

PROSPECTUS



ITV PLC
(incorporated with limited liability under
the laws of England and Wales with registered number 04967001)

€600,000,000 2.125 per cent. Notes due 21 September 2022

ITV plc ("**ITV**" or the "**Issuer**") is issuing €600,000,000 2.125 per cent. Notes due 21 September 2022 (the "**Notes**"). The issue price of the Notes is 99.135 per cent. of their principal amount.

Unless previously redeemed or cancelled, the Notes will be redeemed at their principal amount on 21 September 2022. The Notes are subject to early redemption (i) in whole but not in part, at the option of the Issuer at any time at the Relevant Early Redemption Amount (as defined below), (ii) in whole but not in part, at the option of the Issuer at any time in the event of certain changes affecting taxes of the United Kingdom ("**UK**") at their principal amount together with accrued interest and (iii) at the option of Noteholders if a Put Event (as defined below) shall occur at their principal amount together with accrued interest. See "*Terms and Conditions of the Notes—Redemption and Purchase*".

The Notes will bear interest from 21 September 2015 at the rate of 2.125 per cent. per annum payable annually in arrear on 21 September in each year commencing on 21 September 2016. Such rate will be subject to change in the case of a Step Up Rating Change or Step Down Rating Change (both as defined below) as further described in Condition 4 (*Interest*). Payments on the Notes will be made in euro without deduction for or on account of taxes imposed or levied by the UK to the extent described under "*Terms and Conditions of the Notes—Taxation*".

This Prospectus has been approved by the United Kingdom Financial Conduct Authority (the "**FCA**"), which is the UK competent authority for the purposes of Directive 2003/71/EC, as amended (the "**Prospectus Directive**") and relevant implementing measures in the UK as a prospectus issued in compliance with the Prospectus Directive and relevant implementing measures in the UK for the purpose of giving information with regard to the issue of the Notes. Applications have been made for the Notes to be admitted to listing on the Official List of the FCA and to trading on the Regulated Market of the London Stock Exchange plc (the "**London Stock Exchange**"). The Regulated Market of the London Stock Exchange is a regulated market for the purposes of Directive 2004/39/EC on markets in financial instruments.

The Notes have not been, and will not be, registered under the United States ("**US**") Securities Act of 1933, as amended (the "**Securities Act**") and are subject to US tax law requirements. The Notes are being offered outside the US by the Joint Lead Managers (as defined in "*Subscription and Sale*") in accordance with Regulation S under the Securities Act ("**Regulation S**"), and may not be offered, sold or delivered within the US or to, or for the account or benefit of, US persons except pursuant to an exemption from, or in a transaction not subject to, the registration requirements of the Securities Act.

The Notes will be in bearer form. The Notes will be issued in denominations of €100,000 and integral multiples of €1,000 in excess thereof up to (and including) €199,000. The Notes will initially be in the form of a temporary global note (the "**Temporary Global Note**"), without interest coupons, which will be deposited on or around 21 September 2015 (the "**Closing Date**") with a common safekeeper for Euroclear Bank SA/NV ("**Euroclear**") and Clearstream Banking, *société anonyme*, Luxembourg ("**Clearstream, Luxembourg**"). The Temporary Global Note will be exchangeable, in whole or in part, for interests in a permanent global note (the "**Permanent Global Note**" and, together with the Temporary Global Note, the "**Global Notes**"), without interest coupons, not earlier than 40 days after the Closing Date upon certification as to non-US beneficial ownership. Interest payments in respect of the Notes cannot be collected without such certification of non-US beneficial ownership. Interests in the Permanent

Global Note will be exchangeable for definitive Notes in certain limited circumstances. See "*Summary of Provisions Relating to the Notes While Represented by the Global Notes*".

The Notes are expected to be rated BBB- by Standard & Poor's Credit Market Services Europe Limited ("**S&P**") and Baa3 by Moody's Investors Service Limited ("**Moody's**").

S&P and Moody's are established in the European Economic Area and registered under Regulation (EU) No. 1060/2009, as amended (the "**CRA Regulation**").

A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency.

An investment in the Notes involves certain risks. Prospective investors should have regard to the factors described under the section headed "*Risk Factors*" in this Prospectus.

Joint Lead Managers

Barclays

Credit Suisse

J.P. Morgan Cazenove

Lloyds Bank

The Royal Bank of Scotland

17 September 2015

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IMPORTANT NOTICES

The Issuer accepts responsibility for the information contained in this Prospectus and declares that, to the best of its knowledge and having taken all reasonable care to ensure that such is the case, the information contained in this Prospectus is in accordance with the facts and contains no omission likely to affect its import.

Certain information and data contained in this Prospectus relating to the Issuer was derived from publicly available information. The Issuer accepts responsibility that such publicly available information has been accurately reproduced and, as far as the Issuer is able to ascertain, no facts have been omitted which would render such information inaccurate or misleading. Where third party information has been used in this Prospectus, the source of such information has been identified.

The Issuer has confirmed to the joint lead managers named under "*Subscription and Sale*" below (the "**Joint Lead Managers**") that this Prospectus contains all information regarding the Issuer and the Notes which is (in the context of the issue of the Notes) material; such information is true and accurate in all material respects and is not misleading; any opinions or intentions expressed in this Prospectus on the part of the Issuer are honestly held or made and have been reached after considering all relevant circumstances or are based on reasonable assumptions; this Prospectus does not omit to state any fact which would (in the context of the issue of the Notes) make any statement expressed in this Prospectus misleading in any material regard; and all reasonable enquiries have been made to ascertain and to verify the foregoing.

The Issuer has not authorised the making or provision of any representation or information regarding the Issuer or the Notes other than as contained in this Prospectus or as approved for such purpose by the Issuer. Any such representation or information should not be relied upon as having been authorised by the Issuer, the Joint Lead Managers, the Principal Paying Agent (as defined below) or HSBC Corporate Trustee Company (UK) Limited acting as trustee (the "**Trustee**").

None of the Joint Lead Managers, the Principal Paying Agent, the Trustee or any of their respective affiliates have authorised the whole or any part of this Prospectus and none of them makes any representation or warranty or accepts any responsibility as to the accuracy or completeness of the information contained in this Prospectus. Neither the delivery of this Prospectus nor the offering, sale or delivery of any Note shall in any circumstances create any implication that there has been no adverse change, or any event reasonably likely to involve any adverse change, in the condition (financial or otherwise) of the Issuer since the date of this Prospectus.

This Prospectus does not constitute an offer of, or an invitation to subscribe for or purchase, any Notes.

The distribution of this Prospectus and the offering, sale and delivery of Notes in certain jurisdictions may be restricted by law. Persons into whose possession this Prospectus comes are required by the Issuer and the Joint Lead Managers to inform themselves about and to observe any such restrictions. For a description of certain restrictions on offers, sales and deliveries of Notes and on distribution of this Prospectus and other offering material relating to the Notes, see "*Subscription and Sale*".

In particular, the Notes have not been and will not be registered under the Securities Act and are subject to US tax law requirements. Subject to certain exceptions, Notes may not be offered, sold or delivered within the US or to US persons.

Each potential investor in any Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor may wish to consider, either on its own or with the help of its financial and other professional advisers, whether it: has sufficient knowledge and experience to make a meaningful evaluation of the Notes, the merits and risks of investing in the Notes and the information contained or incorporated by reference in this Prospectus or any applicable supplement; has access to, and knowledge of, appropriate analytical tools to evaluate, in the context of its particular financial situation, an investment in the Notes and the impact such investment will have on its overall investment portfolio; has sufficient financial resources and liquidity to bear all of the risks of an investment in the Notes, including where the currency for principal or interest payments is different from the potential investor's currency; understands thoroughly the terms of the Notes and is familiar with the financial markets; and is able to evaluate possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks. Prospective investors whose investment activities are subject to investment laws and regulations or to review or regulation by certain

authorities may be subject to restrictions on investments in certain types of debt securities. Prospective investors should review and consider such restrictions prior to investing in the Notes. Prospective investors should consider the tax consequences of investing in the Notes and consult their own tax advisers with respect to the acquisition, sale and redemption of the Notes in light of their personal situations.

In this Prospectus, unless otherwise specified, references to:

- a **"Member State"** are references to a Member State of the European Economic Area;
- **"euro"** or **"€"** are to the currency introduced at the start of the third stage of European economic and monetary union, and as defined in Article 2 of Council Regulation (EC) No. 974/98 of 3 May 1998 on the introduction of the euro, as amended;
- **"pounds sterling"** or **"£"**, are to the currency of the UK;
- **"Trust Deed"** are to the Trust Deed dated the Issue Date (as defined below) relating to the Notes;
- **"Agency Agreement"** are to the Agency Agreement dated the Issue Date relating to the Notes; and
- **"Conditions"** are to the Terms and Conditions of the Notes.

In connection with the issue of the Notes, Barclays Bank PLC (the "Stabilising Manager(s)") (or persons acting on behalf of the Stabilising Manager(s)) may over-allot Notes or effect transactions with a view to supporting the price of the Notes at a level higher than that which might otherwise prevail. However, there is no assurance that the Stabilising Manager(s) (or persons acting on behalf of a Stabilising Manager) will undertake stabilisation action. Any stabilisation action may begin on or after the date on which adequate public disclosure of the terms of the offer of the Notes is made and, if begun, may be ended at any time, but it must end no later than the earlier of 30 days after the issue date of the Notes and 60 days after the date of the allotment of the Notes. Any stabilisation action or over-allotment must be conducted by the Stabilising Manager(s) (or persons acting on behalf of the Stabilising Manager(s)) in accordance with all applicable laws and rules.

DOCUMENTS INCORPORATED BY REFERENCE

This Prospectus should be read and construed in conjunction with the following documents, which have been previously published or are published simultaneously with this Prospectus and have been filed with the FCA. The following documents shall be incorporated in, and form part of, this Prospectus **provided however that** any statement contained in any document incorporated by reference in, and forming part of, this Prospectus shall be deemed to be modified or superseded for the purpose of this Prospectus to the extent that a statement contained herein modifies or supersedes such statement:

- (a) the audited consolidated financial statements of the Issuer for the financial year ended 31 December 2014 and the audit report thereon (pages 102-169 (inclusive) of the ITV plc Annual Report and Accounts for the year ended 31 December 2014);
- (b) the audited consolidated financial statements of the Issuer for the financial year ended 31 December 2013 and the audit report thereon (pages 104-175 (inclusive) of the ITV plc Annual Report and Accounts for the year ended 31 December 2013); and
- (c) the condensed consolidated interim financial statements of the Issuer for the six month period to 30 June 2015 and the independent review report thereon (pages 25-46 (inclusive) of the ITV plc Interim Results 2015 for the period ended 30 June 2015).

Any documents or information that are incorporated by reference into the documents listed above do not form part of this Prospectus. Any information contained in any of the documents specified above which is not expressly incorporated by reference in this Prospectus does not form part of this Prospectus and is either not relevant to investors or is covered elsewhere in this Prospectus. Any information contained in any website referred to in any of the documents specified above does not form part of this Prospectus.

Copies of the documents specified above as containing information incorporated by reference in this Prospectus may be inspected, free of charge, at the Issuer's offices at The London Television Centre, Upper Ground, London, SE1 9LT, United Kingdom and the Issuer's website at www.itvplc.com/sites/itvplc/files/ITV%20Annual%20Report%202014.pdf,
www.itvplc.com/sites/itvplc/files/ITV%20Annual%20Report%202013_0.pdf and
<http://www.itvplc.com/sites/itvplc/files/ITV%202015%20Interim%20Results.pdf>.

OVERVIEW

This overview must be read as an introduction to this Prospectus and any decision to invest in the Notes should be based on a consideration of the Prospectus as a whole, including the documents incorporated by reference.

Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this overview.

The Issuer:	ITV plc.
Joint Lead Managers:	Barclays Bank PLC, Credit Suisse Securities (Europe) Limited, J.P. Morgan Securities plc, Lloyds Bank plc and The Royal Bank of Scotland plc.
Trustee:	HSBC Corporate Trustee Company (UK) Limited.
The Notes:	€600,000,000 2.125 per cent. Notes due 21 September 2022.
Issue Price:	The Notes will be issued at 99.135 per cent. of the principal amount.
Issue Date:	21 September 2015.
Use of Proceeds:	See " <i>Use of Proceeds</i> ".
Interest:	The Notes will bear interest from 21 September 2015 at a rate of 2.125 per cent. per annum payable annually in arrear on 21 September in each year commencing 21 September 2016. Such rate will be subject to change in the case of a Step Up Rating Change or Step Down Rating Change as further described in Condition 4 (<i>Interest</i>).
Status:	The Notes are senior, unsubordinated, unconditional and unsecured obligations of the Issuer.
Form and Denomination:	The Notes will be in bearer form. The Notes will be issued in denominations of €100,000 and integral multiples of €1,000 in excess thereof up to (and including) €199,000. The Notes will initially be in the form of a Temporary Global Note, without interest coupons, which will be deposited on or around the Closing Date with a common safekeeper for Euroclear and Clearstream, Luxembourg. The Temporary Global Note will be exchangeable, in whole or in part, for interests in a Permanent Global Note, without interest coupons, not earlier than 40 days after the Closing Date upon certification as to non US beneficial ownership. The Permanent Global Note will be exchangeable in certain limited circumstances in whole, but not in part, for Notes in definitive form in the denomination of €100,000 and integral multiples of €1,000 in excess thereof up to and including €199,000 each with interest coupons attached. The Temporary Global Note and the Permanent Global Note are to be issued in new global note form.
Final Redemption:	21 September 2022.
Optional Redemption:	The Notes may be redeemed prior to their stated maturity at the option of the Issuer (in whole but not in part) as described in Condition 6.3 (<i>Redemption and Purchase - Redemption at the</i>

Option of the Issuer).

Redemption or purchase on change of control:	The Notes of a Noteholder may be redeemed or purchased prior to their stated maturity at the option of such Noteholder on a change of control and rating downgrade as described in Condition 6.4 (<i>Redemption and Purchase - Redemption at the Option of the Holders following a Change of Control</i>).
Tax Redemption:	The Notes are subject to redemption at their principal amount at the option of the Issuer (in whole but not in part) at any time in the event of certain changes affecting taxation in the UK as described in Condition 6.2 (<i>Redemption and Purchase - Redemption for Taxation Reasons</i>).
Negative Pledge:	The Notes will have the benefit of a negative pledge as described in Condition 3.1 (<i>Negative Pledge - Negative Pledge</i>).
Cross Acceleration:	The Notes will have the benefit of a cross acceleration provision as described in Condition 9.1(c) (<i>Events of Default - Events of Default</i>).
Rating:	The Notes are expected to be rated BBB- by S&P and Baa3 by Moody's.
Governing Law:	The Notes, the Trust Deed, the Agency Agreement and the Subscription Agreement will be governed by English law.
Listing and Trading:	Applications have been made for the Notes to be admitted to listing on the Official List of the FCA and to trading on the Regulated Market of the London Stock Exchange.
Clearing Systems:	Euroclear and Clearstream, Luxembourg.
Selling Restrictions:	See " <i>Subscription and Sale</i> ".
Risk Factors:	Investing in the Notes involves risks. See " <i>Risk Factors</i> ".

RISK FACTORS

Prospective investors should read the entire Prospectus. Words and expressions defined in the "Terms and Conditions of the Notes" below or elsewhere in this Prospectus have the same meanings in this section.

According to the Issuer's assessment, the following factors may affect the Issuer's ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and the Issuer is not in a position to express a view on the likelihood of any such contingency occurring.

In addition, factors which are material for the purpose of assessing the market risks associated with Notes are also described below. According to the Issuer's assessment, the factors described below in this "Risk Factors" section represent all the material/principal risks inherent in investing in Notes, but the inability of the Issuer to pay interest, principal or other amounts on or in connection with any Notes may occur for other reasons which may not be considered material/principal risks by the Issuer based on information currently available to it or which it may not currently be able to anticipate. Prospective investors should also read the detailed information set out elsewhere in this Prospectus and reach their own views prior to making any investment decision.

Risks relating to the Issuer and its business

There is a major decline in advertising revenues and ITV does not build sufficient non-net advertising revenue streams to offset the financial impact of this decline

A large proportion of ITV's income is derived from advertising revenue. In the Issuer's financial years ended 31 December 2014 and 31 December 2013, net advertising revenues accounted for 63 per cent. and 65 per cent. respectively, of the Group's revenues.

