

PROSPECTUS



ITV PLC

(incorporated with limited liability in England and Wales with Registered No. 04967001)

€187,873,000 10.00 per cent. Notes due 2014

guaranteed by

Carlton Communications Limited

(incorporated with limited liability in England and Wales with Registered No. 00348312)

Issue price: 100.00 per cent.

The €187,873,000 10.00 per cent. Notes due 2014 (the **Notes**) will be issued by ITV plc (the **Issuer**) and guaranteed by Carlton Communications Limited (the **Guarantor**).

On 10 June 2009, the Issuer announced an offer to holders of its €500,000,000 Series 2006-2 Fixed Rate Notes due 2011 to exchange such securities for consideration including the Notes (the **Exchange Offer**).

Application has been made to the Financial Services Authority in its capacity as competent authority under the Financial Services and Markets Act 2000 (the **UK Listing Authority**) for the Notes to be admitted to the Official List of the UK Listing Authority and to the London Stock Exchange plc (the **London Stock Exchange**) for the Notes to be admitted to trading on the London Stock Exchange's regulated market. The London Stock Exchange's regulated market is a regulated market for the purposes of Directive 2004/39/EC (the **Markets in Financial Instruments Directive**).

The Notes will be rated Ba3 by Moody's Investors Service, Inc. (**Moody's**) and BB- by Standard & Poor's Ratings Services, a division of The McGraw-Hill Companies Inc. (**Standard & Poor's**). A rating is not a recommendation to buy, sell or hold securities and may be subject to revision, suspension or withdrawal at any time by the assigning rating organisation.

The Notes will initially be represented by a temporary global note (the **Temporary Global Note**), without interest coupons, which will be deposited on or about 30 June 2009 (the **Closing Date**) with a common depositary for Euroclear Bank SA/NV (**Euroclear**) and Clearstream Banking, société anonyme (**Clearstream, Luxembourg**). Interests in the Temporary Global Note will be exchangeable for interests in a permanent global note (the **Permanent Global Note** and, together with the Temporary Global Note, the **Global Notes**), without interest coupons, on or after 9 August 2009 (the **Exchange Date**), upon certification as to non-U.S. beneficial ownership. Interests in the Permanent Global Note will be exchangeable for definitive Notes only in certain limited circumstances - see "*Form of the Notes*".

An investment in Notes involves certain risks. Prospective investors should have regard to the factors described under the heading "Risk Factors" on page 5.

The date of this Prospectus is 30 June 2009.

This Prospectus comprises a prospectus for the purposes of Article 5.3 of Directive 2003/71/EC (the **Prospectus Directive**).

The Issuer and the Guarantor accept responsibility for the information contained in this Prospectus. To the best of the knowledge of the Issuer and the Guarantor (each 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 does not omit anything likely to affect the import of such information.

The Issuer and the Guarantor, having made all reasonable enquiries, confirm that this Prospectus contains all material information with respect to the Issuer and the Guarantor and the Notes (including all information which, according to the particular nature of the Issuer, the Guarantor and of the Notes, is necessary to enable investors to make an informed assessment of the assets and liabilities, financial position, profits and losses and prospects of the Issuer and the Guarantor and of the rights attaching to the Notes), that the information contained or incorporated in this Prospectus is true and accurate in all material respects and is not misleading, that the opinions and intentions expressed in this Prospectus are honestly held and that there are no other facts the omission of which would make this Prospectus or any of such information or the expression of any such opinions or intentions misleading. The Issuer and the Guarantor accept responsibility accordingly.

This Prospectus is to be read in conjunction with all documents which are deemed to be incorporated herein by reference (see "*Documents Incorporated by Reference*"). This Prospectus should be read and construed on the basis that such documents are incorporated and form part of the Prospectus.

The Trustee has not independently verified the information contained herein. Accordingly, no representation, warranty or undertaking, express or implied, is made and no responsibility or liability is accepted by the Trustee as to the accuracy or completeness of the information contained or incorporated in this Prospectus or any other information provided by the Issuer or the Guarantor in connection with the Exchange Offer. The Trustee does not accept any liability in relation to the information contained or incorporated by reference in this Prospectus or any other information provided by the Issuer or the Guarantor in connection with the Exchange Offer.

No person is or has been authorised by the Issuer, the Guarantor or the Trustee to give any information or to make any representation not contained in or not consistent with this Prospectus or any other information supplied in connection with the Exchange Offer and, if given or made, such information or representation must not be relied upon as having been authorised by the Issuer, the Guarantor or the Trustee.

Neither this Prospectus nor any other information supplied in connection with the Exchange Offer (a) is intended to provide the basis of any credit or other evaluation or (b) should be considered as a recommendation by the Issuer, the Guarantor or the Trustee that any recipient of this Prospectus or any other information supplied in connection with the Exchange Offer should purchase any Notes. Each investor contemplating participating in the Exchange Offer should make its own independent investigation of the financial condition and affairs, and its own appraisal of the creditworthiness, of the Issuer and/or the Guarantor. Neither this Prospectus nor any other information supplied in connection with the Exchange Offer constitutes an offer or invitation by or on behalf of the Issuer or the Guarantor or the Trustee to any person to subscribe for or to purchase any Notes.

Neither the delivery of this Prospectus nor the offering, sale or delivery of the Notes shall in any circumstances imply that the information contained herein concerning the Issuer and/or the Guarantor is correct at any time subsequent to the date hereof or that any other information supplied in connection with the Exchange Offer is correct as of any time subsequent to the date indicated in the document containing the same. The Trustee expressly does not undertake to review the financial condition or affairs of the Issuer or the Guarantor during the life of the Notes or to advise any investor in the Notes of any information coming to

their attention. The Notes and the guarantee thereof have not been and will not be registered under the United States Securities Act of 1933, as amended, (the **Securities Act**) and are subject to U.S. tax law requirements. Subject to certain exceptions, the Notes may not be offered, sold or delivered within the United States or to U.S. persons.

This Prospectus does not constitute an offer to sell or the solicitation of an offer to buy the Notes in any jurisdiction to any person to whom it is unlawful to make the offer or solicitation in such jurisdiction. The distribution of this Prospectus may be restricted by law in certain jurisdictions. The Issuer, the Guarantor and the Trustee do not represent that this Prospectus may be lawfully distributed in compliance with any applicable registration or other requirements in any such jurisdiction, or pursuant to an exemption available thereunder, or assume any responsibility for facilitating any such distribution. Persons into whose possession this Prospectus or any Notes may come must inform themselves about, and observe, any such restrictions. In particular, there are restrictions on the distribution of this Prospectus in the United States and the United Kingdom.

All references in this document to **Sterling** and **£** refer to the currency of the United Kingdom and references in this document to **Euro** and **€** refer to the currency introduced at the start of the third stage of European Economic and Monetary Union, pursuant to the Treaty establishing the European Community, as amended from time to time.

Words and expressions defined in the conditions of the Notes (the **Conditions**) shall, unless the context otherwise requires, have the same meanings when used in this Prospectus.

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RISK FACTORS

*Each of the Issuer and the Guarantor believes that the following factors, which may affect the Issuer and its subsidiaries (the **Group**), may affect its ability to fulfil its obligations under the Notes. All of these factors are contingencies which may or may not occur and neither the Issuer nor the Guarantor is 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 the Notes are described below.

Each of the Issuer and the Guarantor believes that the factors described below represent the principal risks inherent in investing in the Notes, but the inability of the Issuer or the Guarantor to pay interest, principal or other amounts on or in connection with the Notes may occur for other reasons which may not be considered significant risks by the Issuer and the Guarantor based on information currently available to them or which they 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.

Factors that may affect the Group and that may also affect the Issuer's and the Guarantor's ability to fulfil its obligations under the Notes

Television advertising currently accounts for the majority of the Issuer's revenues. Future total advertising revenues could be impacted by a variety of factors

ITV is largely dependent on advertising revenue for income. In the Issuer's financial years ended 31 December 2008 and 31 December 2007, television advertising accounted for approximately 70 per cent. and 72 per cent., respectively, of the Issuer's total revenues.

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

- ITV is likely to continue to be adversely affected by the impact that the recent economic downturn has had, and may continue to have, 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 (and any amendments thereto) may cause ITV to lose share of the television advertising market.

ITV can give no assurance that the above factors will not result in a further deterioration in its advertising revenues which in turn may have a material adverse effect on its business, results of operations and financial condition.

New technology is changing viewing behaviour and the way content is distributed. If ITV is unsuccessful in adapting to these changes, ITV's results may be affected

New technologies, including new video formats, internet protocol television, streaming and downloading capabilities via the internet, video-on-demand, 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.

