WELCOME TO PPL’S ANNUAL PERFORMER REPORT 2011/12.

AS EVER, WE REMAIN COMMITTED TO MANAGING YOUR RIGHTS, MAXIMISING YOUR EARNINGS AND PROVIDING A FIRST CLASS SERVICE. THIS REPORT HIGHLIGHTS ANOTHER YEAR OF CHANGE AND GROWTH AT PPL, WITH CONTINUED FOCUS ON DELIVERING IMPROVEMENTS IN OUR SYSTEMS AND SERVICES WHILST ALSO COLLECTING AND PAYING OUT MORE MONEY THAN EVER BEFORE.

WE FACE MANY CHALLENGES. TRADING CONDITIONS ARE EXPECTED TO REMAIN DIFFICULT AND COPYRIGHT REMAINS VERY MUCH UNDER SCRUTINY. HOWEVER WE ALSO HAVE MANY GREAT OPPORTUNITIES. THIS YEAR’S REPORT, WHICH LIKE LAST YEAR’S TELLS THE STORY THROUGH SOME TOP-LINE STATISTICS AND NUMBERS, LOOKS NOT ONLY AT THE KEY SUCCESSES OF THE LAST TWELVE MONTHS BUT ALSO TOWARDS THE FUTURE.

AT ALL TIMES, WE NEVER FORGET THE FULL VALUE OF YOUR MUSIC.

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WE MAINTAINED GROWTH ACROSS OUR THREE REVENUE STREAMS DESPITE TOUGH ECONOMIC CONDITIONS WHICH PREVAILED IN THE UK AND GLOBALLY. WE ENGAGED WITH INCREASING NUMBERS OF STAKEHOLDERS NATIONALLY AND AROUND THE WORLD AS WE STAND UP FOR MUSIC RIGHTS ON YOUR BEHALF.

£153.5 MILLION
ANNUAL LICENCE FEE INCOME
+7% GROWTH

£130.8 MILLION
DISTRIBUTABLE REVENUE TO MEMBERS
+5% GROWTH

£10.9 MILLION
COST-TO-INCOME RATIO
2–4%

£14.9 MILLION
COST-TO-INCOME RATIO
14.9%

+7%
ANNUAL BROADCAST AND ONLINE REVENUE GROWTH
£66.2MILLION

+10%
ANNUAL PUBLIC PERFORMANCE REVENUE GROWTH
£55MILLION

+2%
ANNUAL INTERNATIONAL REVENUE GROWTH
£32.4MILLION
Dear Performer Members

As I come to the end of my first year as CEO of PPL, nothing takes away from the enormous sense of privilege I feel in having been entrusted with the role in January, coupled with my determination to develop further the services we provide to you, our performer members, as well as to our recording rightsholder members and also licensees.

At the PPL AGM earlier this year, we reported growth across our three revenue streams – Broadcast and Online, Public Performance and International – which represented 5% growth overall in our distributable revenue. This meant June 2012’s distribution of revenues was the largest payment to members that the company has ever made.

The licensing revenue that PPL generates is becoming more important than ever to performers and recording rightsholders. This underlines further the importance of us not just continuing to grow your revenue – both in the UK and through further expansion of our international collections service – but also continuing to develop our level of service to you. This includes, as a priority, making further improvements to the statements that accompany your PPL payments, to provide you with an increased level of information about the various sources of those payments.

It may be helpful for me to touch on some of our other current areas of focus. For example, we have also made it a priority both to raise overall awareness of PPL in the business community – which helps to drive growth in licensing – and to reach out to you, as our members, at an increasing number of events around the UK.

Another continued area of focus has been our work with overseas music licensing companies to ensure greater efficiency and accuracy of our overseas collections for you. We have also been working more closely with PRS for Music, with particular emphasis on joint marketing activities and plans to develop more joint licensing solutions. These developments were very favourably reported upon in an independent report to Government (‘Copyright works: Streamlining copyright for the digital age’), published in July 2012 by Richard Hooper and Dr Ros Lynch.

In addition, following our recent public consultation, we will shortly publish our Code of Conduct for members, setting out important information for prospective, new and existing members about PPL and what you can expect from us.

