



PPL
ANNUAL
REVIEW
2010



WELCOME TO THE 2010 PPL ANNUAL REVIEW

OUR MISSION IS TO MANAGE THE RIGHTS MANDATED TO US, MAXIMISE THEIR EARNING POTENTIAL FROM PUBLIC PERFORMANCE AND BROADCAST, AND DISTRIBUTE THE INCOME WE COLLECT IN THE MOST EFFICIENT MANNER POSSIBLE. WE LOOK TO CREATE MAXIMUM VALUE FOR OUR RECORD COMPANY AND PERFORMER MEMBERS AT ALL TIMES, AS WELL AS OPERATE A FIRST CLASS SERVICE TO EACH AND EVERY ONE OF OUR CUSTOMERS, ALL OF WHOM ARE IMPORTANT TO US.

TO ACHIEVE THIS, AND TO SET GLOBAL STANDARDS OF EXCELLENCE, IT IS ESSENTIAL FOR US TO MAINTAIN, NURTURE AND INVEST IN HIGH CALIBRE PEOPLE AS WELL AS MAINTAIN AND INVEST IN FIRST CLASS SYSTEMS AND DATA.

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CHAIRMAN AND CEO'S STATEMENT

THE LAST DECADE: LOOKING BACK AND LOOKING FORWARD

At the end of 2010 I marked my 10 years of managing PPL and VPL. In the first week of 2012 I will step down from my joint role of Chairman and CEO of the organisation whilst continuing as non-executive Chairman for the next 2-3 years. A management succession plan has been put in place to safeguard the essential stability and continued success of PPL. More about this later. I consider it appropriate therefore to review the last decade and at the same time consider the future.

When I stepped into my role in October 2000 it became obvious to me that some fundamental changes had to take place very quickly if PPL was to remain a viable organisation and especially if it wanted to become a significant and effective music industry service company going forward.

All the teams had to be strengthened by bringing in a lot of new blood in the shape of really talented, energetic and high calibre individuals hungry for achievement and success. The company was pruned down and intensive recruitment got underway. The success of this process is demonstrated by the sheer quality of the PPL team which I believe is now generally recognised in the wider music industry and beyond.

PPL in earlier times had no proper IT systems worthy of such description which meant that an aggressive systems development programme had to be commenced immediately. CatCo, which was the first stage, was delivered within the first two years and was completed on time and under budget. Even with all its imperfections it took us forward considerably. It has now been superseded by a substantially more ambitious and exciting process whereby PPL in close collaboration with its chosen business partner Deloitte embarked on a comprehensive design of state-of-the-art systems which will support all the departments providing key services, both internally and to the outside world. A globally enabled Repertoire Database is part and parcel of this exciting programme which will bring benefits to all constituents here and abroad.

PPL's key role is to manage, administer, enforce, license and maximise the monetary value of the precious rights which the members, record companies and performers, voluntarily continue to entrust to the organisation. During my term in office my colleagues and I have more than doubled the annual income generated by PPL which in 2010 amounted to £1.57m between PPL and VPL. Over the whole decade the various income streams represent £1.14bn of essential revenues for all PPL constituents. This is substantially more than the organisation collected in its entire previous 65 year history.

"PPL has not shied away from addressing the historical inequality of the rights granted to us by UK legislation compared with the superior rights enjoyed for decades by our direct European counterparts."

Before my appointment PPL had no role to perform as far as international income collection was concerned as there was no authority and mandate for us to act on behalf of the performers or the independent record companies. Over the last seven years, having put the necessary structure in place, we have brought back to the UK £92m and last year alone we collected £32m of overseas income for the benefit of those on whose behalf we act. A good start you might say and there is much further for us to go.

Public Performance income especially is one of our key priorities and will remain so for years to come. Our success in recent times provides a good platform for us to expand this area of our business very substantially. Watch this space!

PPL's cost-to-income ratio used to be high and when I took over it was getting very close to 30%. The focus and determination on the part of the new management team made it possible for us consistently to reduce our costs quite considerably, resulting in an all-time low this century of 13.6% in 2010. Whilst very satisfying it would be unwise artificially to push costs down too much further which could and probably would adversely affect the delivery of our ambitious business agenda and quality of service.

In the area of copyright PPL has not shied away from addressing the historical inequality of the rights granted to us by UK legislation compared with the superior rights enjoyed for decades by our direct European counterparts and our cousins on the music publishing side. PPL mounted a sustained campaign to change UK law, which involved negotiation with and then formal litigation against the British Government which commenced in March 2003. Following an earlier action by the European Commission and a subsequent battle royal in the High Court in London, we finally succeeded in having the UK law amended by complete removal of all the offending exceptions and previous exclusions. This means that for the first time the rights enjoyed by PPL's constituents are on a par with those granted to other creators in the area of Public Performance licensing. We very much appreciate the British Government's willingness finally to address and resolve this issue.

CHAIRMAN AND CEO'S STATEMENT

continued

PPL has been similarly active in working closely with others here and in Brussels in our joint and determined efforts to secure an extension of copyright term protection for sound recordings from the existing and very short 50 years to 70 years. We also continue supporting our colleagues in America in their struggle to be granted a full broadcast performance right under US legislation. This process has been inevitably slow and difficult but I remain confident that the desired result will be achieved in the name of equality, fairness and natural justice.

One of the most enjoyable and satisfying achievements has been the fundamental reshaping of PPL's structure and constitution by bringing the wide performer community under the collective umbrella. The process which took several years to complete was not easy and required the most enormous amount of trust, confidence and goodwill on the part of everyone. The merger of P@MRA and AURA into PPL five years ago was an essential step forward and since then we have made even faster progress. It gives me the most enormous satisfaction to see the quality of open, mature and friendly debate which takes place at the PPL Board and Performer Board tables where the interests of recording artists and other performers, studio producers as well as the independent record company sector and the major corporate companies are represented and their voices heard. Our collegiate way of working and pulling in one direction is a compliment to us all.

Much has been achieved over the last 10 years but yet more has to be done and strived for. It is very satisfying of course to see that PPL is No. 1 in the world league as far as monetisation of performance rights in sound recordings is concerned. At the same time PPL must not rest on its laurels and therefore we shall always strive to achieve more and do it better and faster.

I considered it my absolute duty to ensure that when the time comes I can hand the reins over to someone who knows the business and can be trusted to carry on the good work. My successor Peter Leathem, now PPL's Managing Director, will become the Chief Executive of PPL and VPL with effect from January 2012. This will provide the necessary degree of stability and continuity to the organisation which is so important to ensure further successes and achievements in the future. Peter and I have worked very closely and effectively together for the last several years and I look forward to supporting him in my role as Chairman for a little longer. I am delighted about this smooth transition and I wish Peter and the rest of the team all the success, satisfaction and enjoyment going forward in the hope that there will be some fun along the way, at least on a good day!

The last thing for me to say is an enormous thank you to all my friends, colleagues and contacts in the wider music industry, the political arena and elsewhere for their visible and loyal support and encouragement to me personally over the years. A special thank you goes to the main PPL Board, the Performer Board and the various committees all of whom have played such a crucial role during the "PPL journey". The biggest thank you of all, however, is reserved for each and every individual member of the entire PPL staff for their patience, perseverance, commitment, personal loyalty, hard work and determination to succeed. They made our success possible and they made my own job so much more enjoyable.

Thank you all and Onwards and Upwards!



