

AGREEMENT FOR THE SALE AND PURCHASE OF SKY NEWS

DATED [●]

TWENTY-FIRST CENTURY FOX, INC.

AND

THE WALT DISNEY COMPANY

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THIS AGREEMENT is made on [●]

BETWEEN:

- (1) **TWENTY-FIRST CENTURY FOX, INC.**, a Delaware corporation with its principal office at 1211 Avenue of Americas, New York, New York 10036, USA (the **Seller**); and
- (2) **THE WALT DISNEY COMPANY**, a Delaware corporation with its principal office at 500 South Buena Vista Street, Burbank, California 9152, USA (the **Purchaser**).

BACKGROUND:

- (A) The Seller proposes to acquire the entire issued and to be issued share capital of Sky that the Seller does not already own (the **Fox/Sky Transaction**).
- (B) On 5 June 2018 the Secretary of State published his decision in connection with the Fox/Sky Transaction under Article 12(2) of the Order (the **Decision**). In the Decision, the Secretary of State decided that the conditions set out in Article 12 (6)(a) – (c) of the Order are met.
- (C) Under Article 12(7) of the Order, the Secretary of State has a discretion to take such action under paragraph 9 or 11 of Schedule 2 to the Order as he considers reasonable and practicable to remedy, mitigate or prevent any of the effects adverse to the public interest which he has decided may be expected to result from the creation of the European relevant merger situation.
- (D) Under paragraph 9 of Schedule 2 to the Order, the Secretary of State may accept undertakings as he considers appropriate to remedy, mitigate or prevent such effects.
- (E) On the date of this agreement the Seller gave undertakings (the **Undertakings**) to the Secretary of State for the purpose of remedying, mitigating or preventing the effects adverse to the public interest which may be expected to result from the Fox/Sky Transaction.
- (F) The Undertakings require the Seller, among other things, to (i) form Sky News Limited, as a private company limited by shares incorporated under English law (the **Company**), (ii) cause the Sky News Business to be transferred, as a going concern, to the Company, and (iii) enter into this agreement for the sale of the Company by the Seller to the Purchaser.
- (G) The Seller wishes to sell and the Purchaser wishes to purchase all the issued share capital of the Company on the terms and subject to the conditions set out in this agreement.

IT IS AGREED as follows:

1. INTERPRETATION

- 1.1 In addition to terms defined elsewhere in this agreement, the definitions and other provisions in Schedule 5 apply throughout this agreement, unless the contrary intention appears.
- 1.2 In this agreement, unless the contrary intention appears, a reference to a clause, subclause or schedule is a reference to a clause, subclause or schedule of or to this agreement. The schedules form part of this agreement.
- 1.3 The headings in this agreement do not affect its interpretation.

2. SALE AND PURCHASE OF THE SHARES

- 2.1 Subject to the Conditions being satisfied or, where applicable, waived, the Seller shall procure that Sky sells and the Purchaser shall purchase the Shares.
- 2.2 The Shares shall be sold with full title guarantee and together with all rights attaching to them.
- 2.3 The consideration for the sale of the Shares shall be £1.

3. CONDITIONS PRECEDENT

- 3.1 The sale and purchase of the Shares is conditional on:
- (a) the Sky News Business Transfer having occurred;
 - (b) the Fox/Sky Transaction Closing Date having occurred;
 - (c) if required under the Listing Rules, the shareholders of Sky who are not related parties (as defined in the Listing Rules) of Sky passing at a duly convened meeting of Sky such resolution(s), as may be necessary to approve the transactions contemplated by this agreement; and
 - (d) the following regulatory approvals having been obtained:
 - (i) either:
 - (A) the Irish Competition and Consumer Protection Commission (**CCPC**) having informed the notifying parties pursuant to section 21(2)(a) of the Irish Competition Act 2002 (as amended) (the **Competition Act**) that it has made a determination that the divestiture may be put into effect either unconditionally or subject to conditions;
 - (B) the period specified in section 21(2) of the Competition Act having elapsed without the CCPC having informed the notifying parties of the determination (if any) which it has made under section 21(2) of the Competition Act;
 - (C) the CCPC informing the notifying parties that it has determined under section 22(3) of the Competition Act that the divestiture may be put into effect either unconditionally or subject to conditions; or
 - (D) 120 working days after the “appropriate date” (as defined in section 19(6) of the Competition Act) having elapsed, or, where a requirement is made under section 20(2) of the Competition Act, 120 working days and any period of suspension that applied pursuant to section 22(4A) after the “appropriate date” having elapsed, without the CCPC having made a determination under section 22(3) of the Competition Act;
 - (ii) the divestiture having been notified to the Irish Minister for Communications, Climate Action and Environment (the Minister) pursuant to section 28B(1) of the Competition Act and:
 - (A) the Minister having informed the notifying parties pursuant to section 28D(1)(a) of the Competition Act that he has made a determination that the

divestiture will not be contrary to the public interest in protecting plurality of media in Ireland and may be put into effect;

- (B) the Minister having informed the notifying parties pursuant to section 28D(1)(b) of the Competition Act that, in light of proposed commitments offered by the parties, he has made a determination that the divestiture will not be contrary to the public interest in protecting plurality of media in Ireland and may be put into effect subject to those commitments;
 - (C) the Minister having informed the notifying parties pursuant to section 28G(1)(a) of the Competition Act that he has determined that the divestiture will not be contrary to the public interest in protecting plurality of media in Ireland and may be put into effect; or
 - (D) the Minister having informed the notifying parties pursuant to section 28G(1)(c) of the Competition Act that, in light of proposed commitments offered by the parties, he has made a determination that the divestiture will not be contrary to the public interest in protecting plurality of media in Ireland and may be put into effect subject to those commitments; and
- (iii) under the merger control provisions of the Austrian Cartel Act (*Kartellgesetz*), including those relating to media mergers:
- (A) both of the competent Austrian antitrust authorities (*Amtsparteien*) having waived their right to file for an application for examination (*Verzicht auf Stellung eines Prüfantrags*) of the divestiture pursuant to Section 11 (4) of the Austrian Cartel Act; or the standstill period (*Antragsfrist*) of 4 weeks (or 6 weeks upon request of the notifying party) provided for in Section 11 (1) or (1a) of the Austrian Cartel Act having lapsed and no application for examination having been made (*keine Stellung eines Prüfungsantrags*) by any of the Austrian antitrust authorities; or
 - (B) in the event that one or both of the competent Austrian antitrust authorities has made a request for an application for examination of the divestiture pursuant to Section 11 (1) of the Austrian Cartel Act:
 - I. the respective competent Austrian antitrust authority(ies) (*Amtspartei(en)*) having withdrawn their respective application(s) for examination;
 - II. the Austrian Cartel Court (*Kartellgericht*) or Austrian Supreme Cartel Court (*Kartellobergericht*) having issued a binding clearance decision (*rechtskräftige Freigabeentscheidung*);
 - III. the Austrian Cartel Court or Austrian Supreme Cartel Court having issued a binding decision (*rechtskräftige Entscheidung*) that no notifiable event (*kein anmeldepflichtiger Zusammenschluss*) arises from the divestiture;
 - IV. the Austrian Cartel Court or Austrian Supreme Cartel Court having issued a binding decision providing for the termination of the proceedings based on the expiry of the waiting period of 5 months (or 6 months upon request of the notifying party) set out in Section 14 (1) of the Austrian Cartel Act; or

V. the Austrian Supreme Cartel Court having issued a binding decision providing for the termination of the proceedings based on the expiry of the waiting period of 2 months set out in Section 14 (2) of the Austrian Cartel Act; and

(iv) [either:

(A) the European Commission having indicated in writing to the Purchaser that it does not consider the divestiture to fall within the scope of application of the EU Merger Regulation (for the avoidance of doubt, this condition shall be satisfied by any reasonably clear indication given by the European Commission to the Purchaser, including by way of informal guidance, and its satisfaction shall not require a decision pursuant to Article 6(1)(a) of the EU Merger Regulation);

(B) if the European Commission asserts jurisdiction over the divestiture under the EU Merger Regulation, the European Commission having granted a derogation under Article 7(3) of the EU Merger Regulation permitting the divestiture to proceed; or

(C) if the European Commission asserts jurisdiction over the divestiture under the EU Merger Regulation and refuses to grant a derogation under Article 7(3) of the EU Merger Regulation permitting the divestiture to proceed, the European Commission declaring the divestiture compatible with the internal market under Article 6(1)(b) (including read with Article 6(2)), 8(1) or 8(2) of the EU Merger Regulation or having been deemed to have done so under Article 10(6) of the EU Merger Regulation; and]

(v) any other regulatory approvals agreed in writing by the Secretary of State (such agreement not to be unreasonably withheld).

3.2 The Purchaser shall use reasonable endeavours to procure (so far as it is so able to procure) that the Condition at clause **Error! Reference source not found.** is satisfied on or before [●] or such later date as the Secretary of State may from time to time direct (the **Long Stop Date**). If all the Conditions are not satisfied, or waived in accordance with the preceding subclause, on or before the Long Stop Date:

(a) except for this subclause, clauses 1, 7, 13, 14, 15, 16, 17, 18 and 19 and the provisions of Schedule 5, all the provisions of this agreement shall lapse and cease to have effect; but

(b) neither the lapsing of those provisions nor their ceasing to have effect shall affect any accrued rights or liabilities of either party in respect of damages for non-performance of any obligation under this agreement falling due for performance prior to such lapse and cessation.

4. COMPLETION

4.1 Completion shall take place at the offices of the Seller's Solicitors on the date on which the last of the Conditions to be satisfied or waived in accordance with clause 3 is satisfied or so waived (or at such other place, at such other time and/or on such other date as the Seller and the Purchaser may agree).

4.2 At Completion:

- (a) the Seller shall observe and perform the provisions of Part 1 of Schedule 1; and
- (b) the Purchaser shall observe and perform the provisions of Part 2 of Schedule 1.

4.3 The Purchaser shall not be entitled in any circumstances to rescind or terminate this agreement after Completion.

5. SELLER'S WARRANTIES

5.1 The Seller warrants to the Purchaser that:

- (a) it has the power to execute and deliver this agreement, and each of the other Transaction Documents to which it is or will be a party, and to perform its obligations under each of them and has taken all action necessary to authorise such execution and delivery and the performance of such obligations;
- (b) this agreement constitutes, and each of the other Transaction Documents to which it is or will be a party will, when executed, constitute legal, valid and binding obligations of the Seller in accordance with its terms;
- (c) the execution and delivery by the Seller of this agreement and of each of the other Transaction Documents to which it is or will be a party and the performance of the obligations of the Seller under it and each of them do not and will not conflict with or constitute a default under any provision of:
 - (i) any agreement or instrument to which the Seller is a party; or
 - (ii) the constitutional documents of the Seller; or
 - (iii) any law, lien, lease, order, judgment, award, injunction, decree, ordinance or regulation or any other restriction of any kind or character by which the Seller is bound; and
- (d) all authorisations from, and notices or filings with, any governmental or other authority that are necessary to enable the Seller to execute and deliver this agreement and each of the other Transaction Documents to which it is or will be a party have been obtained or made (as the case may be) and are in full force and effect and all conditions of each such authorisation have been complied with.