ITV's operating and financial flexibility is limited by its substantial amount of outstanding indebtedness, which could materially affect its business, results of operations and financial condition

As at 31 December 2008, ITV had Net Debt of £730 million. ITV's leverage could have important consequences, including, but not limited to (i) increasing ITV's vulnerability to a further downturn in ITV's business or economic and industry conditions; (ii) limiting ITV's ability to obtain additional financing to fund future operations, programming expenditure, business opportunities and 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; and (iv) 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. Any of these or other consequences or events could have a material adverse effect on ITV's business, results of operations and financial condition.

During the 2008 financial year, ITV lost its investment grade rating and as at 25 June 2009, ITV is rated Ba3 (negative outlook) by Moody's Investors Services and BB- (stable outlook) by Standard & Poor's. The loss of investment grade rating has resulted in an increase in the interest rate payable by ITV under its €500 million 2011 bond and its £250 million 2017 bond. The cash cost of these interest rate step-ups is £8 million in a financial year. These increased interest rates will remain unless and until ITV returns to investment grade with both rating agencies. The loss of its investment grade rating may also make it more difficult for ITV to obtain debt financing if the condition of global credit markets do not improve as issuers with below investment grade ratings are currently experiencing significant difficulties in obtaining such financing.

There can be no assurance that any refinancing or additional financing will be available to ITV on commercially reasonable terms or at all. ITV's inability to generate sufficient cash flow to satisfy its debt service obligations, or to refinance debt on commercially reasonable terms, could have a material adverse effect on its business, financial condition and results of operations.

ITV relies to a significant extent on fixed-cost programming and as a result (i) a decrease in revenues could have a material adverse effect on ITV's results of operations and financial condition and (ii) ITV is potentially less operationally flexible than some competitors

ITV has a high fixed cost base as a proportion of its total costs due to programming commitments, transmission costs and licensing costs. Once ITV has made a programming commitment, it is very difficult for ITV to reduce the associated costs for the period of such commitment. As a result, any decrease in revenues could have a disproportionately material adverse effect on ITV's profitability as ITV may be unable, in the short to medium term, to manage its costs substantially to mitigate the effect of any significant decrease in revenue. This lack of cost-base flexibility could adversely affect ITV's financial condition and results of operations.

As a result of ITV's greater weighting towards programming with longer-term fixed costs, ITV is less well positioned to take advantage of changes in market conditions compared with television companies with greater flexibility in their selection of programming. The viewing commitments and expenditure associated with ITV's programming stock limit ITV's ability to change the content of programming on ITV channels in the near future in accordance with demand. This lack of operational flexibility could adversely affect ITV's audiences and revenues.

An increase in the costs associated with programming and programming rights acquired from third parties could adversely affect ITV's business, results of operation and financial condition

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 2008. ITV acquires programming from independent television production companies and production companies owned by other broadcasters. ITV has continued to experience an increase in the cost of programming and programming rights acquired from third parties, particularly with respect to rights to broadcast major sports events, such as UEFA Champions League, FA Cup and England home international games. If continued increases were to occur in the cost of programming, ITV's operating profit margins could be adversely impacted and this impact could be magnified in an environment of declining advertising revenues. The loss of these programming rights would impact the extent of, amongst other things, the sports coverage offered by ITV which could adversely affect ITV's audiences and advertising revenues.

ITV may have funding risks related to its pension schemes

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 trustees of the pension schemes changing their investment strategy. Any increase in the deficit of the schemes may result in a need to increase pension contributions.

ITV is subject to laws and regulations relating to broadcasting and advertising

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 which has the power to levy fines or terminate a licence for persistent breach of licence obligations. Failure to adhere to the broadcasting regulations could have a material adverse effect on ITV's financial condition and results of operations. Decisions by Ofcom or other regulators may restrict the way in which ITV carries on its businesses and this could have an adverse effect on its financial condition and results from operations.

The nature and impact of future changes in laws, regulations and regulatory policies are not predictable and are beyond ITV's control. Additional regulations by the Government or regulators could have an adverse effect on ITV's advertising revenues, financial condition and results of operations.

ITV relies on domestic and international demand for UK programmes

ITV's investment in programming focuses on acquiring, producing and broadcasting a significant proportion of UK programmes. Deterioration in the demand for UK programme supply could adversely affect ITV's financial condition and results from operations. In the economic downturn, ITV has experienced reduced demand for its Global Content programming from other broadcasters. Furthermore, the economic climate has adversely affected the price and margins ITV is able to obtain for the sale of UK programming. These factors may have an adverse effect on ITV's revenues and results of operations.

Piracy of ITV's intellectual property and other content may decrease ITV's revenue and adversely impact its business and results of operations

The success of ITV's business depends in part on its ability to maintain and protect the intellectual property rights to its products. There can be no assurance that ITV's efforts in combating piracy of its intellectual

property will be successful and any continuation or increase in piracy could have an adverse effect on ITV's business, results of operations and financial condition.

Failure to implement strategic plan and savings initiatives

The successful implementation of ITV's strategic plan depends on ensuring that strict controls on cash flows and expenditure are achieved to protect ITV's financial position. In addition, discipline by the management team is required to ensure that the strategic plan is implemented as intended. Failure to achieve these steps may result in material adverse effects to ITV's expenses, financial position and results from operations.

Collective bargaining agreements, work stoppages and other labour relations matters could have an adverse effect on ITV

A significant proportion of ITV's employees are covered by collective bargaining or other similar labour agreements. As a result of the recent economic downturn, ITV has taken steps to reduce costs including implementing job losses. The announcement of job losses has been met by threats of potential industrial action. The implementation of these job losses and the announcement of any additional job reductions could lead to similar actions being threatened or proceeding. In addition, any inability by ITV to negotiate acceptable new contracts under its collective bargaining agreements could cause strikes or other work stoppages, and new contracts may result in increased operating costs. Any strikes, work stoppages or otherwise contentious relationships with its employees could have an adverse effect on ITV's financial condition and results from operations.

ITV is exposed to counterparty credit risk, including from its advertisers and advertising agencies

Credit risk, in respect of receivables due to ITV from advertisers and advertising agencies, and also in respect of the UK Government and financial institution counterparties with whom ITV deposits cash or enters into interest swap contracts and foreign exchange arrangements, has been exacerbated by the current economic downturn. In addition, the current economic climate has led to a reduction in the availability of and increase in the price of credit insurance. Any reduction in the amount of credit insurance available to ITV, or any restriction of the credit terms extended by ITV to its customers, could further result in loss of customers, business and revenues to ITV.

Interest rate exposure may have an adverse effect on ITV

Changes in interest rates and other factors relating to the financial markets have affected and will continue to affect ITV. Interest on its indebtedness is a significant cost for ITV. To the extent that ITV's existing or future indebtedness is variable rate and unhedged or has been swapped to floating rate, changes in interest rates may increase its cost of borrowing, increasing interest expense and reducing operating cash flows. There can be no assurance that ITV will not be affected by interest rate changes in the future, notwithstanding its use of credit/interest rate swaps.

The ownership by British Sky Broadcasting of a significant number of ITV's Ordinary Shares may prevent other shareholders from influencing significant corporate decisions and could have an adverse impact on the price of such shares

Based on the issued share capital of ITV as of 25 June 2009, British Sky Broadcasting, one of ITV's competitors in the UK broadcasting sector, indirectly holds approximately 17.9 per cent of the issued share capital of ITV. As a result of this ownership stake, British Sky Broadcasting has significant influence on the outcome of shareholder votes and other decisions affecting ITV.

In December 2007, the Competition Commission held that British Sky Broadcasting must reduce its interest in ITV to less than 7.5 per cent. This remedy was reaffirmed by the Competition Appeal Tribunal in October 2008. On 20 March 2009, British Sky Broadcasting was granted leave to appeal this decision. Uncertainty

regarding the Competition Commission's ruling and any future action by British Sky Broadcasting with regard to its interest in ITV may have an adverse impact on ITV's share price.

Factors which are material for the purpose of assessing the market risks associated with the Notes

The Notes may not be a suitable investment for all investors

Each potential investor in the Notes must determine the suitability of that investment in light of its own circumstances. In particular, each potential investor should:

- (i) have 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;
- (ii) have 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 the Notes will have on its overall investment portfolio;
- (iii) have 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;
- (iv) understand thoroughly the terms of the Notes and be familiar with the behaviour of any relevant financial markets; and
- (v) be able to evaluate (either alone or with the help of a financial adviser) possible scenarios for economic, interest rate and other factors that may affect its investment and its ability to bear the applicable risks.

Risks related to the Notes generally

Set out below is a brief description of certain risks relating to the Notes generally:

The Guarantee is not fully irrevocable

In certain circumstances, the Issuer may request that the Guarantee be removed in respect of the Notes, as provided for in Condition 14. However, the Issuer does not intend to request the removal of the Guarantee with respect to the Notes under Condition 14 until the earlier of (a) 20 March 2013 and (b) the date on which the Issuer's £110,000,000 Series 2008-1 Floating Rate Notes due 2013 are redeemed in full.

