

**THIS LETTER IS IMPORTANT AND REQUIRES YOUR IMMEDIATE ATTENTION.**

**If you are in any doubt as to the contents of this letter, you are recommended to consult an appropriately authorised independent financial adviser.**

**To: holders of options under Sky's International Sharesave Scheme ("Options")**

**Summary of treatment under the Comcast Offer**

Following the Comcast Offer becoming wholly unconditional, your savings will be returned to you and you will receive a cash sum equal to £14.75 (converted into euro) minus your Options' discounted exercise price for every Sky Share subject to your Options. The cash sum will be subject to deductions for income tax and social security contributions.

You do not need to take any action in order for your accumulated savings to be returned to you or to receive the cash sum.

17 August 2018

Dear Participant,

**1. BACKGROUND**

On 11 July 2018, the board of Comcast Corporation and the Independent Committee of Sky plc ("**Sky**") announced they had agreed the terms of a recommended cash offer by Comcast Bidco Limited (an indirect, wholly-owned subsidiary of Comcast) ("**Comcast**") of £14.75 per Sky Share (the "**Comcast Offer**"). More information on the Comcast Offer is set out in Comcast's formal offer document to Sky Shareholders, which is available at [skygroup.sky/corporate/investors/offers-for-sky/comcast-offer](http://skygroup.sky/corporate/investors/offers-for-sky/comcast-offer) (the "**Comcast Offer Document**").

This letter explains the effect of the Comcast Offer on your Options. We refer to this as a "Rule 15 letter", as Comcast is required under Rule 15 of the UK Takeover Code to make an appropriate offer to option holders of Sky.

**2. A REMINDER OF THE INTERNATIONAL SHARESAVE SCHEME**

Under Sky's International Sharesave Scheme, you are currently saving a fixed monthly amount directly from your pay under a savings contract. You may have a three year and/or a five year savings contract. This letter applies to you irrespective of whether you have a three or five year savings contract. You may also have more than one Option. Ordinarily you would have been able to buy a specified number of Sky Shares at the end of the savings contract at a discounted exercise price. The exercise price was set at the time of each invitation to participate in the International Sharesave Scheme.

**3. IMPACT OF THE COMCAST OFFER ON YOUR OPTIONS UNDER THE INTERNATIONAL SHARESAVE SCHEME**

If the Comcast Offer becomes (or is declared) "wholly unconditional", your Options will be exercised early. This would happen when the remaining completion conditions to the Comcast Offer are met (or are waived by Comcast). In particular, this means that the Comcast Offer first needs to be accepted by the holders of at least 50% of the voting shares in Sky. Regular updates on the Comcast Offer will be posted on the intranet.

Comcast and Sky have agreed that provided that the Comcast Offer becomes wholly unconditional, your accumulated savings will be returned to you and you will receive a cash payment equal to £14.75 minus your Options' discounted exercise price for every Sky Share subject to your Options.

4. **WHAT ABOUT THE ALTERNATIVE OFFER FOR SKY?**

As you are aware, 21st Century Fox has also made an offer to acquire Sky Shares and you will receive a Rule 15 letter similar to this document from 21st Century Fox, setting out its proposals in respect of your Options.

5. **WHAT DO I NEED TO DO?**

You do not need to take any action. Sky will take all necessary steps and pay your accumulated savings and cash sum. Your Options will be exercised automatically as soon as practicable following the date on which the Comcast Offer becomes (or is declared) wholly unconditional.

6. **WHAT IF I HAVE FURTHER QUESTIONS?**

You will find attached to this letter some frequently asked questions, which you should review.

If, after reading these, you still have an outstanding query, please contact your local payroll department (Germany) or HR Wien (Austria).

As a reminder, if the Comcast Offer becomes wholly unconditional your accumulated savings will be returned to you and you will receive a cash sum equal to £14.75 (converted into euro) minus your Options' discounted exercise price for every Sky Share subject to your Options. The cash sum will be subject to deductions for income tax and social security contributions.

You do not need to take any action in order for your accumulated savings to be returned to you or to receive the cash sum.