I hope you find this year’s Annual Performer Report informative and interesting. I conclude as I started and on behalf of everyone at PPL: it is a privilege to safeguard and manage your rights. We remain fully committed to delivering and further developing a first-class service to you, and to obtaining a fair and proper value for the use of your recorded music locally and globally.

PETER LEATEM
PPL
Dear Performer Members

It is my pleasure and privilege to present to you this year’s Annual Performer Report.

As the financial figures show, PPL continues to grow from strength to strength with increasing licence fee income in 2011 and, in turn, distributable revenue reaching an all time high of £130.8 million. There is no doubt that investments made in the IT systems several years back continue to reap rewards and, whilst there is still work to be done in regard to levels of information surrounding usage, which is a major priority for us and to which Peter refers, huge progress has been made.

The year has been significant in that it has been the first year with Peter Leatham as CEO and it gives me great pleasure to report that the change over, with Fran Nevrkla remaining as PPL Chairman, has been seamless with continuing flow of ideas and fresh management procedures. This has grown and developed resulting in increasing output and productivity that has been impressive to witness. The two of them make a formidable team running a formidable organisation.

On a broader front we continue to deliver an ever improving customer experience. Indeed PPL was proud to be chosen as finalists in both the UK Customer Experience Awards (in both 2011 and 2012) and the European Call Centre and Customer Service Awards in 2012. We are continuing to engage with the wider industry about how PPL systems and data can be used internationally to enhance the efficiency and effectiveness of licence income data. We are committed, financially and morally, to supporting the industry’s efforts to tackle anti-piracy where much work has been done by the BPI. We continue close relations with performance rights organisations all around the world to promote best practice and pass on our expertise where we can. We are already preparing for copyright term extension (from 50 to 70 years for sound recordings and performances) taking effect in 2013.

This year we introduced the Eligible Studio Producer Form which, whilst not a change in policy, brought a simple and transparent process whereby eligible producers can make royalty claims. This improved process is the result of a great deal of work and debate by PPL, the Performer Board, stakeholder organisations and people across different genres and we believe it is a fair and practical method rewarding creators.

We anticipate an exciting year and are confident that we will be able to deliver even greater performer income due to the systems put in place during the past few years for increased collection and distribution. PPL’s management and the Performer Board are ever mindful that we are here to serve you, the performers, and the large growth of performer income over the past few years is a testament to the integrity and hard work of a very dedicated staff who are mindful it is your money and your organisation and are accountable to you, the membership.

Thank you.

GERALD NEWSON
PPL PERFORMER BOARD
PLAYING RECORDED MUSIC IN PUBLIC OR IN TV AND RADIO BROADCASTS WILL ALMOST CERTAINLY LEGALLY REQUIRE A PPL LICENCE. THE MONEY THAT BUSINESSES AND BROADCASTERS PAY GIVES RECORD COMPANIES, OTHER RIGHTSHOLDERS AND YOU, THE PERFORMERS, THE INCOME YOU DESERVE.
PPL has three main revenue streams – broadcast and online, public performance and international. These are very different areas and require specialised teams to deal with a wide array of companies and organisations.

**Broadcast and Online**
- £66.2 million (43% of total revenue)
- 6 seminars given in the last 12 months to key television production companies explaining music rights in TV
- 330 commercial radio stations
- 60 BBC radio stations licensed by PPL

**Public Performance**
- £55 million (36% of total revenue)
- 5 joint licensing solutions PPL shares with PRS for Music
- 800 pro-active applications received from new licensees each month

**International**
- £32.4 million (21% of total revenue)
- Income by country million
  - 1 USA £5m
  - 2 Netherlands £4m
  - 3 France £3.3m
  - 4 Germany £3.1m
  - 5 Denmark £3m
  - 6 Sweden £2.8m
  - 7 Norway £1.8m
  - 8 Spain £1.7m
  - 9 Belgium £1.1m
  - 10 Others £6.6m

- 250+ TV channels with a PPL licence
- 197 community radio stations licensed by PPL
- 61 tariffs PPL operates

