

Morgan Stanley TMT Conference 2006

James Murdoch
CEO



Forward-looking Statements

This document contains certain forward-looking statements within the meaning of the United States Private Securities Litigation Reform Act of 1995 with respect to the Group's financial condition, results of operations and business, and management's strategy, plans and objectives for the Group. These statements may include, without limitation, those that express forecasts, expectations and projections with regard to the potential for growth of free-to-air and pay-TV, advertising growth, DTH subscriber growth, Multiroom and Sky+ penetration, mobile and broadband penetration, DTH revenue, profitability and margin growth, cash flow generation, subscriber acquisition costs and marketing expenditure, capital expenditure programmes and proposals for returning capital to shareholders.

These statements (and all other forward-looking statements contained in this conference call) are not guarantees of future performance and are subject to risks, uncertainties and other factors, some of which are beyond the Group's control, are difficult to predict and could cause actual results to differ materially from those expressed or implied or forecast in the forward-looking statements. These factors include, but are not limited to, the fact that the Group operates in a highly competitive environment, the effects of government regulation upon the Group's activities, its reliance on technology, which is subject to risk, change and development, its ability to continue to obtain exclusive rights to movies, sports events and other programming content, risks inherent in the implementation of large-scale capital expenditure projects, the Group's ability to continue to communicate and market its services effectively, and the risks associated with the Group's operation of digital television transmission in the UK and Ireland.

Information on some risks and uncertainties are described in the "Risk Factors" section of Sky's Annual Report on form 20-F for the year ended 30 June 2006. Copies of the Annual Report on form 20-F are available on request from British Sky Broadcasting Group plc, Grant Way, Isleworth TW7 5QD or from the British Sky Broadcasting web page at www.sky.com/corporate. All forward-looking statements in this conference call are based on information known to the Group on the date hereof. The Group undertakes no obligation publicly to update or revise any forward-looking statements, whether as a result of new information, future events or otherwise.



A Clear and Consistent Strategy

- Widen the appeal of our product range
- Drive innovation in entertainment and communications
- Increase exposure to new high growth areas
- Achieved through:
 - Attracting additional customers to Sky
 - Growing the number of high value products and services chosen by customers
 - Developing broadband, telephony and networked media services
 - Expanding gross and operating margins



Progress Over The Last 12 Months



Content - Visibility



- Major agreements secured in the last year
 - FA Premier League until 2010
 - Spanish Football's "La Liga" until 2009
 - PGA Championship until 2016
 - NFL until 2010
- Complements existing rights
 - UEFA Champions League
 - FA Cup
 - Football League
 - England Football Internationals
 - English domestic and overseas cricket
 - Cricket World Cup
 - European Tour Golf
 - Ryder Cup
 - US Open Golf
 - Rugby League's Super League
 - Guinness Premiership Rugby Union
 - European Cup Rugby Union
 - England Rugby Union Autumn Internationals
 - Southern Hemisphere Rugby Union



