-connected devices including the NOW TV box which connects to a regular TV, converting it into a smart TV for a one-off box cost of £9.99. Movie fans can get a Sky Movies Pass for £9.99 a month, offering completely unlimited access to hundreds of films. Sports fans can get a Sports Day Pass for £6.99 (previously £9.99 until August 2014) for 24 hours of unlimited access to all seven Sky Sports channels or a Sports Week Pass for £10.99 for seven days of such unlimited access. An Entertainment Pass is also available for £6.99 a month giving access to a range of entertainment channels.

### ***Home communications***

- *Sky Broadband:* At 30 June 2014, Sky had over 5.0 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 has helped to cement its position as the second largest operator in the UK. As well as significant savings, 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 gives customers 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 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).
- *Sky Talk:* Sky Talk is a telephony service (including landline) available to homes in the UK and Ireland and has 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 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 and Ireland 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, the Group signed a long-term extension through to 2020 with HBO.

The Group's continued investment in original British production, particularly drama, has yielded positive results. During the current year, the gothic horror *Penny Dreadful* and the thriller *The Tunnel*, both critically acclaimed, were the two highest rating commissioned shows ever on Sky Atlantic. The Group expects to increase its investment in original British content to £600 million per year by the end of 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 3.

The Group's investment in content 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. Further, in 2014, 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***

- *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 in 3D*, an International Emmy for *Moone Boy* and a Broadcast Award for *A Touch of Cloth 2*. 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. The channel also offers original commissions to complement its US shows and broaden the offering. In the 2014 financial year, new commissions have included *Doll & Em* (starring Emily Mortimer and Dolly Wells, the first commission that the Group has sold to HBO) and *Dracula* (starring Jonathan Rhys Meyers).
- *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* (the biggest-ever commissioned series on Sky Atlantic) and the fourth series of *Game of Thrones* (the highest-rated show ever on the channel). Sky Atlantic programmes received a total of 13 awards this year, including the British Broadcasting Press Award for *The Tunnel* (a co-production with CANAL+ and based on Danish series *The Bridge*).

- *Sky Arts*: Sky Arts 1 and Sky Arts 2 offer art-oriented programmes including theatrical performances, movies, documentaries and music. In 2014, Sky Arts 1 aired *A Young Doctors 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, Sky Arts 1 and Sky Arts 2 are all broadcast in HD and are also available on Sky Go (except Sky Arts 2), and content from the channels is available on demand via On Demand, Sky Go and Sky Go Extra.

### ***Partner channels***

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. 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.

### ***Sky Movies***

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 800 movies on demand and across 11 dedicated channels, including new premieres every week. Sky Movies customers can enjoy 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 Sports***

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 2013 calendar year, the Group broadcast 55,000 hours of sport across its six channel network (which has now become seven).

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. 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.

In June 2012, following a restructure of the previously adopted tender process, the Football Association Premier League Limited (the "PL") offered seven packages of live Premier League rights to 154 matches for seasons 2013/14 to 2015/16 (eight packages covering 184 matches in Ireland). No one bidder was allowed to win more than 116 matches. The Group successfully secured five of the seven PL packages (116 live matches per year from the 2013/14 season through to the 2015/16 season) for the UK and Ireland. See also "*Regulatory and Competition*" below.

## ***Sky News***

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 all Sky News platforms with the Sky News channel delivering 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 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.

## **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, the Sky betting and gaming business and the Group's international programme sales operation.

## ***Sky Media***

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.

Sky Media launched its targeted advertising service, Sky AdSmart, in 2014 and this service has had a strong start. After just six months, the Group had run almost 600 separate campaigns from 180 different advertisers. More than 50 per cent. of these advertisers were new to Sky and 16 per cent. of them were new to TV. 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. 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.

### ***Free-to-air distribution***

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.

## ***Betting and gaming***

The Group offers a range of online betting and gaming services under the "Sky Bet", "Sky Poker", "Sky Vegas", "Sky Bingo" and "Sky Casino" brands, in relation to which Sky acts as bookmaker and operator. These products are licensed by the UK Gambling Commission for customers accessing the products while located within Great

Britain and licensed by the Alderney Gambling Control Commission for customers accessing the products while located outside of Great Britain. The betting and gaming services are made available across multiple platforms, including by means of mobile devices, on the internet and through Sky set-top boxes. The gambling business is certified by the gambling charity GamCare and has in place stringent social responsibility measures for the protection of minors and other vulnerable people. The Group also takes active measures to prevent persons resident in the US and other restricted jurisdictions from participating in its internet gaming and betting services.

### ***Sky Vision***

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. 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***

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-preemptible 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***

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.

### ***Digital satellite reception equipment***

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 has historically been outsourced to factories in Romania and China, although for the next fiscal year the Group intends to focus its production in China across two factories.

### ***Encryption and security***

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.

### ***DTT transmission***

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.

### ***Communications infrastructure***

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 BSKyB'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.

At BSKyB'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.

The Directors were granted authority at the 2013 AGM to allot relevant securities up to a nominal amount of £262,000,000 and to make non pre-emptive issues for cash in connection with rights issues, open offers and otherwise up to a nominal amount of £39,000,000.

In January 2014, the Directors declared an interim dividend of 12.0 pence per ordinary share (2013: 11.0 pence per ordinary share) representing an increase of 9 per cent. and the tenth consecutive year of an increase in the interim dividend for shareholders. 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.

In July 2014, the Directors proposed a final dividend of 20.0 pence per share. This would take the total dividend payable in respect of the financial year to 32.0 pence per share, an increase of 7 per cent. on the prior year. The ex-dividend date will be 13 November 2014 and, subject to shareholder approval at the 2014 annual general meeting, the final dividend of 20.0 pence will be paid on 5 December 2014 to shareholders appearing on the register at the close of business on 14 November 2014.

### *Share buy-backs*

On 29 November 2011, BSKyB's shareholders approved a resolution at the annual general meeting (the "**2011 AGM**") for BSKyB to return £750 million of capital to shareholders via a share buy-back programme. BSKyB entered into an agreement with 21st Century Fox (formerly known as News Corporation) under which, following any market purchases of shares by BSKyB, 21st Century Fox would sell to BSKyB 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 BSKyB 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 BSKyB as a result of the share buy-back programme ("**2011 Share Buy-back**").

Pursuant to the 2011 Share Buy-back, BSKyB 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 BSKyB's annual general meeting on 1 November 2012 (the "**2012 AGM**"), BSKyB's shareholders approved a resolution for BSKyB to return a further £500 million of capital to shareholders via a share buy-back programme. BSKyB 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 BSKyB, 21st Century Fox would sell to BSKyB 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, BSKyB 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, BSKyB's shareholders approved a resolution for BSKyB to return £500 million of capital to shareholders via a share buy-back programme. BSKyB 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 BSKyB, 21st Century Fox would sell to BSKyB 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, BSKyB 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.

The number of shares in issue as at 30 June 2014 was 1,562,885,017.

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

On 11 June 2012, Dame Gail Rebeck 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, BSKyB 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.

### ***Other corporate activities***

On 22 November 2012, BSKyB issued the 2012 Bonds (as defined herein).

On 30 April 2013, the Group completed the purchase of the O2 consumer broadband and fixed line telephony business from Telefónica UK.

The Group has a £743 million revolving credit facility syndicated across 10 counterparty banks (“**Existing RCF**”). In October 2013, the Group extended the Existing RCF which is now due to expire on 31 October 2018.

### **Recent Developments**

#### ***The Transaction and related financing***

On 25 July 2014, the Issuer announced the Transaction, which would result in an increase in the Group’s total indebtedness. As part of the Transaction, the Issuer completed the Equity Placing on 30 July 2014 pursuant to which 156,132,213 ordinary shares were issued raising net proceeds of approximately £1.3 billion. In addition, on 15 September 2014, the Issuer 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 its 2014 EMTN Programme. The net proceeds of the offerings will be used to finance the Transaction. See further “*The Transaction – Financing*”.

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

#### ***Other recent developments***

At 30 June 2014, the Group held an interest in 7.23 per cent. of the shares in ITV plc. On 17 July 2014, the Group sold 6.4 per cent. of the shares in ITV plc (amounting to 259,820,065 ordinary shares in the share capital of ITV plc) pursuant to the ITV Disposal. Net proceeds from the ITV Disposal are, and will continue to be, held in cash and cash equivalents.

### **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. Accordingly, the Group anticipates that the CAT will start the process for consideration of the issue remitted to it by the Court of Appeal.

Ofcom has separately announced that it will review the WMO Obligations in light of sector developments since the WMO Obligations were imposed in 2010.

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 BT's application, on the condition that BT undertakes to maintain BT Sport on the Group's DTH platform until the conclusion of the Group's appeal or further order.

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.

**Board of Directors**

See “*Description of the Issuer – Board of Directors*”.

## INFORMATION ON SKY DEUTSCHLAND

*In these Listing Particulars, all information relating to Sky Deutschland has been sourced from publicly available information published by Sky Deutschland. The Issuer requested access to Sky Deutschland's non-public information from Sky Deutschland shortly before the Announcement in respect of the Issuer's intention to make the Sky Deutschland Offer. The Issuer has not been given such access save for limited information relating predominantly to change of control provisions in certain contracts, financing agreements and certain limited information for the purposes of the Issuer's EU merger filing. Accordingly, the information included in these Listing Particulars in relation to Sky Deutschland has principally been compiled on the basis of publicly available information and has not been verified by the Issuer or the Initial Guarantors or by Sky Deutschland or the Sky Deutschland directors. Sky Deutschland operates under a typical German dual management system, with a management board being responsible for managing Sky Deutschland and a supervisory board overseeing the management board. Although persons associated with 21st Century Fox Adelaide Holdings B.V., as the majority shareholder of Sky Deutschland AG, have a presence on the supervisory board, both 21st Century Fox Adelaide Holdings B.V. (in its capacity as shareholder) and its affiliated directors on the Sky Deutschland supervisory board (Chase Carey, James Murdoch, Jan Koeppen and Mark Kaner) are subject to confidentiality obligations in respect of non-public Sky Deutschland information. The Issuer does not expect to obtain further access to Sky Deutschland's non-public information prior to the completion of the Sky Deutschland Transaction. In addition, Sky Deutschland's management has not provided any supporting materials to the Issuer with respect to any Sky Deutschland information contained in these Listing Particulars. Accordingly, all information relating to Sky Deutschland contained or referred to herein is based solely on information publicly reported by Sky Deutschland and available on Sky Deutschland's website and has not been independently verified by the Issuer or the Initial Guarantors.*

### **Description of Sky Deutschland**

*The following is a summary of description of the business of Sky Deutschland. For more information, see the publicly available documents published by Sky Deutschland incorporated by reference into these Listing Particulars. See "Documents Incorporated by Reference".*

### **Background**

Sky Deutschland is a leading pay TV provider in both Germany and Austria. Sky Deutschland distributes its market-leading packages directly to subscribers via satellite, cable, internet, IPTV and mobile networks. As reported in the Sky Deutschland 2013 Annual Report, Sky Deutschland concluded marketing and distribution agreements with a number of partners including Kabel Deutschland/Vodafone and Deutsche Telekom, enabling it to distribute content through such partners and it also offers its channels via wholesale arrangements in Switzerland. Sky Deutschland reported in the Sky Deutschland 2014 Annual Report that, as at 30 June 2014, it had approximately 2,200 employees.

Sky Deutschland reported in the Sky Deutschland 2014 Annual Report that, as at 30 June 2014, it had a subscriber base of over 3.8 million households. Sky Deutschland's customer proposition includes exclusive content for its customers across sport, movies and entertainment. 21st Century Fox, acting through a wholly owned subsidiary, originally acquired a minority stake in Premiere AG in 2008, and the business was rebranded as Sky Deutschland in 2009. 21st Century Fox increased its stake on 15 January 2013 and 7 February 2013 such that, as at the date of the Announcement, it owned 57.4 per cent. of the issued share capital of Sky Deutschland AG on a fully diluted basis (assuming the exercise by 21st Century Fox Adelaide Holdings B.V. of its conversion rights pursuant to the Convertible Bond). Sky Deutschland AG's shares are admitted to trading on the regulated market in the Prime Standard segment of the Frankfurt Stock Exchange and Sky Deutschland AG is included in the MDAX Index.

Sky Deutschland's strengths include strong performance in net subscriber growth including churn management and average revenue per user ("ARPU"), it is the clear leader in live and exclusive sports and first-run movies and series, has a track record of innovation.

### ***German and Austrian pay TV sector***

As at 31 December 2013, Germany and Austria together formed the largest TV market in Western Europe, with a total TV audience of approximately 42 million households. However, as at 31 December 2013, Germany and Austria combined had one of the lowest pay TV penetration rates in Western Europe at around 19 per cent. (excluding entry-level cable), considerably lower than the Western European average as at 31 December 2013 of 46 per cent. Historically a driver for low pay TV penetration has been the strong offering provided by free-to-air broadcasters and the absence of premium pay TV content providers. However, in recent years, pay TV penetration has increased significantly in Germany and Austria, and the Independent Directors believe that Sky Deutschland has been able to establish itself as the leader in pay TV in Germany and Austria due to two principal factors: (a) through exclusive and differentiated content, Sky Deutschland has been able to generate high demand from customers; and (b) through distribution and marketing arrangements with cable, IPTV and other platform providers, Sky Deutschland is available across all core TV platforms in Germany and Austria. Sky Deutschland has seen real growth in its subscriber base, adding in excess of 1 million subscribers over the last three years to 3.8 million and 360,000 net additions between 30 June 2013 and 30 June 2014.<sup>2</sup>

### ***Sky Deutschland's product offering***

Sky Deutschland's suite of products includes Sky+, Sky Anytime, Sky HD, Sky Go (Germany and Austria's largest online pay TV service, with 70 million customer sessions in 2013), Sky Zweitkarte (a second smartcard offering to subscribers), Sky 3D and Snap, its online media library which launched in December 2013 and is available to Sky Deutschland customers and those without a Sky Deutschland subscription on iPad, iPhone, Samsung Smart TV and Apple TV. Sky Deutschland leads the German market with PVR and on demand capability, although PVR penetration remains low and represents a significant growth opportunity. As at 31 December 2013, Germany had only 7.5 million VOD enabled pay TV households compared to France at 20.5 million and the UK at 15.3 million households. Sky Deutschland's premium HD subscribers as at 30 June 2014 were 1.9 million (1.7 million as at 30 June 2013) with penetration of 50 per cent. (49 per cent. as at 30 June 2013).<sup>3</sup>

As at 31 December 2013, Sky Deutschland offered around 80 channels including HD, through five possible content packages. In addition to two basic packages, as at such date Sky Deutschland offered three premium packages that are purchasable as buy-through products from the basic tier: Film (providing access to first pay rights from major Hollywood studios across ten thematic film channels), Sports (featuring a selection of sport including UEFA Champions League, Formula 1, tennis and golf) and Bundesliga (providing exclusive access to the first and second division of Bundesliga).

### **Selected Consolidated Historical Financial Data of Sky Deutschland**

Set forth below is selected financial information for Sky Deutschland for the years ended 31 December 2013 and 31 December 2012 derived from the Sky Deutschland Consolidated Financial Statements. The selected financial information has been extracted without material adjustment from, and should be read in conjunction with, the Sky Deutschland 2014 Annual Report, Sky Deutschland 2013 Annual Report and Sky Deutschland 2012 Annual Report, each of which is incorporated by reference into these Listing Particulars. See "*Documents Incorporated by Reference*".

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<sup>2</sup> Based on audited results set out in the Sky Deutschland 2014 Annual Report .

<sup>3</sup> Based on audited results set out in the Sky Deutschland 2014 Annual Report.

*Consolidated Income Statement for the three years ended 31 December 2013*

	For the year ended 31 December			
	2013 <sup>(1)</sup>	2012 (adjusted) <sup>(1)</sup>	2012 <sup>(2)</sup>	2011 <sup>(2)</sup>
	€'000			
Revenues	1,546,450	1,333,201	1,333,201	1,138,740
Cost of sales	(1,233,678)	(1,119,704)	(1,119,704)	(1,043,145)
Program	(882,609)	(795,556)	(795,556)	(737,872)
Technology	(170,128)	(169,383)	(169,383)	(168,560)
Hardware	(85,591)	(68,653)	(68,653)	(62,025)
Customer service and other cost of sales	(95,350)	(86,112)	(86,112)	(74,688)
<b>Gross profit</b>	<b>312,771</b>	<b>213,497</b>	<b>213,497</b>	<b>95,595</b>
Selling expenses	(234,528)	(230,286)	(230,286)	(216,622)
General and administrative expenses	(138,601)	(110,423)	(114,068)	(96,661)
Other operating income	11,862	8,074	8,074	7,893
Other operating expenses	(3,645)	(613)	(613)	(1,812)
Amortisation of subscriber base	(1,388)	(1,390)	(1,390)	(8,285)
<b>Result from operations</b>	<b>(53,528)</b>	<b>(121,141)</b>	<b>(124,786)</b>	<b>(219,893)</b>
Interest and similar income	1,076	1,457	1,457	1,227
Other financial result	(1,963)	(2,065)	(2,065)	601
Interest and similar expenses	(72,697)	(64,742)	(64,742)	(54,927)
<b>Result before taxes</b>	<b>(127,112)</b>	<b>(186,491)</b>	<b>(190,137)</b>	<b>(272,992)</b>
Income taxes	(5,992)	(6,054)	(5,057)	(4,570)
<b>Result for the period</b>	<b>(133,104)</b>	<b>(192,546)</b>	<b>(195,193)</b>	<b>(277,562)</b>

*Selected Consolidated Balance Sheet as at 31 December 2013, 2012, and 2011*

	As at 31 December			
	2013 <sup>(1)</sup>	2012 (adjusted) <sup>(1)</sup>	2012 <sup>(2)</sup>	2011 <sup>(2)</sup>
	€'000			
Current assets	413,317	219,291	219,291	243,722
Non-current assets	973,601	928,677	928,677	873,098
<b>Total assets</b>	<b>1,386,917</b>	<b>1,147,968</b>	<b>1,147,968</b>	<b>1,116,820</b>
Total current liabilities	410,386	802,789	802,789	434,492
Total non-current liabilities	645,331	303,165	303,165	593,296
<b>Total liabilities</b>	<b>1,055,718</b>	<b>1,105,954</b>	<b>1,105,954</b>	<b>1,027,788</b>
<b>Total equity</b>	<b>331,200</b>	<b>42,014</b>	<b>42,014</b>	<b>89,033</b>
<b>Total liabilities and equity</b>	<b>1,386,917</b>	<b>1,147,968</b>	<b>1,147,968</b>	<b>1,116,820</b>

*Selected Consolidated Statement of Cash Flows for the three years ended 31 December 2013*

	For the year ended 31 December			
	2013 <sup>(1)</sup>	2012 (adjusted) <sup>(1)</sup>	2012 <sup>(2)</sup>	2011 <sup>(2)</sup>
	€'000			
<b>Net cash flows used/provided by operating activities</b>	<b>92,025</b>	<b>(30,630)</b>	<b>(30,630)</b>	<b>(76,989)</b>
<b>Net cash flows used by investing activities</b>	<b>(142,220)</b>	<b>(136,371)</b>	<b>(136,371)</b>	<b>(110,156)</b>
<b>Net cash provided by financing activities</b>	<b>242,799</b>	<b>116,511</b>	<b>116,511</b>	<b>236,929</b>
Cash and cash equivalents at beginning of period	4,294	54,783	54,783	4,999
<b>Cash and cash equivalents at end of period</b>	<b>196,898</b>	<b>4,294</b>	<b>4,294</b>	<b>54,783</b>

### Other Financial Data for the three years ended 31 December 2013

	For the year ended 31 December			
	2013 <sup>(1)</sup>	2012 (adjusted) <sup>(1)</sup>	2012 <sup>(2)</sup>	2011 <sup>(2)</sup>
EBITDA (€ millions) <sup>(3)</sup> . . . . .	34.7	(47.5)	(51.1)	(155.5)
Capital expenditure (€ millions) <sup>(4)</sup> . . . . .	113.6	110.1	110.1	96.7

- (1) As reported in the Sky Deutschland 2013 Annual Report. In the Sky Deutschland 2013 Annual Report, Sky Deutschland adjusted the comparable financial statements as of and for the year ended 31 December 2012 to reflect the impact of the amendment to IAS 19 Employee Benefits which was implemented in 2013. As a result, Sky Deutschland retroactively adjusted the 2012 financial figures for the purposes of the Sky Deutschland 2013 Annual Report.
- (2) As reported in the Sky Deutschland 2012 Annual Report.
- (3) EBITDA is defined in each of Sky Deutschland 2013 Annual Report and Sky Deutschland 2012 Annual Report as earnings before interest, taxes, depreciation and amortisation. No reconciliation of EBITDA to results for the period is provided in any of Sky Deutschland Q1 2014 Report, Sky Deutschland 2013 Annual Report or Sky Deutschland 2012 Annual Report. EBITDA is not a measurement of performance or liquidity under IFRS and should not be considered by investors in isolation or as a substitute for measures of profit, or as an indicator of Sky Deutschland'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) Capital expenditure comprises payments for investments in intangible assets, property, plant and equipment and receivers.

### Key Operating Statistics

The following table sets out certain non-IFRS operational data of Sky Deutschland. The Group believes that the following non-IFRS operational data provides useful supplemental information to understand and analyse the underlying results of Sky Deutschland.

	As at	As at 31 December		
	31 March 2014	2013	2012	2011
Direct Subscribers (thousands) <sup>(1)</sup> . . . . .	3,731	3,667	3,363	3,012
Wholesale Subscribers (thousands) . . . . .	258	268	125	131

- (1) Direct subscribers comprise monthly contract subscribers (residential customers and commercial subscriptions (e.g., bars, hotel rooms – including hotel rooms served by distribution partners – and other public venues)) to at least one of Sky Deutschland's channel packages and/or subscribers who purchased pay-per-view. Direct subscribers also include subscribers in the context of cooperation arrangements (e.g., triple-play offers). In the context of the activation of new contracts and the termination of existing contracts, transitional periods exist.

### Recent Developments

The Sky Deutschland 2014 Annual Report contains the financial information for the short financial period ended 30 June 2014. Sky Deutschland has stated in the Sky Deutschland 2014 Annual Report:

*“At the annual general meeting on 10 April 2014, it was resolved to change the financial year-end date to the 30 June. As a result, the financial year from 1 January to 30 June 2014 is a short financial year. Sky Deutschland and all subsidiaries will close their short financial year 2014 as of 30 June 2014, with the reporting period from 1 January to 30 June 2014. Upon changing the financial year to the new reporting period of 1 July to 30 June, the financial year will no longer correspond to the calendar year. Therefore, a comparison of the consolidated financial statements as of 30 June 2014 (short financial year) with the previous financial year is only possible to a limited extent.”*

Sky Deutschland published preliminary unaudited financial information for the three months dated 30 September 2014 in the Sky Deutschland Media Release and Sky Deutschland Preliminary Results on 3 November 2014.

For the year ended 30 June 2014, Sky Deutschland's revenues were €1,655.3 million (2013: €1,427.5 million), an increase of 16 per cent. year-on-year while EBITDA was €28.8 million (2013: €12.7 million), an increase of 127 per cent. year-on-year. During the year ended 30 June 2014, direct subscribers increased by 10.4 per cent. to 3,813,000 (2013: 3,453,000) and wholesale subscribers increased by 71 per cent. to 213,000 (2013: 124,000).

For further details, see the Sky Deutschland 2014 Annual Report which is incorporated by reference into these Listing Particulars. See "*Documents Incorporated by Reference*".

## INFORMATION ON SKY ITALIA

### Description of Sky Italia

#### *Background*

Sky Italia is currently the leading pay TV provider in Italy, and is headquartered in Milan, having been established in 2003 from the merger of two direct-to-home platforms, Stream and Telepiù. In September 2004, a wholly owned subsidiary of 21st Century Fox (previously News Corporation) acquired the remaining corporate capital in Sky Italia owned by Telecom Italia, resulting in Sky Italia becoming a wholly owned subsidiary of 21st Century Fox. As at 30 June 2014, Sky Italia employed approximately 3,900 employees.

Sky Italia's strengths include a stable customer base, brand leadership, leading premium content and technology offering, and original production capability with growth and efficiency plans in place.

#### *Italian TV market*

As at December 2013, Italy was the fourth largest TV market in Western Europe, with a total TV audience of approximately 25 million households and pay TV penetration of 28 per cent., which is considerably lower than the Western European average of 46 per cent. Pay TV services are available through Sky Italia's direct-to-home platform offering and a digital terrestrial television platform operated by Mediaset. There is no cable television, IPTV has failed to take off so far due to underdeveloped broadband infrastructure and (other than as described below in relation to Sky Italia and Fastweb) there are no triple play operators in the market. Sky Italia is the clear leader in pay TV in Italy with approximately 4.7 million pay TV subscribers as at 30 June 2014.

#### *Product offering*

Sky Italia has a comprehensive TV product offering which includes MySky, HD, 3D, Multivision, Sky Go and On Demand. 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 2014, Sky Italia has also signed a strategic agreement with Telecom Italia to distribute Sky Italia's full offering on its network and has indicated that this service is expected to be available from 2015.

As at 30 June 2014, Sky Italia provided services to approximately 4.7 million subscribers and offered approximately 170 channels (of which 60 are offered in HD and one in 3D). As at 30 June 2014, the basic Sky TV television package for €19 per month comprised more than 50 general entertainment, lifestyle and news channels (of which 19 are offered in HD). Sky Famiglia is available for €24 per month and includes all the channels from the Sky TV package plus an additional 40 channels (of which 10 are offered in HD) including Disney, DeAgostini and Nickelodeon. In addition, Sky Italia offers three premium content packages which are (a) Sky Sport (14 channels of which seven 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 (16 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 (12 channels available in both HD and non-HD, featuring exclusive first run TV access to movies from four of the six major US studios – Fox, Disney, Sony and Paramount).

#### *Content*

Sky Italia provides customers with a choice of high quality content, differentiating it from what is available on the free-to-air channels.

#### *Sky Italia's entertainment channels*

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 *X Factor*, *Master Chef*, *Hell's Kitchen*, high profile original productions (including *Romanzo Criminale* and *Gomorra*) and US TV series.

#### *Sky Italia's movie channels*

Sky Italia offers 12 cinema channels in HD, with thousands of titles every year. Sky Italia also offers one-off cinema channels to celebrate significant events in the cinema world (such as Sky Cinema Oscar HD for The Academy Awards and Sky Cinema 007 HD to celebrate the 50<sup>th</sup> anniversary of the first James Bond film).

### *Sky Italia's sports channels*

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.

### *Sky Italia's news channels*

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.

## **Infrastructure and Technology**

### *Subscriber reception and viewing*

Satellite is the predominant means by which Sky Italia broadcasts its live TV signal. The most recent version of the MySky HD set-top box has a hard drive which allows customers to store content locally to be watched at their convenience, a broadband connection (via WiFi or Ethernet) for on demand services and an integrated DTT tuner. Sky Italia customers also have access to content across multiple devices, including outside the home, and by March 2015 Sky Italia will make its full offering available via Telecom Italia's IPTV network. Sky Italia has been sourcing its premium set-top boxes from British Sky Broadcasting Limited since 2011 and during 2014 will also start to source equipment from Pace.