- 5,000+ online radio channels featuring over 260 genres of music licensed by PPL through Live365
- 19p starting daily cost of a PPL licence
- 3,000 calls taken per week from licensees

- 20+ overseas territories receiving TV programmes broadcast from UK including PPL licensed repertoire
- 230+ hospital radio stations
- 600+ online radio stations licensed by PPL

- +18.4% performance rights revenues growth in Latin America
- 62% Europe’s share in value of global performance rights revenues
- 800 pro-active applications received from new licensees each month
- 5,000+ online radio channels featuring over 260 genres of music licensed by PPL through Live365
YOUR PLAYED RECORDINGS

The rapidly growing number of sound recordings, together with the wider use of those recordings on different platforms and in more countries, means that a huge volume of information is processed by PPL’s systems in order to distribute your revenue to you.

3.1 Billion
Seconds of TV and Radio Broadcasting Airplay Used to Make the June 2011 Distribution

5.2 Million
Plays of recordings reported from other countries matched to PPL’s Repertoire Database in 2011

22.4 Million
Average seconds of airplay reported by each commercial radio station licensed by PPL in 2011
IT IS CRITICAL THAT OUR DISTRIBUTIONS ARE TIMELY AND ACCURATE HOWEVER MUCH THE NUMBER OF RECORDINGS GROWS AND THEIR USE MULTIPLIES. THIS CAN ONLY HAPPEN WITH ROBUST SYSTEMS THAT, BY DEFINITION, NEEDS TO BE POWERFUL AND COMPLEX GIVEN THE HUGE AMOUNT OF DATA TO BE HANDLED.

83 MILLION
ROWS OF MUSIC USAGE PROVIDED BY LICENSEES SPANNING 17,500 SEPARATE DATA FILES (THAT’S 70 FILES PER DAY)

321 MILLION
ROWS OF DATA GENERATED TO MAKE THE JUNE 2011 DISTRIBUTION

8 TERABYTES
DATA ACROSS OUR REPERTOIRE AND DISTRIBUTION SYSTEMS (THAT’S 8 TRILLION BYTES AND THE EQUIVALENT OF 12,500 CDS OF DATA)
YOUR MEMBERSHIP SERVICES

WE ENDEAVOUR TO DELIVER A FIRST CLASS SERVICE AND IT IS IMPORTANT THAT WE ADAPT TO YOUR NEEDS IN A FAST MOVING AND GLOBAL ENVIRONMENT AND ONE THAT IS EXPANDING AND GROWING ALL THE TIME!

4,025
NEW PERFORMERS DIRECTLY REGISTERED WITH PPL IN FIRST TEN MONTHS OF 2012

3
WE RECEIVE A CALL FROM A MEMBER EVERY 3 MINUTES

6
LANGUAGES SPOKEN BY OUR INTERNATIONAL TEAM

200
EMAILS RECEIVED FROM MEMBERS EVERY DAY

+21%
INCREASE IN WEB TRAFFIC SINCE LAUNCH OF MUSICWORKS CAMPAIGN

335
PERFORMERS REGISTERED PER MONTH (ON AVERAGE) IN 2012

53,000
TOTAL NUMBER OF PERFORMER MEMBERS DIRECTLY REGISTERED WITH PPL

90%
OF THEM SIGNED UP TO PPL’S INTERNATIONAL COLLECTIONS SERVICE

4
PPL MEMBER OPEN DAYS HELD IN THE LAST 12 MONTHS

62
BILATERAL AGREEMENTS IN 32 COUNTRIES
26,500
Performers registered with PPL via other music licensing companies

257,802
Updates made in the last twelve months by repertoire data quality team to performer line up information on PPL recordings

10,000+
Rightsholder disputes resolved in 2011

343,496
Accepted claims from performers to be linked to a recording in the PPL repertoire database between June 2011 – June 2012 via MyPPL

1,500
Previously unregistered performers located last year and to whom we were able to release a total of £0.3 million
As highlighted earlier in this report, PPL’s distribution of revenues to members in June 2012 was the largest in the company’s history — including more money, for more performers, for more uses of your music.

