

DATED 3 November 1990

PASSED FOR FILING

NEWS INTERNATIONAL PLC

- and -

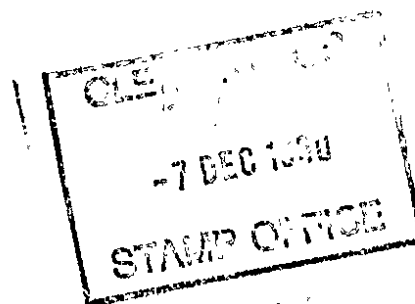
BSB HOLDINGS LIMITED

- and -

BRITISH SATELLITE BROADCASTING LIMITED

AGREEMENT

for the sale and purchase of
SKY TELEVISION PLC



87591c



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SALE AND PURCHASE AGREEMENT

THIS AGREEMENT is made on 3 November 1990

B E T W E E N:

- (1) NEWS INTERNATIONAL PLC whose registered office is at P.O. Box 495, Virginia Street, London E1 9XY (the "Vendor");
- (2) BSB HOLDINGS LIMITED whose registered office is at The Marcopolo Building, Chelsea Bridge, Queenstown Road, London SW8 4NQ (the "Parent Company");
- (3) BRITISH SATELLITE BROADCASTING LIMITED whose registered office is at The Marcopolo Building, Chelsea Bridge, Queenstown Road, London SW8 4NQ (the "Purchaser")

W H E R E A S:

(A) SKY TELEVISION PLC (the "Company") is a public company limited by shares incorporated in England (registered no. 1518707) under the Companies Act 1948-1980 and has its registered office at P.O. Box 495, Virginia Street, London E1 9XY.

(B) The Company has an authorised share capital of £25,000,000 divided into 734,532 A ordinary shares of £1 each, 72,468 B ordinary shares of £1 each and 24,193,000 ordinary shares of £1 each, of which all of the A ordinary shares of £1 each have been issued and are fully paid and are beneficially owned by the Vendor.

(C) The companies of which details are set out in Part A of Schedule 3 (the "Subsidiaries") are subsidiaries of the Company and the names of the present directors and the Secretary of the Company and of each of the Subsidiaries are set out in Part B of Schedule 3.

(D) The Vendor has agreed to sell the Shares and the Stock (both as defined below) to the Purchaser for the consideration and upon the terms set out in this Agreement.

(E) The Vendor has made representations to the Purchaser in the terms of the undertakings and warranties set out in Schedule 1 with the intention that the Purchaser should rely upon such representations in entering into this Agreement.

(F) The Parent Company has agreed, in consideration of the Purchaser entering into this Agreement, to make representations to the Vendor in the terms of the undertaking and warranties set out in Schedule 2 with the intention that the Vendor should rely upon such representations in entering into this Agreement.

NOW IT IS AGREED as follows:

DEFINITIONS

1.1 In this Agreement (including the Schedules), except so far as the context otherwise requires:

"'A' Convertible Loan Stock" means the £120,838,978 nominal convertible unsecured loan stock of the Company constituted by a deed dated 29 January 1982 and as increased by supplemental deeds;

"Completion" means completion of the sale and purchase of the Shares and the Stock in accordance with clause 3;

"Consideration Shares" has the meaning attributed to it in clause 2.2;

"Consideration Stock"

means an amount of Series 'B' Subordinated Unsecured Loan Stock of the Purchaser, being a nominal amount equal to the aggregate cash drawings and accrued interest on the Guaranteed Facility Agreement at the close of business on the date of this Agreement and £184.55 million of Series 'C' Unsecured Loan Stock of the Purchaser;

"Debenture"

means the debenture executed on 3rd November 1990 by the Company, acknowledging a debt of £355 million due to the Vendor;

"Debenture Assignment"

means an assignment of the Debenture, in the form of the agreed draft;

"Declaration of Trust"

means a declaration of trust, in the form of the agreed draft, in favour of the Purchaser;

"Guaranteed Facility Agreement"

means the loan agreement dated 23rd February, 1990 made between the Parent Company, the Guaranteed Facility Agent (as defined therein), the Working Capital Bank (as defined therein), the banks specified therein as co-arrangers and the Guaranteed Facility Banks (as defined therein) (as novated and amended by a novation agreement dated 2nd April, 1990, and as further amended by supplemental agreements dated 7th June, 1990 and 9 August 1990, each made between such parties and the Purchaser pursuant to

	<p>which the Guaranteed Facility Banks have, upon the terms and subject to the conditions contained therein, made available to the Purchaser a guaranteed loan facility in the maximum aggregate principal amount of £435,000,000;</p>
"holding company"	<p>shall be construed in accordance with section 736 of the Companies Act 1985;</p>
"Issue Disclosure Letter"	<p>means the letter of even date herewith together with the annexes thereto, in the form of the agreed draft, from the Parent Company to the Vendor;</p>
"Issue Warranties"	<p>means the representations, warranties and undertakings on the part of the Parent Company contained in Schedule 2;</p>
"Loan Note"	<p>means the note dated 1 April 1990 issued by the Purchaser to the Parent Company and evidencing £184.55 million in principal amount of debt owed by the Purchaser to the Parent Company;</p>
"Loan Stock"	<p>means the £500,000 nominal unsecured loan stock 1992/1995 of the Company constituted by a deed dated 29 January 1982;</p>
"Pension Scheme"	<p>means, in the case of the Purchaser, the scheme secured by a Definitive Trust Deed and Rules dated 29 March 1990, the trustees thereof being Sir</p>

Trevor Holdsworth, I.M. Clubb and
Ms J.E. Haigh and, in the case of the
Company, the News International
Pension Plan;

"Programme Contract"

means an Agreement dated 16 July 1987
between the IBA and the Parent Company
(as amended) which has been assigned
to the Purchaser and pursuant to which
the Purchaser is a DBS programme
contractor;

"Project Loan"

means the loan agreement dated
8 June 1990, made between BSB, the
other banks specified therein and
Barclays Bank PLC as agent (as amended
by a supplemental agreement dated
15 October 1990 between the same
parties) pursuant to which the banks
named therein have agreed, upon the
terms and subject to the conditions
contained therein, to make available
to the Purchaser a loan facility in
the maximum aggregate principal amount
of £380 million;

"Properties"

means, in the case of the Company, the
leasehold properties of the Company
listed in Part IV of Annex A and, in
the case of the Purchaser, the
leasehold properties of the Purchaser
listed in Part IV of Annex B;

"Sale Disclosure Letter"

means the letter of even date herewith
together with the annexes thereto, in

	the form of the agreed draft, from the Vendor to the Purchaser;
"Sale Warranties"	means the representations, warranties and undertakings on the part of the Vendor contained in Schedule 1;
"Series C Loan Note"	means the loan note in the agreed form converting the Loan Note into Series C Loan Notes;
"Shares"	means the 734,532 A ordinary shares of £1 each in the Company beneficially owned by the Vendor;
"Shareholders' Agreement"	means the Shareholders' Agreement, in the form of the agreed draft, to be entered into between the Vendor and the Parent Company;
"Stock"	means the Vendor's 'A' Convertible Loan Stock and the Vendor's Loan Stock;
"subsidiary" and "subsidiaries"	shall be construed in accordance with section 736 of the Companies Act 1985;
"Subsidiaries of the Company"	means those subsidiaries listed in Schedule 3;
"Subsidiaries of the Purchaser"	means those subsidiaries listed in Schedule 4;
"Taxes Act"	means the Income and Corporation Taxes Act 1988;

"Transitional Arrangements Agreement"

means the Transitional Arrangements Agreement dated 2 November 1990;

"Vendor's 'A' Convertible Loan Stock"

means the £120,838,978 nominal 'A' Convertible Loan Stock beneficially owned by the Vendor;

"Vendor's Loan Stock"

means the £18,900 nominal Loan Stock beneficially owned by the Vendor;

"Warranties"

means the Issue Warranties and the Sale Warranties.

1.2 Any reference to an enactment is a reference to it as already amended and includes a reference to any repealed enactment which it may re-enact, with or without amendment, and to any future re-enactment and/or amendment of it (except to the extent that any amendment enacted after the date of this Agreement would increase or extend the liability of the Vendor).

1.3 Any statement in this Agreement (including the Schedules) qualified by the expression "to the best knowledge of the Vendor" or "so far as the Vendor is aware" (or in each case as if the reference to the "Vendor" were a reference to the "Parent Company") or any similar expression shall be deemed to include an additional statement that it has been made after due and careful enquiry.

1.4 The headings in this Agreement shall not affect its interpretation.

1.5 Any reference to an agreed draft is to the form of the relevant document initialled by the parties or on their behalf by way of identification.

SALE OF THE SHARES AND THE STOCK AND PRICE

2.1 The Vendor as beneficial owner shall sell, and the Purchaser shall purchase, the Shares, the Stock and the Debenture free from all charges, liens, encumbrances, equities and claims whatsoever and together with all rights which now are, or at any time hereafter may become, attached to them.

2.2 The consideration for the sale of the Shares, the Stock and the Debenture by the Vendor to the Purchaser shall be the issue to the Vendor of a total of 114,989,438 "N" ordinary shares of £1 each in the Purchaser (the "Consideration Shares") credited as fully paid up and having the rights set out in the Articles of Association of the Purchaser and the Consideration Stock.

COMPLETION

3.1 The sale and purchase of the Shares and the Stock shall be completed immediately after the signing of this Agreement (subject only to the simultaneous execution of the Shareholders' Agreement) when the events set out in the provisions of clauses 3.2 to 3.4 inclusive shall take place.

3.2 The Vendor shall deliver or cause to be delivered to the Purchaser:

- (a) the Declaration of Trust duly executed by the Vendor in respect of all the Shares and the Vendor's 'A' Convertible Loan Stock;
- (b) signed transfers into the name of the Purchaser or its nominee in respect of all the Vendor's Loan Stock together with the relative stock certificates;
- (c) the Debenture and an executed original of the Debenture Assignment;
- (d) share certificates in respect of all issued shares in the capital of each of the Subsidiaries of the Company together

with an undertaking by the Vendor to deliver to the Purchaser forthwith following a request duly signed transfers into the name of the Purchaser's nominee in respect of the nominee shares in each of the Subsidiaries of the Company (the "Subsidiary Nominee Shares");

- (e) a counterpart original of the Shareholders' Agreement, duly executed by the Vendor;
- (f) the certificates of incorporation, the common seals, all minute books, share registers and share certificate books (with any unissued share certificates) and other statutory books and copies of the memorandum and articles of association of the Company and each of the Subsidiaries of the Company.