Future total advertising revenues of ITV could be impacted by a variety of factors, including the following:

- ITV could be adversely affected by the impact of any further economic downturn on the UK advertising market;
- television may lose share of the total display advertising market to other forms of media, in particular to the online advertising market;
- ITV may lose market share of the television advertising market to competitors;
- ITV cannot predict with certainty the changes that may occur in the future, which may affect the competitiveness of its businesses;
- ITV derives a significant percentage of its advertising revenue from a limited number of advertising agencies; and
- The Contract Rights Renewal framework (see "*Description of the Issuer - The Contract Rights Renewal Framework*") (and any amendments thereto) may cause ITV to lose share of the television advertising market if viewing materially changes.

ITV can give no assurance that the above factors will not result in a further deterioration in its advertising revenues, which could include limiting ITV's flexibility in planning for, or reacting to, changes in ITV's business, the competitive environment and the industries in which ITV operates, which may in turn have a material adverse effect on its business, results of operations and financial condition, which could adversely impact upon ITV's ability to fulfil its obligations under the Notes.

The television market moves significantly towards pay television as a preferred model, negatively impacting ITV's free-to-air revenues and a faster than expected shift to Video on Demand ("VOD") or other new technologies causes a sustained loss of advertising revenue

New technologies, including new video formats, internet protocol television, streaming and downloading capabilities via the internet, VOD, mobile television, digital video recorders, personal video recorders and

other devices and technologies are increasing the number of media and entertainment choices available to audiences and are changing the way in which viewers consume content. These technologies are gaining in popularity and ease of use and they could lead to a decline in airtime revenues from television advertising for broadcasters, including ITV which in turn may have an adverse effect on ITV's business, results of operations, profitability and financial condition.

ITV loses its credit status or lines of funding with existing lenders or there is a collapse of a major bank impacting financial arrangements/availability of credit

As of 2 September 2015, ITV is rated Baa3 (stable outlook) by Moody's and BBB- (stable outlook) by S&P.

A decrease in ITV's operating profit or an increase in ITV's leverage could have important consequences including, but not limited to:

- (i) increasing ITV's vulnerability to a downturn in its business or economic and industry conditions;
- (ii) limiting ITV's ability to obtain additional financing to fund future operations, programming expenditure, business opportunities or other corporate requirements;
- (iii) requiring the dedication of a substantial portion of ITV's cash flows from operations to the payment of principal of, and interest on, ITV's indebtedness, which means that these cash flows will not be available to fund ITV's operations, programming expenditure or other corporate purposes;
- (iv) limiting ITV's flexibility in planning for, or reacting to, changes in its business, the competitive environment and the industries in which it operates. Any of these or other consequences or events could have a material adverse effect on ITV's business, results of operations and financial condition; and
- (v) limiting ITV's ability to raise sufficient funds to meet its obligations under the contractual earn-outs for its acquired businesses, which could additionally reduce its ability to service its existing debt obligations.

Should ITV experience negative consequences as a result of a decrease in operating profit or an increase in leverage, this could precipitate a rating downgrade. Should ITV be downgraded, there can be no assurance that any refinancing or additional financing will be available to ITV on commercially reasonable terms or at all.

Furthermore, the Group currently has the benefit of a revolving credit facility. If one or more of the lenders was unable to honour its commitment, this may reduce the size of the available facility should ITV be unable to find a replacement lender. ITV also benefits from further bilateral loan facilities, which, should the relevant lender fail to honour the commitment thereunder, would require ITV to seek to procure alternative funding arrangements which may not be available on the same commercially reasonable terms or at all.

Any rating downgrades or interruption or cessation of financing arrangements may impair ITV's ability to generate sufficient cash flow to satisfy its debt service obligations, or to refinance debt on commercially reasonable terms, and could therefore have a material adverse effect on its business, financial condition and results of operations, which could adversely impact upon ITV's ability to fulfil its obligations under the Notes.

There is a major collapse in investment values leading to a material impact on the pension scheme deficit

ITV operates a variety of pension schemes, including funded and unfunded defined benefit schemes. There are various risks which could adversely affect the funding of the pension schemes and consequently ITV's funding obligations, such as a significant adverse change in the market value of the pension assets of the pension schemes, an increase in pension liabilities, longer life expectancy of pension plan members or the pension scheme trustees changing their investment strategy. As at 30 June 2015, ITV's pension deficit under IAS19 was £285 million. Any increase in the deficit of the schemes may result in a need to increase pension contributions, which could subject ITV to financial strain and result in a material

adverse effect on ITV's financial condition and prospects, and consequently, on ITV's ability to make payments of interest and principal under the Notes.

There is an event with public interest that causes significant reputation and brand damage, or a significant high profile incident or series of events such as transmission incidents or a major regulatory breach causes significant reputational damage

ITV operates in the public domain and any high profile incident could attract significant media attention to the business, its operations and its people, including talent. Such incidents could adversely impact ITV's brand or reputation and could therefore impact market share, leading to loss of revenue to ITV. Any subsequent loss of talent to other broadcasters and or independent production companies, or any inability to attract new programme content or any withdrawal of public support (as seen through a reduction in the share of viewing figures) could ultimately lead to a loss of revenue, adversely affecting ITV's financial condition and prospects and consequently ITV's ability to make payments of interest and principal under the Notes.

There is a major health and safety incident that results in a significant loss of human life

ITV is the largest commercial broadcaster in the UK by share of viewing and a producer of content that is distributed globally. Any potential loss of human life (on set or elsewhere) could have an adverse impact on ITV's brand image and reputation. Furthermore, ITV could be subject to litigation and regulatory fines from the Health and Safety Executive. Reputational damage and/or material litigation could ultimately affect ITV's revenue and prospects which could affect its ability to fulfil its obligations under the Notes.

A major incident results in ITV being unable to continue with scheduled broadcasting for a sustained period

As above, ITV is the largest commercial broadcaster in the UK by share of viewing. Any major incident could attract adverse media attention to ITV. This may negatively impact viewer perception of ITV and reduce its share of viewing figures and impact its market share, which could lead to a loss of revenue for ITV, adversely affecting ITV's ability to make payments of interest and principal under the Notes.

There is a significant or unexpected change in regulation or legislation

ITV is subject to UK and European Union laws and regulations which restrict the manner in which it carries on its businesses. ITV's businesses are primarily affected by broadcasting policies and regulations adopted by regulatory authorities in the UK, including in respect of its regional Channel 3 Licences, advertising content and quality, the amount of commercial advertising permitted per hour and in relation to the Contract Rights Renewal framework.

Regulatory responsibility for the monitoring of compliance with these conditions is the primary responsibility of Ofcom (the independent regulator and competition authority for the UK communications industries) which has the power to levy fines or terminate a licence for persistent breach of licence obligations. For example, in relation to Channel 3 regional licensees that broadcast material in serious breach of the Broadcasting Code, there is the potential for fines of up to 5 per cent. of qualifying revenue for each licensee broadcasting an offending programme. As such, failure to adhere to the broadcasting regulations could have a material adverse effect on ITV's financial condition and results of operations. Decisions of Ofcom or other regulators may restrict the way in which ITV carries on its businesses, which could have an adverse effect on its financial condition and results of operations.

There can be no absolute assurance that ITV's internal verification and oversight procedures will be successful in mitigating future sanctions by Ofcom. In addition, the nature and impact of this and future changes in laws, regulations and regulatory policies are not predictable and are beyond ITV's control. Both current and future regulations by the European Union, the UK Government or regulators could have an adverse effect on ITV's advertising revenues, financial condition and results of operations.

There is significant loss of programme rights or ITV fails to identify and obtain the optimal rights packages

The production and acquisition of television programming is a significant component of ITV's operating costs, with approximately £1 billion allocated for spending on programming in 2015. As well as internal production, ITV acquires programming from independent television production companies and

production companies owned by other broadcasters. Continued increases in the cost of programming could impact ITV's operating profit margins and this impact could be magnified in an environment of declining advertising revenues. The loss of any such programming rights would impact the extent of, amongst other things, the drama, entertainment or sports coverage offered by ITV, which could adversely affect ITV's audience levels and consequently advertising revenues. A decrease in advertising revenues could affect ITV's ability to make payments of interest and principal under the Notes.

ITV fails to create and own a sufficient number of hit programmes/formats

As a major producer and distributor of programming in both the UK and overseas, ITV is dependent on demand for commissions and programming from broadcasters in the UK and internationally. A decline in programme budgets from these broadcasters, including ITV itself, could adversely affect ITV's revenues and margins. Furthermore, any downturn in the economic climate could also adversely affect the price and margins ITV is able to obtain for the sale of programming. These factors could have an adverse effect on ITV's revenues, which could affect ITV's ability to make payments of interest and principal under the Notes.

ITV fails to properly resource, financially, creatively and operationally, the new growth businesses, in particular online and international content

ITV's online business has grown strongly and ITV has made a number of acquisitions over the past three years primarily in the UK and the US. If these areas are not resourced appropriately, there is significant risk that growth expectations may not be met or that new formats are not identified, made and sold, which could lead to financial loss for ITV. Financial loss could result in a material adverse effect on ITV's business, financial results, financial condition and prospects.

ITV loses a significant volume of personal or sensitive data

ITV collects customer data some of which may be sensitive. Should ITV lose any sensitive customer data, this could result in reputational damage, adverse press coverage and potential regulatory fines from the Information Commissioner's Office. Furthermore, customer confidence could be damaged and this may impact ITV's share of viewing figures leading to financial loss for ITV.

ITV remains heavily reliant on legacy systems, which could potentially restrict the ability to grow the business. These systems and processes may not be appropriate for non-advertising revenues or international growth

Given the changing landscape with respect to media consumption, ITV's technological infrastructure needs to be fit for purpose in order to allow the business to meet such needs. There is a risk that ITV's strategic priorities may not be met in full if legacy systems are not updated to meet business needs. A failure to implement appropriate technology in order to achieve ITV's strategic goals could result in a material adverse effect on ITV's business, results of operations, profitability and financial condition.

A significant event removes a number of the key management team from the business on a long-term or permanent basis, or ITV fails to evolve its organisational structure and culture to ensure that it is capable of delivering continued growth from the new businesses or revenue streams and fails to attract, develop and retain key creative, commercial and management talent with the skills required for the ongoing business

ITV is reliant on its key creative, commercial and management personnel to continue to drive and grow the business (particularly in respect of Broadcast & Online and ITV Studios). A loss of such key talent could lead to a loss of growth, share of the advertising market or share of viewing, all of which would have an adverse effect on ITV's revenues and/or ability to pursue its growth strategy and could therefore result in a material adverse effect on ITV's business, financial results, financial condition and prospects.

ITV fails to ensure appropriate business continuity planning and resilience within its core systems, processes, platforms and technology infrastructure

Business continuity and resilience of key systems, platforms and sites is a key component of ITV's operational success. A loss of key sites or services could result in operational disruption or failure to conduct commercial activities which could ultimately result in a loss of revenue for ITV. A loss of revenue could result in a material adverse effect on ITV's business, financial results, financial condition

and prospects, and consequently, on ITV's ability to make payments of interest and principal under the Notes.

There is a sustained cyber/viral attack causing prolonged system denial or major reputational damage, for example the ability to broadcast our channels or the availability of ITV Player

As a leading media organisation in the UK, ITV is vulnerable to potential cyber-attacks from global activists or from other phishing attacks. Any successful attack on ITV's infrastructure or services could lead to adverse press coverage and reputational damage for ITV. In addition, the conversion of content into digital formats facilitates the creation, transmission and sharing of high quality unauthorised TV programmes, meaning that consumers may be able to download and distribute unauthorised content, which could also lead to adverse press coverage or reputational damage for ITV. Reputational damage and/or material litigation could ultimately affect ITV's revenue and prospects which could affect its ability to fulfil its obligations under the Notes.

Risks relating to the Notes

The Notes may be redeemed prior to maturity

In the event that the Issuer would be obliged to increase the amounts payable in respect of any Notes due to any withholding or deduction for or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature imposed, levied, collected, withheld or assessed by or on behalf of the UK or any political subdivision thereof or any authority therein or thereof having power to tax, the Issuer may redeem all outstanding Notes in accordance with the Conditions.

In addition the Conditions provide that the Notes are redeemable at the Issuer's option in certain other circumstances. The optional redemption feature of the Notes may limit their market value. During any period where the Issuer may elect to redeem the Notes, the market value of those Notes generally will not rise substantially above the price at which they can be redeemed. This also may be true prior to any redemption period. The Issuer may be expected to redeem Notes when its cost of borrowing is lower than the interest rate on the Notes. At those times, an investor generally would not be able to reinvest the redemption proceeds at an effective interest rate as high as the interest on the Notes being redeemed and may only be able to do so at a significantly lower rate. Potential investors should consider reinvestment risk in light of other investments available at that time.

Modification, Waivers and Substitution

The Conditions and the Trust Deed contain provisions for calling meetings of Noteholders to consider matters affecting their interests generally. These provisions permit defined majorities to bind all Noteholders including Noteholders who did not attend and vote at the relevant meeting and Noteholders who voted in a manner contrary to the majority.

The Conditions and the Trust Deed also provide that the Trustee may, without the consent of Noteholders, (i) agree to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of the Notes or (ii) determine that any Potential Event of Default (as defined in the Trust Deed) or Event of Default shall not be treated as such or (iii) agree to the substitution of any of the Issuer's Subsidiaries as principal debtor under the Notes in place of the Issuer in the circumstances described in the Trust Deed and the Conditions, provided that in the case of (i), (ii) and (iii), that the Trustee is of the opinion that to do so would not be materially prejudicial to the interests of Noteholders.

Because the Global Notes are held by or on behalf of Euroclear and Clearstream, Luxembourg, investors will have to rely on their procedures for transfer, payment and communication with the Issuer

The Notes will be represented by the Global Notes except in certain limited circumstances described in the Permanent Global Note. The Global Notes will be deposited with a common safekeeper for Euroclear and Clearstream, Luxembourg. Except in certain limited circumstances described in the Permanent Global Note, investors will not be entitled to receive definitive Notes. Euroclear and Clearstream, Luxembourg will maintain records of the beneficial interests in the Global Notes. While the Notes are represented by the Global Notes, investors will be able to trade their beneficial interests only through Euroclear and Clearstream, Luxembourg.

The Issuer will discharge its payment obligations under the Notes by making payments to or to the order of the common safekeeper for Euroclear and Clearstream, Luxembourg for distribution to their account holders. A holder of a beneficial interest in a Global Note must rely on the procedures of Euroclear and Clearstream, Luxembourg to receive payments under the Notes. The Issuer has no responsibility or liability for the records relating to, or payments made in respect of, beneficial interests in the Global Notes.

Holders of beneficial interests in the Global Notes will not have a direct right to vote in respect of the Notes. Instead, such holders will be permitted to act only to the extent that they are enabled by Euroclear and Clearstream, Luxembourg to appoint appropriate proxies.

Interest Rate risks

Investment in the Notes (being fixed rate instruments) involves the risk that subsequent changes in market interest rates may adversely affect the value of the Notes.

Minimum Denomination

As the Notes have a denomination consisting of the minimum denomination plus a higher integral multiple of another smaller amount, it is possible that the Notes may be traded in amounts in excess of €100,000 that are not integral multiples of €100,000. In such case a Noteholder who, as a result of trading such amounts, holds a principal amount of less than the minimum denomination may not receive a Definitive Note in respect of such holding (should Definitive Notes be printed) and would need to purchase a principal amount of Notes such that its holding amounts to the minimum denomination.

Credit Rating

The Notes are expected to be assigned a rating of BBB- by S&P and Baa3 by Moody's. A security rating is not a recommendation to buy, sell or hold securities and may be subject to suspension, reduction or withdrawal at any time by the assigning rating agency. Any adverse change in an applicable credit rating could adversely affect the trading price for the Notes.

Risks relating to the market

There is no active trading market for the Notes

The Notes are new securities which may not be widely distributed and for which there is currently no active trading market. If the Notes are traded after their initial issuance, they may trade at a discount to their initial offering price, depending upon factors such as the prevailing interest rates, the market for similar securities, the time remaining to the maturity of the Notes, the outstanding amount of the Notes, the redemption features of the Notes, general economic conditions and the financial condition of the Issuer. Although application has been made for the Notes to be admitted to listing on the Official List of the FCA and to trading on the Regulated Market of the London Stock Exchange, there is no assurance that such application will be accepted or that an active trading market will develop. Accordingly, there is no assurance as to the development or liquidity of any trading market for the Notes.

Such factors also will affect the market value of the Notes. Investors may not be able to sell Notes readily or at prices that will enable investors to realise their anticipated yield. No investor should purchase Notes unless the investor understands and is able to bear the risk that the Notes may not be readily sellable, that the value of Notes will fluctuate over time and that such fluctuations might be significant.