The Sky Independent Committee, which has been so advised by Morgan Stanley, PJT Partners and Barclays as to the financial terms of the Offer, considers the proposal to exercise your Options and accept the Comcast Offer, as set out in this letter, to be fair and reasonable. Morgan Stanley and Barclays are providing independent financial advice to the Sky Independent Committee for the purposes of Rule 15(b) of the Code. In providing their financial advice to the Sky Independent Committee, Morgan Stanley, PJT Partners and Barclays have taken into account the commercial assessments of the Sky Independent Committee.

Yours faithfully

Martin Gilbert  
Deputy Chairman of Sky plc  
Chairman of the Sky Independent Committee

Arthur R Block  
Director  
Comcast Bidco Limited

## FREQUENTLY ASKED QUESTIONS

### 1. How will I know about the progress of the Comcast Offer and when the Comcast Offer becomes “wholly unconditional”?

Updates on the Comcast Offer will be posted on the intranet – please check this regularly. More information on the Comcast Offer is set out in the Comcast Offer Document, which is available at [skygroup.sky/corporate/investors/offers-for-sky/comcast-offer](http://skygroup.sky/corporate/investors/offers-for-sky/comcast-offer).

### 2. What will I receive and when would I receive it?

Your Options will be exercised as soon as practicable following the date on which the Comcast Offer becomes (or is declared) wholly unconditional. Once your Options are exercised, they will be cash settled by Sky. You will receive two elements through the next available payroll:

- your accumulated savings; and
- a cash sum equal to £14.75 per Sky Share, minus your Option's discounted exercise price in respect of all of the Sky Shares under your Options.\*

\*The cash sum is subject to tax (see Question 9 What are the tax consequences? below).

### 3. Can you give me an example of how this will work and what I might receive?

If the Comcast Offer becomes wholly unconditional, this will bring forward the exercise of your Options. Your Options will be exercised as soon as practicable following the date on which the Offer becomes (or is declared) wholly unconditional.

Whilst your Options only become exercisable to the extent of the savings you have made up to the date of exercise, meaning your Options would not be exercised in full, Sky and Comcast have agreed to make an additional payment to treat your Options on the same basis as if they had been exercised in full. Once the Comcast Offer becomes wholly unconditional, your accumulated savings will be returned to you and you will receive a cash payment equal to £14.75 minus your Options' exercise prices, multiplied by the full number of Sky Shares subject to your Options. The cash payment will be converted into euro and will be subject to income tax and social security deductions.

For example, the payment could be as follows for a Sharesave you joined in 2016 and based on saving €100 per month under a three year savings contract, a notional discounted exercise price of €8.18, an offer price of £14.75, with an original grant of 440 Sky Shares under Option, assuming an exchange rate of €1:£0.85:

<b>Payment</b> (subject to income tax and social security deductions *)	
<i>Accumulated Savings</i>	<b>€1,800</b>  (18 months x €100)
<i>Gain per Sky Share under Option</i>	<b>€9.17</b>  (£14.75 x €1:£0.85 - €8.18 exercise price)
<i>Total Gain</i>  <i>Pre-tax</i>	<b>€4,034.80</b>  (440 shares x €9.17)
<i>Total Payable</i>  <i>Pre-tax</i>	<b>€5,834.80</b>  (€1,800 + €4,034.80)

\* Please see Question 9 What are the tax consequences? below.

#### 4. Do I need to do anything in respect of my current monthly savings?

No. You do not need to take any action in respect of your current monthly savings and we will continue to make deductions from pay until your Options are exercised. In fact, if you were to stop your contributions your Options would, in due course, lapse and you may not be able to receive the gain on your Options.

#### 5. What are the discounted exercise prices?

The discounted exercise prices were set at the time you were invited to participate in Sharesave. They are:

- Sharesave 2015: **€11.19**
- Sharesave 2016: **€8.18**
- Sharesave 2017: **€8.50**

#### 6. What happens if the Comcast Offer never becomes wholly unconditional?

In this case the Comcast Offer would have no effect on your Options. Instead, you would either continue to make savings and, in the normal course, your Options would become exercisable under the rules of the International Sharesave Scheme, or, if an alternative bid for Sky succeeds, your Options will be dealt with in accordance with separate proposals you may have received from an alternative bidder.

