

BSkyB 8.5.01
BiB

**PROPOSED ACQUISITION BY BRITISH SKY BROADCASTING GROUP PLC OF
BRITISH INTERACTIVE BROADCASTING HOLDINGS LIMITED**

**UNDERTAKINGS GIVEN TO THE SECRETARY OF STATE FOR TRADE AND
INDUSTRY PURSUANT TO SECTION 75G(1) OF THE FAIR TRADING ACT 1973**

Whereas British Sky Broadcasting Group plc ("BSkyB") proposes to increase its shareholding in British Interactive Broadcasting Holdings Limited ("BiB") from 32.5% to 80.1%;

And whereas it appears to the Secretary of State that arrangements are in progress or in contemplation which, if carried into effect, will result in a merger situation qualifying for investigation (the "Merger");

And whereas the Secretary of State has power under Section 75(1) of the Fair Trading Act 1973 (the "Act") to refer the Merger to the Competition Commission;

And whereas the Director General of Fair Trading (the "Director") has made a recommendation to the Secretary of State that the Merger should be so referred, and has given advice to the Secretary of State specifying particular effects adverse to the public interest which, in his opinion, the Merger may have or might be expected to have;

And whereas the Secretary of State, instead of referring the Merger under section 75 of the Act, may under section 75G of the Act accept undertakings which he considers appropriate to remedy or prevent the effects of the Merger adverse to the public interest specified in the Director's advice;

Now therefore BSkyB gives the following undertakings to the Secretary of State pursuant to section 75G of the Act:

Availability of a clean feed

1 As from the Date of the Merger, BSkyB shall, in respect of any film or sports programme which includes Interactive Icons and which is broadcast on a Premium Channel, give a Distributor of that Premium Channel the option:

(a) to receive a signal of the Premium Channel such that the Distributor can distribute the Premium Channel to its customers in such form that Interactive Icons cannot be viewed by those customers; or

(b) where the Distributor also distributes a BiB Digital Interactive TV Service or a BSkyB Enhanced TV Service, to receive a signal for the Premium Channel which, subject to paragraph 3(2) below, can be processed in such a way that the Distributor can distribute the Premium Channel to its customers in such form that Relevant Interactive Icons can be viewed by those customers but Non-relevant Interactive Icons cannot be so viewed.

2 Where a Distributor wishes to exercise the option in paragraph 1(a) above, BSkyB shall, unless the parties agree otherwise, comply with the requirement in that paragraph either:

(a) if the Premium Channel is delivered to the Distributor by satellite, by means of a signal which includes the Interactive Icons within a part of the signal which is transmitted separately from the main television picture; or

(b) if the Premium Channel is delivered to the Distributor by land line, by means of a signal which does not include the Interactive Icons or, at the option of the Distributor, includes them within a part of the signal which is transmitted separately from the main television picture.

3 (1) Where a Distributor wishes to exercise the option in paragraph 1(b) above, BSkyB shall, at the request of the Distributor, offer all reasonable assistance to the Distributor so that the Distributor may develop its systems so as to enable the Distributor to distribute the Premium Channel to its customers in such form that Relevant Interactive Icons can be viewed by those customers but Non-relevant Interactive Icons cannot be so viewed.

(2) Where a Distributor wishes to exercise the option in paragraph 1(b) above, BSkyB shall not be in breach of that paragraph if, having complied with the obligation in subparagraph (1) above, BSkyB is unable to comply with the Distributor's request.

4 Where a Distributor wishes to exercise the option in paragraph 1(a) or 1(b) above, BSkyB shall only be required to comply with the Distributor's request if the Distributor agrees to bear the reasonable costs, if any, incurred in complying with it, including any reasonable development costs and, where the signal is distributed to the Distributor by land line, the reasonable costs, if any, relating to the installation, operation and maintenance of a land line and any related equipment.

5 Paragraph 1 above shall not apply to any Advertisement which is broadcast on behalf of any person other than BSkyB or BiB.

Subsidiaries and successors in title

6 (1) Save as provided in paragraph 7 below, BSkyB shall procure that:

(a) where a Premium Channel is offered to a Distributor by one of its Subsidiaries from time to time, that Subsidiary complies with these undertakings as if it had given them; and

(b) where a Premium Channel is offered to a Distributor by any successor in title to all or part of BSkyB's TV Programme Service Business, that successor in title complies with these undertakings as if it had given them.

