

ANNEX 3

Contracts Rights Renewal Adjudication Scheme under the undertakings given by Carlton Communications Plc (“Carlton”) and Granada Plc (“Granada”) to the Secretary of State for Trade and Industry pursuant to Section 88 (2) of the Fair Trading Act 1973 (the “CRRA Scheme”)

Definitions

1. Except where the context otherwise requires or as otherwise defined herein, words and expressions used in this document shall have the same meaning as in the undertakings given by Carlton and Granada to the Secretary of State for Trade and Industry (the “Undertakings”).

Authority

2. In relation to the exercise of its powers and fulfilling its obligations under the CRRA Scheme, in this document references to the Office of Communications (“Ofcom”) shall mean Ofcom after any consultation which Ofcom deems appropriate with the Independent Television Commission (“ITC”).

Application

3. This Scheme as amended from time to time may be incorporated by reference into any contract for the sale of Commercial Airtime between Carlton and/or Granada and any Advertiser or Media Buyer and any reference to the “Contracts Rights Renewal Adjudication Scheme” in such contract shall mean, in relation to any adjudication, the most recent edition hereof as at the date of submission of the Notice of Adjudication under the CRRA Rules. This Scheme may also apply in the circumstances set out in Clause 16 of the Undertakings.

Appointment

4. Ofcom shall appoint one or more persons to an office known as the Contracts Rights Renewal Adjudicator (the “Adjudicator”).
5. The Adjudicator shall be independent, and in particular from the ITC, Ofcom, any commercial television broadcaster in the United Kingdom and all other parties to any dispute he is asked to decide upon. A person requested or selected to act as the Adjudicator shall not be an employee of or consultant to any commercial television broadcaster or any Advertiser or Media Buyer in the United Kingdom, or an employee of Ofcom or the ITC for the duration of his appointment. He shall be under an obligation to declare immediately any interest, financial or otherwise, in any matter relating to any dispute he is asked to determine.
6. The Adjudicator shall be appointed for any period or periods specified by Ofcom provided that his appointment shall terminate when all the relevant provisions of the Undertakings cease to be in force. Without prejudice to paragraphs 9 and 19(2) of the CRRRA Rules and paragraph 14 of this CRRRA Scheme, Ofcom shall appoint a substitute Adjudicator to take account of the situation arising from the death, retirement, incapacity or resignation (whether permanent or in relation to one or more particular Disputes) of the Adjudicator after appointment.
7. Following the termination of his appointment, the Adjudicator shall: (a) not without Ofcom’s consent (which shall not be unreasonably withheld) be employed by or act as consultant or adviser to any commercial television broadcaster or any Advertiser or Media Buyer in the United Kingdom for a period which will expire on the later of (i) 31 January following the termination of the Adjudicator’s appointment, and (ii) the date 6 months after the date of such termination; and (b) not disclose to any person any confidential information or confidential document provided to him in connection with his appointment as Adjudicator.

Functions

8. The Adjudicator shall have the function of determining any dispute between (a) Carlton and/or Granada, whether as separate or merged companies, and (b) any Media Buyers and Advertisers or any other person, arising out of the interpretation or exercise of the

rights given to, or obligations upon, Advertisers, Media Buyers, Carlton and Granada or any such other person in relation to contracts for the sale of Commercial Airtime pursuant to the Undertakings, including any dispute relating to the interpretation, termination or enforcement of such contracts to the extent referable to such Undertakings, the interpretation of any provision of the CRRA Scheme or the CRRA Rules, or his jurisdiction to determine the dispute (a "Dispute"). The Adjudicator shall reach his decision and deliver it in accordance with the Undertakings, the CRRA Rules attached to the Undertakings and this CRRA Scheme. In addition the Adjudicator shall be under a duty to make reports to Ofcom and the Office of Fair Trading as set out in paragraph 22.

9. In the event that a substitute Adjudicator is appointed as a result of the original Adjudicator ceasing to be independent as described in paragraph 5 or for any other reason, any directions or decisions made by the original Adjudicator shall remain effective unless reviewed by the substitute Adjudicator in which case all time scales shall be recalculated from the date of the substitution.

Remuneration and Budget

10. There must be paid to the Adjudicator such remuneration, travelling and other allowances, pension or gratuity, or such contributions or payments towards provision for such a pension, allowance or gratuity, as Ofcom may determine.
11. The Adjudicator may incur such other costs as may be required for the fulfilment of his functions, including for office accommodation, staff, legal advice and any other requirements, up to but not exceeding the amount of the Budget set in accordance with paragraph 12 below.
12. Ofcom will set a budget for the total costs of the Adjudicator and his office for each calendar year in advance, having consulted with Carlton and Granada (the "Budget"). Such Budget will be for an amount sufficient in the view of Ofcom alone to enable the Adjudicator properly to discharge his functions and will also cover the costs of recruitment of the Adjudicator (and any substitute Adjudicator) and any staff or advisers that he may appoint. Any Budget may be increased by Ofcom on one or more occasions during any

year, after having consulted with Carlton and Granada, where Ofcom considers this necessary in order to enable the Adjudicator properly to discharge his functions.