Exchange rate risk and exchange controls

The Issuer will pay principal and interest on the Notes in euro. This presents certain risks relating to currency conversions if an investor's financial activities are denominated principally in a currency or currency unit (the "**Investor's Currency**") other than euro. These include the risk that exchange rates may significantly change (including changes due to devaluation of euro or revaluation of the Investor's Currency) and the risk that authorities with jurisdiction over the Investor's Currency may impose or modify exchange controls. An appreciation in the value of the Investor's Currency relative to euro would decrease (1) the Investor's Currency equivalent yield on the Notes, (2) the Investor's Currency equivalent value of the principal payable on the Notes and (3) the Investor's Currency equivalent market value of the Notes.

Government and monetary authorities may impose (as some have done in the past) exchange controls that could adversely affect an applicable exchange rate. As a result, investors may receive less interest or principal than expected, or no interest or principal.

Change of law

The Conditions are based on English law in effect as at the date of this Prospectus. No assurance can be given as to the impact of any possible judicial decision or change to English law or administrative practice after the date of this Prospectus.

European Union Savings Tax Directive

Under Council Directive 2003/48/EC on the taxation of savings income (the "**Savings Directive**"), Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

For a transitional period, Austria is required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments. The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-European Union countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 24 March 2014, the Council of the European Union adopted a Council Directive (the "**Amending Directive**") amending and broadening the scope of the requirements described above. The Amending Directive requires Member States to apply these new requirements from 1 January 2017, and if they were to take effect the changes would expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities. They would also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported or subject to withholding. This approach would apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

However, the European Commission has proposed the repeal of the Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to ongoing requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The new regime under Council Directive 2011/16/EU (as amended) is in accordance with the Global Standard released by the Organisation for Economic Co-operation and Development in July 2014. Council Directive 2011/16/EU (as amended) is generally broader in scope than the Savings Directive, although it does not impose withholding taxes. The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

If a payment were to be made or collected through a Member State which has opted for a withholding system and an amount of, or in respect of, tax were to be withheld from that payment, neither the Issuer nor any Paying Agent nor any other person would be obliged to pay additional amounts with respect to any Note as a result of the imposition of such withholding tax. The Issuer is required to maintain a Paying Agent in a Member State that is not obliged to withhold or deduct tax pursuant to the Savings Directive.

FATCA

Whilst the Notes are in global form and held within Euroclear and Clearstream, Luxembourg (together, the "ICSDs"), in all but the most remote circumstances, it is not expected that FATCA will affect the amount of any payment received by the ICSDs (see *Taxation – Other Tax Matters - FATCA*). However, FATCA may affect payments made to custodians or intermediaries in the subsequent payment chain leading to the ultimate investor if any such custodian or intermediary generally is unable to receive

payments free of FATCA withholding. It also may affect payment to any ultimate investor that is a financial institution that is not entitled to receive payments free of withholding under FATCA, or an ultimate investor that fails to provide its broker (or other custodian or intermediary from which it receives payment) with any information, forms, other documentation or consents that may be necessary for the payments to be made free of FATCA withholding. Investors should choose the custodians or intermediaries with care (to ensure each is compliant with FATCA or other laws or agreements related to FATCA), provide each custodian or intermediary with any information, forms, other documentation or consents that may be necessary for such custodian or intermediary to make a payment free of FATCA withholding. Investors should consult their own tax adviser to obtain a more detailed explanation of FATCA and how FATCA may affect them. The Issuer's obligations under the Notes are discharged once it has made payment to, or to the order of, the common safekeeper for the ICSDs (as bearer of the Notes) and the Issuer has therefore no responsibility for any amount thereafter transmitted through the ICSDs and custodians or intermediaries. Further, foreign financial institutions in a jurisdiction which has entered into an intergovernmental agreement with the US (an "**IGA**") are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make.

TERMS AND CONDITIONS OF THE NOTES

The following is the text of the Terms and Conditions of the Notes which (subject to modification) will be endorsed on each Note in definitive form (if issued):

The €600,000,000 2.125 per cent. Notes due 21 September 2022 (the "**Notes**", which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 16 (*Further Issues*) and forming a single series with the Notes) of ITV plc (the "**Issuer**") are constituted by a Trust Deed dated 21 September 2015 (as amended or supplemented from time to time, the "**Trust Deed**") made between the Issuer and HSBC Corporate Trustee Company (UK) Limited (the "**Trustee**", which expression shall include its successor(s)) as trustee for the holders of the Notes (the "**Noteholders**" or the "**Holders**") and the holders of the interest coupons appertaining to the Notes (the "**Couponholders**" and the "**Coupons**" respectively).

The statements in these Conditions include summaries of, and are subject to, the detailed provisions of and definitions in the Trust Deed. Copies of the Trust Deed and the Agency Agreement dated 21 September 2015 (as amended or supplemented from time to time, the "**Agency Agreement**") made between the Issuer, HSBC Bank plc as principal paying agent (the "**Principal Paying Agent**", which expression shall include any successor principal paying agent and together with any other paying agents appointed from time to time, the "**Paying Agents**", which expression shall include any additional or successor paying agents) and the Trustee are available for inspection during normal business hours by the Noteholders and the Couponholders at the registered office for the time being of the Trustee, being at the date of issue of the Notes at 8 Canada Square, London E14 5HQ and at the specified office of each of the Paying Agents. The Noteholders and the Couponholders are entitled to the benefit of, are bound by, and are deemed to have notice of, all the provisions of the Trust Deed and the Agency Agreement applicable to them.

1. **FORM, DENOMINATION AND TITLE**

1.1 **Form and Denomination**

The Notes are in bearer form, serially numbered, in the denominations of €100,000 and integral multiples of €1,000 in excess thereof up to (and including) €199,000, each with Coupons attached on issue. Notes of one denomination may not be exchanged for Notes of any other denomination.

1.2 **Title**

Title to the Notes and to the Coupons will pass by delivery.

1.3 **Holder Absolute Owner**

The Issuer, any Paying Agent and the Trustee may (to the fullest extent permitted by applicable laws) deem and treat the bearer of any Note or Coupon as the absolute owner for all purposes (whether or not the Note or Coupon shall be overdue and notwithstanding any notice of ownership or writing on the Note or Coupon or any notice of previous loss or theft of the Note or Coupon or of any trust or interest therein) and shall not be required to obtain any proof thereof or as to the identity of such bearer.

2. **STATUS OF THE NOTES**

Subject to the provisions of Condition 3 (*Negative Pledge*), the Notes and the Coupons are direct, unconditional, unsubordinated and unsecured obligations of the Issuer and rank and will rank *pari passu*, without any preference among themselves, with all other outstanding unsecured and unsubordinated obligations of the Issuer, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

3. **NEGATIVE PLEDGE**

3.1 **Negative Pledge**

So long as any of the Notes remains outstanding (as defined in the Trust Deed), the Issuer will not create or permit to subsist any mortgage, charge, lien (other than a lien arising by operation of law) or other encumbrance upon the whole or any part of its undertaking or assets, present or future, to secure payment of any present or future Relevant Indebtedness of the Issuer or of any other person or to secure any guarantee or indemnity in respect of any Relevant Indebtedness of the Issuer or of any other person, without at the same time according to the Notes and the Coupons and all amounts payable under the Trust Deed in respect of the Notes and the Coupons, to the satisfaction of the Trustee, the same security as is created, or subsisting to secure any such Relevant Indebtedness, guarantee or indemnity, or such other security or other arrangement as the Trustee shall in its absolute discretion deem not materially less beneficial to the Noteholders or as shall be approved by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders.

3.2 **Interpretation**

For the purposes of these Conditions:

- (a) **"Relevant Indebtedness"** means any Indebtedness for Borrowed Money which is in the form of, or represented or evidenced by, bonds, notes, loan stock or other securities which, with the agreement of the issuer thereof, are quoted, listed, dealt in or traded on any regulated market or over the counter or other recognised securities market; and
- (b) **"Indebtedness for Borrowed Money"** means any present or future indebtedness (whether being principal, premium, interest or other amounts) for or in respect of (1) money borrowed, (2) liabilities under or in respect of any acceptance or acceptance credit or (3) any notes, bonds, debentures, stock, loan stock or other securities offered, issued or distributed whether by way of public offer, private placing, acquisition consideration or otherwise and whether issued for cash or in whole or in part for a consideration other than cash.

4. **INTEREST**

4.1 **Interest Rate and Interest Payment Dates**

Subject as provided in this Condition 4, the Notes bear interest from (and including) 21 September 2015 (the **"Issue Date"**) at the rate of 2.125 per cent. per annum (the **"Initial Rate of Interest"**), payable annually in arrear on 21 September in each year (each an **"Interest Payment Date"**), subject as provided in Condition 5 (*Payments*). The first payment representing a full year's interest (for the period from (and including) 21 September 2015 to (but excluding) 21 September 2016 and amounting to €21.25 per €1,000 in principal amount of the Notes shall be made on 21 September 2016.

From (and including) the Interest Payment Date falling on or immediately following the date of a Step Up Rating Change (or a deemed Step Up Rating Change, as set out below), the Initial Rate of Interest will increase to the Step Up Rate of Interest.

If a Step Down Rating Change (or a deemed Step Down Rating Change, as set out below) occurs after the date of a Step Up Rating Change (or a deemed Step Up Rating Change, as set out below) or on the same date but subsequent thereto, with effect from (and including) the Interest Payment Date falling on or immediately following the date of such Step Down Rating Change (or deemed Step Down Rating Change), the Rate of Interest will decrease back to the Initial Rate of Interest.

The Issuer shall use all reasonable efforts to maintain credit ratings for the Notes from each of S&P and Moody's. In the event that either S&P or Moody's fails to, or ceases to, assign a rating to the Notes, the Issuer shall use all reasonable efforts to obtain a rating of the Notes from a Substitute Rating Agency and references in these provisions to S&P, Moody's or a Rating Agency, as the case may be, or the ratings thereof, shall be to such Substitute Rating Agency or,

as the case may be, the equivalent ratings thereof. In the event that such a rating is not obtained from such a Substitute Rating Agency, then, for the purposes of the interest rate adjustments described in this Condition 4, the rating assigned to the Notes by the remaining Rating Agency (if any) shall be deemed also to be the rating assigned to the Notes by the other Rating Agency.

In the event that both S&P and Moody's fail to, or cease to assign a rating to, the Notes and the Issuer fails to obtain a rating for the Notes from a Substitute Rating Agency, a Step Up Rating Change will be deemed to have occurred on the date of such failure but not otherwise. If a rating of the Notes is subsequently assigned by one or more Rating Agencies, then if such rating (or ratings if more than one) is at least BBB-, in the case of S&P, or at least Baa3, in the case of Moody's, a Step Down Rating Change will be deemed to have occurred on the date of such assignment.

The Rate of Interest will only increase to the Step Up Rate of Interest, as provided above, upon the first occurrence of a Step Up Rating Change or a deemed Step Up Rating Change on or after the Issue Date. A decrease to the Rate of Interest back to the Initial Rate of Interest following the occurrence of a Step Down Rating Change or a deemed Step Down Rating Change may only occur once and, in any event, only after the occurrence of the Step Up Rating Change or deemed Step Up Rating Change, as the case may be.

The Issuer shall cause each Rating Change (if any) and the relevant Rate of Interest to be notified to the Principal Paying Agent, the Trustee and any stock exchange or other relevant authority on which the Notes are for the time being listed and the Noteholders in accordance with Condition 12 (*Notices*) as soon as practicable after such Rating Change.

For the purposes of these Conditions:

"Moody's" means Moody's Investors Service Limited, or any successor;

"Rate of Interest" means the Initial Rate of Interest or the Step Up Rate of Interest, whichever is applicable pursuant to the operation of this Condition 4;

"Rating Agency" has the meaning given to such term in Condition 6.4 (*Redemption at the Option of the Holders following a Change of Control*);

"Rating Change" means a Step Up Rating Change (or a deemed Step Up Rating Change, as set out above) and/or a Step Down Rating Change (or a deemed Step Down Rating Change, as set out above) which results in an adjustment to the Rate of Interest as described in this Condition 4;

"S&P" means Standard and Poor's Credit Market Services Europe Limited, or any successor;

"Step Down Rating Change" means, subject as provided above in relation to a deemed Step Down Rating Change, either:

- (a) the first public announcement by both Rating Agencies of an increase in the rating of the Notes to at least BBB-, in the case of S&P, or to at least Baa3, in the case of Moody's; or
- (b) the first public announcement by either Rating Agency of an increase in the rating of the Notes to at least BBB-, in the case of S&P, or to at least Baa3, in the case of Moody's, and a confirmation by the other Rating Agency that the rating of the Notes is at least BBB-, in the case of S&P, or at least Baa3, in the case of Moody's,

provided that, for the avoidance of doubt, any further increases in the credit rating of the Notes above BBB-, in the case of S&P, or above Baa3, in the case of Moody's, shall not constitute a Step Down Rating Change;

"Step Up Rate of Interest" means the Initial Rate of Interest plus 1.25 per cent. per annum;

"Step Up Rating Change" means, subject as provided above in relation to a deemed Step Up Rating Change, the first public announcement by either Rating Agency or, as the case may be, both Rating Agencies of a decrease in the rating of the Notes to below BBB-, in the case of S&P, or to below Baa3, in the case of Moody's. For the avoidance of doubt, any further decreases in

the credit rating of the Notes below BBB-, in the case of S&P, or below Baa3, in the case of Moody's, shall not constitute a Step Up Rating Change; and

"**Substitute Rating Agency**" has the meaning given to such term in Condition 6.4 (*Redemption at the Option of the Holders following a Change of Control*).

4.2 **Interest Accrual**

Each Note will cease to bear interest from (and including) its due date for redemption unless, upon due presentation, payment of the principal in respect of the Note is improperly withheld or refused or unless default is otherwise made in respect of payment, in which event interest shall continue to accrue as provided in the Trust Deed.

4.3 **Calculation of Broken Interest**

When interest is required to be calculated in respect of a period of less than a full year, it shall be calculated on the basis of (a) the actual number of days in the period from (and including) the date from which interest begins to accrue (the "**Accrual Date**") to (but excluding) the date on which it falls due divided by (b) the actual number of days from (and including) the Accrual Date to (but excluding) the next following Interest Payment Date.

5. **PAYMENTS**

5.1 **Payments in respect of Notes**

Payments of principal and interest in respect of each Note will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the Note, except that payments of interest due on an Interest Payment Date will be made against presentation and surrender (or, in the case of part payment only, endorsement) of the relevant Coupon, in each case at the specified office outside the United States of any of the Paying Agents.

5.2 **Method of Payment**

Payments will be made by credit or transfer to a euro account (or any other account to which euro may be credited or transferred) specified by the payee.

5.3 **Unmatured Coupons**

Upon the date on which any Note becomes due and repayable, all unmaturing Coupons appertaining to the Note (whether or not attached) shall become void and no payment shall be made in respect of such Coupons.

5.4 **Payments subject to Applicable Laws**

Payments in respect of principal and interest on the Notes are subject in all cases to any fiscal or other laws and regulations applicable in the place of payment, but without prejudice to the provisions of Condition 7 (*Taxation*).

5.5 **Payment only on a Presentation Date**

A holder shall be entitled to present a Note or Coupon for payment only on a Presentation Date and shall not, except as provided in Condition 4 (*Interest*), be entitled to any further interest or other payment if a Presentation Date is after the due date.

Presentation Date means a day which (subject to Condition 8 (*Prescription*)):

- (a) is or falls after the relevant due date;
- (b) is a Business Day in the place of the specified office of the Paying Agent at which the Note or Coupon is presented for payment; and
- (c) in the case of payment by credit or transfer to a euro account as referred to above, is a TARGET2 Settlement Day.

In these Conditions, "**Business Day**" means, in relation to any place, a day on which commercial banks and foreign exchange markets settle payments and are open for general business (including dealing in foreign exchange and foreign currency deposits) in that place and "**TARGET2 Settlement Day**" means any day on which the Trans-European Automated Real-Time Gross Settlement Express Transfer (TARGET2) System is open.

5.6 Initial Paying Agents

The Issuer reserves the right, subject to the prior written approval of the Trustee, at any time to vary or terminate the appointment of any Paying Agent and to appoint additional or other Paying Agents provided that:

- (a) there will at all times be a Principal Paying Agent;
- (b) there will at all times be at least one Paying Agent (which may be the Principal Paying Agent) having its specified office in a European city which so long as the Notes are admitted to official listing on the London Stock Exchange shall be London or such other place as the UK Listing Authority may approve; and
- (c) the Issuer undertakes that it will ensure that it maintains a Paying Agent in a Member State of the European Union that is not obliged to withhold or deduct tax pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive.

Notice of any termination or appointment and of any changes in specified offices will be given to the Noteholders promptly by the Issuer in accordance with Condition 12 (*Notices*).