5.2 The Seller warrants to the Purchaser that each of the Warranties will be true and accurate in all material respects at the time immediately prior to Completion and by reference to the circumstances subsisting at that time.

5.3 The Warranties and any Warranty Claim shall be subject to the limitations and other provisions set out in Schedule 3.

5.4 Subject to Schedule 3 but without prejudice to any other remedy available to the Purchaser or its ability to claim damages on any other basis which is available to it by reason of any of the Warranties being untrue or inaccurate, if any of the Warranties is untrue or inaccurate at the time such Warranties are given by the Seller to the Purchaser, the Seller shall be liable for, shall indemnify the Purchaser against and shall, at the direction of the Purchaser, pay to the Purchaser or the Company an amount equal, on an after-Tax basis, to all Liabilities (including legal and other professional fees and costs, a reasonable amount in respect of management time and consequential

losses), whether directly or indirectly arising, incurred or suffered by the Company or the Purchaser as a result of the relevant Warranty being untrue or inaccurate at such time.

6. PURCHASER'S WARRANTIES

The Purchaser warrants to the Seller that:

- (a) it has the power to execute and deliver this agreement, and each of the other Transaction Documents to which it is or will be a party, and to perform its obligations under each of them and has taken all action necessary to authorise such execution and delivery and the performance of such obligations;
- (b) this agreement constitutes, and each of the other Transaction Documents to which it is or will be a party will, when executed, constitute legal, valid and binding obligations of the Purchaser in accordance with its terms;
- (c) the execution and delivery by the Purchaser of this agreement and of each of the other Transaction Documents to which it is or will be a party and the performance of the obligations of the Purchaser under it and each of them do not and will not conflict with or constitute a default under any provision of:
 - (i) any agreement or instrument to which the Purchaser is a party; or
 - (ii) the constitutional documents of the Purchaser; or
 - (iii) any law, lien, lease, order, judgment, award, injunction, decree, ordinance or regulation or any other restriction of any kind or character by which the Purchaser is bound; and
- (d) all authorisations from, and notices or filings with, any governmental or other authority that are necessary to enable the Purchaser to execute and deliver this agreement and each of the other Transaction Documents to which it is or will be a party have been obtained or made (as the case may be) and are in full force and effect and all conditions of each such authorisation have been complied with.

7. SELLER'S UNDERTAKINGS

7.1 The Seller undertakes to the Purchaser that it shall, prior to Completion:

- (a) consult with the Purchaser on the steps and documents required to effect the Sky News Business Transfer (as defined in the Undertakings) and give the Purchaser a reasonable opportunity to comment on those proposed steps and documents before the Sky News Business Transfer is effected;
- (b) effect and complete the Sky News Business Transfer in accordance with section 6 of the Undertakings; and
- (c) procure that Sky, Sky IP International Limited and the Company enter into the Brand Licensing Agreement and the Operational Agreements.

7.2 The Seller undertakes to the Purchaser that it shall, from the date of this agreement, comply with the Undertakings.

7.3 Following Completion the Seller undertakes to the Purchaser:

- (a) to pay to the Company the following amounts:
- (i) £ [REDACTED] (such amount reflecting the ‘Revenue less Costs’ of the Sky News Business identified in Schedule 4) for the first financial year (adjusted on a *pro rata* basis according to the number of days that have elapsed between the date of that payment and the date of Completion) increased by Cost Inflation (the **Revenue Less Costs Amount**) for each following full financial year, for 15 years from Completion, each such amount to be paid as a single lump sum each year; and
 - (ii) for the first financial year (adjusted on a *pro rata* basis according to the number of days that have elapsed between the date of that payment and the date of Completion) increased by CPI in each full financial year thereafter (and subject to adjustment as set out below), for 15 years from Completion:
 - (A) if and to the extent that the amount of revenue received by the Company in any financial year in respect of agreements or arrangements falling under the heading ‘Other Revenue’ in Schedule 4 (**Other Revenue**) is less than the aggregate amount set out against that heading (being £ [REDACTED]) (the **Other Revenue Amount**) (the difference being the **Other Revenue Shortfall**), pay an amount equal to the Other Revenue Shortfall to the Company in the immediately following financial year at the same time as payment of other sums payable under this clause 7.3; and
 - (B) £ [REDACTED] (such amount reflecting the ‘Advertising Sales Revenue’ of the Sky News Business identified in Schedule 4) (the **Advertising Sales Amount**) in accordance with and subject to the terms of the advertising sales agreement to be entered into by the Company and Sky pursuant to the Undertakings,
- (the Revenue Less Costs Amount, the Other Revenue Amount and the Advertising Sales Amount being together the **Anticipated 21CF Revenue Amount**), provided that if and to the extent that the actual amount of all revenue received or generated by the Company (including amounts paid by the Seller under this clause 7.3) in any financial year exceeds the Anticipated 21CF Revenue Amount (**Excess Revenue**), the Seller shall be entitled to deduct an amount equal to Excess Revenue from the amount of the 21CF Financial Envelope (excluding the 21CF Brand Licence Fee Envelope) payable by the Seller in the immediately following financial year; and
- (b) to pay to the Company an amount equal to the brand licence fee calculated in accordance with and subject to the terms of the Brand Licensing Agreement (the **21 CF Brand Licence Fee Envelope**),

((a) and (b) being together the **21CF Financial Envelope**).

7.4 Each amount payable under clause 7.3 shall be adjusted if and to the extent required to ensure that, after taking into account:

- (a) any Tax required to be deducted or withheld from such payment;
- (b) the amount and timing of any additional Tax which becomes payable as a result of that payment being subject to Tax (provided that for this purpose any Seller’s Relief which is available to reduce or eliminate Tax arising in respect of that payment (or which would have been so available but for it having been used to reduce or eliminate a liability for Tax of (i) another member of the Purchaser’s Group, or (ii) the Company in respect of a trade or

business other than the Sky News Business) shall be deemed to have been used to the maximum extent permitted by law to reduce or eliminate any Tax arising in respect of that payment); and

- (c) the amount and timing of any Tax benefit which is obtained by the Purchaser in respect of that payment,

the Purchaser is in the same position as it would have been had no Tax been required to be deducted or withheld from that payment, had no additional Tax become payable by the Purchaser on receipt of that payment and had no Tax benefit been obtained in respect of that payment, or in respect of any Tax losses of the Sky News Business for the year in question, provided that the amount payable shall never be less than the amount as set out in clause 7.3.

- 7.5 Before any payment under clause 7.3 is adjusted under clause 7.4, the Purchaser shall provide the Seller with reasonable details of any Tax in respect of which clause 7.4(b) applies (including details of any relevant Seller's Relief) and any Tax benefit in respect of which clause 7.4(c) applies, and shall consult with the Seller in good faith with a view to (i) minimising any such Tax to the extent permitted by law and (ii) agreeing the amount of any adjustment required under clause 7.4 to the payment in question.
- 7.6 Before Sky and the Company enter into the Operational Agreements, the Seller undertakes to the Purchaser to consult with the Purchaser on which services and facilities will be provided to the Company pursuant to the Operational Agreements, consult with the Purchaser on the draft Operational Agreements, give the Purchaser a reasonable opportunity to comment on the draft Operational Agreements and procure that the reasonable requests of the Purchaser as to services and facilities to be provided by Sky to the Company are taken into account in the final form of the Operational Agreements. The Operational Agreements shall provide for all services provided thereunder to be provided to a service level consistent with the level at which such services (or their equivalents) were provided in respect of the Sky News Business in the 12 months prior to the date of this agreement.
- 7.7 From Completion the Seller undertakes to the Purchaser (for itself and behalf of each other member of the Purchaser's Group and its directors, officers, employees and agents) that, with effect from Completion, the Seller will indemnify on an after-Tax basis on demand and hold harmless each member of the Purchaser's Group and their respective directors, officers, employees and agents against and in respect of any and all Excluded Liabilities.
- 7.8 The Seller shall procure that, at Completion, the Company has no cash and no Financial Indebtedness which relates to the Sky News Business as carried out prior to Completion. For the purposes of this clause 7.8, **Financial Indebtedness** means indebtedness for borrowed money under any overdraft or loans, bonds, notes, debentures, loan stock or any similar instrument.

8. PURCHASER'S UNDERTAKINGS

- 8.1 From Completion the Purchaser undertakes to the Seller to:
 - (a) maintain the operating investment in the Company at a level not materially different (taking into account Cost Inflation) from the amount of 'Direct Costs' set out in Schedule 4 (the **Disney Financial Envelope**), for 5 years from Completion (the **Initial Period**); and
 - (b) in the ten-year period following the Initial Period, conditional upon receipt by the Company of the 21CF Financial Envelope, maintain the Disney Financial Envelope at a level not materially different to the level maintained during the Initial Period (taking into account Cost Inflation and market conditions), save that this level shall not be lower than (i) the

operating investment made in respect of the final year of the Initial Period plus (ii) an adjustment to reflect Cost Inflation in the period between the last date of the Initial Period and the year in respect of which the operating investment is being made.

- 8.2 From Completion the Purchaser undertakes to the Seller to procure that the Company will maintain financial records showing the annual 21CF Financial Envelope by the Seller and the annual Disney Financial Envelope by the Purchaser (the **Investment Report**). The Investment Report shall be certified by an independent auditor, with a copy provided to the Seller promptly following its preparation.
- 8.3 From Completion the Purchaser undertakes to the Seller that the Purchaser shall, for a period of 15 years from the date of Completion:
- (a) maintain the corporate governance structure of the Company described in the first sentence of section 3.1(i) of the Undertakings;
 - (b) ensure that the articles of association of the Company provide that the Company may not make any subsequent amendments to the Sky News Editorial Guidelines (as defined in the Undertakings) without the prior approval of Ofcom; and
 - (c) not cause, or attempt to cause, the Company to act in breach of its articles of association.
- 8.4 From Completion the Purchaser undertakes to the Seller (for itself and on behalf of each other member of the Seller's Group and their respective directors, officers, employees and agents) that the Purchaser will indemnify on an after-Tax basis on demand and hold harmless each member of the Seller's Group and their respective directors, officers, employees and agents against and in respect of any and all Assumed Liabilities.

