

Emap Plc and Channel 4 in Joint Venture Music TV Business

Emap plc, the b2b and consumer media group, and leading UK broadcaster Channel 4 have today announced a joint venture agreement which aims to create the UK's number one music TV provider.

Emap has agreed to sell 50 per cent of Box Television Limited – Emap's music TV business - to Channel 4, for £28 million subject to adjustment, in a deal which brings together two of the UK's leading cross platform entertainment providers.

As well as operating and seeking to grow the seven digital music TV channels currently run by Box Television, the joint venture will look to exploit new and emerging digital growth opportunities beyond traditional broadcast revenue streams. It will benefit from the combination of Channel 4's premium music-based content and expertise in digital channel and platform management and Emap TV's brands and distribution and it is intended that there will be increased cross-promotional opportunities spanning both media companies' portfolios.

Since purchasing The Box in 1996 for approximately £6 million, Emap has built up its music TV business through a series of successful launches. It now comprises seven TV channels: *The Hits*, *The Box*, *Smash Hits*, *Kerrang!*, *Q*, *Kiss* and *Magic* with *The Hits* being the UK's most-watched music TV channel. In addition to music programming, Emap's music TV business has been adding to its portfolio of interactive and 'on demand' services and is the exclusive provider of music videos to BT Vision – BT's video on demand IPTV platform.

Channel 4 has also been developing a cross platform music strategy through its 4Music brand. Under the 4Music brand, Channel 4 is the leading terrestrial broadcaster of music programming in the UK with more than 750 hours of programming broadcast annually including coverage of major festivals such as V, O2, Isle of Wight and Download. 4Music also covers a broad range of online activities. Channel 4 is the key television partner for the music industry with 36% of the music industry's total advertising budget spent with the channel.

Channel 4 and Emap will have equal representation on the JV's board. The venture will sit alongside Channel 4's existing portfolio of digital services including E4, the UK's most popular digital channel amongst young adult audiences, More4 and Film4.

Andy Duncan, Channel 4's Chief Executive, said: "This is a strategic investment for Channel 4 designed to generate significant revenues that can be reinvested in supporting our public service activity longer term. Music is an important part of Channel 4's strategy for future growth and we intend to further strengthen our cross-platform presence with the launch of three 4-branded radio stations from next year. We are already partnering with Emap in radio and are delighted to be extending that relationship into television and onto other digital platforms as we look to build on Channel 4's strong heritage as a leading broadcaster of music programming."

Paul Keenan, Chief Executive of Emap Consumer Media and Executive Director of Emap, said: "This alliance between Emap and Channel 4 will enable us to increase our brands presence on new and emerging platforms, including video on demand, opening up new opportunities outside of the traditional linear broadcast market for both audience and revenue growth. Emap and Channel 4 are likeminded partners and together we make a formidable force in an otherwise fragmenting and challenging market."

Dharmash Mistry, MD of Emap Performance, said: "Consumers are at the heart of everything we do and increasingly that means moving towards a more cross platform model. We are delighted to be working with Channel 4 to realise our ambitions for multi-platform growth to make us the UK's number one music TV provider."

Rod Henwood, Channel 4's Director of New Business, added: "Together Channel 4 and Emap aim to build on the strong base established by Box TV and create the UK's number one music TV provider. This venture provides Channel 4 with a further opportunity to 'super-serve' our 16 to 34-year-old audience."

Channel 4 acquired a 50 per cent stake in Box Television Limited for a cash consideration of £28m subject to a post-completion working capital adjustment and a variable component linked to future distribution contracts.

In the year to 31 March 2007, Emap's music TV business had revenue of £27m and operating profit of £7m. At 31 March 2007, the business had gross assets of £17m.

Notes to Editors

Emap TV

- Emap TV attracts an average of 14.1million viewers a month.
- Of those, 5.1million are Adults 16-34.This means the portfolio reaches 43% of all Adults 16-34 with multi-channel TV every month.
- Over half of all viewers with multi-channel TV have tuned into Emap TV so far in 2007 – that's 23.4m people.
- 58% of Emap's Adult viewers are aged 16-34.
- The Hits is the UK's Number 1 music channel..
- BT Vision - Emap TV is the exclusive provider of music to BT's new pioneering IPTV platform.

Channel 4

- Channel 4 has the widest reach of any music content player with its music programmes enjoying a combined reach of 62% of 16 to 34-year-olds and 50% of all individuals.
- Channel 4 operates the most successful multi-channel strategy of any of the UK's terrestrial broadcasters with its portfolio of digital channels contributing 25% of Channel 4's 12.2% share of total TV viewing in the UK (year-to-date to 15th July).
- E4 has a 4% share of multi-channel viewing amongst 16 to 34-year-old viewers and a 1.9% share of all adults (ytd to 15th July), making it the UK's most popular digital TV channel amongst young adults.

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