Modification, waivers and substitution

The Conditions 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 also provide that the Trustee may, without the consent of Noteholders, agree to (i) any modification of, or to the waiver or authorisation of any breach or proposed breach of, any of the provisions of Notes or the Trust Deed or (ii) determine without the consent of the Noteholders that any Event of Default or potential Event of Default shall not be treated as such or (iii) the substitution of another company as principal debtor or guarantor under the Notes in place of the Issuer or the Guarantor, respectively, in the circumstances described in Conditions 14 and 15.

EU Savings 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 EC Council Directive 2003/48/EC on the taxation of savings income (the **Directive**).

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.

Denominations involve integral multiples: definitive Notes

The Notes have denominations consisting of a minimum of €50,000 plus one or more higher integral multiples of €1,000. It is possible that the Notes may be traded in amounts that are not integral multiples of €50,000. In such a case a holder who, as a result of trading such amounts, holds an amount which is less than €50,000 in his account with the relevant clearing system at the relevant time 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 €50,000.

If definitive Notes are issued, holders should be aware that definitive Notes which have a denomination that is not an integral multiple of €50,000 may be illiquid and difficult to trade.

Risks related to the market generally

Set out below is a brief description of the principal market risks, including liquidity risk, exchange rate risk, interest rate risk and credit risk:

The secondary market generally

The Notes may have no established trading market when issued, and one may never develop. If a market does develop, it may not be very liquid. Therefore, investors may not be able to sell their Notes easily or at prices that will provide them with a yield comparable to similar investments that have a developed secondary market.

Exchange rate risks and exchange controls

The Issuer will pay principal and interest on the Notes and the Guarantor will make any payments under the Guarantee 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.

Interest rate risks

Investment in the Notes involves the risk that subsequent changes in market interest rates may adversely affect the value of them.

Credit ratings may not reflect all risks

Moody's and S&P have assigned credit ratings to the Notes. The ratings may not reflect the potential impact of all risks related to structure, market, additional factors discussed above, and other factors that may affect the value of the Notes. A credit rating is not a recommendation to buy, sell or hold securities and may be revised or withdrawn by the rating agency at any time.

Legal investment considerations may restrict certain investments

The investment activities of certain investors are subject to legal investment laws and regulations, or review or regulation by certain authorities. Each potential investor should consult its legal advisers to determine whether and to what extent (1) the Notes are legal investments for it, (2) the Notes can be used as collateral for various types of borrowing and (3) other restrictions apply to its purchase or pledge of the Notes. Financial institutions should consult their legal advisors or the appropriate regulators to determine the appropriate treatment of the Notes under any applicable risk-based capital or similar rules.

DOCUMENTS INCORPORATED BY REFERENCE

The following documents which have previously been published or are published simultaneously with this Prospectus and have been filed with the Financial Services Authority shall be incorporated in, and form part of, this Prospectus:

- (a) the auditors report and audited consolidated annual financial statements (including the accounting policies and notes to the financial statements) of the Issuer for the financial year ended 31 December, 2008 and for the financial year ended 31 December, 2007; and
- (b) the auditors report and audited annual financial statements (including the accounting policies and notes to the financial statements) of the Guarantor for the financial year ended 31 December 2008 and for the financial year ended 31 December 2007.

Any documents themselves incorporated by reference in the documents incorporated by reference in this Prospectus shall not form part of this Prospectus.

CONDITIONS OF THE NOTES

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

The €187,873,000 10.00 per cent. Notes due 2014 (the **Notes**, which expression shall in these Conditions, unless the context otherwise requires, include any further notes issued pursuant to Condition 17 and forming a single series with the Notes) of ITV plc (the **Issuer**) are constituted by a Trust Deed dated 30 June 2009 (the **Trust Deed**) made between the Issuer, Carlton Communications Limited (the **Guarantor**) as guarantor and The Law Debenture Trust Corporation p.l.c. (the **Trustee**, which expression shall include its successor(s)) as trustee for the holders of the Notes (the **Noteholders**) 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 Paying Agency Agreement dated 30 June 2009 (the **Agency Agreement**) made between the Issuer, the Guarantor, the initial 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 Fifth Floor, 100 Wood Street, London ECV2 7EX 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 €50,000 and integral multiples of €1,000 thereabove, each with Coupons attached on issue. Notes of one denomination may not be exchanged for Notes of another denomination.

1.2 Title

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

1.3 Holder Absolute Owner

The Issuer, the Guarantor, 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

The Notes and the Coupons are direct, unconditional, unsubordinated and (subject to the provisions of Condition 4) unsecured obligations of the Issuer and (subject as provided above) 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. GUARANTEE

3.1 Guarantee

The payment of the principal and interest in respect of the Notes and all other moneys payable by the Issuer under or pursuant to the Trust Deed has been unconditionally and (save as provided in Condition 14) irrevocably guaranteed by the Guarantor (the **Guarantee**) in the Trust Deed.

3.2 Status of the Guarantee

The obligations of the Guarantor under the Guarantee constitute direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and rank and will rank *pari passu* with all other outstanding unsecured and unsubordinated obligations of the Guarantor, present and future, but, in the event of insolvency, only to the extent permitted by applicable laws relating to creditors' rights.

4. NEGATIVE PLEDGE

4.1 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 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.

4.2 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 excluding, in each case, any present or future indebtedness in respect of which the person or persons to whom such indebtedness is or may be owed by the relevant borrower (whether or not the Issuer or a Principal Subsidiary (as defined in Condition 10)) has or have no recourse whatsoever to the Issuer or any Principal Subsidiary for the payment thereof other than recourse to such borrower generally, or directly or indirectly to the Issuer or a Principal Subsidiary, under any form of assurance, undertaking or support, which recourse is limited to a claim for damages for breach of an obligation (not being a payment obligation or an

obligation to procure payment by another or an indemnity in respect thereof) by the person against whom such recourse is available.

5. INTEREST

5.1 Interest Rate and Interest Payment Dates

The Notes bear interest from and including 30 June 2009 at the rate of 10.00 per cent. per annum, payable annually in arrear on 30 June (each an **Interest Payment Date**). The first payment (representing a full year's interest and amounting to €100 per €1,000 principal amount of Notes) shall be made on 30 June 2010.

5.2 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.

5.3 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).

6. PAYMENTS

6.1 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.

6.2 Method of Payment

Payments will be made by credit or transfer to an account in Euros maintained by the payee with or, at the option of the payee, by a cheque in Euros drawn on, a bank in Brussels.

6.3 Missing Unmatured Coupons

Each Note should be presented for payment together with all relative unmatured Coupons, failing which the full amount of any relative missing unmatured Coupon (or, in the case of payment not being made in full, that proportion of the full amount of the missing unmatured Coupon which the amount so paid bears to the total amount due) will be deducted from the amount due for payment. Each amount so deducted will be paid in the manner mentioned above against presentation and surrender (or, in the case of part payment only, endorsement) of the relative missing Coupon at any time before the expiry of 10 years after the Relevant Date (as defined in Condition 8) in respect of the relevant Note (whether or not the Coupon would otherwise have become void pursuant to Condition 9) or, if later, five years after the date on which the Coupon would have become due, but not thereafter.

6.4 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 8.

6.5 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 5, 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 9):

- (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.

6.6 Initial Paying Agents

Each of the Issuer and the Guarantor 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;
- (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; and
- (d) there will at all times be a Paying Agent in a jurisdiction within Europe, other than the jurisdiction in which the Issuer or the Guarantor is incorporated.

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 13.

7. REDEMPTION AND PURCHASE

7.1 Redemption at Maturity

Unless previously redeemed or purchased and cancelled as provided below, the Issuer will redeem the Notes at their principal amount on 30 June 2014.

7.2 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 8), 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 30 June 2009, on the next Interest Payment Date either (i) the Issuer would be required to pay additional amounts as provided or referred to in Condition 8 or (ii) the Guarantor would be unable for reasons outside its control to procure payment by the Issuer and in making payment itself would be required to pay such additional amounts; and
- (b) the requirement cannot be avoided by the Issuer or, as the case may be, the Guarantor 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 13 (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 of redemption, provided that no such notice of redemption shall be given earlier than 90 days prior to the earliest date on which the Issuer or, as the case may be, the Guarantor 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 or, as the case may be, the Guarantor stating that the requirement referred to in (a) above will apply on the next Interest Payment Date and cannot be avoided by the Issuer or, as the case may be, the Guarantor 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.