9. ASSETS

- 9.1 If at any time within 12 months after Completion the Seller or any member of the Seller's Group becomes aware of any asset (tangible or intangible, and including business information, Intellectual Property Rights, customer data and consumer-facing apps or software) (each an **Asset**) which is owned by the Company but which was prior to Completion used exclusively or primarily in the Non-Sky News Business (**Additional Seller Assets**), the Seller shall promptly notify the Purchaser of that fact and, on receipt of that notice, the Purchaser shall as soon as reasonably practicable procure that the Company shall transfer its interest in any such Additional Seller Asset, free from any Encumbrance, to a member of the Seller's Group (as directed by the Seller) and for no additional consideration. The Seller confirms that at the date of this agreement it has not identified any Additional Seller Assets which would be subject to this clause 9.1. This clause 9.1 shall apply in the same way with respect to contracts which relate exclusively to the Non-Sky News Business and the Purchaser shall procure that the Company uses reasonable endeavours to assign such contracts to the Seller or such other member of the Seller's Group as the Seller shall nominate (to the extent that it is able).
- 9.2 In respect of any Asset (other than Intellectual Property Rights) that was: (a) prior to the Sky News Business Transfer Date (i) used primarily but not exclusively in connection with the Non-Sky News Business and (ii) also used in the Sky News Business; and (b) remained in the Seller's Group at the time of the Sky News Business Transfer (a **Shared Seller Asset**):
- (a) the Seller shall procure that the Company is permitted to use or have the benefit of that Shared Seller Asset in the same manner and on the same terms as it was used by it prior to the Sky News Business Transfer Date for so long as is reasonably necessary to allow the Company to obtain a replacement for such Shared Seller Asset; and

- (b) prior to Completion the Seller shall, and from Completion the Purchaser shall, use all reasonable endeavours to obtain a replacement for such Shared Seller Asset for use in the Sky News Business as soon as reasonably practicable and upon doing so shall cease using and return the Shared Seller Asset promptly.
- 9.3 To the extent that prior to its transfer pursuant to clause 9.1 the Company, in connection with the Sky News Business, used or had the benefit of (and was permitted to do the same) any Additional Seller Asset (other than Intellectual Property Rights) required to be transferred to a member of the Seller's Group pursuant to clause 9.1:
- (a) the Seller shall with effect from such transfer procure that the Company is permitted to use or have the benefit of that Additional Seller Asset in the same manner and on the same terms as it was used by the Company immediately prior to such transfer for so long as is reasonably necessary to allow the Company to obtain a replacement for such Additional Seller Asset; and
- (b) the Purchaser shall use all reasonable endeavours to obtain a replacement for such Additional Seller Asset as soon as reasonably practicable and upon doing so shall cease using and return the Additional Seller Asset promptly.
- 9.4 If any time within 12 months after Completion the Purchaser or the Company becomes aware of any Asset which is owned by a member of the Seller's Group but which was prior to Completion used exclusively or primarily in the Sky News Business (**Additional Company Assets**), the Purchaser shall promptly notify the Seller of that fact and, on receipt of that notice, the Seller shall as soon as reasonably practicable procure that the relevant member of the Seller's Group shall transfer its interest in any such Additional Company Assets free from any Encumbrance to the Company or any other member of the Purchaser's Group (as directed by the Purchaser) and for no additional consideration. This clause 9.4 shall apply in the same way with respect to contracts which relate exclusively to the Sky News Business and the Seller shall procure that the relevant member of the Seller's Group uses it reasonable endeavours to assign such contract to the Company (or as directed by the Purchaser) (to the extent that it is able).
- 9.5 In respect of any Asset (other than Intellectual Property Rights) that was: (a) prior to the Sky News Business Transfer Date (i) used primarily but not exclusively in connection with the Sky News Business and (ii) also used by a member of the Seller's Group in the Non-Sky News Business; and (b) transferred to the Company in connection with the Sky News Business Transfer (a **Shared Company Asset**):
- (a) the Seller shall procure prior to Completion, and the Purchaser shall procure from Completion, that the Company shall permit the relevant member of the Seller's Group to use or have the benefit of that Shared Company Asset in the same manner and on the same terms as it was used by it prior to the Sky News Business Transfer Date for so long as is reasonably necessary to allow that member of the Seller's Group to obtain a replacement for such Shared Company Asset; and
- (b) the Seller shall use all reasonable endeavours to obtain a replacement for such Shared Company Asset for use in the Non-Sky News Business as soon as reasonably practicable and upon doing so shall cease using and return the Shared Company Asset promptly.
- 9.6 To the extent that prior to its transfer pursuant to clause 9.4 a member of the Seller's Group, in connection with the Non-Sky News Business, used or had the benefit of (and was permitted to do the same) any Additional Company Asset (other than Intellectual Property Rights) required to be transferred to the Company or any member of the Purchaser's Group pursuant to clause 9.4:

- (a) the Purchaser shall with effect from such transfer procure that the relevant member(s) of the Seller's Group are permitted to use or have the benefit of that Additional Company Asset in the same manner and on the same terms as it was used by the relevant member(s) of the Seller's Group immediately prior to such transfer for so long as is reasonably necessary to allow the relevant member(s) of the Seller's Group to obtain a replacement for such Additional Company Asset; and
- (b) the Seller shall use all reasonable endeavours to obtain a replacement for such Additional Company Asset as soon as reasonably practicable and upon doing so shall notify the Purchaser and cease using and return the Additional Company Asset promptly.

9.7 All costs and expenses associated with transferring Intellectual Property Rights from any member of the Seller's Group to the Company (whether pursuant to the Undertakings, clause 9.2 or otherwise) and updating any intellectual property registers shall be borne by the Seller (or a member of the Seller's Group) and not by the Purchaser nor by the Company.

9.8 Between the date of this agreement and Completion, the parties shall (acting reasonably and in good faith) agree the terms of one or more licence agreements pursuant to which:

- (a) from Completion, the Seller shall grant (or procure that the relevant member of the Seller's Group shall grant) to the Purchaser a non-exclusive, worldwide, irrevocable, assignable in whole or in part to a purchaser of the business to which the licence relates, licence (with the right to grant sub-licences) to use all Seller-Owned Shared IPR for the sole purpose of continuing to conduct the Sky News Business in the manner in which the Sky News Business was conducted immediately prior to Completion; and
- (b) from Completion, the Purchaser shall grant (or procure that the Company or the relevant member of the Purchaser's Group shall grant) to the Seller a non-exclusive, worldwide, irrevocable, assignable in whole or in part to a purchaser of the business to which the licence relates, licence (with the right to grant sub-licences) to use all Purchaser-Owned Shared IPR for the sole purpose of continuing to conduct the Non-Sky News Business in the manner in which the Non-Sky News Business was conducted immediately prior to Completion.

10. APPORTIONMENT

10.1 Where anything (including any service) is to be provided by the Purchaser's Group under any of the Contracts after Completion, but any payment (whether by way of deposit, prepayment or otherwise) in respect of the price or cost of it has been received by the Seller's Group before Completion, the Seller shall pay a sum equal to the amount of that payment (excluding any amount in respect of output VAT for which the Seller or another member of the VAT Group is required to account) to the Purchaser and shall hold such sum in trust for the Purchaser until it is promptly paid over.

10.2 Where anything (including any service) is to be provided to the Purchaser's Group under any of the Contracts after Completion, but any payment (by way of deposit, prepayment or otherwise) has been made by the Seller in respect of the price or cost of it before Completion, the Purchaser shall pay a sum equal to the amount of that payment (excluding such part of that payment as constitutes an amount in respect of VAT for which the Seller or another member of the VAT Group is entitled to credit as input tax) to the Seller and shall hold such sum in trust for the Seller until it is promptly paid over.

- 10.3 All moneys or other items relating to the Sky News Business as carried out after Completion which are received by the Seller or any member of the Seller's Group on or after Completion shall be held in trust by the Seller for the Purchaser and shall be promptly paid over to the Purchaser.
- 10.4 All moneys or other items relating to: (a) the Non-Sky News Business; or (b) Sky News and the Sky News Business as carried out prior to Completion, which are received by the Purchaser or the Company on or after Completion shall be held in trust by the Purchaser or the Company, as applicable, for the Seller and shall be promptly paid over to the Seller.

11. SEPARATION OF SHARED BUSINESS CONTRACTS

- 11.1 Prior to Completion, the Seller and the Purchaser shall discuss and agree in good faith a process to identify all material Shared Business Contracts. The Purchaser may on notice to the Seller elect to take the rights and obligations of the Relevant Part of any Shared Business Contract. If the Purchaser makes such an election, the Seller and the Purchaser shall use all reasonable endeavours to procure that an arrangement is entered into with the relevant counterparty to the relevant Shared Business Contract such that the benefit and burden of the Relevant Part is severed from such Shared Business Contract and an agreement or arrangement equivalent to such Shared Business Contract is entered into between the relevant counterparty and a member of the Purchaser's Group (or the Relevant Part is sub-licensed to the Purchaser). Pending any such separation of a Shared Business Contract, the Seller shall procure that the benefit of the Relevant Part is held on trust for the Company and the Company receives all such goods and/or services under such contract as are applicable to the Sky News Business as at Completion, until, in each case, such separation occurs or the Company elects to cease to benefit from such contract.
- 11.2 The Purchaser shall meet its share of costs in respect of the Relevant Part of any Shared Business Contract consistent with past practice in the 12 months prior to the date of this agreement.

12. PROPERTIES

- 12.1 Prior to Completion, but subject to clause 12.4, the Seller shall procure that the Company is granted a lease in respect of each Real Property (or part of it, as the case may be) used by the Sky News Business as at the date of this agreement.
- 12.2 Each lease granted pursuant to clause 12.1 shall be in a form approved by the Purchaser, acting reasonably, but shall:
- (a) be for a term of not less than 15 years from Completion, with a contractual right to renew for a further 5 years from expiry of the initial term;
 - (b) be on an arm's length basis, on reasonable commercial terms and in a form appropriate to the jurisdiction in which the relevant Real Property is situated;
 - (c) enable the Company to continue to use the relevant Real Property in the same manner as it is used by Sky News as at the date of this agreement; and
 - (d) not impose any additional costs on the Company in respect of the relevant Real Property compared with the costs incurred by Sky News in relation to that Real Property in the period of 12 months immediately before Completion.
- 12.3 If any lease granted to the Company pursuant to clause 12.1 (or any right to occupy granted to the Company pursuant to clause 12.4(b)) relates to a Real Property (or part of it) which, as at the date of this agreement, forms part of a wider building or site that is used by both the Sky News Business and the Non-Sky News Business, the Seller shall procure (on terms approved by the Purchaser, acting

reasonably) that from Completion all appropriate rights, facilities services arrangements and other agreements are put in place at no cost to the Company (including in respect of any separation works) to reflect the principle that the Company may continue to use the relevant Real Property in the same manner as it is used by Sky News at the date of this agreement.

- 12.4 If the Seller is unable to comply with clause 12.1 as a result of a restriction or prohibition in a superior lease or other contract relating to the relevant Real Property in effect as at the date of this agreement or the Company is not in exclusive possession of the relevant Real Property or it would be otherwise impractical to grant a lease having regard to the configuration of the relevant Real Property and all other circumstances:
- (a) if applicable, the Seller shall (at no cost to the Company) use all reasonable and commercially prudent endeavours to procure that the restriction or prohibition is waived or amended prior to Completion to allow a lease to be granted in accordance with clauses 12.1 and 12.2; and
 - (b) if, having complied with clause 12.4(a), the Seller is unable to comply with clause 12.1 in respect of a Real Property (or part of it, as the case may be) used by Sky News at the date of this agreement, the Seller shall procure that the Company is granted a right to occupy that Real Property (or the relevant part of it) on terms approved by the Purchaser, acting reasonably, and otherwise consistent with clauses 12.2(a) to 12.2(d).

