

**MINUTES OF THE 106th MEETING OF THE BOARD OF CHANNEL FOUR
TELEVISION CORPORATION**

**HELD AT 124 HORSEFERRY ROAD,
LONDON SW1P 2TX
ON 24 JANUARY 2005**

In attendance:	Paola Tedaldi John Newbigin Sue Ford	Secretary Head of Corporate Relations Finance Director
Apologies:	Robin Miller Sue Ashtiany	Non-Executive Member Non-Executive Member

Please note that commercially sensitive information has been redacted.

Directors' Reports –

Andy Duncan reported that the Channel ended 2004 very strongly. The Channel's major focus for 2005 is to ensure it is even more successful than 2004 and to lay the foundations to secure the long term success of the Channel.

In terms of performance, Andy Duncan reported that overall, the Channel finished the year at 9.8%, up 0.1% on 2003. Shares in peak, and amongst younger and upmarket audiences, were all at record levels. This is impressive given the growth of multi-channel and the changing mix of different types of homes.

The Channel has also got off to a good start this year. January share is likely to be above 10%. *Desperate Housewives* is replacing *Sex in the City* as a major hit, and *Celebrity Big Brother* is doing well.

Andy Duncan reported on E4.

On advertising, Andy Duncan reported that our deals for 2005 are mostly finalised.

Andy Duncan updated the Board on Corporate Development Projects.

On regulatory issues, Andy Duncan reported that the Ofcom report is due to come out in February, with the BBC Green Paper likely to come out around the same time.

The first issue is the funding of the Channel's

**Reports – C4 Paper
636 (01/05)
Andy Duncan**

capital build costs for switchover.

The second issue is recognition of various indirect forms of help that could act as a mechanism to help future proof Channel 4.

The third issue is public funding. This is linked to the wider debate around the licence fee and the PSP.

David Scott

David Scott reported on the DTT platform.

David Scott then gave the Board an up-date on digital switchover and SwitchCo.

On the subject of services outsourcing, David Scott reported that the deal with Computacenter is now in place.

David Scott gave an up-date on the status of the Gambling Bill, which is to go before the House of Lords shortly.

David Scott then summarised the requirements of the Freedom of Information Act 2000 for the Board. In terms of process, it was proposed that authority for compliance with the Act be delegated to David Scott, who will consider each request and take a decision on whether the information should be disclosed under the provisions of the Act, with the advice of the Corporation Secretary. In future the Board packs would include a summary of the information requested and details of whether it had been disclosed or withheld on grounds of one of the exemptions. The Chairman requested that any proposal to disclose information of particular commercial sensitivity should also be referred to him. The Board approved this approach.

Kevin Lygo

Kevin Lygo reported that 2004 has been a remarkably good year. The December share was just under 9%.

Kevin Lygo reported that performance has been extremely good. The Channel's share this year stands at 10.2%.

E4 has also had a strong start to the year. *Hollyoaks* and *Desperate Housewives* have had very high ratings.

The Board formally congratulated Kevin Lygo for the Channel's excellent performance in 2004.

Andy Barnes

Andy Barnes reported that, on the face of it, the Channel is doing extremely well. The Channel's advertising revenue will be up year on year for the first two months of 2005.

The Sponsorship department is so far doing equally well this year.

Andy Barnes reported that his Northern Sales Team have been voted the Television Sales Team of the year for 2004.

Andy Barnes concluded with the fact that the Commercial Television Consortium is scheduled to launch on 10/11 February. The Channel will be at the forefront of this Consortium and on-going updates would be provided to the Board.

Rob Woodward

Rob Woodward concluded with informing the Board that the Channel has signed a new 2 year E4 carriage deal with Telewest.

Finance

Sue Ford reported that group revenue is ahead of budget and ahead of 2003. There have been strong increases in Channel 4 advertising revenue, with an improvement on 2003. 4 Ventures businesses (excluding Film Four Ltd) show growth.

Actual group profit is higher than forecast in the November report.

Profit and working capital performance led to an increase in cash in the year. The final cash balance was ahead of the November forecast.

**Channel 4 Longer Term Vision/
Strategy and 2005**

Andy Duncan explained that he is giving consideration to the key ten things Channel 4 need to do as an organisation in 2005 and the Channel's longer term vision.

A number of members of the Board welcomed the approach. The Board also discussed and gave comments on this.

Channel 4 Structure – An Organisation fit for purpose – Interim Update

Andy Duncan then reported on the organisational review.

The Board endorsed the proposals.

Racing

David Scott reported on the Channel's racing coverage and his discussions with the industry to secure the funding necessary for this to continue in 2006 and 2007. The deadline for decision would be 31 May 2005.

**Dates of Remaining
Board Meetings
2004 – C4 Paper 639
(04/05)**

The next meeting of the Board will be held from 3:00 pm to 6:00pm on 28 February 2005 at Channel Four Television, 124 Horseferry Road, London SW1P 2TX.

Chairman

Date