7.3 Redemption at the option of the Noteholders upon a Change of Control Event

A **Put Event** will occur if, while any of the Notes remains outstanding:

- (a) a Change of Control Event occurs; and
- (b) at any time during the Change of Control Period, any rating agency which was a Rating Agency at the commencement of the Change of Control Period or becomes a Rating Agency during the Change of Control Period rates the Notes as non-investment grade (being at or below BB+, or its respective equivalent for the time being) and such rating is not within the Change of Control Period restored to an investment grade rating (being at or above BBB-, or its respective equivalent for the time being) by such Rating Agency or replaced by an investment grade or rating of another Rating Agency, or any rating agency which was a Rating Agency at the commencement of the Change of Control Period, or becomes a Rating Agency during the Change of Control Period, withdraws its rating of the Notes and that rating is not within the Change of Control Period replaced by an investment grade rating of another Rating Agency, and in each case such Rating Agency announces or publicly

confirms or informs the Trustee in writing that such non-investment grade rating or withdrawal of rating was the result in whole or in part, of any event or circumstance comprised in or arising as a result of, or in respect of, the applicable Change of Control Event.

Further:

- (c) if, at the time of the commencement of the Change of Control Period, the Notes carry a non-investment grade credit rating (as described above) from any Rating Agency or no credit rating from any Rating Agency, a Put Event will be deemed to occur upon the occurrence of a Change of Control Event alone; *provided that*
- (d) if at the time of the commencement of the Change of Control Period the Notes carry a rating from more than one Rating Agency, at least one of which is investment grade, then subparagraph (b) above will apply.

If a Put Event occurs (unless the Issuer has give notice under Condition 7.2 above):

- (i) the Issuer shall, within 10 Business Days after the occurrence of such Put Event, and at any time upon the Trustee becoming similarly so aware the Trustee may, and if so requested by the holders of at least one-fifth in principal amount of the Notes then outstanding or if so directed by an Extraordinary Resolution (as defined in the Trust Deed) of the Noteholders, the Trustee shall (subject in each case to the Trustee being indemnified and/or secured and/or prefunded to its satisfaction), give notice (a **Put Event Notice**) to the Noteholders in accordance with Condition 13 and to the Trustee specifying the nature of the Put Event and the rights of the Noteholders arising thereby; and
- (ii) the holder of each Note will have the option to require the Issuer to redeem or, at the Issuer's option purchase (or procure the purchase of) that Note on the date seven days after the expiry of the Put Period (as defined below) (the **Put Date**) at its principal amount, together with any interest accrued up to (but excluding) the Put Date.

Such option may be exercised by the holder delivering its Notes on any Business Day falling within the period (the **Put Period**) of 45 days after a Put Event Notice is given, at the specified office of any Paying Agent, accompanied by a duly signed and completed notice of exercise in the form (for the time being current) obtainable from the specified office of any Paying Agent (a **Put Notice**) and in which the holder may specify a bank account (in the currency of the Notes) to which payment is to be made under this Condition 7.3.

The Notes should be delivered subject to the provisions of Condition 6.3 above. The Paying Agent to which such Note and 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 delivered will be made, if the holder duly specified a bank account (in the currency of the Notes) in the Put Notice to which payment is to be made, on the Put Date by transfer to that bank account and, in every other case, 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 Put Notice, once given, shall be irrevocable. For the purposes of Condition 6 and certain other purposes specified in the Trust Deed, receipts issued pursuant to this Condition 7.3 shall be treated as if they were Notes. The Issuer shall redeem or, at the option of the Issuer, purchase (or procure the purchase of) the relevant Notes on the Put Date at their principal amount together with accrued interest.

If 80 per cent. or more in principal amount of the Notes originally issued have been redeemed or purchased pursuant to the foregoing provisions of this Condition 7 or Condition 7.5 below, 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, the remaining Notes as a whole at a redemption price of the principal amount thereof plus interest accrued to but excluding the date of such redemption.

If the rating designations employed by S&P or Moody's are changed from those which are described above, or if a rating is assigned by another Rating Agency, the Issuer shall determine, with the agreement of 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 and may rely absolutely on advice from a reputable financial adviser in this regard and shall not be liable for such reliance), the rating designations of S&P or Moody's or such other Rating Agency (as appropriate) as are most equivalent to the prior rating designations of S&P or Moody's, and this Condition 7.3 shall be construed accordingly.

7.4 Interpretation

For the purposes of these Conditions:

- (a) A **Change of Control Event** shall occur if any person or any persons acting in concert (as defined in the City Code on Takeovers and Mergers) or any person(s) acting on behalf of any such person(s) (the **Relevant Person**) at any time is/are or become(s) interested (within the meaning of Part 22 of the Companies Act 2006) in (a) more than 50 per cent. of the issued or allotted ordinary share capital of the Issuer or (b) such number of shares in the capital of the Issuer as carry more than 50 per cent. of the rights normally exercisable at a general meeting of the Issuer, *provided that* a Change of Control Event shall not occur if all or substantially all of the shareholders of the Relevant Person immediately after the event which would otherwise have constituted a Change of Control Event are the shareholders of the Issuer in either case immediately prior to the event which would otherwise have constituted a Change of Control Event with the same (or substantially the same) pro rata interests in the share capital of the Relevant Person as such shareholders had in the share capital of the Issuer prior to such event;
- (b) **Change of Control Period** means the period:
 - (i) commencing on the date that is one Business Day the date of the relevant Change of Control Event; and
 - (ii) ending 90 days after the date of the Change of Control Event or such longer period for which the Notes are under consideration by a Rating Agency for rating or rating review (such consideration having been announced publicly within the period ending 90 days after the date of the Change of Control Event and such period not to exceed 60 days after the public announcement of such consideration); and
- (c) **Rating Agency** means Standard & Poor's Rating Services, a division of The McGraw-Hill Companies, Inc. (**S&P**) or Moody's Investors Services Limited (**Moody's**) or any other rating agency of equivalent 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) and, in each case, their successors but excluding any rating agency providing a rating of the Notes on an unsolicited basis.

7.5 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.

7.6 Cancellations

All Notes which are redeemed, or which are purchased pursuant to Condition 7.3, will be cancelled. All Notes which are purchased by or on behalf of the Issuer or any of its Subsidiaries pursuant to Condition 7.5 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.

7.7 Notices Final

Upon the expiry of any notice as is referred to in Condition 7.2 above the Issuer shall be bound to redeem the Notes to which the notice refers in accordance with the terms of such paragraph.

8. TAXATION

8.1 Payment without Withholding

All payments in respect of the Notes by or on behalf of the Issuer or the Guarantor 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 or, as the case may be, the Guarantor 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) presented for payment in the United Kingdom; or
- (c) 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
- (d) 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
- (e) 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 6).

8.2 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 13; 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 or the Guarantor, as the case may be, becomes subject in respect of payments made by it in respect of the Notes and Coupons.

8.3 Additional Amounts

Any reference in these Conditions to any amounts in respect of the Notes shall be deemed also to refer to any additional amounts which may be payable under this Condition 8 or under any undertakings given in addition to, or in substitution for, this Condition 8 pursuant to the Trust Deed.

9. 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 6.

10. EVENTS OF DEFAULT

10.1 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 or the Guarantor) and (e) to (f) below only if the Trustee shall have certified in writing to the Issuer and the Guarantor that such event is, in its opinion materially prejudicial to the interests of the Noteholders), give notice to the Issuer and the Guarantor 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, purchase price payable pursuant to Condition 7.3 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 or the Guarantor 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 or the Guarantor, as the case may be, 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 £25,000,000 (or its equivalent in any other currency) or, if greater, 5 per cent. of the Adjusted Share Capital and Reserves (as defined in the Trust Deed); or
- (d) if any order is made by any competent court or resolution is passed for the winding up or dissolution of the Issuer or any of its Principal Subsidiaries, save for the purposes of reorganisation on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders; or
- (e) if the Issuer or any of its Principal Subsidiaries ceases or threatens to cease to carry on the whole of its business, save for the purposes of reorganisation on terms approved in writing by the Trustee or by an Extraordinary Resolution of the Noteholders, or the Issuer or any of its Principal Subsidiaries stops or threatens to stop payment of, or is or is 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 (a) proceedings are initiated against the Issuer or any of its Principal Subsidiaries under any applicable liquidation, insolvency, composition, reorganisation 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 a substantial part of the undertaking or assets of any of them, or an encumbrancer takes possession of the whole or a substantial part 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 a substantial part 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 if the Issuer or any of its Principal Subsidiaries initiates or consents to judicial proceedings relating to itself under any applicable liquidation, insolvency, composition, reorganisation or other similar laws 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); or
- (g) for any reason (other than that specified in Condition 14.3) the Guarantee ceases to be, or is claimed, by the Issuer or the Guarantor not to be, in full force and effect.

10.2 Interpretation

For the purposes of these Conditions:

- (a) **Principal Subsidiary** shall, at any time, mean Granada plc, the Guarantor and any Subsidiary which is from time to time the holder of a Channel 3 Licence (**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)) except Border Television and HTV Group Limited.