Content



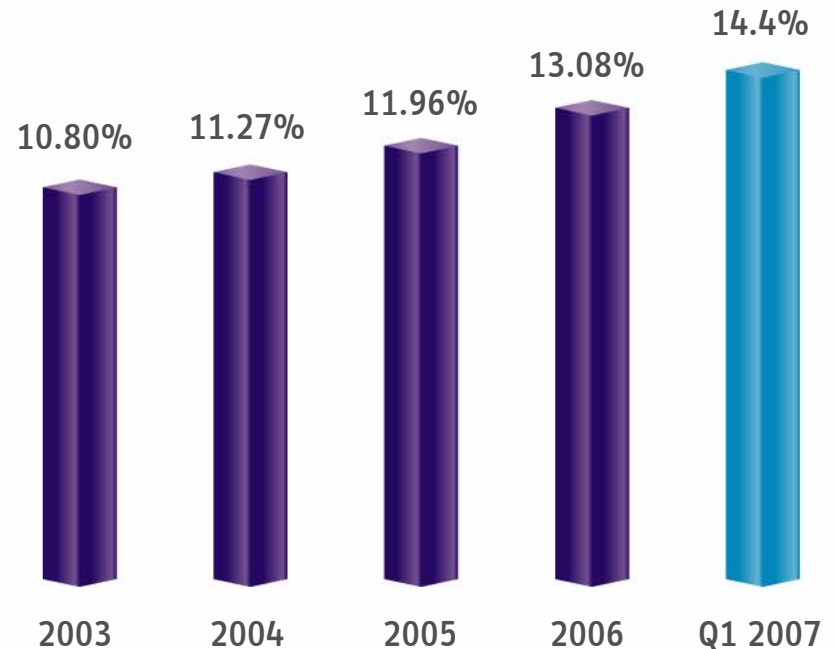
- Live and exclusive TV rights to third and fourth seasons of 'Lost'
- Complements existing schedule
 - Hogfather - The Match
 - 24 - Brainiac
- Exclusive pay-TV movie agreements including:
 - Disney, Fox, Sony, Paramount, Universal and Warner Brothers
 - Recently renewed Disney, on top of previous Sony and Fox
 - Increased value for customers + cost savings
- 007 in HD for the first time from 2007 with **Casino Royale**



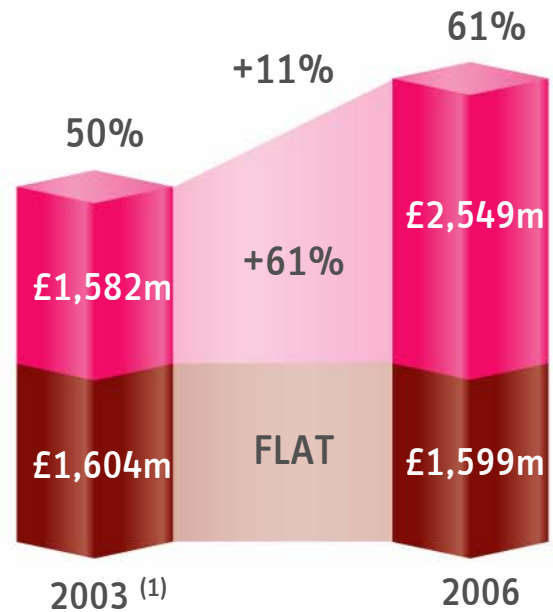
Advertising

- 12% increase in Sky's share of the UK TV advertising sector from Q1 2006
- UK TV advertising sector down 7% for calendar 2006
 - Structural change
- Sky well placed through exposure to high growth areas
 - Internet advertising sector grew 40% in first six months of 2006

Share of TV net advertising revenue (%)



Gross Margin Expansion



■ Programming costs ■ Gross margin

(1) The financial results for the year ended 30 June were prepared under UK GAAP



Sky Broadband

Positive Start

- Around **one million registrations**
- **74,000** active **customers**, with around **20,000 orders every week**
- Sky Talk's **highest rate** of subscriber growth for **two years**
- **Sky customers are getting more for less**
 - Speeds on average are 3 times faster
 - Sky has **saved** its broadband customers around **£2 million** since launch
 - Average monthly saving of over £10
 - 50% using wireless for the first time