3.3 The Purchaser shall:

- (a) issue to the Vendor the Consideration Shares free from all liens, charges, encumbrances, equities and claims and together with all rights attaching thereto and deliver to the Vendor the relative share certificates;
- (b) issue to the Vendor the Consideration Stock free from all liens, charges, encumbrances, equities and claims and together with all rights attaching thereto and deliver to the Vendor the relative stock certificates;
- (c) deliver to the Parent Company, duly executed by the Purchaser, a counterpart original of the Shareholders' Agreement.

3.4 The Vendor shall procure that meetings of the directors of the Company are held at which the directors of the Company shall approve for registration the transfers referred to in clause 3.2(b).

3.5 The Purchaser shall procure that the £60.55 million of inter-company indebtedness owed by the Company to the Vendor and not represented by the Debenture shall be repaid in eight equal annual instalments of £7,568,150, the first such payment to be made on 1st May 1991.

3.6 The Vendor shall procure the resignations of such directors of the Company and its subsidiaries as the Purchaser shall request by notice in writing to the Vendor, forthwith after receipt of such request.

WARRANTIES

4.1 The Vendor represents, warrants and undertakes to the Purchaser and the Parent Company in the form of the Sale Warranties set out in Schedule 1.

4.2 The Parent Company represents, warrants and undertakes to the Vendor in the form of the Issue Warranties set out in Schedule 2.

4.3 The Sale Warranties and the Issue Warranties are subject to the matters expressly disclosed in the Sale Disclosure Letter and the Issue Disclosure Letter respectively, but to no other qualification whatsoever.

4.4 The rights and remedies of the Purchaser in respect of the Sale Warranties shall not be affected by the sale and purchase of the Shares and Stock and the rights and remedies of the Vendor in respect of the Issue Warranties shall not be affected by the issue of the Consideration Shares and the Consideration Stock.

4.5 The Vendor shall not be liable for any claim in respect of the Sale Warranties, unless:

- (a) it shall have received from the Purchaser written notice containing details of the relevant claim including the Purchaser's estimate of the amount of the claim on or before 5.00 pm on 30 June 1992; and

- (b) the aggregate amount of the liabilities of the Vendor for all claims in respect of the Sale Warranties, exceeds £15,000,000 (in which event the Purchaser shall be entitled to claim the full amount of the liability and not simply the excess).

4.6 The aggregate amount of the liabilities of the Vendor for all claims in respect of the Sale Warranties shall not exceed £150,000,000.

4.7 None of the limitations contained in clauses 4.5 and 4.6 shall apply to any breach of the Sale Warranties which (or the delay in discovery of which) is the consequence of fraud by the Vendor or any officer or employee, or former officer or employee, of the Vendor.

4.8 The provisions of clauses 4.5, 4.6 and 4.7 shall also apply as if, in each case, references to the "Vendor" were references to the "Parent Company", references to the "Purchaser" were references to the "Vendor" and references to the "Sale Warranties" were references to the "Issue Warranties".

4.9 (a) Neither the Purchaser, the Parent Company nor the Vendor shall pay or settle any claim made by a third party based on circumstances which, to the knowledge of such Purchaser, Parent Company or Vendor, amount to a breach of any of the Warranties unless it shall first have complied with the provisions of this clause 4.9(a). In the event of any of the Purchaser, the Parent Company or the Vendor (the "Notifying Party") becoming aware of any such claim, the Notifying Party shall procure that written notice thereof is given to the Vendor, should the claim relate to a Sale Warranty, or to the Purchaser and the Parent Company should the claim relate to an Issue Warranty, forthwith after becoming so aware. The party which gives the relevant Warranty (or Warranties) hereunder to which the claim relates shall, for the purposes of this clause, be known as the "Warranty Party". As regards any relevant claim, the Warranty Party, at the Warranty Party's option, may assume full and exclusive control of the conduct of the claim, including the

right to use the Company's and/or the Purchaser's name in any proceedings and the right to instruct such legal advisers to represent the Company and/or the Purchaser as the Warranty Party may designate. If the Warranty Party does not indicate by notice in writing to the Notifying Party that it wishes to assume conduct of the claim within 30 days of the notice to the Warranty Party or, following the delivery of such a notice shall fail to indemnify the Notifying Party or the Company (if the Company is not the Notifying Party) to its reasonable satisfaction within 40 days of delivery of the said notice, the Notifying Party or the Company shall have the right to pay or settle the claim on such terms as it may (subject to any duty to mitigate its loss) in its absolute discretion think fit.

- (b) In the event that the Warranty Party assumes the conduct of the claim, the Notifying Party shall, and shall procure that the Company shall, provide to the Warranty Party such information and assistance as the Warranty Party shall reasonably request, at the expense of the Warranty Party.

4.10 Any successful claims in respect of any of the Warranties against either the Vendor or the Parent Company (as the case may be) shall be satisfied in full by the making available to the Company by the Vendor or the Parent Company (as the case may be) of an interest free loan in an amount equal to the amount of the claim for a period of 20 years, such loan to be subordinated to every other indebtedness in the nature of borrowing of the Company on the basis that repayment of such loan shall be due after 20 years or, if later, when no prior ranking indebtedness is in default.

ENTIRE AGREEMENT

5.1 This Agreement sets out the entire agreement and understanding between the parties in connection with the sale and purchase of the Shares and the Stock and no party hereto has entered into this Agreement in reliance upon any representation, warranty or undertaking of any other party which is not set out or referred to in this Agreement.

5.2 No variation of this Agreement (or any of the documents entered into pursuant to this Agreement) shall be valid unless it is in writing and signed by or on behalf of each of the parties hereto.

ANNOUNCEMENTS

6. No announcement or circular in connection with the subject matter of this Agreement shall be made or issued prior to or upon Completion by or on behalf of any party hereto without the prior written approval of the other parties, subject to any legal or regulatory requirements or the requirements of any stock exchange.

SEVERABILITY AND REGISTRATION

7.1 Should any provision of this Agreement be held to be invalid or unenforceable, then such provision shall, so far as invalid or unenforceable, be given no effect and shall be deemed not to be included in this Agreement but without invalidating any of the remaining provisions of this Agreement. The parties shall then use all reasonable endeavours to replace the invalid or unenforceable provision by a valid provision the effect of which is the closest possible to the intended effect of the invalid or unenforceable provision.

7.2 Notwithstanding any other provisions of this Agreement (or any other agreement which, together with this Agreement, may form part of an agreement for the purposes of the Restrictive Trade Practices Act 1976 (together the "RTPA Agreement")) the parties hereto agree that they will not give effect, and will procure that none of their Subsidiaries shall give effect, to any restriction or restrictions contained in the RTPA Agreement which cause the RTPA Agreement to be registrable under the Restrictive Trade Practices Act 1976 until one day after particulars of the RTPA Agreement shall have been furnished to the Director General of Fair Trading. The parties shall use their best endeavours to procure the furnishing of such particulars as soon as possible after the signing of this Agreement.

COSTS

8. The Parent Company shall pay its own and the Purchaser's legal and accountancy costs, charges and other expenses connected with the negotiation, preparation and implementation of this Agreement, the Shareholders' Agreement and the Transitional Arrangements Agreement and the Purchaser shall pay all stamp duty on the transfer of the Shares. The Vendor shall pay its own and the Company's legal and accounting costs, charges and other expenses connected with the negotiation, preparation and implementation of this Agreement, the Shareholders' Agreement and the Transitional Arrangements Agreement.

NOTICES

9.1 Any notice under this Agreement shall be in writing and signed by or on behalf of the party giving it and may be served by leaving it or sending it by telex, facsimile, prepaid recorded delivery or registered post to the address and attention of the relevant party set out in clause 9.2 (or as otherwise notified from time to time hereunder). Any notice so served by telex, facsimile or post shall be deemed to have been received:

- (a) in the case of telex or facsimile, twelve (12) hours after the time of despatch;
- (b) in the case of recorded delivery or registered post, forty eight (48) hours from the date of posting.

9.2 The addresses of the parties for the purpose of clause 9.1 are as follows:

The Vendor:

P.O. Box 495
Virginia Street
London E1 9XY

For the attention of: P.W. Stehrenberger
Facsimile: 071 895 9020

The Purchaser:

The Marcopolo Building
Chelsea Bridge
Queenstown Road
London SW4

For the attention of: Company Secretary/Finance Director
Facsimile: 627 6110

The Parent Company:

The Marcopolo Building
Chelsea Bridge
Queenstown Road
London SW4

For the attention of: Company Secretary/Finance Director
Facsimile: 627 6110

FURTHER ASSURANCE AND INDEMNITY

10.1 To the extent that upon the transfer of the Shares and the Stock effected hereunder there are not vested in the Company or the Purchaser all those present assets and liabilities which are now used or existing for the purposes of the business of the Company or the Purchaser respectively (in the case of such assets used or existing for the purposes of the business of the Purchaser, being those listed in Part VI of Annex B) the following provisions of this clause 10 shall apply.

10.2 In the case of the Parent Company, it undertakes to the Vendor:

- (a) to do or procure to be done all such further acts and things and execute or procure the execution of all such other documents as may be necessary in order to vest in the Purchaser all such assets and liabilities at no further cost to the Purchaser; and
- (b) pending the vesting in the Purchaser of such assets and liabilities, to indemnify the Vendor against any loss which it may suffer as a result of such vesting not having been perfected.

10.3 The Parent Company also undertakes, notwithstanding any other provision of this Agreement, to indemnify each of the other parties

hereto from and against all actions, liabilities, claims, demands, proceedings and judgments made, established or alleged against such other party by Mr. Anthony Simonds-Gooding and against all losses, liabilities, costs, charges and expenses (including legal fees and expenses) and related irrecoverable value added tax (if any) which such party may suffer or incur by reason of Mr. Simonds-Gooding's contract of service with the Purchaser or its termination.

10.4 In the case of the Vendor, it undertakes to the Parent Company to provide the Services as described in paragraph (44) of Schedule 1.

10.5 As soon as practicable after Completion the Company and the Parent Company shall execute the Series C Loan Note.

INTER-COMPANY INDEBTEDNESS

11. If the amount of intra-group indebtedness (including that evidenced by the Debenture) owed by the Company to the Vendor at Completion (as certified by the Company's auditors) is more than £415,550,000 the Vendor shall assign to the Purchaser an amount equal to the excess for a consideration of £1.00 forthwith upon the delivery of the auditor's certificate to the Company and, if there is any shortfall, it will be waived by the Company.