#### 7. How will my payment be converted into euro?

The cash payment you receive will be converted into euro at the closing exchange rate provided by Sky Treasury on the day immediately prior to your Option being exercised.

#### 8. What happens if I leave Sky?

The normal rules of the International Sharesave Scheme in respect of leaving employment continue to apply both before and after the Comcast Offer becomes wholly unconditional. This means that your Options will either lapse or be capable of exercise in accordance with the rules, depending on your reason for leaving:

<b>Circumstances of your leaving</b>	<b>Effect on Options</b>
Before the Comcast Offer becomes wholly unconditional where your Options lapse (for example on resignation) or have been exercised before the Comcast Offer became wholly unconditional.	This letter would stop being relevant to you.
Before the Comcast Offer becomes wholly unconditional in circumstances which allow you to exercise your Options, for example: <ul style="list-style-type: none"><li>• injury or disability;</li><li>• redundancy; or</li><li>• retirement.</li></ul>	You will have six months from leaving to exercise before your Options lapse. Your exercise period will not be extended by the Comcast Offer.  You should exercise your Options in the normal manner notified to you by your local payroll department (Germany) or HR Wien (Austria).  If you have not exercised by the time that the Comcast Offer becomes wholly unconditional your Options will be exercised automatically and you will receive £14.75 less the Option exercise price for each Sky Share that you could acquire with your accumulated savings, i.e. not the full number of Sky Shares under Option. You would also receive back your accumulated savings.
After the Comcast Offer becomes wholly unconditional	There is no effect on your Options by you leaving employment as your Options will have been exercised immediately on the Offer becoming wholly unconditional.

## **9. What are the tax consequences?**

### **(i) Austria**

You will be liable to pay income tax and possibly social security contributions on the cash sum. Income tax will be payable at the same rates as apply to your salary. Social security contributions may also be payable at the same rates as apply to your salary, social security contributions are however capped and therefore may not fall due. Income tax and social security contributions will be deducted from your payment and shown on your payslip. If an adjustment is required due to an over collection of tax, this will be made in the following payroll.

### **(ii) Germany**

You will be liable to pay income tax and social security contributions on the gain you make when your Options are exercised. Your gain will be £14.75 minus your Options' exercise prices multiplied by the number of Sky Shares subject to your Options.

Income tax and social security contributions will be payable at the same rates as apply to your salary. Income tax and social security contributions will be deducted from your payment and shown on your payslip. If an adjustment is required due to an over collection of tax, this will be made in the following payroll.

## **10. Will a new International Sharesave Scheme be set up when (and if) Comcast completes its acquisition of Sky?**

Comcast intends to provide incentivisation arrangements for Sky employees following completion of the acquisition, based upon its applicable compensation schemes, on terms no less favourable than Sky's current incentive arrangements.

## TERMS AND CONDITIONS

**These terms and conditions are important: they apply this letter. You should read these terms and conditions carefully. You should keep a copy of these terms and conditions for future reference.**

1. In the event of any differences between this letter and the rules of Sky's International Sharesave Scheme which governs the Options to which this letter relates or the applicable legislation, the rules or applicable legislation (as appropriate) will prevail. Copies of the rules are available from Equiniti. A form of this letter is also available at <https://www.skygroup.sky/corporate/investors/offers-for-sky/comcast-offer>.

### *Exercise of your Options*

2. The Comcast Offer Document is available at [skygroup.sky/corporate/investors/offers-for-sky/comcast-offer](https://www.skygroup.sky/corporate/investors/offers-for-sky/comcast-offer).
3. Any Option certificate in respect of your Option will become void once your Option has been exercised.
4. Your linked savings arrangements will be closed and Equiniti will arrange for your accrued savings to be remitted by Zedra Trust Company (Guernsey) Limited, as trustee of the Sky Employee Share Ownership Plan (the "**Trustee**") to Sky to be paid to you.
5. The exercise of your Options will take effect on the date determined by the Board of Sky in accordance with the terms of this letter.
6. You will receive an amount from Sky equal to £14.75 (or euro equivalent) minus the exercise price per Sky Share of your Options multiplied by the full number of Sky Shares under your Options which will be paid as set out in this letter.
7. Although no revision of the Comcast Offer is contemplated, if the consideration payable under the Comcast Offer (in its original or any previously revised form(s)) were to increase your Options will continue to be exercised.
8. If the Comcast Offer does not become or is not declared wholly unconditional, your Options will not be exercised.