### *Satellite, playout and uplink facilities*

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 back-ups in the event of an equipment failure and, in the event of satellite or transponder malfunction, Sky Italia's use of its transponders cannot be suspended or terminated in favour of another broadcaster. Sky Italia's playout and uplinking facilities are located in Rome and Milan, with each acting as back-up for the other.

### *Encryption and piracy*

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.

## **Competition**

Sky Italia competes with a number of media and entertainment companies to secure the supply of attractive programming for its customers. As a provider of TV entertainment, Sky faces competition from free-to-air (FTA) services, among others. In Italy, FTA channels operated by public and private broadcasters – in particular Rai, Mediaset, Discovery – offer competitive programming including movies, series and live sports. Furthermore, Sky Italia competes with platform operators offering both pay TV packages and VoD services. Sky Italia also competes with over-the-top players who provide video-on-demand and subscription-video-on-demand entertainment via the internet. Besides its core subscription business, Sky Italia competes with other media and entertainment companies for advertising sales. To set itself apart from the competition, Sky Italia focuses on the promise of delivering a unique entertainment experience through the combination of exclusive high-quality programming, innovation leadership and great customer service.

## **Regulation**

Sky Italia is currently involved in a number of disputes with the Italian communications regulator AGCOM, including litigation relating to the levels of annual contributions to be paid to the regulator. Whilst (i) the monetary impact of this on-going litigation is not material in the context of the businesses of either the Group or Sky Italia, (ii) the litigation is not solely between Sky Italia and AGCOM but more generally between several media and telecommunications companies and AGCOM, and (iii) the legal judgements as at 10 September 2014 have broadly been decided in Sky Italia's (and the other media companies') favour, the final outcome of such litigation is uncertain. Moreover, other cases involving Sky Italia are pending in Italian courts which relate to the scope of AGCOM's activities more generally, which though not monetarily material, reflect the uncertainty of the scope of AGCOM's regulatory role in Italy.

### **Litigation**

See “General Information – Litigation and Arbitration Proceedings”.

### **Material Contracts**

See “Material Contracts Relating to the Transaction” and “General Information – Material contracts”.

### **Selected Consolidated Historical Financial Data of Sky Italia**

The selected financial information has been extracted from and should be read in conjunction with the Sky Italia Historical Financial Information, incorporated by reference in these Listing Particulars.

The Sky Italia Historical Financial Information has been prepared in accordance with IFRS and on a basis consistent with the accounting policies adopted in the Group 2014 Financial Statements. For more information, see note 1 to the Sky Italia Historical Financial Information.

### **Consolidated Statement of Comprehensive Income**

	For the year ended 30 June		
	2014	2013	2012
		€million	
<b>Revenue</b> .....	<b>2,846</b>	<b>2,911</b>	<b>2,873</b>
Operating expense .....	(2,832)	(2,939)	(2,701)
<b>Operating profit (loss)</b> .....	<b>14</b>	<b>(28)</b>	<b>172</b>
Investment income .....	—	2	5
Finance costs .....	(2)	(6)	(11)
<b>Profit (loss) before tax</b> .....	<b>12</b>	<b>(32)</b>	<b>166</b>
Taxation .....	(20)	(6)	(74)
<b>(Loss) profit for the year attributable to equity shareholders of the parent company</b> .....	<b>(8)</b>	<b>(38)</b>	<b>92</b>
Gain (loss) on cash flow hedges (net of tax) – may subsequently be recycled to the income statement .....	1	(5)	10
Re-measurement actuarial losses on employee termination indemnities provision (net of tax) – not to be subsequently recycled to the income statement .....	(1)	(2)	—
<b>Other comprehensive (loss) income for the year (net of tax)</b> .....	<b>—</b>	<b>(7)</b>	<b>10</b>
<b>Total comprehensive (loss) income for the year attributable to equity shareholders of the parent company</b> .....	<b>(8)</b>	<b>(45)</b>	<b>102</b>

### **Selected Consolidated Balance Sheet**

	As at 30 June		
	2014	2013	2012
		€million	
Total non-current assets .....	989	1,049	1,144
Total current assets .....	785	729	856
<b>Total assets</b> .....	<b>1,774</b>	<b>1,778</b>	<b>2,000</b>
Total non-current liabilities .....	133	131	82
Total current liabilities .....	908	906	1,132
<b>Total liabilities</b> .....	<b>1,041</b>	<b>1,037</b>	<b>1,214</b>
<b>Total equity attributable to equity shareholders of the parent company</b> .....	<b>733</b>	<b>741</b>	<b>786</b>
<b>Total liabilities and shareholders' equity</b> .....	<b>1,774</b>	<b>1,778</b>	<b>2,000</b>

## Selected Consolidated Statement of Cash Flows

	For the year ended 30 June		
	2014	2013	2012
	€million		
Net cash from operating activities	291	209	266
Net cash used in investing activities	(176)	(189)	(235)
Net cash used in financing activities	(124)	(8)	(264)
Net (decrease) increase in cash and cash equivalents	(9)	12	(233)
Cash and cash equivalents at beginning of the year	24	12	245
<b>Cash and cash equivalents at end of the year</b>	<b>15</b>	<b>24</b>	<b>12</b>

## Other Financial Data

	For the year ended 30 June		
	2014	2013	2012
Adjusted EBITDA (€ millions) <sup>(1)</sup>	312	285	427
Capital expenditure (€ millions) <sup>(2)</sup>	178	191	248

- (1) Adjusted EBITDA represents the operating loss/profit before amortisation and depreciation, excluding exceptional and non-recurring items. Adjusted EBITDA is not a measurement of performance or liquidity under IFRS and should not be considered by investors in isolation or as a substitute for measures of profit, or as an indicator of Sky Italia'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".

The following table reconciles profit for the period to adjusted EBITDA for each of the years indicated:

	Year ended 30 June		
	2014	2013	2012
	€million		
<b>(Loss) profit for the year attributable to equity shareholders of the parent company</b>	<b>(8)</b>	<b>(38)</b>	<b>92</b>
Investment income	—	(2)	(5)
Finance costs	2	6	11
Taxation	20	6	74
<b>Operating profit (loss)</b>	<b>14</b>	<b>(28)</b>	<b>172</b>
Depreciation and amortisation of property, plant and equipment and intangible assets	223	221	216
Impact of 2014 Winter Olympics*	38	—	—
One – off write-down of sports rights	—	55	—
Trademark royalties	37	37	39
<b>Adjusted EBITDA</b>	<b>312</b>	<b>285</b>	<b>427</b>

\* Based on the reasonable estimates of Sky Italia's management.

- (2) Capital expenditure is cash used in purchase of property, plant and equipment and intangible assets.

## Key Operating Statistics

The following table sets out certain non-IFRS operational data of Sky Italia. The Group believes that the following non-IFRS operational data provides useful supplemental information to understand and analyse the underlying results of Sky Italia.

	As at 30 June		
	2014	2013	2012
Subscribers (thousands)	4,725	4,756	4,902

## Operating and Financial Review

### Overview

For the year ended 30 June 2014, Sky Italia reported an operating profit of €14 million, while revenue for the year ended 30 June 2014 was broadly stable at €2,846 million.

Sky Italia's subscriber base numbered approximately 4.7 million at 30 June 2014, down by approximately 30,000 subscribers compared to the previous year due to the difficult economic climate. Sky Italia's subscriber base is now more stable as a result of the improvement of the content available and the penetration of the products. Churn has returned to a more sustainable level of around 10 per cent in 2014.

ARPU grew by 1 per cent. driven by Sky Italia's upselling activities and a reduction in the level of discounts being offered.

Operating expenses reduced by 3.6 per cent. compared to the year ended 30 June 2013 despite the increased programming costs for the Sochi Winter Olympics.

In light of Sky On Demand's success, Sky Italia introduced Restart, which gives users with MySky HD who are connected to the internet greater functionality. Restart is now stimulating growth for Sky On Demand (already 40 per cent. of film downloads take place through Restart).

As at 30 June 2014, 900,000 customers used the Sky On Demand service and over 100 million downloads have been completed since its launch in July 2012, while Sky Go was utilised by over 2 million customers (based on registered subscribers who have downloaded the Sky Go application). These technological innovations, together with HD, which is now chosen by over 86 per cent. of customers, have transformed the TV experience of Sky Italia customers.

### Results of operations for the year ended 30 June 2014 compared with the year ended 30 June 2013

The following table sets forth consolidated income statement data for the years ended 30 June 2014 and 30 June 2013 derived from the Sky Italia Historical Financial Information:

	For the year ended 30 June	
	2014	2013
	€million	
<b>Revenue</b> .....	<b>2,846</b>	<b>2,911</b>
Operating expense .....	(2,832)	(2,939)
<b>Operating profit (loss)</b> .....	<b>14</b>	<b>(28)</b>
Investment income .....	—	2
Finance costs .....	(2)	(6)
<b>Profit (loss) before tax</b> .....	<b>12</b>	<b>(32)</b>
Taxation .....	(20)	(6)
<b>Loss for the year attributable to equity shareholders of the parent company</b> .....	<b>(8)</b>	<b>(38)</b>

### Revenue

Total revenue was €2,846 million for the year ended 30 June 2014, a decrease of €65 million, or 2 per cent. from €2,911 million for the year ended 30 June 2013, reflecting reclassification of certain advertising revenue as a result of a contractual change in an advertising agreement and one-off activity occurring in 2013 but not recurring in 2014.

Retail subscription revenue decreased by 1 per cent. to €2,357 million (2013: €2,377 million) reflecting a decrease in average subscriber numbers offset by an improvement in average revenue per subscriber resulting from increased Multivision penetration and an improvement in package mix.

Advertising revenue decreased by 11 per cent. to €238 million (2013: €266 million) following a change in contractual terms with an advertising customer in 2014. This resulted in revenues and costs relating to the contract being presented on a net basis as opposed to having been accounted for separately in prior years. This presentational change is neutral at an operating profit level.

Rights resale revenue decreased by 26 per cent. to €80 million (2013: €108 million) as a result of the partial resale of rights relating to the UEFA Champions League and the 2012 London Olympics in 2013 not recurring in 2014.

#### *Operating expenses*

Total operating expenses were €2,832 million for the year ended 30 June 2014, a decrease of €107 million, or 4 per cent. from €2,939 million for the year ended 30 June 2013, reflecting a contractual change in an advertising agreement and activity occurring in 2013 but not recurring in 2014.

Personnel costs increased by 10 per cent. to €234 million (2013: €213 million) principally due to higher staff bonuses as a result of improved operating performance in 2014, and one-off employee severance costs and increased social security costs.

Cost of rights purchased increased 1 per cent. to €1,480 million (2013: €1,467 million) due to the cost of broadcast rights for the FIFA World Cup, the Sochi Winter Olympics, MotoGP, the full year impact of Formula 1, and the carriage cost of a new third party sports channel, partly offset by the absence of costs associated with the 2012 London Olympics and the expiration of the English Premier League contract.

Cost of services decreased 9 per cent. to €794 million (2013: €877 million) principally reflecting a change in contractual terms with an advertising customer in 2014. This resulted in revenues and costs being presented on a net basis as opposed to having been accounted for separately. This presentational change is neutral at an operating profit level.

Other operating costs decreased 37 per cent. to €101 million (2013: €161 million) principally due to a one-off recognition of an onerous contract provision in 2013 (relating to 2016 Rio Olympic rights).

#### *Operating profit (loss)*

Operating profit was €14 million for the year ended 30 June 2014, an increase of €42 million from an operating loss of €28 million for the year ended 30 June 2013, due to the reasons above.

#### *Investment income*

Investment income was €0 million for the year ended 30 June 2014, compared to €2 million for the year ended 30 June 2013, as a result of interest earned in relation to an open sales tax position which was settled in 2013.

#### *Finance costs*

Finance costs were €2 million for the year ended 30 June 2014, a decrease of €4 million, or 67 per cent. from €6 million for the year ended 30 June 2013, due to a reduction in interest expense on intra-group loans and closed forward contracts.

#### *Profit (loss) before tax*

Profit before tax was €12 million for the year ended 30 June 2014, compared to a loss before tax of €32 million for the year ended 30 June 2013, due to the reasons above.

#### *Taxation*

Total taxation expense was €20 million for the year ended 30 June 2014, an increase of €14 million from €6 million for the year ended 30 June 2013, principally due to increased profits. In addition, taxation expense in 2013 was reduced by the recognition of a deferred tax asset relating to the onerous contract provision described above.

#### *Loss for the year*

Loss for the year was €8 million for the year ended 30 June 2014, a decrease of €30 million from a loss of €38 million for the year ended 30 June 2013, due to the reasons above.

### *Results of operations for the year ended 30 June 2013 compared with the year ended 30 June 2012*

The following table sets forth consolidated income statement data for the years ended 30 June 2013 and 30 June 2012 derived from the Sky Italia Historical Financial Information:

	For the year ended 30 June	
	2013	2012
	€million	
<b>Revenue</b> .....	<b>2,911</b>	<b>2,873</b>
Operating expense .....	(2,939)	(2,701)
<b>Operating (loss) profit</b> .....	<b>(28)</b>	<b>172</b>
Investment income .....	2	5
Finance costs .....	(6)	(11)
<b>(Loss) profit before tax</b> .....	<b>(32)</b>	<b>166</b>
Taxation .....	(6)	(74)
<b>(Loss) profit for the year attributable to equity shareholders of the parent company</b> .....	<b>(38)</b>	<b>92</b>

#### *Revenue*

Total revenue was €2,911 million for the year ended 30 June 2013, an increase of €38 million, or 1 per cent. from €2,873 million for the year ended 30 June 2012, mainly reflecting higher rights resale revenue in 2013.

Retail subscription revenue of €2,377 million was flat against prior year (2012: €2,385 million) with a decrease in average subscriber numbers offset by an improvement in average revenue per subscriber resulting from increased Multivision penetration, pricing increases and an improvement in package mix.

Advertising revenue decreased by 9 per cent. to €266 million (2012: €291 million) reflecting a lower level of advertising spend in the wider market.

Rights resale revenue increased to €108 million (2012: €12 million) as a result of the partial resale of rights relating to the UEFA Champions League and the 2012 London Olympics being recognised in 2013.

Pay-per-view revenue decreased by 19 per cent. to €52 million (2012: €64 million) reflecting lower discretionary consumer spend.

#### *Operating expenses*

Total operating expenses were €2,939 million for the year ended 30 June 2013, an increase of €238 million, or 9 per cent. from €2,701 million for the year ended 30 June 2012, mainly as a result of increased programming spend and the recognition of an onerous contract provision in 2013.

Cost of rights purchased increased 19 per cent. to €1,467 million (2012: €1,233 million) due to the increased cost of the UEFA Champions League, the addition of Formula 1 to the Sports offering in March 2013, and the one-off cost of the 2012 London Olympics.

Cost of services decreased 3 per cent. to €877 million (2012: €907 million) principally reflecting lower average subscriber volumes.

Other operating costs increased 30 per cent. to €161 million (2012: €124 million) principally due to the recognition of an onerous contract provision in the year.

#### *Operating (loss) profit*

Operating loss was €28 million for the year ended 30 June 2013, a decrease of €200 million from an operating profit of €172 million for the year ended 30 June 2012, due to the reasons above.

#### *Investment income*

Investment income was €2 million for the year ended 30 June 2013, a decrease of €3 million, or 60 per cent. from €5 million for the year ended 30 June 2012, as a result of the settlement of an open sales tax position part way through the year.

### *Finance costs*

Finance costs were €6 million for the year ended 30 June 2013, a decrease of €5 million, or 45 per cent. from €11 million for the year ended 30 June 2012, due to a decrease in interest expense on intra-group loans.

### *(Loss) profit before tax*

Loss before tax was €32 million for the year ended 30 June 2013, compared to profit before tax of €166 million for the year ended 30 June 2012, due to the reasons above.

### *Taxation*

Total taxation expense was €6 million for the year ended 30 June 2013, a decrease of €68 million, or 92 per cent. from €74 million for the year ended 30 June 2012, principally due to a lower current tax charge as a result of the loss in 2013 compared the profit in 2012.

### *(Loss) profit for the year*

Loss for the year was €38 million for the year ended 30 June 2013, decrease of €130 million from a profit for the year of €92 million for the year ended 30 June 2012, due to the reasons above.

## ***Liquidity and Capital Resources***

### *Overview*

Sky Italia has historically funded its business from cash flows from operations and equity and debt financing provided by its parent company. Pursuant to the terms of the Sky Italia SPA, the Group will purchase Sky Italia on a debt and cash free basis so that at the date of completion, Sky Italia will have no outstanding borrowings. Going forward, the Group expects to fund Sky Italia's operations using Sky Italia's cash flows from operations and debt and equity contributions from the Issuer.

The table below presents a summary of Sky Italia's cash flows for years ended 30 June 2014, 2013 and 2012.

	<b>For the year ended 30 June</b>		
	<b>2014</b>	<b>2013</b>	<b>2012</b>
		€million	
<b>Net cash from operating activities</b> .....	<b>291</b>	<b>209</b>	<b>266</b>
<b>Net cash used in investing activities</b> .....	<b>(176)</b>	<b>(189)</b>	<b>(235)</b>
<b>Net cash used in financing activities</b> .....	<b>(124)</b>	<b>(8)</b>	<b>(264)</b>
Net (decrease) increase in cash and cash equivalents .....	(9)	12	(233)
Cash and cash equivalents at beginning of the year .....	24	12	245
<b>Cash and cash equivalents at end of the year</b> .....	<b>15</b>	<b>24</b>	<b>12</b>

### *Year ended 30 June 2014 compared to the year ended 30 June 2013*

Net cash from operating activities increased by 39 per cent. to €291 million (2013: €209 million) reflecting higher cash generated from operations and lower cash tax paid. The higher cash generated from operations is primarily due to higher earnings and positive working capital movements.

Net cash used in investing activities decreased by 7 per cent. to €176 million (2013: €189 million) reflecting lower levels of set-top box purchases and lower investment in software.

Net cash used in financing activities increased to €124 million (2013: €8 million) principally due to repayments made in relation to intra-group borrowings in the year.

### *Year ended 30 June 2013 compared to the year ended 30 June 2012*

Net cash from operating activities decreased by 21 per cent. to €209 million (2012: €266 million) reflecting higher cash tax paid. Compared to the prior year, the impact of lower earnings was offset by positive working capital movements as a result of payments for programming rights being made in advance in 2012.

Net cash used in investing activities decreased by 20 per cent. to €189 million (2012: €235 million) reflecting lower levels of set-top box purchases due to lower average subscriber volumes.

Net cash used in financing activities decreased to €8 million (2012: €264 million) principally due to lower repayments made in relation to intra-group borrowings in 2013.

## MATERIAL CONTRACTS RELATING TO THE TRANSACTION

### Overview

On 25 July 2014, the Issuer made the Announcement stating that it had, through certain of its wholly owned subsidiaries, entered into the Sale and Purchase Agreements: (i) to acquire 21st Century Fox Adelaide Holdings B.V.'s shareholding in Sky Deutschland AG (in accordance with the German Takeover Act, the Issuer, through Sky German Holdings GmbH, made the Sky Deutschland Offer to all Sky Deutschland AG shareholders, subject to certain conditions, on 3 September 2014); and (ii) with SGH Stream Sub, Inc. to acquire the entire issued and to be issued capital of Sky Italia S.r.l., for a consideration of £2.45 billion (which is subject to a working capital adjustment), with approximately £2.06 billion to be paid in cash and the balance to be satisfied through the National Geographic Channel Transfer at a value of US\$650 million.

The Sky Deutschland Transaction, the Sky Italia Acquisition and the National Geographic Channel Transfer are intended to complete together, as:

- the Sky Deutschland Acquisition is subject to the same conditions precedent to completion as the Sky Deutschland Offer and will close on the Sky Deutschland Offer Settlement Date;
- the Sky Italia Acquisition is conditional upon, amongst other things, completion of the Sky Deutschland Acquisition; and
- the National Geographic Channel Transfer is conditional upon, amongst other things, completion of the Sky Italia Acquisition.

However, if certain conditions of the Sky Italia Acquisition, which are not conditions under the Sky Deutschland Acquisition and the Sky Deutschland Offer, are not fulfilled (or termination rights arise under the Sky Italia Acquisition, which are not termination rights under the Sky Deutschland Acquisition and the Sky Deutschland Offer), it is possible that the Issuer could complete the Sky Deutschland Acquisition and the Sky Deutschland Offer, but not complete the Sky Italia Acquisition and the National Geographic Channel Transfer. See "*The Transaction*".

### The Sky Deutschland Transaction

The Sky Deutschland Transaction comprises the Sky Deutschland Offer and the Sky Deutschland Acquisition.

#### *Sky Deutschland Offer Document*

Sky German Holdings GmbH announced on 25 July 2014 its decision to make a voluntary cash takeover offer to all Sky Deutschland AG shareholders at a price of €6.75 per Sky Deutschland AG share, subject to certain conditions. The Sky Deutschland Offer Document was published on 3 September 2014 and is available at [www.tvinformationupdate.com](http://www.tvinformationupdate.com) (together with a non-binding English translation and certain additional information regarding the Sky Deutschland Offer).

The Sky Deutschland Offer is conditional upon, amongst other things, the satisfaction or, if applicable, waiver of the following conditions:

- (a) the approval of the Sky Deutschland Transaction by the independent shareholders;
- (b) merger control clearance from the European Commission and/or the German competition authority;
- (c) approval from the Austrian anti-trust authorities in respect of media concentration;
- (d) the German state media authorities in Bavaria and in Hamburg and Schleswig-Holstein issuing statements of non-objection;
- (e) the non-occurrence of certain events, for example the issue of new shares by Sky Deutschland AG; and
- (f) no material adverse effect having occurred (measured by reference to the EBITDA of Sky Deutschland, there being no loss or termination of rights under certain contracts or of certain of Sky Deutschland's broadcasting licences and there being no specified insolvency events).

Pursuant to the German Takeover Act, paragraphs (a), (e) and (f) above need to be satisfied or, if applicable, waived by the expiry of the acceptance period under the Sky Deutschland Offer (and in the case of paragraph (a), at least five working days (including Saturdays) before).

The conditions in paragraphs (b) to (d) (inclusive) must be satisfied or, if applicable, waived in accordance with the German Takeover Act, on or before 25 July 2015 (or on such earlier date on or prior to which such conditions have to be satisfied or waived in accordance with the Sky Deutschland SPA) (the “**Sky Deutschland Longstop Date**”), otherwise the Sky Deutschland Offer will lapse.

All of the conditions specified in paragraphs (a) to (f) above have been satisfied.

There is no minimum acceptance condition to the Sky Deutschland Offer.

### ***Sky Deutschland SPA***

Under the terms of the Sky Deutschland SPA, Sky German Holdings GmbH has conditionally agreed to purchase 21st Century Fox Adelaide Holdings B.V.’s shareholding in Sky Deutschland AG, which, as at the date of the Announcement, represented 57.4 per cent. of the issued share capital of Sky Deutschland AG on a fully diluted basis, assuming the exercise by 21st Century Fox Adelaide Holdings B.V. of its conversion rights pursuant to the Convertible Bond. 21st Century Fox Adelaide Holdings B.V. has undertaken to exercise such conversion rights prior to completion of the Sky Deutschland SPA. The consideration for 21st Century Fox Adelaide Holdings B.V.’s fully diluted holding in Sky Deutschland AG is €6.75 per share, being the same price per share offered to the Sky Deutschland Minority Shareholders pursuant to the Sky Deutschland Offer. The aggregate consideration for 21st Century Fox Adelaide Holding B.V.’s fully diluted holding in Sky Deutschland AG is €3.6 billion (£2.9 billion).

The pound sterling equivalent figures set out above are based on the pound sterling to euro exchange rate as derived from Bloomberg on 29 August 2014 (£1 to €1.2639), and are on the assumption that no further shares will be issued by Sky Deutschland AG. See also “*Risk Factors – Risk Factors Relating to the Transaction – The pound sterling value of the consideration payable by the Issuer in respect of the Acquisitions may increase due to currency fluctuations*”. The figures set out above relating to the consideration for the Sky Deutschland Transaction (and, therefore, the total consideration for the Transaction) are calculated on the assumption that there are no further issues of shares in Sky Deutschland AG (with the exception of Sky Deutschland AG shares issued to 21st Century Fox Adelaide Holdings B.V. in connection with the exercise of its conversion rights under the Convertible Bond).

Completion of the Sky Deutschland SPA is conditional upon the satisfaction or, if applicable, waiver of the conditions to the Sky Deutschland Offer (as set out above) on or before the dates set out above and under the summary of the principal terms of the Sky Deutschland Offer.

Sky German Holdings GmbH may, by written notice to 21st Century Fox Adelaide Holdings B.V., waive any of the conditions above, other than the conditions in paragraphs (a) to (d), at any time before the expiry of the acceptance period for the Sky Deutschland Offer.

The Sky Deutschland SPA can also be terminated by Sky German Holdings GmbH in certain circumstances, including:

- (a) any of the customary warranties as to title to and ownership of the shares in Sky Deutschland AG, and capacity of 21st Century Fox and 21st Century Fox Adelaide Holdings B.V. to enter into the Sky Deutschland SPA, being or becoming untrue or misleading or having been breached and, where capable of remedy, not remedied;
- (b) any material breach by 21st Century Fox Adelaide Holdings B.V. of any covenant of the Sky Deutschland SPA which is material to the acquisition of the shares pursuant to the Sky Deutschland SPA and, where capable of remedy, not remedied; or
- (c) any of the events referred to in the conditions described in paragraphs (e) or (f) of the summary of the principal terms of the Sky Deutschland Offer occurring prior to the end of the acceptance period under the Sky Deutschland Offer.

21st Century Fox Adelaide Holdings B.V. has given customary warranties as to title to and ownership of the shares in Sky Deutschland AG and the capacity of 21st Century Fox and 21st Century Fox Adelaide Holdings B.V. to enter into the Sky Deutschland SPA.

The obligations of 21st Century Fox Adelaide Holdings B.V. under the Sky Deutschland SPA have been guaranteed by 21st Century Fox and the obligations of Sky German Holdings GmbH under the Sky Deutschland SPA have been guaranteed by the Issuer.

21st Century Fox Adelaide Holdings B.V. has given an undertaking not to, and to procure that members of the 21st Century Fox group do not, offer to consumers a premium or basic pay audio visual content service or certain subscription video on demand services in Germany or Austria prior to 1 January 2017, subject to certain exceptions.

### ***Guarantee Arrangements***

21st Century Fox is currently the guarantor of certain obligations of Sky Deutschland in relation to amounts payable to Die Liga – Fußballverband e.V. in respect of the Bundesliga rights which Sky Deutschland has licensed and, in relation to amounts payable pursuant to an up to €300 million credit facilities agreement with various lenders. Sky German Holdings GmbH can also consent to 21st Century Fox providing a further guarantee of up to €78.5 million covering a potential increase of the amount borrowed by Sky Deutschland under the above mentioned credit facilities agreement. The Issuer has agreed to use reasonable endeavours to secure the consent of the relevant third parties to the release of 21st Century Fox from its obligations under such guarantees and, with effect from completion of the Sky Deutschland Acquisition, to the Issuer replacing 21st Century Fox as guarantor. In the event such consents are not obtained prior to completion of the Sky Deutschland Acquisition, 21st Century Fox has agreed, in respect of the Bundesliga rights, to provide any further guarantees, as required subject to certain conditions, in respect of future seasons and the Issuer has agreed to provide back-to-back guarantees to 21st Century Fox, with effect from completion of the Sky Deutschland Acquisition.