GOVERNING LAW

12. This Agreement is governed by, and shall be construed in accordance with, the laws of England.

AS WITNESS this Agreement has been signed by and on behalf of the parties the day and year first before written.

SCHEDULE 1

SALE WARRANTIES

Disclosure

(1) The information and documents specified or contained in Annex A constitute the following and are true, complete and accurate in all material respects.

Part I: Accounts

the audited consolidated balance sheets and profit and loss accounts of the Company and its subsidiaries for each of the two financial years of the Company ended 30 June 1989.

June 1990 Balance Sheet:

the unaudited consolidated balance sheet of the Company and its subsidiaries as at 30 June 1990.

Part II: Company's Latest Accounts

the unaudited consolidated balance sheet of the Company and its subsidiaries, as at 30 September 1990 and consolidated profit and loss account for the three months ended on that date.

Company's Projected Balance Sheet

the unaudited consolidated projected balance sheet of the Company and its subsidiaries as at 31 October 1990.

Part III: Corporate Documents

the Memorandum and Articles of Association of the Company with copies of all resolutions as are referred to in Section 380 of the Companies Act 1985 attached thereto; all documents constituting any loan

stock issued by the Company; any agreement between the Company and any of its shareholders governing their interest as shareholder in the Company.

Part IV: Properties

a list briefly describing in Part IV all leasehold property, rent payable and lease term outstanding together in each case with a brief statement as to any material encumbrances thereon or on the title thereto.

Part V: Material Contracts

a list, together with copies or details of all agreements referred to in paragraph ~~7~~(20) of this Schedule.

(2) There are fairly and accurately disclosed or deemed disclosed in the Sale Disclosure Letter all matters which are necessary to qualify the statements set out in the paragraphs of the schedule in order for such statements, when so qualified, to be in all material respects fair, accurate and not misleading.

(3) (a) The Recitals to this Agreement insofar as they relate to the Vendor and the Company are true, complete and accurate in all respects.

(b) Each of the statements set out in the other paragraphs of this Schedule would remain fair, accurate and not misleading if the references in those paragraphs to the "Company" were replaced by references to each of the Subsidiaries of the Company respectively (but on the basis as if references to "the Properties" were to the properties of that Subsidiary and further as if, in the case of paragraphs (6), (7) and (35), the statements set out in those paragraphs referred solely to that

Subsidiary and to the individual balance sheet and profit and loss account of that Subsidiary for its relevant financial year).

Specified Information

(4) (a) The information contained in Part VI of Annex A has been provided in good faith and, to the best of the knowledge, information and belief of the Vendor that information is true and accurate in all material respects, is not misleading in any material respect and does not omit anything which is likely to affect the import of such information.

(b) The details set out in Part VII of Annex A provide a complete and accurate description of the capital and indebtedness of the Company and of its subsidiaries.

Title to Shares and Stock

(5) The Vendor is entitled to sell and to transfer to the Purchaser, the the Purchaser will receive, the full legal and beneficial ownership of the Shares and the Stock free from all liens, options, charges, encumbrances, rights of pre-emption or any other third party rights on the terms of this Agreement without the consent of any third party.

Accounts

(6) The Accounts described in paragraph (1) above were prepared in accordance with the requirements of the relevant statutes and in accordance with generally accepted accounting principles and practices in the United Kingdom and show a true and fair view of the state of affairs of the Company for the relevant financial years and at the relevant balance sheet dates and the loss and source and application of funds for the relevant years then ended.

(7) Without limiting the generality of paragraph (6), except as regards:

- (i) any decision pursuant to this Agreement, the Shareholders' Agreement or the Transitional Arrangements Agreement as a result of which the Company (a) ceases to carry on any aspect of its business as currently carried on, or (b) ceases to perform any of its existing obligations, commitments or arrangements; or
- (ii) any breach contemplated by this Agreement, the Shareholders' Agreement or the Transitional Arrangements Agreement, of any obligations, commitments or arrangements of the Company;

the Accounts either make full provision for or, as appropriate, disclose all liabilities whether actual, contingent or disputed (including financial lease commitments and pension liabilities) and all capital commitments, whether actual or contingent, of the Company and its subsidiaries as at the relevant balance sheet date in accordance with generally accepted accounting principles.

(8) All proper and necessary records and books of account have been maintained by the Company, are in its possession and contain accurate information on all matters to be dealt with therein in accordance with the Companies Act 1985 and generally accepted accounting principles.

Position since Accounts Date

(9)(A) The June 1990 Balance Sheet shows a true and fair view of the state of affairs of the Company and its subsidiaries as at 30 June 1990 and is complete and accurate in all material respects.

(9)(B) The Company's Latest Accounts show a true and fair view of the state of affairs of the Company and its subsidiaries as at 30 September 1990 and for the three months ended at that date and are complete and accurate in all material respects.

(9)(C) The Company's Projected Balance Sheet has been prepared from the unaudited consolidated balance sheet of the Company and its

subsidiaries at 30 September 1990, as included in the Company's Latest Accounts, after adjusting for the projected consolidated loss of the Company and its subsidiaries for the month ended 31 October 1990 and any additional significant transactions of the Company and its subsidiaries for that period.

(10) Since 30 June 1990 (except as shown in the Company's Latest Accounts or the Company's Projected Balance Sheet) there has been no material and adverse change in the financial or trading position of the Company. Since 30 June 1990 (except as shown in the Company's Latest Accounts or the Company's Projected Balance Sheet):

- (a) no dividend or other distribution (within the meaning of sections 209, 210, or 418 of the Taxes Act) has been declared, paid or made by the Company;
- (b) no share or loan capital has been issued or agreed to be issued by the Company;
- (c) the Company has not carried out or been involved in any material transaction which did not form part of the usual course of its business;
- (d) no contract, liability or commitment (whether in respect of capital expenditure or otherwise) has been entered into by the Company which is of a long term or unusual nature or which involved or could involve an obligation of a material nature or magnitude;
- (e) the Company has not (whether in the ordinary course of business or otherwise) disposed of, or agreed to dispose of, any business or any material asset.

Licences and Compliance

(11)(A) The Company has obtained all licences, permissions, authorisations, consents and exceptions required for the carrying on of its business effectively in the places and in the manner in which such

business is now carried on and such licences, permissions, authorisations, consents and exceptions are in full force and effect and so far as the Vendor is aware there has been no material breach of any of the same or of any conditions of any of the same; and, to the best knowledge of the Vendor, there are no circumstances which indicate that any of such licences, permissions, authorisations, consents or exceptions may be revoked or not renewed, in whole or in part, in the ordinary course of events.

11(B)1. (1) In this Clause:

"advertising agency" means an individual or a body corporate who carries on business as an advertising agent (whether alone or in partnership) or has control over any body corporate which carries on business as an advertising agent, and any reference to an advertising agency includes a reference to an individual who:-

(a) is a director or officer of any body corporate which carries on such a business, or

(b) is employed by any person who carries on such a business;

"associate"

(a) in relation to a body corporate, means a director of that body corporate or a body corporate which is a member of the same group as that body corporate; and

(b) in relation to an individual, shall be construed in accordance with paragraph (2);

"control"

(a) in relation to a body corporate, shall be construed in accordance with paragraph (3) and

- (b) in relation to any body other than a body corporate, means the power of a person to secure, by virtue of the rules regulating that or any other body, that the affairs of the first-mentioned body are conducted in accordance with the wishes of that person;

"equity share capital" has the same meaning as in the Companies Act 1985;

"local authority"

- (a) in relation to England and Wales, means any of the following, that is to say, the council of a county, district or London borough, the Common Council of the City of London and the Council of the Isles of Scilly;
- (b) in relation to Scotland, means a regional, islands or district council; and
- (c) in relation to Northern Ireland, means a district council;

"participant", in relation to a body corporate, means a person who holds or is beneficially entitled to shares in that body or who possesses voting power in that body.

- (2) For the purposes of determining the persons who are an individual's associates for the purposes of this Clause, the following persons shall be regarded as associates of each other, namely:
 - (a) any individual and that individual's husband or wife and any relative, or husband or wife of a relative, of that individual or of that individual's husband or wife;
 - (b) any individual and any body corporate of which that individual is a director;

(c) any person in his capacity as trustee of a settlement and the settlor or grantor and any person associated with the settlor or grantor;

(d) persons carrying on business in partnership and the husband or wife and relatives of any of them;

(e) any two or more persons acting together to secure or exercise control of a body corporate or other association or to secure control of any enterprise or assets;

and in this sub-paragraph "relative" means a brother, sister, uncle, aunt, nephew, niece, lineal ancestor or descendant (the stepchild or illegitimate child of any person, or anyone adopted by a person, whether legally or otherwise, as his child, being regarded as a relative or taken into account to trace a relationship in the same way as that person's child); and references to a wife or husband shall include a former wife or husband and a reputed wife or husband.

(3) For the purposes of this Clause a person controls a body corporate if:

(a) he has a controlling interest in the body; or

(b) although not having such an interest in the body he is able, by virtue of the holding of shares or the possession of voting power in or in relation to the body or any other body corporate, to secure that the affairs of the body are conducted in accordance with his wishes; or

(c) he has the power, by virtue of any powers conferred by the articles of association or other document regulating the body or any other body corporate, to secure that the affairs of the body are so conducted;

and for this purpose a person has a controlling interest in a body corporate if he holds, or is beneficially entitled to, more than 50 per cent. of the equity share capital in that body, or possesses more than 50 per cent. of the voting power in it.

- (4) It is hereby declared that a person may be regarded as controlling a body corporate by virtue of paragraph (b) of paragraph (3) despite the fact that:
- (a) he does not have a controlling interest in any such other body corporate as is mentioned in that paragraph;
 - (b) any such other body corporate does not have a controlling interest in the body in question;
 - (c) he and any such other body corporate together do not have a controlling interest in that body.
- (5) For the purposes of any provision of this clause which refers to a body controlled by two or more persons or bodies of any description taken together the persons or bodies in question shall not be regarded as controlling the body by virtue of paragraph (b) of paragraph (3) unless they are acting together in concert.
- (6) In this clause any reference to a participant with more than a 5 per cent. or (as the case may be) 20 per cent. interest in a body corporate is a reference to a person who:
- (a) holds or is beneficially entitled to more than 5 or (as the case may be) 20 per cent. of the shares in that body; or
 - (b) possesses more than 5 or (as the case may be) 20 per cent. of the voting power in that body;

2. (1) Any reference in paragraph 1 above to a person:

- (a) holding or being entitled to shares, or any amount of the shares or equity share capital, in a body corporate, or
- (b) possessing voting power, or any amount of the voting power, in a body corporate,

is a reference to his doing so, or being so entitled, whether alone or jointly with one or more other persons and whether directly or through one or more nominees.