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 Guarantor, the Trustee, the Noteholders and the Couponholders;

- (b) **Subsidiary** means, in relation to the Issuer or the Guarantor, any company (i) in which the Issuer or, as the case may be, the Guarantor holds a majority of the voting rights or (ii) of which the Issuer or, as the case may be, the Guarantor is a member and has the right to appoint or remove a majority of the board of directors or (iii) of which the Issuer or, as the case may be, the Guarantor is a member and controls a majority of the voting rights, and includes any company which is a Subsidiary of a Subsidiary of the Issuer or, as the case may be, the Guarantor; and
- (c) Section 123(1)(a) of the Insolvency Act 1986 shall have effect as if for "£750" there was substituted "£250,000".

11. ENFORCEMENT

11.1 Enforcement by the Trustee

The Trustee may at any time, at its discretion and without notice, take such proceedings against the Issuer and/or the Guarantor as it may think fit to enforce the provisions of the Trust Deed, the Notes and the Coupons, but it shall not be bound to take any such proceedings or any other action in relation to the Trust Deed, the Notes or the Coupons 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 prefunded to its satisfaction.

11.2 Enforcement by the Noteholders

No Noteholder or Couponholder shall be entitled to proceed directly against the Issuer or the Guarantor unless the Trustee, having become bound so to proceed, fails so to do within a reasonable period and the failure shall be continuing.

12. 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.

13. NOTICES

13.1 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.

13.2 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 or, if the Notes are held in a clearing system, may be given through the clearing system in accordance with its standard rules and procedures.

14. SUBSTITUTION AND RELEASE

14.1 Substitution of the Issuer

The Trustee may, without the consent of the Noteholders or Couponholders, agree with the Issuer and the Guarantor 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 the Guarantor or any of the Issuer's other Subsidiaries, subject to:

- (a) except in the case of the substitution of the Guarantor, the Notes being unconditionally and (subject to Condition 14.3) irrevocably guaranteed by the Guarantor;
- (b) the Trustee being satisfied that the interests of the Noteholders will not be materially prejudiced by the substitution; and
- (c) certain other conditions set out in the Trust Deed being complied with.

14.2 Substitution of the Guarantor

The Trustee may, without the consent of the Noteholders or Couponholders, agree with the Issuer and the Guarantor to the substitution in place of the Guarantor (or of any previous substitute under this Condition) as the Guarantor under the Notes, the Coupons and the Trust Deed of another Principal Subsidiary, 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.

14.3 Release of the Guarantor

If so requested by the Issuer and the Guarantor and provided that the Trustee is satisfied at the relevant time that no Event of Default or Potential Event of Default has occurred (in which regard, the Trustee may absolutely rely on a certificate delivered by the Issuer pursuant to clause 21.3 of the Trust Deed) (or if an Event of Default or Potential Event of Default has occurred, such event has been waived by the Trustee or, to the satisfaction of the Trustee, remedied), the Trustee shall be obliged, without the consent of the Noteholders or Couponholders, to execute a deed supplemental to the Trust Deed releasing the Guarantor from all its obligations under the Notes and the Coupons and the Trust Deed and making all consequential changes to the Notes, the Coupons and the Trust Deed to give effect thereto. Any such request by the Issuer and the Guarantor shall be contained in a certificate, in or substantially in the form set out in Schedule 5 to the Trust Deed, addressed to the Trustee and signed by two Directors of the Issuer. Such certificate, which shall be dated the date of the relevant supplemental trust deed, shall also state that no Capital Markets Indebtedness of the Issuer (except for the Notes) is for the time being guaranteed by the Guarantor. Any such certificate shall, in the absence of manifest error, be conclusive and binding on the Trustee and the holders of the Notes and the Coupons and the Trustee shall incur no liability to any person for acting in reliance upon it.

Capital Markets Indebtedness means any indebtedness for or in respect of any notes, bonds, debentures, debenture stock, loan stock or other securities.

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

15.1 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 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. An Extraordinary Resolution passed at any meeting of the Noteholders will be binding on all Noteholders, whether or not they are present at the meeting, and on all Couponholders.

15.2 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 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, in the opinion of the Trustee, is proven.

15.3 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 Guarantor, 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 8 and/or any undertaking given in addition to, or in substitution for, Condition 8 pursuant to the Trust Deed.

15.4 Notification to the Noteholders

Any such 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 13.

16. INDEMNIFICATION OF THE TRUSTEE AND ITS CONTRACTING WITH THE ISSUER AND THE GUARANTOR

16.1 Indemnification of the Trustee

The Trust Deed contains provisions for the indemnification of the Trustee and for its relief from responsibility, including provisions relieving it from taking action unless indemnified and/or secured and/or prefunded to its satisfaction.

16.2 Trustee Contracting with the Issuer and the Guarantor

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 the Guarantor 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 the Guarantor 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.

17. 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 Notes 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 Notes 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.

18. GOVERNING LAW

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

19. 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.

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

The following is a summary of the provisions to be contained in 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 9 August 2009, 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.

A record of each payment made will be endorsed on the appropriate part of the schedule to the relevant Global Note by or on behalf of the Principal Paying Agent, which endorsement shall be *prima facie* evidence that such payment has been made in respect of the Notes. 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 rather than by publication as required by Condition 13. 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.

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 7.3) other than with respect to the payment of principal, the purchase price pursuant to Condition 7.3 and interest on such principal amount of such Notes, the right to which shall be vested, as against the Issuer, the Guarantor 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 and the Guarantor 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 8).

6. Cancellation

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 will be effected by endorsement by or on behalf of the Principal Paying Agent of the reduction in the principal amount of the relevant Global Note on the relevant part of the schedule thereto.

7. Put Option

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 7.3 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 depositary 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 presenting or procuring the presentation of the relevant Global Note to the Principal Paying Agent for notation accordingly within the time limits set forth in that Condition.

DESCRIPTION OF THE ISSUER

1. OVERVIEW OF THE GROUP

1.1 Overview of operations

ITV plc (ITV or the Issuer) is the UK's leading commercial producer-broadcaster in terms of audience share and advertising revenues, and is comprised of three key business segments: Broadcasting, Global Content and Online. Broadcasting is responsible for commissioning and scheduling programmes on ITV's channels, selling airtime on ITV's channels, marketing and programme publicity. Global Content comprises ITV's UK and international content production and distribution businesses. ITV's Online operations focus on delivering video-on-demand services, including ITV programming, to viewers through personal computers and directly to television sets.

ITV television channels are broadcast on all the major broadcast platforms, including analogue terrestrial, digital terrestrial, cable and satellite. ITV1, which is also available on analogue television, broadcasts some of the most popular programmes on UK commercial television, including *Coronation Street*, *Kingdom*, *Emmerdale*, *This Morning*, *I'm a Celebrity*, *The X Factor*, *Britain's Got Talent*, *Dancing on Ice*, *Champions League* football, *FA Cup Football* and *England home international football matches*. ITV also broadcasts the digital channels *ITV2*, *ITV3*, *ITV4*, *CITV* and *Men & Motors*. In the 2008 financial year, ITV broadcast the UK's top two commercial digital channels based on adult Share of Commercial Impacts. In the broadcasting industry, a commercial impact is a single individual viewing of a 30-second advertisement. The Broadcaster's Audience Research Board is responsible for providing the official measurement of UK television audiences. A viewing panel of 5,100 television-owning private residential households is used to determine a channel's Share of Commercial Impacts. The panel is intended to be representative of television households across the UK.

ITV Studios, ITV's UK production business, produces content across a wide range of programme genres, including drama, soap operas, entertainment, factual, daytime, arts, current affairs, quiz and game shows. Programmes produced by ITV include *Coronation Street*, *Emmerdale*, *I'm a Celebrity Get Me Out of Here*, and *Dancing on Ice*. ITV Studios also produces programming for other channels such as *University Challenge* and *The Street* for the BBC, *Brainiac* for Sky and *Come Dine with Me* and *Countdown* for Channel 4.

For the full years ended 31 December 2006, 31 December 2007 and 31 December 2008, ITV had revenues of £2,181 million, £2,082 million and £2,029 million, respectively, and operating earnings before interest, taxation, depreciation, amortisation and exceptional items (EBITA before exceptional items) of £375 million, £311 million and £211 million in the 2006, 2007 and 2008 financial years, respectively.

1.2 History

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) owned 6 regional licences and Carlton Communications plc (Carlton) owned 5 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 part of the merger, ITV's current holding company was incorporated on 18 November 2003 as a private limited

company, which re-registered as a public limited company on 3 December 2003 under the name ITV plc. Following the merger, ITV plc now owns, directly or indirectly, the entire issued ordinary share capital of both Granada and Carlton and controls 11 of the 15 regional broadcasting licences. Since the merger, ITV has disposed of a number of non-core businesses, including Carlton Screen Advertising, its stakes in Arsenal and Liverpool football clubs (and associated broadband businesses) and MUTV (Manchester United Television). ITV's head office and registered office is at 200 Gray's Inn Road, London WC1X 8HF and its telephone number is 020 7156 6000.