13. ANNOUNCEMENTS AND CONFIDENTIALITY

- 13.1 Subject to clauses 13.4 and 13.5, the Seller shall (and shall procure that each member of the Seller's Group, and, in respect of the period up to Completion, the Company, and each such person's advisers and connected persons, shall) and the Purchaser shall (and shall procure that each member of the Purchaser's Group, and, in respect of the period from Completion, the Company, and each such person's advisers and connected persons, shall):
- (a) not make any announcement concerning the sale and purchase of the Shares or any related or ancillary matter; and
 - (b) keep confidential the provisions and subject matter of, and the negotiations relating to, each Transaction Document.
- 13.2 The Purchaser:
- (a) shall, and shall procure that each other member of the Purchaser's Group for the time being shall, keep confidential all information provided to it by or on behalf of the Seller or otherwise obtained by it in connection with this agreement which relates to the Seller or any other member of the Seller's Group; and
 - (b) shall procure that, if after Completion the Company holds confidential information relating to the Seller or any other member of the Seller's Group, the Company shall after Completion keep that information confidential.
- 13.3 Except to the extent specified in such clauses, the provisions of clauses 13.1 and 13.2 shall apply before, on and after Completion.
- 13.4 Nothing in clauses 13.1 or 13.2 prevents any announcement being made or any confidential information being disclosed:

- (a) where such announcement is in the Agreed Form or the confidential information disclosed comprises only information set out in an announcement in the Agreed Form; or
- (b) with the written approval of the other parties, which in the case of any announcement shall not be unreasonably withheld or delayed; or
- (c) to the extent required by law, any court of competent jurisdiction or any competent regulatory body, but if a person is so required to make any announcement or to disclose any confidential information, the relevant party shall promptly notify the other parties, where practicable and lawful to do so, before the announcement is made or disclosure occurs (as the case may be) and shall co-operate with the other parties regarding the timing and content of such announcement or disclosure (as the case may be) or any action which the other parties may reasonably elect to take to challenge the validity of such requirement.

13.5 Nothing in clauses 13.1 or 13.2 prevents any confidential information being disclosed to the extent:

- (a) required to enable any person to enforce its rights under any Transaction Document or for the purpose of any judicial proceedings;
- (b) that the information is disclosed on a strictly confidential basis by a person to its professional advisers, auditors or bankers;
- (c) that the information is disclosed by the Seller on a strictly confidential and need to know basis to another member of the Seller's Group or by the Purchaser on a strictly confidential and need to know basis to another member of the Purchaser's Group; or
- (d) that the information is in or comes into the public domain.

14. NOTICES

14.1 Any notice or other communication to be given under this agreement must be in writing (which includes fax, but not any other form of Electronic Communication) and must be delivered or sent by post or fax to the party to whom it is to be given as follows:

- (a) to the Seller at:

Address: 1211 Avenue of the Americas, New York, NY 10036, USA

Fax: +1 212 852 7214

marked for the attention of General Counsel,

with a copy to Allen & Overy LLP

Address: One Bishops Square, London, E1 6AD, United Kingdom

Fax: +44 203 088 0088

marked for the attention of Antonio Bavasso/Simon Toms

- (b) to the Purchaser at:

Address: The Walt Disney Company, 500 South Buena Vista Street, Burbank, CA 91521-1245, USA

Fax: +1 818 562-1813

marked for the attention of Jim M. Kapenstein

with a copy to Slaughter and May

Address: One Bunhill Row, London, EC1Y 8YY

marked for the attention of Richard Smith

or at any such other address or fax number of which it shall have given notice for this purpose to the other party under this clause. Any notice or other communication sent by post shall be sent by prepaid recorded delivery post (if within the United Kingdom) or by prepaid airmail (if the country of destination is not the same as the country of origin).

- 14.2 Any notice or other communication shall be deemed to have been given:
- (a) if delivered, on the date of delivery; or
 - (b) if sent by post, on the second Business Day after it was put into the post; or
 - (c) if sent by fax, on the date of transmission, if transmitted before 3.00 p.m. (local time at the country of destination) on any Business Day, and in any other case on the Business Day following the date of transmission.
- 14.3 In proving the giving of a notice or other communication, it shall be sufficient to prove that delivery was made or that the envelope containing the communication was properly addressed and posted by prepaid recorded delivery post or by prepaid airmail or that the fax was properly addressed and transmitted, as the case may be.
- 14.4 This clause shall not apply in relation to the service of any claim form, notice, order, judgment or other document relating to or in connection with any proceedings, suit or action arising out of or in connection with this agreement.

15. ASSIGNMENTS

- 15.1 The Purchaser may, upon giving a notice to the Seller, assign the benefit of this agreement to any other member of the Purchaser's Group for the time being and if it does so:
- (a) the assignee may enforce the obligations on the part of the Seller under this agreement (including the Warranties) as if it had been named in this agreement as the Purchaser;
 - (b) as between the Seller and the Purchaser, the Seller may nevertheless enforce this agreement against the Purchaser as if the assignment had not occurred;
 - (c) the assignment shall be without cost to the Seller and shall not in any way operate so as to increase the liability or reduce the rights of any of the parties under this agreement; and
 - (d) prior to the assignee ceasing to be a member of the Purchaser's Group for the time being, the Purchaser shall procure that the benefit of this agreement is re-assigned to the Purchaser or assigned to another member of the Purchaser's Group for the time being.

15.2 Except as permitted by this clause, none of the rights or obligations under this agreement may be assigned or transferred without the prior written consent of the Seller and the Purchaser and any such purported assignment or transfer shall be void.

16. PAYMENTS

16.1 Unless otherwise expressly stated (or as otherwise agreed in the case of a given payment), each payment to be made to the Seller or the Purchaser under this agreement shall be made in pounds sterling by transfer of the relevant amount into the relevant account on the date (and, if applicable, at or before the time) the payment is due for value on that date and in immediately available funds.

16.2 If a party is required by law to make a deduction or withholding in respect of any sum payable under this agreement, that party shall, at the same time as the sum which is the subject of the deduction or withholding is payable, make a payment to the other party of such additional amount as shall be required to ensure that the net amount received by that other party will equal the full amount which would have been received by it had no such deduction or withholding been required to be made.

17. GENERAL

17.1 Each of the obligations, warranties and undertakings set out in this agreement (excluding any obligation which is fully performed at Completion) shall continue in force after Completion and shall not be affected by the waiver of any Condition or any notice given by the Purchaser in respect of any Condition.

17.2 Time is not of the essence in relation to any obligation under this agreement unless:

- (a) time is expressly stated to be of the essence in relation to that obligation; or
- (b) one party fails to perform an obligation by the time specified in this agreement and the other party serves a notice on the defaulting party requiring it to perform the obligation by a specified time and stating that time is of the essence in relation to that obligation.

17.3 Except as otherwise expressly provided in this agreement, each party shall pay the costs and expenses incurred by it in connection with the entering into and completion of this agreement.

17.4 This agreement may be executed in counterparts, both of which taken together shall constitute one and the same agreement, and either party (including any duly authorised representative of a party) may enter into this agreement by executing a counterpart.

17.5 The rights of each party under this agreement:

- (a) may be exercised as often as necessary;
- (b) except as otherwise expressly provided by this agreement, are cumulative and not exclusive of rights and remedies provided by law; and
- (c) may be waived only in writing and specifically.

Delay in exercising or non-exercise of any such right is not a waiver of that right.

17.6 Except as expressly stated in this agreement, a person who is not a party to this agreement may not enforce any of its terms under the Contracts (Rights of Third Parties) Act 1999.

17.7 Where a Seller's Relief has been taken into account in reducing a liability of the Seller under clause 7.3 or clause 7.7, that Seller's Relief shall not be taken into account on any further occasion in reducing any such liability of the Seller.

18. WHOLE AGREEMENT

18.1 This agreement and the other Transaction Documents contain the whole agreement between the parties relating to the transactions contemplated by the Transaction Documents and supersede all previous agreements, whether oral or in writing, between the parties relating to these transactions. Except as required by statute, no terms shall be implied (whether by custom, usage or otherwise) into this agreement.

18.2 Each party:

- (a) acknowledges that in agreeing to enter into this agreement and the other Transaction Documents it has not relied on any express or implied representation, warranty, collateral contract or other assurance made by or on behalf of the other party before the entering into of this agreement;
- (b) waives all rights and remedies which, but for this subclause 18.2, might otherwise be available to it in respect of any such express or implied representation, warranty, collateral contract or other assurance; and
- (c) acknowledges and agrees that no such express or implied representation, warranty, collateral contract or other assurance may form the basis of, or be pleaded in connection with, any claim made by it under or in connection with this agreement.

18.3 Nothing in this agreement limits or excludes any liability for fraud.

19. GOVERNING LAW AND JURISDICTION

19.1 This agreement and any non-contractual obligations arising out of or in connection with it shall be governed by English law.

19.2 The English courts have exclusive jurisdiction to settle any dispute arising out of or in connection with this agreement (including a dispute relating to any non-contractual obligations arising out of or in connection with this agreement) and the parties submit to the exclusive jurisdiction of the English courts.

19.3 The Seller irrevocably appoints [*name of process agent*] of [*address*] as its agent in England for service of process.

19.4 The Purchaser irrevocably appoints [*name of process agent*] of [*address*] as its agent in England for service of process.

19.5 The parties waive any objection to the English courts on grounds that they are an inconvenient or inappropriate forum to settle any such dispute.

19.6 Each party irrevocably and unconditionally waives, to the fullest extent permitted by applicable law, any right it may have to a trial by jury in any legal action or proceeding arising, directly or indirectly, out of or relating to this agreement or the transactions contemplated by it and for any counterclaim therein (in each case whether based on contract, tort or any other theory and whether predicated on common law, statute or otherwise). Each party (a) certifies that no representative, agent or attorney of the other party has represented, expressly or otherwise, that the other party would not, in the event

of litigation, seek to enforce the foregoing waiver, and (b) acknowledges that it and the other party have been induced to enter into this agreement by, amongst other things, the mutual waivers and certifications in this clause.

AS WITNESS this agreement has been signed by the parties (or their duly authorised representatives) on the date stated at the beginning of this agreement.

SCHEDULE 1

COMPLETION

PART 1

SELLER'S OBLIGATIONS

At Completion the Seller shall procure:

- (a) the delivery to the Purchaser of:
 - (i) duly executed transfers in favour of the Purchaser or its nominee(s) of all the Shares;
 - (ii) the share certificate(s) representing the Shares (or an express indemnity in the case of any found to be missing);
 - (iii) such waivers or consents as may be necessary to enable the Purchaser or its nominee(s) to become the registered holder of all the Shares;
 - (iv) the certificate of incorporation, common seal, minute books, statutory registers and share certificate books of the Company;
 - (v) the resignations of all the directors and the secretary of the Company, in each case acknowledging (by way of deed) that he has no claim against the Company, whether for loss of office or otherwise; and
 - (vi) a copy of the resolutions of the board of directors of the Seller authorising the execution of this agreement, and each of the other Transaction Documents to which it is or will be a party; and
- (b) that a board meeting of the Company is held at which it is resolved that:
 - (i) such persons as the Purchaser nominates are appointed as additional directors of the Company; and
 - (ii) the transfers referred to in paragraph (a)(i) (subject only to their being duly stamped) are, to the extent relevant, approved for registration.