### *General*

9. If you have left, or leave employment with Sky, your Options may lapse before the Comcast Offer becomes or is declared wholly unconditional, dependent upon the circumstances of your leaving.
10. None of Comcast Corporation, Comcast Bidco Limited, Sky, Equiniti or the Trustee, nor any member of their respective groups of companies, nor any employees, officers or agents thereof can be held responsible for any failure in the delivery of any document or any consequential loss.
11. If any Option lapses (to any extent) prior to the date on which the exercise of that Option become effective, that Option (or part thereof) shall not be exercised.
12. Information regarding your Options will be used for data processing for which Equiniti is responsible and will be transmitted to any person(s) who require such information for the purposes contained in this letter, and such persons will include Sky, Comcast and the Trustee.
13. This letter is governed by and will be construed in accordance with the laws of England.

## NOTES

The release, publication or distribution of this letter in, into or from jurisdictions other than the United Kingdom and the availability of the Comcast Offer to shareholders of Sky who are not resident in the United Kingdom may be restricted by the laws of those jurisdictions. Therefore persons into whose possession this letter comes should inform themselves about, and observe, such restrictions. Any failure to comply with the restrictions may constitute a violation of the securities laws of any such jurisdiction. This document does not constitute an offer to sell or issue, nor the solicitation of an offer to buy or subscribe for, shares in any jurisdiction in which such offer or solicitation is unlawful.

The term "Independent Committee" refers to the committee of independent directors of Sky established for the purposes of considering the Comcast Offer and comprises six independent non-executive directors (Martin Gilbert (Deputy Chairman), Andrew Sukawaty (Senior Independent Director), Tracy Clarke, Adine Grate, Matthieu Pigasse and Katrin Wehr-Seiter) and two executive directors (Jeremy Darroch and Andrew Griffith).

The Independent Committee accepts responsibility for the information contained in this letter (including any expressions of opinion) other than the information (and expressions of opinion) for which the directors of Comcast Corporation and the directors of Comcast Bidco Limited accept responsibility. To the best of the knowledge and belief of the Independent Committee (which has taken all reasonable care to ensure that this is the case), the information contained in this letter for which it is responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

The directors of Comcast Corporation and the directors of Comcast Bidco Limited each accept responsibility for the information (including any expressions of opinion) contained in this letter relating to the Comcast Group and the directors of Comcast Corporation and the directors of Comcast Bidco Limited. To the best of the knowledge and belief of the directors of Comcast Corporation and the directors of Comcast Bidco Limited (who have taken all reasonable care to ensure that this is the case), the information contained in this letter for which they are responsible is in accordance with the facts and does not omit anything likely to affect the import of such information.

Morgan Stanley & Co International plc, which is authorised by the Prudential Regulation Authority and regulated by the FCA and the Prudential Regulation Authority in the United Kingdom, Barclays Bank PLC, acting through its Investment Bank ("**Barclays**"), which is authorised by the Prudential Regulation Authority and regulated in the United Kingdom by the FCA and the Prudential Regulation Authority and PJT Partners (UK) Limited, which is authorised and regulated by the FCA in the United Kingdom, are each acting for Sky and no one else in connection with the matters described herein and will not be responsible to anyone other than Sky for providing the protections afforded to their respective clients, for giving advice in connection with the matters described herein or in relation to any matter referred to herein

Each of Morgan Stanley, PJT Partners and Barclays have given and not withdrawn their written consent to the issue of this letter with the inclusion of the references to their names in the form and context in which they appear.

Comcast Bidco Limited is a newly-incorporated company formed for the purposes of the Comcast Offer and is indirectly wholly-owned by Comcast Corporation. Comcast Bidco Limited was incorporated under the laws of England and Wales as a private limited company on 2 May 2018 with registered number 11341936 and has neither traded since incorporation nor entered into any obligations, other than in connection with the Comcast Offer.

Accidental omission to dispatch this letter to, or any failure to receive the same by, any person to whom the proposals in the letter are made or should be made, will not invalidate the proposals in any way.