Strong Operational Performance

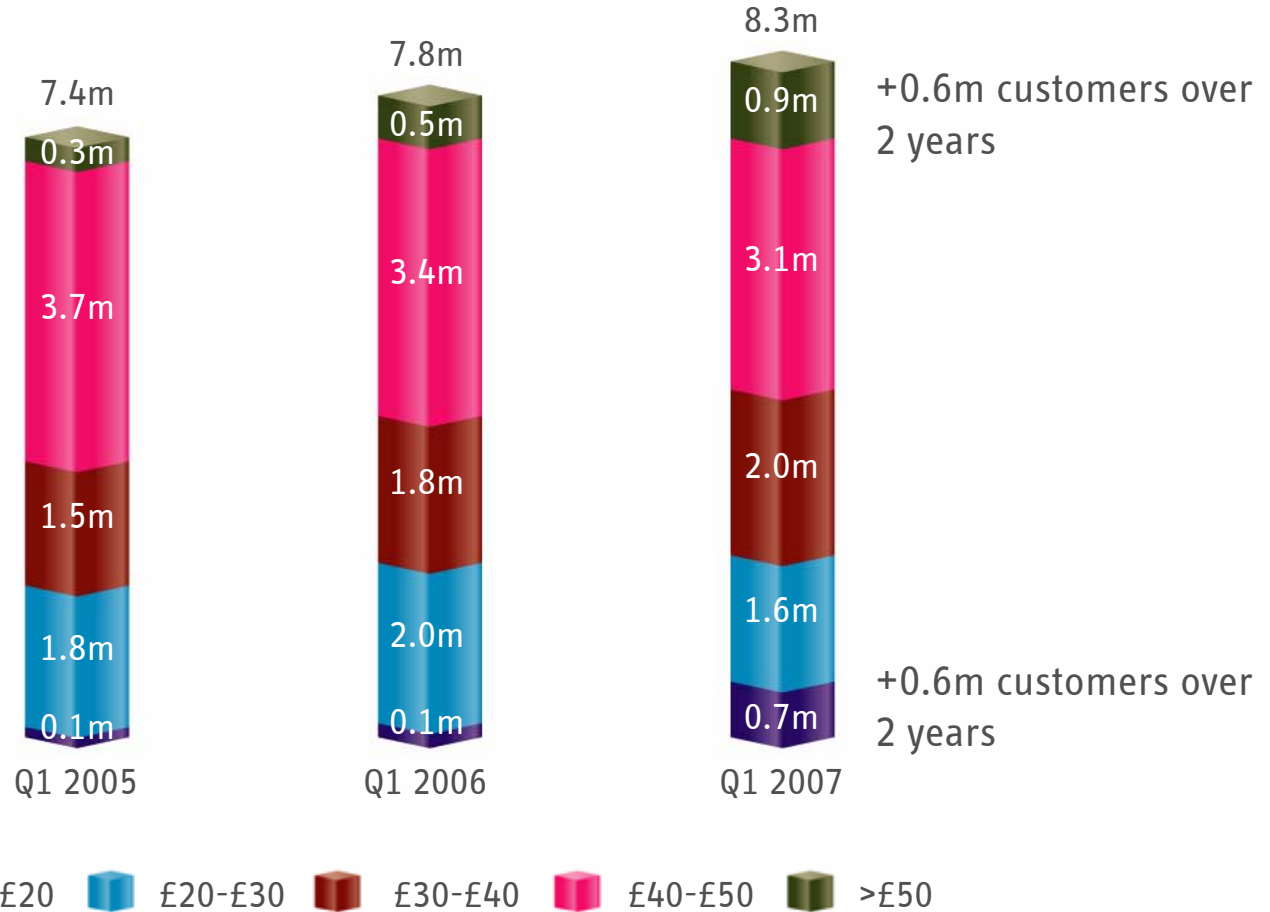
Subscriber Growth

- Added 414,000 net DTH customers in the past 12 months reaching 8.3 million subscribers
 - Most recent financial quarter (Q1 2007) showed the highest first quarter gross and net additions in 3 years
- World class churn of 11.1% in 2005/06, progress to 10% in medium term
- Added 665,000 Sky+ customers in the past 12 months, an increase of 75%
- Added 345,000 Multiroom customers in the past 12 months, an increase of 46%
- Sky HD has seen the fastest ever customer take-up of an additional Sky product with 96,000 customers after just 4 months