PART 2

PURCHASER'S OBLIGATIONS

At Completion the Purchaser shall:

- (a) make a payment to the Seller of an amount equal to the Consideration; and
- (b) deliver to the Seller a copy of the resolutions of the board of directors of the Purchaser authorising the execution of this agreement and each of the other Transaction Documents to which it is or is to be a party.

SCHEDULE 2

SELLER'S WARRANTIES

1. GENERAL

1.1 Incorporation and capacity of Seller

The Seller is a company validly existing under the laws of England with the requisite power and authority to enter into and perform, and has taken all necessary corporate action to authorise the execution and performance of, its obligations under the Transaction Documents.

1.2 Valid obligations

This agreement and the other Transaction Documents constitute or will, when executed by the Seller, constitute valid and binding obligations of the Seller.

1.3 Filings and consents

Other than as contemplated by this agreement:

- (a) no notices, reports or filings are required to be made by the Seller with any governmental or regulatory body in connection with the transactions contemplated by this agreement; and
- (b) no consents, approvals, registrations, authorisations or permits are required to be obtained by the Seller from any governmental or regulatory body in connection with the execution and performance of this agreement,

a failure to make or obtain which would have a material adverse effect on the assets or financial position of the Company.

1.4 Recitals and schedules

The particulars of the Company to be provided by the Seller to the Purchaser on the Relevant Date are true and accurate.

1.5 Incorporation of the Company

The Company is a company validly existing under the laws of England with full power and authority to conduct its business as presently conducted.

1.6 Statutory books

The statutory books (including the registers and minute books) of the Company have, since the Relevant Date, been properly kept and the Company has not, since the Relevant Date, received a written notice or allegation that any of them is incorrect or should be rectified.

1.7 Ownership of Shares

- (a) The shares to be transferred pursuant to this agreement constitute the whole of the issued and allotted share capital of the Company and are fully paid up.
- (b) There is no Encumbrance on, over or affecting any of the Shares.

- (c) The Seller is entitled to transfer or procure the transfer of the full legal and beneficial ownership in the Shares to the Purchaser on the terms and subject to the conditions set out in this agreement.

1.8 Subsidiaries and associates

The Company is not the holder or beneficial owner of, nor has it agreed to acquire, any shares of any other corporation.

1.9 Information

Except in the ordinary course of business, all material records and information belonging to the Company and relating to the Sky News Business (whether or not held in written form) are in its exclusive possession or under its control, and all such records and information are subject to access by it.

1.10 Financial Information

The Financial Information has been prepared with all reasonable care and attention and is, for the relevant period to which it is stated to relate, true and accurate in all material respects and not misleading in any material respects.

1.11 Licences

- (a) The Company has all material licences, permissions, authorisations and consents required for the carrying on of the business now carried on by the Company and had, at the relevant time, all material licences, permissions, authorisations and consents which were required for the carrying on of the Sky News Business in the year prior to the date of this agreement in the places and in the manner in which that business is now carried on and such licences, permissions, authorisations and consents are in full force and effect.
- (b) None of the Seller, Sky or the Company has since the Relevant Date, in respect of the Sky News Business, received written notice that it is, as at the date of this agreement, materially in default under any material licence, permission, authorisation or consent and, so far as the Seller is aware, there are no circumstances likely to give rise to any such material default.

1.12 Compliance with laws

- (a) The Company has not since the Relevant Date, and neither the Seller nor Sky has in the three years prior to the date of this agreement and in respect of the Sky News Business, received written notice from any governmental or regulatory body that it is in violation of, or in default with respect to, any statute, regulation, order, decree or judgment of any court or governmental agency of the jurisdiction in which it is incorporated, where such violation or default would have a material adverse effect on the assets or financial position of the Company or its ability to carry out the Sky News Business .
- (b) The Company has not since the Relevant Date, and neither the Seller nor Sky has in the three years prior to the date of this agreement, done or omitted to do anything, the doing or omission of which amounts to a contravention of any statute, order, regulation or the like giving rise to any material fine, penalty or other liability or sanction on the part of the Company or would materially affect the Company's ability to carry out the Sky News Business.
- (c) Neither the Company, nor any director, officer or employee of the Company has engaged or engages in any activity, practice or conduct (or failure to act) which would constitute an offence under the Bribery Act 2010 if such activity, practice or conduct (or failure to act) were carried out in the United Kingdom.

- (d) Neither the Seller nor Sky nor any director, officer or employee of the Seller or Sky has in the three years prior to the date of this agreement and in respect of the Sky News Business engaged in any activity, practice or conduct (or failure to act) which would constitute an offence under the Bribery Act 2010 if such activity, practice or conduct (or failure to act) were carried out in the United Kingdom.

1.13 Compliance with Undertakings

The Seller has complied with the Undertakings in all respects.

1.14 Ownership of Assets

- (a) Except for current Assets offered for sale or sold in the ordinary course of trading, the Company has not since the Relevant Date disposed of any of the Assets acquired by it in connection with the Sky News Business Transfer or any Assets acquired or agreed to be acquired since the Relevant Date.
- (b) None of the property, Assets, undertaking, goodwill or uncalled capital of the Company is subject to any Encumbrance and there is no agreement or other commitment to give or create any and no claim has been made by any person to be entitled to any.
- (c) The Company owns or is entitled to possess and use (when taken together with the facilities and services provided under the Operational Agreements and for such period as such services are so provided) all the Assets that are reasonably required by the Company for the continuation of the Sky News Business as carried on in the twelve months prior to the date of this agreement.
- (d) The Company owns or has the benefit of (when taken together with the facilities and services provided under the Brand Licensing Agreement and the Operational Agreements and for such period as such services are so provided) all the contracts that are reasonably required by the Company for the continuation of the Sky News Business as carried on in the twelve months prior to the date of this agreement.

1.15 Liabilities

Except in pursuance of the Undertakings, the Sky News Business Transfer or the transactions or arrangements contemplated by them, the Company has not entered into any transaction or assumed or incurred any Liabilities.

1.16 Properties

The Company has a right to occupy, use and access all Real Property that is reasonably required by the Company for the continuation of the Sky News Business as carried on in the twelve months prior to the date of this agreement.

1.17 Environment

- (a) In this paragraph:
 - (i) **Environmental Law** means all statutes, common law and regulations concerning the protection of the environment or the generation, transportation, storage, treatment or disposal of a Dangerous Substance and capable of enforcement by legal process in the jurisdiction of operation of the Company as at the date of this agreement;
 - (ii) **Environmental Licence** means any permit, licence, authorisation, consent or other approval required under or in relation to any Environmental Law;

- (iii) **Environmental Matters** means the environment, Environmental Law, Environmental Licences and/or Dangerous Substances; and
 - (iv) **Dangerous Substance** means any natural or artificial substance likely to cause significant damage to the environment.
- (b) The Company has at all times complied with all applicable Environmental Laws.
 - (c) In the three years prior to the date of this agreement, each of the Seller and Sky has complied at all times complied with all applicable Environmental Laws as they relate to the Sky News Business.
 - (d) The Company has all Environmental Licences which are material to and necessary for its business and the Sky News Business (all of which are valid and subsisting) and is in material compliance with all applicable Environmental Law and with the terms and conditions of all Environmental Licences.
 - (e) The Company has not, since the Relevant Date, received any written notice or communication from which it appears that it is in material violation of any Environmental Law or Environmental Licence.
 - (f) The Company is not engaged in any prosecution, litigation, arbitration, action or other proceedings or settlement of any proceedings concerning any Environmental Law, any Environmental Licence or any Dangerous Substance which is material to the financial position of the Company and there are no facts or circumstances which are likely to give rise to any such prosecution, litigation, arbitration, action or other proceedings or settlement by or against the Company.

1.18 Intellectual Property Rights

- (a) The activities of the Sky News Business have not, in the three years prior to the date of this agreement, infringed or made unauthorised use of any Intellectual Property Rights of a third party where such infringement would have a material adverse effect on the Sky News Business.
- (b) So far as the Seller is aware, there has, in the three years prior to the date of this agreement, been no unauthorised use by a third party of (i) any material Intellectual Property Rights owned by the Company or owned by the Seller's Group and that relates exclusively or primarily to the Sky News Business; or (ii) the trade marks licensed to the Company pursuant to the Brand Licensing Agreement.
- (c) All renewal, application and other registry fees have been paid in respect of all registered Intellectual Property Rights:
 - (i) of which the Company is the registered proprietor or for which application has been made by the Company;
 - (ii) a member of the Seller's Group is the registered proprietor or for which application has been made by a member of the Seller's Group, and which relate exclusively to the Sky News Business; or
 - (iii) which are licensed to the Company pursuant to the Brand Licensing Agreement.
- (d) None of the Company, the Seller nor any member of the Seller's Group has granted any third party an exclusive licence to any Intellectual Property Rights relating to the Sky News Business which would prohibit the use of such Intellectual Property Rights by the Company in a way which would have a material adverse effect on the Sky News Business.

- (e) Neither the Seller nor any member of the Seller's Group has been granted an exclusive licence to use any Intellectual Property Rights relating exclusively or primarily to the Sky News Business and which are material to the operations of the Sky News Business.

1.19 Systems

- (a) For the purposes of this paragraph, **Systems** means all the software, hardware, network and telecommunications equipment and internet-related information technology that are material to the Company in connection with the operation of its business as currently conducted.
- (b) There have in the three years prior to the date of this agreement been no security breaches, breakdowns, malfunctions, data loss, failures or other defects in the Systems which have had a material adverse effect on the operations of the Company or the Sky News Business.

1.20 Contracts

- (a) The Company is not, and will not immediately following Completion be, a party to nor does the Sky News Business include any subsisting material contract which:
 - (i) was entered into otherwise than in the ordinary course of business; or
 - (ii) has an outstanding term of more than three years without provision to terminate on six months' notice or less;
 - (iii) involves the supply of goods or services the aggregate sales value of which will represent in excess of 10% of the turnover for the current financial year of the Company; or
 - (iv) restricts its freedom to carry on the whole or any material part of its business the Sky News Business.
- (b) The Company has not, since the Relevant Date, received written notice that it is in default under any agreement, mortgage, charge, lien or pledge which is material to the financial position of the Company.
- (c) Neither the Seller nor Sky has since the Relevant Date received written notice that it is in default under any agreement, mortgage, charge, lien or pledge in relation to the Sky News Business which is material to the financial position of the Company.
- (d) There are no subsisting material contracts to which the Company is a party or which is included in the Sky News Business and in which any member of the Seller's Group has a material interest (other than, in the case of the Seller, its interest in the Shares).
- (e) The Company is not, or has it agreed to become, a member of any partnership or other unincorporated association, joint venture or consortium (other than recognised trade associations).

