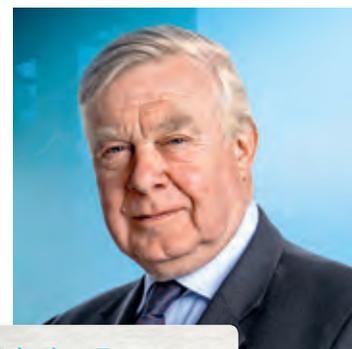


Chairman's statement



Nicholas Ferguson
Chairman

2012 has been another year of achievement for Sky. In a challenging economic environment, the Company has continued to make strong progress on all fronts. More customers are choosing Sky and, at the same time, are taking a greater number of products from us. Combined with a strong commitment to operational efficiency, this growth has resulted in excellent financial results and increased returns for shareholders, continuing the Company's track record of delivery over recent years. I would like to thank all our colleagues at Sky for their commitment and focus over the last year, without which none of this would be possible.

This sustained performance would be good in any environment but it is exceptional in a period when household budgets have been under sustained pressure. It is the result of a clear, consistent strategy and first-rate execution by the management team. While we must never be complacent in such a dynamic and competitive marketplace, the Board is confident that the Company is well positioned to continue to take advantage of the growth opportunity in home entertainment and communications.

As the Company looks to develop further, we also recognise the importance that customers place on dealing with responsible businesses that have a positive impact on the wider community. We have a very good story to tell, both in terms of our support for the UK creative industries and our contribution to the wider economy. This year, a new independent report has measured for the first time the very substantial impact made by Sky in terms of GDP contribution, employment and tax generation. In addition, through our Bigger Picture programme, we are working with schools to help inspire young people and develop their skills with the opening of our new Sky Skills Studios experience on our campus in west London, as well as continuing to develop our work in sport, arts and the environment.

During the year a number of changes have taken place in the Board. In April, James Murdoch stepped down as Chairman, while staying on as a Director, and I was asked by the Board to succeed him. On behalf of the entire Board, I would like to pay tribute to James for the vision, drive and strategic insight he contributed both as Chairman and previously as Chief Executive.