Fran Nevrkla
Chairman and
Chief Executive Officer

LOOKING BACK AND LOOKING FORWARD: THE MILESTONES



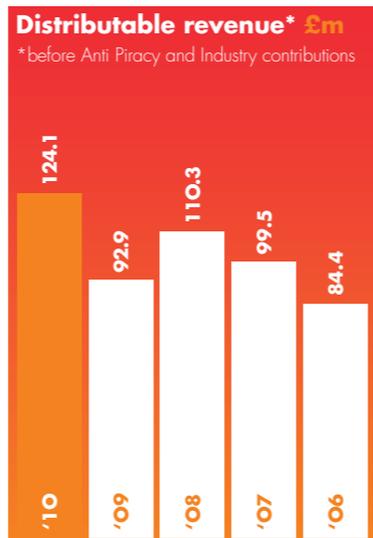
FINANCIAL SUMMARY



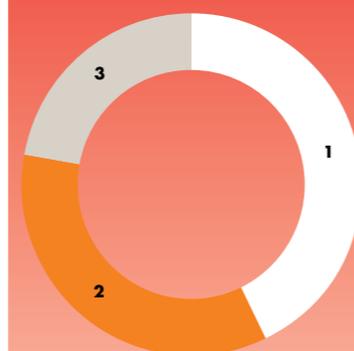
Licence fee income year on year:

	2010 £m	2009 £m	Variance %
Broadcasting and Online	61.7	59.1	4%
Public Performance and Dubbing	50.1	48.9	2%
International	31.7	21.6	47%
Licence fee income before refund	143.5	129.6	11%
Public Performance refund	-	(18.1)*	n/a
Licence fee income	143.5	111.4	29%

* As a result of the Copyright Tribunal decision, on three Public Performance background music tariffs: PPL has accounted for refunds totalling £18.1m, relating to the period 2006 – 2009. This reduced licence fee income from £129.6m to £111.4m.



Fee income by sector %



- 1 Broadcasting and Online
43%
- 2 Public Performance and Dubbing
35%
- 3 International
22%

The company's main activity, on behalf of its members, is the collection of licence fees for Broadcasting and Online and Public Performance in the UK and overseas where there are also other rights for which we collect – such as private copying and cable re-transmission of recorded music.

The total amount available for distribution is paid out to the company's members, record companies and performers, with the intention that there are no retained reserves at any particular balance sheet date. In 2010, while still investing in people and systems, the company's cost-to-income ratio fell.

During the year the company increased its licence fee revenue from most sources in accordance with management objectives. It is expected that this trend will continue. PPL considers its key performance indicators to be revenue, revenue growth and cost to income ratio. 2010 was a difficult year financially for most of our licensees across all sectors but, particularly in the area of Public Performance, the company was able to sustain growth primarily through better systems and processes.

Licence fee income was £143.5m, an increase of 11% whilst the distributable revenue grew from £92.9m in 2009 to £124.1m. It should be noted that the 2009 distribution figure had been adversely affected by the Copyright Tribunal decision but, even allowing for the one-off £18.1m refund, distributable revenue still grew on a like for like basis by a very creditable 12%. More detail follows in the Review but, broadly, Broadcast and Online income grew by £2.6m (4%) helped in no small measure by the advertising upturn in the second half of the year. Public Performance and Dubbing revenue in the year reversed the decline of 2009 caused by the adverse Copyright Tribunal decision and grew 2% from £48.9m to £50.1m. As noted, this was a very good result given the general backdrop of the economy, the recession and that a number of tariffs were substantially lower in 2010 than 2009 due, as mentioned, to the adverse Copyright Tribunal decision.

Whilst UK revenue grew steadily, international revenue continued its spectacular growth. In 2009 the company reported a £6.2m (40%) uplift to £21.6m. In 2010 international revenues grew by a very healthy 47% to £31.7m. Through the course of 2011 the company will pass the £100m figure of revenues collected since our international services first started in 2002. The final piece of good news, as mentioned, is that the cost-to-income ratio fell from 14.6% in 2009 to 13.6% – its lowest ever figure in modern times.

SYSTEMS AND
TECHNOLOGIES

—
GROWING
GLOBAL
REVENUES

—
MUSICWORKS
CAMPAIGN
RESEARCH

—
ANTI PIRACY
SUCCESS STORY

—



Business Review

SYSTEMS AND TECHNOLOGIES

MODERN SYSTEMS LEAD TO COST EFFICIENT AND TOP QUALITY SERVICE FOR MEMBERS AND CUSTOMERS

AS WE STRIVE TO BECOME BIGGER, WE STRIVE TO BECOME BETTER

Our specialised Distribution, Music Reporting and Repertoire teams, between them, process billions of pieces of data each year – all with the same goal of ensuring our members get paid. Using the most advanced systems and technologies, we provide top quality service and business knowledge in the most cost efficient way possible.

2.6bn

Seconds of TV and radio broadcasting airplay processed for the 2010 distribution payout

4,377

ISRC registrant codes issued by PPL in 2010

22m

Average amount of seconds of airplay reported by each commercial radio station in 2010

BROADCASTING AND ONLINE

£61.7m

PPL's Broadcasting and Online income grew by 4.5% in 2010 to £61.7m

PPL's Broadcasting and Online income grew by 4.5% in 2010 to £61.7m.

All sectors registered a year on year increase and it was particularly satisfying to see commercial radio revenues returning to growth after three consecutive years of decline. This turnaround reflects the combined effects of a recovery in the advertising market and the successful establishment of networked radio brands such as Heart across multiple stations. Smaller commercial radio stations continued to struggle, however, with a number going out of business in 2010. This decline in commercial local radio services was more than offset by the increasing number of community stations with PPL licences.

The UK's appetite for more television viewing on more channels continued, sustaining further growth in PPL revenues from commercial television. Attention continues to be focused on new delivery platforms for television programming, with PPL concluding new agreements with BSkyB for its mobile and on-demand streaming services, and with archive television services from SeeSaw and MSN.

PPL's licensing of online services concerns those services which predominantly equate to the traditional radio model, with the on-demand streaming and downloading of recorded music being licensed directly by its record company members. PPL's principal online revenue source is customised internet radio, where the consumer receives a dedicated music radio stream tailored to the consumer's musical tastes. Services such as Last.fm and VVe7 have grown rapidly from internet start-ups to substantial PPL licensees. At the other end of the scale, PPL's Small Webcaster Licence provides a simple off-the-shelf licensing system for "bedrooms DJs", radio hobbyists and school radio, and currently covers circa 400 such webcasters.

PPL's agreements with the BBC and BBC Worldwide, covering a broad swathe of radio, television and online services, account for a significant share of revenues. In 2010 the agreements were further extended to facilitate the provision of podcasts of the specialist Classical Chart programme on Radio Three and the streaming of the classical "Disc of the Week".

PUBLIC PERFORMANCE AND DUBBING

The 2010 year-end achievement of the Public Performance teams was, by any measure, strong, with revenue growth of 2% from £48.9m to £50.1m.

However, to understand the level of the achievement and the robustness of this growth, it is important to appreciate two key factors. The first was that for PPL, following the 2009 Copyright Tribunal decision, a raft of tariffs had been reduced to the level of earlier years, and secondly, 2010, for many of our licensees, was a year of extremely challenging trading conditions.

The economic difficulties facing many different types of businesses in the UK through 2010 have been well documented as well as the resulting impact on the amount of revenue collected by the Public Performance teams. The uncertain economic climate therefore makes the company's growth across its range of sectors all the more impressive. A number of statistics highlight the problems. In 2010 there were 17,467 company liquidations in the UK (source BIS) whilst the number of VAT registered businesses fell by 2.4% (source ONS). Specifically in the pub trade, beer sales dropped in 2010 by 333.8 million pints (source BBPA). Looking at the retail sector employment has fallen by 145,000 in the last five years whilst the number of retail outlets in 2010 fell by 2.3% to 286,680 (Source: British Retail Consortium).