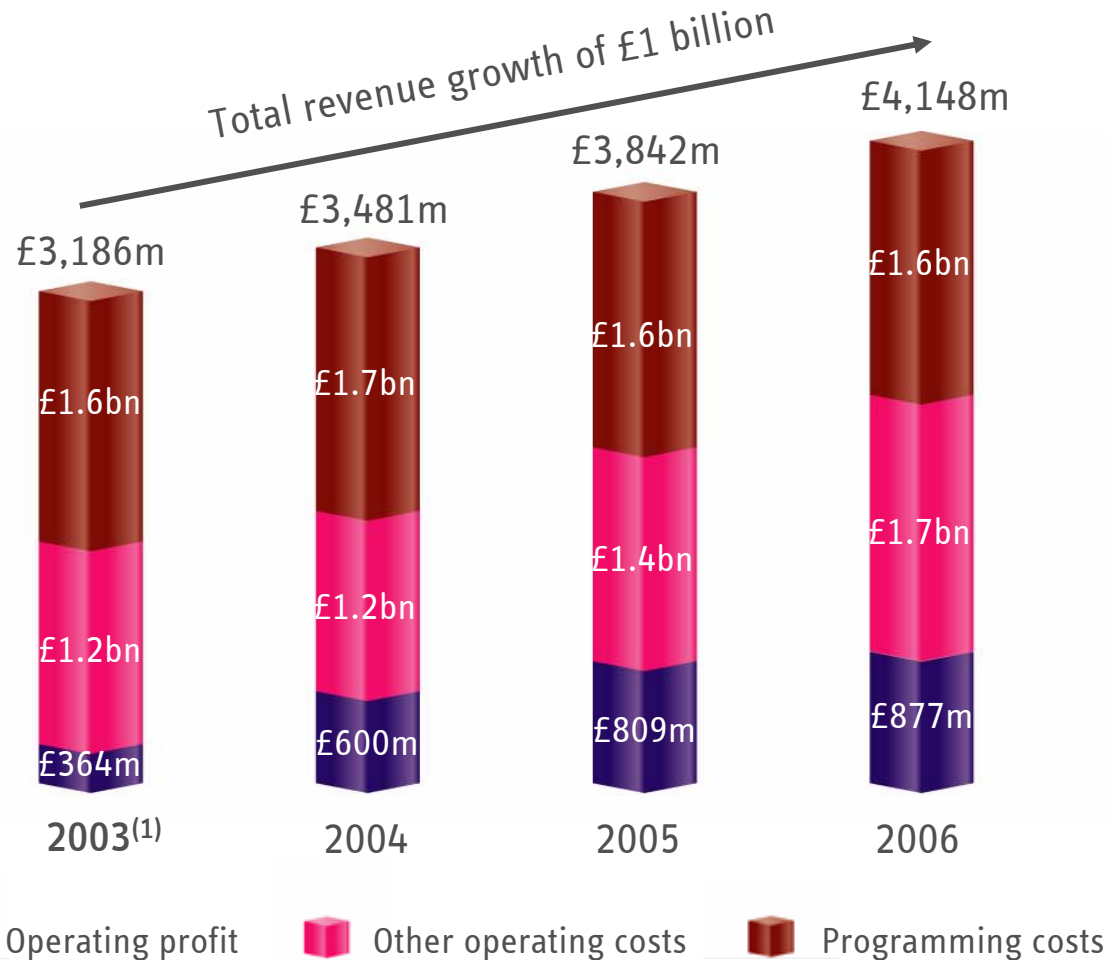
Strong Operational Performance

Enhancing The Customer Mix



Strong Financial Performance

Operating profit

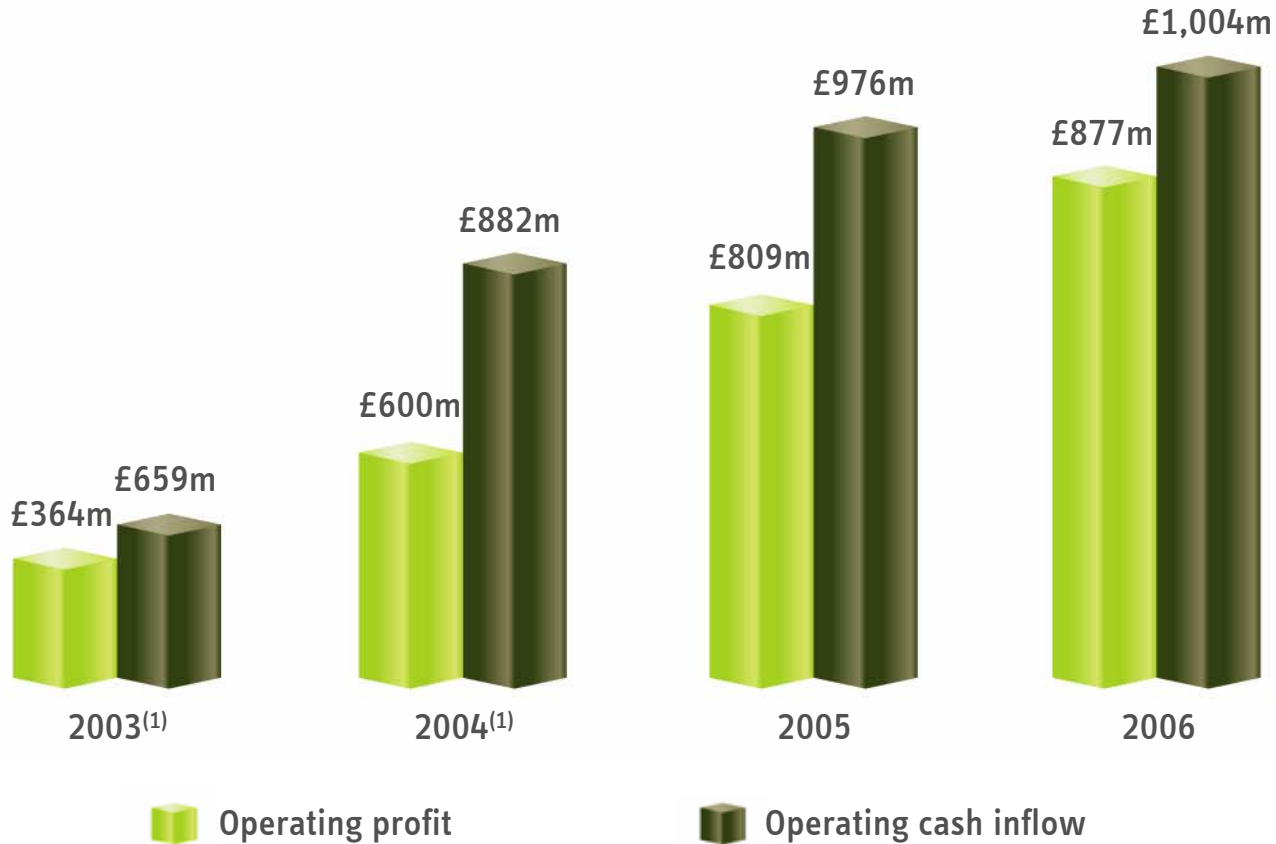


Note: 2003 and 2004 under UK GAAP, 2005 and 2006 under IFRS
(1) Before goodwill and exceptional items



Strong Financial Performance

Cashflow Generation



12 months to 30 June

All results prepared under IFRS, unless stated otherwise, and excluding exceptional items