21st Century Fox Adelaide Holdings B.V. and Sky International Operations Limited (a wholly owned subsidiary of the Issuer) have also entered into a sale assignment and transfer agreement pursuant to which 21st Century Fox Adelaide Holdings B.V. will, with effect from completion of the Sky Deutschland Acquisition, transfer to Sky International Operations Limited its rights and obligations in respect of two shareholder loans (provided by 21st Century Fox Adelaide Holdings B.V. to Sky Deutschland AG) for an aggregate principal amount of approximately €121 million plus accrued interest of approximately €8.7 million as at 25 July 2014.

### **The Sky Italia Acquisition**

#### ***Sky Italia SPA***

Under the terms of the Sky Italia SPA, Sky Italian Holdings S.p.A. has conditionally agreed to purchase the entire issued and to be issued capital of Sky Italia S.r.l. from SGH Stream Sub, Inc. The total consideration for the acquisition of Sky Italia, which is subject to a working capital adjustment, is £2.45 billion, with approximately £2.06 billion to be paid in cash and the balance to be satisfied through the proposed transfer of Sky Ventures Limited's 21 per cent. stake in National Geographic Channel International to one or more of the National Geographic Channel Purchasers at a value of US\$650 million (£392 million). The value of the National Geographic Channel International stake is fixed in US dollar and converted to pound sterling based on the pound sterling to US dollar exchange rate as derived from Bloomberg on 29 August 2014 (£1 to US\$1.6598).

Completion of the Sky Italia SPA is conditional upon, amongst other things, the satisfaction or, if applicable, waiver of the following conditions:

- (a) the approval of the Transaction by the independent shareholders;
- (b) merger control clearance from the European Commission and/or the Italian Competition Authority;
- (c) merger control clearance from the Jersey Competition Regulatory Authority;
- (d) authorisation by the Italian Communications Authority for (i) the acquisition of a company operating in the radio/TV sector, and (ii) the potential acquisition of a dominant position in the media and telecommunication sectors and the control of pluralism;
- (e) completion of the Sky Deutschland SPA;

- (f) the waiver of termination rights arising in relation to the change of control resulting from the Transaction in respect of certain contracts;
- (g) no event, circumstance or change having occurred which would have a material adverse effect on the business, assets, operations or financial condition of Sky Italia; and
- (h) the conditions to the National Geographic Channel SPA having been satisfied or waived.

The Sky Italia SPA can also be terminated by Sky Italian Holdings S.p.A. in certain circumstances, including:

- (a) any of the warranties as to title to and ownership of the entire issued and to be issued capital of Sky Italia S.r.l. and the capacity of 21st Century Fox and SGH Stream Sub, Inc. to enter into the Sky Italia SPA being or becoming untrue or misleading and, where capable of remedy, not remedied;
- (b) any material breach of any covenant in the Sky Italia SPA which is material to the Sky Italia Acquisition and, where capable of remedy, not remedied; or
- (c) a material adverse change, as described above, occurring in respect of Sky Italia and, where capable of remedy, not remedied.

The longstop date for completion of the Sky Italia Acquisition is up to 18 months from signing of the Sky Italia SPA, unless the parties agree otherwise. SGH Stream Sub, Inc. and Sky Italian Holdings S.p.A. have given mutual covenants to use their respective reasonable endeavours to satisfy certain of the conditions precedent to completion of the Sky Italia SPA. The conditions referred to in paragraphs (a), (b), (c) and (d) above have been satisfied.

SGH Stream Sub, Inc. (and 21st Century Fox, where applicable) has given customary warranties, covenants and indemnities to Sky Italian Holdings S.p.A. under the Sky Italia SPA, including certain indemnities relating to tax and other matters.

The obligations of SGH Stream Sub, Inc. under the Sky Italia SPA have been guaranteed by 21st Century Fox and the obligations of Sky Italian Holdings S.p.A. under the Sky Italia SPA have been guaranteed by the Issuer.

The liability of SGH Stream Sub, Inc. for breach of the warranties given by it in respect of the business and operations of Sky Italia terminates a maximum of two years after completion of the Sky Italia Acquisition.

SGH Stream Sub, Inc. has agreed to carry on the Sky Italia business, prior to completion of the Sky Italia SPA, in the ordinary course and substantially in the same manner as its business has been conducted previously and to procure that certain acts will only be carried out with the consent of Sky Italian Holdings S.p.A.

SGH Stream Sub, Inc. has given certain commitments not to, and to procure that members of the 21st Century Fox group do not, retail to consumers a premium or basic pay audio visual content service or certain subscription video on demand services in Italy, San Marino, Malta and the Vatican City until 1 January 2017, subject to certain exceptions.

The consideration for the Sky Italia Acquisition will be subject to a working capital completion adjustment mechanism, pursuant to which consideration payable will increase to the extent that at the end of the month in which the Sky Italia SPA completes working capital of Sky Italia exceeds the agreed target working capital amount, and will decrease to the extent that at the end of the month in which the Sky Italia SPA completes working capital of Sky Italia is below the agreed target working capital amount.

### ***Brand Licence Agreement***

Pursuant to the Sky Italia SPA, the Issuer and 21st Century Fox America Incorporated (“**NAI**”) (as successor to News America Incorporated and News America Publishing Incorporated) have agreed to amend the trade mark licence entered into between BSkyB Limited, a wholly owned subsidiary of the Issuer, and NAI as of 30 December 1997, as amended and novated from time to time and which was novated to the Issuer on 24 October 2003 (the “**Brand Licence Agreement**”). The amendment agreement will: (i) restrict the territory of the Brand Licence Agreement to Bhutan, Bangladesh, India, the Maldives, Nepal, Pakistan, the Seychelles and Sri Lanka and remove all other territories and rights in other territories in respect of which the licence is otherwise granted; (ii) amend certain other provisions of the Brand Licence Agreement, as agreed between the parties; and (iii) as a matter of convenience, effect the novation of the Brand Licence Agreement to Sky International AG (“**SIAG**”) (the “**Brand Licence Agreement Amendment and Novation**”).

NAI will be required to terminate, or procure the termination by SGH Stream Sub, Inc. of, the sub-licences to Sky Italia; a new brand licence will be entered into between SIAG and Sky Italia in due course.

### ***Guarantee Arrangements***

The Issuer and 21st Century Fox have agreed to use reasonable endeavours to procure that the Issuer replaces 21st Century Fox as guarantor under the Continuing Guarantees (as defined in the “Glossary of Terms”), but in any event, with effect from completion of the Sky Italia Acquisition, 21st Century Fox has agreed to maintain such Continuing Guarantees and the Issuer has agreed to indemnify 21st Century Fox for liabilities arising under such Continuing Guarantees in relation to obligations solely attributable to the period following completion of the Sky Italia SPA.

### ***Sky Italia Tax Deed***

In connection with the purchase of the entire issued and to be issued capital of Sky Italia S.r.l., Sky Italian Holdings S.p.A. and SGH Stream Sub, Inc. will enter into a tax deed which will take effect as at completion of the Sky Italia SPA (the “**Sky Italia Tax Deed**”). Pursuant to the Sky Italia Tax Deed, SGH Stream Sub, Inc. agrees to indemnify Sky Italian Holdings S.p.A. (subject to certain limitations) against the risk of unexpected tax liabilities arising to the Sky Italia group companies principally in respect of events occurring, or profits earned, before completion, subject to certain customary exclusions.

### **The National Geographic Channel Transfer**

#### ***National Geographic Channel SPA***

Sky Ventures Limited currently holds a 21 per cent. stake in National Geographic Channel International. The remaining interests in National Geographic Channel International are indirectly held between Fox-NGC (International) Holdings, Inc. and Fox International Channels (US), Inc. (which together own approximately 52 per cent.) (the “**National Geographic Channel Purchaser(s)**”) and the National Geographic Society (which owns approximately 27 per cent.). Sky Ventures Limited’s stake is accounted for as an equity investment, and while Sky Ventures Limited has board representation and typical minority protection rights, it has no management involvement in the venture.

Under the terms of the National Geographic Channel SPA, Sky Ventures Limited’s stake in National Geographic Channel International will be sold for US\$650 million (£392 million), which will be applied as part settlement of the cash consideration for the Sky Italia Acquisition. The value of the National Geographic Channel International stake is fixed in US dollar and converted to pound sterling based on the pound sterling to US dollar exchange rate as derived from Bloomberg on 29 August 2014 (£1 to US\$1.6598).

Sky Ventures Limited has given customary warranties as to the title to and ownership of its units in National Geographic Channel International and capacity to enter into the National Geographic Channel SPA.

The National Geographic Society has a *pro rata* right of first refusal in respect of the sale of Sky Ventures Limited’s interest in National Geographic Channel International (and such right is not conditional on the Sky Italia Acquisition). The National Geographic Society has provided its waiver in respect of such right of first refusal in a letter dated 16 October 2014.

Sky Ventures Limited has given various commitments and undertakings on its own behalf and on behalf of the Issuer not to compete with the business of National Geographic Channel International until 1 January 2017.

Completion of the National Geographic Channel Transfer is conditional on completion of the Sky Italia SPA in accordance with its terms.

### **Transaction Financing**

#### ***Facilities Agreement***

On 25 July 2014, the Issuer entered into a facilities agreement (the “**Facilities Agreement**”) between the Issuer as borrower, British Sky Broadcasting Limited, BSkyB Finance UK plc, Sky In-Home Service Limited and Sky Subscribers Services Limited as guarantors, Barclays Bank PLC as agent, Barclays Bank PLC, J.P. Morgan

Limited and Morgan Stanley Bank International Limited as mandated lead arrangers and bookrunners, Barclays Bank PLC, JPMorgan Chase Bank, N.A. – London Branch and Morgan Stanley Bank, N.A. as underwriters and Barclay Bank PLC, JPMorgan Chase Bank, N.A. – London Branch and Morgan Stanley Bank, N.A. as original lenders. The Facilities Agreement originally comprised of a €4.0 billion term loan facility (“**Term Loan A**”), a €2.5 billion and £450 million term loan facility (“**Term Loan B**”) and a £1 billion revolving credit facility (the “**RCF**”). Following the issuance of the Notes and the EMTN Offering, the Issuer cancelled Term Loan A in its entirety. The Issuer earlier reduced Term Loan B so that it now constitutes a €2.5 billion and a £250 million term loan facility.

Term Loan B is available to be used to fund, amongst other things:

- the cash consideration payable to 21st Century Fox Adelaide Holdings B.V. for the shares in Sky Deutschland AG and the cash consideration payable to Sky Deutschland Minority Shareholders in relation to the Sky Deutschland Offer;
- the payment of fees, commissions, costs and expenses incurred in relation to the acquisition of Sky Deutschland;
- the refinancing of certain indebtedness in Sky Deutschland (for example, see the description of shareholder loans under “– *The Sky Deutschland Transaction – Guarantee Arrangements*”); and
- on or following the Sky Deutschland Offer Settlement Date, (i) the cash consideration payable to SGH Stream Sub, Inc. for the entire issued and to be issued share capital of Sky Italia S.r.l., (ii) the payment of fees, commissions, costs and expenses incurred in relation to the acquisition of Sky Italia, and (iii) the refinancing of certain indebtedness in the Issuer.

Term Loan B will be cancelled in whole or in part to the extent that it is replaced by the issuance of debt in the capital markets.

The Facilities Agreement contains standard certain funds provisions, relevant for the Sky Deutschland Transaction, which restrict the rights of the lenders to drawstop utilisation of Term Loan B.

Term Loan A was available to be drawn for 11 months following the Facilities Agreement signing date (the “**Signing Date**”) and matured 12 months after the Signing Date with an option, at the Issuer’s discretion, to extend both the availability and maturity date for a further one year period. Term Loan B is available to be drawn for two years following the Signing Date and matures three years after the Signing Date with an option, at the lender’s discretion, to extend both the availability and maturity date for a further one year period. The RCF is available from the earlier to occur of the Sky Deutschland Offer Settlement Date, completion of the Sky Deutschland SPA and completion of the Sky Italia SPA to 31 October 2019, subject to two one-year extension options at the discretion of the lenders.

The Facilities Agreement permits, subject to the payment of any applicable break costs, voluntary prepayments and voluntary cancellation of undrawn amounts under Term Loan B.

The Facilities Agreement contains standard investment grade loan market association representations, undertakings and events of default as well as certain financial covenants which the Issuer must observe. The provisions are substantially similar to those contained in the Issuer’s Existing RCF save that there is an additional restriction on making acquisitions that would constitute a “class 1 transaction” under the Listing Rules without majority lender consent. This additional restriction automatically falls away in circumstances where the Issuer’s leverage ratio of Facilities Net Debt to Facilities EBITDA is equal to or below 2.50:1 for two consecutive half yearly periods ending after 30 June 2015.

The financial covenants require the Issuer to ensure that:

- (a) its leverage ratio of Facilities Net Debt to Facilities EBITDA will not exceed 4 times until (and including) 30 June 2016 and thereafter 3.5 times; and
- (b) Facilities EBITDA for each 12 month period is a minimum of 3.5 times Facilities Consolidated Interest Charges for such period.

In addition, the Facilities Agreement contains standard undertakings relating to the Issuer’s conduct of the Sky Deutschland Transaction and Sky Italia Acquisition.

The Facilities Agreement is unsecured and is guaranteed by certain subsidiaries of the Issuer. The Facilities Agreement includes provisions whereby certain wholly owned subsidiaries of the Issuer may accede to the Facilities Agreement as additional guarantors.

The Facilities Agreement includes a 120 day clean up period to allow the Issuer to remedy any default or any potential breach of a representation, or covenant which relates to Sky Deutschland or Sky Italia prior to it becoming an event of default under the Facilities Agreement.

Either before or after completion of the Transaction, the Issuer may further access the debt capital markets to replace all or part of Term Loan B with longer-term financing. All or part of Term Loan B may be refinanced through the capital markets without any prepayment penalty.

The Issuer's Existing RCF will be cancelled on or before completion of the Transaction.

### ***Cash resources***

The Issuer intends to fund £5.5 billion of the cash consideration for the Transaction from its cash resources, which include net proceeds of approximately £1.3 billion from the Equity Placing, net proceeds of approximately US\$2.0 billion from the Notes, net proceeds of approximately €2.5 billion from the EMTN Offering which is expected to close on 15 September 2014, net proceeds of approximately £481 million from the ITV Disposal and £500 million of cash and cash equivalents on its balance sheet. The Issuer may also from time to time access the capital markets (in addition to issuing the Notes) prior to completing the Transaction.

### ***Equity Placing***

A total of 156,132,213 new ordinary shares in the Issuer were placed by Barclays Bank PLC and Morgan Stanley Securities Limited on 25 July 2014 at a price of 870 pence per share, raising net proceeds of £1,345,720,074 (gross proceeds of £1,358,350,253) for the Issuer. The new shares issued represented approximately 9.99 per cent. of the Issuer's issued ordinary share capital prior to the Equity Placing.

Pursuant to the Equity Placing, 61,106,496 of the new ordinary shares were issued to 21st Century Fox UK Nominees Limited (pursuant to an agreement dated 25 July 2014 between: (i) 21st Century Fox; (ii) the Issuer; (iii) 21st Century Fox UK Nominees Limited; (iv) Barclays Bank PLC; and (v) Morgan Stanley Securities Limited, by which 21st Century Fox UK Nominees Limited agreed to subscribe for its *pro rata* share of the shares being placed at a price of 870 pence per share to maintain its shareholding of 39.14 per cent.), raising gross proceeds of £531.6 million for the Issuer.

The Equity Placing was announced on 25 July 2014 and completed on 30 July 2014. The new ordinary shares were admitted to listing on the official list of the Financial Conduct Authority and to trading on the London Stock Exchange plc's main market for listed securities on 30 July 2014. The new ordinary shares were issued credited as fully paid and rank *pari passu* in all respects with the existing ordinary shares in the capital of the Issuer, including the right to receive all dividends and other distributions declared after the date of the issue apart from the new ordinary shares issued to 21st Century Fox UK Nominees Limited, which are subject to the voting agreement described in "*General Information – Material contracts – The Group – Other material contracts – 21st Century Fox voting agreement*".

### ***Net proceeds of the Notes and EMTNs***

Net proceeds of the Notes will be used to finance the Transaction. See "*Use of Proceeds*". On 15 September 2014, the Issuer 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 its 2014 EMTN Programme. The net proceeds of the EMTN Offering will be used to finance the Transaction.

### ***ITV Disposal***

At 30 June 2014, the Group held an interest in 7.23 per cent. of the shares in ITV plc. On 17 July 2014, Sky Holdings Limited (a wholly owned subsidiary of the Issuer) and Liberty Global Incorporated Limited entered into an agreement whereby Sky Holdings Limited agreed to sell a shareholding of 259,820,065 ordinary shares in the share capital of ITV plc (representing 6.4 per cent. of the share capital in ITV plc) for £481 million to Liberty Global Incorporated Limited. Net proceeds from the ITV Disposal are, and will continue to be, held in cash and cash equivalents.

### ***Existing Cash***

In addition to the net proceeds of the Equity Placing, net proceeds of the Notes and net proceeds of the ITV Disposal, the Issuer intends to utilise £500 million of available cash and cash equivalents on its balance sheet for the financing of the Transaction.

### *Future Capital Markets Transaction*

The Issuer may access the debt capital markets either before or after drawing any loans under the Facilities Agreement. In the event the Issuer completes any such transaction before drawing under the Facilities Agreement, it shall reduce the borrowing availability thereunder by an amount equal to the net proceeds of such issuance. In the event the Issuer completes any such transaction after drawing under the Facilities Agreement, it shall use the net proceeds to refinance any loans thereunder.

### *Stake in National Geographic Channel International*

Sky Ventures Limited (a wholly owned subsidiary of the Issuer) currently holds a 21 per cent. stake in National Geographic Channel International. The remaining units in National Geographic Channel International are held by the National Geographic Channel Purchasers (which together own approximately 52 per cent.) and by the National Geographic Society (which owns approximately 27 per cent.). Sky Venture Limited's stake in National Geographic Channel International will be sold for US\$650 million, which will be applied as part settlement of the consideration for the Sky Italia Acquisition. The National Geographic Channel Transfer is conditional, amongst other things, on completion of the Sky Italia SPA in accordance with its terms.

## DESCRIPTION OF THE NOTES AND THE GUARANTEES

In this Description of the Notes and the Guarantees, “**Issuer**” refers only to British Sky Broadcasting Group plc, and any successor obligor of the Notes. The “**Group**” refers to the Issuer and its consolidated subsidiaries. Investors can find the definitions of certain terms used in this description under “*Certain Definitions*”.

The Issuer issued the Notes under an indenture (the “**Indenture**”) among the Issuer, the Initial Guarantors and The Bank of New York Mellon, as trustee, which was entered into on 24 November 2008, as supplemented and amended by a first supplemental indenture dated 14 November 2012 and as further supplemented and amended from time to time. The term “**Trustee**” refers to The Bank of New York Mellon and any successor trustee under the Indenture.

In this Description of the Notes and the Guarantees, each guarantee provided by each Guarantor under the Indenture is referred to as a “guarantee” and, collectively as “guarantees”. In this Description of the Notes and the Guarantees, references to “**Notes**” are references to the 2019 Notes or the 2024 Notes (each as defined below) and the related guarantees, except where otherwise indicated or as the context otherwise requires.

The following is a summary of the material provisions of the Indenture. Because this is a summary, it may not contain all the information that is important to investors. Investors should read the Indenture in its entirety. Copies of the Indenture are available as described under “*General Information – Documents available for inspection*”.

### **Basic Terms of the Notes**

The Notes are unsecured senior obligations of the Issuer, ranking equally in right of payment with all existing - and future unsubordinated and unsecured senior obligations of the Issuer.

The 2019 Notes are issued in an original aggregate principal amount of US\$750,000,000, will bear interest at a rate of 2.625 per cent. per annum and will mature on 16 September 2019 (the “**2019 Notes**”).

The 2024 Notes are issued in an original aggregate principal amount of US\$1,250,000,000, will bear interest at a rate of 3.750 per cent. per annum and will mature on 16 September 2024 (the “**2024 Notes**”).

Interest on the Notes will be payable semi-annually on 16 March and 16 September of each year, commencing on 16 March 2015, to holders of record on 5 March and 5 September immediately preceding the interest payment date.

Interest will begin to accrue on the Notes commencing on 16 September 2014 (the “**Issue Date**”). Interest on the Notes will be computed on the basis of a 360-day year of twelve 30-day months.

If any payment with respect to the Notes is due on a day which is not a Business Day, then the payment need not be made on such date, but may be made on the next succeeding Business Day. “**Business Day**” means any day except a Saturday, Sunday or other day on which commercial banks in New York City or London or in the city where the corporate trust office of the Trustee is located are authorised by law to close.

### **The Guarantees**

The Guarantors will fully, absolutely and unconditionally guarantee the due and punctual payment of the principal of and interest on the Notes (including Additional Amounts (as defined below), if any) when and as the same shall become due and payable, whether on the fixed date on which such principal or interest is due and payable (the “**Stated Maturity**”), by declaration of acceleration, call for redemption or otherwise, as well as the Issuer’s obligations to the Trustee under the Indenture.

### ***Guarantees by Subsidiaries***

The Issuer undertakes to procure that, as long as any of the Notes is outstanding:

- (1) to the extent that, after the date of the Indenture, 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 or the 2012 Bonds or for Indebtedness issued pursuant to any securities issued pursuant to the Indenture or for moneys borrowed under the Revolving Credit Facility or the Facilities Agreement,

the Issuer will cause such Subsidiary to enter into a supplemental indenture to the Indenture pursuant to which it shall agree to fully, absolutely and unconditionally, guarantee (i) the due and punctual payment of the principal of and interest (including Additional Amounts, if any) on all outstanding Notes when and as the same shall become due and payable on a *pari passu* basis and (ii) payment obligations of the Issuer to the Trustee under the Indenture.

In the event that any Guarantor 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 guarantees without any further action required on the part of the Trustee or any holder of Notes. Any Guarantor not so released shall remain fully, absolutely and unconditionally liable for its obligations under its guarantees. 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 Issuer and such Guarantor, and (ii) an officer's certificate from each of the Issuer and such Guarantor certifying as to such Guarantor's compliance with the terms of the Indenture.

### ***Rights of Guarantors as Among Themselves***

To the extent that any Guarantor or any successor Person will be required to pay any amounts on account of its guarantee in excess of the greater of (i) the amount of the economic benefit actually received by such Guarantor from the issuance of the Notes, and (ii) an amount calculated as the product of (A) the aggregate amount payable by the Guarantors on account of the Notes pursuant to the guarantees, and (B) the proportion (expressed as a fraction) that such Guarantor's net worth at the date enforcement of the guarantees is sought bears to the aggregate net worth of all Guarantors at such date, then such Guarantor shall be entitled to be reimbursed by the other Guarantors for the amount of such excess, *pro rata*, based upon the respective net worth of such other Guarantors at the date enforcement of the guarantees is sought. This paragraph describes only the relative rights of Guarantors as among themselves, and nothing set forth in this paragraph is intended to or shall impair the joint and several obligations of the Guarantors under their respective guarantees.

### **Redemption or Purchase of Notes upon a Put Event**

If a Put Event (as defined below) occurs, the holders of each Note will have the option (unless prior to the giving of the relevant Put Event Notice (as defined below) the Issuer has given notice of redemption of the Notes as described herein) 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 101 per cent. of its principal amount, together with unpaid interest accrued (including Additional Amounts, if any) to, but not including, the Optional Redemption Date.

Within 30 days after the Issuer has become aware that a Put Event has occurred, the Issuer shall, and at any time upon the Trustee becoming similarly so aware the Trustee may, 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 holders of Notes, shall (subject in each case to the Trustee being indemnified and/or secured to its satisfaction), be required to mail a notice (a "**Put Event Notice**") to holders of Notes describing the transaction or transactions that constitute the Put Event and offering to repurchase the Notes on the date specified in the Put Event Notice, which date will be no earlier than 30 days and no later than 60 days from the date the Put Event Notice is mailed (the "**Optional Redemption Date**"), pursuant to the procedures required by the Notes and described in the Put Event Notice.

If 80 per cent. or more in principal amount of the Notes outstanding immediately prior to the Optional Redemption Date have been redeemed or purchased pursuant to a Put Event, the Issuer may, on giving not less

than 30 nor more than 60 days' notice to the holders of Notes (such notice to be 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 101 per cent. of their principal amount, together with unpaid interest (including Additional Amounts, if any) accrued to, but not including, the date fixed for such redemption or purchase.

The Trustee shall be under no obligation to ascertain whether a Put Event or Change of Control or any event which could lead to the occurrence of, or could constitute, a Put Event or Change of Control has occurred, or to seek any confirmation from any Rating Agency or Substitute Rating Agency, and, until it shall have actual knowledge or notice pursuant to the Indenture to the contrary, the Trustee may assume that no Put Event or Change of Control or other such event has occurred.

To the extent that the provisions of any securities laws or regulations adopted thereunder conflict with the Put Event provisions of the Notes, the Issuer will be required to comply with the applicable securities laws and regulations and will not be deemed to have breached its obligations under the Put Event provisions of the Notes by virtue of such conflicts.

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

- (1) 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
- (2) on the date (the “**Relevant Announcement Date**”) that is the earlier of (x) the date of the first public announcement of the relevant Change of Control, and (y) the date of the earliest Relevant Potential Change of Control Announcement (as defined below), if any, the Notes carry from any Rating Agency:
  - (a) an investment grade credit rating (*Baa3/BBB-, or the equivalent, or better*), and such rating from any Rating Agency is, within the Change of Control Period (as defined below), either downgraded to a non-investment grade credit rating (*Ba1/BB+, or the 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 subparagraph (a) will apply; and

- (3) 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 or the Trustee 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.

If the rating designations employed by either Rating Agency are changed from those described above, or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine the rating designations of the Rating Agency or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations, and the provisions hereof shall be construed accordingly.

“**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).

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.

“**Rating Agency**” means Moody’s Investors Service Ltd. (“**Moody’s**”) or Standard and Poor’s Credit Market Services Europe Limited (“**Standard & Poor’s**”) 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.

“**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 180 days following the date of such announcement or statement, a Change of Control occurs.

### **Special Acquisition Redemption**

In the event that the conditions to the closing of the Sky Deutschland Acquisition set out in the Sky Deutschland SPA have not been satisfied or, if applicable, waived on or prior to 25 July 2015 (or on such earlier date on or prior to which such conditions had to be satisfied or waived in accordance with the Sky Deutschland SPA) (the “**Sky Deutschland Longstop Date**”), the Issuer shall, upon giving not less than 5 Business Days prior notice to the Trustee of a redemption notice being sent to holders of the Notes, and not less than 30 nor more than 60 days’ prior notice of redemption (the “**Call Redemption Notice**”) to the holders of the Notes in accordance with “*Notices*” below (which notice shall be irrevocable), redeem all (but not some only) of the Notes at 101 per cent. of the then outstanding aggregate principal amount of the Notes together with accrued but unpaid interest on the Notes to (but excluding) the redemption date specified in the Call Redemption Notice.