(2) Where subparagraph (1)(b) above applies, the reference in that subparagraph to “these undertakings” shall be to these undertakings as they apply *mutatis mutandis* to the successor in title referred to in that subparagraph, save that:

(a) references to “BSkyB” in that subparagraph and in this subparagraph (2) shall continue to refer to BSkyB;

(b) references to “BiB” in this subparagraph (2) and in the definition of “BiB Digital Interactive TV Service” shall continue to refer to BiB;

(c) the reference to “BSkyB Channel” in the definition of “BSkyB Enhanced TV Service” shall continue to refer to a television programme service in respect of which BSkyB or one of its Subsidiaries from time to time holds an ITC satellite television services licence; and

(d) references to “BiB Digital Interactive TV Service” and “BSkyB Enhanced TV Service” in the definitions of “Interactive Icon”, “Non-relevant Interactive Icon” and “Relevant Interactive Icon” shall be construed in accordance with subparagraphs (b) and (c) above.

7 Where a Premium Channel is offered to a Distributor by one of BSkyB’s Subsidiaries from time to time whose policy BSkyB is not able to control, BSkyB shall be required only to use all reasonable endeavours to procure that that Subsidiary complies with these undertakings as if it had given them.

Provision of information

8 BSkyB shall forthwith provide to the Director such information as he may reasonably require from time to time for the purpose of ascertaining that these undertakings are being or will be complied with.

Competition Legislation

9 These undertakings do not in any way preclude or restrict any action that may be taken by the Director under the Act or under the Competition Act 1998 in respect of a matter relating to the breach or alleged breach of any of the undertakings or otherwise.

Interpretation

10 (1) The Interpretation Act 1978 shall apply to these undertakings as it does to Acts of Parliament.

(2) For the purpose of these undertakings:

“Advertisement” means an item of publicity which is broadcast in breaks in or between programmes on a Premium Channel;

“BiB Digital Interactive TV Service” means a service provided by BiB or a Subsidiary of BiB under an ITC satellite television services licence, accessed via a television and comprising video and audio streams relating to services and information provided by content providers, which employs associated software that runs on a digital satellite set top box, enabling viewers to interact with such video and audio streams;

“Bonus Channel” means a BSkyB Channel which is provided free of charge with the purchase by the Distributor of a Primary Channel and which is not otherwise available for distribution;

“BSkyB Channel” means a digital television programme service broadcast for reception in the United Kingdom in respect of which BSkyB or one of its Subsidiaries from time to time holds an ITC satellite television services licence;

“BSkyB Enhanced TV Service” means a BSkyB Channel which is associated with a Premium Channel and which contains enhanced content, such as alternative camera angles, action replays or other information directly relating to the material being broadcast on the Premium Channel, and employs associated software that runs on a digital satellite set top box, enabling viewers to interact with the enhanced content;

“Business” has the meaning given by section 137(2) of the Act;

“Date of the Merger” means the date on which the Merger Agreement is completed;

“Distributor” means a person who distributes television services for simultaneous reception at two or more places in the United Kingdom;

“ITC” means Independent Television Commission;

“Interactive Icon” means a navigation tool in the form of an on-screen representation authored in BSkyB’s chosen technology which appears on the television screen overlaid on a broadcast television programme and which, if activated by the viewer, facilitates direct electronic access to a BiB Digital Interactive TV Service or a BSkyB Enhanced TV Service;

“Merger Agreement” means the agreement dated 15 July 2000 between BiB, BSkyB, British Sky Broadcasting Limited, BT Holdings Limited, HSBC Bank plc, Matsushita Electric Industrial Co., Limited and Matsushita Electric Europe (Headquarters) Limited pursuant to which the Merger will be effected;

“Non-relevant Interactive Icon” means, in respect of a Premium Channel which is distributed by a Distributor, an Interactive Icon which facilitates direct electronic access to a BiB Digital Interactive TV Service or, as the case may be, to a BSkyB Enhanced TV Service which, in each case, is not distributed by that Distributor;

“Premium Channel” means a traditionally formatted linear BSkyB Channel which is offered from time to time by BSkyB or one of its Subsidiaries to Distributors for distribution on their networks and which is either a Primary Channel or a Bonus Channel but which in either case does not include any non-traditionally formatted BSkyB Channel, such as pay-per-view, multiplexed, enhanced or interactive channels or services, such as any BSkyB Enhanced TV Service or BiB Digital Interactive TV Service;

“Primary Channel” means a BSkyB Channel which, as well as being offered to Distributors for distribution on their networks, is also offered by or on behalf of BSkyB or one of its Subsidiaries to its direct-to-home subscribers on an à la carte basis for a separate fee which is over and above any fee payable for a basic package of channels;

“Relevant Interactive Icon” means, in respect of a Premium Channel which is distributed by a Distributor, an Interactive Icon which facilitates direct electronic access to a BiB Digital Interactive TV Service or, as the case may be, to a BSkyB Enhanced TV Service which, in each case, is distributed by that Distributor;

“Subsidiary” has the meaning given by section 736(1) of the Companies Act 1985 (as amended); and

“TV Programme Service Business” means the Business of offering Premium Channels to Distributors for carriage on their networks.

For and on behalf of BSkyB:

Signed: _____ (director)
_____ (director/secretary)