(2) For the purposes of this Clause, two bodies corporate shall be treated as members of the same group if:

- (a) one of them is a body corporate of which the other is a subsidiary, or
- (b) both of them are subsidiaries of another body corporate.

(3) In paragraph (2) "subsidiary" has the meaning given by section 736 of the Companies Act 1985.

3. (1) The Company is not:

- (a) a local authority;
- (b) a body whose objects are wholly or mainly of a political nature;
- (c) a body affiliated to a body falling within paragraph (b),
- (d) a body corporate which is an associate of a body corporate falling within paragraph (b) or (c);

- (e) a body corporate in which a body falling within any of paragraphs (a), (b), (c) and (d) is a participant with more than a 5 per cent interest;
- (f) a body which is controlled by a person falling within any of paragraphs (a) to (d), or by an individual who is an officer of a body falling within paragraph (b) or (c), or by two or more such persons taken together;
- (g) a body corporate in which a body falling within paragraph (f) is a participant with more than a 5 per cent. interest;
- (h) a body whose objects are wholly or mainly of a religious nature;
- (i) a body which is controlled by a body falling within paragraph (h) or by two or more such bodies taken together;
- (j) a body which controls a body falling within paragraph (h);
- (k) a body corporate which is an associate of a body corporate falling within paragraph (h), (i) or (j);
- (l) a body corporate in which a body falling within any of paragraphs (h) to (k) is a participant with more than a 5 per cent. interest;
- (m) a body which is controlled by an individual who is an officer of a body falling within paragraph (h) or by two or more such individuals taken together
- (n) a body corporate in which either the BBC or the Welsh Authority, or a body corporate controlled by either of them, is to any extent a participant;

- (o) an advertising agency;
- (p) an associate of an advertising agency;
- (q) a body which is controlled by a person falling within paragraph (o) or (p) or by two or more persons taken together;
- (r) a body corporate in which a person falling within any of sub-paragraphs (o) to (q) is a participant with more than a 5 per cent. interest.

(2) The Vendor is not aware of there being any basis for the supposition that:

- (a) any relevant body is, by the giving of financial assistance or otherwise, exerting influence over the activities of the Company; and
- (b) that influence is leading or is likely to lead to results which are adverse to the public interest

and "relevant body" for this purpose means a body falling within paragraph (1)(a) to (e) or (g) above or by two or more such persons taken together.

(3) Further the Vendor is not aware of there being any basis for the supposition that the Company is not a fit and proper person to hold a non-domestic satellite service licence (disregarding for this purpose the implementation of the arrangements of which this Agreement is part).

4. (1) The Company is not an advertising agent and does not act as proprietor or publisher of a newspaper.

- (2) [None of the directors appointed to the Board of the Purchaser by the Vendor carries on business as an advertising agent, has control over any body corporate which carries on business as an advertising agent, is a director or officer of any such body corporate or is employed by any person who carries on business as an advertising agent.]
- (3) The Vendor neither controls nor is controlled by a television programme contractor.
- (4) The Vendor is not a body whose objects are wholly or mainly of a political or religious nature.
- (5) Notwithstanding paragraph 1., words and expressions used in this paragraph 4. shall have the same meaning as in the Programme Contract.

(12) The Company has conducted its business and corporate affairs in all material respects in accordance with the Companies Acts and all other applicable laws and regulations of the United Kingdom or any foreign country; and there is no violation of, or default with respect to, any statute, regulation, order, decree or judgment of any court or any governmental agency of the United Kingdom or any foreign country which could have a material adverse effect upon the assets or business of the Company.

Consents

(13) No consents are required by the Company or the Vendor in relation to the acquisition of the Shares and the Stock by the Purchaser or other performance of the terms of this Agreement or performance of any of the terms of the Shareholders' Agreement or the Transitional Arrangements Agreement.

Business Assets

(14) All the assets of the Company (other than the Properties but including all book debts owed to the Company) are the absolute property

of the Company and are not the subject of any assignment, charge, lien, royalty, factoring arrangement, leasing or hiring agreement, hire purchase agreement, agreement for payment on deferred terms, or any similar agreement or arrangement (except for title retention provisions in respect of goods and materials acquired by the Company in the ordinary course of business and liens arising in the ordinary course of business by operation of law) and all such assets are in the possession or under the control of the Company.

(14)A Vendor Warranty

Save for the assets and rights the subject of the Services referred to in paragraph (44), neither the Vendor nor any holding company of the Vendor nor any of their respective subsidiaries (other than the Company and its subsidiaries) owns any asset or has any right of any nature whatsoever which is or may be relevant to the conduct by the Company of its business or which is or may be necessary for the conduct by the JC Group of the Principal Business (as such terms are defined in the Shareholders' Agreement).

(15) There are no debts owing to the Company other than trade debts incurred in the ordinary course of business.

Properties

(16) The leasehold properties (the "Properties"), particulars of which are set out in Part IV of Annex A, comprise all of the land and buildings owned by the Company or in which the Company has any interest and the Company does not use or occupy any other land or buildings. The Properties are held for the respective terms and subject to the rents mentioned in Part IV of Annex A.

(17) Save as mentioned in Part IV of Annex A, there are no leases, underleases, tenancies or licences affecting the Properties or any of them nor is there any agreement to grant the same and the Company is in possession of the whole of the Properties none of which is vacant and no other person is in or entitled to occupation of the Properties or any part of them.

Insurances

(18) The insurances maintained by the Company provide cover in similar amounts and against such risks as is prudent (and, in particular, insure the assets of the Company against fire in their full replacement value); such insurances are in full force and effect and, to the best knowledge of the Vendor, there are no circumstances which might lead to any liability under such insurance being avoided by the insurers or the premiums being increased and Completion will not have the effect of terminating, or entitling any insurer to terminate, cover under any such insurance; no claim is outstanding by the Company under any such policy of insurance and, to the best knowledge of the Vendor, there are no circumstances likely to give rise to such a claim.

Intellectual Property Rights

(19) The Company is the beneficial owner or licensee free from all liens, charges or encumbrances of all of the intellectual property rights used by the Company in its business and, to the best knowledge of the Vendor, none of the operations of the Company infringes any right in confidential information or other intellectual property right held or alleged by any third party.

Other Material Contracts

(20) Except as disclosed in Part V of Annex A, there is not outstanding:

- (a) any agreement or arrangement between the Company and any third party which will, by virtue of the acquisition of the Shares and the Stock by the Purchaser or other performance of the terms of this Agreement or performance of the terms of the Shareholders' Agreement or the Transitional Arrangements Agreement, result in any such third party being relieved of any obligation or becoming entitled to exercise any right of termination or any right of pre-emption or other option thereunder which, in each case, would have a material adverse effect on the business or financial position of the Company and its subsidiaries taken as a whole;

- (b) any agreement or arrangement between the Company and the Vendor (or any company of which the Vendor is a subsidiary or another subsidiary of any such company) other than in the ordinary course of the Company's business and by way of bargain at arm's length; nor any other material agreement or arrangement entered into by the Company otherwise than by way of bargain at arm's length;
- (c) any loan made by the Company to the Vendor and/or any director of the Company and/or any person connected with any of them as described in section 839 of the Taxes Act; nor any other agreement, debt or arrangement to which the Company is a party and in which the Vendor and/or any director of the Company and/or any such person connected with any of them as aforesaid is interested;
- (d) any sale or purchase option or similar agreement or arrangement affecting any assets owned or used by the Company or by which the Company is bound;
- (e) any agreement or arrangement which requires or may require, or confers any right to require, the issue of any shares in or debentures of the Company now or at any time in the future;
- (f) any joint venture, consortium, partnership or profit sharing agreement or arrangement to which the Company is a party;
- (g) any power of attorney given by the Company (except in any debenture of the Company);
- (h) any agreement or arrangement which (i) involves or is likely to involve expenditure by the Company in excess of £1,000,000, or (ii) obligations or restrictions of the Company of an unusual or exceptional nature and not in the ordinary course of business or (iii) if terminated by a third party would have a

material adverse effect on the business or the financial position of the Company and its subsidiaries taken as a whole.

(21) Except as disclosed in the Accounts, the Company does not have outstanding:

- (a) any borrowing or indebtedness in the nature of borrowing or other credit facility, including any bank overdrafts, liabilities under acceptances (otherwise than in respect of normal trade bills) and acceptance credits;
- (b) any mortgage, charge or debenture or any obligation (including a conditional obligation) to create a mortgage, charge or debenture;
- (c) any guarantee, indemnity or suretyship (whether or not legally binding) in respect of the obligations or solvency of any person or any similar obligation;
- (d) any indebtedness other than indebtedness arising in the ordinary course of business.

(22) The Company has not received any notice to repay under any agreement relating to any borrowing (or indebtedness in the nature of borrowing) which is repayable on demand; and there has not occurred any event of default under any agreement relating to any other borrowing or indebtedness in the nature of borrowing or other credit facility of the Company (or any event which with the giving of notice and/or the lapse of time and/or a relevant determination would constitute such an event of default).

(23) The Company is not in default in any material respect under any agreement to which it is a party. To the best knowledge of the Vendor/Purchaser: (a) no party with whom the Company has entered into any agreement or arrangement is in default in any material respect

thereunder, and (b) there are no circumstances likely to give rise to such a default.

Litigation and Investigations

(24) Except as plaintiff in the collection of debts arising in the ordinary course of business, the Company is not a plaintiff or defendant in or otherwise a party to any litigation, arbitration or administrative proceedings which are in progress or threatened or pending by or against or concerning the Company or any of its assets; no governmental or official investigation or inquiry, including by any relevant regulatory authority, concerning the Company is in progress or pending; and, to the best knowledge of the Vendor/Purchaser, there are no circumstances which are likely to give rise to any such proceedings, investigation or inquiry.