Prior to the delivery of the Call Redemption Notice, the Issuer shall deliver to the Trustee a certificate in form and substance satisfactory to the Trustee signed by two Directors of the Issuer certifying that the conditions to closing of the Sky Deutschland Acquisition set out in the Sky Deutschland SPA have not been satisfied or, if applicable, waived on or prior to the Sky Deutschland Longstop Date. The Trustee may rely absolutely and conclusively upon and shall be entitled to accept such Directors’ certificate without any liability to any person for so doing and without any further inquiry as sufficient evidence of the satisfaction of the condition precedent set out in the above paragraph, in which event it shall be conclusive and binding on the holders of the Notes.

“**Sky Deutschland Acquisition**” means the acquisition by the Issuer (through a wholly owned subsidiary) of 21st Century Fox Adelaide Holdings B.V.’s shareholding in Sky Deutschland AG (which, as at 25 July 2014, represented 57.4 per cent. of the issued share capital of Sky Deutschland AG on a fully diluted basis, assuming the exercise by 21st Century Fox Adelaide Holdings B.V. of its conversion rights pursuant to the Convertible Bond) pursuant to the Sky Deutschland SPA.

“**Sky Deutschland SPA**” means the agreement dated 25 July 2014 between Sky German Holdings GmbH (a wholly owned subsidiary of the Issuer) as purchaser and 21st Century Fox Adelaide Holdings B.V. (a wholly owned subsidiary of Twenty-First Century Fox, Inc.) as seller for the sale and purchase of 21st Century Fox Adelaide Holdings B.V.’s shareholding in Sky Deutschland AG.

### **Ranking**

Each of the Notes, and each of the guarantees appertaining thereto, is an unsecured obligation of the Issuer and of the applicable Guarantor and will rank *pari passu* in right of payment with each other, with all debt securities

issued under the Indenture, and with all other unsubordinated and unsecured Indebtedness of the Issuer and of each Guarantor. The Notes will rank junior to any secured indebtedness of the Issuer and any Guarantor to the extent of any assets securing such indebtedness.

None of the Issuer's subsidiaries other than the Guarantors has any obligations with respect to the Notes. As a result, the Notes will be effectively subordinated to claims of creditors (including trade creditors and preferred shareholders, if any) of each of the Issuer's subsidiaries other than the Guarantors. The Indenture does not impose any limitation on the incurrence of additional indebtedness by any company in the Group.

### **Form and Denomination**

The Notes will be issued in registered form only without coupons in denominations of US\$200,000 principal amount and in integral multiples of US\$1,000 in excess thereof. Except in limited circumstances, the Notes will be issued in the form of global notes. See "*Book-Entry, Delivery and Form*".

### **Clearing and Settlement**

Clearing and settlement of the Notes will take place through the facilities of DTC. See "*Book-Entry, Delivery and Form*".

### **Additional Notes**

The Issuer may issue further Notes and increase the principal amount of the Notes having the same ranking, the same interest rate, maturity, guarantors and CUSIP numbers as the Notes being listed pursuant to these Listing Particulars and other terms as the issued series; **provided that** such issue constitutes a "qualified reopening" for US federal income tax purposes. Purchasers of Notes after the date of any further issue will not be able to differentiate between Notes sold as part of the further issue and previously issued Notes. The Issuer may not issue additional Notes if an Event of Default has occurred.

### **Payment of Additional Amounts**

All payments pursuant to the Notes and the guarantees shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, levies, assessments or governmental charges of whatever nature ("**taxes**") imposed or levied by or on behalf of the jurisdiction (or any political subdivision or taxing authority thereof or therein) (i) in which the Issuer, any Guarantor, any successor Person, any successor Issuer or any successor Guarantor, as the case may be, is organised or resident (or deemed for tax purposes to be resident), or (ii) through which the Issuer, any Guarantor, any successor Person, any successor Issuer or any successor Guarantor, as the case may be, makes payment on the Notes or the guarantees (each an "**applicable taxing jurisdiction**"), unless such taxes are required by the applicable taxing jurisdiction or such subdivision or authority to be withheld or deducted. In that event, the Issuer, any Guarantor, any successor Person, any successor Issuer or any successor Guarantor, as the case may be, will pay such additional amounts of, or in respect of, principal and any premium and interest ("**Additional Amounts**") as will result (after deduction of such taxes and any additional taxes payable in respect of such Additional Amounts) in the payment to each holder of the Notes or guarantee of the amounts which would have been payable in respect of such Note or guarantee had no such withholding or deduction been required, except that no Additional Amounts shall be so payable for or on account of:

- (1) any taxes that would not have been imposed or withheld but for the fact that:
  - (a) the holder or beneficial owner was a resident, domiciliary or national of, or engaged in business or maintained a permanent establishment or was physically present in, the applicable taxing jurisdiction or otherwise had some connection with the applicable taxing jurisdiction other than the mere ownership of, or receipt of payment under, such Note or guarantee; or
  - (b) the holder presented (if presentation is required) such Note or guarantee, as the case may be, more than 30 days after the date on which the payment in respect of such Note or guarantee first became due and payable or provided for, whichever is later, except to the extent that the holder would have been entitled to such Additional Amounts if it had presented such Note or guarantee for payment on the last day within such period of 30 days;
- (2) any estate, inheritance, gift, sale, transfer, personal property or similar taxes;

- (3) any taxes that are payable otherwise than by withholding or deduction from payments of, or in respect of, principal of, or any premium or interest on, the Notes or under the guarantees, as the case may be;
- (4) any taxes that are imposed or withheld by reason of the failure of the holder or beneficial owner of a Note or guarantee following the written request of the Issuer or any Guarantor, as the case may be, addressed to the holder (and made at a time which would enable the holder or beneficial owner acting reasonably to comply with the request) (a) to provide information concerning the nationality, residence or identity of the holder or such beneficial owner or (b) to make any declaration or other similar claim or satisfy any information or reporting requirement, which, in the case of (a) or (b), is required or imposed by a statute, regulation or administrative practice of the applicable taxing jurisdiction as a precondition to exemption from all or part of such taxes;
- (5) any withholding or deduction imposed on a payment to an individual and 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;
- (6) any taxes payable by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting (if presentation is required) the relevant Note or guarantee, as the case may be, to another paying agent in a Member State of the European Union; or
- (7) any combination of items (1), (2), (3), (4), (5) and (6);

nor shall Additional Amounts be paid with respect to any payment of principal of, or any premium or interest on, any such Note or under the guarantee to any holder who is a fiduciary, partnership or other than the sole beneficial owner of such payment to the extent such payment would be required by the laws of the applicable taxing jurisdiction to be included in the income for tax purposes of a beneficiary or settlor with respect to such fiduciary, a member of such partnership or a beneficial owner who would not have been entitled to such Additional Amounts had it been the holder of the Note or guarantee.

Notwithstanding anything to the contrary in the preceding paragraph, none of the Issuer, any paying agent or any other person shall be required to pay any additional amounts with respect to any withholding or deduction imposed on or in respect of any Note pursuant to Section 1471 to 1474 of the U.S. Internal Revenue Code of 1986 (“**FATCA**”), any treaty, law, regulation or other official guidance implementing FATCA, or any agreement between the Issuer, a paying agent or any other person and the United States, any other jurisdiction, or any authority of any of the foregoing implementing FATCA.

In order to comply with applicable tax laws (inclusive of rules, regulations and interpretations promulgated by competent authorities) related to the Indenture and Notes in effect from time to time (“**Applicable Law**”) that a non-U.S. financial institution, issuer, trustee, paying agent or other party is or has agreed to be a subject to, the Issuer agrees (i) upon reasonable written request of the Trustee or any paying agent, as applicable, to use commercially reasonable efforts to provide to the Trustee and any paying agent sufficient information about the parties and/or transactions related to the Indenture and the Notes (including any modification to the terms of such transactions) to assist the Trustee and any paying agent in determining whether any of them has tax related obligations under Applicable Law and (ii) that the Trustee and any paying agent shall be entitled to make any withholding or deduction from payments to the extent necessary to comply with Applicable Law for which the Trustee and any paying agent shall not have any liability.

In addition, the Issuer, any successor Person or any successor Issuer, as the case may be, will pay any present or future stamp, issue, registration, court, documentation, excise or property taxes or other similar taxes, charges and duties, including interest and penalties with respect thereto, imposed by or in any applicable taxing jurisdiction in respect of the execution, issue or delivery of the Notes or any other document or instrument referred to in the Indenture (other than on or in connection with a transfer of the Notes) and any such taxes, charges or duties imposed by any jurisdiction as a result of, or in connection with, the enforcement of the Notes or any other such document or instrument following the occurrence of any Event of Default with respect to the Notes.

Whenever there is mentioned, in any context, a payment of principal, premium or interest pursuant to the Notes or under the guarantees, such mention shall be deemed to include mention of the payment of Additional Amounts provided for in the Indenture to the extent that, in such context, Additional Amounts are, were or would be payable in respect thereof pursuant to the Indenture.

## Optional Redemption

### *General*

The Issuer will not be permitted to redeem the Notes before their Stated Maturity, except as set forth below. The Notes will not be entitled to the benefit of any sinking fund, which means that the Issuer will not be required to deposit money on a regular basis into any separate account to repay the Notes. In addition, except upon a Put Event, holders of the Notes will not be entitled to require the Issuer or the Guarantors to repurchase the Notes before the Stated Maturity.

### *Redemption for Taxation Reasons*

If as the result of any change in or any amendment to the laws, regulations or published tax rulings of an applicable taxing jurisdiction affecting taxation, or any change in the official application, administration or interpretation of such laws, regulations or published tax rulings either generally or in relation to the Notes or the related guarantees, which change or amendment becomes effective on or after 10 September 2014 (a “**change in tax law**”), the Issuer or any Guarantor (other than a successor Person, successor Issuer or successor Guarantor, as defined below, that is organised or resident for tax purposes under the laws of any jurisdiction other than the jurisdiction in which the Issuer or any Guarantor, as the case may be, is organised or resident for tax purposes) (x) would be required to pay any Additional Amounts pursuant to the Indenture or the terms of any Note or guarantees, in respect of interest on the next succeeding interest payment date (assuming, in the case of a Guarantor, a payment in respect of such interest were required to be made by such Guarantor under the applicable guarantee thereof on such interest payment date), and (y) such obligation cannot be avoided by the Issuer or by such Guarantor taking reasonable measures available to it or them, the Issuer may, at its option, redeem all (but not less than all) the Notes at any time thereafter, upon not less than 30 nor more than 60 days’ written notice as provided in the Indenture, at a redemption price equal to 100 per cent. of the principal amount thereof plus accrued and unpaid interest (including Additional Amounts, if any) to, but not including, the date fixed for redemption; **provided, however, that** (a) no such notice of redemption may be given earlier than 60 days prior to the earliest date on which the Issuer or any Guarantor, as the case may be, would be obligated to pay such Additional Amounts were a payment in respect of the Notes or guarantees, as the case may be, then due, and (b) at the time any such redemption notice is given, such obligation to pay such Additional Amounts must remain in effect. Prior to publication of any notice of redemption pursuant to this paragraph, the Issuer or Guarantor shall deliver to the Trustee (i) an opinion of counsel of recognised standing with respect to such matters in the applicable taxing jurisdiction, as selected by the Issuer, to the effect that, as a result of a change in tax law, the Issuer or any Guarantor, as the case may be, would be required to pay Additional Amounts on the next interest payment date in respect of the Notes or guarantees, and (ii) an officer’s certificate to the effect that such obligation cannot be avoided by the Issuer or any Guarantor, as the case may be, taking reasonable measures available to it or them, and the Trustee shall be entitled to accept such opinion and officer’s certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the holders of the Notes and guarantees.

If (x) on a date (the “**succession date**”) (i) the Issuer or any Guarantor, as the case may be, shall have consolidated with or merged into, or conveyed or transferred or leased all or substantially all of its properties and assets to any successor Person, (ii) a successor Issuer has been elected and succeeded to, and been substituted for, the Issuer under the Indenture, or (iii) after the date of the Purchase Agreement an entity becomes a Guarantor (the “**successor Guarantor**”), and the successor Person, successor Issuer or successor Guarantor, as the case may be, is organised or resident for tax purposes under the laws of any jurisdiction other than the jurisdiction in which the Issuer or any Guarantor, as the case may be, is organised or resident for tax purposes (a “**successor’s taxing jurisdiction**”), (y) as the result of any change in or any amendment to the laws, regulations or published tax rulings of such successor’s taxing jurisdiction, or of any political subdivision or taxing authority thereof or therein, affecting taxation, or any change in the official administration, application or interpretation of such laws, regulations or published tax rulings either generally or in relation to the Notes or the related guarantees, which change or amendment becomes effective on or after the succession date (a “**change in successor tax law**”), such successor Person, successor Issuer or successor Guarantor, as the case may be, would be required to pay Additional Amounts pursuant to the Indenture or the terms of the Notes or a guarantee, in respect of interest on any Notes or a guarantee on the next succeeding interest payment date, and (z) such obligation cannot be avoided by the successor Person, successor Issuer or successor Guarantor, as the case may be, taking reasonable measures available to it, such successor Person, successor Issuer or successor Guarantor, may at its option, redeem all (but not less than all) of the Notes, upon not less than 30 nor more than 60 days’ written notice as provided in the Indenture, at a redemption price equal to 100 per cent. of the principal amount thereof plus accrued and unpaid

interest (including Additional Amounts, if any) to, but not including, the date fixed for redemption; **provided, however, that** (a) no such notice of redemption may be given earlier than 60 days prior to the earliest date on which the successor Person, successor Issuer or successor Guarantor, as the case may be, would be obligated to pay such Additional Amounts were a payment in respect of the Notes or the guarantees, as the case may be, then due, and (b) at the time any such redemption notice is given, such obligation to pay such Additional Amounts must remain in effect. Prior to the publication of any notice of redemption pursuant to this paragraph, the successor Person, successor Issuer or successor Guarantor, as the case may be, shall deliver to the Trustee (i) an opinion of counsel of recognised standing with respect to such matters in the successor's taxing jurisdiction, as selected by the successor Person, successor Issuer or successor Guarantor, as the case may be, to the effect that, as a result of a change in successor tax law, such successor Person, successor Issuer or successor Guarantor would be required to pay Additional Amounts on the next interest payment date in respect of the Notes or guarantees, and (ii) an officer's certificate to the effect that such obligation cannot be avoided by the successor Person, successor Issuer or successor Guarantor, as the case may be, taking reasonable measures available to it, and the Trustee shall be entitled to accept such opinion and officer's certificate as sufficient evidence of the satisfaction of the conditions precedent set out above, in which event it shall be conclusive and binding on the holders of the Notes and guarantees.

### ***Redemption Other Than for Taxation Reasons***

The Issuer will have the right at its option to redeem the Notes, in whole or in part, at any time or from time to time prior to their maturity, on at least 30 days' but not more than 60 days' notice as provided in the Indenture. On and after the redemption date, interest will cease to accrue on the Notes or any portion of the Notes called for redemption (unless the Issuer defaults in the payment of the redemption price and accrued and unpaid interest). At least one business day before the redemption date, the Issuer will deposit with the Trustee money sufficient to pay the redemption price and (unless the redemption date shall be an interest payment date) any accrued and unpaid interest to the redemption date on the Notes to be redeemed on such date. If less than all of the Notes are to be redeemed, the Notes to be redeemed shall be selected by the Trustee in accordance with the guidelines of the applicable clearing system, if any.

The Notes may be redeemed at a redemption price equal to the greater of (1) 100 per cent. of the principal amount of the Notes and (2) the sum of the present values of each remaining scheduled payments of principal and interest thereon (exclusive of interest accrued to the date of redemption) discounted to the redemption date on a semi-annual basis (assuming a 360-day year consisting of twelve 30-day months) at the Treasury Rate plus (i) in the case of the 2019 Notes, 15 basis points and (ii) in the case of the 2024 Notes, 20 basis points, and in each case, accrued and unpaid interest (including Additional Amounts, if any) on the principal amount up to, but not including, the date of redemption.

**"Treasury Rate"** means, with respect to any redemption date, the rate per annum equal to the semi-annual equivalent yield to maturity or interpolated maturity (on a day count basis) of the Comparable Treasury Issue, assuming a price for the Comparable Treasury Issue (expressed as a percentage of its principal amount) equal to the Comparable Treasury Price for such redemption date.

**"Comparable Treasury Issue"** means the United States Treasury security or securities selected by an Independent Investment Banker as having an actual or interpolated maturity comparable to the remaining term of the Notes to be redeemed that would be utilised, at the time of selection and in accordance with customary financial practice, in pricing new issues of corporate debt securities of a comparable maturity to the remaining term of the Notes.

**"Independent Investment Banker"** means one of the Reference Treasury Dealers appointed by the Issuer.

**"Comparable Treasury Price"** means, with respect to any redemption date (1) the average of the Reference Treasury Dealer Quotations for such redemption date, after excluding the highest and lowest such Reference Treasury Dealer Quotation or (2) if the Trustee obtains fewer than four such Reference Treasury Dealer Quotations, the average of all such quotations.

**"Reference Treasury Dealer"** means each of Barclays Capital Inc., J.P. Morgan Securities LLC, Morgan Stanley & Co. LLC and SG Americas Securities, LLC or their affiliates which are primary US government securities dealers and two other leading primary US government securities dealers in New York City reasonably designated by the Issuer; **provided, however, that** if any of the foregoing shall cease to be a primary US government securities dealer in New York City (a **"Primary Treasury Dealer"**), the Issuer will substitute therefor another Primary Treasury Dealer.

**“Reference Treasury Dealer Quotation”** means, with respect to each Reference Treasury Dealer and any redemption date, the average, as determined by the Trustee, of the bid and asked prices for the Comparable Treasury Issue (expressed in each case as a percentage of its principal amount) quoted in writing or email to the Trustee by such Reference Treasury Dealer at 3:30 p.m., New York City time, on the third Business Day preceding such redemption date.

## **Certain Covenants**

### ***Limitation on Liens***

Neither the Issuer nor any Subsidiary will create, assume, incur or suffer to exist any Lien on all or any part of their respective present or future undertakings, assets, rights or revenues to secure Indebtedness unless contemporaneously therewith or prior thereto the Notes are equally and ratably secured for so long as such other Indebtedness shall be so secured; except for

- (1) Permitted Encumbrances; and
- (2) any Lien that is not a Permitted Encumbrance, **provided that** at the time any such Lien is incurred, the aggregate amount of such Lien together with all other Liens that are not Permitted Encumbrances do not, in the aggregate, exceed the greater of (A) US\$450,000,000, and (B) 30 per cent. of Consolidated Net Tangible Assets.

### **Provision of Information**

If the Issuer is not subject to the reporting requirements of Section 13 or 15(d) of the Exchange Act, at any time when the Notes are “restricted securities” within the meaning of Rule 144(a)(3) under the Securities Act, the 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 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.

### **Consolidation, Merger and Sale of Assets; Assumption of Obligations**

None of the Issuer nor any of the Guarantors may, without the consent of the holders as set forth under “Amendments”, in a single transaction or through a series of transactions, consolidate with or merge into any other Person, or convey, transfer or lease their respective properties and assets substantially as an entirety to any Person, unless where the Issuer or any Guarantor shall consolidate with or merge into another Person or, directly or indirectly through one or more Subsidiaries, convey, transfer or lease its properties and assets substantially as an entirety to any Person, the Person formed by such consolidation or into which the Issuer or any Guarantor is merged or the Person which acquires by conveyance or transfer, or which leases, such properties and assets of the Issuer or the Guarantors substantially as an entirety (the “**successor Person**”) shall be a corporation, partnership or trust, shall be organised and validly existing under the laws of England and Wales, Scotland, the Channel Islands, the United States, any State thereof or the District of Columbia, any Member State of the European Economic Area or Switzerland, and:

- (1) such Person expressly assumes the Issuer’s obligations under the Indenture and on the Notes or any such Guarantor’s obligations under the Indenture and on the guarantees, as the case may be;
- (2) immediately after giving effect to the transaction, no Event of Default and no event which, after notice or lapse of time or both, would become an Event of Default, shall have occurred and be continuing;
- (3) the Issuer or any such Guarantor, as the case may be, has delivered to the Trustee an officer’s certificate and opinion of counsel each stating that such consolidation, merger, conveyance, transfer or lease complies with the applicable provisions of the Indenture; and
- (4) certain other conditions set forth in the Indenture are met.

### **Successor Issuer**

The Issuer has the right pursuant to, and subject to the terms set forth in, the Indenture to elect a successor Issuer (which must be a Subsidiary), in which event such successor Issuer shall succeed to, and be substituted for, and may exercise every right and power of the original Issuer under the Indenture, with the same effect as if the successor Issuer had been named as the Issuer in the Indenture and with the same obligations as the Issuer

thereunder, in which case the Issuer shall be relieved of all obligations under the Indenture and the Notes, **provided that** such Person is organised under the laws of England and Wales, Scotland, the Channel Islands, the United States, any State thereof or the District of Columbia, any member state of the European Economic Area or Switzerland and certain other conditions set forth in the Indenture are met.

The election of a successor Issuer may be a taxable event for US federal income tax purposes for US holders of Notes. US holders of Notes should contact their own tax advisors regarding the US federal income tax consequences and possibly certain other adverse tax consequences should a successor Issuer be elected and succeed the Issuer.

### **Events of Default**

Each of the following events constitutes an “**Event of Default**” under the Indenture with respect to the Notes:

- (1) default in the payment of any interest or Additional Amounts upon any Note when it becomes due and payable, and continuance of such default for a period of 30 days;
- (2) default in the payment of the principal of, or any premium on, any Note at its maturity or redemption date;
- (3) default in the performance, or breach, of any covenant or warranty of the Issuer or the Guarantors in the Indenture (other than a default or breach which is specifically dealt with elsewhere in the Indenture), and continuance of such default or breach for a period of 60 days after written notice as provided in the Indenture by the Trustee or holders of at least 25 per cent. in aggregate principal amount of the Notes;
- (4) default under any bond, debenture, note or other evidence of Indebtedness for money borrowed by the Issuer or any Guarantor or any Subsidiary having an aggregate principal amount outstanding of at least the greater of US\$75,000,000 and 5 per cent. of Consolidated Net Tangible Assets, or under any mortgage, indenture or instrument (including the Indenture) under which there may be issued or by which there may be secured or evidenced any Indebtedness for money borrowed by the Issuer or any Guarantor or any Subsidiary, whether such Indebtedness now exists or shall hereafter be created, which default shall have resulted in such Indebtedness of at least the greater of US\$75,000,000 and 5 per cent. of Consolidated Net Tangible Assets becoming or being declared due and payable prior to the date on which it would otherwise have become due and payable, without such Indebtedness having been discharged, or such acceleration having been rescinded or annulled, within a period of 10 days after written notice as provided in the Indenture;
- (5) certain events in bankruptcy, insolvency or reorganisation involving the Issuer or any Guarantor;
- (6) the failure to pay at Stated Maturity (or the expiration of any grace period) any other Indebtedness for borrowed money of the Issuer, or any Guarantor or any Subsidiary in excess of the greater of US\$75,000,000 and 5 per cent. of Consolidated Net Tangible Assets;
- (7) the entry of a final judgment or order against the Issuer and/or any Guarantor in an aggregate amount in excess of the greater of US\$75,000,000 and 5 per cent. of Consolidated Net Tangible Assets which shall remain unstayed or undischarged for a period of 60 days; and
- (8) any failure to maintain in full force and effect all guarantees required under the Indenture, or in the event a Guarantor expressly denies or disaffirms its obligations under its guarantee without being released as provided under the Indenture.

### ***Consequences of Events of Default***

If an Event of Default, other than a bankruptcy default with respect to the Issuer, occurs and is continuing under the Indenture, the holders of at least 25 per cent. in aggregate principal amount of the Notes then outstanding, by written notice to the Issuer and to the Trustee, may, and the Trustee at the request of such holders shall, declare the principal of and accrued interest on the Notes (including Additional Amounts, if any) to be immediately due and payable. Upon a declaration of acceleration, such principal and interest (and Additional Amounts, if any) will become immediately due and payable. If a bankruptcy default occurs with respect to the Issuer, the principal of and accrued interest on the Notes (including Additional Amounts, if any) then outstanding will become immediately due and payable without any declaration or other act on the part of the Trustee or any holder.

The holders of a majority in aggregate principal amount of the outstanding Notes by written notice to the Issuer and to the Trustee may waive all past defaults and rescind and annul a declaration of acceleration and its consequences with respect thereto if:

- (1) all existing Events of Default, other than the non-payment of the principal of, and any premium or interest on, the Notes that have become due solely by the declaration of acceleration, have been cured or waived; and

- (2) the rescission would not conflict with any judgment or decree of a court of competent jurisdiction.

Except as otherwise provided in “*Description of the Notes and the Guarantees – Events of Default – Consequences of an Event of Default*” or “*Amendments – Amendments With Consent of Holders*” the holders of a majority in principal amount of the outstanding Notes may, by notice to the Trustee, waive an existing default and its consequences. Upon such waiver, the default will cease to exist, and any Event of Default arising therefrom will be deemed to have been cured, but no such waiver will extend to any subsequent or other Default or impair any right consequent thereon.

The holders of a majority in principal amount of the outstanding Notes may direct the time, method and place of conducting any proceeding for any remedy available to the Trustee or exercising any trust or power conferred on the Trustee with respect to such Notes. However, the Trustee may refuse to follow any direction that conflicts with law or the Indenture, that may involve the Trustee in personal liability, or that the Trustee determines in good faith may be unduly prejudicial to the rights of holders of Notes not joining in the giving of such direction, and may take any other action that is not inconsistent with any such direction received from holders of Notes. The Trustee shall be under no obligation to exercise any of the rights or powers vested in it by the Indenture at the request or direction of any of the holders pursuant to the Indenture, unless such holders shall have offered to the Trustee security or indemnity satisfactory to the Trustee against the costs, expenses and liabilities which might be incurred by it in compliance with such request or direction.

A holder may not institute any proceeding, judicial or otherwise, with respect to the Indenture, the guarantees, the Notes or for the appointment of a receiver or Trustee, or for any other remedy under the Indenture, the guarantees, or the Notes, unless:

- (1) the holder has previously given written notice to the Trustee of a continuing Event of Default;
- (2) holders of at least 25 per cent. in aggregate principal amount of outstanding Notes have made written request to the Trustee to institute proceedings in respect of the Event of Default in its own name as trustee under the Indenture;
- (3) such holders have offered to the Trustee indemnity reasonably satisfactory to the Trustee against the costs, liabilities or expenses to be incurred in compliance with such request;
- (4) the Trustee for 60 days after its receipt of such notice, request and offer of indemnity has failed to institute any such proceeding; and
- (5) during such 60-day period, the holders of a majority in aggregate principal amount of the outstanding Notes have not given the Trustee a direction that is inconsistent with such written request.

Notwithstanding anything to the contrary, the right of a holder of a Note to receive payment of principal of, or interest or premium on its Note on or after the Stated Maturity or redemption date thereof, or to bring suit for the enforcement of any such payment on or after such date, may not be impaired or affected without the consent of that holder.