1.21 Indebtedness

- (a) The Company has not, since the Relevant Date, received any written notice:
 - (i) to repay any borrowings or indebtedness under any agreement relating to any borrowing (or indebtedness in the nature of borrowing) which are repayable on demand; or

- (ii) that an event of default has occurred and is outstanding under any agreement relating to any borrowing (or indebtedness in the nature of borrowing) or other credit facility of the Company.
- (b) The total amount borrowed by the Company from its bankers does not exceed its overdraft and other facilities.
- (c) The Company does not have outstanding any loan capital or any money borrowed or raised (other than under its bank facilities or normal trade credits).
- (d) The Company has not, since the Relevant Date, lent any money which is due to be repaid and has not been repaid and the Company does not own the benefit of any debt, other than debts accrued in the ordinary course of its business.

1.22 Litigation

- (a) Except as claimant in the collection of debts arising in the ordinary course of business, the Company is not a claimant or defendant in or otherwise a party to any litigation, arbitration or administrative proceeding which is in progress and which is material in relation to the Company nor, so far as the Seller is aware, has any such proceeding been expressly threatened in writing by or against any the Company since the Relevant Date.
- (b) Except as claimant in the collection of debts arising in the ordinary course of business, the Seller and, as far as the Seller is aware, Sky, is not a claimant or defendant in or otherwise a party to or involved in any litigation, arbitration or administrative proceeding which is in progress and which relates to the Sky News Business and which is material in relation to the Company or the Sky News Business nor has any such proceeding been expressly threatened in writing by or against the Seller, or as far as the Seller is aware, Sky since the Relevant Date.

1.23 Insurances

The Company has taken out or has the benefit of insurances consistent with the insurances in place in respect of the Sky News Business in the 12 months prior to the date of this agreement and:

- (a) such insurances are in full force and effect;
- (b) there are no special circumstances which might lead to any liability under such insurances being avoided by the insurers; and
- (c) there are no material claims relating to the Sky News Business which remain outstanding have been made under any such insurances.

1.24 Solvency

- (a) No administrator, receiver or administrative receiver has been appointed in respect of the whole or any part of the assets or undertaking of the Company.
- (b) No order has been made and no resolution has been passed for the winding-up of the Company and, so far as the Seller is aware, no petition has been presented for that purpose.
- (c) The Company is not insolvent (within the meaning of the Insolvency Act 1986) or unable to pay its debts and the Company has not stopped paying its debts as they fall due.

- (d) No voluntary arrangement, compromise or similar arrangement with creditors has been proposed, agreed or sanctioned in respect of the Company.

1.25 Employees

- (a) There is not in existence any written or unwritten contract of employment between the Company and a director or an employee of the Company which cannot be terminated by 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).
- (b) There is not outstanding any agreement or arrangement to which the Company is a party for profit-sharing or for payments to any of its directors or employees of bonuses or for incentive payments or other similar matters and there are no other material payments to employees which have not been disclosed, nor are there any other terms or conditions of employment or engagement (whether contractual or not) which are in any way linked to or dependent on the transaction contemplated by the this agreement.
- (c) No Senior Employee has given or been given notice to terminate his employment.
- (d) There are no existing or threatened claims in relation to the Company by or in respect of any Senior Employee or any material number or category of employees or former employees in respect of his or their employment.
- (e) There is no existing or threatened labour dispute involving employees of the Company and any trade union, works council or other representative body.
- (f) So far as the Seller is aware, the Company has complied in all material respects with all applicable contracts of employment and all applicable laws relating to the its employees.
- (g) The Company is not paying, and is not under any liability (actual or contingent) to pay, secure or enhance (other than by payment of employers' contributions under national insurance or social security legislation), any pension or other benefit on retirement, death or disability or the attainment of a specified age.

2. TAX

2.1 Taxation liabilities

All Taxation of any nature whatsoever for which the Company is liable and which has fallen due for payment has been duly paid.

2.2 Taxation returns

- (a) All notices, computations and returns which ought to have been submitted to a Taxation Authority by the Company since the Relevant Date have been properly and duly so submitted and all information, notices, computations and returns submitted to a Taxation Authority since the Relevant Date are true, accurate and complete and are not the subject of any dispute nor, so far as the Seller is aware, are likely to become the subject of any dispute with a Taxation Authority.
- (b) Since the Relevant Date all records which the Company is required to keep for Taxation purposes have been duly kept and are available for inspection at the premises of the Company.
- (c) The Company has not asked for any extensions of time for the filing of any currently outstanding tax returns or other documents relating to Taxation.

2.3 Penalties and interest

The Company has not since the Relevant Date paid or become liable to pay any interest, penalty, surcharge or fine relating to Taxation.

2.4 Investigations

The Company has not since the Relevant Date been subject to or is currently subject to any non-routine investigation, audit or visit by any Taxation Authority.

2.5 Deductions and withholdings

The Company has made all deductions in respect, or on account, of any Taxation from any payments made by it which it is obliged to make and has accounted in full to the appropriate authority for all amounts so deducted.

2.6 Employees - compensation for loss of office

The Company is not under any obligation to pay, nor has it since the Relevant Date paid or agreed to pay, any compensation for loss of office or any gratuitous payment to an employee leaving employment not deductible in computing its income for the purposes of Taxation.

2.7 Completion

No charge to Taxation will arise on the Company by virtue of the entering into and/or completion of this agreement, the Sky News Business Transfer or the agreements described at, and entered into in accordance with, sections 6.4 and 8 of the Undertakings, except (in each case) to the extent that any such charge has been paid at no cost to the Company.

2.8 Tax residence

The Company is not treated for any Taxation purpose as resident in a country other than the country of its incorporation and the Company does not have, nor has it had within the past six years, a branch, agency or permanent establishment in a country other than the country of its incorporation.

2.9 Stamp Duty

All documents on which stamp duty or any other transfer, registration or documentary Taxation is chargeable and which are in the possession of the Company or by virtue of which the Company has any right have been duly stamped (or, as the case may be, such transfer, registration or documentary Taxation has been duly paid).

2.10 Elections

The Company has not made any election which could affect the Tax treatment of any transaction.

2.11 VAT

- (a) The Company has complied in all material respects with the terms of all legislation, rules and regulations in relation to VAT.
- (b) The Company has never been treated as a member of a group for any VAT purposes and no application has ever been made for the Company so to be treated.

2.12 Tax treatment of the Sky News Business

In the last four years, there have been no disputes or disagreements with any Taxation Authority regarding the proper method of computing the profits of the Sky News Business (or any part of it) for Tax purposes, or the proper treatment for VAT purposes of any supplies made (or deemed to be made) in the course of the Sky News Business and, so far as the Seller is aware, there are no circumstances which make it likely that any such dispute or disagreement will commence.

2.13 No preferential Tax regimes

No Taxation Authority has within the past ten years operated or agreed to operate any special arrangement for Tax purposes (being an arrangement which is not based on relevant legislation or published Taxation Authority practice) in relation to any part of the Sky News Business.

SCHEDULE 3

WARRANTY CLAIMS

1. Acknowledgement

The Purchaser acknowledges and agrees that it is not aware of any matter or circumstance which is inconsistent with any of the Warranties or makes any of them untrue or inaccurate.

2. Notice

If the Purchaser or the Company becomes aware of a matter or circumstance which may give rise to a Warranty Claim, the Seller shall not be liable in respect of it unless the Purchaser gives notice to the Seller specifying that matter or circumstance in reasonable detail (including, without limitation, the Purchaser's estimate, on a without prejudice basis, of the amount of such claim) as soon as reasonably practicable (and in any event within 30 days) after it or the Company (as the case may be) becomes aware of that matter or circumstance. The Seller shall not be liable for any losses in respect of a Warranty Claim to the extent that they are increased, or are not reduced, as a result of any failure by the Purchaser to give notice as contemplated by this paragraph.

3. Exclusions

3.1 The Seller shall not be liable in respect of a Warranty Claim to the extent that the matter or circumstance giving rise to that claim has been or is made good or is otherwise compensated for without cost to the Purchaser or the Company.

3.2 The Seller shall not be liable in respect of a Warranty Claim to the extent the relevant liability would not have arisen but for:

- (a) any act or omission of the Company on or before Completion carried out at the written request of the Purchaser or any act or omission of the Purchaser or the Company after Completion; or
- (b) a cessation, or any change in the nature or conduct, of any trade carried on by the Company at Completion, being a cessation or change occurring on or after Completion.

4. Financial limits

The liability of the Seller under or in respect of the Warranties shall be limited as follows:

- (a) the Seller shall not be liable in respect of any Warranty Claim except to the extent that the amount of damages resulting from any and all Warranty Claims exceed in aggregate £1,500,000, and then the Seller shall be liable only for the amount by which the amount of damages resulting from any and all Warranty Claims exceed in aggregate £1,500,000; and
- (b) the maximum aggregate liability of the Seller in respect of any and all Warranty Claims shall not exceed £150,000,000.

5. Time limits

The liability of the Seller in respect of the Warranties shall terminate:

- (a) on the seventh anniversary of the Sky News Business Transfer Date in respect of those Warranties set out in paragraph 2 (Tax) of Schedule 2; and
- (b) on the second anniversary of the Sky News Business Transfer Date in respect of all other Warranties,

except in respect of any Warranty Claim of which notice is given to the Seller as contemplated by paragraph 2 of this Schedule 3 before the relevant date. The liability of the Seller in respect of any Warranty Claim shall in any event terminate if proceedings in respect of it have not been commenced within six months after the giving of notice of that Warranty Claim as contemplated by paragraph 2 of this Schedule 3 (or, if the Warranty Claim is based on a liability which is contingent only, within three months after such contingent liability gives rise to an obligation to make a payment) unless that Warranty Claim arises as a result of, or in connection with, a Third Party Claim (as defined in paragraph 8 of this Schedule 3) and the Seller shall have assumed conduct of that Third Party Claim in accordance with paragraph 8 of this Schedule 3.

6. Waiver of rights

- 6.1 The Seller agrees with the Purchaser, the Company and each employee and director of the Company, in the absence of fraud, dishonesty or wilful concealment by or on behalf of the Company or any of its employees or directors, to waive any rights or claims which it may have in respect of any misrepresentation, inaccuracy or omission in or from any information or advice supplied or given by the Company or any of its employees or directors in connection with the giving of the Warranties.
- 6.2 Subparagraph 6.1 may be enforced by the Company and any employee or director of the Company against the Seller under the Contracts (Rights of Third Parties) Act 1999. The provisions of this paragraph 6 may be varied or terminated by agreement between the Seller and the Purchaser (and the Purchaser may also release or compromise in whole or in part any liability in respect of rights or claims contemplated by this clause) without the consent of the Company or any employee or director of the Company.

7. Payment of damages

Any payment made by the Seller in respect of a Warranty Claim shall, to the maximum extent possible, be deemed to be a reduction in the Consideration.