5%

Increase of digital jukeboxes licensed by PPL in 2010

18 pence

The starting daily cost of a PPL licence

250

Pro-active applications received by PPL from new licensees every month

PUBLIC PERFORMANCE AND DUBBING continued

25

Pubs per week closed down
(Source: BBPA)

Nonetheless PPL was able to return Public Performance revenues back into growth through a number of developments and initiatives, the implementation of some having been started more than three years ago. The importance of managed processes, trained quality people, tied together with increasingly sophisticated systems have to be the bedrock for success in any kind of operation carrying out the tasks the teams perform. We focused firmly on these three principles to ensure maximum business efficiencies.

Driving organisational alignment to match and exceed customer demands, as well as to meet our stated goal of providing a first class service to customers, meant that a planned review of the structure of the teams, originally planned for the spring, had to take place in the second half of the year. This was largely a result of the increased workload that fell upon the teams following the decision from the Copyright Tribunal in the autumn of 2009.

The fact that the teams were effectively able to carry out two functions simultaneously is a testament to their hard work and professionalism. The decision delivered by the Copyright Tribunal required that PPL repay, on a 'claims made' basis, licence fees paid in the years from 2006 – 2009 that were above those the Tribunal fixed retrospectively. This inevitably increased the workload and, therefore, a separate process was created with the assistance of the consultancy firm Deloitte. This ensured that refund claims could be prioritised and processed efficiently without adversely impacting existing and potential new licensees. The successful conduct of this project was acknowledged by the Copyright Tribunal and all claims that licensees made were refunded in accordance with all of the conditions that they imposed.

Therefore when the structural review was finally carried out, we introduced processes that not only increased both the teams' effectiveness and efficiency but also helped staff to fulfil the role they play in delivering customers' needs. The flexibility of the new structure was underpinned by the introduction of specifically developed management information tools and processes which allow for faster and more positive anticipation of, and response to, peaks and troughs in customer demand. This helped result in businesses remaining legally compliant to enjoy and benefit from the playing of music and can be measured in a 21% increase through the year in renewal invoices – and all achieved on a flat cost basis.

-3.8%

Reduction in the number of nightclubs
(Source: Morning Advertiser)

61%

Nightclub regulars who say they go out less than a year ago
(Source: Zolfo Cooper)

-333.8m

Beer sales dropped (in pints) in 2010
(Source: BBPA)

The capability and development of our ongoing Oracle e-Business Suite played a key part in helping create maximum value and service for our customers by ensuring the teams had the best possible technical support and back-up. In addition the increased productivity and quality which was achieved, dealing with higher customer numbers and growing new business opportunities, again was done at no additional cost.

Debtor days hit a three year high in 2010 with the latest edition of Experian's Late Payments Index revealing that UK firms paid their bills, on average, 25.7 days late in the last quarter of 2010 – the highest figure since Q3 2007. The average was up for both large and small businesses – and across all different regions and sectors. Nevertheless the ability of the teams' collections department to improve the speed at which payment was received was a key factor contributing to the annual growth. It was also helped by the introduction of a surcharge. This had been approved by the Copyright Tribunal in 2009 and came into effect on four tariffs and has subsequently resulted in a greater number of customers now paying on time. Moving forward there will be further developments around the collections process to support additional revenue.

Finally we introduced a Quality Assurance programme, spending time on coaching, training and auditing all team activities, to ensure that we drove up both the volume of work being processed as well as the accuracy and timeliness of our service.

2.3%

The annual decline in retail outlets in the UK
(Source: British Retail Consortium)

As we constantly seek to apply a 'best practice' approach to all activities, we also worked extensively on all documentation produced by the company in order to ensure that we increase external awareness of PPL and the potential benefits that a licence brings. As part of this campaign we worked closely in 2010 with both Trading Standards and the Citizens' Advice Bureau to assist in the education of countless businesses around the licensing landscape – the legal requirements, compliance through the company and benefits that establishments can enjoy by playing music in public.

We continued to develop the MusicWorks initiative that we set up with PRS for Music in 2009. Through Entertainment Media Research (EMR) we carried out new research in 2010 specifically aimed at businesses and of which more detail can be found on the MusicWorks website (musicworksforyou.com). However, it is not only the more obvious business types (for example 90% of hair and beauty salons say that playing the right music enhances trade) which benefit from using music for either increasing staff morale or encouraging customers to spend longer on their premises. The teams expanded licensed businesses to include, amongst others, scrap metal merchants, animal hospitals, explosives manufacturers, hot air balloon companies and laser space game venues!

In addition, on behalf of its members, PPL licenses the commercial copying of sound recordings when the subsequent product is used for public performance. PPL-licensed dubbers supply pre-programmed background music and digital jukeboxes to most of the major high street retailers and leisure groups.

Despite the continuing economic difficulties that made trading extremely tough for a number of our customers, coupled with growing pressure from piracy in the digital jukebox market, like for like Dubbing income nonetheless remained constant in 2010. There was a proliferation of unlicensed music services but, in a ground breaking joint operation, PPL and the BPI Anti Piracy unit (see page 27) mounted their first successful criminal action against illegal music suppliers resulting in total jail sentences of over 4 years for the perpetrators. The judge commended both companies for their professionalism and hard work and all prosecution costs were recovered. Further similar prosecutions are expected in 2011.

PPL remains committed to keeping its tariffs under review to ensure that they deliver an appropriate and fair return for all our members. In turn, as music has the ability to enhance businesses greatly, it is also critical that tariffs are reasonable and cover all the many differing requirements of our broad range of licensees, all of whom are important to us.

OUR INTERNATIONAL JOURNEY
2010 saw global performance
rights collections grow by an
impressive 10% worldwide.
PPL's international revenues grew
to £32m – a 47% uplift in revenues
from 2009.



**GROWING
GLOBAL
REVENUES**

**MORE EXPANSION,
MORE GROWTH
AND EVEN MORE
REVENUE!**

28

Number of countries
around the world where
PPL has representation

£32m

Collected from overseas,
nearly 50% more than
2009

10%

Growth of global
performance rights
market in 2010
(Source: IFPI)

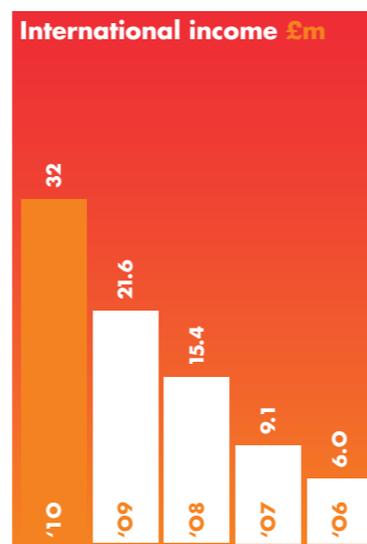
INTERNATIONAL

International collections continue to go from strength to strength. In 2010 PPL collected £32m from overseas, the highest figure the company has achieved in a single year and which represents a near 50% annual growth over 2009. This means that revenue from global performance rights accounted for over 22% of PPL's turnover.

The company is now approaching the collection of £100m of international revenues since the department opened for business in 2002. What is particularly pleasing is that PPL's international revenues continued to grow through challenging economic times around the world.