If a default occurs with respect to the Notes, the Trustee will give notice of the default to each holder within 90 days after it becomes known to the Trustee, unless the default has been cured or waived; **provided, however, that** in the case of a default in the performance, or breach, of any covenant or warranty of the Issuer or the Guarantors in the Indenture (other than a default or breach which is specifically dealt with elsewhere in the Indenture), no such notice to holders shall be given until at least 30 days after the occurrence thereof.

#### **No Liability of Directors, Officers, Employees, Incorporators, Members and Shareholders**

No director, officer, employee, incorporator, member or shareholder of the Issuer or any Guarantor, as such, will have any liability for any obligations of the Issuer or such Guarantor under the Notes, any guarantee or the Indenture or for any claim based on, in respect of, or by reason of, such obligations. Each holder of Notes by accepting a Note waives and releases all such liability. The waiver and release are part of the consideration for issuance of the Notes. This waiver may not be effective to waive liabilities under the US federal securities laws and it is the view of the SEC that such a US federal securities law waiver is against public policy.

## Amendments

**Amendments Without Consent of Holders.** The Issuer and the Trustee may amend or supplement the Indenture or the Notes without notice to or the consent of any holder of Notes:

- (1) to cure any ambiguity, defect or inconsistency in the Indenture or the Notes;
- (2) to assume the obligations of the Issuer or any Guarantor as contemplated under “*Description of the Notes and the Guarantees – Consolidation, Merger and Sale of Assets; Assumption of Obligations*”;
- (3) to comply with any applicable requirements of the Trust Indenture Act;
- (4) to evidence and provide for the acceptance of an appointment by a successor trustee;
- (5) to provide for uncertificated Notes in addition to or in place of certificated Notes;
- (6) to provide for any guarantee of the Notes, to secure the Notes or to confirm and evidence the release, termination or discharge of any guarantee of or Lien securing the Notes when such release, termination or discharge is permitted by the Indenture;
- (7) to add to the covenants of the Issuer for the benefit of the holders of all or any Notes or to surrender any right or power of the Issuer or any Guarantor;
- (8) to add any additional Events of Default; or
- (9) to make any other change that does not materially and adversely affect the rights of the holders of the Notes.

**Amendments With Consent of Holders.** (a) Except as otherwise provided in “*Events of Default – Consequences of Event of Default*” or paragraph (b), the Issuer and the Trustee may amend the Indenture and the Notes with the written consent of the holders of not less than 66.66 per cent. in principal amount of the outstanding Notes and the holders of not less than 66.66 per cent. in principal amount of the outstanding Notes may waive future compliance by the Issuer and the Guarantors with any provision of the Indenture, the Notes or the guarantees.

(b) Notwithstanding the provisions of paragraph (a), without the consent of each holder affected, an amendment or waiver may not:

- (1) reduce the principal amount of, or change the Stated Maturity of, any instalment of principal of, or interest on, any Note;
- (2) reduce the rate of, or change the Stated Maturity of, any interest payment on any Note;
- (3) change any obligation of the Issuer or the Guarantors to pay Additional Amounts;
- (4) reduce the amount payable upon the redemption of any Note, once notice of redemption has been given, or change the time at which it must thereupon be redeemed or purchased;
- (5) make any Note payable in the currency other than that stated in the Note;
- (6) impair the right of any holder of Notes to receive any payment of principal or interest on such holder’s Notes, on or after the Stated Maturity thereof (or the redemption date) or to institute suit for the enforcement of any such payment;
- (7) make any change in the percentage of the principal amount of the Notes required for amendments or waivers;
- (8) change any obligation of the Issuer or the Guarantors to maintain an office or agency in places and for the purposes specified in the Indenture; or
- (9) modify or change any provision of the Indenture affecting the ranking of the Notes or any guarantee in a manner adverse to the holders of the Notes.

It is not necessary for holders of Notes to approve the particular form of any proposed amendment, supplement or waiver, but is sufficient if their consent approves the substance thereof.

Neither the Issuer nor any of its Controlled Affiliates may, directly or indirectly, pay or cause to be paid any consideration, whether by way of interest, fee or otherwise, to any holder of Notes for or as an inducement to any consent, waiver or amendment of any of the terms or provisions of the Indenture or the Notes unless such consideration is also offered to be paid or agreed to be paid to all holders of Notes that consent, waive or agree to amend such term or provision within the time period set forth in the solicitation documents relating to the

consent, waiver or amendment, except that no offer or payment need be made to holders in any jurisdiction where such offer or payment could not lawfully be made without incurrence of unreasonable effort or expense.

### **Reacquisition**

There is no restriction on the ability of the Issuer, the Guarantors or any of their respective Subsidiaries to purchase or repurchase the Notes.

### **Defeasance and Discharge**

The Issuer or the Guarantors may discharge their obligations under the Notes and the Indenture by irrevocably depositing, or causing to be deposited, in trust with the Trustee money (in US dollars) sufficient to pay principal of and interest on the Notes to their Stated Maturity or redemption, **provided that** the Stated Maturity or redemption is within one year, subject to meeting certain other conditions.

The Issuer may also elect to discharge its obligations under most of the covenants under the Indenture (including the Limitation on Liens covenant, and the failure to comply with such covenants will no longer constitute Events of Default) (“**covenant defeasance**”) by irrevocably depositing in trust with the Trustee money (in US dollars) or US Government Obligations sufficient to pay principal of and any premium and interest on the Notes to maturity or redemption and by meeting certain other conditions, including delivery to the Trustee of (a) either a ruling received from the Internal Revenue Service or an opinion of US counsel of recognised standing with respect to US federal income tax matters, (b) either a ruling from the HM Revenue and Customs or an opinion of UK counsel of recognised standing with respect to UK income and corporation tax matters, in each case to the effect that the beneficial owners of the Notes will not recognise income, gain or loss for US federal or UK income or corporation tax purposes, respectively, as a result of the covenant defeasance and will be subject to US federal and UK income or corporation tax, as applicable, on the same amount and in the same manner and at the same times as would otherwise have been the case and (c) an opinion of US and UK counsel to the effect that, under the respective laws of the United States and England in effect at the time of such deposit, payments made from the defeasance trust would not require payment of Additional Amounts if the provisions of the Indenture described under “*Payment of Additional Amounts*” above were applicable to such payments. The covenant defeasance would be effective when 123 days have passed since the date of the deposit in trust.

### **Currency Indemnity**

The Notes do not provide for currency indemnity.

### **Concerning the Trustee**

The Trustee is the trustee under the Indenture.

Except during the continuance of an Event of Default, the Trustee need perform only those duties that are specifically set forth in the Indenture and no others, and no implied covenants or obligations will be read into the Indenture against the Trustee. In case an Event of Default has occurred and is continuing, the Trustee shall exercise those rights and powers vested in it by the Indenture including the provisions of the Trust Indenture Act incorporated therein.

The Indenture and provisions of the Trust Indenture Act incorporated by reference therein contain limitations on the rights of the Trustee, should it become a creditor of any obligor on the Notes, to obtain payment of claims in certain cases, or to realise on certain property received in respect of any such claim as security or otherwise.

### **Notices**

As long as the Notes are issued in global form, notices to be given to holders will be given to DTC in accordance with its policies in effect from time to time.

### **Prescription**

There is no express term in the Indenture as to any time limit on the validity of claims of holders to interest and repayment of principal, but any such claims will be subject to any statutory limitation period prescribed under New York law.

## **Consent to Service**

The Indenture provides that each of the Issuer and each Initial Guarantor designates CT Corporation System, as its authorised agent for service of process in any legal action or proceedings arising out of or relating to the Indenture, the Notes, the guarantees or the transactions contemplated thereby brought in any US federal or state court in the Borough of Manhattan, the City of New York, State of New York having jurisdiction thereof and irrevocably submits to the non-exclusive jurisdiction of such courts.

## **Governing Law**

The Indenture, the Notes and the guarantees shall be governed by, and construed in accordance with, the laws of the State of New York.

## **Certain Definitions**

“**2005 Bonds**” means the principal amount of US\$750,000,000 5.625 per cent. Senior Unsecured Notes due 2015, US\$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 as of 20 October 2005, as amended, among BSKyB Finance, as issuer; the Issuer, BSKyB Limited, Sky In-Home and Sky Subscribers, as guarantors; and The Bank of New York Mellon, as trustee.

“**2008 Bonds**” means: (i) the principal amount of US\$750,000,000 6.10 per cent. Senior Unsecured Notes due 2018 issued pursuant to the indenture dated 15 February 2008 among BSKyB as issuer, BSKyB Limited, BSKyB Finance, BSKyB Investments and BSKyB Publications as initial guarantors and The Bank of New York Mellon as trustee; and (ii) the principal amount of US\$600,000,000 9.5 per cent. Senior Unsecured Notes due 2018 issued pursuant to the indenture dated 24 November 2008 among BSKyB, as issuer, BSKyB Limited, BSKyB Finance, BSKyB Investments, BSKyB Publications, 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 US\$800,000,000 3.125 per cent. Senior Unsecured Notes due 2022 issued pursuant to a supplemental indenture dated 14 November 2012 among BSKyB as issuer, BSKyB Limited, BSKyB 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 BSKyB as issuer, BSKyB Limited, BSKyB Finance, BSKyB Investments, BSKyB Publications, Sky In-Home and Sky Subscribers as initial guarantors and The Bank of New York Mellon as trustee.

“**Affiliate**” of any specified Person means any other Person directly or indirectly controlling or controlled by or under direct or indirect common control with such specified Person. For purposes of this definition, “**control**”, when used with respect to any specified Person, means the power to direct the management and policies of such Person, directly or indirectly, whether through the ownership of voting securities, by contract or otherwise; and the terms “**controlling**” and “**controlled**” have meanings correlative to the foregoing.

“**Capital Lease Obligation**” means that portion of the obligations under a capital lease that is required to be capitalised in accordance with IFRS.

“**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:

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

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

“**Controlled Affiliate**” means any Affiliate of an entity under circumstances where the entity possesses, directly or indirectly, the power to direct or cause the direction of the management and policies of the Affiliate, whether through the ownership of voting securities, by contract, or otherwise.

“**Default**” means any event that is, or after notice or passage of time or both would be, an Event of Default.

“**Facilities Agreement**” means the facilities agreement dated 25 July 2014 (as amended, supplemented or otherwise modified from time to time by the parties thereto, or any refinancing, refunding, renewal or substitution thereof) entered into by the Issuer (amongst others) guaranteed by certain subsidiaries of the Issuer. The Facilities Agreement originally comprised of a €4.0 billion term loan facility (“**Term Loan A**”), a €2.5 billion and £450 million term loan facility (“**Term Loan B**”) and a £1 billion revolving credit facility (the “**RCF**”). Following the issuance of the Notes and the EMTN Offering, the Issuer cancelled Term Loan A in its entirety. The Issuer earlier reduced Term Loan B so that it now constitutes a €2.5 billion and a £250 million term loan facility.

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

“**Group Member**” means any of the Issuer and its Subsidiaries, excluding, for the avoidance of doubt, any joint venture company in which the Group Members, taken as a whole, have a minority shareholding, do not have the right to appoint or remove a majority of its board of directors or do not have sole control of a majority of the voting rights in it.

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

“**Indebtedness**” of any Person means as at the relevant date, 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) net present value of Finance Lease Obligations greater than one year (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) 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, (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, (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) 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 Rate Protection Agreements**” of any Person means 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.

“**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 a security interest).

**“Permitted Encumbrance”** means any of the following: (i) any Lien which arises in favour of an unpaid seller in respect of goods, plant or equipment sold and delivered to any member of the Group in the ordinary course of business until payment of the purchase price for such goods or plant or equipment or any other goods, plant or equipment previously sold and delivered by that seller (except to the extent that such Lien secures Indebtedness or arises otherwise than due to deferment of payment of purchase price); (ii) Liens arising by operation of law; (iii) any Lien or pledge created or subsisting in the ordinary course of business over documents of title, insurance policies or sale contracts in relation to goods or assets to secure the purchase price thereof; (iv) any Lien with respect to a cash deposit which secures the payment or reimbursement obligation in favour of any financial institution or government in connection with any letter of credit, guarantee or bond, issued by or, as the case may be, granted to any financial institution, or government, in respect of any amount payable by any member of the Group pursuant to any agreement or arrangement (other than in respect of Indebtedness for borrowed money) entered into by any member of the Group; (v) any Lien with respect to a cash deposit which is deposited in an account with any financial institution, firm of lawyers or title company to be held in escrow in such account pursuant to any agreement or arrangement (other than in respect of Indebtedness for borrowed money); (vi) any Lien with respect to documents of title to any asset, to the extent arising from the delivery of such asset to any financial institution, firm of lawyers or title company to be held in escrow pursuant to any agreement or arrangement for the purchase or sale of such asset, **provided that** (A) such agreement or arrangement is not in respect of Indebtedness for borrowed money, (B) such documents of title are held in escrow only pending the satisfaction of conditions precedent to the purchase or sale of such asset, and (C) such agreement or arrangement and the related purchase or sale are not otherwise prohibited under the Indenture; (vii) Liens on property or assets and to secure improvements thereto, purchased, constructed or made subject to a Capital Lease Obligation after the date of the Indenture, **provided that** (A) any such Lien is created solely for the purpose of securing and such Lien is created prior to, at the time of, or within 270 days after the later of, the acquisition, the completion of construction or the commencement of the full operation of such property or assets or improvements thereto, as the case may be, or for the purpose of securing Indebtedness incurred to finance or refinance any Indebtedness previously so secured, (B) the principal amount of Indebtedness secured by such Lien does not exceed 100 per cent. of the cost of such acquisition, completion of construction, commencement of full operations of such property or assets or improvements thereto, and (C) such Lien does not extend to or cover any other property other than such item or property or any such improvements on such item, assets or property; (viii) in the case of a corporation, partnership, joint venture, trust, or other similar business entity becoming a member of the Group or assets acquired (other than assets acquired from another member of the Group) after the date of the Indenture, any Lien with respect to such assets or the assets of such corporation at the time such assets were acquired or such corporation became a member of the Group, as the case may be, **provided that** such Lien is not created in contemplation of, or in connection with, the acquisition of such assets or such corporation becoming a member of the Group; (ix) Liens to secure performance bonds and other obligations incurred in the ordinary course of business; (x) any Lien with respect to any asset (including, without limitation, securities, documents of title and source codes), to the extent arising from the delivery of such asset to any financial institution, firm of lawyers, title company or other entity which holds assets in escrow or custody, to be held in escrow pursuant to any agreement or arrangement granted in the ordinary course of business; (xi) statutory Liens of carriers, warehousemen, mechanics, suppliers, materialmen, repairmen and other like Liens arising in the ordinary course of business; (xii) Liens with respect to amounts not yet delinquent or being contested in good faith by appropriate proceedings, if a reserve or other appropriate provision has been made; (xiii) Liens for taxes or assessments or other governmental charges or levies not yet due or payable or which are being contested in good faith by appropriate proceedings promptly instituted and diligently conducted and for which a reserve or other provision, if any, as shall be required in accordance with IFRS, shall have been made; (xiv) any Lien granted by any member of the Group to any other member of the Group (other than a Lien granted by the Issuer or any Guarantor in favour of a subsidiary of the Issuer that is not a Guarantor), **provided that** any Lien granted by the Issuer or a Guarantor in favour of a Guarantor is released prior to the Guarantor in whose favour the Lien is granted being released as a Guarantor in accordance with the terms of the Indenture; (xv) bankers’ liens or rights of set-off arising by way of contract in the ordinary course of commercial banking transactions; (xvi) Liens existing on the date of the Indenture and any extensions, renewals, substitutions or refunding thereof (so long as there is no increase in principal amount thereby secured, plus costs and expenses associated with incurring such refinancing Indebtedness, or material change to the nature of the Indebtedness thereby secured); (xvii) Liens permitted to finance receivables (including pursuant to a receivables sales agreement) arising in the ordinary course of business not to exceed 90 per cent. of the amount of the receivables so financed, **provided that** Indebtedness incurred in connection therewith is permitted under the Indenture; (xviii) Liens by any member of the Group over assets, the aggregate value of which does not exceed the greater of (A) £300,000,000, and (B) 35 per cent. of Consolidated Net Tangible Assets less the value (without double-counting) of all assets, loans, disposals and Liens that form part of certain permitted securitisation transactions described in the Indenture, **provided that** for these purposes the value of an asset shall be determined as at the time of the creation of the

Lien or the occurrence of any relevant permitted securitisation; (xix) any extension, renewal, substitution or refunding of any Liens referred to in clauses (xvi) through (xviii) above, **provided that** the renewal, substitution, extension or refunding is limited to all or part of the property securing the original Lien.

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

“**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.

“**Revolving Credit Facility**” means the £750,000,000 revolving credit facility for BSKyB, guaranteed by certain subsidiaries of BSKyB 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.

“**Subsidiary**” means, from time to time, a subsidiary of the Issuer within the meaning of section 1159 of the Companies Act 2006, as amended.

“**Trade Payables**” of any Person means 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.

“**Trust Indenture Act**” means the US Trust Indenture Act of 1939, as amended, and rules promulgated by the SEC thereunder, each as in force at the date as of which the instrument was executed; **provided, however, that** in the event that either the Trust Indenture Act of 1939 or the related rules of the SEC are amended after such date, “**Trust Indenture Act**” means, to the extent required by such amendment, the Trust Indenture Act of 1939 or such SEC rules, as the case may be, as so amended.

“**US Government Obligations**” means obligations issued or directly and fully guaranteed or insured by the United States of America or by any agent or instrumentality thereof, **provided that** the full faith and credit of the United States of America is pledged in support thereof.

## DESCRIPTION OF THE ISSUER

British Sky Broadcasting Group plc (“**BSkyB**”), 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 2247735. Its registered office is Grant Way, Isleworth, Middlesex, TW7 5QD, England (Tel +44 (0)333 100 0333). The Issuer and its subsidiaries operate principally within the UK and Ireland, with activities conducted principally from the UK.

### Board of Directors

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

Name	Since	Position with BSKyB
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**
Martin Gilbert	2011	Director (Audit Committee Chairman)**
Adine Grate	2013	Director**
Andrew Griffith	2008	Director (Chief Financial Officer)
Andrew Higginson	2004	Director (Senior Independent Non-Executive Director, Corporate Governance & Nominations Committee Chairman)**
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**

\* Non-Executive

\*\* Independent Non-Executive

*Chase Carey* was appointed as a Director of BSKyB 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) and a member of the Supervisory Board of Sky Deutschland AG. 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.

*Tracy Clarke* was appointed as a Director of BSKyB 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. She is a member of the Institute of Financial Services. 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 BSKyB as Chief Financial Officer (“**CFO**”) on 16 August 2004 and was appointed CEO on 7 December 2007. He has extensive experience in the retailing and fast-moving consumer goods sectors. Prior to joining BSKyB, 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 BSKyB 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 BSkyB 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 BSkyB 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 BSkyB 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 BSkyB 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 BSkyB on 7 April 2008. An experienced finance professional, Mr Griffith joined BSkyB 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 BSkyB 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.

*Andrew Higginson* was appointed as a Director of BSkyB on 1 September 2004 and appointed as Senior Independent Non-Executive Director of BSkyB on 3 April 2012. Mr Higginson is a former Director of Tesco plc having spent 15 years at the company, first as Finance and Strategy Director and latterly as Chief Executive of their Retailing Services business. His early career was with Unilever, Guinness, Laura Ashley and the Burton Group. He is a member of the 100 Group of Finance Directors. Mr Higginson is Chairman of N Brown plc and a Non-Executive Director of Woolworths SA and the Rugby Football Union. Mr Higginson has also been appointed as Non-Executive Deputy Chairman and Chairman elect of Wm. Morrison Supermarkets plc. Mr Higginson was previously Chairman of Poundland Group plc.

*David Lewis* was appointed as a Director of BSkyB 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 BSkyB 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 BSkyB 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., Chairman 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 BSKyB 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 BSKyB 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 Etsy, Inc., First Dibs, Inc., Flipboard Inc., FON Wireless Limited, Nasty Gal, Inc., RightScale Inc., and Viagogo AG.

*Arthur Siskind* was appointed as a Director of BSKyB 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 BSKyB 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 is Non-Executive Chairman of the Supervisory Board of Ziggo N.V., a Dutch national media and communications company.

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 BSKyB 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 BSKyB, are directors of, or otherwise affiliated to, 21st Century Fox (formerly known as News Corporation). Should BSKyB 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 BSKyB and their respective private interests and/or other duties and (ii) any duty each of them owe to BSKyB. Matthieu Pigasse (together with Chase Carey, David F DeVoe, Arthur Siskind and James Murdoch, the “**Non-Independent Directors**”) is currently Deputy CEO of Lazard in France and Vice Chairman of Lazard in Europe. Lazard is acting for 21st Century Fox in connection with the Transaction. As such, Mr Pigasse is deemed to have an interest in the Transaction.

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 BSKyB, that director may be restricted from voting on any material matter in which he is materially interested. The Non-Independent Directors properly declared their interests to the BSKyB board of directors and did not take any part in the consideration of the Transaction. Accordingly, the Non-Independent Directors did not take part in the Directors' consideration of whether or not to recommend the approval of resolutions relating to the Transaction.

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 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 Issuer 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 British Sky Broadcasting Group plc, Grant Way, Isleworth, Middlesex, TW7 5QD, England.

## **Board Committees**

The membership of the board committees of BSKyB as at the date of these Listing Particulars is shown below:

### ***Audit Committee***

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

### ***Corporate Governance and Nominations Committee***

Andrew Higginson	Chairman
Nick Ferguson	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 the Issuer are registered at Companies House, Crown Way, Maindy, Cardiff, CF14 3UZ, Wales, under company number 2247735.

The Directors are not aware of any person who prior to publication of these Listing Particulars, directly or indirectly, jointly or severally, exercises or could exercise control over the Issuer.

As at 9 September 2014, the Issuer had 1,719,017,230 shares in issue, all of which had been allotted, called-up and fully paid. The Issuer 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, the Issuer 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 the Issuer) for the 2014 financial year amounted to £9 million.<sup>4</sup>

### **Recent Development**

The Issuer intends to change its name from “British Sky Broadcasting Group plc” to “Sky plc”, subject to the approval of the shareholders of the Issuer at an annual general meeting of the Issuer scheduled to be held on 21 November 2014.

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<sup>4</sup> The Directors’ remuneration figure includes the market value of the awards made under BSkyB’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 BSkyB’s LTIP and Co-Investment Plan as these awards related to a prior performance period which ended on 30 June 2013.

## DESCRIPTION OF THE INITIAL GUARANTORS

The Group Consolidated Financial Statements incorporated by reference into these Listing Particulars include the financial results of (a) the Issuer (b) the Guarantors and (c) each other member of the Group (prior to completion of the Transaction) that is not a guarantor. As at and for the year ended 30 June, 2014:

- (i) the Issuer represented adjusted EBITDA of £181 million representing 11 per cent. of the Group's adjusted EBITDA and had net liabilities of £1,616 million representing -151 per cent. of the Group's net assets as at the year ended 30 June 2014;
- (ii) the Guarantors together represented adjusted EBITDA of £1,039 million and net assets of £726 million, representing 62 per cent. and 68 per cent., respectively, of the Group's adjusted EBITDA and net assets as at and for the year ended 30 June 2014; and
- (iii) the members of the Group that are not Guarantors together represented adjusted EBITDA of £447 million and net assets of £1,962 million, representing 27 per cent. and 183 per cent., respectively, of the Group's adjusted EBITDA and net assets as at and for the year ended 30 June 2014;

The Initial Guarantors of the Notes under the Indenture are as follows:

### **British Sky Broadcasting Limited**

British Sky Broadcasting Limited ("**BSkyB Limited**") 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 BSKyB Limited is the operation of a pay television broadcasting service and home telecommunications service in the UK and Ireland. The issued share capital of BSKyB Limited is 100 per cent. held by BSKyB.

The current directors of BSKyB Limited are as follows:

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

The business address for each director is British Sky Broadcasting Group plc, Grant Way, Isleworth, Middlesex, TW7 5QD, England.

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

For the year ended 30 June 2014, BSKyB Limited represented adjusted EBITDA of £893 million and net assets of £1,647 million, representing 54 per cent. and 154 per cent., respectively, of the Group's adjusted EBITDA and net assets.

Given effect to the issuance of the Notes and the use of the proceeds thereof, there will be currently no encumbrances on BSKyB Limited's assets that could materially affect its ability to meet its obligations under the Guarantee. Although BSKyB Limited may be affected by some or all the general risks set out in "*Risk Factors*", the Issuer and BSKyB Limited do not believe there are any risks specific to BSKyB Limited that could adversely impact on its Guarantee.

### **BSkyB Finance UK plc**

BSkyB Finance UK plc ("**BSkyB 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 5576975. Its principal place of business is Grant Way, Isleworth, Middlesex, TW7 5QD, England, Tel +44 (0)333 100 0333.

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

The current directors of BSkyB Finance are as follows:

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

The business address for each director is British Sky Broadcasting Group plc, Grant Way, Isleworth, Middlesex, TW7 5QD, England.

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

### **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, BSkyB Limited. Sky Subscribers is a direct wholly owned subsidiary of BSkyB Limited which is a direct wholly owned subsidiary of BSkyB.

The current directors of Sky Subscribers are as follows:

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

The business address for each director is British Sky Broadcasting Group plc, 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 Issuer and/or Guarantors.

### **Sky In-Home Service Limited**

Sky In-Home Service Limited ("**Sky In-Home**") 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 24 October 1986 with registered number 2067075. Its principal place of business is Grant Way, Isleworth, Middlesex, TW7 5QD, England, Tel +44 (0)333 100 0333.

The principal activity of Sky In-Home is the manufacture, supply, installation and maintenance of satellite television receiving equipment and broadband and wireless connector equipment. Sky In-Home is a direct wholly owned subsidiary of BSkyB Limited which is a direct wholly owned subsidiary of BSkyB.

The current directors of Sky In-Home are as follows:

<u>Name</u>	<u>Since</u>	<u>Position within the Group</u>
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 In-Home's private interests and/or other duties, and (ii) any duty they owe to the Issuer and/or Guarantors.

## BOOK-ENTRY, DELIVERY AND FORM

### General

The Notes that were initially offered and sold in the United States to QIBs will be represented by beneficial interests in one or more global notes (the “**Rule 144A Global Notes**”) in registered form without interest coupons, which will be deposited on or about the Issue Date with the custodian for and registered in the name of Cede & Co. as nominee of DTC. DTC is referred to as the “depository”. Investors will hold beneficial interests in the Notes through DTC in book-entry form. This means that the Issuer will not issue certificates to each holder.

The Notes that were offered and sold in reliance on Regulation S will be represented by beneficial interests in one or more global notes (the “**Regulation S Global Notes**”) in registered form without interest coupons, which will be deposited on or about the Issue Date with the custodian for and registered in the name of Cede & Co., as nominee of DTC.

Beneficial interests in the Global Notes may be held only through DTC (or any successor clearing system) and its participants. Investors may hold their interests in the Global Notes directly through DTC if they are participants in or indirectly through organisations which are participants in such system.

As used in these Listing Particulars, “**Global Notes**” refers to both the Rule 144A Global Notes and the Regulation S Global Notes.