6. REDEMPTION AND PURCHASE

6.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 21 September 2022 (the "**Maturity Date**"), subject as provided in Condition 5 (*Payments*).

6.2 Redemption for Taxation Reasons

If the Issuer satisfies the Trustee immediately before the giving of the notice referred to below that:

- (a) as a result of any change in, or amendment to, the laws or regulations of a Relevant Jurisdiction (as defined in Condition 7 (*Taxation*)), or any change in the application or official interpretation of the laws or regulations of a Relevant Jurisdiction, which change or amendment becomes effective after 17 September 2015, on the next Interest Payment Date the Issuer would be required to pay additional amounts as provided or referred to in Condition 7 (*Taxation*); and
- (b) the requirement cannot be avoided by the Issuer taking reasonable measures available to it,

the Issuer may at its option, having given not less than 30 nor more than 60 days' notice to the Noteholders in accordance with Condition 12 (*Notices*) (which notice shall be irrevocable), redeem all the Notes, but not some only, at any time at their principal amount, together with interest accrued to (but excluding) the date fixed for redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer would be required to pay such additional amounts, were a payment in respect of the Notes then due. Prior to the publication of any notice of redemption pursuant to this paragraph, the Issuer shall deliver to the Trustee a certificate signed by two Directors of the Issuer stating that the requirement referred to in (a) above will apply on the next Interest Payment Date and cannot be avoided by the Issuer taking reasonable measures available to it, and the Trustee shall be entitled to accept the certificate as sufficient evidence of the satisfaction of the conditions precedent set

out above, in which event it shall be conclusive and binding on the Noteholders and the Couponholders.

6.3 **Redemption at the Option of the Issuer**

The Issuer may, having given:

- (a) not less than 15 nor more than 30 days' notice to the Noteholders in accordance with Condition 12 (*Notices*); and
- (b) notice to the Trustee and the Principal Paying Agent not less than 15 days before the giving of the notice referred to in (a) above,

(which notices shall be irrevocable and shall specify the date fixed for redemption), redeem all of the Notes, but not some only, at any time at the Relevant Early Redemption Amount.

In this Condition 6.3, "**Relevant Early Redemption Amount**" means:

- (i) in relation to any date fixed for redemption which falls in the period from (and including) the Issue Date up to (and including) the date falling three months prior to the Maturity Date, such amount as is equal to the greater of the amounts in subparagraph (A) and (B) below, together with interest accrued to (but excluding) the date fixed for redemption:
 - (A) the principal amount outstanding of the Notes; and
 - (B) the price (expressed as a percentage (as reported in writing to the Issuer and the Trustee by the Determination Agent)) which is equal to (x) the sum of the present values of the principal amount outstanding of the Notes at the date fixed for redemption and the Remaining Term Interest (exclusive of interest accrued to the date fixed for redemption) discounted to the date fixed for redemption on an annual basis at the Reference Bond Rate, plus (y) 0.30 per cent.

In this Condition 6.3:

"Calculation Date" means the date which is the second TARGET2 Settlement Day prior to the date fixed for redemption;

"Determination Agent" means an investment bank or financial institution of international standing selected by the Issuer and notified to the Trustee;

"Reference Bond" means the DBR 1.500 per cent. German government bond due September 2022 with ISIN DE0001135499 (or, where the Determination Agent advises the Issuer and the Trustee that, for reasons of illiquidity or otherwise, such government bond is not appropriate for such purpose, such other government bond as the Determination Agent may recommend);

"Reference Bond Price" means, with respect to any date fixed for redemption, (A) the arithmetic average of the Reference Government Bond Dealer Quotations for such date fixed for redemption, after excluding the highest and lowest such Reference Government Bond Dealer Quotations, or (B) if the Determination Agent obtains fewer than four such Reference Government Bond Dealer Quotations, the arithmetic average of all such quotations;

"Reference Bond Rate" means, with respect to any date fixed for redemption, the rate per annum equal to the annual yield to maturity or interpolated yield to maturity on an Actual/Actual (ICMA) basis of the Reference Bond, assuming a price for the Reference Bond (expressed as a percentage of its nominal amount) equal to the Reference Bond Price for such date fixed for redemption;

"Reference Government Bond Dealer" means each of the five banks selected by the Issuer, or their affiliates, which are (A) primary government securities dealers, and their respective successors, or (B) market makers in pricing corporate bond issues;

"Reference Government Bond Dealer Quotations" means, with respect to each Reference Government Bond Dealer and any Calculation Date, the arithmetic average, as determined by the Determination Agent, of the bid and offered prices for the Reference Bond (expressed in each case as a percentage of its nominal amount) at 3.30pm (Frankfurt time) on the Calculation Date quoted in writing to the Determination Agent by such Reference Government Bond Dealer; and

"Remaining Term Interest" means the aggregate amount of scheduled payment(s) of interest on the Notes for the remaining term of the Notes determined on the basis of the Rate of Interest from (and including) the date fixed for redemption; and

- (ii) in relation to any date fixed for redemption which falls in the period from (but excluding) the date falling three months prior to the Maturity Date to (but excluding) the Maturity Date, such amount as is equal to the principal amount outstanding of the Notes, together with interest accrued to (but excluding) the date fixed for redemption.

6.4 **Redemption at the Option of the Holders following a Change of Control**

- (a) A **"Put Event"** will be deemed to occur if:
 - (i) any Person or any Persons acting in concert (as defined in the City Code on Takeovers and Mergers), other than a holding company (as defined in section 1159 of the Companies Act 2006, as amended) whose shareholders are or are to be substantially similar to the pre-existing shareholders of the Issuer or any holding company of the Issuer, shall become interested (within the meaning of Part 22 of the Companies Act 2006, as amended) in (a) more than 50 per cent. of the issued or allotted ordinary share capital of the Issuer or (b) shares in the capital of the Issuer carrying more than 50 per cent. of the voting rights normally exercisable at a general meeting of the Issuer (such event being a **"Change of Control"**); provided that a Change of Control shall not be deemed to have occurred if the relevant event which would otherwise have resulted in a Change of Control has been approved in writing by the Trustee or by an Extraordinary Resolution of Noteholders; and
 - (ii) on the date (the **"Relevant Announcement Date"**) that is the earlier of (x) the date of the first public announcement of the relevant Change of Control; and (y) the date of the earliest Relevant Potential Change of Control Announcement (if any), the Notes carry from any of S&P or Moody's or any other rating agency (each, a **"Substitute Rating Agency"**) of equivalent international standing specified by the Issuer from time to time and agreed in writing by the Trustee (and the Trustee may (and shall if so required by the Issuer, subject to its being indemnified and/or secured and/or prefunded to its satisfaction) consult promptly and may rely absolutely on advice from a reputable financial adviser in this regard and shall not be liable for such reliance) or any such Substitute Rating Agency's successor (each, a **"Rating Agency"**):
 - (A) on a solicited basis, an investment grade credit rating (Baa3/BBB-, or equivalent, or better), and such rating from any Rating Agency is within the Change of Control Period either downgraded to a non-investment grade credit rating (Ba1/BB+, or equivalent, or worse) or withdrawn and is not within the Change of Control Period subsequently (I) (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to an investment grade credit rating by such Rating Agency

or (II) replaced by an investment grade credit rating by a Substitute Rating Agency; or

- (B) on a solicited basis, a non-investment grade credit rating (Ba1/BB+, or equivalent, or worse), and such rating from any Rating Agency is within the Change of Control Period downgraded by one or more notches (for illustration, Ba1/BB+ to Ba2/BB being one notch) or withdrawn and is not within the Change of Control Period subsequently (I) (in the case of a downgrade) upgraded or (in the case of a withdrawal) reinstated to its earlier credit rating or better by such Rating Agency or (II) replaced by a credit rating from a Substitute Rating Agency that is equivalent to or better than such Rating Agency's earlier credit rating; or
- (C) no credit rating and a Negative Rating Event also occurs within the Change of Control Period,

provided that (x) if on the Relevant Announcement Date the Notes carry a credit rating from more than one Rating Agency on a solicited basis, at least one of which is investment grade, then sub-paragraph (A) will apply and (y) any such credit rating which is provided on an unsolicited basis will be disregarded for the purposes of sub-paragraphs (A) and (B); and

- (iii) in making the relevant decision(s) referred to above, the relevant Rating Agency announces publicly or confirms in writing to the Issuer or the Trustee that such decision(s) resulted, in whole or in part, from the occurrence of the Change of Control or the Relevant Potential Change of Control Announcement. Upon receipt by the Issuer or the Trustee of any such written confirmation, the Issuer shall forthwith give notice of such written confirmation to the Noteholders in accordance with Condition 12 (*Notices*).

If the rating designations employed by any of S&P or Moody's are changed from those which are described in paragraph (ii) of the definition of "Put Event" above, or if a rating is procured from a Substitute Rating Agency, the Issuer shall determine the rating designations of S&P or Moody's or such Substitute Rating Agency (as appropriate) as are most equivalent to the prior rating designations of S&P or Moody's and this Condition 6.4 shall be read accordingly.

- (b) If a Put Event occurs, the holder of any Note will have the option to require the Issuer to redeem or, at the Issuer's option, purchase (or procure the purchase of) such Note on the Put Date (as defined below) at an amount equal to its principal amount, together with interest accrued to (but excluding) the date fixed for redemption or purchase.
- (c) Promptly upon the Issuer becoming aware that a Put Event has occurred and in any event within 14 days of the occurrence of the relevant Put Event, the Issuer shall, and at any time upon the Trustee becoming similarly so aware the Trustee may, and if so requested in writing by the holders of at least one-fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), give notice (a "**Put Event Notice**") to the Noteholders (and, in the case of the Issuer, to the Trustee) in accordance with Condition 12 (*Notices*) specifying the nature of the Put Event and the procedure for exercising the option contained in this Condition 6.4.
- (d) To exercise the right to require the redemption or purchase of this Note under this Condition 6.4, the holder of this Note must deliver, at the specified office of any Paying Agent at any time during normal business hours of such Paying Agent falling within the period (the "**Put Period**") of 60 days after a Put Event Notice is given, a duly completed and signed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a "**Change of Control Put Notice**").

The Change of Control Put Notice must be accompanied by this Note.

The Paying Agent to which any Note and any Change of Control Put Notice are delivered will issue to the Noteholder concerned a non-transferable receipt in respect of the Note so delivered.

Payment in respect of any Note so exercised will be made either (i) on the Put Date by transfer to the bank account (if any) specified in the relevant Change of Control Put Notice; or (ii) if no such bank account is so specified, on or after the Put Date against presentation and surrender or (as the case may be) endorsement of such receipt at the specified office of any Paying Agent. A Change of Control Put Notice, once given, shall be irrevocable. For the purposes of these Conditions, pending redemption or purchase of the relevant Notes, non-transferable receipts issued pursuant to this Condition 6.4 shall be treated as if they were Notes. The Issuer shall redeem or, at its option, purchase (or procure the purchase of) the relevant Notes on the Put Date unless previously redeemed and cancelled or purchased.

If 80 per cent. or more in nominal amount of the Notes then outstanding have been redeemed or purchased pursuant to this Condition 6.4, the Issuer may, on not less than 30 or more than 60 days' notice to the Noteholders given within 30 days after the Put Date, redeem or, at its option, purchase (or procure the purchase of) the remaining Notes as a whole at an amount equal to their principal amount, together with interest accrued to (but excluding) the date fixed for redemption or purchase.

(e) In this Condition 6.4:

"Change of Control Period" means the period commencing on the Relevant Announcement Date and ending 120 days after the Change of Control (or such longer period for which the Notes are under consideration (such consideration having been announced publicly within the period ending 120 days after the Change of Control) for rating review or, as the case may be, rating by a Rating Agency, such period not to exceed 60 days after the public announcement of such consideration);

a **"Negative Rating Event"** shall be deemed to have occurred, at any time, if at such time there is no rating assigned to the Notes by a Rating Agency (i) the Issuer does not, either prior to, or not later than 21 days after, the occurrence of the relevant Change of Control seek, and thereafter throughout the Change of Control Period use all reasonable endeavours to obtain, a rating of the Notes; or (ii) if the Issuer does so seek and use such endeavours, it is unable to obtain such rating of at least investment grade by the end of the Change of Control Period;

"Person" means, any individual, corporation, partnership, limited liability company, joint venture, association, joint-stock company, trust, unincorporated organisation, government or any agency or political subdivision thereof or any other entity;

"Put Date" means the date which is fifteen days after the expiration of the Put Period; and

"Relevant Potential Change of Control Announcement" means any public announcement or statement by the Issuer, any actual or potential bidder or any advisor thereto relating to any potential Change of Control where within 180 days following the date of such announcement or statement, a Change of Control occurs.

6.5 Purchases

The Issuer or any of its Subsidiaries (as defined below) may at any time purchase Notes (provided that all unmatured Coupons appertaining to the Notes are purchased with the Notes) in any manner and at any price.

6.6 Cancellations

All Notes which are redeemed, or which are purchased pursuant to Condition 6.4 (*Redemption and Purchase - Redemption at the Option of the Holders following a Change of Control*), will be cancelled. All Notes which are purchased by or on behalf of the Issuer or any of its Subsidiaries pursuant to Condition 6.5 (*Redemption and Purchase – Purchases*) above may, at the Issuer's option, be cancelled (together with all relative unmatured Coupons attached to the Notes or surrendered with the Notes), held, resold or reissued.

6.7 **Notices Final**

Upon the expiry of any notice as is referred to in paragraph 6.2 (*Redemption and Purchase - Redemption for Taxation Reasons*), 6.3 (*Redemption and Purchase - Redemption at the Option of the Issuer*) or 6.4 (*Redemption and Purchase - Redemption at the Option of the Holders following a Change of Control*) above the Issuer shall be bound to redeem (or, as the case may be, purchase or procure the purchase of) the Notes to which the notice refers in accordance with the terms of such paragraph (in the case of paragraph 6.4 (*Redemption and Purchase - Redemption at the Option of the Holders following a Change of Control*), save as otherwise provided therein).

7. **TAXATION**

7.1 **Payment without Withholding**

All payments in respect of the Notes by or on behalf of the Issuer shall be made without withholding or deduction for, or on account of, any present or future taxes, duties, assessments or governmental charges of whatever nature ("**Taxes**") imposed or levied by or on behalf of the Relevant Jurisdiction, unless the withholding or deduction of the Taxes is required by law. In that event, the Issuer will pay such additional amounts as may be necessary in order that the net amounts received by the Noteholders and Couponholders after the withholding or deduction shall equal the respective amounts which would have been receivable in respect of the Notes or, as the case may be, Coupons in the absence of the withholding or deduction; except that no additional amounts shall be payable in relation to any payment in respect of any Note or Coupon:

- (a) presented for payment by or on behalf of, a holder who is liable to the Taxes in respect of the Note or Coupon by reason of his having some connection with any Relevant Jurisdiction other than the mere holding of the Note or Coupon; or
- (b) where such withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to European Council Directive 2003/48/EC or any law implementing or complying with, or introduced in order to conform to, such Directive; or
- (c) presented for payment by or on behalf of a holder who would have been able to avoid such withholding or deduction by presenting the relevant Note or Coupon to another Paying Agent in a Member State of the European Union; or
- (d) presented for payment more than 30 days after the Relevant Date (as defined below) except to the extent that a holder would have been entitled to additional amounts on presenting the same for payment on the last day of the period of 30 days assuming, whether or not such is in fact the case, that day to have been a Presentation Date (as defined in Condition 5 (*Payments*)).

7.2 **Interpretation**

In these Conditions:

- (a) "**Relevant Date**" means the date on which the payment first becomes due but, if the full amount of the money payable has not been received by the Principal Paying Agent or the Trustee on or before the due date, it means the date on which, the full amount of the money having been so received, notice to that effect has been duly given to the Noteholders by the Issuer in accordance with Condition 12 (*Notices*); and
- (b) "**Relevant Jurisdiction**" means the United Kingdom or any political subdivision or any authority thereof or therein having power to tax or any other jurisdiction or any political

subdivision or any authority thereof or therein having power to tax to which the Issuer becomes subject in respect of payments made by it in respect of the Notes and Coupons.

Any reference in these Conditions to "**principal**" in respect of the Notes shall be deemed to include, as applicable:

- (a) any additional amounts which may be payable with respect to principal under Condition 7.1 (*Taxation – Payment without Withholding*);
- (b) any purchase moneys which may be payable pursuant to Condition 6.4 (*Redemption and Purchase - Redemption at the Option of the Holders following a Change of Control*) or otherwise under or in respect of the Notes; and
- (c) any premium and any other amounts (other than interest) which may be payable under or in respect of the Notes.