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. Men & Motors was launched on 1 October 1996. 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 founded on 31 October 1994, and was rebranded in August 2007, and Friends Reunited, a portfolio of social networking websites, which was acquired by ITV on 6 December 2005.

1.3 UK broadcasting market

ITV is a shareholder in DTV Services Ltd, the operator of Freeview, a joint venture between ITV, BBC, British Sky Broadcasting, Channel 4 and Arqiva launched in October 2002 to provide free-to-air digital television channels, radio stations and interactive services in the UK. ITV is also part of the Freesat joint venture with the BBC. Freesat is a UK free-to-air digital satellite television service, which includes all of ITV's and the BBC's respective channels, including their high definition services, and a large number of third party channels, offering an alternative to the Freeview service on digital terrestrial television. The Freesat free-to-air digital satellite service was launched on 6 May 2008. As of September 2008, Ofcom estimated that there were around 600,000 homes accessing free-to-view satellite services. Through SDN, ITV also holds a multiplex broadcast licence permitting it to lease digital terrestrial television spectrum to other broadcasters.

The main broadcast platforms currently operating in the UK are analogue terrestrial, digital terrestrial, digital satellite and digital cable. Analogue terrestrial television has been operated for over 50 years. Transmissions from over 1,100 sites and masts can be received by around 98.5 per cent. of UK homes through a conventional set-top or roof top aerial. Until the launch of satellite television, all UK television reception was via the analogue terrestrial platform. With the continued advances in digital broadcast technology and the launch of new products, analogue television has decreased in popularity and as at 31 December 2008, only 10 per cent. of UK homes were using analogue platforms with the balance using some form of digital platform for television reception. ITV's family of channels perform better on free-to-air platforms than subscription based platforms. Therefore ITV have been keenly involved in developing free-to-air digital terrestrial television.

Digital terrestrial television has been in operation in the UK since 1999. Digital terrestrial television is currently available to around 75 per cent. of UK homes, with the purchase of a set-top box decoder or an integrated digital set. Approximately 10 million UK homes use digital terrestrial television for television reception on their main television set, 39% of all homes. The majority of digital terrestrial television homes do not pay any subscription fees and only view the free-to-air digital terrestrial television channels available on Freeview. In addition, there are pay-television channels available on the digital terrestrial television platform, such as those operated by Top-Up TV. Around 40 broadcast channels are currently available through digital terrestrial television. Although technological improvements and the switchover process to digital terrestrial television by the majority of UK homes may free up capacity for further channels, of the major digital platforms, digital terrestrial television has the most constraints on expanding its capacity. By 2012, digital terrestrial television coverage is forecast to have expanded to around 98.5 per cent. of homes. Any remaining analogue homes will be required to migrate to one of the digital platforms.

Digital satellite was launched in the UK in 1999, when British Sky Broadcasting started migrating its analogue satellite subscribers to digital. There are currently over 9 million digital satellite homes, with the majority using British Sky Broadcasting's pay-television service, which offers a variety of packages of channels, including sport and movie services with around 500 channels available to subscribers. There are few capacity constraints on the number of channels that are able to be offered on digital satellite television. A number of channels broadcast through satellite are available to homes with a dish and a set-top box without the payment of a subscription. British Sky Broadcasting itself offers free-to-air satellite service for current subscribers and former subscribers, who may retain their equipment and access such services.

Approximately 3.3 million UK homes use digital cable television services. Digital cable services are only available to UK homes with access to the cable network, which represented about 50 per cent. of UK homes in 2008. Digital cable television is not constrained in its ability to offer a large number of broadcast channels. Digital cable offers the majority of channels available on digital satellite including British Sky Broadcasting's main sports and movie channels. Digital cable can also deliver a wide range of interactive services, including video-on-demand services, ITV Player and ITV.com.

1.4 Strategy

In September 2007, ITV launched a revised strategy aimed at delivering substantial operational and financial performance improvements, following several years of viewing and advertising share decline. For ITV's Broadcasting business, ITV's strategic priorities have been to stabilise the performance of ITV1, to invest in further digital channel growth and, overall across ITV's family of channels, to maximise audience and advertising share. ITV's Global Content business strategy is to produce quality content for the ITV family of channels and for distribution to UK and international broadcasters by investing in the development of new programmes and formats and retaining and investing in creative talent. ITV's online strategy is to develop an online business of scale.

However, given the current economic backdrop, ITV is focusing in particular on its core businesses, on tight control of costs and on cash generation and retention. ITV is implementing an efficiency programme intended to achieve cost savings across each of its business segments. In March 2009, ITV announced that it intends to cut 600 positions. This is in addition to a reduction of 1,000 positions announced in September 2008. These reductions, which are expected to be completed by the end of the 2009 financial year, together represent a 25 per cent. decrease in total headcount in ITV as compared to the end of the 2007 financial year. The Directors also expect that an additional range of activities may be outsourced to reduce ITV's fixed costs.

2. ITV'S BUSINESS

2.1 Broadcasting

In the 2008 financial year, ITV's Broadcasting division accounted for £1,647 million of revenue and £140 million of EBITA before exceptional items. Broadcasting derives its revenue primarily from the sale of television advertising airtime. ITV1 is the UK's leading commercial channel, attracting 17.2 per cent. of the total television audience in the 2008 financial year. In the 2008 financial year, ITV's channels achieved a Share of Commercial Impacts of 41.0 per cent. of the total market and a share of UK advertising of 43.8 per cent., representing a small increase from their 2007 financial year share of 43.6 per cent. Programming on ITV channels also generates revenue through viewer competitions and voting delivered through premium rate telephone services. Other sources of revenue for the Broadcasting 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.

Broadcasting's two key customer groups are viewers and advertisers. ITV's Broadcast 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.

Whenever possible, ITV aims to aggregate viewing audiences of all targeted groups across ITV channels simultaneously in order to maximise the opportunities for advertisers to target their audiences. Live entertainment event programming and live sports events, both of which are frequently offered on ITV channels, can be a particularly effective format for delivering this objective. ITV1 targets mass audiences in a broad demographic and the more upmarket, higher value adult viewing demographic, ITV2 targets 16 to 34 year olds, ITV3 targets housewives with children and ITV4 targets adult males.

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. Approximately 80 per cent. of ITV's television advertising revenue in the 2008 financial year was derived from five advertising agencies. 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 Content Rights Renewal framework described in section 6 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 provided 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.

2.2 Global Content

Global Content consists of two businesses: the UK and International production business, and ITV Global Entertainment, the distribution and merchandising business. In the 2008 financial year, Global Content generated £306 million of external revenue and £90 million of EBITA before exceptional; items. Global Content also derives revenue within the Group through sales of programming to the Broadcasting business. Approximately 50 per cent. of Global Content's total revenues derives from sales to ITV's Broadcasting business. ITV Studios, ITV's UK-based and principal production company, produces content across a wide range of programme genres, including drama, soap operas, entertainment, factual, daytime, arts, current affairs, quiz and game shows for ITV channels and other UK broadcasters. UK production revenues were £68 million in the 2008 financial year. Programmes produced for the BBC and Channel 4 include University Challenge and Countdown, respectively.

ITV also operates international production centres in the United States, Germany, Sweden and Australia. ITV Global Entertainment Limited (IGEL) is a commercial television distributor which distributes ITV-produced and third party programming worldwide and operates a worldwide merchandising and licensing business. IGEL is also a distributor of DVD entertainment produced by ITV and third parties within the UK. Its main customers are Fox in the United States and RTL Group and Fox in Germany.

A number of ITV produced programmes have been successfully sold to broadcasters outside of the UK including I'm a Celebrity, Come Dine with Me, Saturday Night Takeaway, Hells Kitchen, Kitchen Nightmares and Dancing on Ice. The Global Content business aims to produce programme formats that are not only successful in the UK but that also have international appeal. For example, Come Dine With Me is a programme produced by ITV for Channel 4 in the UK. Although originally intended as a daytime programme, the programme was broadcast by Channel 4 during peak time. ITV has succeeded in selling the programme format in France, Spain, Hungary, Croatia and the Netherlands. ITV also produces this programme for RTL in Germany. Silverback AB, a production company acquired by ITV in 2008 has been commissioned to produce a version of Come Dine With Me in Sweden. By the end of the 2008 financial year, this programme had generated cumulative revenues of over £30 million worldwide.

2.3 Online

ITV's Online operations focus on delivering video-on-demand services, including ITV programming, to viewers through personal computers and directly to television sets. ITV.com offers ITV channels streamed online as well as access to further ITV programming, clips and exclusive content. ITV.com earns the majority of its revenues from online advertising. In the 2008 financial year, Online accounted for £36 million of revenue and a loss of £20 million of EBITA before exceptional items.