So long as DTC or its nominee is the registered holder of a Global Note, DTC or such nominee, as the case may be, will be considered the sole owner or holder of the Notes represented by the applicable Global Note for all purposes under the Indenture and the Notes (except as the context otherwise requires in respect of Additional Amounts).

The Notes (including beneficial interests in the Global Notes) will be subject to certain restrictions on transfer set forth therein and in the Indenture and will bear a legend regarding such restrictions as set forth under “*Transfer Restrictions*”. Under certain circumstances, transfers may be made only upon receipt by the transfer agent of a written certification (in the form set out in the Indenture).

### Transfers within Global Notes

Subject to the procedures and limitations described herein, including under “*Transfer Restrictions*”, transfers of beneficial interests within a Global Note may be made without delivery to the Issuer, the Guarantors or the Trustee of any written certifications or other documentation by the transferor or transferee.

### Transfers between the Global Notes

A beneficial interest in the Rule 144A Global Note may be transferred to a person who wishes to take delivery of such beneficial interest through the Regulation S Global Note, only upon receipt by the transfer agent of a written certification (in the form set out in the Indenture) from the transferor to the effect that such transfer is being made in accordance with Rule 903 or 904 of Regulation S or, in the case of an exchange occurring following the expiration of the distribution compliance period, Rule 144.

Prior to the expiration of the distribution compliance period, a beneficial interest in the Regulation S Global Note may be transferred to a person who wishes to take delivery of such beneficial interest through the Rule 144A Global Note only upon receipt by the transfer agent of a written certification (in the form set out in the Indenture) from the transferor to the effect that such transfer is being made to a person whom the transferor 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 and any other jurisdiction. After the expiration of the distribution compliance period, such certification requirements will no longer apply to such transfers, but such transfers will continue to be subject to applicable transfer restrictions under the Securities Act and the laws of any state of the United States and other jurisdictions.

Any beneficial interest in the Rule 144A Global Note or the Regulation S Global Note that is transferred to a person who takes delivery in the form of a beneficial interest in the other Global Note will, upon transfer, cease to be a beneficial interest in such Global Note and become a beneficial interest in the other Global Note and, accordingly, will thereafter be subject to all transfer restrictions and other procedures applicable to a beneficial interest in such other Global Note for so long as such person retains such an interest.

## **Transfers or Exchanges from Global Notes to Definitive Notes**

No Global Note may be exchanged in whole or in part for Notes in definitive registered form (“**Definitive Notes**”) unless:

- the depositary notifies the Issuer that it is unwilling or unable to hold the applicable Global Note or the depositary ceases to be a clearing agency registered under the Exchange Act, and in each case the Issuer does not appoint a successor depositary which shall be registered under the Exchange Act within 90 days;
- a payment default has occurred and is continuing;
- in the event of a bankruptcy default, the Issuer fails to make payment on the Notes when due; or
- the Issuer shall have determined in its sole discretion that the Notes shall no longer be represented by the applicable Global Notes.

The holder of a Definitive Note may transfer such note by surrendering it at the specified office of the registrar or any transfer agent. Upon the transfer, exchange or replacement of Definitive Notes bearing the applicable legend set forth under “*Transfer Restrictions*”, or upon specific request for removal of such legend on a Definitive Note, the Issuer will deliver only Definitive Notes that bear such legend, or will refuse to remove such legend, as the case may be, unless there is delivered to the Issuer and the registrar such satisfactory evidence, which may include an opinion of counsel, as may reasonably be required by the Issuer, that neither the legend nor the restrictions on transfer set forth therein are required to ensure compliance with the provisions of the Securities Act.

Each such Definitive Note will be endorsed with the guarantee of each Guarantor, in the form set out in the Indenture, and will include terms substantially in the form of those set forth in the Indenture. Except as set forth in this paragraph, no Global Note may be exchanged in whole or in part for Definitive Notes.

## **Clearing and Settlement**

The information set out below in connection with DTC is subject to any change in or reinterpretation of the rules, regulations and procedures of DTC as currently in effect. The information about DTC set forth below has been obtained from sources that the Issuer and the Initial Guarantors believe to be reliable, but none of the Issuer or the Initial Guarantors or the Initial Purchasers takes any responsibility for the accuracy of the information. None of the Issuer, the Initial Guarantors or the Initial Purchasers will have any responsibility or liability for any aspect of the records relating to, or payments made on account of interests in Notes held through the facilities of any clearing system or for maintaining, supervising or reviewing any records relating to such beneficial ownership interests. The description of the clearing systems in this section reflects the Issuer’s understanding of the rules and procedures of DTC as they are currently in effect. DTC could change its rules and procedures at any time.

Under the rules, regulations, and procedures creating and affecting DTC and its operations (the “**Rules**”), DTC is required to make book-entry transfers of Notes among DTC participants on whose behalf it acts with respect to Notes accepted into DTC’s book-entry settlement system as described below (the “**DTC Notes**”) and to receive and transmit distributions of the nominal amount and interest on the DTC Notes. DTC participants and indirect DTC 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 DTC participants or indirect DTC participants will not possess Notes, the Rules by virtue of the requirements described above, provide a mechanism by which such owners will receive payments and will be able to transfer their interests with respect to the Notes.

Transfers of ownership or other interests in the Notes in DTC may be made only through DTC participants. Indirect DTC participants are required to effect transfers through a DTC participant. DTC has no knowledge of the actual beneficial owners of the Notes. DTC’s records reflect only the identity of the DTC participants to whose accounts the Notes are credited, which may not be the beneficial owners. DTC participants will remain responsible for keeping account of their holdings on behalf of their customers and for forwarding all notices concerning the Notes to their customers.

So long as DTC, or its nominee, is the registered holder of a Global Note, payments on the applicable Notes will be made in immediately available funds to DTC. DTC’s practice is to credit DTC participants’ accounts on the applicable payment date in accordance with their respective holdings shown on its records, unless DTC has reason to believe that it will not receive payment on that date. Payments by DTC participants to beneficial

owners will be governed by standing instructions and customary practices, and will be the responsibility of the DTC participants and not of DTC, or any other party, subject to any statutory or regulatory requirements as may be in effect from time to time. Payment to DTC is the responsibility of the paying agent. Disbursement of payments for DTC participants will be DTC's responsibility, and disbursement of payments to the beneficial owners will be the responsibility of DTC participants and indirect DTC participants.

Because DTC can only act on behalf of DTC participants, who in turn act on behalf of indirect DTC participants, and because owners of beneficial interests in the Notes holding through DTC will hold interests in the Notes through DTC participants or indirect DTC participants, the ability of the owners of the beneficial interests to pledge Notes to persons or entities that do not participate in DTC, or otherwise take actions with respect to the Notes, may be limited.

DTC will take any action permitted to be taken by an owner only at the direction of one or more DTC participants to whose account with DTC such owner's DTC Notes are credited. Additionally, DTC has advised the Issuer that it will take such actions with respect to any percentage of the beneficial interest of owners who hold Notes through DTC participants or indirect participants only at the direction of and on behalf of DTC participants whose account holders include undivided interests that satisfy any such percentage.

To the extent permitted under applicable law and regulations, DTC may take conflicting actions with respect to other undivided interests to the extent that such actions are taken on behalf of DTC participants whose account holders include such undivided interests.

Ownership of interests in the Global Notes will be shown on, and the transfer of those ownership interests will be effected only through records maintained by, DTC, the DTC participants and the indirect DTC participants. Transfers between participants in DTC will be effected in the ordinary way in accordance with DTC rules.

#### ***Limitation on Responsibilities***

Although the foregoing sets out the procedures of the depositaries established in order to facilitate the transfer of interests in the Global Notes among their participants, none of the depositaries is under any obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time.

DTC has no knowledge of the actual beneficial owners of interests in a Global Note. DTC's records reflect only the identity of the DTC participants to whose accounts those Global Notes are credited, which may or may not be the beneficial owners of interests in a Global Note.

None of the Issuer, the Guarantors or the Initial Purchasers or any of their respective agents will have any responsibility for the performance by any depositary or their respective participants of their respective obligations under the rules and procedures governing their operations.

#### **Initial Settlement**

Upon the issue of a Global Note deposited with DTC or a custodian therefor, DTC or its custodian, as the case may be, will credit, on its internal system, the respective nominal amount of the individual beneficial interest represented by such relevant DTC Note or Notes to the accounts of persons who have accounts with DTC. Such accounts initially will be designated by or on behalf of the relevant dealers. Ownership of beneficial interest in a DTC Note will be limited to DTC participants or indirect DTC participants. Ownership of beneficial interests in DTC Notes will be shown on, and the transfer of that ownership will be effected only through, records maintained by DTC or its nominee (with respect to interests of DTC participants) and the records of DTC participants (with respect to interests of indirect DTC participants).

Investors that hold their interests in a DTC Note will follow the settlement procedures applicable to global bond issues. Investors' securities custody accounts will be credited with their holdings against payment in same-day funds on the settlement date.

#### **Secondary Market**

Since the purchaser determines the place of delivery, it is important to establish at the time of the trade where both the purchaser's and seller's accounts are located to ensure that settlement can be made on the desired value date. Although DTC has agreed to the following procedures in order to facilitate transfers of interests in Global

Notes deposited with DTC or a custodian therefor among participants of DTC, DTC is under no obligation to perform or continue to perform such procedures, and such procedures may be discontinued at any time. Neither the Issuer nor any agent of the Issuer will have any responsibility for the performance by DTC or its participants or indirect participants of their respective obligations under the rules and procedures governing their operations.

Secondary market trading between DTC participants will be settled using the procedures applicable to global bond issues in same-day funds.

## **Payments**

So long as any of the Notes remains outstanding, the Issuer and the Guarantors will maintain in New York City, and in London, England, an office or agency (a) where the Notes may be presented for payment (by the Issuer pursuant to the Notes or by any Guarantor pursuant to the guarantees), (b) in the case of the Issuer, where the Notes may be presented for registration of transfer and for exchange and (c) where notices and demands to or upon the Issuer, or any Guarantor or the Indenture may be served. The Issuer and any Guarantors, as applicable, will give the trustee written notice of the location of any such office or agency and of any change of location thereof. The Issuer and any Guarantor, as applicable, will initially designate The Bank of New York Mellon in the Borough of Manhattan, the City of New York, and The Bank of New York Mellon in London, England, for such purposes.

The Issuer, or any Guarantor, may also from time to time designate one or more other offices or agencies where the Notes may be presented or surrendered for any or all such purposes or where such notices or demands may be served and may from time to time rescind such designations; **provided, however, that** no such designation or rescission shall in any manner relieve the Issuer, or any Guarantor, of any obligation to maintain an office or agency in the City of New York, and in London, England for such purposes; and **provided further, however, that** the Issuer, or any Guarantor, will, to the extent possible as a matter of law, maintain a paying agent with a specified office in a Member State of the European Union that will not be obligated 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. The Issuer, or any Guarantor, shall give written notice to the agents of any such designation or rescission and of any such change in the location of any other office or agency.

A holder of Notes may transfer or exchange Notes in accordance with their terms. The registrar and transfer agent for the Notes will not be required to accept for registration or transfer any Notes, except upon presentation of satisfactory evidence (which may include legal opinions) that the restrictions on transfer have been complied with, all in accordance with such reasonable regulations as the Issuer, or any Guarantor, may from time to time agree with such registrar and transfer agent.

Notwithstanding any statement herein, the Issuer, and any Guarantor, reserve the right to impose or remove such transfer, certification, substitution or other requirements, and to require such restrictive legends on the Notes, as they may determine are necessary to ensure compliance with the securities laws of the United States and the states therein and any other applicable laws or as may be required by any stock exchange on which the Notes are listed.

The Issuer may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any exchange or registration of transfer of Notes and any other expenses (including the fees and expenses of the agents). No service charge will be made for any such transaction.

The registrar and transfer agent will not be required to exchange or register a transfer of (i) any Notes for a period of 15 calendar days ending on the due date for any payment of principal in respect of the Notes or the first mailing of any notice of redemption of Notes to be redeemed, or (ii) any Notes selected, called or being called for redemption.

The Notes have been issued in registered form without coupons and transferable in denominations of US\$200,000 and integral multiples of US\$1,000 in excess thereof.

The laws of some jurisdictions require that certain persons take physical delivery in definitive form of securities that they own. Consequently, the ability to transfer beneficial interests in the Global Notes is limited to such extent.

## 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. By purchasing the Notes, each purchaser will be deemed to have made the following acknowledgements, representations to and agreements with the Issuer, the Guarantors and the Initial Purchasers:

- (1) Each purchaser acknowledges that:
  - the Notes have not been registered under the Securities Act or any other securities laws and are being offered for resale in transactions that do not require registration under the Securities Act or any other securities laws; and
  - unless so registered, the Notes may not be offered, sold or otherwise transferred except under an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act or any other applicable securities laws, and, if applicable, in compliance with the conditions for transfer set forth in paragraph (4) below.
- (2) Each purchaser represents that it is not an affiliate (as defined in Rule 144 under the Securities Act) of the Issuer or any of the Guarantors, that it is not acting on behalf of the Issuer or any of the Guarantors and that either:
  - it is a QIB and is purchasing the Notes for its own account or for the account of another qualified institutional buyer, and it is aware that the Initial Purchasers are selling the Notes in reliance on Rule 144A; or
  - it is not a US person (as defined in Regulation S under the Securities Act) or purchasing for the account or benefit of a US person and it is purchasing Notes in an offshore transaction in accordance with Regulation S.
- (3) Each purchaser acknowledges that neither the Issuer, the Initial Guarantors, nor the Initial Purchasers nor any person representing them has made any representation to it with respect to the Issuer, the Initial Guarantors or the offering of the Notes, other than the information contained in these Listing Particulars. The Issuer, the Initial Guarantors and the Initial Purchasers take no responsibility for, and can provide no assurance as to the reliability of, any other information that others may give it. Each purchaser agrees that it has had access to such financial and other information concerning the Issuer, the Initial Guarantors and the Notes as it has deemed necessary in connection with its decision to purchase Notes, including an opportunity to ask questions of and request information from the Issuer and the Initial Guarantors.
- (4) If a person is a purchaser of Notes pursuant to Rule 144A, the purchaser represents that it is purchasing Notes for its own account, or for one or more investor accounts for which it is acting as a fiduciary or agent, in each case not with a view to, or for offer or sale in connection with, any distribution of the Notes in violation of the Securities Act, subject to any requirement of law that the disposition of its property or the property of that investor account or accounts be at all times within its or their control and subject to its or their ability to resell the Notes pursuant to Rule 144A or any other available exemption from registration under the Securities Act. Each purchaser further agrees, and each subsequent holder of the Notes by its acceptance of the Notes will agree, that the Notes may be offered, sold or otherwise transferred only:
  - (A) to the Issuer or a direct or indirect subsidiary of the Issuer;
  - (B) to a person who the seller reasonably believes is a QIB purchasing for its own account or for the account of a qualified institutional buyer or buyers in a transaction meeting the requirements of Rule 144A;
  - (C) in an offshore transaction complying with Rule 903 or Rule 904 of Regulation S under the Securities Act;
  - (D) pursuant to an exemption from registration under the Securities Act provided by Rule 144 thereunder (if available); or
  - (E) pursuant to an effective registration statement under the Securities Act (**provided that**, as a condition to registration of transfer of the Notes otherwise than as set forth above, the Issuer or the Trustee may require delivery of any documents or other evidence that the Issuer or the Trustee each, in their or its discretion, deems necessary or appropriate to evidence compliance with the exemption referred to in Clause (D) above),

and in each case, in accordance with the applicable securities laws of the states of the United States and other jurisdictions.

(5) Each purchaser also acknowledges that:

- the above restrictions on resale will apply from the issue date until the date that the Notes are freely tradable under the Securities Act (in the case of Rule 144A Notes, subject to the availability of Rule 144 under the Securities Act) or 40 days (in the case of Regulation S Notes) after the later of the closing date and the last date that the Issuer or any of its affiliates was the owner of the Notes or any predecessor of the Notes (the “**resale restriction period**”), and will not apply after the applicable resale restriction period ends; and
- each Note will contain a legend substantially to the following effect:

NEITHER THIS SECURITY, ANY BENEFICIAL INTEREST HEREIN NOR THE GUARANTEE HEREOF HAS BEEN REGISTERED UNDER THE US SECURITIES ACT OF 1933, AS AMENDED (THE “**SECURITIES ACT**”), OR ANY STATE SECURITIES LAW. NEITHER THIS SECURITY, ANY BENEFICIAL INTEREST HEREIN NOR THE GUARANTEE HEREOF MAY BE OFFERED, SOLD, PLEDGED OR OTHERWISE TRANSFERRED EXCEPT (1) TO BRITISH SKY BROADCASTING GROUP PLC OR A DIRECT OR INDIRECT SUBSIDIARY OF BRITISH SKY BROADCASTING GROUP PLC; (2) TO A PERSON WHO THE SELLER REASONABLY BELIEVES IS A QUALIFIED INSTITUTIONAL BUYER WITHIN THE MEANING OF RULE 144A UNDER THE SECURITIES ACT PURCHASING FOR ITS OWN ACCOUNT OR FOR THE ACCOUNT OF A QUALIFIED INSTITUTIONAL BUYER OR BUYERS IN A TRANSACTION MEETING THE REQUIREMENTS OF RULE 144A, (3) IN AN OFFSHORE TRANSACTION COMPLYING WITH RULE 903 OR RULE 904 OF REGULATION S UNDER THE SECURITIES ACT, (4) PURSUANT TO AN EXEMPTION FROM REGISTRATION UNDER THE SECURITIES ACT PROVIDED BY RULE 144 THEREUNDER (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 ISSUER OR THE INITIAL 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 ALL APPLICABLE SECURITIES LAWS OF THE STATES OF THE UNITED STATES AND OTHER JURISDICTIONS.

(6) Each purchaser acknowledges that the Issuer, the Initial Guarantors, the Initial Purchasers and others will rely upon the truth and accuracy of the above acknowledgments, representations and agreements. Each purchaser agrees that if any of the acknowledgments, representations or agreements it is deemed to have made by its purchase of Notes is no longer accurate, it will promptly notify the Issuer, the Initial Guarantors and the Initial Purchasers. If a purchaser is purchasing any Notes as a fiduciary or agent for one or more investor accounts, it represents that it has sole investment discretion with respect to each of those accounts and that it has full power to make the above acknowledgments, representations and agreements on behalf of each account.

## TAXATION

**THIS SUMMARY IS OF A GENERAL NATURE AND IS INCLUDED HEREIN SOLELY FOR INFORMATIONAL PURPOSES. IT IS NOT INTENDED TO BE, NOR SHOULD IT BE CONSTRUED TO BE, LEGAL OR TAX ADVICE. NO REPRESENTATION WITH RESPECT TO THE CONSEQUENCES TO ANY PARTICULAR PURCHASER OF THE NOTES IS MADE HEREBY. PROSPECTIVE PURCHASERS SHOULD CONSULT THEIR OWN TAX ADVISERS WITH RESPECT TO THEIR PARTICULAR CIRCUMSTANCES AND THE EFFECTS OF NATIONAL, STATE OR LOCAL TAX LAWS TO WHICH THEY MAY BE SUBJECT.**

### **United Kingdom Tax Considerations**

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 and certain stamp duty and stamp duty reserve tax considerations in relation to the Note. 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 are not intended to be, nor should they be construed to be, legal or tax advice, and apply only to persons who are absolute beneficial owners of the Notes. In particular, holders of the Notes holding their Notes via a depositary receipt system or clearance service should note that they may not always be the beneficial owners thereof. The comments are based on current United Kingdom law as applied in England and Wales and HM Revenue and Customs (“HMRC”) practice (which may not be binding on HMRC 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 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. This summary assumes that the Notes do not carry and will not at any time carry: (a) a right to interest the amount of which exceeds a reasonable commercial return on the nominal amount of the capital, or (b) a right on repayment to an amount which exceeds the nominal amount of the capital and is not reasonably comparable with what is generally repayable (in respect of a similar nominal amount of capital) under the terms of issue of loan capital listed in the official list of the Financial Services Authority acting in its capacity as the competent authority for the purposes of Part VI of the Financial Services and Markets Act 2000.

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

### ***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 Irish Stock Exchange is a recognised stock exchange for these purposes. Securities will be treated as listed on the London Stock Exchange if they are included in the official list by the UKLA and are admitted to trading on the PSM and securities will be treated as listed on the Irish Stock Exchange if they are included in the Official List of 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 HMRC in respect of such relief as may be available pursuant to the provisions of any applicable double taxation treaty.

### ***Payments in respect of the guarantees of the Notes***

The United Kingdom withholding tax treatment of payments by the Guarantors under the terms of the guarantees in respect of interest on the Notes (or other amounts due under the Notes other than the repayment of amounts subscribed for the Notes) is uncertain. In particular, 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.

### ***Information Reporting***

HMRC 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 HMRC may be exchanged with tax authorities in other countries.

### ***Other rules relating to United Kingdom withholding tax***

In certain circumstances, the Notes may fall to be redeemed at a premium, and 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.

### **EU Savings Tax Directive**

The Council of the European Union has adopted Directive 2003/48/EC regarding the taxation of savings income (the “**Savings Directive**”). The Savings Directive requires EU Member States to provide to the tax authorities of other EU Member States details of payments of interest and other similar income paid by a person established in one EU Member State to (or for the benefit of) an individual or to certain other persons in another EU Member State, except that Austria and Luxembourg will instead impose a withholding system for a transitional period unless during such period they elect otherwise (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). The Luxembourg government has announced its intention to elect out of the withholding system in favour of an automatic exchange of information with effect from 1 January 2015.

The Council of the European Union has since adopted Council Directive 2014/48/EU (the “**Amending Directive**”) amending the Savings Directive, which will, when implemented, inter alia, broaden (i) the scope of the information reporting or withholding requirements to include payments to (or for the benefit of) an entity or legal arrangement having its place of effective management or establishment in an EU Member State and not being subject to effective taxation, (ii) the circumstances in which an economic operator, entity or legal arrangement may be required to report information or withhold tax, (iii) the types of payment to which the Savings Directive applies, and (iv) the circumstances in which an individual resident in an EU Member State is to be treated as the beneficial owner of such payments. The Amending Directive requires EU Member States to adopt national legislation necessary to comply with it by 1 January 2016, which legislation must apply from 1 January 2017.

Investors who are in any doubt as to their position should consult their professional advisers.

### **Stamp Duty and Stamp Duty Reserve Tax**

No United Kingdom stamp duty or stamp duty reserve tax is payable on the issue or transfer by delivery of a Note or on its redemption.

### **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 the Notes (including secondary market transactions) in certain circumstances. The issuance and subscription of Securities 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 the 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.

A joint statement issued in May 2014 by ten of the eleven participating Member States indicated an intention to implement the FTT progressively, such that it would initially apply to shares and certain derivatives, with this initial implementation occurring by 1 January 2016. The FTT, as initially implemented on this basis, may not apply to dealings in the Notes.

The FTT proposal remains subject to negotiation between the participating Member States. It may therefore be altered prior to any implementation. Additional EU Member States may decide to participate.

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

### **United States Federal Income Tax Considerations**

**This disclosure is limited to the US federal tax issues addressed below. Additional issues may exist that are not addressed in this disclosure and that could affect the US federal tax treatment of the Notes. This tax disclosure was written in connection with the promotion and marketing of the Notes by the Issuer, and not for the purpose of avoiding penalties that may be asserted against the holder of Notes under the Internal Revenue Code. Holders of Notes should seek their own advice based on their particular circumstances from an independent tax advisor.**

The following discussion summarises certain US federal income tax consequences of the purchase, beneficial ownership, and disposition of the Notes to US Holders (as defined below).

This summary is based on the Internal Revenue Code of 1986, as amended to the date hereof (the “Code”), regulations issued under the Code, judicial authority, and administrative rulings and practice of the Internal Revenue Service (the “IRS”), all of which are subject to change, possibly with retroactive effect. This summary addresses only US federal income tax consequences to an initial US Holder who purchases the Notes at their issue price, which will equal the first price to the public at which a substantial amount of the Notes is sold for money, and holds the Notes as capital assets and not as part of a hedge, “straddle”, “synthetic security”, “conversion transaction” or other integrated investment. This summary does not discuss all of the US federal income tax consequences that may be relevant to a prospective investor in light of its particular investment circumstances or the US federal income tax consequences that may be applicable to a prospective investor that is subject to special treatment under US tax laws, such as:

- an insurance company;
- financial institution of certain types;
- a tax-exempt organisation;
- a retirement plan;
- a regulated investment company;
- a dealer in securities;
- a real estate investment trust;
- an investor in a pass-through entity such as a partnership;
- a broker;
- a trader in securities that elects to mark to market;
- a person that holds the Notes in connection with a trade or business or a permanent establishment in the United Kingdom or in any other jurisdiction in which the Issuer is a tax resident;
- a former citizen or former long-term resident of the United States, in certain circumstances; or
- a holder whose functional currency for US tax purposes is not the US dollar.

Each prospective investor should consult its own tax advisor concerning the application of US federal income tax laws to its particular situation.

This discussion does not address US federal alternative minimum tax consequences, and does not describe any tax consequences arising under the tax laws of any state, local, or non-US jurisdiction.

The US federal income tax consequences to an entity that is treated as a partnership for U.S. federal income tax purposes may depend on the status of the partners and the activities of the partnership. A prospective investor

that is an entity that is treated as a partnership for U.S. federal income tax purposes should consult its tax advisor with regard to the application of the US federal income tax laws to its and its partners' particular situations.

## **US Holders**

For purposes of this discussion, a “**US Holder**” is a beneficial owner of a Note that is, for US federal income tax purposes:

- an individual who is a citizen or resident of the United States;
- a corporation or other entity taxable as a corporation that was created or organised in or under the laws of the United States or of a state thereof or the District of Columbia;
- an estate whose income is subject to US federal income tax regardless of its source; or
- a trust if a court within the United States is able to exercise primary supervision over its administration and one or more US persons have the authority to control all of its substantial decisions, or if the trust has elected validly to be treated as a US person.

## **Interest**

Stated interest on a Note (including any payment under the guarantees, any Additional Amounts and any taxes withheld with respect to any such payment) will be taxable to a US Holder as ordinary interest income as the interest is paid or accrued, in accordance with the US Holder's method of accounting.

For US foreign tax credit purposes, interest income generally will be treated as foreign source income which may be relevant to calculating the US Holder's foreign tax credit limitation. Such interest will generally be “passive category income”, which is treated separately from “general category income” for purposes of calculating the foreign tax credit.

## ***Disposition of Notes***

Upon the sale, exchange, redemption, retirement, or other taxable disposition of a Note, a US Holder generally will recognise gain or loss equal to the difference between (i) the amount realised by the US Holder (other than amounts attributable to accrued and unpaid interest, which will be taxable as described under “*Interest*” above) and (ii) the US Holder's tax basis in the Note. A US Holder's tax basis in a Note will generally equal the cost of the Note to such US Holder. Gain or loss generally will be US source capital gain or loss, and will be long-term capital gain or loss if the Note has been held for more than one year. Net long-term capital gain recognised by a US Holder that is not a corporation generally is subject to a lower US federal income tax rate than ordinary income. The deductibility of capital losses is subject to limitations.