**24,567**
Performers paid in PPL’s main distribution in June 2012, of which 8,146 were performers registered via an overseas music licensing company.

**2,926**
Performer members in 2011 who benefitted from PPL’s ‘qualified intermediary’ status (and so received their monies from the USA without a 30% tax deduction).

**16,422**
Performers received more than one international allocation in the year to June 2012.

**19,997**
Performers received an allocation of international revenues in the year to June 2012.

**+7%**
Increase in number of performers who received a payment over £5 in June 2012 distribution.

**+24%**
Number of recordings which received a payable allocation in June 2012.
EARLY IN 2012, IN CONJUNCTION WITH PRS FOR MUSIC, WE CARRIED OUT NEW MUSICWORKS RESEARCH AMONGST OVER 1,000 SMALL AND MEDIUM ENTERPRISES. IT IS CRITICAL THAT BUSINESSES UNDERSTAND THE VALUE OF PLAYING YOUR RECORDINGS IN PUBLIC AND THEIR POTENTIAL POSITIVE IMPACT ON CUSTOMERS AND STAFF. THE FINDINGS WERE PUBLICISED IN THE SUMMER.

‘MUSIC PROVIDES AN EFFECTIVE AND ADAPTABLE TOOL FOR BRINGING A SENSE OF PLEASURE AND RELAXATION TO THE WORK ENVIRONMENT, THEREBY PROMOTING A POSITIVE ATTITUDE, HIGHER JOB SATISFACTION AND BOOSTING A SENSE OF BRAND IDENTITY AND LOYALTY. A COMPLETELY SILENT WORK ENVIRONMENT CAN LACK STIMULATION, INTEREST AND, FOR MANY PEOPLE, A DYNAMIC AND CREATIVE SOURCE OF ENERGY.’

DR VICKY WILLIAMSON
MUSIC PSYCHOLOGIST
STANDING UP FOR YOUR MUSIC

IN 2012, AS PART OF OUR ONGOING WORK TO RAISE GREATER AWARENESS OF PPL, WE HAVE VISITED MORE PEOPLE IN MORE PLACES AND AT MORE EVENTS THAN EVER BEFORE.

OVER 35 PLACES VISITED WORLDWIDE FOR CONFERENCES, SEMINARS, FESTIVALS, ROADSHOWS, PANELS, AWARDS DINNERS, AND MORE!

UK
BELFAST
BIRMINGHAM
BRIGHTON
BRISTOL
BOURNEMOUTH
CARDIFF
CHESTER
DERRY
EDINBURGH
GLASGOW
LEEDS
LIVERPOOL
MANCHESTER
NORWICH
TRURO
WREXHAM

USA
AUSTIN
LOS ANGELES
NASHVILLE
NEW YORK
WASHINGTON

CANADA
TORONTO

EUROPE
AMSTERDAM
BRUSSELS
BUCHAREST
BUDAPEST
BERLIN
CANNES
COPENHAGEN
DUBLIN
GENEVA
GRONINGEN
HELSEINKI
MADRID
LISBON
LUBLJANA
MOSCOW
OSLO
PARIS
PRAGUE
STOCKHOLM
ZURICH

SOUTH AMERICA
BUENOS AIRES

AFRICA
FREE TOWN (SIERRA LEONE)

ASIA
MUMBAI
CONTACT US

FOR MORE INFORMATION OR IF YOU HAVE ANY QUESTIONS REGARDING ANY OF THE DETAILS IN THE REPORT PLEASE CONTACT OUR PERFORMER SERVICES TEAM

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FOR FURTHER INFORMATION ON THE PPL PERFORMER BOARD AND PPL MANAGEMENT TEAM PLEASE GO TO: PPLUK.COM/ABOUT-US/WHO-WE-ARE/MANAGEMENT-AND-BOARDS

AMONGST OTHERS, PPL SUPPORTS THE FOLLOWING CHARITIES:

- British Association for Performing Arts Medicine
- Nordoff Robbins
- Julie's Bicycle
- Young Persons Concert Foundation
- HBA
- MIX

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