Directors and Employees

(25) There is not in existence any written or unwritten contract of employment with a director or an employee of the Company (or any contract for services with any individual) which cannot be terminated by six (6) months' notice or less without giving rise to a claim for damages or compensation (other than a statutory redundancy payment or statutory compensation for unfair dismissal).

(26) There is not outstanding any agreement or arrangement to which the Company is a party for payment to any of its directors or employees of bonuses or for incentive payments or other similar matters.

Pensions

(27) Except under the Pension Scheme, the Company has not been a party to any agreement, arrangement or understanding (whether contractual or otherwise) for the provision by the Company of any relevant benefits (as defined in section 612(1) of the Taxes Act but as if the exception contained in that section were omitted) for any past or present officer or employee, or for any dependant of any such person, in connection with which the Company is or may become liable to make any payment.

(28) No undertakings or assurances have been given to all or any of the past or present officers or employees of the Company as to the continuance, introduction, increase or improvement of any retirement, death or disability benefits (whether or not there is any legal obligation to do so).

(29) No power or discretion has been exercised under the Pension Scheme to augment or provide in respect of any officer or employee of the Company at the date of this Agreement a benefit which would not otherwise have been augmented or provided under the Pension Scheme in respect of such officer or employee.

(30) The Pension Scheme is an exempt approved scheme within the meaning of Chapter I of Part XIV of the Taxes Act; it has at all times complied with and been duly administered in accordance with all applicable legislation, regulations and requirements (including, without limitation, the requirements of the Superannuation Funds Office and the Occupational Pensions Board).

(31) The Company has duly complied with all its obligations under the Pension Scheme and all amounts due to the trustees of the Pension Scheme and to any insurance company in connection with the Pension Scheme have been paid; and there are no material actions, suits or claims pending or threatened in respect of the Pension Scheme (other than routine claims for benefits).

(32) All benefits (other than a refund of contributions with interest where appropriate) payable under the Pension Scheme on the death of a member thereof while in an employment to which the Pension Scheme relates or during a period of sickness or disability of a member thereof are fully insured under a policy effected with an insurance company of good repute and each member thereof has been covered for such insurance by such insurance company at its normal rates and on its normal terms for persons in good health.

(33) The only liability (actual or contingent, present or future) of the Company to any person under or in connection with the Pension Scheme is to contribute to the Pension Scheme specific amounts depending on the seniority of the employees concerned.

Taxation

General/Compliance

(34) All liabilities, whether actual, deferred, contingent or disputed, of the Company for income tax, profits tax or corporation tax measured by reference to actual or deemed taxable profits (including both income and chargeable gains) made or deemed to have been made on or before the Accounts Date, and for any other taxes, duties or other fiscal impositions of any kind whatsoever (including any interest on any such amounts and any penalties or charges imposed in relation to such amounts) whether arising under any law of the United Kingdom or any part thereof or any law of any other jurisdiction and whether incurred as principal, agent or trustee, are fully provided for or (as appropriate) disclosed in the Accounts.

(35) Since the Accounts Date:

- (a) the Company has not been involved in any transaction which has given or may give rise to a liability to taxation on the Company (or would have given or might give rise to such a liability but for the availability of any relief, allowance, deduction or credit) other than corporation tax on normal trading income of the Company (and not chargeable gains or deemed income) arising from transactions entered into in the ordinary course of business; and
- (b) no payment has been made by the Company which will not be deductible for corporation tax purposes, either in computing the profits of the Company or in computing the corporation tax chargeable on the Company.

(36) All sums payable under any obligation incurred by the Company prior to Completion and which will continue to bind the Company after Completion will be deductible for corporation tax purposes, either in computing the profits of the Company or in computing the corporation tax chargeable on the Company and such sums payable by the Company shall include, without limitation, all remuneration and other sums (including any payments made directly or indirectly in consideration or in consequence of, or otherwise in connection with, the termination of the holding of any office or employment) paid or payable and all benefits provided or agreed to be provided to employees or officers of the Company and all interest, rent, royalties, annuities and other annual payments paid or payable by the Company under any loan agreement, lease, contract, covenant or other commitment or arrangement.

(37) The Company has duly made all returns, given all notices and supplied all other information required to be supplied to the Inland Revenue or to any other governmental authority (including any governmental authority of a foreign jurisdiction); all such information was and remains complete and accurate in all material respects and all such returns and notices were and remain complete and accurate in all material respects and were made on the proper basis and do not, nor, to the best of the knowledge, information and belief of the Vendor/Purchaser, having made due and careful enquiry, are likely to, reveal any transactions which may be the subject of any dispute with the Inland Revenue or other appropriate authorities and the Company is not and has not in the last six years been the subject of a back duty investigation and there are no facts which are likely to cause such an investigation to be instituted.

(38) The Company has not within the past six years paid or become liable to pay, and there are no circumstances by reason of which it is likely to become liable to pay, any penalty, fine, surcharge or interest whether charged by virtue of the provisions of the Taxes Management Act 1970 or the Value Added Tax Act 1983 or otherwise.

(39) All clearances obtained by the Company have been properly obtained and all information supplied to the Inland Revenue or other appropriate authority in connection with such clearances was complete and accurate in all respects and any transaction for which such clearance was obtained has been carried out only in accordance with the terms of the clearance given therefor and the application on which the clearance was based.

(40) The Inland Revenue has not agreed to operate any special arrangement (being an arrangement which is not based on a strict and detailed application of the relevant legislation) in relation to the Company's affairs, whether in respect of benefits provided by the Company to its officers or employees, or in relation to the valuation of stocks or depreciation of assets or in respect of any administrative or other matter whatsoever.

(41) The Company has not acquired any asset from any member of a group of companies (as defined in section 272 of the Income and Corporation Taxes Act 1970) of which the Company is a member in circumstances which could give rise to a liability to corporation tax on chargeable gains under section 278 of that Act.

Additional Sale Warranties

(42) (a) Contracts: for the purposes of this paragraph (42), "the Contracts" means the Agreements and related documents, short particulars of which are set out in Part I of sub-paragraph (i) below, by which the television services now known as Sky Movies, Sky News and Sky One are transmitted via the Astra 1A satellite and the "Eurosport Arrangements" means the Agreements and related documents, short particulars of which are set out in Part II of sub-paragraph (i) below, by means of which (inter alia) the television service now known as Eurosport is transmitted via the Astra 1A Satellite.

- (b) Other defined terms: except where the context otherwise requires, words and expressions defined in the Contracts shall have the same meaning in this paragraph; for the purpose of this paragraph (42) the provisions of clause 1(3) of the Agreement to which this paragraph is part of Schedule 1 shall be excluded;
- (c) Validity: the Contracts are valid and binding and no notice to terminate any of them has been given by any party to any other.
- (d) Termination: Sky is not aware of any circumstance as a result of which BT is entitled to terminate or to give notice to terminate any of the Contracts. To the best of Sky's knowledge and belief BT will not be so entitled by reason of the carrying into effect of the arrangements contemplated by this Agreement.
- (e) Transmission: Pursuant to the Contracts and subject to the terms thereof, Sky is entitled to require BT to procure the transmission of television programming;
- (f) The future: Sky has no present reason to believe that:
- (i) circumstances exist which would prevent the Contracts from continuing in full force and effect until the Expiry Date;
 - (ii) there are circumstances existing as a result of which transmissions pursuant to the Contracts may be interrupted by any Unavailability or Degradation of any of the Services, other than routine maintenance and repairs;
 - (iii) SES' pre-emption policy as contained in Annex 4 to each of the Contracts is not correct and a full statement of that policy;
- (g) SES Policy: the Space Segment Operator's policy with respect to the provision and use of the Space Segment Facilities is so

far as Sky is aware consistent with the arrangements contemplated by this Agreement.

- (h) Sky is not aware of any allegation that or to the effect that
- the Eurosport arrangements are not valid and binding or that notice to terminate any of them has been given by any party to any other
 - any circumstance exists as a result of which BT is entitled to terminate or to give notice to terminate any of the Eurosport Arrangements and to the best of Sky's knowledge and belief BT will not be so entitled by reason of the carrying into effect of the arrangements contemplated by this Agreement
 - pursuant to the Eurosport Arrangements and subject to the terms thereof Sky is not entitled to require BT to procure the transmission of television programming
 - circumstances exist which would prevent the Eurosport Arrangements from continuing in full force and effect until the Expiry Date
 - there are circumstances existing as a result of which transmissions pursuant to the Eurosport Arrangements will be interrupted by any Unavailability or Degradation of the Service, other than routine maintenance and repairs

(i)

PART I

1.	<u>Date</u>	<u>Parties</u>	<u>Details</u>
	June 1988	BT (1) Sky (2)	Contract for Sky Films
2.	June 1988	BT (1) Sky (2)	Contract for Sky News
3.	June 1988	BT (1) Sky (2)	Contract for Sky Channel

PART II

1.	7 July 1988	BT (1) Sky (2)	Contract for Eurosport
2.	7 July 1988	BT to Sky	Side letter to item 4
3.	1 Feb 1989	BT to Sky	Amending letter
4.	3 Feb 1989	Sky (1) Europort Consortium (2) BT (3)	Assignment
5.	3 Feb 1989	BT (1) Sky (2)	Supplemental Agreement

(43) The information contained in Part VIII of Annex A is true and accurate in all material respects, is not misleading in any material respect and does not omit anything which is likely to affect the import of such information.

Vendor Services

(44) The information contained in Part IX of Annex A (concerning "Services") is true and accurate in all material respects, is not misleading in any material respect and does not omit anything which is likely to affect the import of such information. After Completion, the Services shall be supplied by the Vendor to the Company on the same terms as set out in Part IX of Annex A for not less than six months.

SCHEDULE 2

ISSUE WARRANTIES

Disclosure

(1) The information and documents specified or contained in Annex B constitute the following and are true, complete and accurate in all material respects.

Part I: Accounts

the audited consolidated balance sheets and profit and loss accounts of the Parent Company and its subsidiaries for each of the two financial years of the Parent Company.

Part II: Purchaser's Latest Accounts

the consolidated unaudited management accounts of the Purchaser and its subsidiaries, comprising balance sheet as at 30 September 1990 and profit and loss account for the six months ended on that date.

Purchaser's Projected Balance Sheet the unaudited consolidated projected balance sheet of the Purchaser and its subsidiaries at 31 October 1990.

Part III: Corporate Documents

the Memorandum and Articles of Association of the Purchaser with copies of all resolutions as are referred to in Section 380 of the Companies Act 1985 attached thereto; all documents constituting any loan stock issued by the Purchaser; any agreement between the Purchaser and

any of its shareholders governing their interest in the Purchaser.