## **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 US Holder may be subject to US backup withholding on these payments if it fails to provide its tax identification and comply with certain certification procedures or otherwise establish it is exempt from backup withholding. The amount of any backup withholding from a payment to a US Holder will be allowed as a credit against the Noteholder's US federal income tax liability and may entitle the Noteholder to a refund, provided that the required information is timely furnished to the IRS.

## ***Additional Tax on Investment Income***

If a US Holder that is an individual, estate or trust has income exceeding certain thresholds, such US Holder generally will be subject to a 3.8 per cent. Medicare contribution tax on certain unearned income, including, among other things, interest on, and capital gains from the sale or other taxable disposition of a Note, subject to certain limitations and exceptions.

## ***Disclosure Requirements for Specified Foreign Financial Assets***

Individual US Holders (and certain US entities specified in proposed Treasury Regulations) who, during any taxable year, hold any interest in any “specified foreign financial asset” may be required to file with their US federal income tax returns a statement setting forth certain information if the aggregate value of all such assets exceeds US\$50,000. “**Specified foreign financial asset**” generally includes any financial account

maintained with a non-US financial institution through which Notes may be held and may also include a Note itself if it is not held in an account maintained with any financial institution. In the event of a failure to comply, substantial penalties may be imposed, and the period of limitation on assessment and collection of US federal income taxes may be extended. US Holders should consult their own tax advisors as to the possible application to them of this filing requirement.

US 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 US tax discussion set forth above is included for general information only and may not be applicable or comprehensive depending upon the particular situation of the investor. A prospective investor should consult its tax advisor with respect to the tax consequences of the purchase, beneficial ownership, and disposition of the Notes, including the tax consequences under federal, state, local, foreign, and other tax laws and the possible effects of changes in federal or other tax laws.**

## ACCOUNTANTS

The Group Consolidated Financial Statements have been audited by Deloitte LLP, Chartered Accountants and Statutory Auditor. Deloitte LLP is registered to carry out company audit work in the UK by, and is a member firm (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 consolidated financial information for the three months ended 30 September 2014 (contained in the Sky Deutschland Media Release and the Sky Deutschland Preliminary Results) have been audited by KPMG AG.

## GENERAL INFORMATION

### Listing

The Notes have been admitted to the official list of the UKLA and to trading on the PSM. Application has been made to the ISE for the Notes to be admitted to the Official List and to be admitted to trading on the GEM.

### Clearing Reference Numbers

The Notes have been accepted for clearance through DTC's book-entry settlement system. The ISIN and CUSIP numbers for the Notes are as follows:

	<u>ISIN Number</u>	<u>CUSIP Number</u>
2.625 per cent. 2019 Notes represented by Rule 144A Global Notes . . . . .	US111013AM04	111013AM0
2.625 per cent. 2019 Notes represented by Regulation S Global Notes . . . . .	USG15632AQ89	G15632AQ8
3.750 per cent. 2024 Notes represented by Rule 144A Global Notes . . . . .	US111013AL21	111013AL2
3.750 per cent. 2024 Notes represented by Regulation S Global Notes . . . . .	USG15632AP07	G15632AP0

### Corporate Authority

The Issuer and each Initial Guarantor has obtained all necessary consents, approvals and authorisations in connection with the issuance and performance of the Notes and the guarantees, as applicable. Resolutions of a committee of the Issuer's board of directors dated 17 November 2008 and 24 July 2014, respectively, authorised the execution and delivery of the Indenture and the issuance and sale of the Notes pursuant thereto. The guarantees of the Notes have been authorised by resolutions of the board of directors of each of the Initial Guarantors, dated 21 August 2014.

### Financial and Trading Positions and Prospects

There has been no material adverse change in the prospects of the Issuer since 30 June 2014, or any Initial Guarantor since 30 June 2014. There has been no significant change in the financial or trading position of the Issuer or the Issuer and its subsidiary undertakings taken as a whole since 30 September 2014, or any Initial Guarantor and its subsidiary undertakings taken as a whole since 30 September 2014.

### Litigation and Arbitration Proceedings

#### *Group*

Save as disclosed in "*Business of the Group – Regulatory and Competition*" on pages 58 to 60 of these Listing Particulars, there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Initial Guarantors are aware) during the 12 months preceding the date of these Listing Particulars which may have, or have had in the recent past, a significant effect on the financial position or profitability of the Issuer and its subsidiary undertakings taken as a whole or any Initial Guarantor and its subsidiary undertakings taken as a whole.

#### *Sky Deutschland*

The Issuer requested access to Sky Deutschland's non-public information from Sky Deutschland shortly before the Announcement in respect of the Issuer's intention to make the Sky Deutschland Offer. The Issuer has not been given such access save for limited information relating predominantly to change of control provisions in certain contracts, financing agreements and certain limited information for the purposes of the Issuer's EU merger filing. Sky Deutschland operates under a typical German dual management system, with a management board being responsible for managing Sky Deutschland and a supervisory board overseeing the management board. Although persons associated with 21st Century Fox Adelaide Holdings B.V., as the majority shareholder of Sky Deutschland AG, have a presence on the supervisory board, both 21st Century Fox Adelaide Holdings B.V. (in its capacity as shareholder) and its affiliated directors on the Sky Deutschland supervisory board (Chase Carey, James Murdoch, Jan Koeppen and Mark Kaner) are subject to confidentiality obligations in respect of non-public Sky Deutschland information. The Issuer does not expect to obtain further access to Sky Deutschland's non-public information prior to the completion of the Sky Deutschland Transaction. In addition, Sky Deutschland's management has not provided any supporting materials to the Issuer with respect to any Sky Deutschland information contained in these Listing Particulars. Accordingly, all information relating to Sky

Deutschland contained or referred to herein is based solely on information publicly reported by Sky Deutschland and available on Sky Deutschland's website and has not been independently verified by the Issuer or the Initial Guarantors. Accordingly, this paragraph has been written on the basis of information included in public documents published by Sky Deutschland, and for the purposes of these Listing Particulars, this paragraph has not been verified by the Group or by Sky Deutschland or the Sky Deutschland directors. See also "*Risk Factors – Risk Factors Relating to the Transaction – Information on Sky Deutschland has been derived from public sources and has not been independently verified by the Issuer or the Initial Guarantors*".

Save as set out below, as far as the Issuer is aware (having regard to information included in public documents published by Sky Deutschland), there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Initial Guarantors are aware) during the 12 months preceding the date of these Listing Particulars which may have, or have had in the recent past, a significant effect on the financial position or profitability of Sky Deutschland AG and/or Sky Deutschland.

The Issuer has extracted the following information regarding legal or arbitration proceedings from the Sky Deutschland 2014 Annual Report, but the Issuer is unable to determine whether the below governmental, legal or arbitration proceedings may have, or have had in the recent past, a significant effect on the financial position or profitability of Sky Deutschland AG and/or Sky Deutschland and whether there are any other governmental, legal or arbitration proceedings which may have or have had such an effect:

*"The following sections refer to the current material litigations.*

#### Shareholder claims

*Sky Deutschland AG faced damage claims by shareholders with respect to public information on its subscriber numbers.*

*In that regard 13 actions for damages had been filed against Sky. All actions were terminated legally binding, either by way of dismissal of the claim, withdrawal of the action or settlement agreements. The total settlement payments amounted to K€122.*

*Furthermore, out-of-court claims totaling K€60 have been served on the Company, partially through a mediation proceeding. The Company has rejected the claims and declined to enter into the mediation proceeding.*

*In the past, further claims for damages had been asserted out of court, mostly by institutional investors ("the Funds") by way of mediation proceedings. The Company entered into a settlement agreement in October 2010 according to which the Funds' claims are finally and absolutely settled upon payment of €14.5 million in installments. All installments have been paid in the meantime.*

*The Company believes that the total amount of the settlements as well as any associated cost – in particular legal costs – will be covered by existing insurance policies (prospectus insurance for the 2007 Prospectus and D&O insurance). However, the prospectus insurer on 13 March 2012 declined to cover. The provider of the D&O insurance, which applies in case claims are raised against former board members, is to the Company's knowledge, still in the evaluating process. Extrajudicial claims that have been raised against former board members have been rejected by them. The Company therefore filed a recourse action aiming for a compensation of all damages incurred against the prospectus insurer and former board members at the District Court of Munich. On 26 August 2014, the District Court of Munich predominantly dismissed the Company's claim. The Company is currently assessing further proceedings.*

*There are no outstanding obligations relating to damage claims recorded in the Sky Deutschland 2014 Annual Report recorded as of 30 June 2014.*

*In connection with the public information on the subscriber numbers, to the Company's knowledge the criminal investigations against the persons who served on the Company's Management Board at that time are continuing.*

### Investigation of the Federal Financial Supervisory Authority

*In connection with an audit according to Sections 37n ff. of the German Securities Trading Act (WpHG), the Federal Financial Supervisory Authority (“BaFin”) determined that the financial statements and consolidated financial statements as of 31 December 2007, and the management report and Group management report for 2007 of former Premiere AG (now: “Sky Deutschland AG”), as well as the condensed interim consolidated financial statements as of 30 June 2008 and the interim report for the first six months of 2008, were allegedly incorrect.*

*Sky Deutschland AG has filed an objection against the decision of the BaFin. The objection was rejected by the BaFin in September 2013. Sky therefore filed a complaint against the decision with the Higher Regional Court of Frankfurt on 14 October 2013. The Company does not expect a decision before Q2 of the 2014/15 business year.*

*The complaint is aimed at revising the decision of BaFin insofar as BaFin ruled that the financial statements and consolidated financial statements as of 31 December 2007 of Premiere AG, Unterföhring (now: “Sky Deutschland AG”) and the management report and Group management report for 2007 as well as the condensed interim consolidated financial statements as of 30 June 2008 are considered incorrect pursuant to Sec. 37q paragraph 1 of the German Trade Securities Act (“WpHG”).*

*The decisions of BaFin at which the objection is aimed refer to (i) the amount of the consideration paid by Premiere for the Bundesliga sub-license in 2007, (ii) the description of the risks associated with the intended acquisition of the Bundesliga rights for seasons 2009/2010 until 2011/2012 in 2008, (iii) the goodwill as shown in the 2007 Group financial statements which is considered too high by €248.8 million and by €251.9 million with regard to the financial statements as of 30 June 2008, as – according to BaFin – no such goodwill exists due to the lack of a business combination (iv) the profit situation that allegedly has been described too positively by at least €10 million due to incorrectly calculated acquisition costs regarding resold free-TV rights, and, (v) the omission of risk reporting relating to a potential covenant breach considered possible by the company and a potential subsequent termination of the credit facilities, resulting in a higher risk for the financial situation of the Group.*

*The objections aim at the alleged findings under aforementioned (i) to (v). The objection therefore does not aim at the alleged finding regarding the subscriber classification in the financial statements of the company or the rejected objection in that regard.*

*Should the findings of BaFin become legally binding, Sky Deutschland AG might have to correct the findings regarding the balance sheet (Goodwill, free-TV rights) within the ongoing reporting period of the group with no effect on the income statement. It might also have to describe and correct the findings regarding the reporting within the ongoing reporting period of the group and Sky Deutschland AG. In addition, fines could be imposed and claims for damages could be asserted by third parties.*

### Procedure trade association ZVEI (Central Association for the Electric Engineering and Electronics Industries/ Registered Association)

*Sky imports devices and storage media that are subject to royalty payments when imported to or distributed in Germany according to German ownership law (“UrhG”). The German Collecting Society (“ZPÜ”) was founded to collect these payments. After a comprehensive amendment, ZPÜ has introduced fees for devices and storage media that are subject to royalty payments when imported to or distributed in Germany since 1 January 2008 and also publishes them in the German Federal Gazette. The basis for the calculation of the respective royalty payments is the actual utilization of the affected devices and storage media for private reproduction of works that are protected by rights of ownership. Among others, ZPÜ has established the following fees for these particular devices and storage media:*

- Fee for set-top boxes with integrated hard disks/TV-receivers with integrated hard disks (“PVR”) amounting to €34 per device.
- The fee for set-top boxes without integrated hard disks/TV receivers without integrated hard disks but with a recording function for external hard disks has been set at €13.
- The fee for external hard disks with a storage capacity of up to 1TB has been set at €7 per device and at €9 per device for devices with storage capacities above 1TB.

*The trade association ZVEI (Central Association for the Electric Engineering and Electronics Industries/ Registered Association) has initiated proceedings for entering into a master agreement against ZPÜ at the arbitration board of the German Patent and Trademark Office. On 11 October 2010, the arbitration board issued a settlement offer for a master agreement for the time after 1 January 2008. It includes a €12.73 fee per PVR. With a judgment on 11 July 2013 this fee was confirmed by the Higher Regional Court Munich (OLG Munchen). This outcome will be reviewed by the Federal Supreme Court (BGH). A decision is expected within the next two years.*

*Sky recognized the legal requirements resulting from the right of ownership on the basis of the settlement offer presented to the arbitration board of the German Patent and Trademark Office dated 11 October 2010 and the affirmative OLG Munich judgment from 11 July 2013 as a liability.*

#### Investigation of the Financial Reporting Enforcement Panel (FREP)

*With a letter dated 20 September 2013, the FREP has announced the initiation of a regular, on-going random investigation pursuant to Sec. 342b paragraph 2 sentence 3 of the German Commercial Code (“HGB”) concerning the consolidated financial statements and the Group management report as of 31 December 2012, as well as the management report as of 31 December 2012.*

#### Claim by telecommunications provider

*With its decision on 8 September 2011, the Regional Court of Hamburg admitted the first instance claim of a telecommunications provider which required Sky to supply Sky programming in the provider’s network until at least 30 September 2011 and to determine compensating claims on its own merits. Sky has filed an appeal against the decision and is of the opinion that the admittance of the claim will not have a significant impact on the financial position, financial performance and cash flows of the Group. The parties are in the process of filing a compromise agreement which eliminates the risk described above.*

#### Legal action taken due to potential infringement of a trademark

*At the end of June 2012, Sky received a claim due to the potential infringement of a trademark. The subject of the claim is the omission of labelling digital receivers with “Sky” and/or “Sky+” in the German territory. In the meantime, the Düsseldorf District Court has dismissed the claim and fully granted Sky’s counter-claim with a ruling dated 20 March 2013. The plaintiff has appealed the decision. Due to the fact that the prospects of success are considered high for the Company, Sky does not expect a significant impact on the net assets, financial position and results of operations. Therefore the risk was classified as minor.*

#### Investigation of a possible data leak

*Starting in November 2013, Sky received complaints from customers who were prompted by unknown callers to participate in a sweepstake that was followed by the purchase of magazine subscriptions. The callers had purported to be Sky or said they sourced the contact data from Sky. Upon discovering a potential data leak, Sky immediately initiated countermeasures to clarify the incidents as quickly as possible. The competent data security authorities BLM were informed and all measures are closely coordinated. Furthermore, the issue was reported to the police with Sky fully supporting the investigations. Based on the current state of knowledge, only a limited number of customers were affected.*

*The affected customers were informed about the issue. Furthermore, they received a guideline regarding the protection of their digital identity. Investigations by the police and the authorities are still ongoing.*

*A general risk exists that the competent authority might impose a fine against Sky. As Sky did not infringe data security rules deliberately, informed the affected customers immediately and has established a regular exchange with the regulatory authority, the risk of a fine was classified as marginal.*

#### Formal antitrust procedure European Commission

*On 13 January 2014, the European Commission (“Commission”) initiated formal antitrust proceedings against the major US studios (Twentieth Century Fox, Warner Bros., Sony Pictures, NBC Universal, Paramount Pictures) and the largest European pay-TV broadcasters including, but not limited to, Sky for a suspected breach of EU rules. The Commission intends to investigate whether provisions of the licensing*

*arrangements prevent broadcasters from providing their services across borders. On 21 March 2014, Sky received a formal Request for Information. However, if the Commission identifies any of these clauses as infringing EU antitrust laws and the cases cannot be solved by commitment decisions, the Commission could issue prohibition decisions making the respective clauses null and void. Any company that has participated in an anti-competitive agreement may be subject to fines up to 10% of the annual turnover of the company. The addressees of a Commission decision have the right to appeal. Neither the outcome nor the timing of the proceedings are yet predictable.”*

### ***Sky Italia***

Other than in relation to the European Commission anti-trust investigation (as described under the heading “*Business of the Group – Regulatory and Competition – European Commission investigation*” on pages 59 to 60 of these Listing Particulars and litigation with AGCOM as described under the heading “*Information on Sky Italia – Description of Sky Italia – Regulation*” on page 67 of these Listing Particulars), there are no governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Initial Guarantors are aware) during the 12 months preceding the date of these Listing Particulars which may have, or have had in the recent past, significant effects on the financial position or profitability of Sky Italia S.r.l. and/or Sky Italia.

### **Responsibility for Document**

The Issuer and the Initial Guarantors accept responsibility for the information contained in these Listing Particulars. Having taken all reasonable care to ensure that such is the case, the information contained in these Listing Particulars is, to the best of the knowledge of the Issuer and the Initial Guarantors, in accordance with the facts and contains no omission likely to affect its import.

### **Material contracts**

#### ***The Group***

The following material contracts (being contracts that are not entered into in the ordinary course of business or with change of control provisions) have been entered into by the Issuer or a member of the Group in the two years immediately prior to the date of these Listing Particulars, or have been entered into by a member of the Group at any time and contain an obligation or entitlement which is material to the Group as at the date of these Listing Particulars:

#### *Contracts relating to the Transaction*

- the Sky Deutschland Offer Document (for further information, see “*Material Contracts Relating to the Transaction – The Sky Deutschland Transaction – Sky Deutschland Offer Document*”);
- the Sky Deutschland SPA (for further information, see “*Material Contracts Relating to the Transaction – The Sky Deutschland Transaction – Sky Deutschland SPA*”);
- the Sky Italia SPA (for further information, see “*Material Contracts Relating to the Transaction – The Sky Italia Acquisition – Sky Italia SPA*”);
- the agreed form Brand License Agreement Amendment and Novation (for further information, see “*Material Contracts Relating to the Transaction – The Sky Italia Acquisition – Brand License Agreement*”);
- the Sky Italia Tax Deed (for further information, see “*Material Contracts Relating to the Transaction – The Sky Italia Acquisition – Sky Italia Tax Deed*”);
- potential arrangements to replace the guarantees currently provided by 21st Century Fox (for further information, see “*Material Contracts Relating to the Transaction – The Sky Deutschland Transaction – Guarantee Arrangements*” and “*Material Contracts Relating to the Transaction – The Sky Italia Acquisition – Guarantee Arrangements*”);
- the National Geographic Channel SPA (for further information, see “*Material Contracts Relating to the Transaction – The National Geographic Channel Transfer – National Geographic Channel SPA*”);
- the Facilities Agreement (for further information, see “*Material Contracts Relating to the Transaction – Transaction Financing – Facilities Agreement*”);
- the Equity Placing (for further information, see “*Material Contracts Relating to the Transaction – Transaction Financing – Cash resources – Equity Placing*”); and

- the ITV Disposal agreement (for further information, see “*Material Contracts Relating to the Transaction – Transaction Financing – Cash resources – ITV Disposal*”).

#### *Further financing contracts*

- Issuer’s existing revolving credit facility: the Issuer has a £743 million facility syndicated across 10 counterparty banks. In October 2013, the Issuer extended the Existing RCF, which is now due to expire on 31 October 2018;
- EMTN Programmes: on 3 April 2007, the Group established 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 on 7 February 2014. On 5 September 2014, the Group established a second Euro Medium Term Note Programme (the “**2014 EMTN Programme**”) with a maximum potential issuance of £10 billion. On 15 September 2014, the Issuer issued €1,500,000,000 1.5 per cent. notes due 15 September 2021 €1,000,000,000 2.5 per cent. notes due 15 September 2026 under its 2014 EMTN Programme. There have been no other issuances under the 2014 EMTN Programme as of the date of these Listing Particulars;
- Guaranteed Notes: the Group has in issue certain guaranteed notes (US\$750 million 5.625 per cent. Guaranteed Notes, due 2015; US\$350 million 6.500 per cent. Guaranteed Notes, due 2035; £400 million 5.750 per cent. Guaranteed Notes, due 2017; US\$750 million 6.100 per cent. Guaranteed Notes, due 2018; US\$600 million 9.500 per cent. Guaranteed Notes, due 2018; and US\$800 million 3.125 per cent. Guaranteed Notes due 2022). These notes are described in Note 20 of the Group Consolidated Financial Statements; and
- 2011, 2012 and 2013 Share Buy-backs: see “*Business of the Group – Significant Corporate Events for the Last Three Financial Years – Share buy-backs*” for details of the 2011 Share Buy-back, the 2012 Share Buy-back and the 2013 Share Buy-back.
- On 16 September 2014, the Issuer issued the Notes.

#### *Other material contracts*

- Premier League: in 2012, British Sky Broadcasting Limited (a Group subsidiary) entered into an agreement (the “**PL Licence**”) with The Football Association Premier League Limited (the “**PL**”), pursuant to which the Group was awarded five of seven available packages of live audio-visual rights for Premier League football (the seven packages are together the “**Live Packages**”) together consisting of 116 live matches per season (from the 2013/14 season through to the 2015/16 season) for the UK and Ireland. The PL will not award Live Packages containing in the aggregate more than 116 live matches per season to a single licensee (either on its own or as part of a consortium or through one or more of its related parties) (the “**Single Buyer Rule**”). Pursuant to the PL License, the PL can suspend and/or terminate all of the rights which are included in, or exercisable as part of, Live Packages containing in the aggregate up to 38 live matches per season in the event that a change of control of the Issuer occurs at any time prior to the expiry of the PL Licence which, if it had occurred prior to the award of the Live Packages to the Group, would have resulted in a breach of the Single Buyer Rule. See also “*Business of the Group – Channel Portfolio – Sky Sports*”;
- 21st Century Fox voting agreement: on 21 September 2005, the Issuer and 21st Century Fox (amongst others) entered into a voting agreement pursuant to which the 21st Century Fox voting rights at any general meeting are capped at 37.19 per cent. This voting agreement is described on page 16 of the 2013 Annual Report; and
- UK broadcasting licences: the Group is party to a number of Ofcom broadcasting licences for the broadcast of the Sky Channels. The Broadcasting Act 1990 (as amended by the Broadcasting Act 1996 and the Communications Act) lays down a number of restrictions on those parties permitted to hold Ofcom broadcasting licences. Ofcom also has a duty under the Broadcasting Acts to be satisfied that any person holding a broadcasting licence is fit and proper to hold those licences and may revoke those licences if it ceases to be so satisfied. On 20 September 2012, Ofcom published its decision finding the Group to be a fit and proper holder of its broadcasting licences. Under the rules on privacy in the Broadcasting Code, Ofcom also considered two instances of a Sky News journalist accessing the email of individuals suspected of criminal activity and, on 1 July 2013, Ofcom found that the Group was not in breach of the Broadcasting Code.

## *Sky Deutschland*

The Issuer requested access to Sky Deutschland's non-public information from Sky Deutschland shortly before the Announcement in respect of the Issuer's intention to make the Sky Deutschland Offer. The Issuer has not been given such access save for limited information relating predominantly to change of control provisions in certain contracts, financing agreements and certain limited information for the purposes of the Issuer's EU merger filing. Sky Deutschland operates under a typical German dual management system, with a management board being responsible for managing Sky Deutschland and a supervisory board overseeing the management board. Although persons associated with 21st Century Fox Adelaide Holdings B.V., as the majority shareholder of Sky Deutschland AG, have a presence on the supervisory board, both 21st Century Fox Adelaide Holdings B.V. (in its capacity as shareholder) and its affiliated directors on the Sky Deutschland supervisory board (Chase Carey, James Murdoch, Jan Koeppen and Mark Kaner) are subject to confidentiality obligations in respect of non-public Sky Deutschland information. The Issuer does not expect to obtain further access to Sky Deutschland's non-public information prior to the completion of the Sky Deutschland Transaction. In addition, Sky Deutschland's management has not provided any supporting materials to the Issuer with respect to any Sky Deutschland information contained in these Listing Particulars. Accordingly, all information relating to Sky Deutschland contained or referred to herein is based solely on information publicly reported by Sky Deutschland and available on Sky Deutschland's website and has not been independently verified by the Issuer or the Initial Guarantors. Accordingly, this paragraph has been written on the basis of information included in public documents published by Sky Deutschland, and for the purposes of these Listing Particulars, this paragraph has not been verified by the Issuer or Initial Guarantors or by Sky Deutschland or the Sky Deutschland directors.

The Issuer has extracted the following information from Sky Deutschland's RNS announcement dated 19 May 2014, Sky Deutschland 2014 Annual Report, Sky Deutschland 2013 Annual Report and Sky Deutschland 2012 Annual Report as well as Sky Deutschland's public offer prospectus dated 21 January 2013, but the Issuer is unable to determine whether the contracts set out below are contracts material to Sky Deutschland, or contracts not being contracts entered into in the ordinary course of business or which contain an obligation of entitlement which is material to Sky Deutschland as at the date of these Listing Particulars, or whether Sky Deutschland is a party to any other material contracts or other contracts containing such a material obligation or entitlement which are not referred to in Sky Deutschland's publicly available information and therefore not summarised below. See also "*Risk Factors – Risk Factors Relating to the Transaction – Information on Sky Deutschland has been derived from public sources and has not been independently verified by the Issuer or the Initial Guarantors*".

The following information has been extracted without amendment from Sky Deutschland's RNS announcement dated 19 May 2014:

*"Today, Sky Deutschland received a withdrawal notice from Constantin Sport Holding GmbH concerning the agreements regarding the acquisition of 100 percent of the production company PLAZAMEDIA GmbH TV- und Film-Produktion as well as a 25.1 percent equity stake in Sport1 GmbH and Constantin Sport Marketing GmbH by Sky Deutschland. Sky believes this withdrawal notice to be invalid and still intends to close the transaction based on the binding terms and conditions already agreed in December 2013."*

The following information has been extracted without amendment from Sky Deutschland 2014 Annual Report:

*"The existing contract with Fox International Channels Germany GmbH, Unterföhring (Fox) regarding the provision of a partner channel expired in October 2013. At that time, the extension option was not exercised by Fox. In the first quarter of 2014, negotiations of new conditions have been concluded. The term of the new contract started on 1 November 2013, retrospectively, and expires on 30 April 2016."*

....