PPL's international team has developed this growth through a careful business-to-business collection process. It identifies licensing revenue that has already been collected by PPL equivalents in other countries – not, as in the UK, the direct licensing of users, broadcasters and venues. In undertaking this business it uses the skills and processes which are core to PPL's overall operation – negotiation, rights management and data processing. In the IFPI Record Industry in Numbers 2011 report, PPL was ranked number one in the world performance rights rankings.

Performance rights collection levels are growing year on year across the globe from US\$ 1,150m in 2006 to US\$ 1,757m in 2010, a 53% increase. In 2010 alone, using IFPI data, the market grew by 10%. Growth can be largely attributed to improved rights, increased market penetration and a growing appreciation of the value that music brings to the users' everyday business activities.



For PPL 2010 marked more territorial growth and expansion. The company signed seven new contracts that included four new countries – Bulgaria, Jamaica, Latvia and New Zealand. These contracts will begin to generate revenue in 2011. PPL therefore now has representation in 28 different countries around the world, which has resulted in 52 separate contracts with similar music licensing organisations.

This means that PPL members using our international services receive monies when their repertoire is used in the countries which PPL has reciprocal agreements with the local licensing company. These include all the major European countries, (which as a continent accounts for 61% of the global performance rights market), through to both North and South America including, importantly, Brazil, as a rapidly growing market and to territories in Asia and beyond. The growth of international licensing income becomes ever more important for PPL's members. The impressive growth in 2010 over 2009, demonstrates the ongoing commitment that PPL has to all its members to maximise international revenue in addition to the income the company collects from usage by its UK licensees. PPL now manages global performance rights for 80% of its members and is confident that this number will continue to grow.

As well as signing new contracts, other significant achievements through 2010 included the exclusive agreement with the German music licensing company GVL. This has resulted in a much fairer allocation of revenue for performers and was reported in the 2009/2010 Annual Performer Report. It now means that members get payments based on the actual use of sound recordings and, in addition to reducing bureaucracy, it also increases revenues for members – and more equitably. PPL would like to reiterate its thanks to everyone at GVL for their openness and flexibility in all the dealings it had with them along with colleagues in France, Holland, Ireland and Spain.

In addition 2010 saw PPL become the first music licensing company to be granted 'Qualified Intermediary' (QI) status by the US Inland Revenue Service. Previously, due to tax law in the US, all revenue collected from American organisation SoundExchange was subject to 30% tax being withheld at source. These new changes mean this is no longer the case as far as PPL collections from the USA are concerned and, provided members complete the relevant forms, PPL can pay out the gross amount to them, thereby avoiding the deduction of 30% for US tax purposes.

North America has been an area of intense focus for the international team during 2010 and the extensive work with music licensing companies in the US and Canada has paid off. The US rights body SoundExchange has been particularly successful in increasing its collections from the rights available to it, which solely apply to satellite radio, webcasting and simulcasting. The size of the market and diversity of usage which are inherent in the rights SoundExchange manages, present unique volume and data challenges which the entire performance rights markets are likely to have to face in the years to come. At PPL we have worked closely with our colleagues at SoundExchange to understand these challenges better and increase the level of payment to our members.

For non-featured performers an agreement in 2010 was reached with the AFM/AFTRA fund in the US, which has been appointed to administer the non-featured share of satellite radio and webcasting income in the USA.

PPL will continue to work hard with its US counterparts to meet these challenges ensuring that revenue is released on an ongoing basis to PPL performer and recording rights holder members. The work that has been undertaken to date resulted in a 226% growth in returns.

INTERNATIONAL
continued

\$1.8bn
Total value of global performance rights in 2010
(Source: IFPI)

61%
Value of global performance rights market collected in Europe
(Source: IFPI)

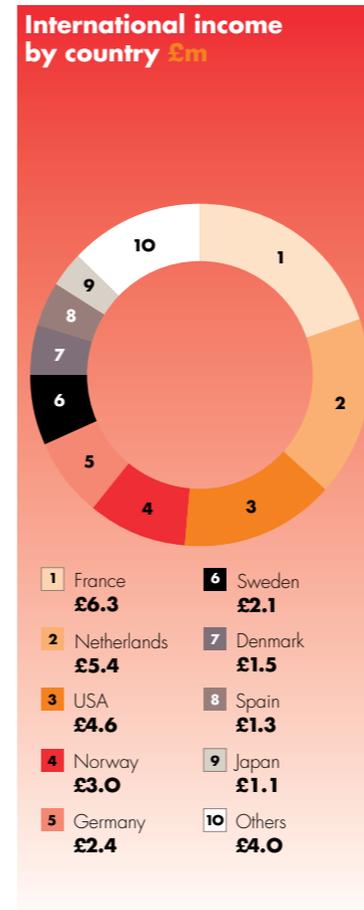
226%
Annual growth in PPL collections from US company SoundExchange to £4.6m

23%
Annual increase in total performance rights revenues collected in North America
(Source: IFPI)

Whilst the US is now justifiably the largest market in the world for performance rights collections, it also has the largest omission – that being that analogue radio broadcasters are able to play sound recordings without payment to record companies or performers. There has been some movement towards a more equitable situation but pressure still needs to be brought to bear on US politicians and broadcasters to change this iniquitous situation. In addition there are similar gaps in the rights structure throughout the world that still need to be addressed. There is no Public Performance right in Japan whilst Australia, Canada and Italy have effectively imposed legislative caps on licence fees. Furthermore the licensing of performance rights for sound recordings in TV programmes remains problematic in many countries. We will continue to work hard with international colleagues on these issues.

Improving data quality has been an overriding business objective for PPL for the last two years. Following requests from the industry, PPL is now working with its partners to provide a proof of concept for the systems and processes that the company has developed to be used for the collection, validation and improvement of repertoire data in other countries. It is hoped that this will lead to a robust set of global rights and data for use by the entire performance rights management industry, with the development of a Global Repertoire Database which will, in the long term, enable more accurate distributions and efficient operating methodologies across the performance rights' market.

In the immediate term improved data quality, rights management and CRM systems in the UK benefit those companies and performers who have signed up to PPL's international collection service as they enable us to supply more robust data sets to other music licensing companies, identify recordings more quickly and efficiently, and to manage multi-territory rights conflicts more effectively.



PPL has the infrastructure, systems and people to continue to be a truly effective organisation in the market for global performance rights. The traditional impediments to growth and efficiencies in this area are being tackled through improved technology, active enforcement and the development of rights. PPL is at the forefront of all of these developments and recognises that what is most important to members in the immediate term is the amount of money the company is able to collect on their behalf and pay to them quickly and efficiently. This, as ever, remains a key focus for the company and the International Department will remain as committed as always in identifying and collecting overseas revenues that rightfully belong to its members.

“Whilst the US is now justifiably the largest market in the world for performance rights collections, it also has the largest omission – that being that analogue radio broadcasters are able to play sound recordings without payment to record companies or performers.”

**MUSICWORKS
CAMPAIGN
RESEARCH**

**COMMUNICATING
THE BENEFITS OF
PLAYING MUSIC
IN PUBLIC**



MUSIC REALLY WORKS

Launched in 2009, in conjunction with *PRS for Music*, the MusicWorks programme continued through the year. We conducted yet more research on behalf of our customers as more and more businesses visited the website to learn about the benefits of playing music in public.

More at musicworksforyou.com

90%

Of hairdressers say that music is beneficial to their business

(Source: EMR/MusicWorks)

69%

Of workplaces recommend others play music to improve productivity and staff morale

(Source: EMR/MusicWorks)

74%

Of retailers agree that playing music makes customers happier

(Source: EMR/MusicWorks)

83%

Of small retailers agree that silence makes a place unwelcoming and unfriendly

(Source: EMR/MusicWorks)

MEMBER SERVICES

6,300

Record company members. An increase of 26% from 2009

47,500

Performer members. An increase of 13% from 2009

Membership of PPL continues to grow rapidly. The company now has over 47,500 performer members, an annual increase of 13%, which represents the highest growth figure since the company commenced its representation of performers back in 2006. Record company/rights holder members increased by 1,300 from 5,000 in 2009 to the current 6,300.