Any reference in these Conditions to "**interest**" in respect of the Notes shall be deemed to include, as applicable, any additional amounts which may be payable with respect to interest under Condition 7.1 (*Taxation – Payment without Withholding*).

8. **PRESCRIPTION**

Notes and Coupons will become void unless presented for payment within periods of 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date in respect of the Notes or, as the case may be, the Coupons, subject to the provisions of Condition 5.1 (*Payments – Payments in respect of Notes*).

9. **EVENTS OF DEFAULT**

9.1 **Events of Default**

The Trustee at its discretion may, and if so requested in writing by the holders of at least one-fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution of the Noteholders shall (subject in each case to being indemnified and/or secured and/or prefunded to its satisfaction), (but, in the case of the happening of any of the events described in paragraphs (b) to (d) (other than the winding up or dissolution of the Issuer) and (e) to (f) below only if the Trustee shall have certified in writing to the Issuer that such event is, in its opinion, materially prejudicial to the interests of the Noteholders), give notice to the Issuer that the Notes are, and they shall accordingly forthwith become, immediately due and repayable at their principal amount, together with accrued interest as provided in the Trust Deed, in any of the following events ("**Events of Default**"), (so long as at the time of such notice, such event or, as the case may be, all such events shall not have been waived by, or cured or remedied to the satisfaction of, the Trustee):

- (a) if default is made in the payment of any principal or interest due in respect of the Notes or any of them and the default continues for a period of 14 days; or
- (b) if the Issuer fails to perform or observe any of its other obligations under these Conditions or the Trust Deed and (except in any case where the Trustee considers the failure to be incapable of remedy, when no continuation or notice as is hereinafter mentioned will be required) the failure continues for the period of 30 days (or such longer period as the Trustee may permit) next following the service by the Trustee on the Issuer of notice requiring the same to be remedied; or
- (c) if any Indebtedness for Borrowed Money of the Issuer or any of its Principal Subsidiaries becomes due and repayable prematurely by reason of an event of default (however described) or the Issuer or any of its Principal Subsidiaries fails to make any payment in respect of any Indebtedness for Borrowed Money on the due date for payment (as extended by any originally applicable grace period therefor) or any security given by the Issuer or any of its Principal Subsidiaries for any Indebtedness for Borrowed Money becomes enforceable or if default is made by the Issuer or any of its Principal Subsidiaries in making any payment due under any guarantee and/or indemnity

given by it in relation to any Indebtedness for Borrowed Money of any other person, provided that no such event as aforesaid shall constitute an Event of Default unless the Indebtedness for Borrowed Money to which such event relates either alone or when aggregated with all other Indebtedness for Borrowed Money relative to all (if any) other such events which shall have occurred shall amount to at least £30,000,000 (or its equivalent in any other currency); or

- (d) if any order is made by any competent court or resolution passed for the winding up or dissolution of the Issuer or any of its Principal Subsidiaries, save for the purposes of a Permitted Restructuring; or
- (e) if the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on the whole or substantially the whole of its business, save for the purposes of a Permitted Restructuring, or the Issuer or any of its Principal Subsidiaries stops or threatens to stop payment of, or is or deemed to be unable to, or admits inability to pay its debts or any class of its debts (within the meaning of Section 123(1) or (2) of the Insolvency Act 1986), or is adjudicated or found bankrupt or insolvent; or
- (f) if (i) (A) proceedings are initiated against the Issuer or any of its Principal Subsidiaries under any applicable liquidation, insolvency, composition or other similar laws, or an application is made for the appointment of an administrative or other receiver, manager, administrator or other similar official, or an administrative or other receiver, manager, administrator or other similar official is appointed, in relation to the Issuer or any of its Principal Subsidiaries or, as the case may be, in relation to the whole or substantially the whole of the undertaking or assets of any of them, or an encumbrancer takes possession of the whole or substantially the whole of the undertaking or assets of any of them, or a distress, execution, attachment, sequestration or other process is levied, enforced upon, sued out or put in force against the whole or substantially the whole of the undertaking or assets of any of them, and (B) in any such case (other than the appointment of an administrator), is not discharged, stayed or the subject of bona fide proceedings within 28 days; or (ii) the Issuer or any of its Principal Subsidiaries initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition or other similar laws, save, in any of the cases referred to in (i) or (ii) of this paragraph (f), for the purposes of reorganisation on terms approved in writing by the Trustee or by Extraordinary Resolution of the Noteholders, or makes a conveyance or assignment for the benefit of, or enters into any composition or other arrangement with, its creditors generally (or any class of its creditors) or any meeting is convened to consider a proposal for an arrangement or composition with its creditors generally (or any class of its creditors).

9.2 Interpretation

For the purposes of these Conditions:

"Channel 3 Licence" means any licence to provide a Channel 3 service issued under the Broadcasting Act 1990 or any licence issued in renewal or replacement of it under Chapter 2 of Part 3 of the Communications Act 2003 (or any provision or subsequent legislation which replaces that Part of that Act);

"Permitted Restructuring" means an amalgamation, merger, consolidation, reorganisation, restructuring or other similar arrangement (each, a **"Reorganisation Event"**):

- (a) in the case of a Principal Subsidiary, not arising out of or involving the insolvency of such Principal Subsidiary; provided that, in the case of ITV Broadcasting Limited, the whole or substantially the whole of the business, undertaking and assets are, immediately after the occurrence of the relevant Reorganisation Event, held by, or vested in, (directly or indirectly) the Issuer and/or one or more of the other Principal Subsidiaries; or
- (b) in the case of the Issuer or a Principal Subsidiary, on terms approved in writing by the Trustee or by an Extraordinary Resolution of Noteholders;

"Principal Subsidiary" shall, at any time, mean each of (i) Carlton Communications Limited, (ii) ITV Studios Limited, (iii) ITV Broadcasting Limited and (iv) any Subsidiary of the Issuer which is from time to time the holder of a Channel 3 Licence.

A certificate addressed to the Trustee and signed by any two Directors of the Issuer stating that, in their opinion, a Subsidiary of the Issuer is or is not or was not at any particular time or throughout any specified period a Principal Subsidiary and setting out the basis for such opinion shall, in the absence of manifest error, be conclusive and binding on the Issuer, the Trustee, the Noteholders and the Couponholders;

"Subsidiary" means a subsidiary undertaking within the meaning of section 1162 of the Companies Act 2006, as amended; and

Section 123(1)(a) of the Insolvency Act 1986 shall have effect as if for "£750" there was substituted "£250,000".

10. **ENFORCEMENT**

10.1 **Enforcement by the Trustee**

The Trustee may at any time, at its discretion and without notice, take such proceedings and/or other steps or action (including lodging an appeal in any proceedings) against or in relation to the Issuer as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Coupons or otherwise, but it shall not be bound to take any such proceedings or other steps or action or to take any other steps or action under or pursuant to the Trust Deed unless (a) it has been so directed by an Extraordinary Resolution of the Noteholders or so requested in writing by the holders of at least one-fifth in principal amount of the Notes then outstanding and (b) it has been indemnified and/or secured and/or pre-funded to its satisfaction.

10.2 **Limitation on Trustee actions**

The Trustee may refrain from taking any action in any jurisdiction if the taking of such action in that jurisdiction would, in its opinion based upon legal advice in the relevant jurisdiction, be contrary to any law of that jurisdiction. Furthermore, the Trustee may also refrain from taking such action if it would otherwise render it liable to any person in that jurisdiction or if, in its opinion based upon such legal advice, it would not have the power to do the relevant thing in that jurisdiction by virtue of any applicable law in that jurisdiction or if it is determined by any court or other competent authority in that jurisdiction that it does not have such power.

10.3 **Enforcement by the Noteholders**

No Noteholder or Couponholder shall be entitled to (i) take any steps or action against the Issuer to enforce the performance of any of the provisions of the Trust Deed, the Notes or the Coupons or (ii) take any other proceedings (including lodging an appeal in any proceedings) in respect of or concerning the Issuer, in each case unless the Trustee, having become bound so to take any such action, steps or proceedings, fails so to do within a reasonable period and the failure shall be continuing.

11. **REPLACEMENT OF NOTES AND COUPONS**

Should any Note or Coupon be lost, stolen, mutilated, defaced or destroyed it may be replaced at the specified office of the Principal Paying Agent upon payment by the claimant of the expenses incurred in connection with the replacement and on such terms as to evidence and indemnity as the Issuer may reasonably require. Mutilated or defaced Notes or Coupons must be surrendered before replacements will be issued.

12. **NOTICES**

12.1 **Notices to the Noteholders**

All notices to the Noteholders will be valid if published in a leading English language daily newspaper published in London or such other English language daily newspaper with general

circulation in Europe as the Trustee may approve. It is expected that publication will normally be made in the *Financial Times*. The Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or the relevant authority on which the Notes are for the time being listed. Any such notice will be deemed to have been given on the date of the first publication or, where required to be published in more than one newspaper, on the date of the first publication in all required newspapers. If publication as provided above is not practicable, notice will be given in such other manner, and shall be deemed to have been given on such date, as the Trustee may approve. Couponholders will be deemed for all purposes to have notice of the contents of any notice given to the Noteholders in accordance with this paragraph.

12.2 Notices from the Noteholders

Notices to be given by any Noteholder shall be in writing and given by lodging the same, together with the relative Note or Notes, with the Principal Paying Agent.

13. SUBSTITUTION

The Trustee may, without the consent of the Noteholders or Couponholders, agree with the Issuer to the substitution in place of the Issuer (or of any previous substitute under this Condition) as the principal debtor under the Notes, the Coupons and the Trust Deed of any of the Issuer's Subsidiaries, subject to:

- (a) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution; and
- (b) certain other conditions set out in the Trust Deed being complied with.

14. MEETINGS OF NOTEHOLDERS, MODIFICATION, WAIVER, AUTHORISATION AND DETERMINATION

14.1 Meetings of Noteholders

The Trust Deed contains provisions for convening meetings of the Noteholders to consider any matter affecting their interests, including the modification or abrogation by Extraordinary Resolution of any of these Conditions or any of the provisions of the Trust Deed. The quorum at any meeting for passing an Extraordinary Resolution will be one or more persons present holding or representing more than 50 per cent. in principal amount of the Notes for the time being outstanding, or at any adjourned such meeting one or more persons present whatever the principal amount of the Notes held or represented by him or them, except that, at any meeting the business of which includes any matter defined in the Trust Deed as a Basic Terms Modification, including the modification or abrogation of certain of the provisions of these Conditions and certain of the provisions of the Trust Deed, the necessary quorum for passing an Extraordinary Resolution will be one or more persons present holding or representing not less than two-thirds, or at any adjourned such meeting not less than one-third, of the principal amount of the Notes for the time being outstanding. The Trust Deed provides that (i) a resolution passed at a meeting duly convened and held in accordance with the Trust Deed by a majority consisting of not less than three-fourths of the votes cast on such resolution or (ii) a resolution in writing signed by or on behalf of the holders of not less than three-fourths in principal amount of the Notes for the time being outstanding, shall, in each case, be effective as an Extraordinary Resolution of the Noteholders. An Extraordinary Resolution passed by the Noteholders will be binding on all Noteholders, whether or not they are present at any meeting and whether or not they voted on the resolution, and on all Couponholders.

14.2 Modification, Waiver, Authorisation and Determination

The Trustee may agree, without the consent of the Noteholders or Couponholders, to any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of these Conditions or any of the provisions of the Trust Deed or the Agency Agreement, or determine, without any such consent as aforesaid, that any Event of Default or Potential Event of Default (as defined in the Trust Deed) shall not be treated as such (provided that, in any such case, it is not, in the opinion of the Trustee, materially prejudicial to the interests of the

Noteholders) or may agree, without any such consent as aforesaid, to any modification which, in its opinion, is of a formal, minor or technical nature or to correct a manifest error or an error which is, in the opinion of the Trustee, proven.

14.3 Trustee to have Regard to Interests of Noteholders as a Class

In connection with the exercise by it of any of its trusts, powers, authorities and discretions (including, without limitation, any modification, waiver, authorisation, determination or substitution), the Trustee shall have regard to the general interests of the Noteholders as a class but shall not have regard to any interests arising from circumstances particular to individual Noteholders or Couponholders (whatever their number) and, in particular but without limitation, shall not have regard to the consequences of any such exercise for individual Noteholders or Couponholders (whatever their number) resulting from their being for any purpose domiciled or resident in, or otherwise connected with, or subject to the jurisdiction of, any particular territory or any political sub-division thereof and the Trustee shall not be entitled to require, nor shall any Noteholder or Couponholder be entitled to claim, from the Issuer, the Trustee or any other person any indemnification or payment in respect of any tax consequence of any such exercise upon individual Noteholders or Couponholders except to the extent already provided for in Condition 7 (*Taxation*).

14.4 Notification to the Noteholders

Any modification, abrogation, waiver, authorisation, determination or substitution shall be binding on the Noteholders and the Couponholders and, unless the Trustee agrees otherwise, shall be notified by the Issuer to the Noteholders as soon as practicable thereafter in accordance with Condition 12 (*Notices*).

15. INDEMNIFICATION AND PROTECTION OF THE TRUSTEE AND ITS CONTRACTING WITH THE ISSUER

15.1 Indemnification and protection of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility and liability towards the Issuer, the Noteholders and the Couponholders, including (i) provisions relieving it from taking action unless indemnified and/or secured and/or pre-funded to its satisfaction and (ii) provisions limiting or excluding its liability in certain circumstances. The Trust Deed provides that, when determining whether an indemnity or any security or pre-funding is satisfactory to it, the Trustee shall be entitled (i) to evaluate its risk in any given circumstance by considering the worst-case scenario and (ii) to require that any indemnity or security given to it by the Noteholders or any of them be given on a joint and several basis and be supported by evidence satisfactory to it as to the financial standing and creditworthiness of each counterparty and/or as to the value of the security and an opinion as to the capacity, power and authority of each counterparty and/or the validity and effectiveness of the security.

15.2 Trustee Contracting with the Issuer

The Trust Deed also contains provisions pursuant to which the Trustee is entitled, *inter alia*, (a) to enter into business transactions with the Issuer and/or any of the Issuer's Subsidiaries and to act as trustee for the holders of any other securities issued or guaranteed by, or relating to, the Issuer and/or any of the Issuer's Subsidiaries, (b) to exercise and enforce its rights, comply with its obligations and perform its duties under or in relation to any such transactions or, as the case may be, any such trusteeship without regard to the interests of, or consequences for, the Noteholders or Couponholders, and (c) to retain and not be liable to account for any profit made or any other amount or benefit received thereby or in connection therewith.

16. FURTHER ISSUES

The Issuer is at liberty from time to time without the consent of the Noteholders or Couponholders to create and issue further notes or bonds (whether in bearer or registered form) either (a) ranking *pari passu* in all respects (or in all respects save for the first payment of interest thereon) and so that the same shall be consolidated and form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any

supplemental deed or (b) upon such terms as to ranking, interest, conversion, redemption and otherwise as the Issuer may determine at the time of the issue. Any further notes or bonds which are to form a single series with the outstanding notes or bonds of any series (including the Notes) constituted by the Trust Deed or any supplemental deed shall, and any other further notes or bonds may (with the consent of the Trustee), be constituted by a deed supplemental to the Trust Deed. The Trust Deed contains provisions for convening a single meeting of the Noteholders and the holders of notes or bonds of other series in certain circumstances where the Trustee so decides.

17. **GOVERNING LAW**

The Trust Deed, the Notes and the Coupons and any non-contractual obligations arising out of or in connection with them are governed by, and will be construed in accordance with, English law.

18. **RIGHTS OF THIRD PARTIES**

No rights are conferred on any person under the Contracts (Rights of Third Parties) Act 1999 to enforce any term of this Note, but this does not affect any right or remedy of any person which exists or is available apart from that Act.

There will appear at the foot of the Conditions endorsed on each Note in definitive form the name(s) and specified office(s) of the Paying Agent(s) as set out at the end of this Prospectus.

SUMMARY OF PROVISIONS RELATING TO THE NOTES WHILE REPRESENTED BY THE GLOBAL NOTES

The Notes will be issued in new global note ("NGN") form. On 13 June 2006, the European Central Bank (the "ECB") announced that Notes in NGN form are in compliance with the "Standards for the use of EU securities settlement systems in ESCB credit operations" of the central banking system for the euro (the "Eurosystème"), provided that certain other criteria are fulfilled. At the same time, the ECB also announced that arrangements for Notes in NGN form will be offered by Euroclear and Clearstream, Luxembourg as of 30 June 2006 and that debt securities in global bearer form issued through Euroclear and Clearstream, Luxembourg after 31 December 2006 will only be eligible as collateral for Eurosystème operations if the NGN form is used.