*On 5 December 2013, Sky Deutschland AG, Sky Deutschland KG, 21st Century Fox Adelaide Holdings B.V., Twenty-First Century Fox, Inc. and 21st Century Fox America, Inc. signed a financial support agreement regarding the purchase of company shares in Plazamedia GmbH TV- und Filmproduktion, in Sport1 GmbH and Constantin Sport Marketing GmbH. Sky Deutschland AG has entered into an extension of the existing credit facilities with members of the existing bank syndicate to finance the agreed purchase guaranteed by Twenty-First Century Fox. The guarantee interest rate amounts to 6.0 percent per annum. The funding agreement will be used only upon fulfilment of the contractual terms of the purchase agreement and the subsequent completion of the transaction."*

The following information has been extracted without amendment from Sky Deutschland 2014 Annual Report:

*“On 14 January 2013, Sky, its new bank syndicate, 21st Century Fox Adelaide Holdings B.V. and Twenty-First Century Fox, Inc. agreed on a new comprehensive long-term financing structure for Sky. Among other things, it comprises the issue of new equity in the amount of €438.4 million (gross proceeds) via the combination of a private placement and a rights issue. The convertible bond remains unchanged.*

*Sky raised gross proceeds of €347.4 million through a private share placement without subscription rights, which was registered in the commercial register on 15 January 2013, by issuing 77,890,976 new registered shares from Authorized Capital to 21st Century Fox Adelaide Holdings B.V. at €4.46 per share. The share price represented a 3.0 percent discount to the Xetra closing price of €4.60 per Sky share on the Frankfurt Stock Exchange on 11 January 2013. As a result, Sky’s total number of shares outstanding increased to 856,800,738 with 21st Century Fox Adelaide Holdings B.V. holding 54.45 percent. Less the transaction costs in the amount of K€10,135, the additional paid-in capital increased by K€259,368, from K€1,595,944 to K€1,855,312.*

*To raise the remaining balance of €90.6 million after registration of the private share placement without subscription rights on 15 January 2013, Sky successfully issued 20,400,017 new registered shares from Authorized Capital with subscription rights in its rights offering launched on 21 January 2013. The subscription price per share was set at €4.46, which equalled the share price on which the private placement of shares to 21st Century Fox Adelaide Holdings B.V. on 15 January 2013 was based. As a result, the total number of shares issued by Sky increased from 856,800,738 to 877,200,755. Gross proceeds according to this measure amounted to €91.0 million. Less the transaction costs in the amount of K€5,047, the additional paid-in capital increased by K€65,538, from K€1,855,312 to K€1,920,850. The capital increase was registered on 7 February 2013. Public shareholders and other investors exercised subscription rights for approximately six million new shares. 21st Century Fox Adelaide Holdings B.V. exercised subscription rights for approximately 11.1 million new shares and additionally acquired at the subscription price approximately 3.3 million new shares not subscribed by other shareholders. As a result, the shareholding of 21st Century Fox Adelaide Holdings B.V. increased from 54.45 to 54.83 percent.*

....

*Additionally, 21st Century Fox Adelaide Holdings B.V. extended the term of the €106 million of existing shareholder loans, plus accrued interest, to at least six months after the maturity date of the new credit facilities. The interest rates for the extended shareholder loans remain unchanged at 12 percent per annum and will remain payable in kind. On 20 December 2013, the committed credit line from the second shareholder loan in the amount of €48 million was drawn in full, ahead of the availability period which expired on 31 December 2013.... One component of the 2013 refinancing includes a K€225,000 term loan. The interest rate for the loan is based on the variable Euribor plus a margin. To fully hedge the potential interest rate risk from the variable component Sky has concluded interest rate swap agreements in the amount of K€225,000 in July 2013. As a result of these interest rate swaps Sky will pay fixed interest rates within a range of 0.8035 to 0.8250 percent plus margin from May 2014 until February 2017.*

....

*The credit facilities of €300 million provided by the new bank syndicate are fully guaranteed by Twenty-First Century Fox, Inc. (former News Corporation) and its subsidiary 21st Century Fox America, Inc. (former News America Incorporated). They mature on 20 February 2018 and give Sky substantial flexibility with no obligation to maintain certain financial covenants compared to the replaced bank debt facilities. Interest on the new credit facilities is based on the Euribor plus an annual credit margin in the range of 0.875 percent up to 1.5 percent, depending on the credit rating of the new guarantor News America Incorporated. In addition, Sky has to pay a further 6.0 percent per annum to Twenty-First Century Fox, Inc. for the credit guarantee.*

....

*As of 31 December 2012, Sky Deutschland AG’s share capital amounted to €778,909,762 with 778,909,762 issued shares. Sky Deutschland AG announced on 26 January 2011 that the Company had placed a convertible bond to 21st Century Fox Adelaide Holdings B.V. (formerly News Adelaide Holdings B.V.). This bond can be converted into 53,914,182 ordinary registered shares stemming from contingent capital. The convertible bond has a four year maturity and the conversion price has been set at €3.053.*

....

*The de-merger by acquisition of assets by Sky Österreich GmbH, Vienna into Premiere Star Österreich GmbH, Vienna was concluded with a resolution passed at the general meeting on 28 June 2013.*

*Based on this resolution both companies were renamed in Sky Österreich Verwaltung GmbH (former Sky Österreich GmbH) and Sky Österreich Fernsehen GmbH (former Premiere Star Österreich GmbH). The de-merger and change in company names were entered into the commercial register Vienna on 17 September 2013.*

....

*Effective 11 April 2013, Sky bought the remaining 2.5 percent of shares in Sky Hotel Entertainment GmbH, Unterföhring. Following the transaction, Sky Deutschland became the sole shareholder in Sky Hotel Entertainment GmbH. The shares were transferred with retroactive effect as of 1 January 2013.*

*On 5 December 2013, Sky entered into an agreement with Constantin Sport Holding GmbH to acquire 100 percent of the production company Plazamedia GmbH TV- und Film-Produktion as well as a 25.1 percent equity stake in Sport1 GmbH and Constantin Sport Marketing GmbH. The total purchase price will amount to around €57.5 million on a cash and debt-free basis. Sky is in discussions with members of the existing bank syndicate to finance the purchase price with new credit facilities guaranteed by its majority shareholder, 21st Century Fox. Should the intended bank financing not be concluded, 21st Century Fox has committed to provide an unsecured shareholder loan. The transaction, which is expected to be concluded in the first half of 2014, is subject to certain conditions as well as approval by the competition and media regulatory. The approval of the transaction was granted by the German cartel authorities on 12 February 2014.*

....

*In 2013, Sky extended and expanded various agreements with key content partners to also include the rights for Sky Go as well as Sky Anytime. This includes the comprehensive long-term agreement with Disney which was concluded in December 2013. It ensures that Sky Deutschland remains the "Home of Disney." The four Disney pay TV channels, Disney Junior, Disney XD, Disney Cinemagic and Disney Cinemagic HD, will be received exclusively on Sky for the next few years. In addition, Sky secured the far-reaching pay-TV and SVOD premiere broadcasting rights for movies distributed by Disney including future titles from Lucasfilm, Marvel Studios and DisneyPixar. In addition to the linear broadcasting on Sky's movie channels, these titles will also be available on demand via the innovative services Sky Go and Sky Anytime.*

*Also in the fourth quarter 2013, Sky achieved an agreement with its distribution partner Twentieth Century Fox for long-term exclusive first run pay-TV and SVOD rights for DreamWorks Animation SKG, including distribution via the services of Sky Go and Sky Anytime.*

*With the extension of the license agreement with NBCUniversal International TV Distribution in January 2013, Sky secured rights to top quality movies across all platforms for the coming years. In July 2013, Sky and MGM Television expanded their partnership with the extension of a long-term output agreement granting Sky the rights to continue to air MGM's current blockbuster movies via all platforms including Sky Anytime and Sky Go. In addition, Sky expanded its agreement with Tele München Group (TMG), securing an exclusive movie package which includes blockbuster hits such as "Iron Man 3" and "RED 2", as well as several arthouse hits. The expansion of the agreement also includes the rights for Sky Anytime and Sky Go.*

....

*In order to strengthen its partnership with the hotel and catering sector, Sky signed a comprehensive cooperation agreement with the German Hotel and Restaurant Association (DEHOGA) in December 2013.*

....

*By purchase agreement dated 27 November 2012 and upon abolition of the suspensive effect by approval of the Federal Cartel Office on 7 February 2013, Sky Media Network GmbH, Unterföhring acquired a share in the amount of 6.25 percent in Wirkstoff TV Gattungsmarketing GmbH, Berlin".*

The following information has been reproduced without amendment from Sky Deutschland's public offer prospectus dated 21 January 2013:

*Sky Deutschland's considers the following contracts to be of particular importance, and thus material, to its business:*

- *the license agreement with DFL under which it secured the live broadcasting rights to the matches of the first and second divisions of the German Football League (Fußball-Bundesliga) for the seasons 2009/10 through 2012/13, as well as the corresponding new license agreement for the seasons 2013/14 through 2016/17;*
- *the Existing Credit Facilities agreement with its syndicate banks relating to a €275 million term loan facility, a €125 million revolving credit facility and a €125 million guarantee facility including amendments thereto;*
- *the New Credit Facility Agreement with its syndicate banks relating to a €225 million term loan facility and a €75 million revolving credit facility;*
- *the licensing agreement with Sky IPI and BSkyB regarding the license of the "SKY" trademark;*
- *the financial support agreement (FSA) with News Adelaide and News Corporation, dated January 14, 2013; and*
- *the guarantee framework agreement with News Corporation and News America Incorporated relating to the provision of a guarantee under the New Credit Facility Agreement.*

*There are a number of other contracts which Sky Deutschland deems important and therefore classifies as material. They include, in particular:*

- *exclusive license agreements with major Hollywood studios with respect to movies;*
- *exclusive license agreements for the German and Austrian pay-TV rights to important movies from studios outside Hollywood;*
- *contracts with major Hollywood studios with respect to TV series;*
- *agreements with third-party channel providers;*
- *broadcasting licenses with respect to sport events (such as UEFA Champions League matches, the DFB Cup, golf and other sport events);*
- *supply agreements with all major satellite and cable network operators in Germany and Austria;*
- *agreements with NDS and Kudelski S.A. relating to the provision of the NDS encryption technology;*
- *a production agreement with Plazamedia regarding the production of its Fußball-Bundesliga broadcasts and other content;*
- *an agreement with Cisco Capital concerning 550,000 digital satellite and cable receivers, as well as up to 50,000 CI-Plus modules and up to 50,000 hard drives including software; and*
- *A cooperation agreement with Deutsche Telekom regarding the distribution of Sky programming via Deutsche Telekom's IPTV network and marketing cooperation.*

### ***Sky Italia***

No material contracts (not being contracts entered into in the ordinary course of business) have been entered into by Sky Italia S.r.l. or a member of Sky Italia in the two years immediately prior to the date of these Listing Particulars, or have been entered into by Sky Italia S.r.l. or a member of Sky Italia at any time and contain an obligation or entitlement which is material to Sky Italia S.r.l. and/or Sky Italia as at the date of these Listing Particulars.

### **Related Party Transactions**

For each of the years ended 30 June 2012, 2013 and 2014, the Issuer has not entered into any related party transactions save as disclosed:

- in note 30 to the consolidated financial statements of the Group included in the 2012 Annual Report;
- in note 28 to the consolidated financial statements of the Group included in the 2013 Annual Report; and
- in note 28 to the consolidated financial statements of the Group included in the 2014 Annual Report.

### **Third party information**

The information under the headings “*Currency of Presentation and Exchange Rates – Pound sterling-US dollar buying rates*”, “*Information on Sky Deutschland*”, “*Information on Sky Italia*”, “*General Information – Litigation and Arbitration Proceedings – Sky Deutschland*”, “*General Information – Litigation and Arbitration Proceedings – Sky Italia*”, “*General Information – Material contracts – Sky Deutschland*” and “*General Information – Material contracts – Sky Italia*”, on pages 23, 61 to 74, 119 to 123 and 125 to 128 of these Listing Particulars which has been sourced from a third party or taken from publicly available sources has been accurately reproduced and, as far as the Issuer and the Initial Guarantors are aware and are able to ascertain from the information published by that third party or sources, no facts have been omitted which could render the reproduced information inaccurate or misleading. The source of the third party or publicly available information is identified where used.

### **Documents available for inspection**

For the life of the Notes, copies of the following documents will be available for inspection in electronic form at the registered office of the Issuer during usual business hours on any weekday (public holidays excepted):

- (a) these Listing Particulars;
- (b) the Memorandum and Articles of association of the Issuer and each Initial Guarantor;
- (c) the Group’s results announcement for the twelve months ended 30 June 2014 (including the consolidated financial information);
- (d) the annual reports and audited consolidated financial statements of the Group, including the Group Consolidated Financial Statements, 2014 Annual Report, 2013 Annual Report and 2012 Annual Report;
- (e) the Group’s unaudited results for the three months ended 30 September 2014;
- (f) Sky Deutschland Consolidated Financial Statements;
- (g) Sky Italia Historical Financial Information;
- (h) the Indenture; and
- (i) the contracts referred to in the “*Material Contracts Relating to the Transaction*” section above.

### **Expenses of the Offering**

The total expenses for this offering were approximately US\$10 million, including commissions payable and other transaction fees and expenses. Therefore the net proceeds from the offering were approximately US\$1,984 million (after deduction of the issue price discount of US\$6 million). It is expected that the total expenses relating to the application for admission of the Notes to the Official List of the Irish Stock Exchange and to trading on its Global Exchange Market will be approximately €5,440.

Walkers Listing and Support Services Ltd is acting solely in its capacity as listing agent for the Issuer in connection with the Notes and is not itself seeking admission of the Notes to trading on the Global Exchange Market of the Irish Stock Exchange.

## GLOSSARY OF TERMS

<b>2014 EMTN Programme</b>	has the meaning given to it in “ <i>General Information – Material contracts – The Group – Further financing contracts</i> ”
<b>2015 Bonds</b>	means the US\$750,000,000 5.625 per cent. Senior Unsecured Notes due 2015 issued by B Sky B Finance
<b>21st Century Fox</b>	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
<b>21st Century Fox Adelaide Holdings B.V.</b>	being the entity which is selling the issued share capital of Sky Deutschland AG pursuant to the Sky Deutschland Transaction
<b>21st Century Fox UK Nominees Limited</b>	a wholly owned subsidiary of 21st Century Fox, incorporated in England (company number 02636672) and the legal owner as at 10 September 2014 of 672,783,139 ordinary shares representing 39.14 per cent. of the Issuer’s issued share capital
<b>Acquisitions</b>	Sky Deutschland Acquisition and Sky Italia Acquisition
<b>AdSmart</b>	the Group’s targeted advertising service
<b>Announcement</b>	has the meaning given to it in “ <i>Overview – The Transaction – Introduction</i> ”
<b>BaFin</b>	the German Federal Financial Supervisory Authority
<b>Bloomberg</b>	a privately held company that acts as a provider of business and financial information
<b>Brand Licence Agreement Amendment and Novation</b>	means the brand licence agreement amendment and novation described in “ <i>Material Contracts Relating to the Transaction – The Sky Italia Acquisition – Brand Licence Agreement</i> ”
<b>BT</b>	British Telecommunications plc
<b>CA</b>	Conditional Access
<b>Continuing Guarantees</b>	(i) guarantees in favour of UEFA in connection with the broadcast of certain UEFA Champions League matches, certain UEFA Super Cup matches, certain UEFA Europa League matches and certain European qualifying matches of Italy, San Marino and the Vatican City; and (ii) a guarantee in favour of Milano Santa Giulia S.p.A. in connection with payment obligations of Sky Italia under a lease agreement dated 27 February 2006
<b>Convertible Bond</b>	the convertible four-year bond issued by Sky Deutschland to 21st Century Fox Adelaide Holdings B.V. in January 2011 with a principal amount of €164.6 million and a cash coupon of 5.5 per cent. per annum, payable quarterly in arrear, which can be converted into 53,914,182 ordinary shares from capital
<b>Directors</b>	means the current directors of the Issuer as set out in “ <i>Business of the Group – Board of Directors</i> ”
<b>DSL</b>	Digital Subscriber Line
<b>DTH</b>	Direct-to-Home: the transmission of satellite services and functionality with reception through a minidish. “ <b>DTH customer</b> ” means a subscriber to one or more of the Group’s retailed packages of television channels made available via DTH
<b>DTT</b>	Digital Terrestrial Television: digital signals delivered to homes through a conventional aerial, converted through a set-top box or integrated digital television set
<b>eircom</b>	Eircom Group Limited
<b>EMTN Offering</b>	has the meaning given to in, “ <i>The Transaction – Financing – Cash Resources – Net proceeds of the Notes and EMTNs</i> ”
<b>EPG</b>	Electronic Programme Guide

<b>Equity Placing</b>	the placing of the Issuer's ordinary shares with institutional investors on the terms described in " <i>Material Contracts Relating to the Transaction – Transaction Financing – Cash Resources – Equity Placing</i> "
<b>Existing RCF</b>	Group's £743 million revolving credit facility syndicated across 10 counterparty banks. In October 2013, the Group extended the Existing RCF which is now due to expire on 31 October 2018
<b>Facilities Agreement</b>	has the meaning given to it in " <i>The Transaction – Financing – Facilities Agreement</i> "
<b>Facilities Consolidated Interest Charges</b>	has the meaning given to it in the Facilities Agreement
<b>Facilities EBITDA</b>	has the meaning given to it in the Facilities Agreement
<b>Facilities Net Debt</b>	has the meaning given to it in the Facilities Agreement
<b>Frankfurt Stock Exchange</b>	the stock exchange located in Frankfurt, owned and operated by Deutsche Börse
<b>GAAP</b>	Generally Accepted Accounting Principles
<b>German Corporate Income Tax Act</b>	the <i>Körperschaftsteuergesetz</i> , 15 October 2002, as amended, and any supplementary administrative orders in force under it
<b>German Securities Trading Act or WpHG</b>	the <i>Gesetz über den Wertpapierhandel/ Wertpapierhandelsgesetz</i> , 9 September 1998, and any supplementary administrative orders in force under it
<b>German Takeover Act</b>	the German Securities Acquisition and Takeover Act ( <i>Wertpapiererwerbs und Übernahmegesetz</i> ), which came into force on 1 January 2002, and any supplementary administrative orders in force under it
<b>Group</b>	refers to British Sky Broadcasting Group plc and its current subsidiary undertakings and (where the context so permits) includes the Group as enlarged by: (a) the Sky Deutschland Transaction (if the Sky Deutschland Transaction completes); (b) the Sky Italia Acquisition (if the Sky Italia Acquisition completes); and (c) the Sky Deutschland Transaction and the Sky Italia Acquisition (if the Transaction completes)
<b>Group 2013 Financial Statements</b>	Group's audited consolidated financial statements for the year ended 30 June 2013 together with the notes thereto, incorporated by reference in these Listing Particulars
<b>Group 2014 Financial Statements</b>	Group's audited consolidated financial statements for the year ended 30 June 2014 together with the notes thereto, incorporated by reference in these Listing Particulars
<b>Group Consolidated Financial Statements</b>	Group 2014 Financial Statements and Group 2013 Financial Statements
<b>HD</b>	High Definition television
<b>IFRS</b>	International Financial Reporting Standards as adopted in the EU
<b>Independent Directors</b>	The Directors excluding Chase Carey, David DeVoe, James Murdoch, Matthieu Pigasse and Arthur Siskind
<b>IP</b>	Internet Protocol: the mechanism by which data packets may be routed between computers on a network
<b>IPTV</b>	Internet Protocol television
<b>Italian Competition Authority</b>	<i>Autorità Garante della Concorrenza e del Mercato</i> , the Italian Antitrust Authority

<b>ITV Disposal</b>	the sale of the Sky Holdings Limited's (a wholly owned subsidiary of the Issuer) shareholding of 259,820,065 ordinary shares in the share capital of ITV plc (representing 6.4 per cent. of the share capital in ITV plc) to Liberty Global Incorporated Limited for an aggregate consideration of approximately £481 million pursuant to an agreement dated 17 July 2014
<b>Listing Rules</b>	the listing rules made by the UKLA under Part VI of the Financial Services and Markets Act 2000 (as amended)
<b>LLU</b>	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
<b>MDAX Index</b>	German stock exchange ranking below the DAX, run by Deutsche Börse
<b>National Geographic Channel International</b>	NGC Network Latin America, LLC and NGC Network International, LLC
<b>National Geographic Channel Purchasers</b>	Fox-NGC (International) Holdings, Inc. and Fox International Channels (US), Inc., each being a wholly owned subsidiary of 21st Century Fox
<b>National Geographic Channel SPA</b>	the sale and purchase agreement between Sky Ventures Limited and the National Geographic Channel Purchasers for Sky Ventures Limited's 21 per cent. interest in National Geographic Channel International
<b>National Geographic Channel Transfer</b>	the transfer of Sky Ventures Limited's entire stake in National Geographic Channel International to one or more of the National Geographic Channel Purchasers pursuant to the National Geographic Channel SPA as described under the sub-heading " <i>Material Contracts Relating to the Transaction – The National Geographic Channel Transfer</i> "
<b>NOW TV</b>	the Group's OTT streaming service available to anyone in the UK with an internet connection regardless of ISP. The service is currently available on PC, Mac, the Xbox 360, the Xbox One, PlayStation 3, PlayStation 4, YouView and Roku set-top boxes, Apple TV, iPhone, iPad, selected Android devices and selected LG Smart TVs and peripheral devices
<b>Ofcom</b>	UK Office of Communications, the independent regulator and competition authority for the UK communications industries
<b>On Demand</b>	Sky's service offering content from across the Sky platform for customers to watch whenever they want
<b>OTT</b>	'over the top' content, delivered over the internet without the use of a satellite or cable television intermediary
<b>PL</b>	Premier League
<b>Premium Channels</b>	the Sky Premium Channels and the Premium Sky Distributed Channels
<b>Premium Sky Distributed Channels</b>	MUTV and Chelsea TV
<b>PVR</b>	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
<b>RCF</b>	has the meaning given to it in " <i>The Transaction – Financing – Facilities Agreement</i> "
<b>Sale and Purchase Agreements</b>	the agreements governing the Sky Deutschland Acquisition, the Sky Italia Acquisition and the National Geographic Channel Transfer
<b>SD</b>	Standard Definition

<b>SGH Stream Sub, Inc.</b>	a Delaware corporation whose principal place of business is at 1211 Avenue of the Americas, New York, NY 10036 USA, being a wholly owned subsidiary of 21st Century Fox and the seller of the shares in Sky Italia S.r.l. pursuant to the Sky Italia SPA
<b>Shareholder Circular</b>	the shareholder circular relating to the Transaction dated 12 September 2014
<b>Sky+</b>	the Group's fully-integrated PVR and satellite decoder
<b>Sky+ HD</b>	High Definition box with PVR functionality
<b>Sky Basic Channels</b>	the basic television channels wholly owned by the Group, currently being Sky1, Sky2, Pick TV, Challenge, Sky News, Sky Sports News HQ, Sky Arts 1 and Sky Arts 2, Sky Poker.com, Sky Living, Sky Living it and Sky Atlantic (and their multiplex versions and their simulcast HD versions)
<b>Sky Box Office</b>	the Group's pay-per-view service offering its DTH customers television premieres of movies and occasional live sports and entertainment events
<b>Sky Broadband</b>	home broadband service previously provided exclusively for Sky digital customers but now extended to customers who do not take a television service from Sky
<b>Sky Channels</b>	television channels wholly owned by the Group, being the Sky Basic Channels and Sky Premium Channels
<b>Sky Deutschland</b>	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
<b>Sky Deutschland Acquisition</b>	has the meaning given to it in " <i>The Transaction – Introduction</i> "
<b>Sky Deutschland Longstop Date</b>	25 July 2015 (or such earlier date on or prior to which conditions to the closing of the Sky Deutschland Acquisition as specified in the Sky Deutschland SPA conditions have to be satisfied or waived in accordance with the Sky Deutschland SPA)
<b>Sky Deutschland Minority Shareholders</b>	Sky Deutschland AG shareholders other than 21st Century Fox and its associates
<b>Sky Deutschland Offer</b>	the voluntary takeover offer by Sky German Holdings GmbH to the holders of shares in Sky Deutschland AG
<b>Sky Deutschland Offer Document</b>	the document published on 3 September 2014 and sent to the holders of shares in Sky Deutschland proposing the Sky Deutschland Offer
<b>Sky Deutschland Offer Settlement Date</b>	the date on which the transfer by the settlement agent of the Sky Deutschland AG shares tendered pursuant to the Sky Deutschland Offer to Sky German Holdings GmbH occurs, to occur simultaneously with the payment of the aggregate price payable by Sky German Holdings GmbH pursuant to the Sky Deutschland Offer to the relevant custodian bank. Should there be more than one settlement, the first settlement shall suffice
<b>Sky Deutschland SPA</b>	the agreement between 21st Century Fox Adelaide Holdings B.V. and Sky German Holdings GmbH for the sale and purchase of 21st Century Fox Adelaide Holdings B.V.'s shareholding in Sky Deutschland AG
<b>Sky Deutschland Transaction</b>	has the meaning given to it in " <i>The Transaction – Introduction</i> "
<b>Sky Distributed Channels</b>	television channels owned and broadcast by third parties, retailed by the Group to TV customers

<b>Sky German Holdings GmbH</b>	(formerly Kronen tausend985 GmbH), a German limited liability company, having its registered seat in Munich, Germany, registered with the commercial register of the local court (Amtsgericht) of Munich under HRB211181, being a wholly owned subsidiary of the Issuer and being the acquirer of the shares in Sky Deutschland AG pursuant to the Sky Deutschland Transaction
<b>Sky Go</b>	the Group'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
<b>Sky Go Extra</b>	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
<b>Sky Italia</b>	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
<b>Sky Italia Acquisition</b>	has the meaning given to it in " <i>The Transaction – Introduction</i> "
<b>Sky Italia SPA</b>	the sale and purchase agreement between, amongst others, Sky Italian Holdings S.p.A. and SGH Stream Sub, Inc. for the entire issued and to be issued corporate capital of Sky Italia S.r.l.
<b>Sky Italia Tax Deed</b>	the deed governing taxation arrangements for the Sky Italia Acquisition as further described in " <i>Material Contracts Relating to the Transaction – The Sky Italia Acquisition – Sky Italia Tax Deed</i> "
<b>Sky Italian Holdings S.p.A.</b>	a company incorporated in Italy (registered number 08726680963) and whose registered office is at Foro Buonaparte 70, Milan, being a wholly owned subsidiary of the Issuer and the purchaser of the entire issued and to be issued corporate capital of Sky Italia S.r.l. pursuant to the Sky Italia SPA
<b>Sky Mobile</b>	the Group's retailed packages of television channels made available to mobile devices via a wireless or 3G connection and its Sky Mobile TV platform
<b>Sky Multiscreen</b>	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 and includes the Sky Go Extra service as standard
<b>Sky Premium Channels</b>	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
<b>Sky Store</b>	the Group's movies rentals service, including a buy and keep option for certain titles
<b>Sky Talk</b>	home telephony service provided for Sky digital subscribers and now extended to customers who do not take a television service from Sky
<b>Sky Ventures Limited</b>	a limited liability company incorporated in England and Wales with registered number 03092549 whose registered office is at Grant Way, Isleworth, Middlesex TW7 5QD, being a wholly owned subsidiary of the Issuer and the seller of its 21 per cent. interest in the National Geographic Channel International to one or more of the National Geographic Channel Purchasers pursuant to the National Geographic Channel SPA

<b>Sky Vision</b>	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 the Issuer
<b>Term Loan A</b>	has the meaning given to it in “ <i>The Transaction – Financing – Facilities Agreement</i> ”
<b>Term Loan B</b>	has the meaning given to it in “ <i>The Transaction – Financing – Facilities Agreement</i> ”
<b>Transaction</b>	has the meaning given to it in “ <i>The Transaction – Introduction</i> ”
<b>TV Customer</b>	a paying subscriber to one or more of the Group’s TV services, principally DTH and NOW TV
<b>VM</b>	Virgin Media

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