Part IV Properties

a list briefly describing, in Part IV, all leasehold property, rent payable and lease term outstanding together in each case with a brief statement as to any material encumbrances thereon or on the title thereto.

Part V: Material Contracts

a list, together with copies or details of all agreements referred to in paragraph (20) of this Schedule.

Part VI: Relevant assets of Parent Company

a list of assets and rights owned by the Parent Company which are or may be relevant to the conduct by the Purchaser of its business or which is or may be necessary for the conduct by the JC Group of the Principal Business (as defined in the Shareholders' Agreement).

(2) There are fairly and accurately disclosed or deemed disclosed in the Issue Disclosure Letter all matters which are necessary to qualify the statements set out in the paragraphs of the schedule in order for such statements, when so qualified, to be in all material respects fair, accurate and not misleading.

(3) (a) The Recitals to this Agreement insofar as they relate to the Parent Company and Purchaser are true, complete and accurate in all respects.

- (b) Each of the statements set out in the other paragraphs of this Schedule would remain fair, accurate and not misleading if the references in those paragraphs to the "Purchaser" were replaced by references to each of the Subsidiaries respectively (but on the basis as if references to "the Properties" were to the properties of that Subsidiary and further as if, in the case of paragraphs (6), (7) and (35), the statements set out in those paragraphs referred solely to that Subsidiary and to the individual balance sheet and profit and loss account of that Subsidiary for its relevant financial year).

Specified Information

(4)(a) The information contained in Part VII of Annex B has been provided in good faith and, to the best of the knowledge, information and belief of the Parent Company and each executive director of such company that information is true and accurate in all material respects, is not misleading in any material respect and does not omit anything which is likely to affect the import of such information.

(b) The details set out in Part VIII of Annex B provide a complete and accurate description of the capital and indebtedness of the Purchaser and of its subsidiaries.

Title to Shares and Stock

(5) The Purchaser is entitled to issue, and the Vendor will receive the full and legal and beneficial ownership of, the Consideration Shares and the Consideration Stock free from all liens, options, charges and encumbrances, right of pre-emption or any other third party rights on the terms of this Agreement without the consent of any third party.

Accounts

(6) The Accounts described in paragraph (1) above were prepared in accordance with the requirements of the relevant statutes and in accordance with generally accepted accounting principles and practices in the United Kingdom and show a true and fair view of the state of affairs of the Purchaser for the relevant financial years and at the relevant

balance sheet dates and the loss and source and application of funds for the relevant years then ended.

(7) Without limiting the generality of paragraph (6), except as regards:

- (i) any decision pursuant to this Agreement, the Shareholders' Agreement or the Transitional Arrangements Agreement as a result of which the Purchaser (a) ceases to carry on any aspect of its business as currently carried on, or (b) ceases to perform any of its existing obligations, commitments or arrangements; or
- (ii) any breach contemplated by this Agreement, the Shareholders' Agreement or the Transitional Arrangements Agreement, of any obligations, commitments or arrangements of the Purchaser;

the Accounts either make full provision for or, as appropriate, disclose all liabilities whether actual, contingent or disputed (including financial lease commitments and pension liabilities) and all capital commitments, whether actual or contingent, of the Purchaser and its subsidiaries as at the relevant balance sheet date in accordance with generally accepted accounting principles.

(7)(B) The liabilities of the Purchaser, in relation to redundancy and other payments made on the termination of the contracts of employment or engagement of employees and freelance staff of the Purchaser, arising (directly or indirectly) from any such decision as is referred to in paragraph (7)(i) of Schedule 2 or any such breach as is referred to in paragraph 7(ii) of Schedule 2 shall not exceed £20 million.

(8) All proper and necessary records and books of account have been maintained by the Purchaser, are in its possession and contain accurate information on all matters to be dealt with therein in accordance with the Companies Act 1985 and generally accepted accounting principles.

Position since Accounts Date

(9)(A) The Purchaser's Latest Accounts show a true and fair view of the results, assets, liabilities, capital commitments and the state of affairs of the Purchaser and its subsidiaries for the six months ended 30 September 1990 and at that date and are complete and accurate as management accounts in all material respects.

(9)(B) The Purchaser's Projected Balance Sheet has been prepared from the unaudited consolidated balance sheet of the Purchaser and its subsidiaries at 30 September 1990, as included in the Purchaser's Latest Accounts, after adjusting for the projected consolidated loss of the Purchaser and its subsidiaries for the month ended 31 October 1990 and any additional significant transactions of the Company and its subsidiaries for that period.

(10) Since 31 March 1990 (except as shown in the Purchaser's Latest Accounts or the Purchaser's Projected Balance Sheet) there has been no material and adverse change in the financial or trading position of the Purchaser. Since 31 March 1990 (except as shown in the Purchaser's Latest Accounts or the Purchaser's Projected Balance Sheet):

- (a) no dividend or other distribution (within the meaning of sections 209, 210, or 418 of the Taxes Act) has been declared, paid or made by the Purchaser;
- (b) no share or loan capital has been issued or agreed to be issued by the Purchaser;
- (c) the Purchaser has not carried out or been involved in any material transaction which did not form part of the usual course of its business;
- (d) no contract, liability or commitment (whether in respect of capital expenditure or otherwise) has been entered into by the Purchaser which is of a long term or unusual nature or which

involved or could involve an obligation of a material nature or magnitude;

- (e) the Purchaser has not (whether in the ordinary course of business or otherwise) disposed of, or agreed to dispose of, any business or any material asset.

Licences and Compliance

(11) The Purchaser has obtained all licences, permissions, authorisations, consents and exceptions required for the carrying on of its business effectively in the places and in the manner in which such business is now carried on and such licences, permissions, authorisations, consents and exceptions are in full force and effect and so far as the Parent Company is aware there has been no material breach of any of the same or of any conditions of any of the same, disregarding for this purpose any breach of the Programme Contract occasioned by implementation the arrangements of which this Agreement forms part; and, to the best knowledge of the Parent Company, there are no circumstances which indicate that any of such licences, permissions, authorisations, consents or exceptions may be revoked or not renewed, in whole or in part, in the ordinary course of events.

11(B)1. (1) In this Clause:

"advertising agency" means an individual or a body corporate who carries on business as an advertising agent (whether alone or in partnership) or has control over any body corporate which carries on business as an advertising agent, and any reference to an advertising agency includes a reference to an individual who:-

- (a) is a director or officer of any body corporate which carries on such a business, or
- (b) is employed by any person who carries on such a business;

"associate"

- (a) in relation to a body corporate, means a director of that body corporate or a body corporate which is a member of the same group as that body corporate; and
- (b) in relation to an individual, shall be construed in accordance with paragraph (2);

"control"

- (a) in relation to a body corporate, shall be construed in accordance with paragraph (3) and
- (b) in relation to any body other than a body corporate, means the power of a person to secure, by virtue of the rules regulating that or any other body, that the affairs of the first-mentioned body are conducted in accordance with the wishes of that person;

"equity share capital" has the same meaning as in the Companies Act 1985;

"local authority"

- (a) in relation to England and Wales, means any of the following, that is to say, the council of a county, district or London borough, the Common Council of the City of London and the Council of the Isles of Scilly;
- (b) in relation to Scotland, means a regional, islands or district council; and
- (c) in relation to Northern Ireland, means a district council;

"participant", in relation to a body corporate, means a person who holds or is beneficially entitled to shares in that body or who possesses voting power in that body.

(2) For the purposes of determining the persons who are an individual's associates for the purposes of this Clause, the following persons shall be regarded as associates of each other, namely:

- (a) any individual and that individual's husband or wife and any relative, or husband or wife of a relative, of that individual or of that individual's husband or wife;
- (b) any individual and any body corporate of which that individual is a director;
- (c) any person in his capacity as trustee of a settlement and the settlor or grantor and any person associated with the settlor or grantor;
- (d) persons carrying on business in partnership and the husband or wife and relatives of any of them;
- (e) any two or more persons acting together to secure or exercise control of a body corporate or other association or to secure control of any enterprise or assets;

and in this sub-paragraph "relative" means a brother, sister, uncle, aunt, nephew, niece, lineal ancestor or descendant (the stepchild or illegitimate child of any person, or anyone adopted by a person, whether legally or otherwise, as his child, being regarded as a relative or taken into account to trace a relationship in the same way as that person's child); and references to a wife or husband shall include a former wife or husband and a reputed wife or husband.

(3) For the purposes of this Clause a person controls a body corporate if:

- (a) he has a controlling interest in the body; or
- (b) although not having such an interest in the body he is able, by virtue of the holding of shares or the possession of voting power in or in relation to the body or any other body corporate, to secure that the affairs of the body are conducted in accordance with his wishes; or
- (c) he has the power, by virtue of any powers conferred by the articles of association or other document regulating the body or any other body corporate, to secure that the affairs of the body are so conducted;

and for this purpose a person has a controlling interest in a body corporate if he holds, or is beneficially entitled to, more than 50 per cent. of the equity share capital in that body, or possesses more than 50 per cent. of the voting power in it.

(4) It is hereby declared that a person may be regarded as controlling a body corporate by virtue of paragraph (b) of paragraph (2) despite the fact that:

- (a) he does not have a controlling interest in any such other body corporate as is mentioned in that paragraph;
- (b) any such other body corporate does not have a controlling interest in the body in question;
- (c) he and any such other body corporate together do not have a controlling interest in that body.

(5) For the purposes of any provision of this clause which refers to a body controlled by two or more persons or bodies of any description taken together the persons or bodies in question shall not be regarded as controlling the body by virtue of paragraph (b) of paragraph (3) unless they are acting together in concert.

(6) In this clause any reference to a participant with more than a 5 per cent. or (as the case may be) 20 per cent. interest in a body corporate is a reference to a person who:

(a) holds or is beneficially entitled to more than 5 or (as the case may be) 20 per cent. of the shares in that body;
or

(b) possesses more than 5 or (as the case may be) 20 per cent. of the voting power in that body;

2. (1) Any reference in paragraph 1 above to a person:

(a) holding or being entitled to shares, or any amount of the shares or equity share capital, in a body corporate, or

(b) possessing voting power, or any amount of the voting power, in a body corporate,

is a reference to his doing so, or being so entitled, whether alone or jointly with one or more other persons and whether directly or through one or more nominees.