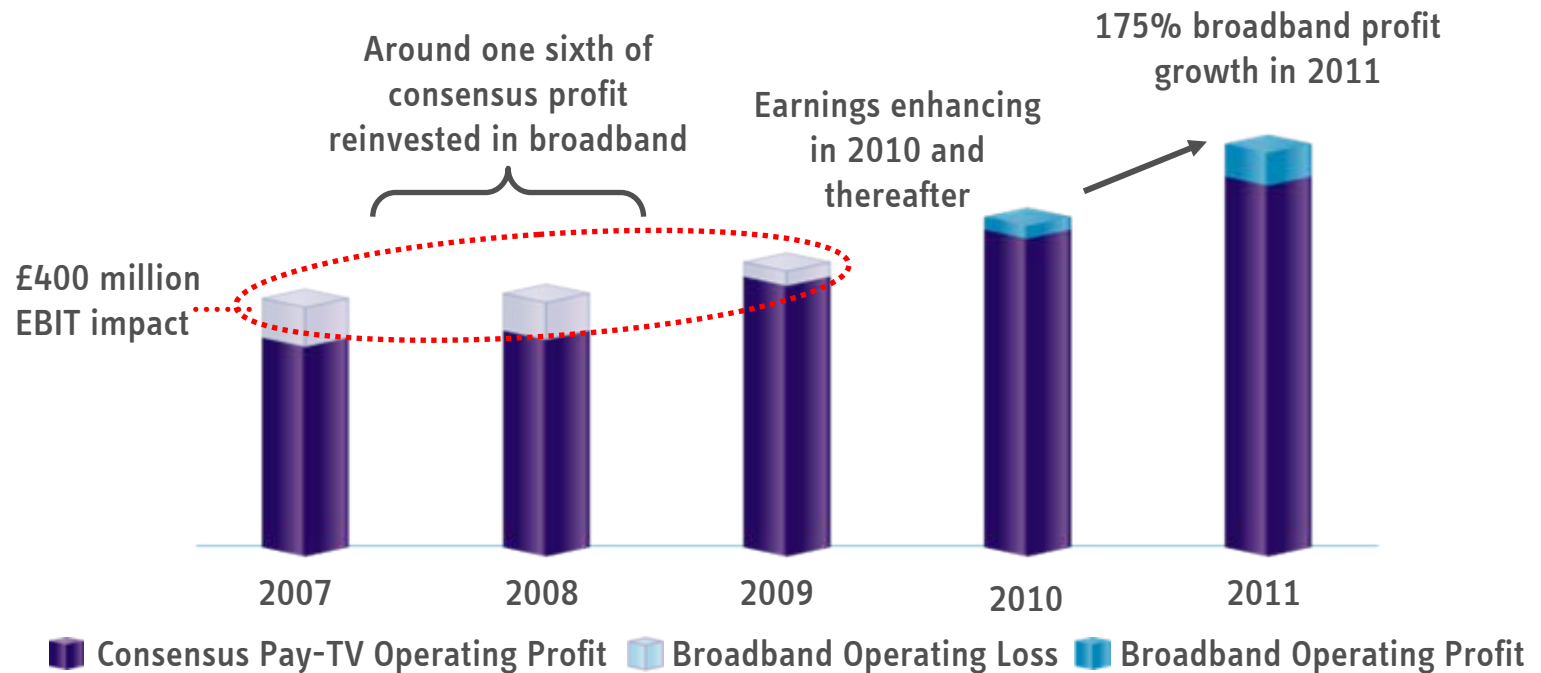
(1) Stated under UK GAAP, before goodwill and exceptional items



Strong Financial Performance

Supporting Investment Into New Growth Areas

- Investment in Residential Broadband and Telephony
 - £400 million operating profit impact over next three years



Note: Illustrative chart. Not to scale. Year ending 30 June.



Strong Financial Performance

Supporting Returns To Shareholders

- Full-year dividend increased 34% year-on-year
- £493 million returned via the 5% share buyback programme
- Returned a total of £1.4 billion to shareholders since April 2004
- Progressive dividend policy going forward based on pre-broadband investment performance