The Notes are intended to be held in a manner which would allow Eurosystème eligibility – that is, in a manner which would allow the Notes to be recognised as eligible collateral for Eurosystème monetary policy and intra-day credit operations by the Eurosystème either upon issue or at any or all times during their life. Such recognition will depend upon satisfaction of the Eurosystème eligibility criteria.

The following is a summary of the provisions to be contained in the Trust Deed to constitute the Notes and the Global Notes which will apply to, and in some cases modify, the Conditions of the Notes while the Notes are represented by the Global Notes.

1. Exchange

The Permanent Global Note will be exchangeable in whole but not in part (free of charge to the holder) for definitive Notes only:

- (a) upon the happening of any of the events defined in the Trust Deed as "Events of Default";
- (b) if either Euroclear or Clearstream, Luxembourg is closed for business for a continuous period of 14 days (other than by reason of holiday, statutory or otherwise) or announces an intention permanently to cease business or does in fact do so and no alternative clearing system satisfactory to the Trustee is available; or
- (c) if the Issuer would suffer a disadvantage as a result of a change in laws or regulations (taxation or otherwise) or as a result of a change in the practice of Euroclear and/or Clearstream, Luxembourg which would not be suffered were the Notes in definitive form and a certificate to such effect signed by two Directors of the Issuer is given to the Trustee.

Thereupon (in the case of (a) and (b) above) the holder of the Permanent Global Note (acting on the instructions of one or more of the Accountholders (as defined below)) or the Trustee may give notice to the Issuer and (in the case of (c) above) the Issuer may give notice to the Trustee and the Noteholders, of its intention to exchange the Permanent Global Note for definitive Notes on or after the Exchange Date (as defined below).

On or after the Exchange Date the holder of the Permanent Global Note may or, in the case of (c) above, shall surrender the Permanent Global Note to or to the order of the Principal Paying Agent. In exchange for the Permanent Global Note the Issuer will deliver, or procure the delivery of, an equal aggregate principal amount of definitive Notes (having attached to them all Coupons in respect of interest which has not already been paid on the Permanent Global Note), security printed in accordance with any applicable legal and stock exchange requirements and in or substantially in the form set out in the Trust Deed. On exchange of the Permanent Global Note, the Issuer will procure that it is cancelled and, if the holder so requests, returned to the holder together with any relevant definitive Notes.

For these purposes, "**Exchange Date**" means a day specified in the notice requiring exchange falling not less than 60 days after that on which such notice is given and being a day on which banks are open for general business in the place in which the specified office of the Principal Paying Agent is located and, except in the case of exchange pursuant to (b) above, in the place in which the relevant clearing system is located.

2. Payments

On and after 2 November 2015, no payment will be made on the Temporary Global Note unless exchange for an interest in the Permanent Global Note is improperly withheld or refused. Payments of principal and interest in respect of Notes represented by a Global Note will, subject as set out below, be made to the bearer of such Global Note and, if no further payment falls to be made in respect of the Notes, against surrender of such Global Note to the order of the Principal Paying Agent or such other Paying Agent as shall have been notified to the Noteholders for such purposes. The Issuer shall procure that the amount so paid shall be entered *pro rata* in the records of Euroclear and Clearstream, Luxembourg and the principal amount of the Notes recorded in the records of Euroclear and Clearstream, Luxembourg and represented by such Global Note will be reduced accordingly. Each payment so made will discharge the Issuer's obligations in respect thereof. Any failure to make the entries in the records of Euroclear and Clearstream, Luxembourg shall not affect such discharge. Payments of interest on the Temporary Global Note (if permitted by the first sentence of this paragraph) will be made only upon certification as to non-U.S. beneficial ownership unless such certification has already been made.

3. **Notices**

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, notices to Noteholders may be given by delivery of the relevant notice to Euroclear and/or Clearstream, Luxembourg (as the case may be) for communication to the relative Accountholders (as defined below) rather than by publication as required by Condition 12 (*Notices*), provided that, the Issuer shall also ensure that notices are duly published in a manner which complies with the rules and regulations of any stock exchange or the relevant authority on which the Notes are for the time being listed. Any such notice shall be deemed to have been given to the Noteholders on the second day after the day on which such notice is delivered to Euroclear and/or Clearstream, Luxembourg (as the case may be) as aforesaid.

Whilst any of the Notes held by a Noteholder are represented by a Global Note, notices to be given by such Noteholder may be given by such Noteholder (where applicable) through Euroclear and/or Clearstream, Luxembourg and otherwise in such manner as the Principal Paying Agent and Euroclear and Clearstream, Luxembourg may approve for this purpose.

4. **Accountholders**

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, each person (other than Euroclear or Clearstream, Luxembourg) who is for the time being shown in the records of Euroclear or Clearstream, Luxembourg as the holder of a particular principal amount of such Notes (each an "**Accountholder**") (in which regard any certificate or other document issued by Euroclear or Clearstream, Luxembourg as to the principal amount of such Notes standing to the account of any person shall, in the absence of manifest error, be conclusive and binding for all purposes) shall be treated as the holder of such principal amount of such Notes for all purposes (including but not limited to, for the purposes of any quorum requirements of, or the right to demand a poll at, meetings of the Noteholders and giving notice to the Issuer pursuant to Condition 6.4 (*Redemption and Purchase - Redemption at the Option of the Holders following a Change of Control*)) other than with respect to the payment of principal and interest on such principal amount of such Notes, the right to which shall be vested, as against the Issuer and the Trustee, solely in the bearer of the relevant Global Note in accordance with and subject to its terms and the terms of the Trust Deed. Each Accountholder must look solely to Euroclear or Clearstream, Luxembourg, as the case may be, for its share of each payment made to the bearer of the relevant Global Note.

5. **Prescription**

Claims against the Issuer in respect of principal and interest on the Notes represented by a Global Note will be prescribed after 10 years (in the case of principal) and five years (in the case of interest) from the Relevant Date (as defined in Condition 7 (*Taxation*)).

6. **Cancellation**

On cancellation of any Note represented by a Global Note and required by the Conditions of the Notes to be cancelled following its redemption or purchase, the Issuer shall procure that details of such cancellation will be effected by entry in the records of Euroclear or Clearstream, Luxembourg, as the case may be.

7. **Put Event**

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, the option of the Noteholders provided for in Condition 6.4 (*Redemption and Purchase - Redemption at the Option of the Holders following a Change of Control*) may be exercised by an Accountholder giving notice to the Principal Paying Agent in accordance with the standard procedures of Euroclear and Clearstream, Luxembourg (which may include notice being given on his instructions by Euroclear or Clearstream, Luxembourg or any common service provider for them to the Principal Paying Agent by electronic means) of the principal amount of the Notes in respect of which such option is exercised and at the same time the Issuer shall procure that Euroclear and Clearstream, Luxembourg make appropriate entries in their records in respect of all Notes redeemed within the time limits set forth in that Condition.

8. **Electronic Consents**

For so long as all of the Notes are represented by one or both of the Global Notes and such Global Note(s) is/are held on behalf of Euroclear and/or Clearstream, Luxembourg, the Trust Deed provides that consent given by way of electronic consents through Euroclear and/or Clearstream, Luxembourg (in a form satisfactory to the Trustee) by or on behalf of the holders of not less than three-fourths in principal amount of the Notes for the time being outstanding shall be effective as an Extraordinary Resolution of the Noteholders.

9. **Euroclear and Clearstream, Luxembourg**

References in the Global Notes and this summary to Euroclear and/or Clearstream, Luxembourg shall be deemed to include references to any other clearing system approved by the Trustee.

USE OF PROCEEDS

The gross proceeds of the issue of the Notes are expected to amount to approximately €594,810,000, and will be used for general corporate purposes, including refinancing the loan facility entered into for the acquisition of Talpa Media B.V. ("**Talpa**").

DESCRIPTION OF THE ISSUER

1. OVERVIEW OF THE GROUP

1.1 Overview of operations

ITV is an integrated producer-broadcaster that creates, owns and distributes content on multiple platforms. ITV operates the largest commercial family of channels in the UK (the "**ITV Family**") in terms of advertising revenue and audience share (as further detailed below) and delivers content through traditional television broadcasting as well as on demand via ITV Player. ITV's international studios business creates and produces content for both the ITV Family and third parties, while ITV's distribution business, Global Entertainment, sells finished programmes and formats worldwide.

ITV is comprised of two principal business segments: Broadcast & Online and ITV Studios. Broadcast & Online is responsible for commissioning and scheduling programmes on ITV's channels, selling airtime on ITV's channels, marketing and programme publicity. ITV broadcasts a wide variety of content on its family of free-to-air channels, investing over £1 billion annually in programming for the ITV Family (which is primarily funded by television advertising revenue). The ITV Family attracted a total share of viewing in the UK ("**SOV**") of 22.0 per cent. in 2014, the largest audience of any UK commercial broadcaster, and had the largest share of broadcast for the UK television advertising market ("**SOB**"), estimated to be 45.9 per cent. in 2014. Furthermore, ITV's main channel ("**ITV main channel**"), is the largest commercial channel in the UK, ITV's free-to-air digital channels provide more targeted demographics for advertisers and consist of ITV2 and ITV3 (the two largest digital channels in the UK), ITV4, CITV and ITVBe, a lifestyle and reality channel that launched in 2014. The ITV Family also comprises high definition versions of its digital channels available on pay platforms and ITV Encore, the ITV Family's first pay only channel, which was launched in 2014.

In addition to linear broadcast, ITV delivers its content across multiple platforms. This is either through ITV Player, now available on over 20 platforms including ITV's website (www.itv.com) and pay providers such as Virgin Media plc ("**Virgin**") and Sky plc ("**Sky**"), or through direct content deals with services such as Amazon, Apple iTunes and Netflix.

ITV Studios is the Group's international content business. ITV has built significant scale in key creative markets around the world, creating and producing programmes and formats that return for multiple series and travel internationally, particularly drama, entertainment and factual entertainment. ITV Studios UK, the UK arm of ITV Studios, is the largest commercial producer in the UK by revenue (Source: internal estimates, 2014), producing programming across a diverse range of genres for the ITV Family, as well as for other UK broadcasters such as the British Broadcasting Corporation ("**BBC**"), Channel 4 and Sky. In 2014 programmes produced by ITV Studios UK accounted for 60 per cent. of the ITV main channel's total spend on original commissions.

ITV Studios America became the largest unscripted independent producer of content in the US in 2014 (Source: internal estimates, 2014). ITV has acquired a number of unscripted and reality producers and is growing a scripted presence in the US. ITV Studios also operates in The Netherlands, Germany, France, Australia and the Nordic region, producing content for local broadcasters in these regions. This content is either created locally or based on formats that have been created elsewhere by ITV, primarily in the UK. Global Entertainment, ITV's distribution business, licenses ITV's finished programmes and formats and third party content internationally. Within this business, ITV finances productions shown on both ITV Family and third party channels to acquire global distribution rights.

For the full year ended 31 December 2014, ITV and its consolidated subsidiaries (together, the "**Group**") generated total external revenue of £2,590 million (compared to £2,389 million for the equivalent period in 2013), representing a 38 per cent. increase since 2009, and operating earnings before interest, taxation, amortisation ("**EBITA**") and exceptional items of £730 million (compared to £620 million for the equivalent period in 2013), representing an increase of 261 per cent. since 2009. In the six months to 30 June 2015, the Group generated total external revenue

of £1,356 million (compared to £1,225 million for the equivalent period in 2014) and adjusted EBITA of £400 million (compared to £322 million for the equivalent period in 2014).

ITV's head office and registered office is at The London Television Centre, Upper Ground, London SE1 9LT, United Kingdom and its telephone number is +44 (0)20 7157 3000.

1.2 History

The ITV main channel (previously known as ITV1) consists of 15 regional broadcasting licences and a morning television licence. ITV1 began broadcasting in the London area in 1955 after the Television Act 1954 permitted the broadcasting of commercial television channels in the UK. Until 1990, each broadcasting licence was run by a separate company. The Broadcasting Act 1990 permitted any of the 15 regional broadcasting companies, subject to specific conditions, to merge for the first time allowing for consolidation in the UK broadcasting industry. By 2000, Granada plc ("**Granada**", now called Granada Limited) owned six regional licences and Carlton Communications plc ("**Carlton**", now called Carlton Communications Limited) owned five regional licences.

In February 2004, Granada and Carlton merged through a scheme of arrangement (the "**Merger**"). The Merger required an amendment to existing legislation, which was effected by the enactment of the Communications Act 2003, and UK Competition Commission approval, which was received subject to conditions. As a result of the Merger, the Group's new holding entity became ITV plc, a public limited company listed in the UK with registration number 04967001. Following the Merger, ITV owned, directly or indirectly, the entire issued ordinary share capital of both Granada and Carlton and controlled 11 of the 15 regional broadcasting licences. Following an internal restructuring of the Group, ITV moved ten of its Channel 3 licences into ITV Broadcasting Limited (previously called Anglia Television Limited) on 5 November 2008. ITV Broadcasting Limited already held the Channel 3 licence for Anglia. In 2011 ITV acquired a further licence, Channel Television, taking the total number of licences to 12 out of 15. Following the restructuring, ITV Broadcasting Limited now holds all of ITV's broadcasting trade and assets. In February 2014, ITV's public service broadcasting licences were renewed for a further 10 years from 1 January 2015.

Since the Merger, ITV has disposed of a number of non-core businesses, including certain Carlton Screen Advertising businesses and assets, its stakes in Arsenal and Liverpool football clubs (and associated broadband businesses) and MUTV (Manchester United Television).

ITV2 was launched on 7 December 1998, ITV3 was launched on 1 November 2004 and ITV4 on 1 November 2005. ITV launched CITV on 11 March 2006. ITV Encore, a pay channel exclusive to the Sky platform, was launched on 9 June 2014 and a further free-to-air channel, ITVBe, was launched on 8 October 2014.

On 27 April 2005, ITV acquired SDN Limited ("**SDN**"), a UK terrestrial television multiplex operator that leases spectrum to other content providers who want their channels broadcast on digital terrestrial television. ITV's online services include ITV.com, which was launched in 2002. Friends Reunited, a portfolio of social networking websites, was acquired by ITV in December 2005 and sold in 2010.

Since 2012, ITV has acquired a number of production companies. In 2012, ITV acquired the Norwegian production company Mediacircus, the UK production company SO TV, the Finnish production company Tarinatalo and the US production company Gurney. In 2013, ITV acquired two US production companies, High Noon and Thinkfactory Media, and two in the UK, The Garden and Big Talk. In 2014, ITV acquired two US production companies, Diga and Leftfield Entertainment and United in Denmark.

1.3 Strategy

In August 2010, following the appointment of Adam Crozier as CEO, ITV announced a new five-year "Transformation Plan". The vision for the business was "to create world class content which could be made famous on our channels and exploited across multiple platforms, both free and pay, in the UK and internationally". This vision remains unchanged.

In July 2014, ITV announced its renewed strategic priorities, designed to focus the business on those areas perceived to be capable of greatest potential growth in the future. These are to:

- maximise audience and revenue share from free-to-air broadcast and VOD business;
- grow ITV's international content business; and
- build a global pay and distribution business.

Whilst implementing its strategy, ITV intends to continue to develop a creative, commercial and global organisation, increasingly emphasising international content creation and distribution.

1.4 **2015 Interim Results**

On 28 July 2015, ITV published its interim results for the six months to 30 June 2015.

ITV delivered another strong performance, with good revenue growth across all parts of the Group.

Group external revenue increased 11 per cent. to £1,356 million (compared to £1,225 million for the equivalent period in 2014) reflecting 6 per cent. growth in Broadcast & Online revenue to £1,035 million (compared to £981 million for the equivalent period in 2014) and 23 per cent. growth in ITV Studios revenue to £496 million (compared to £402 million for the equivalent period in 2014).

Adjusted EBITA increased 24 per cent. to £400 million (compared to £322 million for the equivalent period in 2014).

1.5 **Recent Developments**

On 12 March 2015, ITV announced that it had agreed to acquire Talpa, the entertainment show producer behind worldwide hit formats, including The Voice, The Voice Kids, Utopia, I Love My Country and Dating In The Dark, from Talpa Holding N.V. ("**Talpa Holding**"). The acquisition does not include Talpa's record label (8ball Music), radio stations or shareholding in SBS Nederland. In the financial year ended 31 December 2014, Talpa generated €233 million in revenue, delivering €61 million in EBITA and, as at 31 December 2014, Talpa held gross assets of €211 million.