(2) For the purposes of this Clause, two bodies corporate shall be treated as members of the same group if:

(a) one of them is body corporate of which the other is a subsidiary, or

(b) both of them are subsidiaries of another body corporate.

(3) In paragraph (2) "subsidiary" has the meaning given by section 736 of the Companies Act 1985.

3. (1) The Purchaser is not:

(a) a local authority;

(b) a body whose objects are wholly or mainly of a political nature;

(c) a body affiliated to a body falling within paragraph (b),

(d) a body corporate which is an associate of a body corporate falling within paragraph (b) or (c);

(e) a body corporate in which a body falling within any of paragraphs (a), (b), (c) and (d) is a participant with more than a 5 per cent interest;

(f) a body which is controlled by a person falling within any of paragraphs (a) to (d), or by an individual who is an officer of a body falling within paragraph (b) or (c), or by two or more such persons taken together;

(g) a body corporate in which a body falling within paragraph (f) is a participant with more than a 5 per cent interest;

(h) a body whose objects are wholly or mainly of a religious nature;

(i) a body which is controlled by a body falling within paragraph (h) or by two or more such bodies taken together;

- (j) a body which controls a body falling within paragraph (h);
 - (k) a body corporate which is an associate of a body corporate falling within paragraph (h), (i) or (j);
 - (l) a body corporate in which a body falling within any of paragraphs (h) to (k) is a participant with more than a 5 per cent. interest;
 - (m) a body which is controlled by an individual who is an officer of a body falling within paragraph (h) or by two or more such individuals taken together
 - (n) a body corporate in which either the BBC or the Welsh Authority, or a body corporate controlled by either of them, is to any extent a participant;
 - (o) an advertising agency;
 - (p) an associate of an advertising agency;
 - (q) a body which is controlled by a person falling within paragraph (o) or (p) or by two or more persons taken together;
 - (r) a body corporate in which a person falling within any of sub-paragraphs (o) to (q) is a participant with more than a 5 per cent. interest.
- (2) The Parent Company is not aware of there being any basis for the supposition that:
- (a) any relevant body is, by the giving of financial assistance or otherwise, exerting influence over the activities of the Purchaser; and

- (b) that influence is leading or is likely to lead to results which are adverse to the public interest

and "relevant body" for this purpose means a body falling within paragraph (1)(a) to (e) or (g) above or by two or more such persons taken together.

- (3) Further the Parent Company is not aware of there being any basis for the supposition that the Purchaser is not a fit and proper person to hold a domestic or non-domestic satellite service licence (disregarding for this purpose the implementation of the arrangements of which this Agreement is part).
4. (1) The Purchaser is not an advertising agent and does not act as proprietor or publisher of a newspaper.
- (2) [None of the directors appointed to the Board of the Purchaser by the Parent Company carries on business as an advertising agent, has control over any body corporate which carries on business as an advertising agent, is a director or officer of any such body corporate or is employed by any person who carries on business as an advertising agent.]
- (3) The Parent Company neither controls nor is controlled by a television programme contractor (other than the Purchaser).
- (4) The Purchaser is not a body whose objects are wholly or mainly of a political or religious nature.
- (5) Notwithstanding paragraph 1. words and expressions used in this Agreement shall have the same meaning as in the Programme Contract.
- (12) The Purchaser has conducted its business and corporate affairs in all material respects in accordance with the Companies Acts and all

other applicable laws and regulations of the United Kingdom or any foreign country; and there is no violation of, or default with respect to, any statute, regulation, order, decree or judgment of any court or any governmental agency of the United Kingdom or any foreign country which could have a material adverse effect upon the assets or business of the Purchaser.

Consents

(13) No consents are required by the Purchaser or the Parent Company in relation to the issue of the Consideration Shares and the Consideration Stock by the Purchaser or other performance of the terms of this Agreement or the Shareholders' Agreement or the Transitional Arrangements Agreement.

Business Assets

(14) All the assets of the Purchaser (other than the Properties but including all book debts owed to the Purchaser) are the absolute property of the Purchaser and are not the subject of any assignment, charge, lien, royalty, factoring arrangement, leasing or hiring agreement, hire purchase agreement, agreement for payment on deferred terms, or any similar agreement or arrangement (except for title retention provisions in respect of goods and materials acquired by the Purchaser in the ordinary course of business and liens arising in the ordinary course of business by operation of law) and all such assets are in the possession or under the control of the Purchaser.

Issue Warranty

(14)(A) The Parent Company owns no assets and has no rights of any nature whatsoever which is or may be relevant to the conduct by the Purchaser of its business or which is or may be necessary for the conduct by the JC Group of the Principal Business (as such terms are defined in the Shareholders' Agreement), save as set out in Part VI of Annex B.

(14)(B) There will be no material adverse change in the financial condition of the Purchaser by reason of the performance by the Parent Company of its obligations under Clause 10.2(a).

(15) There are no debts owing to the Purchaser other than trade debts incurred in the ordinary course of business.

Properties

(16) The leasehold properties (the "Properties"), particulars of which are set out in Part IV of Annex B, comprise all of the land and buildings owned by the Purchaser or in which the Purchaser has any interest and the Purchaser does not use or occupy any other land or buildings. The Properties are held for the respective terms and subject to the rents mentioned in Part IV of Annex B.

(17) Save as mentioned in Part IV of Annex B, there are no leases, underleases, tenancies or licences affecting the Properties or any of them nor is there any agreement to grant the same and the Purchaser is in possession of the whole of the Properties none of which is vacant and no other person is in or entitled to occupation of the Properties or any part of them.

Insurances

(18) The insurances maintained by the Purchaser provide cover in similar amounts and against such risks as is prudent (and, in particular, insure the assets of the Purchaser against fire in their full replacement value); such insurances are in full force and effect and, to the best knowledge of the Vendor, there are no circumstances which might lead to any liability under such insurance being avoided by the insurers or the premiums being increased and Completion will not have the effect of terminating, or entitling any insurer to terminate, cover under any such insurance; no claim is outstanding by the Purchaser under any such policy of insurance and, to the best knowledge of the Vendor, there are no circumstances likely to give rise to such a claim.

Intellectual Property Rights

(19) The Purchaser is the beneficial owner or licensee free from all liens, charges or encumbrances of all of the intellectual property rights used by the Purchaser in its business and, to the best knowledge of the Purchaser, none of the operations of the Purchaser infringes any right in

confidential information or other intellectual property right held or alleged by any third party.

Other Material Contracts

(20) Except as disclosed in Part V of Annex B, there is not outstanding:

- (a) any agreement or arrangement between the Purchaser and any third party which will, by virtue of the acquisition of the Shares and the Stock by the Purchaser or other performance of the terms of this Agreement or performance of the terms of the Shareholders' Agreement or the Transitional Arrangements Agreement, result in any such third party being relieved of any obligation or becoming entitled to exercise any right of termination or any right of pre-emption or other option thereunder which, in each case, would have a material adverse effect on the business or financial position of the Purchaser and its subsidiaries taken as a whole;
- (b) any agreement or arrangement between the Purchaser and the Parent Company other than in the ordinary course of the Purchaser's business and by way of bargain at arm's length; nor any other material agreement or arrangement entered into by the Purchaser otherwise than by way of bargain at arm's length;
- (c) any loan made by the Purchaser to the Parent Company and/or any director of the Purchaser and/or any person connected with any of them as described in section 839 of the Taxes Act; nor any other agreement, debt or arrangement to which the Purchaser is a party and in which the Purchaser and/or any director of the Purchaser and/or any such person connected with any of them as aforesaid is interested;
- (d) any sale or purchase option or similar agreement or arrangement affecting any assets owned or used by the Purchaser or by which the Purchaser is bound;

- (e) any agreement or arrangement which requires or may require, or confers any right to require, the issue of any shares in or debentures of the Purchaser now or at any time in the future;
- (f) any joint venture, consortium, partnership or profit sharing agreement or arrangement to which the Purchaser is a party;
- (g) any power of attorney given by the Purchaser (except in any debenture of the Purchaser);
- (h) any agreement or arrangement which (i) involves or is likely to involve expenditure by the Purchaser in excess of £1,000,000, or (ii) obligations or restrictions of the Purchaser of an unusual or exceptional nature and not in the ordinary course of business or (iii) if terminated by a third party would have a material adverse effect on the business or the financial position of the Purchaser and its subsidiaries taken as a whole.

(21) Except as disclosed in the Accounts, the Purchaser does not have outstanding:

- (a) any borrowing or indebtedness in the nature of borrowing or other credit facility, including any bank overdrafts, liabilities under acceptances (otherwise than in respect of normal trade bills) and acceptance credits;
- (b) any mortgage, charge or debenture or any obligation (including a conditional obligation) to create a mortgage, charge or debenture;
- (c) any guarantee, indemnity or suretyship (whether or not legally binding) in respect of the obligations or solvency of any person or any similar obligation;

(d) any indebtedness other than indebtedness arising in the ordinary course of business.

(22) The Purchaser has not received any notice to repay under any agreement relating to any borrowing (or indebtedness in the nature of borrowing) which is repayable on demand; and there has not occurred any event of default under any agreement relating to any other borrowing or indebtedness in the nature of borrowing or other credit facility of the Purchaser (or any event which with the giving of notice and/or the lapse of time and/or a relevant determination would constitute such an event of default).

(23) The Purchaser is not in default in any material respect under any agreement to which it is a party. To the best knowledge of the Vendor/Purchaser: (a) no party with whom the Purchaser has entered into any agreement or arrangement is in default in any material respect thereunder, and (b) there are no circumstances likely to give rise to such a default.

Litigation and Investigations

(24) Except as plaintiff in the collection of debts arising in the ordinary course of business, the Purchaser is not a plaintiff or defendant in or otherwise a party to any litigation, arbitration or administrative proceedings which are in progress or threatened or pending by or against or concerning the Purchaser or any of its assets; no governmental or official investigation or inquiry, including by any relevant regulatory authority, concerning the Purchaser is in progress or pending; and, to the best knowledge of the Vendor/Purchaser, there are no circumstances which are likely to give rise to any such proceedings, investigation or inquiry.

Directors and Employees

(25) There is not in existence any written or unwritten contract of employment with a director or an employee of the Purchaser (or any contract for services with any individual) which cannot be terminated by six (6) months' notice or less without giving rise to a claim for damages

or compensation (other than a statutory redundancy payment or statutory compensation for unfair dismissal).