It is significant that within this overall growth, there is an increasing number of owner operated record companies and therefore performers going about their business as sole traders who control the rights in their own recordings.

In order to deal with these growing membership numbers, it was important that the Member Services team responded. A new team structure was put into place to allow for greater emphasis on working pro-actively with members and responding more quickly to calls and general queries: managing the receipt of repertoire metadata, working on the quality of that metadata, dealing with claims by members to be added to line ups on specific tracks, and ensuring swift and accurate payments for all members.

The company is currently nearing the end of its business systems transformation programme. This has been a major investment and greatly enhances PPL's ability to manage sound recording metadata, to match the recordings played by licensees to the Repertoire Database, to distribute the licence fees collected to members accurately, and for members to manage their affairs with the company.

The first set of changes to the self-service member management portal, myPPL, was launched last September with more enhancements to come. Increased visibility of account information now allows members to update and manage their own accounts whilst the teams will have an easily accessible record of all previous contact members have had with PPL. Given the greater level of information in regard to members that the company now holds, it is easier for the teams to respond to queries more efficiently.

The functionality for members to update personal information such as bank account details and contacts has also been re-designed.

In addition the updated claims system allows performers to register claims on all relevant tracks from the entire Repertoire Database and not just the tracks that have historically earned money which had been the case under the old system. The importance of this improvement cannot be stressed enough.

The past year also saw the introduction of the new Repertoire Data Quality Policy that defines the requirements placed on record companies/rights holders when they register sound recording information with PPL. The details of the policy were discussed at a number of workshops through the year, attended by a wide range of members, which allowed us to develop a policy that had the support and backing of a significant part of the membership. It was important to forge an agreement on a new data policy, which these workshops achieved and we were also able to pave the way for a data cleanse campaign to improve the quality of historic data held by the company. This has resulted in members now being able to manage their data correctly and for a number of companies, to identify technical improvements to the way future registrations are made.

“The updated claims system allows performers to register claims on all relevant tracks from the entire Repertoire Database and not just the tracks that have historically earned money which was the case under the old system.”

The redesign of the PPL Repertoire Database screens will enable members to interrogate the stored data much more fully so that there is greater transparency about the information we hold. Critically, rights holders are now in a position to see where the line up information they have provided is not correct.

The UK and International Music Reporting teams' new Usage and Matching system was successfully launched in the summer of 2010. It has increased automation of the matching process, while also delivering improvements to the manual matching selection process. The system has facilitated key improvements to reporting and the team is now better equipped to prioritise workload, target data quality and forecast distributions.

The remaining parts of the programme will continue to be rolled out over the following months with the new distribution and payments system this summer and further enhancements to member payment statements and the systems to follow.

There were several campaigns in the year to release previously held monies which resulted in a total of over £3m being paid out. These included:

Rights Holder Cleanse – As part of the data cleanse and in readiness for the new system, PPL was able to resolve 2,241 rights holder disputes ensuring that the correct members were paid the correct money and there will be the facility to manage this on a monthly basis which will be more efficient for rights holder members. We also ran a campaign for unclaimed recordings to ensure that we had the correct rights holders associated with the right sound recordings.

MEMBER SERVICES continued

6,249

Miles travelled across the UK by Dan Millington, PPL's Performer Recruitment Account Manager in his role to sign up as many new performers as possible

"The company was able to distribute an additional £5.9m of held monies to members on a pro-rated basis and now only holds monies for a period going back six years from the current year."

Performer Line Up Work – Last year the company reported on the Gold Repertoire project for recordings from the 1950s, 60s and 70s. The project then continued looking at the 1980s and 90s as well as further work cleaning up track line ups.

Closing Distributions – Following a thorough clean-up exercise through the year, the emphasis was on closing the distribution period 1996 – 2003, to allocate money correctly and efficiently as well as ensure final payout of the remaining monies to qualifying members. The company was able to distribute an additional £5.9m of held monies to members on a pro-rated basis last October. In terms of payments distributions, PPL now only holds monies for a period going back six years from the current year.

In other areas of operations, there was a big focus through the year to improve communications to members. The re-designed quarterly member newsletter 'On Track' was launched with a new emphasis on shorter pieces of information aimed at providing an overview of the latest company news together with the option to obtain further details on the website. Readership and web traffic subsequently increased by 20% and we welcome all input and suggestions from members.

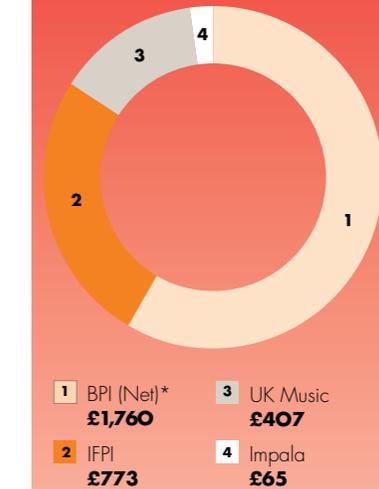
Different members of the teams also attended many national and international events to help members in queries and explain further what PPL does. Keith Harris, Director of Performer Affairs, played an important role in spreading the message about rights issues in the

UK and globally and never allowed jet lag to diminish his enthusiasm! He took part in seminars in Iceland, Barbados, South Africa, Holland, France and Australia, as well as the more local Ellesmere Port, Inverness, Glasgow, Londonderry and Liverpool amongst many. The teams too were ubiquitous and attended events all over the UK including, amongst others, the south west, Brighton, Manchester, Liverpool and Scotland.

PPL indeed is grateful for the huge amount of cooperation it receives as members continue to play various key roles on the main PPL Board as well as the Performer Board and contribute substantially to the company's development, growth and success. At the fourth Annual Performer Meeting in November 2010, Gerald Newson, its Chairman, was successfully re-elected as a Director of PPL. We would also like to mark the retirement of Glen Barnham, who over many years made a significant contribution to the development and success of PPL, and the company's thanks and best wishes go to him.

FINANCIAL CONTRIBUTIONS

Anti Piracy and industry contributions 2010 £k



*BPI Breakdown 2010 £k

BPI Funding	2,022
BPI Recoveries	(262)
Total	1,760

PPL AND BPI IN FIRST JOINT ANTI PIRACY COLLABORATION

Following a landmark joint operation, illegal jukebox operators were jailed for over four years for defrauding the music industry of over £500,000. Over 400 illegal jukeboxes were removed from circulation and, following this and other ongoing prosecution, this has resulted in the number of digital jukeboxes licensed by PPL increasing by 5%.



ANTI PIRACY SUCCESS STORY

PPL AND BPI COLLABORATE TO TACKLE THE PROBLEMS OF PIRACY

400+

Illegal jukeboxes removed from circulation in 2010

100%

PPL's investigation costs recovered

3

Years. The prison sentence received by Malcolm Wylie

PPL CLOSING THE RIGHTS GAP

PPL played a key role in three legal changes, all of which help generate more revenue.

Last year PPL reported progress. This year the company reports results. Two exceptions were removed from the statute book, new rules were brought in for the Copyright Tribunal and the Digital Economy Act came into force.