13. Ofcom shall pay all such remuneration, travelling and other allowances, pension, gratuities, contributions or payments and costs of the Adjudicator and his office as set out in paragraphs 10 to 12 inclusive in the first instance. Ofcom shall invoice Carlton and Granada quarterly for the actual costs incurred up to the maximum of the relevant Budget. Carlton and Granada agree to reimburse Ofcom for all such costs on demand as directed by Ofcom without prejudice to paragraph 25 of the CRRRA Rules.

Resignation or removal from office

14. A person may resign from office as the Adjudicator at any time by giving three months' notice in writing to Ofcom. Ofcom may remove a person from office as the Adjudicator on the grounds of incapacity or misbehaviour, or where Ofcom considers there has been unreasonable delay in the discharge of the functions of the Adjudicator. Where the Adjudicator has a conflict of interest, Ofcom may remove a person from office as the Adjudicator or may appoint a substitute Adjudicator in relation to a particular Dispute.

Immunity

15. Neither the Adjudicator, nor his staff, employees and agents (including advisors) are to be liable for anything done or omitted in the discharge or purported discharge of his functions as the Adjudicator unless the act or omission is in bad faith.

Adjudicator: staff

16. The Adjudicator may appoint such staff as he may determine, subject to any restrictions contained in the terms of his appointment. The staff of the Adjudicator are to be appointed on such terms and conditions as he may determine, subject to any restrictions contained in the terms of his appointment and subject to the Budget for the relevant period set in accordance with paragraph 12.
17. Any function of the Adjudicator, other than making a final determination in relation to any Dispute, may be exercised by any member of his staff authorised for the purpose by him, whether specially or generally.

Status of decision of Adjudicator

18. The Adjudicator shall act as an expert, and neither as arbitrator, mediator, conciliator nor any similar role and shall determine the Dispute in accordance with the Undertakings, the CRRA Rules and, insofar as relevant, this CRRA Scheme.
19. The effects of a decision of the Adjudicator in relation to any Dispute shall be as set out in the CRRA Rules.

Review of CRRA Scheme and CRRA Rules and provision of information

20. The Adjudicator shall keep this CRRA Scheme and the CRRA Rules under review and report to Ofcom and the Office of Fair Trading on them periodically (but at least annually) in accordance with this CRRA Scheme and his terms of appointment. He may in any such report recommend at any time to Ofcom and the Office of Fair Trading amendments to the CRRA Scheme and the CRRA Rules. Changes to the CRRA Scheme and CRRA Rules may be made with the consent of the Office of Fair Trading.
21. Carlton and Granada shall promptly provide all the information and documents about their advertising and trading as requested by the Adjudicator as deemed necessary by him to fulfil his functions, and in as much detail as he may require, including information as to their monthly trading position in each region, demographic group and time period that they identify separately in any contract for the sale of Commercial Airtime. In order to fulfil his reporting functions, the Adjudicator may disclose any such information to Ofcom and the Office of Fair Trading. Any person who agrees to be bound by this CRRA Scheme and the CRRA Rules agrees that the ITC and Ofcom may disclose to the Adjudicator any information or documents supplied by such person to either of them (whether pursuant to the Undertakings or otherwise) which they consider may be relevant to, and assist the Adjudicator in, the carrying out of his duties.

Adjudicator Reports

22. The Adjudicator shall make a written report to Ofcom and the Office of Fair Trading every three months or as otherwise agreed with Ofcom (the "Periodic Reports"), setting out his determinations in relation to any Dispute, his views about the operation of the Undertakings, the CRRRA Scheme and CRRRA Rules together with any recommendations, his views about the performance of Carlton and Granada in complying with the Undertakings, his opinion about the evolution of the advertising airtime sales market and any other relevant matters and information that he may think appropriate. The Adjudicator shall bring to Ofcom's and the Office of Fair Trading's immediate attention any matter that gives rise to a reasonable suspicion on his part that Carlton and/or Granada are not complying with the Undertakings. The amount of detail included in such Periodic Reports will be at the discretion of the Adjudicator but should be such as to inform Ofcom and the Office of Fair Trading adequately. After consultation with Ofcom as to date and contents, one Periodic Report each year shall be designated the Adjudicator's Annual Report and this will consider all the matters above and any others the Adjudicator considers relevant and appropriate in greater detail.
23. Ofcom and the Office of Fair Trading may publish or disclose all or any parts of the Periodic Reports or the Adjudicator's Annual Report as either considers appropriate.