In connection with its goal of expanding its video-on-demand offerings ITV has announced plans to develop a broadband Freeview service with the BBC and BT that provides on-demand programming available through television sets by early 2010. This proposal, known as Project Canvas, aims to establish a standards based approach for the delivery of content to internet connected television sets. The service will be available on Freesat, free-to-air digital satellite television, and Freeview, free-to-air digital terrestrial television. Project Canvas is intended to combine television, radio and high definition services with on-demand catch-up and archive programming, films, web content and interactive television services.

ITV's Online operations also include Friends Reunited, which it acquired in December 2005 for approximately £175 million, including the £50 million earn-out paid in January 2009. Friends Reunited is a portfolio of social networking websites with four main focuses. The main Friends Reunited site aims to reunite people who have a common school, university, address, workplace, sports club or armed service. Genes Reunited enables members to pool their family trees and identify common ancestors while the Dating and Jobs sister sites link members with similar attributes, interests and/or locations. A subscription fee is payable for accessing the Genes Reunited, Dating and Jobs sites. In the 2008 financial year, Friends Reunited accounted for 50 per cent. of ITV's revenue from its Online business. ITV announced in March 2009 that it is considering disposing of the Friends Reunited sites.

3. COMPETITION/MARKET ENVIRONMENT

ITV competes in three closely related markets: the broadcasting market, the television production market and the online market. The transition to digital television has meant greater multi-channel competition and fragmentation of viewing audiences for established channels, including ITV1. In the second half of 2008, the pressures from the digital transition were compounded by the impact of the sharp global economic slowdown. Investment in advertising is particularly sensitive to declines in corporate profitability and sentiment.

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, Germany, Sweden and the United States, 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, the Competition Commission, the Office of Fair Trading and PhonePayPlus.

5. THE CONTRACT RIGHTS RENEWAL FRAMEWORK

As a condition of the approval of the merger between Carlton Communications plc and Granada plc to form ITV plc in 2004, the Contract Rights Renewal framework was agreed with the Competition Commission in relation to the sale of advertising on ITV1. The Contract Rights Renewal 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, ITV1's share of total UK television commercial impacts delivered is less than the previous year's, each agency's commitment to ITV1 (in terms of a share of that agency's total spend on UK television advertising) is reduced in proportion to the reduction in ITV1's share of commercial impacts delivered from the previous year.

Because of the way in which the Contract Rights Renewal framework affects ITV1's advertising revenues, it is important for ITV to achieve a high level of Share of Commercial Impacts throughout the entire day of programming. For this reason, ITV's programme schedules are generally designed to attract audiences throughout the day.

The Office of Fair Trading began a review of the Contract Rights Renewal framework applying to ITV in 2008. In 2009, the Office of Fair Trading consulted on possible relaxation of the Contract Rights Renewal framework. On 29 May the Office of Fair Trading advised the Competition Commission to consider changes to ITV's Contract Rights Renewal Undertakings. The Competition Commission will then decide whether the Contract Rights Renewal should be amended.

6. DIRECTORS

The current Directors of the Issuer, each of whose business address is 200 Grays Inn Road, London, WC1X 8HF, their function in relation to the Group and their principal outside activities (if any) of significance to the Group are as follows:

<u>Name</u>	<u>Function(s) within the Group</u>	<u>Principal outside activity</u>
Michael Grade	<i>Executive Chairman</i>	Non-executive chairman of Pinewood Shepperton plc and Ocado Limited Non-executive director of Charlton Athletic plc Trustee of David Lean BAFTA Foundation Director of The International Academy of Television Arts and Sciences Fellow of the Royal Television Society Vice –president of BAFTA
Sir George Russell	<i>Deputy Chairman</i>	Chairman of the Commission on Public Service Reform, North East
Sir James Crosby	<i>Senior Independent Non-Executive Director</i>	Non-executive director and Chairman designate of Misys plc Senior independent director of Compass Group plc Trustee of Cancer Research (UK)
Mike Clasper	<i>Non-Executive</i>	Chairman of HM Revenue & Customs,

	<i>Director</i>	Which? Ltd and the West London Consortium
John Cresswell	<i>Chief Operating Officer</i>	
Ian Griffiths	<i>Group Finance Director</i>	
Andy Haste	<i>Non-Executive Director</i>	Group chief executive of RSA Insurance Group plc
Rupert Howell	<i>Executive Director</i>	Director of the Advertising Association
Heather Killen	<i>Non-Executive Director</i>	Partner of Hemisphere Capital LLP Director of Hemisphere Cap (UK) Limited
John Ormerod	<i>Non-Executive Director</i>	Non-executive director and Chairman of audit committee Computacenter plc and Gemalto NV Non-executive director of Merlin Claims Services Holding Limited, Negative Equity Protection Holdings Limited and Millen Group Limited Trustee of The Design Museum Senior independent director and Chairman of audit committee Misys plc
Baroness Usha Prashar	<i>Non-Executive Director</i>	Non-executive director of the Cabinet Office Chairman of the Judicial Appointments Commission Member of the House of Lords
Agnès Touraine	<i>Non-Executive Director</i>	Non-executive director of Neopost SA and Cable & Wireless plc President of Act III Consultants Board member of Foundation de France and Chairman of the Supervisory Board of SAIP/Libération

No potential conflicts of interest exist between any duties to the Issuer of the Board of Directors listed above (the Board) and their private interests or other duties.

7. RECENT DEVELOPMENTS

In January 2009 ITV paid £50 million in respect of the final payment of the earn-out relating to the Friends Reunited acquisition in 2005.

In February 2009 ITV increased its liquidity by £50 million under a new ten-year loan which is not subject to financial covenants. The interest cost under the loan is fixed at 8.85% for the first three years and thereafter is at a variable rate, subject to a cap of 15.6%. The lender has the right to loan ITV up to a further £150 million at any time.

On 2 March 2009 the Group repaid its outstanding £250 million Eurobond and drew down on a £125 million facility that matures in May 2013.

On 4 March 2009, ITV announced that it intends to cut 600 jobs. This is in addition to a reduction of 1,000 jobs announced in September 2008. Together, these represent a 25 per cent. decrease in total headcount in ITV over the 2008 financial year and 2009 financial year. The Directors also expect that an additional range of activities may be outsourced to reduce ITV's fixed costs.

ITV's net television advertising revenue was down 15 per cent. in the three months to 31 March 2009 and is forecast to be down 16 per cent. in the six months to 30 June 2009.

ITV is currently implementing a number of initiatives with the aim of improving the strength of its balance sheet in response to the significant deterioration in the advertising market. One such initiative is the decision to dispose of SDN, which was announced on 23 April 2009.

The Board believes that the Group has adequate liquidity as it stands and confirmed in its 23 April 2009 announcement that it has no current plans for a rights issue.

In the light of the timetable for the review of the CRR, the Board has agreed with Michael Grade's recommendation that the conclusion of the CRR review during 2009 will be the right time for him to relinquish his executive responsibilities and become non-executive chairman. ITV intends to appoint a replacement Chief Executive Officer before the end of 2009.

DESCRIPTION OF THE GUARANTOR

Carlton Communications Limited was incorporated on 11 January 1939 in England and Wales as a private limited company with registered number 00348312. On 10 July 1981 it re-registered as a public limited company and changed its name to Carlton Communications plc as of 24 February 1983. On 27 September 2004 Carlton Communications plc re-registered as a private limited company and changed its name back to Carlton Communications Limited. Its registered address is 200 Gray's Inn Road, London WC1X 8HF and its telephone number is 020 7156 6000.

The Issuer is the immediate parent company of the Guarantor and owns the entire share capital of the Guarantor.

Business

The Guarantor has businesses in free-to-air television broadcasting and advertising sales, cinema screen advertising, post production and content production and distribution.

Directors

The Directors of the Guarantor, each of whose business address is 200 Grays Inn Road, London, WC1X 8HF their function in relation to the Group and their principal outside activities (if any) of significance to the Group are as follows:

<u>Name</u>	<u>Function(s) within the Group</u>	<u>Principal outside activity</u>
Andrew Garard	<i>Director</i>	Company Secretary of ITV plc
John Cresswell	<i>Director</i>	Chief Operating Officer of ITV plc
Helen Tautz	<i>Director</i>	Deputy Company Secretary of ITV plc

No potential conflicts of interest exist between any duties to the Issuer of the Board of Directors listed above and their private interest or other duties.

Summary of Guarantee

The Notes are unconditionally and (save as provided in Condition 14) irrevocably guaranteed by the Guarantor. The obligations of the Guarantor under such guarantee will be direct, unconditional, unsubordinated and unsecured obligations of the Guarantor and will rank pari passu without preference among themselves and equally with all other unsecured and unsubordinated obligations of the Guarantor (save for certain obligations required by law to be preferred).