All three were the result of years of work, but perhaps the longest running was the campaign to remove the two exceptions which prevented PPL from licensing in some areas, to the detriment of performers and record companies. These exceptions applied particularly in the not-for-profit sector and allowed student unions, public sector offices and other similar bodies to play music in public via the radio without paying the PPL members who made those recordings. Over the years a number of musicians contacted PPL to say that, while they often gave their time and talent to charities, they did not think it was right that the law forced them to donate use of their recordings.

Making the changes was obviously a sensitive issue. Indeed, the Government resisted for many years, even though these rights are enshrined in international treaties and European directives, and composers and music publishers have been able to license these uses for many decades. At one point, PPL even had to resort to litigation. Fortunately, following an extensive consultation in 2009, the Government decided to make the necessary changes and these were implemented on 1 January 2011. Recognising the sensitivities, PPL worked closely with Ministers, Baroness Wilcox, Ed Vaizey and Nick Hurd and agreed to a grace period of a year. This will allow time to work out a fair licensing arrangement for community buildings so that the individual small charities which use them, do not need to obtain a licence themselves.

In last year's Annual Review, the company reported the negative impact of a Copyright Tribunal decision which had imposed a one-size-fits-all rate for pubs, restaurants and shops playing music. Since then, the Government has brought in new Rules for the Tribunal, at the request of PPL and other stakeholders. Previous reviews had identified the need for reform of the Tribunal to bring it in line with other judicial processes. The new Rules, based on Civil Procedure Rules, will improve the Tribunal's ability to deal with both small cases and complex commercial disputes. PPL contributed in detail to the consultation on the new Rules and warmly welcomed their introduction.

The last of the three achievements was the Digital Economy Act. PPL joined with others in music, film, TV, books and sport to form the Creative Coalition which played a key role in the new legislation. Online piracy has affected musicians and record companies for many years and only now is it having a similar devastating effect on other creative sectors. The Digital Economy Act brings in a mechanism for ISPs and rights holders to work together to deal with illegal websites and downloading. At the heart of it is a code, drawn up by Ofcom, to regulate the sending of warning notifications to illegal downloaders, together with a new injunctive provision for blocking illegal websites. The law is far from perfect and there have been severe delays in its implementation, but the Creative Coalition has repeated its commitment to working with the ISPs on it.

Fresh from those results, we have redoubled our efforts in other areas where performers and record companies are let down by legislation. In our sights are the completion of reform of the Copyright Tribunal, a final vote on the Copyright Term Directive, the performance right in the USA and a fair licensing regime in Europe.

Despite the recent changes, the Copyright Tribunal still has a reputation for undervaluing rights. Whilst other similar courts around the world have used econometric tools to analyse the value of music to the businesses that use it, as well as those who produce it, the Copyright Tribunal seems to rely more on historical precedent. With the appointment of a new Chairman, PPL is hopeful that the Tribunal will rise to the challenge of the digital age and become expert at assessing the true value of music.

The Copyright Term Directive remains at the final vote stage, tantalisingly close to adoption. It has been proposed by the European Commission and adopted by the Parliament. The last stage is adoption by the Council of Ministers of the Member States. On 1 January 2011, the Presidency of the Council passed to Hungary and there is renewed hope that they will complete the process.

Over in the USA, the Performance Rights Bill is in a similar state of near completion. It has been passed by the Judiciary Committees of both Houses but needs to go to a full vote. In anticipation of that, musicFIRST (representing musicians and record companies) and the NAB (representing broadcasters) were asked to negotiate a rate. Unfortunately, those negotiations broke down and with the change in political power in Congress in the recent elections, it will be necessary to wait a little longer before radio in the US has to pay for the recordings they play.

The new Commission and Parliament of the EU have identified a single digital market as a priority for Europe and they are currently working on a number of proposals to remove the cross-border barriers. Among these will be a legal instrument on collective rights management to improve collective licensing across the EU. There are some who are calling for a compulsory system which would remove the flexibility enjoyed by both rights holders and users and reduce licensing revenue. PPL is pressing for a voluntary system which has worked well for performers and record companies in the UK and elsewhere. We are expecting transparency and accountability to members to be at the heart of the collective rights management proposals.

Finally, PPL, and indeed the industry at large, was asked to submit evidence to a review which set out to remove areas of copyright which were getting in the way of technology companies. The Review of IP and Growth was announced at the end of 2010 with the statement that Google did not launch in the UK because of the country's IP laws. It then embarked on an examination of the 'fair use' approach in the USA, seemingly ignoring the fact that we already have an exception regime in the UK covering broadly the same areas. PPL has provided a substantial submission to the review and has worked closely with others – UK Music, the Creative Coalition and the CBI – who are similarly concerned. Most respondents are urging the review to focus on real barriers to growth, such as access to finance and the operation and enforcement of copyright.

The company ended 2010 with three major changes to legislation, all of which improve PPL's ability to generate more revenue for members. It begins 2011 with more challenges to its licensing service, both in the UK and internationally. Rest assured, PPL will leave no stone unturned in its ambition to deliver more for the thousands of performers and record companies whose music is used and enjoyed the world over.

“The company ended 2010 with three major changes to legislation, all of which improve PPL's ability to generate more revenue for members.”

**OUR EXECUTIVE
TEAM, OUR
SENIOR TEAM
AND OUR BOARD
OF DIRECTORS**

– **PPL LIVE**

– **CORPORATE
SOCIAL
RESPONSIBILITY**

– **OUR PEOPLE**

–



Our People

**EXECUTIVE
MANAGEMENT
TEAM**



Fran Nevrkla
Chairman and CEO



Peter Leatham
Managing Director



Tony Clark
Director of Licensing



Mark Douglas
Chief Technology Officer



Vickie Farrell
Head of Human Resources



Keith Harris
Director of Performer Affairs



Ben Lambert
Finance Director



Dominic McGonigal
Director of Government Relations



Jonathan Morrish
Director of PR and Corporate Communications

**SENIOR
MANAGEMENT
TEAM**

Christian Barton
Financial Controller

Kate Bridgman
Head of Marketing

Iestyn David
Head of Radio Licensing

Rob Fish
Business Development Manager

Christine Geissmar
Head of Public Performance Operations

Clare Goldie
Press Officer

David Harmsworth
Head of Legal and Business Affairs

Fiona Haycock
Events Manager

Shula Kerr
Programme Manager

Aman Khullar
Head of TV Licensing

Victoria Lock
Head of Facilities

Steve Macchia
Money Out Programme Lead

Laurence Oxenbury
Head of International

Joanna Phillips
HR Development Manager

Barry Reynolds
Head of IT Services

Tim Silver
Head of Music Reporting and Distribution

Richard Stewart
Head of Dubbing and Tariff Development

Danielle Tilley
Head of Public Performance New Business

Penny White
Head of Member Services

Claire Woodhouse
HR Manager

**BOARD OF
DIRECTORS**

Fran Nevrkla
PPL (Chairman)

Glen Barnham
Performer Director
(British Actors' Equity)
(Resigned 1/1/11)

Ted Carroll
Ace Records

Tony Clark
PPL

Jonathan Cross
Warner Music UK
(Appointed 12/10/10*)

Rachel Evers
Warner Music UK

Julian French
EMI Music UK and Ireland

Mark Kelly
Performer Director

Peter Leatham
PPL

Dominic McGonigal
PPL

Martin Mills MBE
Beggars Group Limited

Gerald Newson
Performer Director

Christine Payne
Performer Director
(British Actors' Equity)
(Appointed 1/1/11)

James Radice
Polydor Limited

Adrian Sear
Demon Music Group

Rt Hon Lord Smith of Finsbury
Independent Director

John Smith
Performer Director
(Musicians' Union)

Michael Smith
Sony Music Entertainment UK Ltd

Peter Stack
Union Square Music

*as an alternate for R Evers

ATTENDEES

Steve Levine
Music Producers' Guild

Dave Rowntree
Featured Artists' Coalition

David Stopps
Music Managers' Forum

Geoff Taylor
BPI

Alison Wenham OBE
AIM

**EXTERNAL
ADVISER**

John Deacon CBE
Political Adviser

Through numerous events, partnerships, sponsorships and other activities, we continually highlight the vital work we do and maintain our good relationships within the music and wider industries.

