



## PRESS RELEASE

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### **Sky to drive growth with simplified pricing and packaging**

- Simplified pricing structure with 96 price points reduced to 15
- Greater choice as package options increase from 96 to 496
- New “genre mixes” to offer flexible selection of basic-tier channels
- Broadband and mobile bonus to offer unparalleled flexibility to customers

BSkyB announced today details of a new pricing structure that will deliver increased choice, flexibility and simplicity for Sky digital customers. Together with changes to the way in which BSkyB packages its basic channels, the new pricing structure will emphasise the range of entry points to pay television and will advance the company's long-term strategy to drive profitable subscriber growth towards its target of 10 million customers in 2010 and beyond.

The introduction of the new pricing on 1 September 2005 will coincide with the creation of six genre-based “mixes” of basic channels: Variety; Kids; Knowledge; Style and Culture; Music; and News and Events. To deliver greater flexibility, the new structure will enable customers to build their own package by selecting any two, any four or all six of the new channel mixes. Customers will pay £15.00 per month for a “2 Mix” pack, £18.00 for a “4 Mix” pack or £21.00 for all six mixes, also known as the “Entertainment Pack”.

Irrespective of their selected combination of mixes, customers will be able to subscribe to any combination of Sky's premium channels. The changes will bring about a five-fold increase in the number of available package options, enabling customers to choose a package that corresponds even more closely to their viewing preferences. In total, the number of available package options will increase to 496 from 96 at present. However, the number of price points for new customers will be streamlined to 15 from the current 96 in order to provide increased simplicity at the point of sale.



Under the new model, the price of the top-tier package, Sky World (with Entertainment Pack), will be £42.50 per month, compared to the current price of £41.00 per month. This package is currently taken by around 50% of Sky digital customers.

Sky believes that the reshaping of its packaging and pricing structure will highlight the strength of its channel offering and challenge pre-conceptions that it is an "all or nothing" product. In addition, the changes will allow more targeted marketing to segmented groups of potential customers and will reinforce the highly successful "What do you want to watch?" campaign with a further emphasis that Sky has something for everyone.

Sky is writing to existing customers this week to inform them of changes to the price of its subscription packages from 1 September 2005 as it continues investment in programming such as exclusively live coverage of England's summer cricket Test matches and one-day internationals on Sky Sports from 2006. Customers will be informed of a range of new initiatives designed to enhance the value provided by a Sky subscription. These include the addition of Artsworld to the basic tier of channels for the first time and the enhancement of Sky's parental control features. To drive sustained take-up of its premium channels, Sky will offer top-tier customers the opportunity to enjoy its video content on their mobile phone or PC as part of their existing subscription.

Later this year, Sky World customers who have a broadband internet connection will be able to download Sky Movies on-demand and enjoy Sky Sports programming on their PC. A selection of around 200 movies will be available at launch, including a mix of new films and library titles, and the number of titles will increase over time. Content available from Sky Sports via broadband will include match highlights, interviews, programme clips and Sky Sports News bulletins. Both services will be available only to customers who subscribe to the relevant Sky digital package.

Also available later this year as a bonus service for Sky World customers will be a mobile content application offering the latest news and video updates from Sky News and Sky Sports in a convenient and easy-to-use format. The application will be available across multiple mobile networks to Sky World customers with a compatible handset. Plans for an entertainment-based mobile product are in development.

Commenting on the announcement, James Murdoch, BSkyB's Chief Executive, said:



“Enhancing the flexibility and simplicity of the Sky proposition for current customers and future customers is at the centre of what we do. We will broaden the appeal of pay television still further and achieve our goal of bringing great entertainment, choice and tremendous value to customers across the UK and Ireland.”

end







## Appendix 2

### UK classification of current retail basic encrypted channels into genre mixes

Variety	Kids	Knowledge	Style & Culture	Music	News & Events
Bravo (+1) (1)	Boomerang	Adventure One	Artsworld	Amp	At The Races
Challenge (+1)	Cartoon Network (+1)	Animal Planet (+1)	Discovery Real Time (+1)	Flaunt	Bloomberg
E!	Discovery Kids	Biography	Discovery Home & Health (+1)	Kerrang	CNBC
E4 (+1)	Jetix (+1)	Discovery (+1)	Discovery Travel & Living (+1)	Kiss	Eurosport UK
ftn	Nick Jr	Discovery	DW-TV	Magic	Eurosport2 UK
FX	Nickelodeon (+1)	Civilisations	Sky Travel (+1)	MTV	Fox News
Hallmark	Nicktoons	Discovery Science	Sky Travel Extra	MTV Base	Sky News (3)
LIVINGtv (+1)	Toonami	Discovery Wings	Sky Travel Shop	MTV Dance	Sky Sports News
LIVINGtv2	Trouble (+1)	History Channel (+1)	Star Plus	MTV Hits	Star News
Paramount		Nat Geo (+1)	TV5	MTV2	Motors TV
Paramount2		UKTV	TVEi	Music Choice	----
Sci-Fi		Documentary (+1)	UKTV Bright Ideas	Q	Big Blue radio (4)
Sky Mix		UKTV History (+1)	UKTV Food (+1)	Scuzz	TalkSPORT radio
Sky One		UKTV People (+1)	UKTV Style (+1)	Smash Hits	The Saint radio (4)
Sky Vegas Live			UKTV Style	The Box	
TCM			Gardens	The Hits	
UKTV Drama			Fashion TV	TMF	The Villan (4)
UKTV Gold (+1)				VH1	
UKTV Gold 2 (+1)				VH1 Classic	
RTE One (2)				VH2	
RTE Two (2)					
TG4 (2)					

#### Notes:

- (1) (+1) indicates inclusion of multiplex of main channel
- (2) Only available in Northern Ireland
- (3) Available without a Sky viewing card
- (4) Big Blue only available in Greater London area, The Saint available in Southampton and the surrounding areas, The Villan available in the West Midlands area