Looking Ahead

Key Growth Drivers

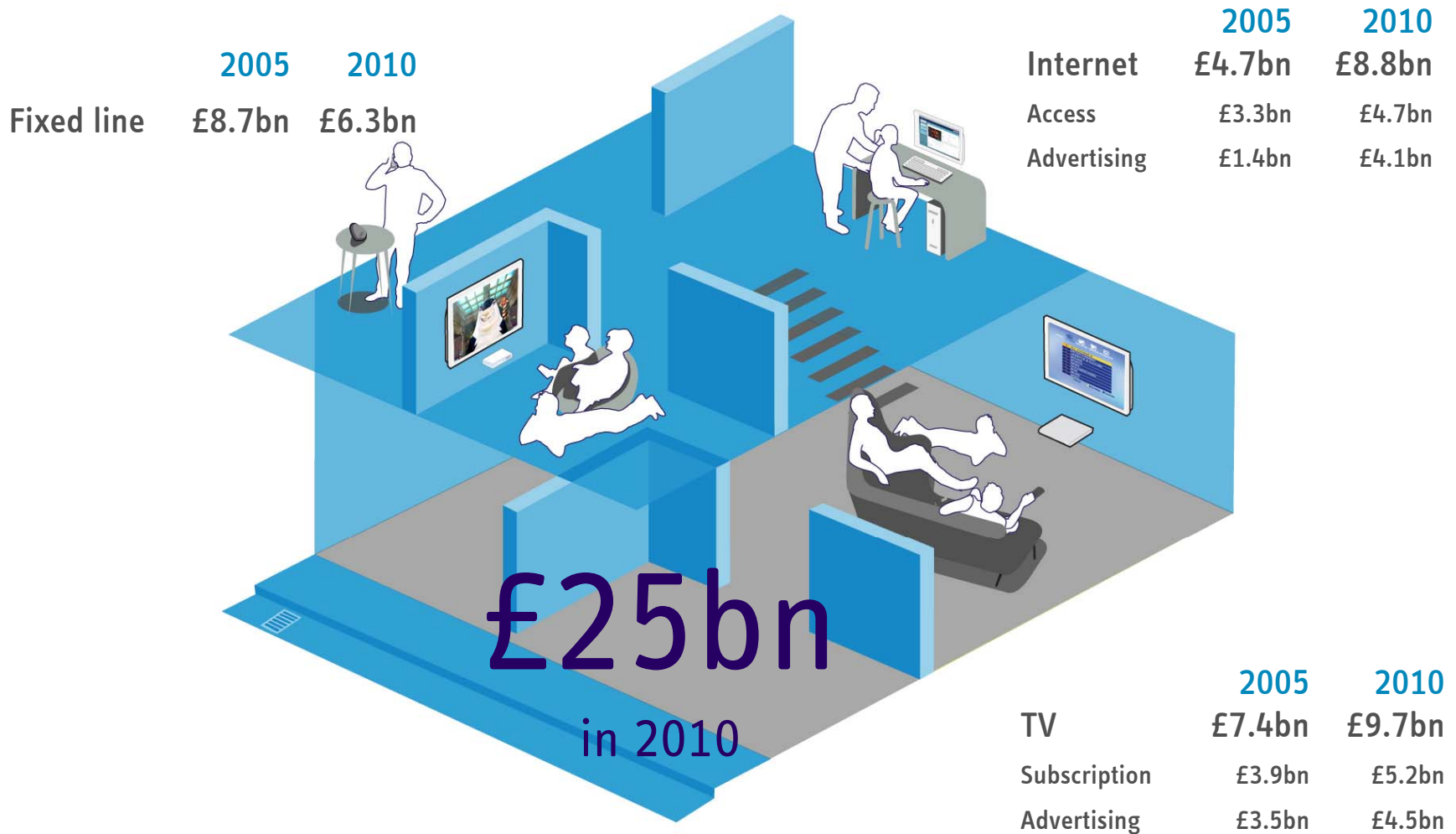


Significant Growth Opportunity

- Pay-TV business is growing faster than ever before
- Significant headroom for growth:
 - Current UK pay-TV penetration of 45% expected to increase to over 75%
- Expanding the range of services and broadening the appeal of Sky
 - Exposure to new, high growth sectors