PPL LIVE

- 01** Singer – songwriter Jamie Woon with Keith Harris, Director of Performer Affairs, PPL at the 2010 Music Producers' Guild Awards, held at the Café De Paris, London.
- 02** Fran Nevrlka, Chairman and CEO, celebrates his 10 years at the helm of PPL.
- 03** Alison Goldfrapp with Daniel Miller, Mute Records and Fran Nevrlka, at the Music Producers' Guild Awards. Daniel received the PPL Outstanding Contribution to Music Award.



- 04** The 2010 Yamaha Jazz Scholarship winners outside Parliament. PPL host the All Party Parliamentary Jazz Appreciation Group annual 'Summer Jazz' event at Portcullis House.
- 05** Head of Member Services, Penny White with Gerald Newson, Chairman of the PPL Performer Board, at this year's PPL Classical Editors Seminar.
- 06** Fran Nevrlka with Roger Wright, Controller, BBC Radio 3 and Director, BBC Proms at the 2010 PPL AGM where Roger was the guest speaker.

- 07** Gerald Newson, Glen Barnham and Fran Nevrlka celebrate another successful PPL AGM and mark Glen's retirement.
- 08** Mark Kelly, PPL Performer Director and Peter Leatham, Managing Director, PPL at the 2010 Annual Performer Meeting.
- 09** Ben Hogwood and Matthew Seal, PPL, meet with Olga Borodina. Olga, a Russian mezzo-soprano, came to visit PPL and sign up to PPL's international services.

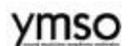
- 10** Dave Wood, Director of Anti Piracy, BPI, Richard Stewart, Head of Tariff Development, PPL and Peter Leatham, toast the success of tackling piracy at the PPL Industry Christmas Drinks.
- 11** Clare Goldie, PPL's Press Officer with PPL artist Seasick Steve at this year's SXSW Festival in Austin, Texas.
- 12** Claire Jarvis, Director of Music Services, BSkyB, renews the Sky licence with Tony Clark, Director of Licensing, PPL.

- 13** Fran Nevrlka, Lady Judy Martin and Martin Mills MBE, Chairman of Beggars at the 2010 PPL Industry Christmas Drinks.
- 14** The 2010 Radio Festival Academy Reception was held at Old Trafford Cricket Ground in Salford. Tony Clark, presents Glen Tilbrook and Chris Difford of Squeeze with the PPL and Radio Academy Lifetime Achievement Award.



CORPORATE SOCIAL RESPONSIBILITY

Charities supported by PPL



PPL continued to support a number of projects whose focus was on the environment and community, as well as those causes supported by our fellow colleagues across the music industry. Much of the good work that was achieved could not have happened without the drive, enthusiasm and support of the company staff.

PPL's commitment to CSR was stronger than ever in 2010. Continued support was given to the various charities PPL has been involved with, some for many years, along with new initiatives and projects.

The CSR programme continues to be led by Ben Lambert, Finance Director. Ben along with 25 dedicated PPL staff volunteered their time to be part of the CSR committee of 2010 – achieving fantastic results.

A new charity was elected as PPL's 'Charity of the Year'. For the previous two years, Whizz-Kidz had been chosen but staff voted for a change and to devote their efforts to fundraising and raising awareness for London charity Thames21. Thousands of pounds were raised for this unique charity which works with communities to bring London's waterways to life. The biggest of these fundraisers was the 'PPL 21' in which, on the 21st October, 21 members of PPL staff walked 21 miles along the river Thames! In less than 6 hours all had completed the feat, a truly great effort.

Another new project that PPL was proud to support was the Great River Race which raised money for The Blue Dragon Children's Foundation, a Vietnamese charity which helps the country's most underprivileged children to escape poverty. Teams from PPL member Beggars, entered the rowing challenge and PPL made a generous donation to such a worthy cause.

In lieu of sending Christmas cards, PPL made a contribution to homeless charity Shelter, a partnership which has gone on for many years and continued to donate all used postage stamps to the RSPB.

Finally, the long standing sponsorship of various music industry events continued. PPL were headline co-sponsors with Radio 1 at the Student Radio Awards, sponsored the Best Student Writer at the Record of the Day Awards and in June sponsored the 'Most Played UK Artist on Commercial Radio' category at the Arqiva Commercial Radio Awards.

PPL charity of the year 2010 Thames21

Thames21 is an environmental charity working with communities to bring London's waterways to life. Thames21 mobilise thousands of volunteers every year to clean up waterside grot-spots, remove graffiti and create new habitats for wildlife. thames21.org.uk

British Association for Performing Arts Medicine

BAPAM's mission is to achieve nationwide occupational health provision for professional, semi-professional and student performing artists, including health promotion and education and clinical advice for performance-related health problems suffered by musicians, singers, actors, dancers and other performers. bapam.org.uk

BRIT Trust & Performing Arts & Technology School

The BRIT School in Croydon provides a unique education for over 900 students. It is the only free performing arts school in the country with a diverse intake of talented students. Most leave for higher education or for employment across the creative industries. PPL annually hosts final year Music Business students from the School who spend the day meeting all the departments and learning more about PPL and the music industry. brit.croydon.sch.uk

CRISIS

Crisis is the national charity for single homeless people. They are dedicated to ending homelessness by delivering life-changing services and campaigning for change. crisis.org.uk

Hospital Broadcast Association

PPL makes a significant annual donation to the national charity that supports and promotes Hospital Broadcasting in the UK. It currently consists of 227 individual broadcasting stations, representing a large number of volunteers. Patients in many UK hospitals benefit from programmes designed to make life better for people in hospital and aid their recovery. hbauk.com

Julie's Bicycle

PPL makes an annual financial contribution to this not-for-profit company which helps the music industry cut its greenhouse gas emissions and create a low carbon creative future. juliesbicycle.com

Nordoff-Robbins

PPL is a longstanding supporter of the music industry charity Nordoff-Robbins which brings music's transforming power to children in need, through its therapy services, music and health projects and community music projects, as well as education programmes and research. In 2010 PPL sponsored the following fundraising events:

- HMV Football Xtravaganza
- Silver Clef Awards
- Music Industry Trusts Award Dinner
- Nordoff-Robbins Music Therapy Pop Quiz

nordoff-robbins.org.uk

The Radio Academy

The Radio Academy is a registered charity dedicated to the encouragement, recognition and promotion of excellence in UK broadcasting and audio production. PPL is a key sponsor at the Radio Festival and other music related Academy events. radioacademy.org

The Young Musicians' Symphony Orchestra

The YMSO is Britain's leading orchestra for young musicians on the threshold of their professional careers. It provides invaluable experience to those who are studying or have recently completed their training and exists to give these talented musicians the opportunity to rehearse and perform as well as receive coaching from top professionals and work with eminent conductors and soloists. ymso.org.uk

The Young Persons' Concert Foundation

PPL's donations are used to fund workshops for schools in the Soho and Westminster vicinity near the company offices. The Foundation, which is chaired by Lady Judy Martin and of which her husband Sir George Martin is a patron, helps young people to appreciate and enjoy music through educational workshops and live orchestral concerts. ypcf.co.uk

PPL is proud of its ongoing dedication to Corporate Social Responsibility; whether it is ensuring that the PPL workplace remains a conscientious environment, donating funds to a number of charities or supporting numerous projects through sponsorship, PPL is passionate about giving back whilst moving the company and our people forward.