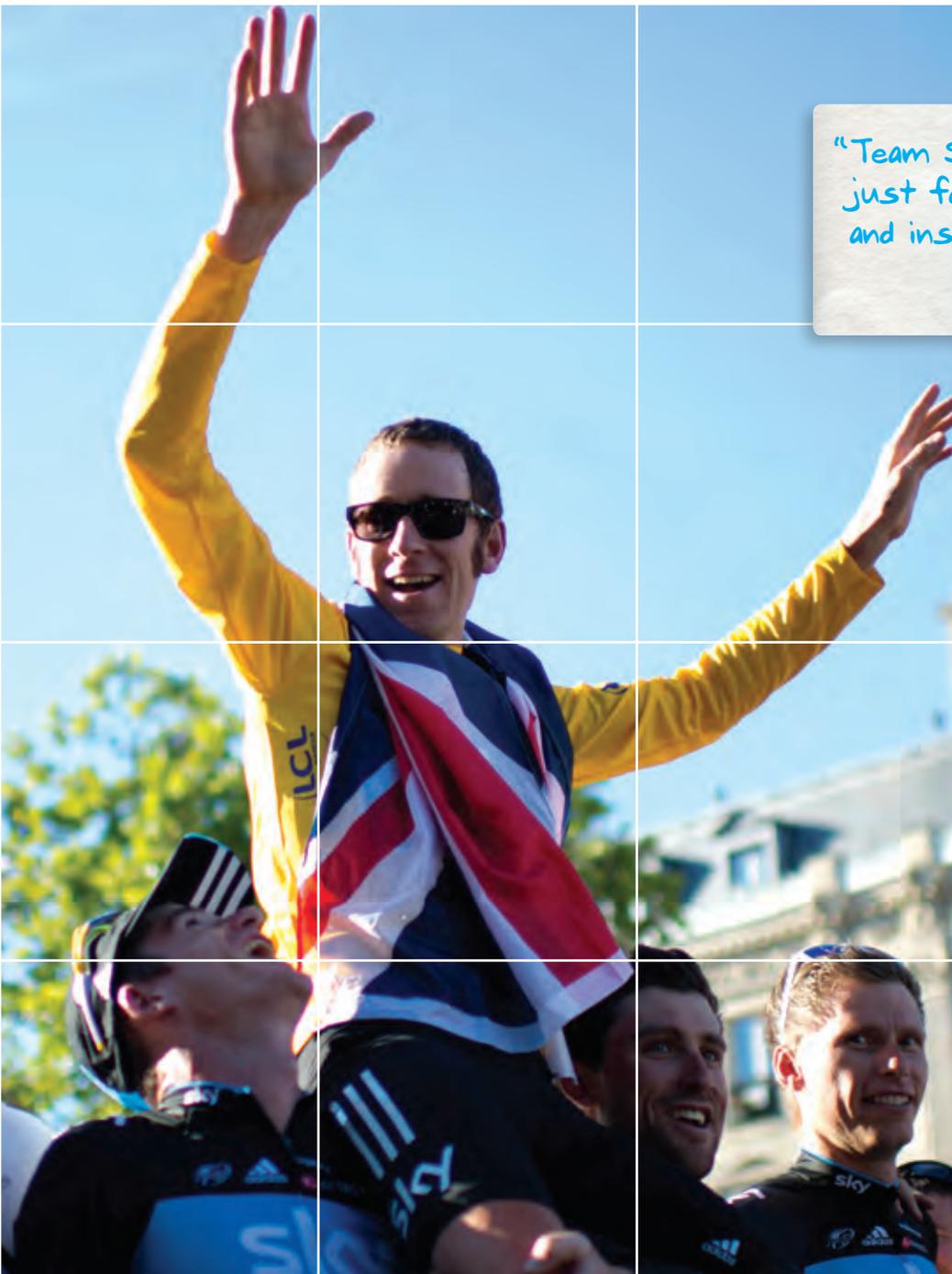
In parallel with my appointment as Chairman, Andy Higginson was appointed as the Senior Independent Director and Tom Mockridge as Deputy Chairman. From the Independent Directors, Allan Leighton and David Evans retired after the 2011 AGM and Dame Gail Rebeck retired in June 2012. They were succeeded by Matthieu Pigasse, Martin Gilbert and Tracy Clarke. We thank all those Directors for their considerable contribution over many years, and we warmly welcome the three new Board members. Later this year, Lord Richard Wilson and Jacques Nasser will also retire, and we are making good progress towards the appointment of their replacements.

This means that the majority of the Independent Directors will have joined within twelve months. This is in part due to the delay in replacements caused by the proposed bid by News Corporation. In order to ensure that we have sufficient Independent Directors with more than three years' experience, we have asked Andy Higginson to stay on for two additional years beyond September 2013, and I will stay on for sufficient time to ensure the necessary continuity. Through these steps, we will safeguard the interests of shareholders by ensuring the necessary balance of experience for a well-functioning Board.

Finally, in view of the Company's continued strong performance, the Board proposes a 9% increase in the full-year dividend to 25.4 pence per share and intends to seek shareholder approval for a further £500 million of share repurchases. The entire Board and management team remain fully focused on maintaining our strong performance and I would like to thank shareholders for their continued support.

"Team Sky has huge ambitions, not just for the team but for cycling and inspiring the public to ride."

BRADLEY WIGGINS, TEAM SKY RIDER AND WINNER OF THE TOUR DE FRANCE 2012



TEAM SKY MAKES HISTORY

Team Sky's Bradley Wiggins made sporting history in July 2012 by becoming the first ever British winner of the Tour de France. As part of our support for cycling in Britain at all levels, we created Team Sky three years ago with the ambition not just of achieving success on the road but inspiring even more people to get on their bikes for fun and fitness.