8. Third party claims

- 8.1 If a Warranty Claim arises as a result of, or in connection with, a liability or alleged liability of the Company to a third party (a **Third Party Claim**), then the Seller may, at any time before any final compromise, agreement, expert determination or non-appealable decision of a court or tribunal of competent jurisdiction is made in respect of the Third Party Claim or the Third Party Claim is otherwise disposed of, give notice to the Purchaser that it elects to assume the conduct of any dispute, compromise, defence or appeal of the Third Party Claim and of any incidental negotiations on the following terms:
 - (a) the Seller shall indemnify the Purchaser and the Company against all liabilities, charges, costs and expenses which they may incur in taking any such action as the Seller may request pursuant to subparagraphs (b) and (c) below;
 - (b) the Purchaser shall procure that the Company makes available to the Seller such persons and all such information as the Seller may request for assessing, contesting, disputing, defending, appealing or compromising the Third Party Claim;

- (c) the Purchaser shall procure that the Company takes such action to assess, contest, dispute, defend, appeal or compromise the Third Party Claim as the Seller may request and does not make any admission of liability, agreement, settlement or compromise in relation to the Third Party Claim without the prior written approval of the Seller; and
- (d) the Seller shall keep the Purchaser informed of the progress of the Third Party Claim and provide the Purchaser with copies of all relevant documents and such other information in its possession as may be requested by the Purchaser (acting reasonably).

8.2 If a Warranty Claim arises as a result of, or in connection with, a Third Party Claim, the Purchaser shall, until the earlier of such time as the Seller shall give any notice as contemplated by subparagraph 8.1 and such time as any final compromise, agreement, expert determination or non-appealable decision of a court or tribunal of competent jurisdiction is made in respect of the Third Party Claim or the Third Party Claim is otherwise finally disposed of:

- (a) procure that the Company consults with the Seller, and takes account of the requirements of the Seller, in relation to the conduct of any dispute, defence, compromise or appeal of the Third Party Claim;
- (b) keep, or procure that the Company keeps, the Seller promptly informed of the progress of the Third Party Claim and provide, or procure that the Company provides, the Seller with copies of all relevant documents and such other information in the Purchaser's or the Company's possession as may be requested by the Seller; and
- (c) procure that the Company shall not cease to defend the Third Party Claim or make any admission of liability, agreement or compromise in relation to the Third Party Claim without the prior written consent of the Seller.

8.3 Nothing in this paragraph 8 shall require the provision by any person of any information to the extent such provision would contravene any applicable law or regulation or would breach any duty of confidentiality owed to any third party. If any information is provided by any person (the **Provider**) to any other person (the **Recipient**) pursuant to this paragraph 8:

- (a) that information shall only be used by the Recipient in connection with the Third Party Claim and clause 7 of this agreement shall in all other respects apply to that information; and
- (b) to the extent that information is privileged:
 - (i) no privilege shall be waived by reason of or as a result of its being provided to the Recipient; and
 - (ii) if a third party requests disclosure by the Recipient in relation to that information, if the Recipient is the Seller or the Purchaser, the Recipient shall or, if the Recipient is the Company, the Purchaser shall procure that the Recipient shall promptly notify the Provider and, to the extent it can do so, itself assert privilege in opposition to that disclosure request.

9. Mitigation

Nothing in this agreement shall be deemed to relieve the Purchaser from any common law duty to mitigate any loss or damage incurred by it as a result of any of the Warranties being untrue or inaccurate.

10. Recovery from third parties

If:

- (a) the Seller makes a payment in respect of a Warranty Claim (the **Damages Payment**), including a payment to the Purchaser, the Company or any member of the Purchaser's Group under any term of this agreement, any of the Operational Agreements, the 21CF Financial Envelope or any other document entered into pursuant hereto or thereto;
- (b) at any time after the making of such payment the Company, the Purchaser or any member of the Purchaser's Group receives any sum other than from the Seller which would not have been received but for the matter or circumstance giving rise to that Warranty Claim (the **Third Party Sum**);
- (c) the receipt of the Third Party Sum was not taken into account in calculating the Damages Payment; and
- (d) the aggregate of the Third Party Sum and the Damages Payment exceeds the amount required to compensate the Purchaser in full for the loss or liability which gave rise to the Warranty Claim in question (such excess being the **Excess Recovery**),

the Purchaser shall, promptly following receipt of the Third Party Sum by it or the Company, repay to the Seller an amount equal to the lower of (i) the Excess Recovery and (ii) the Damages Payment.

11. Insurance

Without prejudice to the Purchaser's duty to mitigate any loss in respect of any of the Warranties being untrue or inaccurate, if in respect of any matter which would otherwise give rise to a Warranty Claim, the Company is entitled to claim under any policy of insurance, the amount of insurance monies which the Company receives under such claim shall reduce *pro tanto* or extinguish that Warranty Claim.

12. Contingent liabilities

If any Warranty Claim (other than a Warranty Claim relating to any of the Warranties set out in paragraph 2 (Tax) of Schedule 2) is based upon a liability which is contingent only, the Seller shall have no obligation to make a payment in respect thereof unless (and until) such contingent liability gives rise to an obligation to make a payment before the second anniversary of the date of this agreement.

13. Waiver of set off rights

The Purchaser waives any and all rights of set off, counterclaim, deduction or retention against or in respect of any of its payment obligations under this agreement or any of the other Transaction Documents which it might otherwise have by virtue of any Warranty Claim.

14. Remedy of breaches

If the matter or circumstance giving rise to a Warranty Claim is capable of remedy, the Seller shall have no liability in respect of that Warranty Claim unless the relevant matter or circumstance is not remedied within 30 days after the date on which the Seller is given notice as contemplated by paragraph 2 of this Schedule 3 in relation to that matter or circumstance. The Purchaser shall procure that the Seller is given the opportunity in that 30 day period to remedy the relevant matter or circumstance and shall, without prejudice to paragraph 9 of this Schedule 3, provide, and shall

procure that the Company shall provide, all reasonable assistance to the Seller to remedy the relevant matter or circumstance.

15. Other

The Seller shall have no liability in respect of any Warranty Claim arising out of a matter or circumstance affecting the Company if the notice given under paragraph 2 of this Schedule 3 in relation to the relevant matter or circumstance is given at a time when the Company concerned has ceased to be a subsidiary of the Purchaser.

16. Consequential loss

The Seller shall have no liability under or in respect of the Warranties for any indirect loss or any punitive or aggravated damages, arising out of any matter or circumstance giving rise to a Warranty Claim.

17. No liability if loss is otherwise compensated

No liability shall attach to the Seller by reason of any claim under or in respect of this agreement to the extent that the same loss has been recovered by the Purchaser, the Company or any member of the Purchaser's Group under any other term of this agreement, any of the Operational Agreements, the 21CF Financial Envelope or any other document entered into pursuant hereto or thereto and accordingly the Purchaser's Group may only recover once in respect of the same loss.

SCHEDULE 5
INTERPRETATION

1. In this agreement:

21CF Financial Envelope has the meaning given in clause 7;

Additional Seller Assets has the meaning given in clause 9.1;

Additional Company Assets has the meaning given in clause 9.2;

Agreed Form means, in relation to any document, the form of that document which has been initialled for the purpose of identification by the Seller's Solicitors and the Purchaser's Solicitors or otherwise by or on behalf of the Seller and the Purchaser with such changes as the Seller and the Purchaser may agree in writing before Completion;

Asset has the meaning given in clause 9.1;

Assumed Liabilities means all Liabilities relating to the Sky News Business other than: (i) the Excluded Liabilities; and (ii) any Operational Agreements Liabilities;

Beckmann Liability means any liability to provide to any person any benefits under any defined benefit pension scheme which relate to benefits for old age, invalidity or survivors (within the meaning of regulation 10(2) of TUPE (as defined below));

Brand Licensing Agreement means the brand licensing agreement in the Agreed Form to be entered into between Sky, Sky IP International Limited and the Company;

Business Day means a day (other than a Saturday or Sunday) on which banks are generally open in London for normal business;

CMA means Competition and Markets Authority;

Company has the meaning given in Recital (F);

Completion means completion of the sale and purchase of the Shares in accordance with this agreement;

Conditions means the conditions precedent to the sale and purchase of the Shares set out in clause 3;

Consideration means the consideration for the sale of the Shares set out in clause 2.3;

Contracts means all the contracts (which include (amongst other things) all agreements, arrangements and commitments) relating to the Sky News Business current at Completion to which the Seller or any member of the Seller's Group is a party or the benefit of which is held in trust for or has been assigned to it any member of the Seller's Group;

Cost Inflation means the greater of CPI or RPI;

CPI means the consumer price index, as published from time to time by the Office for National Statistics;

Decision has the meaning given in Recital (B);

Disney Financial Envelope has the meaning given in clause 8.1(a);

Electronic Communication means an electronic communication as defined in the Electronic Communications Act 2000;

Encumbrance means any option, right to acquire, mortgage, charge, pledge, lien or other form of security or encumbrance and any agreement to create any of the foregoing;

EU Merger Regulation means Council Regulation (EC) No. 139/2004 on the control of concentrations between undertakings;

Excluded Liabilities means:

- (a) all Liabilities relating to the Non-Sky News Business (including Beckmann Liabilities); and
- (b) all Liabilities relating to Sky News and the Sky News Business in either case to the extent they have arisen or arise (whether before or after Completion) as a result of, or otherwise relate to, any act, omission, fact, matter, circumstance or event undertaken, occurring, in existence or arising before Completion and/or to extent that they have arisen after Completion as a result of, or otherwise relate to, any act, omission, fact, matter, circumstance or event, occurring in existence or arising before Completion and ongoing following Completion and, in any case, including without limitation:
 - (i) any Beckmann Liabilities;
 - (ii) any Liabilities arising as a result of the transfer of Assets to the Company and any related reorganisation in order to comply with the Undertakings (including any Tax Liabilities relating to any such transfer or reorganisation);
 - (iii) any obligation to make any payment to or in respect of any person engaged as an employee of or worker in the Company or the Sky News Business (an Employee) including for (w) wages, salary, commission, liability for contractual or statutory holiday, (x) contributions to or in respect of any scheme or plan for the payment of any pension or other benefit on retirement, death, disability or the attainment of a specified age, in respect of service at any time up to Completion (y) employer's liabilities in respect of the pay as you earn system, primary and secondary national insurance contributions (and any similar income tax and/or social security contribution regime outside the UK) and (z) any obligation under or in connection with any bonus, incentive and/or share scheme of the Company, Sky or any member of the Seller's Group;
 - (iv) any obligation to make any payment in respect of the employment or termination of employment of any person that, at any time before Completion, was an Employee or was assigned to the Sky News business within Sky (including the termination of the engagement of any such person for a reason within any of regulations 4(7), 4(9) or 4(11) of the Transfer of Undertakings (Protection of Employees) Regulations 2006 (those regulations being TUPE, which term shall include any similar law or regulation in any other member state of the European Union));
 - (v) any failure by the Company, Sky or any member of the Seller's Group to discharge its obligations under TUPE arising in connection with the Sky News Business Transfer;

- (vi) a person that was assigned to the Sky News business not being, or alleging that s/he has not been, transferred by TUPE to the Company by virtue of the Sky News Business Transfer (a Stranded Employee) (as regards which the Seller shall be liable (x) in respect of any costs that arise by reference to any period after the Completion as well as before and (y) without limitation, for any incremental costs incurred by the Company in filling the relevant role, being costs which would not have been incurred had the Stranded Employee become an employee of the Company by virtue of, and at the time of, the Sky News Business Transfer);
- (vii) a person that was not assigned to the Sky News business being, or alleging that s/he has been, transferred by TUPE to the Company by virtue of the Sky News Business Transfer (a Misplaced Employee) (as regards which the Seller shall be liable (x) in respect of any costs that arise by reference to any period after the Completion as well as before and (y) without limitation, for any costs incurred by the Company in employing or terminating the employment of the Misplaced Employee, provided that the Seller shall have no liability under this sub-paragraph (vi) unless notice of any such termination is given to the Misplaced Employee within 30 Business Days of the Purchaser becoming aware of the fact that the relevant person is a Misplaced Employee);
- (viii) any act that is inconsistent with paragraph 6.2 of the Undertakings (the Non-Solicit) and/or any act of Sky that, if it were bound by the Non-Solicit, would be inconsistent with the Non-Solicit;
- (ix) any act that is inconsistent with paragraph 16.1(ix) of the Undertakings (the Staff Maintenance Obligation) and/or any act of Sky or any member of the Seller's Group that, if it were bound by the Staff Maintenance Obligation, would be inconsistent with the Staff Maintenance Obligation; and
- (x) any Tax Liability arising: (i) as a consequence of or by reference to any event, transaction, circumstance, action or omission which occurred on or before Completion or was deemed to occur on or before Completion for the purposes of any Tax; (ii) in respect of or by reference to any income, profit or gains which were earned, accrued or received on or before Completion in respect of a period ending on or before Completion,

in each case excluding any Operational Agreements Liabilities.