The Issuer does not intend to request the removal of the Guarantee with respect to the Notes under Condition 14 until the earlier of (a) 20 March 2013 and (b) the date on which the Issuer's £110,000,000 Series 2008-1 Floating Rate Notes due 2013 are redeemed in full.

TAXATION

The following applies only to persons who are the beneficial owners of Notes and Coupons and is a summary of the Issuer's understanding of current law and practice in the United Kingdom relating to certain aspects of United Kingdom taxation. Some aspects do not apply to certain classes of person (such as dealers and persons connected with the Issuer) to whom special rules may apply. The United Kingdom tax treatment of prospective Noteholders and Couponholders depends on their individual circumstances and may be subject to change in the future. Prospective Noteholders and Couponholders who may be subject to tax in a jurisdiction other than the United Kingdom or who may be unsure as to their tax position should seek their own professional advice.

Interest on the Notes

Payment of interest on the Notes

Payments of interest on the Notes may be made without deduction of or withholding on account of United Kingdom income tax provided that the Notes continue to be listed on a "recognised stock exchange" within the meaning of section 1005 of the Income Tax Act 2007 (the **Act**). 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) and admitted to trading on the London Stock Exchange. Provided, therefore, that the Notes remain so listed, interest on the Notes will be payable without withholding or deduction on account of United Kingdom tax.

Interest on the Notes may also be paid without withholding or deduction on account of United Kingdom tax where interest on the Notes is paid by a company and, at the time the payment is made, the Issuer reasonably believes (and any person by or through whom interest on the Notes is paid reasonably believes) that the beneficial owner is within the charge to United Kingdom corporation tax as regards the payment of interest, provided that HMRC has not given a direction (in circumstances where it has reasonable grounds to believe that it is likely that the above exemption is not available in respect of such payment of interest at the time the payment is made) that the interest should be paid under deduction of tax.

In other cases, an amount must generally be withheld from payments of interest on the Notes on account of United Kingdom income tax at the basic rate (currently 20 per cent.). 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 Couponholder, HMRC can issue a notice to the Issuer to pay interest to the Couponholder without deduction of tax (or for interest to be paid with tax deducted at the rate provided for in the relevant double tax treaty).

Couponholders may wish to note that, in certain circumstances, HMRC has power to obtain information (including the name and address of the beneficial owner of the interest) from any person in the United Kingdom who either pays or credits interest to or receives interest for the benefit of a Noteholder. Information so obtained may, in certain circumstances, be exchanged by HMRC with the tax authorities of the jurisdiction in which the Noteholder is resident for tax purposes.

Further United Kingdom Income Tax Issues

Interest on the Notes constitutes United Kingdom source income for tax purposes and, as such, may be subject to income tax by direct assessment even where paid without withholding.

However, interest with a United Kingdom source received without deduction or withholding on account of United Kingdom tax will not be chargeable to United Kingdom tax in the hands of a Couponholder (other than certain trustees) who is not resident for tax purposes in the United Kingdom unless that Couponholder carries on a trade, profession or vocation in the United Kingdom through a United Kingdom branch or

agency in connection with which the interest is received or to which the Notes are attributable (and where that Couponholder is a company, unless that Couponholder carries on a trade in the United Kingdom through a permanent establishment in connection with which the interest is received or to which the Notes are attributable). There are exemptions for interest received by certain categories of agent (such as some brokers and investment managers). The provisions of an applicable double taxation treaty may also be relevant for such Couponholders.

United Kingdom Corporation Tax Payers

In general, Noteholders which are within the charge to United Kingdom corporation tax will be charged to tax as income on all returns, profits or gains on, and fluctuations in value of, the Notes (whether attributable to currency fluctuations or otherwise) broadly in accordance with their statutory accounting treatment.

Other United Kingdom Tax Payers

Taxation of Chargeable Gains

The Notes will constitute "qualifying corporate bonds" within the meaning of section 117 of the Taxation of Chargeable Gains Act 1992. Accordingly, a disposal by a Noteholder of a Note will not give rise to a chargeable gain or an allowable loss for the purposes of the UK taxation of chargeable gains.

Accrued Income Scheme

On a disposal of Notes by a Noteholder, any interest which has accrued since the last interest payment date may be chargeable to tax as income under the rules of the accrued income scheme as set out in Part 12 of the Act, if that Noteholder is resident or ordinarily resident in the United Kingdom or carries on a trade in the United Kingdom through a branch or agency to which the Notes are attributable.

Stamp Duty and Stamp Duty Reserve Tax

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.

EU Savings Directive

Under EC Council Directive 2003/48/EC on the taxation of savings income, Member States are required to provide to the tax authorities of another Member State details of payments of interest (or similar income) paid by a person within its jurisdiction to an individual resident in that other Member State of certain limited types of entities established in that other Member State. However, for a transitional period, Belgium, Luxembourg and Austria are instead required (unless during that period they elect otherwise) to operate a withholding system in relation to such payments (the ending of such transitional period being dependent upon the conclusion of certain other agreements relating to information exchange with certain other countries). A number of non-EU countries and territories including Switzerland have adopted similar measures (a withholding system in the case of Switzerland).

On 15th September, 2008 the European Commission issued a report to the Council of the European Union on the operation of the Directive, which included the Commission's advice on the need for changes to the Directive. On 13th November, 2008 the European Commission published a more detailed proposal for amendments to the Directive, which included a number of suggested changes. The European Parliament approved an amended version of the proposal on 24 April 2009. If any of those proposed changes are made in relation to the Directive, they may amend or broaden the scope of the requirements described above.

GENERAL INFORMATION

Authorisation

1. The issue of the Notes was duly authorised by a resolution of the Board of Directors of the Issuer dated 22 April 2009 and the Management Committee of the Board of Directors of the Issuer dated 15 May 2009 and the giving of the Guarantee was duly authorised by a resolution of the Board of Directors of the Guarantor dated 15 May 2009.

Listing

2. It is expected that official listing will be granted on or about 2 July 2009 subject only to the issue of the Temporary Global Note. Application has been made to the UK Listing Authority for the Notes to be admitted to the Official List and to the London Stock Exchange for such Notes to be admitted to trading on the London Stock Exchange's regulated market. Total expenses related to the admission to trading are estimated to be £17,975.

Clearing Systems

3. The Notes have been accepted for clearance through Euroclear and Clearstream, Luxembourg. The ISIN for the Notes is XS0437125197 and the Common Code is 043712519.

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, 42 Avenue JF Kennedy, L-1855 Luxembourg.

No significant/material adverse change

4. Save as disclosed in this Prospectus in the fifth paragraph under "Recent Developments" at page 38 above, there has been no significant change in the financial or trading position of the Issuer, the Guarantor or the Group since 31 December 2008 and there has been no material adverse change in the financial position or prospects of the Issuer, the Guarantor or the Group since 31 December 2008.

Litigation

5. Neither the Issuer nor the Guarantor nor any other member of the Group is or has been involved in any governmental, legal or arbitration proceedings (including any such proceedings which are pending or threatened of which the Issuer or the Guarantor are aware) in the 12 months preceding the date of this document which may have or have in such period had a significant effect on the financial position or profitability of the Issuer or the Guarantor or the Group.

Auditors

6. The auditors of the Issuer are KPMG Audit Plc, Chartered Accountants and Registered Auditors, who have audited the Issuer's consolidated accounts, without qualification, in accordance with IFRS for each of the two financial years ended on 31 December 2008. The auditors of the Issuer have no material interest in the Issuer.

The auditors of the Guarantor are KPMG Audit Plc, who have audited the Guarantor's accounts, without qualification, in accordance with generally accepted auditing standards in the United Kingdom for each of the two financial years ended on 31 December 2008. The auditors of the Guarantor have no material interest in the Guarantor.

U.S. tax

7. The Notes and Coupons will contain the following legend: "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."

Documents Available

8. For so long as the Notes are admitted to listing, copies of the following documents will be available for inspection from the registered office of the Issuer and from the specified office of the Paying Agent for the time being in London:
 - (a) the Memorandum and Articles of the Issuer and of the Guarantor;
 - (b) the consolidated audited financial statements of the Issuer in respect of the financial years ended 31 December 2008 and 2007, in each case together with the audit reports in connection therewith. The Issuer currently prepares audited consolidated on an annual basis and the Guarantor currently prepares audited non-consolidated on an annual basis;
 - (c) the most recently published audited annual financial statements of the Issuer and the Guarantor and the most recently published unaudited interim financial statements (if any) of the Issuer and the Guarantor, in each case together with any audit or review reports prepared in connection therewith. The Issuer currently prepares unaudited consolidated interim accounts on a semi-annual basis; and
 - (d) the Subscription Agreement, the Trust Deed and the Agency Agreement.

THE ISSUER

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