Significant Growth Opportunity



Note: In the U.K. Source: PWC, Gartner

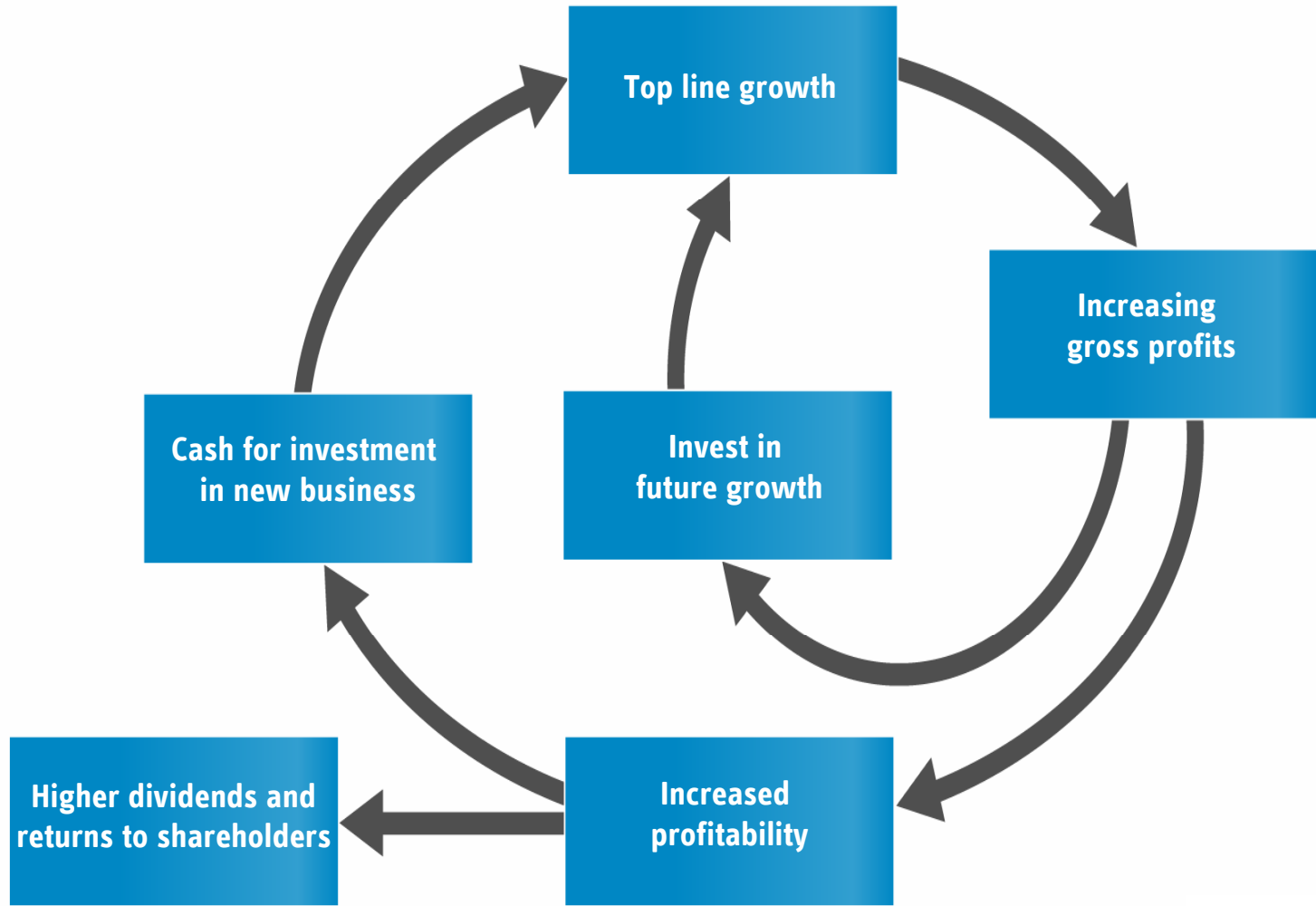


Significant Growth Opportunity

- Sky Broadband creates exposure to macro growth trends:
 - New services
 - + Pull VOD
 - + VOIP Telephony
 - + Portal Services
 - Increasing demand for bandwidth
 - + Access becomes more valuable
 - + Multi-platform integration
 - + New content applications



Financial Model



Questions and Answers