(26) There is not outstanding any agreement or arrangement to which the Purchaser is a party for profit sharing or for payment to any of its directors or employees of bonuses or for incentive payments or other similar matters.

Pensions

(27) Except under the Pension Scheme, the Purchaser has not been a party to any agreement, arrangement or understanding (whether contractual or otherwise) for the provision by the Purchaser of any relevant benefits (as defined in section 612(1) of the Taxes Act but as if the exception contained in that section were omitted) for any past or present officer or employee, or for any dependant of any such person, in connection with which the Purchaser is or may become liable to make any payment.

(28) No undertakings or assurances have been given to all or any of the past or present officers or employees of the Purchaser as to the continuance, introduction, increase or improvement of any retirement, death or disability benefits (whether or not there is any legal obligation to do so).

(29) No power or discretion has been exercised under the Pension Scheme to augment or provide in respect of any officer or employee of the Purchaser at the date of this Agreement a benefit which would not otherwise have been augmented or provided under the Pension Scheme in respect of such officer or employee.

(30) The Pension Scheme is an exempt approved scheme within the meaning of Chapter I of Part XIV of the Taxes Act; it has at all times complied with and been duly administered in accordance with all applicable legislation, regulations and requirements (including, without limitation, the requirements of the Superannuation Funds Office and the Occupational Pensions Board).

(31) The Purchaser has duly complied with all its obligations under the Pension Scheme and all amounts due to the trustees of the Pension Scheme and to any insurance company in connection with the Pension Scheme have been paid; and there are no material actions, suits or claims pending or threatened in respect of the Pension Scheme (other than routine claims for benefits).

(32) All benefits (other than a refund of contributions with interest where appropriate) payable under the Pension Scheme on the death of a member thereof while in an employment to which the Pension Scheme relates or during a period of sickness or disability of a member thereof are fully insured under a policy effected with an insurance company of good repute and each member thereof has been covered for such insurance by such insurance company at its normal rates and on its normal terms for persons in good health.

(33) The only liability (actual or contingent, present or future) of the Purchaser to any person under or in connection with the Pension Scheme is to contribute to the Pension Scheme specific amounts depending on the seniority of the employees concerned.

Taxation

General/Compliance

(34) All liabilities, whether actual, deferred, contingent or disputed, of the Purchaser for income tax, profits tax or corporation tax measured by reference to actual or deemed taxable profits (including both income and chargeable gains) made or deemed to have been made on or before the Accounts Date, and for any other taxes, duties or other fiscal impositions of any kind whatsoever (including any interest on any such amounts and any penalties or charges imposed in relation to such amounts) whether arising under any law of the United Kingdom or any part thereof or any law of any other jurisdiction and whether incurred as principal, agent or trustee, are fully provided for or (as appropriate) disclosed in the Accounts.

(35) Since the Accounts Date:

- (a) the Purchaser has not been involved in any transaction which has given or may give rise to a liability to taxation on the Purchaser (or would have given or might give rise to such a liability but for the availability of any relief, allowance, deduction or credit) other than corporation tax on normal trading income of the Purchaser (and not chargeable gains or deemed income) arising from transactions entered into in the ordinary course of business; and
- (b) no payment has been made by the Purchaser which will not be deductible for corporation tax purposes, either in computing the profits of the Purchaser or in computing the corporation tax chargeable on the Purchaser.

(36) All sums payable under any obligation incurred by the Purchaser prior to Completion and which will continue to bind the Purchaser after Completion have been and will continue to be deductible for corporation tax purposes, either in computing the profits of the Purchaser or in computing the corporation tax chargeable on the Purchaser and such sums payable by the Purchaser shall include, without limitation, all remuneration and other sums (including any payments made directly or indirectly in consideration or in consequence of, or otherwise in connection with, the termination of the holding of any office or employment) paid or payable and all benefits provided or agreed to be provided to employees or officers of the Purchaser and all interest, rent, royalties, annuities and other annual payments paid or payable by the Purchaser under any loan agreement, lease, contract, covenant or other commitment or arrangement.

(37) The Purchaser has duly made all returns, given all notices and supplied all other information required to be supplied to the Inland Revenue or to any other governmental authority (including any governmental authority of a foreign jurisdiction); all such information was and remains complete and accurate in all material respects and all

such returns and notices were and remain complete and accurate in all material respects and were made on the proper basis and do not, nor, to the best of the knowledge, information and belief of the Parent Company, having made due and careful enquiry, are likely to, reveal any transactions which may be the subject of any dispute with the Inland Revenue or other appropriate authorities and the Purchaser is not and has not in the last six years been the subject of a back duty investigation and there are no facts which are likely to cause such an investigation to be instituted.

(38) The Purchaser has not within the past six years paid or become liable to pay, and there are no circumstances by reason of which it is likely to become liable to pay, any penalty, fine, surcharge or interest whether charged by virtue of the provisions of the Taxes Management Act 1970 or the Value Added Tax Act 1983 or otherwise.

(39) All clearances obtained by the Purchaser have been properly obtained and all information supplied to the Inland Revenue or other appropriate authority in connection with such clearances was complete and accurate in all respects and any transaction for which such clearance was obtained has been carried out only in accordance with the terms of the clearance given therefor and the application on which the clearance was based.

(40) The Inland Revenue has not agreed to operate any special arrangement (being an arrangement which is not based on a strict and detailed application of the relevant legislation) in relation to the Purchaser's affairs, whether in respect of benefits provided by the Purchaser to its officers or employees, or in relation to the valuation of stocks or depreciation of assets or in respect of any administrative or other matter whatsoever.

(41) The Purchaser has not acquired any asset from any member of a group of companies (as defined in section 272 of the Income and Corporation Taxes Act 1970) of which the Purchaser is a member in

circumstances which could give rise to a liability to corporation tax on chargeable gains under section 278 of that Act.

Receiver Equipment

(42) The Purchaser has disclosed to the Vendor all material commitments to manufacturers and retailers in respect of DBS reception equipment.

Project Loan

(43) The Purchaser has drawn down £50 million under the Project Loan, of which £25 million constitutes partial cash collateral for such drawing and is standing to the credit of a bank account of the Purchaser (called Project Reverse Account) at Barclays Bank PLC, Soho Square Branch.

SCHEDULE 3

SUBSIDIARIES

PART A

<u>Name of Subsidiary</u>	<u>Registered Number</u>	<u>Place of registration or Incorp- oration</u>	<u>Registered Office</u>
Hit Productions Ltd.	1907867	England	PO Box 495 Virginia Street London E1 9XY
Satellite Sport Sales Ltd.	2284951	England	PO Box 495 Virginia Street London E1 9XY
Sky Subscriber Services Ltd.	2340150	England	PO Box 495 Virginia Street London E1 9XY
Superchannel Europe Limited	2018530	England	PO Box 495 Virginia Street London E1 9XY
World Snooker Masters Limited	2518634	England	PO Box 495 Virginia Street London E1 9XY
S.A.T.V. Publishing Limited	1085975	England	PO Box 495 Virginia Street London E1 9XY
Tele-Aerial Satellite Limited		England	PO Box 495 Virginia Street London E1 9XY
Sky Investments U.K. Inc.		Delaware	Corporation Trust Center 1090 Orange Street Wilmington Delaware 19801 USA
Sky Channel SRL	283585	Italy	Via San Pietro All'orto 26 Milan, Italy
Sky Channel N.V.	447608	Belgium	Rue Vergote 15 1040 Brussels Belgium

Sky Channel AG

Switzerland

Speicherjasse 5
Bei Dr Meyer
Berne
Switzerland

Sky Industries
Limited

2496924

England

PART B

Name of Company/Subsidiary

Directors

Secretary

Sky Television PLC

K.R. Murdoch
C.J. Allwood
Sir James Cruthers
G.D. Davey
P. Mastrandrea
D.J. Montgomery
A.F. Neil
M. Ruda
R.H. Searby
S.M. Till

E. Rogers

Hit Production Ltd.

D.J. Allwood,
G. Davey

Sky Channel AG

Dr. Max Meyer

Sky Channel NV

Pat Mastrandrea
C.J. Allwood
A.J. Carrington

Sky Channel SRL

Colin Burke

Satellite Sport Sales Ltd.

Dr. J.B. Munch
C.J. Allwood

Sky Subscriber Services Ltd.

C.J. Allwood
A.J. Selby
W.J. Kane

Sky Industries Ltd

Vincent Donohue
Alan Wardrop

Superchannel Europe Ltd.

G. Davey
C.J. Allwood

World Snooker Masters Ltd.

N.J. Carrington
G. Davey
D.B. Hill

S.A.T.V. Publishing Ltd

C.J. Allwood
G. Davey

Sky Investments U.K. Inc

K.R. Murdoch
D. Devoe
J. Leist
R.A. Sarazen
M. Singerman

Tele-Aerial Satellite Ltd

SCHEDULE 4

SUBSIDIARIES OF THE PURCHASER

PART A

<u>Name of Subsidiary</u>	<u>Registered Number</u>	<u>Place of Incorporation</u>	<u>Registered Office</u>
Now Television Limited	2228741	England	The Marcopolo Building Chelsea Bridge 346 Queenstown Road Battersea, London SW8
Axisrave Limited		England	As above
Movie Channel Limited	2228725	England	As above

PART B

<u>Name of Purchaser, Subsidiary</u>	<u>Directors</u>	<u>Secretary</u>
British Satellite Broadcasting Limited	A. Bernstein D. Plowright P. Davis I. Irvine F. Barlow M. Burrell J. Seydoux J.P. Lagrange	P.L. Clarke

	Sir Trevor Holdsworth	
	A.J.J. Simonds-Gooding	
	I. Clubb	
	J.G.M. Gau	
	D. McCall	
	P. Lomas	
New Television Limited	A.J.J. Simonds-Gooding	P.L. Clarke
	R.T. Hunter	
	P.L. Clarke	
Movie Channel Limited	A.J.J. Simonds-Gooding	P.L. Clarke
	A. Birchall	
	P.L. Clarke	
Axisrave Limited	I.M. Clubb	P.L. Clarke

SIGNED BY)
K. R. MURDOCH)
on behalf of)
NEWS INTERNATIONAL PLC)



SIGNED BY)
A. BERNSTEIN)
on behalf of BSB)
HOLDINGS LIMITED)



SIGNED BY)
IAN IRVINE)
on behalf of)
BRITISH SATELLITE)
BROADCASTING LIMITED)