Financial Information means the information set out in Schedule 4;

Fox/Sky Transaction has the meaning given in Recital (A);

Fox/Sky Transaction Closing Date means:

- (a) if the Fox/Sky Transaction is effected by way of a takeover offer (as that term is defined in section 974 of the Companies Act), the date on which such takeover offer becomes or is declared unconditional in all respects; or
- (b) if the Fox/Sky Transaction is effected by way of a scheme of arrangement, the date on which the Court sanctions the scheme of arrangement;

Initial Period has the meaning given in clause 8.1(a);

Intellectual Property Rights means (i) copyright (including rights in software), patents, database rights and rights in trade marks, designs, domain names, know-how and confidential information (whether registered or unregistered), (ii) applications for registration, and rights to apply for registration, of any of the foregoing rights and (iii) all other intellectual property rights and equivalent or similar forms of protection existing anywhere in the world;

Investment Report has the meaning given in clause 8.2;

Liabilities means all liabilities, claims, damages, proceedings, demands, orders, suits, costs, losses and expenses, in each case, of every description, whether deriving from contract, common law, statute or otherwise, whether present or future, actual or contingent, ascertained or unascertained or disputed and whether owed or incurred severally or jointly or as principal or surety;

Listing Rules means the listing rules made by the Financial Conduct Authority under section 73A of the Financial Services and Markets Act 2000, as amended from time to time;

Long Stop Date has the meaning given in clause 3.2;

Non-Sky News Business means the business of the Seller's Group from time to time but excluding the Sky News Business;

Ofcom means the Office of Communications as established by the Office of Communications Act 2002, or, where relevant, the Director General of Telecommunications as appointed under section 1 of the Telecommunications Act 1984;

Operational Agreements means the agreements described in section 8.1 of the Undertakings;

Operational Agreements Liabilities means the Liabilities of any member of the Seller's Group to any member of the Purchaser's Group or vice versa in each case arising under any Operational Agreement;

Order means the Enterprise Act 2002 (Protection of Legitimate Interests) Order 2003, as amended by the Enterprise Act 2002 (Protection of Legitimate Interests)(Amendment) Order 2014;

Purchaser-Owned Shared IPR means any Intellectual Property Rights which (a) are used by both the Sky News Business and the Non-Sky News Business immediately prior to Completion and (b) are owned by the Purchaser, the Company or any other member of the Purchaser's Group either (i) at Completion or (ii) as a result of any transfer of such rights pursuant to clause 9.2;

Purchaser's Group means the Purchaser and all its subsidiaries from time to time;

Purchaser's Solicitors means Slaughter and May of One Bunhill Row, London EC1Y 8YY;

Real Property means any freehold, leasehold or other immovable property in any part of the world;

Relevant Date means the date of incorporation of the Company;

Relevant Part means, in respect of a Shared Business Contract, the part of it which exclusively relates to the Sky News Business;

Relief means any loss, relief, allowance or credit in respect of any Tax and any deduction in computing income, profits or gains for the purposes of any Tax, and any right to repayment of Tax;

RPI means the retail price index, as published from time to time by the Office for National Statistics;

Secretary of State means the Secretary of State for Digital, Culture, Media and Sport;

Seller-Owned Shared IPR means any Intellectual Property Rights which (a) are used by both the Sky News Business and the Non-Sky News Business immediately prior to Completion and (b) are owned by the Seller or any other member of Seller's Group either (i) at Completion or (ii) as a result of any transfer of such rights pursuant to clause 9.1, but excluding any trade marks incorporating the word "SKY and any Intellectual Property Rights that are licensed to the Purchaser pursuant to the Brand Licensing Agreement;

Seller's Group means the Seller and all its subsidiaries from time to time;

Seller's Relief means any Relief arising to the Company in respect of the Sky News Business, or properly attributable to the Sky News Business, which arises:

- (a) as a consequence of or by reference to an event, transaction, circumstance, action or omission occurring (or deemed to occur) during any period ended on or before Completion; or
- (b) in respect of, any period ended on or before Completion;
- (c) as a consequence of or by reference to an event, transaction, circumstance, action or omission occurring (or deemed to occur) during any financial year in respect of which the Seller may be required to make a payment under clause 7.3; or
- (d) in respect of any financial year in respect of which the Seller may be required to make a payment under clause 7.3;

Seller's Solicitors means Allen & Overy LLP of One Bishops Square, London E1 6AD;

Senior Employee means an employee of the Company who is entitled to emoluments at an average annual rate over the last three financial years in excess of £[AMOUNT] per annum, and of every director who is also an employee;

Shared Business Contracts means any contract which relates to both the Sky News Business and the business of the Sky and its subsidiaries, in each case as at Completion and to which Sky or any of its subsidiaries is a party, and **Shared Business Contract** shall mean any of them;

Shares means all the issued shares in the capital of the Company;

Sky means Sky plc;

Sky News has the meaning given in the Undertakings;

Sky News Business means the business of Sky News (being the business described in the definition of "Sky News" in the Undertakings) as carried on in the ordinary course and consistently with past practice in the 12 months prior to the date of this agreement (and excluding any business, assets, Liabilities, rights or obligations outside the ordinary course of the business of Sky News as carried on consistently with past practice in the 12 months prior to the date of this agreement provided that, at the Purchaser's election from Completion, any such business, asset, Liability, right or obligation shall be included in the Sky News Business);

Sky News Business Transfer has the meaning given in the Undertakings;

Sky News Business Transfer Date means the date of completion of the Sky News Business Transfer;

subsidiary means a subsidiary for the purposes of the Companies Act 2006;

Tax or Taxation means: (a) taxes on gross or net income, profits and gains; and (b) all other taxes, levies, duties, imposts, charges and withholdings of any nature, including any excise, property, wealth, capital, value added, sales, use, occupation, transfer, franchise and payroll taxes, any apprenticeship levy and any national insurance or social security contributions, and any payment which the relevant person may be or become bound to make to any person as a result of the discharge by that person of any tax which the relevant person has failed to discharge, together with all penalties, charges, fees and interest relating to any of the foregoing or to any late or incorrect return in respect of any of them, and regardless of whether such taxes, levies, duties, imposts, charges, withholdings, penalties and interest are chargeable directly or primarily against or attributable directly or primarily to the relevant person or any other person and of whether any amount in respect of them is recoverable from any other person;

Taxation Authority means any taxing or other authority (whether within or outside the United Kingdom) competent to impose any liability to Tax or assess or collect any Tax;

Tax Liability means both liabilities or any increase in the liabilities of the Company to make payments of Tax as well as the setting off against income, profit or gains or against any Tax otherwise chargeable of any Relief (other than a Seller's Relief except to the extent that, for the accounting period in respect of which the Seller's Relief arises, the total amount of Seller's Relief falling within limbs (c) and (d) of the definition of Seller's Relief (which in the case of a Seller's Relief in the form of a deduction or set-off against income, profit or gains shall for this purpose be taken to be the amount of that deduction or set-off multiplied by the corporation tax rate for that accounting period) is greater than an amount equal to (i) the 21CF Financial Envelope payment for the accounting period in respect of which the Relief becomes available multiplied by (ii) the corporation tax rate for that accounting period) of the Company (provided that if such setting off occurs against Tax otherwise chargeable, the amount to be treated as the Tax Liability shall be the amount of the repayment or the amount of the Relief, as appropriate, and if such setting off occurs against income, profit or gains, the amount to be treated as the Tax Liability shall be the amount of Tax saved as a result of the setting off);

Transaction Documents means this agreement, the documents referred to in it and any other agreements executed or to be executed by the parties on the date of this agreement or Completion;

Undertakings has the meaning given in Recital (E);

VAT means:

- (a) any Tax imposed in compliance with the council directive of 28 November 2006 on the common system of value added tax (EC Directive 2006/112);
- (b) to the extent not included in paragraph (a) above, any value added tax imposed by VATA and legislation and regulations supplemental thereto; and
- (c) any other Tax of a similar nature to the Taxes referred to in paragraph (a) or paragraph (b) above, whether imposed in a member state of the EU in substitution for, or levied in addition to, the Taxes referred to in paragraph (a) or paragraph (b) above or imposed elsewhere;

VATA means the Value Added Tax Act 1994;

VAT Group means the group for VAT purposes of which the Seller is a member;

Warranties means the statements set out in Schedule 2;

Warranty Claim means a claim (including a claim under clause 5.4) by the Purchaser the basis of which is that a Warranty is, or is alleged to be, untrue or inaccurate; and

a person shall be deemed to be **connected** with another if that person is connected with another within the meaning of section 1122 of the Corporation Tax Act 2010.

2. In this agreement any reference, express or implied, to an enactment (which includes any legislation in any jurisdiction) includes:
- (a) that enactment as amended, extended or applied by or under any other enactment (before or after signature of this agreement);
 - (b) any enactment which that enactment re-enacts (with or without modification); and
 - (c) any subordinate legislation made (before or after signature of this agreement) under that enactment, including (where applicable) that enactment as amended, extended or applied as described in subparagraph (a), or under any enactment which it re-enacts as described in subparagraph (b),

except to the extent that any legislation or subordinate legislation made or enacted after the date of this agreement would create or increase the liability of the Seller under this agreement.

3. In this agreement:
- (a) words denoting persons include bodies corporate and unincorporated associations of persons;
 - (b) references to an individual or a natural person include his estate and personal representatives;
 - (c) the phrases “**to the extent**” and “**to the extent that**” are used to indicate an element of degree and are not synonymous with the word “if”;
 - (d) subject to clause 15, references to a party to this agreement include the successors or assigns (immediate or otherwise) of that party; and
 - (e) capitalised terms used but not defined have the meanings given to them in the Undertakings.

SIGNATORIES

Signed by.....)
for **TWENTY-FIRST CENTURY FOX, INC.**)

Signed by.....)
for **THE WALT DISNEY COMPANY**)