The acquisition completed on 30 April 2015. ITV paid an initial cash consideration of €500 million for 100 per cent. of Talpa's fully diluted share capital with further payments dependent on Talpa's future performance and the continued involvement in the business of John de Mol (the founder and ultimate beneficial owner of Talpa Holding). The total maximum consideration, including the initial payment, is up to €1.1 billion, contingent on variables including Talpa's achievement of minimum earnings before interest, taxation, depreciation and amortization thresholds over an eight year period.

ITV's management consider that the acquisition represents a further milestone in ITV's strategy of building an international content business that creates and owns entertainment formats and dramas that sell internationally, and strengthens its position as a leading producer in Europe. The transaction will be earnings accretive from day one and the aim of the transaction is to accelerate ITV Studios' growth internationally.

The acquisition has been financed through a bridge loan facility provided to ITV by the Joint Lead Managers, which will be refinanced out of the net proceeds from the issue of the Notes.

On 29 May 2015, ITV acquired the remaining 75 per cent. of Mammoth Screen, one of the UK's leading scripted production companies, having held a 25 per cent. investment in the producer since 2007.

On 24 June 2015, ITV completed the acquisition of Boom Supervisory Limited, the holding company of UK based Twofour Group ("**Twofour**") which produces factual entertainment and drama programmes. ITV paid an initial cash consideration of £55 million for 75 per cent. of

Twofour. There is a put and call option for the remaining 25 per cent. that can be exercised at the end of 2017 and between the end of 2019 and 2021. Additionally, Twofour has a put and call option to acquire the remaining 49 per cent. of its subsidiary Mainstreet Pictures that can be exercised between 2018 and 2023. The total maximum consideration for Twofour and the remaining 49 per cent. of Mainstreet Pictures is £280 million with contingent payments dependent on both businesses delivering exceptional profit growth to £60 million in aggregate over the payment period and key individuals remaining with Twofour.

2. COMPETITION/MARKET ENVIRONMENT

2.1 Overview of the market environment

The market environment in which ITV operates is constantly changing. The strategy implemented by ITV's management (see *Overview of the Group – Strategy* above) aims to address the challenges and opportunities produced by the trend of global consolidation of media and telecoms companies and the increasing influence of technology in the industry.

2.2 Global Content

Global demand for content continues to grow, with more channels, more platforms and new market entrants increasing spend on programming. This growth can be attributed to a number of factors, including a more successful international pay television market with more channels in more countries; convergence in the television market, where telecom and other companies with significant financial resources are increasingly competing with traditional media companies for content and viewers; new online entrants such as Netflix and Amazon starting to invest heavily in archive and new content; and online advertising driven platforms including YouTube and Facebook creating a new market for short form and digital content.

ITV Studios has an established presence in both the US and UK, which are the first and second largest content markets in the world respectively.

Scripted content

Demand for scripted drama, and US scripted drama in particular, has increased significantly in the last few years. US studios continue to dominate the market for US drama with these companies now expanding internationally. ITV Studios America, the US arm of ITV Studios, is developing a scripted business in the US in conjunction with various international partnerships.

In the UK, where there is stronger demand and higher viewing figures for UK content over imported series, ITV is a major producer of scripted content.

Non-scripted content

While not growing as quickly as scripted content, demand for non-scripted content remains strong as networks continue to require low cost, high volume popular series for their programme schedules. The UK remains the dominant producer of non-scripted formats, producing almost twice as many unique non-scripted formats as the US.

ITV has a significant global presence in the production of non-scripted content: ITV Studios America became the largest unscripted independent producer in the US by revenue, ITV Studios UK is the largest commercial production company in the UK by revenue, and ITV is also a leading independent producer in Europe. ITV Studios has produced a number of successful non-scripted formats, including *Come Dine With Me*, *I'm A Celebrity... Get Me Out Of Here!* and *The Chase*. ITV has also made a number of acquisitions of producers specialising in non-scripted content in order to expand its presence in this area.

Large independent production companies, such as Endemol Shine Group and Fremantle Media, continue to be ITV Studios' main competitors in non-scripted content.

2.3 Advertising Revenue

Television advertising

In the UK, television has held its share of the overall advertising market over the last five years, with a share of 27.6 per cent. in 2014 (compared to 27.5 per cent. in 2009) (Source: Advertising Association). Within the UK television advertising market, ITV estimates that its SOB was 45.9 per cent. in 2014, an increase from the equivalent figure of 44.7 per cent. in 2009. ITV attributes this increase to its ability to deliver mass audiences, which is of particular appeal to advertisers.

Internet advertising

Internet advertising has increased its share of the UK advertising market from 27.6 per cent. in 2009 to 43.9 per cent. in 2014, making the UK one of the most developed markets for online advertising. This growth is at the expense of press advertising, which declined to 18.3 per cent. in 2014, a decrease from 34.2 per cent. in 2009. Within online advertising, display advertising accounts for 32 per cent. of the total online advertising spend (compared to 30 per cent. in 2013), with the remaining 68 per cent. spent on search and classified advertising. ITV competes within the display section of this market, providing an advertising platform around its online video content. ITV does not compete with the search and classified section of the market.

2.4 **Television viewing**

Broadcast television viewing around the world has remained resilient over the last few years and overall viewing levels have remained high. In most territories the major networks continue to dominate viewing despite significantly increased competition and a proliferation of new devices and delivery methods.

Average television viewing in the UK in 2014 was down 5 per cent. compared to 2013. However, over a longer term basis viewing has been resilient despite year on year fluctuations. UK average television viewing in 2014 was the same as it was ten years ago at 221 minutes per day, compared to 222 minutes per day in 2004 (Source: Broadcaster's Audience Research Board ("BARB")).

ITV competes for viewers with the BBC and other commercial broadcasters including Channel 4, Sky and Channel 5. Since the digital switchover, the number of available channels has grown which has impacted the SOV of the traditional broadcasters in recent years. Despite an increase in the number of channels, the ITV main channel and BBC1 continue to be the only channels consistently able to deliver mass audiences in the UK and, in 2014, ITV once again delivered 99 per cent. of all commercial audiences over five million viewers (Source: BARB/ AdvantEdge).

2.5 **Pay Television**

The platform mix in the UK is roughly 50 per cent. free-to-air and 50 per cent. pay. Free-to-air television is delivered through the services Freeview, YouView and Freesat, while pay television is delivered through the satellite operator Sky and cable operator Virgin.

Pay television revenue continues to grow in the UK in aggregate but the market dynamics are changing rapidly as established pay television providers such as Sky and Virgin come under pressure from relatively new entrants to the market such as BT Group plc ("BT") and Netflix.

Increasingly homes are supplementing free-to-air television with other forms of paid content such as subscription VOD or by purchasing additional channels from providers such as BT.

ITV participates in the pay television market, earning revenue from various third parties, including Sky and Virgin, through the licensing of channels and content. In 2014 ITV launched its first pay only television channel, ITV Encore, on the Sky platform which joins its other pay channels, ITV2 HD, ITV3 HD and ITV4 HD.

2.6 **Non-linear viewing**

"**Non-linear viewing**" comprises viewership of content other than in the context of traditional live television viewing, including through recording, time-shifting, catch-up and VOD services and "over-the-top" delivery enabling the delivery of media such as box sets and movies.

While non-linear viewing has increased in recent years, it still accounts for a small proportion of total viewing time. In the UK in 2014, ITV estimates 83 per cent. of all viewing of legal long form content was live (including simulcast), with a further 12 per cent. time-shifted via a personal video recorder and watched within 28 days of the original broadcast date. Of the estimated 5 per cent. of content viewed on demand, 2 per cent. was catch-up viewing of broadcaster content via the television set or to other devices such as tablets and mobiles through services such as ITV Player. The remaining 3 per cent. of content was other VOD viewing, where viewing of box sets via services such as Netflix is replacing viewing of DVDs. This is growing quickly driven by increased availability of devices such as smartphones, tablets and connected televisions.

3. **ITV'S BUSINESS**

3.1 **Broadcast & Online**

In the 2014 financial year, Broadcast & Online accounted for £2,023 million of revenue and £568 million of EBITA before exceptional items (compared to £1,896 million and £487 million respectively for the equivalent period in 2013). The main subsidiaries in Broadcast & Online are ITV Broadcasting Limited, ITV2 Limited and ITV Digital Channels Limited.

Broadcast & Online derives its revenue primarily from the sale of television advertising airtime. The ITV Family comprises the UK's leading family of commercial channels, attracting 22.0 per cent. of the total television audience in the 2014 financial year, representing a 5 per cent. decline on the equivalent 2013 figure. In the 2014 financial year, ITV's channels achieved a share of commercial impacts ("**SOCI**") of 36.2 per cent., representing a 5 per cent. decline from 2013, and a share of UK advertising of 45.9 per cent., up from 45.4 per cent. in 2013.

ITV also makes its broadcast content available to view on ITV Player, and generates revenues through selling online advertising and sponsorship around this content. In addition, ITV licenses some of its high-definition channels and content to third parties, and in 2014 launched its first pay only channel, ITV Encore, on Sky. ITV also monetises consumer interaction with its biggest shows through competitions and voting.

Other sources of revenue for the Broadcast & Online segment include selling advertising airtime on behalf of third parties and licence fees for leasing digital terrestrial television spectrum held through SDN to other broadcasters.

Broadcast & Online's two key customer groups are viewers and advertisers. ITV's Broadcast & Online business relies on delivering content that appeals to viewers. This in turn helps to attract the audiences to which advertisers can market their products. ITV's programming schedules are intended to maximise the volume of audiences for ITV channels in aggregate and across a broad demographic of society, including the sub-demographic groups ABC1, 16 to 34 year old adults, housewives with children and adult males. While the main channel is ITV's mass audience channel, the digital channels are targeted at more specific demographics. ITV2 is targeted at young adults (16 to 34 year olds), ITV3 is targeted at ABC1 adults, ITV4 at men and ITVBe at a young female audience.

The majority of ITV's television advertising airtime is sold to advertising agencies that have arrangements and relationships with the businesses which advertise products or services. Television advertising in the UK is generally purchased on the basis of annual share deals, under which an advertising agency commits in advance a certain proportion of their total spending on television advertising for the following year to a channel or broadcaster. Subject to the Contract Rights Renewal framework ("**CRR**") described in section 5 below, ITV provides discounts to these advertising agencies depending on, amongst other matters, the percentage of television advertising spend committed by an advertising agency. Discounts are generally given on the cost of placing advertising in certain genres of programming or advertising during certain times of the day, consistent with an advertiser's, and its business customers', target audiences.

3.2 **ITV Studios**

ITV Studios is the Group's UK and international production and distribution business. In the 2014 financial year, ITV Studios generated £933 million of total revenues, including internal revenues, (compared to £857 million for the equivalent period in 2013) and £162 million of EBITA before exceptional items (compared to £133 million for the equivalent period in 2013). Internal revenues are sales of programming from ITV Studios to Broadcasting & Online and accounted for £366 million of 2014 full year revenues (compared to £364 million for the equivalent period in 2013). ITV Studios operates a UK production business, a number of international production businesses and a distribution business (Global Entertainment).

UK production business

ITV Studios is the largest commercial production company in the UK by revenue and produces programming for ITV's own channels and for other broadcasters such as the BBC, Channel 4 and Sky. The main subsidiary for the UK Studios business is ITV Studios Limited. In the UK, ITV Studios produces content across a wide range of programme genres, including drama, soap operas, entertainment, factual, daytime and comedy for ITV channels and other UK broadcasters. ITV Studios' UK production revenues were £459 million in the 2014 financial year (compared to £456 million for the equivalent period in 2013). ITV Studios produces programmes for ITV including Coronation Street, Emmerdale, I'm a Celebrity... Get Me Out of Here! and Mr Selfridge, and programmes for other broadcasters including University Challenge for the BBC and Countdown for Channel 4.

International production businesses

ITV Studios operates in six international locations (the US, Australia, The Netherlands, Germany, France and the Nordic region) producing content for local broadcasters. ITV has made a number of acquisitions in the UK, US and Europe as it builds its international business. ITV Studios' US production business is now a business of scale and became the largest unscripted independent producer in the US by revenue in 2014 following the acquisition of Leftfield Entertainment. ITV Studios' international production revenues were £330 million for the 2014 financial year (compared to £266 million for the equivalent period in 2013). As well as producing original programming for the local market, ITV Studios' international businesses also produce content originated by other ITV Studios markets. A number of ITV Studios' UK produced programmes have been successfully sold to broadcasters outside of the UK including I'm a Celebrity... Get Me Out Of Here!, Come Dine with Me, Saturday Night Takeaway, Hell's Kitchen and The Chase.

Global Entertainment

ITV Studios' distribution business, Global Entertainment, licenses ITV's finished programmes and formats and third party content internationally. Global Entertainment's revenues for the 2014 financial year were £144 million (compared to £135 million for the equivalent period in 2013).

4. **REGULATION**

ITV is subject to regulation under UK and European Union legislation. ITV also has production companies incorporated and registered in each of Australia, The Netherlands, Germany, France, the United States and the Nordic region, which are subject to the laws of those jurisdictions. The regulatory regimes that affect ITV's business are primarily broadcasting, telecommunications and advertising laws and regulations. ITV's business is subject to regulation by various regulatory authorities. The primary regulator of ITV's business is Ofcom, the principal regulator for the UK broadcasting industry. However, other UK regulators that are particularly relevant to ITV's business are the Advertising Standards Authority and the Competition and Markets Authority.

The public service broadcasters ("PSBs") are subject to additional tiers of content regulation, including production quotas for independent, regional and original production. The PSBs are also subject to additional quotas for particular genres of programming, such as news, current affairs, and – in the case of ITV – regional programming. The volume and nature of television advertising are also regulated, with the commercial public service broadcasters again subject to tighter restrictions than other channels.

5. **THE CONTRACT RIGHTS RENEWAL FRAMEWORK**

As a condition of the approval of the Merger, the CRR framework was agreed with the Competition Commission in relation to the sale of advertising on ITV (then known as ITV1). The CRR framework provides advertising agencies with the option of renewing the previous year's advertising contract with ITV on the same terms (including discounts). Agencies commit to ITV a proportion of the total annual television spend from their advertising business customers. This commitment is a percentage of the total annual spend of an agency and not the commitment of a monetary amount. If in the current year, ITV's share of total UK television commercial impacts delivered is less than the previous year's, each agency's commitment to ITV (in terms of a share of that agency's total spend on UK television advertising) is reduced in proportion to the reduction in ITV's SOCI delivered from the previous year.

6. **DIRECTORS**

The current Directors of the Issuer, each of whose business address is The London Television Centre, Upper Ground, London SE1 9LT, United Kingdom their function in relation to the Group and their principal outside activities (if any) of significance to the Group are as follows:

Name	Function(s) within the Group	Principal outside activity (year of appointment)
Archie Norman	Chairman	- Chairman, Hobbycraft Group Limited (2014) - Chairman, Lazard, London (2013) - Director of Target Limited (2011) - Adviser to the board of Wesfarmers Limited (2009) - Director of Coles Group (2007) - Governor, National Institute of Economic and Social Research (1997)
Adam Crozier	Chief Executive	Non-executive director of G4S plc (2013)
Ian Griffiths	Group Finance Director	Non-executive director of DS Smith Plc (2014)
Andy Haste	Senior Independent Director	- Chairman, Wonga Group Limited (2014) - Senior Independent Deputy Chairman, Council of Lloyd's (2012)
John Ormerod	Non-executive Director	- Non-executive director of Constellium NV (2014) - Non-executive Chairman of Tribal Group plc (2010, director from 2009) - Non-executive director and chairman of audit committee Gemalto NV (2006) - Non-executive director of First Names Group Limited (2015)

Name	Function(s) within the Group	Principal outside activity (year of appointment)
Roger Faxon	Non-executive Director	• Director of The John Hopkins University (2011) • Director of The Songwriters Hall of Fame • Director of Mirriad Ltd (2013) • Non-executive director of Pandora Media Inc (2015)
Sir Peter Bazalgette	Non-executive Director	• Chairman, Arts Council of England (2013) • Non-executive director of Nutopia (2011) • President of the Royal Television Society (2010) • Senior non-executive director, chairman of Remuneration Committee and member of Audit Committee, YouGov plc (2005)
Mary Harris	Non-executive Director	• Non-executive director of Reckitt Benckiser Group plc (2015) • Member of the Remuneration Committee of St. Hilda's College, Oxford University (2014) • Member of supervisory board, TNT Express NV (2011) • Member of supervisory board, Unibail Rodamco SE (2008) • Non-executive director of J.Sainsbury plc (2007)

There are no potential conflicts of interest between the duties to the Issuer of each of the members of the Board of Directors listed above and his or her private interests or other duties.

Litigation

On 21 December 2011, the Determinations Panel of the Pensions Regulator issued a determination that Financial Support Directions ("FSDs") should be issued against certain companies within the Group in relation to the Boxclever pension scheme. The Group immediately referred this decision to the Upper Tribunal (thereby effectively appealing it). An FSD would require ITV to put in place financial support for the Boxclever scheme; however, it cannot be issued during the period of the reference.

ITV made two interlocutory applications in September 2013 which were heard by the Upper Tribunal. ITV is currently appealing part of the Upper Tribunal's decision in this regard on a point of law, the hearing of which took place in the Court of Appeal in mid-December 2014. Pending the outcome of the appeal, a date will then be fixed for the hearing of the reference.

Major Shareholdings

As at 28 August 2015, shareholders of the ordinary share capital of the Issuer with voting rights equal to or exceeding five per cent. were:

	<u>% Held</u>
Liberty Global Inc Limited (US).....	9.90
FMR LLC..	5.03
Blackrock, Inc.....	5.00

TAXATION

The following is a general description of certain tax considerations relating to the Notes. It does not purport to be a complete analysis of all tax considerations relating to the Notes whether in those countries or elsewhere. Prospective purchasers of Notes should consult their own tax advisers as to the consequences under the tax laws of the country of which they are resident for tax purposes and the tax laws of the UK of acquiring, holding and disposing of Notes and receiving payments of interest, principal and/or other amounts under the Notes. The summaries below are based upon the law as in effect on the date of this Prospectus and is subject to any change in law that may take effect after such date.

In addition, investors should note that the appointment by an investor in Notes, or any person through which an investor holds Notes, of a custodian, collection agent or similar person in relation to such Notes in any jurisdiction may have tax implications. Investors should consult their own tax advisers in relation to the tax consequences for them of any such appointment.

UK Taxation

The following applies only to persons who are the beneficial owners of Notes and is a summary of the Issuer's understanding of current UK law and published HM Revenue and Customs ("**HMRC**") practice relating only to UK withholding tax treatment of payments of principal and interest in respect of Notes. It does not deal with any other UK taxation implications of acquiring, holding or disposing of Notes. The UK tax treatment of prospective Noteholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders who may be subject to tax in a jurisdiction other than the UK or who may be unsure as to their tax position should seek their own professional advice.

Interest on the Notes

Payments of interest on the Notes may be made without deduction of or withholding on account of UK income tax provided that the Notes are and continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007. The London Stock Exchange is a recognised stock exchange. Securities will be treated as listed on the London Stock Exchange if they are included in the Official List (within the meaning of and in accordance with the provisions of Part 6 of the Financial Services and Markets Act 2000 ("**FSMA**")) and admitted to trading on the London Stock Exchange. Provided, therefore, that the Notes are and remain so listed, interest on the Notes will be payable without withholding or deduction on account of UK tax.

In other cases, an amount must generally be withheld from payments of interest on the Notes that has a UK source on account of UK income tax at the basic rate (currently 20 per cent.) subject to any available exemptions and reliefs, including an exemption for certain payments of interest to which a company within the charge to United Kingdom corporation tax is beneficially entitled. However, where an applicable double tax treaty provides for a lower rate of withholding tax (or for no tax to be withheld) in relation to a Noteholder, HMRC can issue a notice to the Issuer to pay interest to the Noteholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

HMRC has powers to obtain information and documents relating to the Notes, including in relation to issues of and other transactions in the Notes, interest, payments treated as interest and other payments derived from the Notes. This may include details of the beneficial owners of the Notes, of the persons for whom the Notes are held and of the persons to whom payments derived from the Notes are or may be paid. Information may be obtained from a range of persons including persons who effect or are a party to such transactions on behalf of others, registrars and administrators of such transactions, the registered holders of the Notes, persons who make, receive or are entitled to receive payments derived from the Notes and persons by or through whom interest and payments treated as interest are paid or credited. Information obtained by HMRC may be provided to tax authorities in other jurisdictions.

Information relating to the Notes may also be required to be provided automatically to HMRC by "financial institutions" under regulations made under section 222 of the Finance Act 2013, which implement the requirements of various automatic information exchange programmes, including FATCA, Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended), the Global Standard released by the Organisation for Economic Co-operation and Development in July 2014, and arrangements between the United Kingdom and its overseas territories and crown dependencies.

Any discount element on the Notes will not generally be subject to any UK withholding tax pursuant to the provisions mentioned above, but may be subject to reporting requirements as outlined above. Where Notes are redeemed at a premium then any such element of premium may constitute a payment of interest. Payments of interest are subject to UK withholding tax and reporting requirements as outlined above.

Where interest has been paid under deduction of UK income tax, Holders who are not resident in the UK may be able to recover all or part of the tax deducted if there is an appropriate provision in any applicable double taxation treaty.

The references to "interest" above mean "interest" as understood in UK tax law. The statements above do not take any account of any different definitions of "interest" or "principal" which may prevail under any other law or which may be created by the terms and conditions of the Notes or any related documentation.

Stamp Duty

No United Kingdom stamp duty or stamp duty reserve tax is payable on the issue of the Notes or on a transfer by delivery of the Notes.

Other Tax Matters

European Union Savings Tax Directive

Under the Savings Directive, Member States are required to provide to the tax authorities of other Member States details of certain payments of interest or similar income paid or secured by a person established in a Member State to or for the benefit of an individual resident in another Member State or certain limited types of entities established in another Member State.

For a transitional period, Austria is required (unless during that period it elects otherwise) to operate a withholding system in relation to such payments. The end of the transitional period is dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries. A number of non-European Union countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 24 March 2014, the Council of the European Union adopted the Amending Directive amending and broadening the scope of the requirements described above. The Amending Directive requires Member States to apply these new requirements from 1 January 2017, and if they were to take effect the changes would expand the range of payments covered by the Savings Directive, in particular to include additional types of income payable on securities. They would also expand the circumstances in which payments that indirectly benefit an individual resident in a Member State must be reported or subject to withholding. This approach would apply to payments made to, or secured for, persons, entities or legal arrangements (including trusts) where certain conditions are satisfied, and may in some cases apply where the person, entity or arrangement is established or effectively managed outside of the European Union.

However, the European Commission has proposed the repeal of the Savings Directive from 1 January 2017 in the case of Austria and from 1 January 2016 in the case of all other Member States (subject to ongoing requirements to fulfil administrative obligations such as the reporting and exchange of information relating to, and accounting for withholding taxes on, payments made before those dates). This is to prevent overlap between the Savings Directive and a new automatic exchange of information regime to be implemented under Council Directive 2011/16/EU on Administrative Cooperation in the field of Taxation (as amended by Council Directive 2014/107/EU). The new regime under Council Directive 2011/16/EU (as amended) is in accordance with the Global Standard released by the Organisation for Economic Co-operation and Development in July 2014. Council Directive 2011/16/EU (as amended) is generally broader in scope than the Savings Directive, although it does not impose withholding taxes. The proposal also provides that, if it proceeds, Member States will not be required to apply the new requirements of the Amending Directive.

Investors who are in any doubt as to their position should consult their professional advisers.

The proposed financial transactions tax ("FTT")

On 14 February 2013, the European Commission published a proposal (the "**Commission's proposal**") for a Directive for a common FTT in Belgium, Germany, Estonia, Greece, Spain, France, Italy, Austria, Portugal, Slovenia and Slovakia (the "**participating Member States**").

The Commission's proposal has very broad scope and could, if introduced, apply to certain dealings in Notes (including secondary market transactions) in certain circumstances.

Under the Commission's proposal, FTT could apply in certain circumstances to persons both within and outside of the participating Member States. Generally, it would apply to certain dealings in Notes where at least one party is a financial institution, and at least one party is established in a participating Member State. A financial institution may be, or be deemed to be, "established" in a participating Member State in a broad range of circumstances, including (a) by transacting with a person established in a participating Member State or (b) where the financial instrument which is subject to the dealings is issued in a participating Member State.

Joint statements issued by participating Member States indicate an intention to implement the FTT by 1 January 2016.

However, the FTT proposal remains subject to negotiation between the participating Member States and the scope of any such tax is uncertain. Additional European Union Member States may decide to participate.

Prospective holders of Notes are advised to seek their own professional advice in relation to the FTT.

FATCA

Whilst the Notes are in global form and held within the ICSDs, it is expected that FATCA will not affect the amount of any payments made under, or in respect of, the Notes by the Issuer, any paying agent and the common safekeeper, given that each of the entities in the payment chain beginning with the Issuer and ending with the ICSDs is a major financial institution whose business is dependent on compliance with FATCA and that any alternative approach introduced under an IGA will be unlikely to affect the securities. The documentation expressly contemplates the possibility that the securities may go into definitive form and therefore that they may be taken out of the ICSDs. If this were to happen, then a non-FATCA compliant holder could be subject to withholding. However, definitive notes will only be printed in remote circumstances. Further, foreign financial institutions in a jurisdiction which has entered into an IGA are generally not expected to be required to withhold under FATCA or an IGA (or any law implementing an IGA) from payments they make.

SUBSCRIPTION AND SALE

Barclays Bank PLC, Credit Suisse Securities (Europe) Limited, J.P. Morgan Securities plc, Lloyds Bank plc and The Royal Bank of Scotland plc (the "**Joint Lead Managers**") have, in a subscription agreement dated 17 September 2015 (the "**Subscription Agreement**") and made between the Issuer and the Joint Lead Managers upon the terms and subject to the conditions contained therein, jointly and severally agreed to subscribe for the Notes at their issue price of 99.135 per cent. of their principal amount plus any accrued interest in respect thereof and less a combined management and underwriting commission. The Issuer has also agreed to reimburse Barclays Bank PLC on behalf of the Joint Lead Managers for certain of its expenses incurred in connection with the management of the issue of the Notes. The Joint Lead Managers are entitled in certain circumstances to be released and discharged from their obligations under the Subscription Agreement prior to the closing of the issue of the Notes.

United Kingdom

Each Joint Lead Manager has represented and agreed that:

- (a) it has only communicated or caused to be communicated and will only communicate or cause to be communicated an invitation or inducement to engage in investment activity (within the meaning of Section 21 of the FSMA) received by it in connection with the issue or sale of the Notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and
- (b) it has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the Notes in, from or otherwise involving the UK.

United States of America

The Notes have not been and will not be registered under the Securities Act and may not be offered or sold within the US or to, or for the account or benefit of, US persons except in certain transactions exempt from the registration requirements of the Securities Act. Terms used in this paragraph have the meanings given to them by Regulation S.

The Notes are subject to US tax law requirements and may not be offered, sold or delivered within the US or its possessions or to a US person, except in certain transactions permitted by US tax regulations. Terms used in this paragraph have the meanings given to them by the US Internal Revenue Code and regulations thereunder.

Each Joint Lead Manager has agreed that, except as permitted by the Subscription Agreement, it will not offer, sell or deliver the Notes, (a) as part of their distribution at any time or (b) otherwise, until 40 days after the later of the commencement of the offering and the issue date of the Notes, within the US or to, or for the account or benefit of, US persons, and that it will have sent to each dealer to which it sells Notes during the distribution compliance period a confirmation or other notice setting forth the restrictions on offers and sales of the Notes within the US or to, or for the account or benefit of, US persons.

In addition, until 40 days after commencement of the offering, an offer or sale of Notes within the US by a dealer (whether or not participating in the offering) may violate the registration requirements of the Securities Act.

General

Each Joint Lead Manager has represented and agreed that it has complied and will comply with all applicable laws and regulations in each country or jurisdiction in which it purchases, offers, sells or delivers Notes or possesses, distributes or publishes this Prospectus or any other offering material relating to the Notes. Persons into whose hands this Prospectus comes are required by the Issuer and the Joint Lead Managers to comply with all applicable laws and regulations in each country or jurisdiction in which they purchase, offer, sell or deliver Notes or possess, distribute or publish this Prospectus or any other offering material relating to the Notes, in all cases at their own expense.

GENERAL INFORMATION

1. **Authorisation**

The creation and issue of the Notes has been authorised by a resolution of the Board of Directors of the Issuer dated 2 March 2015 and a resolution of the Issuer's General Purpose Committee dated 1 September 2015.

2. **Legal and Arbitration Proceedings**

Save as disclosed on page 42 in this Prospectus, there are no governmental, legal or arbitration proceedings, (including any such proceedings which are pending or threatened, of which the Issuer is aware), which may have, or have had during the 12 months prior to the date of this Prospectus, a significant effect on the financial position or profitability of the Issuer and its subsidiaries.

3. **Significant/Material Change**

Since 31 December 2014 there has been no material adverse change in the financial position or prospects of the Issuer and its subsidiaries. Since 30 June 2015 there has been no significant change in the financial or trading position of the Issuer and its subsidiaries.

4. **Auditors**

The consolidated financial statements of the Issuer have been audited without qualification for the years ended 2014 and 2013 by KPMG LLP, Chartered Accountants and Registered Auditors.

5. **Documents on Display**

Copies of the following documents may be inspected during normal business hours at the offices of the Principal Paying Agent for 12 months from the date of this Prospectus:

- (a) the memorandum and articles of association of the Issuer;
- (b) the Agency Agreement and the Trust Deed; and
- (c) the audited consolidated financial statements of the Issuer for the years ended 2013 and 2014 and the interim financial statements of the Issuer for the six month period to 30 June 2015.

6. **Yield**

On the basis of the issue price of the Notes of 99.135 per cent. of their principal amount, the gross real yield of the Notes is 2.260 per cent. on an annual basis.

The yield is calculated at the Issue Date and is not an indication of future yield.

7. **Legend Concerning US Persons**

The Notes and any Coupons appertaining thereto will bear a legend to the following effect: "Any United States person who holds this obligation will be subject to limitations under the United States income tax laws, including the limitations provided in Sections 165(j) and 1287(a) of the Internal Revenue Code".

8. **ISIN and Common Code**

The Notes have been accepted for clearance through the ICSDs. The ISIN of the Notes is XS1292425664 and the common code of the Notes is 129242566.

The address of Euroclear is Euroclear Bank SA/NV, 1 Boulevard du Roi Albert II, B-1210 Brussels and the address of Clearstream, Luxembourg is Clearstream Banking *société anonyme*, 42 Avenue JF Kennedy, L-1855 Luxembourg.

9. **Listing Expenses**

The total expenses related to the listing of the Notes are estimated by the Issuer to be £6,950.

10. **Joint Lead Managers transacting with the Issuer**

In the ordinary course of their business activities, the Joint Lead Managers and their affiliates may make or hold a broad array of investments and actively trade debt and equity securities (or related derivative securities) and financial instruments (including bank loans) for their own account and for the accounts of their customers. Such investments and securities activities may involve securities and/or instruments of the Issuer or their affiliates. Certain of the Joint Lead Managers or their affiliates that have a lending relationship with the Issuer routinely hedge their credit exposure to the Issuer consistent with their customary risk management policies. Typically, such Joint Lead Managers and their affiliates would hedge such exposure by entering into transactions which consist of either the purchase of credit default swaps or the creation of short positions in the securities of the Issuer, including potentially the Notes offered hereby. Any such positions could adversely affect future trading prices of the Notes offered hereby. The Joint Lead Managers and their affiliates may also make investment recommendations and/or publish or express independent research views in respect of such securities or financial instruments and may hold, or recommend to clients that they acquire, long and/or short positions in such securities and instruments.

THE ISSUER

ITV plc
The London Television Centre
Upper Ground
London SE1 9LT
United Kingdom

JOINT LEAD MANAGERS

Barclays Bank PLC
5 The North Colonnade
Canary Wharf
London E14 4BB
United Kingdom

Credit Suisse Securities (Europe) Limited
One Cabot Square
London E14 4QJ
United Kingdom

J.P. Morgan Securities plc
25 Bank Street
Canary Wharf
London E14 5JP
United Kingdom

Lloyds Bank plc
10 Gresham Street
London EC2V 7AE
United Kingdom

The Royal Bank of Scotland plc
135 Bishopsgate
London EC2M 3UR
United Kingdom

PRINCIPAL PAYING AGENT

HSBC Bank plc
8 Canada Square
London E14 5HQ
United Kingdom

TRUSTEE

HSBC Corporate Trustee Company (UK) Limited
8 Canada Square
London E14 5HQ
United Kingdom

LEGAL ADVISERS

To the Issuer as to English law:

Clifford Chance LLP
10 Upper Bank Street
London E14 5JJ
United Kingdom

To the Joint Lead Managers and the Trustee as to English law:

Allen & Overy LLP
One Bishops Square
London E1 6AD
United Kingdom

AUDITORS TO THE ISSUER

KPMG LLP
Chartered Accountants and Registered Auditors
15 Canada Square
Canary Wharf
London
E14 5GL