OUR PEOPLE

We place enormous value on our people and we make it a priority to create a working environment where they feel valued and where they can develop professionally whilst supporting the company mission and goals.

In the Autumn of 2010 Janice Davies, Director of HR & Facilities, left PPL after almost ten years and Vickie Farrell became Head of HR following two years at the company as HR Manager.

Communication

In 2010 the company held a number of events in order to communicate with our people. These included:

- 'The Big Noise' – an Employee Communication Session for all employees where members from the Executive and Senior Management Teams presented an update on key areas of the business strategy and initiatives.
- A Senior Management Team Away Day at which the team was appraised of many key business issues relating to the company as well as given an update on progress against budget. The team, put together in 2009, also worked to identify their direction and input into the business over the next twelve months. At the same time the overall group works as a committee enabling the ongoing sharing of knowledge, new initiatives and updates on business areas.
- An Internal Communications Team was set up which comprised of members from the Senior Management Team to look at introducing a consistent approach to communicating with employees on a range of matters.
- The monthly 'PPL People' Workshops, open to all employees of the company, continued to provide employees with the opportunity to learn about other areas of the business and meet their colleagues.

Training and Development

Following the launch of a new and creative approach to training in partnership with the Mind Gym, 26 courses were delivered to employees at all levels which linked into our strategic goals and performance values. Over the duration of the programme there were more than 400 attendances across the company.

PPL also launched a Learning & Development Library that provides employees with access to resources covering a variety of skills.

Training for managers continued with a combination of sessions through the Mind Gym as well as in-house courses delivered by the HR team on Recruitment and Selection and Attendance Management.

The company continued to support a number of individuals who, as part of their respective professional roles, need to study for professional qualifications.

In addition to the above, our employees will also be given the opportunity to attend industry specific training courses and seminars in order to help them develop in their role at PPL.

7

Staff who celebrated working at PPL for 10 years in 2010

25%

Saved on recruitment costs against 2009

Recruitment and Selection

We have continued to work with our preferred suppliers when recruiting new staff by ensuring at all times that we are being given competitive rates. With regard to direct recruitment in 2010 through our website, or the Employee Referral Scheme as well as internal moves we have saved almost 25% on our recruitment costs against 2009.

We reviewed our Careers Page on the Website and also introduced a new Candidate Brochure that highlights why it is great to work at PPL. We also introduced pre application selection questions that help us to shortlist the best possible candidates for interviews.

Reward and Recognition

PPL launched a number of new benefits in 2010 – Stakeholder Pension Salary Sacrifice, Gym Discounts, Health & Wellbeing Day in partnership with Fitness First, and a Give As You Earn Scheme through the Charities Trust.

Our 2010 Employee of the Year was David Goggin – Data Quality Team Manager. David was nominated for the service he provides to our members in sustaining a strong and ambitious team of people, delivering results and creating maximum value for our record company and performer members.

Fiona Campbell (Distribution) and James Coello (Tariff Negotiation) were recognised for reaching the 15 year service milestone within the company. Kelda Bishop (Music Reporting), Joanne Guttridge (Legal Enforcement), Candida Leyshon (Directorate), Grant Morris (PPO), our Chairman and CEO, Fran Nevrlka, Karen Norton (PPO) and Carla Walsh (PPO), were recognised for their 10 years' service.

CLASSICAL

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POP

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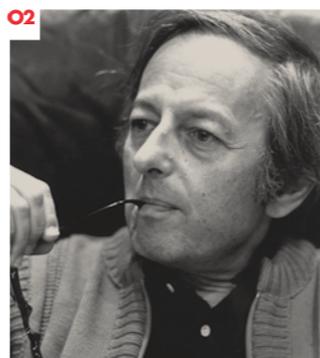
The People's Charts

THE PEOPLE'S CLASSICAL CHART 2010

These top twenty classical recordings are the most broadcast, played and used of last year and can truly be called the people's favourites of 2010. Some are pieces whose popularity has grown through television usage, most notably our number one recording, whilst two pieces, Karl Jenkins' 'Palladio' and Górecki's 'Symphony No. 3', appear for the second year running.



01 Hans Zimmer, Geoff Zanelli and Blake Neely
Honor (Main Title Theme from *The Pacific*)
Orchestra with Hans Zimmer, Geoff Zanelli
and Blake Neely
Rhino (Warner Music)



02 Prokofiev
Romeo and Juliet
London Symphony Orchestra
with André Previn
EMI Classics (EMI)



03 Glass
Pruit Igoe & Prophecies (from *Watchmen*)
Philip Glass
Reprise (Warner Music)



04 Karl Jenkins
Palladio
London Philharmonic Orchestra
with Karl Jenkins
Sony Classical (Sony Music Entertainment)



05 Einaudi
Nuvole Bianche
Ludovico Einaudi
Decca (Universal Music)



06 Puccini
Nessun Dorma
Luciano Pavarotti (tenor), London
Philharmonic Orchestra with Zubin Mehta
Decca (Universal Music)



07 Einaudi
Divenire
Royal Philharmonic Orchestra
with Ludovico Einaudi
Decca (Universal Music)



08 Albinoni
Adagio in G minor
Berliner Philharmoniker
with Herbert von Karajan
Deutsche Grammophon (Universal Classics)



09 Myers
Cavatina
John Williams (guitar)
Echo (Bucks Music Group)



10 Reich
Music for 18 Musicians (Section II)
Steve Reich and Musicians
Nonesuch (Warner Music)



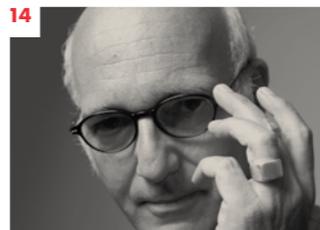
11 Adams
Consuelo's Dream
Simon Haram (saxophone),
Martin Elliott (bass guitar)
Black Box (Black Box Music)



12 Elgar
Land of Hope and Glory
King's College Cambridge Choir and
Philharmonia Orchestra with Philip Ledger
EMI Classics (EMI)



13 Arvo Pärt
Spiegel Im Spiegel
Simon Haram (saxophone),
Liz Burley (piano)
Black Box (Black Box Music)



14 Einaudi
Ora
Ludovico Einaudi
Decca (Universal Music)



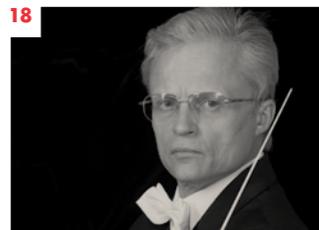
15 Arvo Pärt
Fratres
Gidon Kremer (violin),
Keith Jarrett (piano)
ECM (ECM Records)



16 Górecki
Symphony No.3
Dawn Upshaw (soprano),
London Sinfonietta with David Zinman
Nonesuch (Warner Music)



17 Glass
Opening from *Mishima*
Philip Glass
Nonesuch (Warner Music)



18 Mascagni
Intermezzo (*Cavalleria Rusticana*)
National Orchestra of Russia
with Vladimir Ponkin
Sony Classical (Sony Music Entertainment)



19 Molter
Trumpet Concerto No. 1
Håkan Hardenberger
Philips (Universal Music)



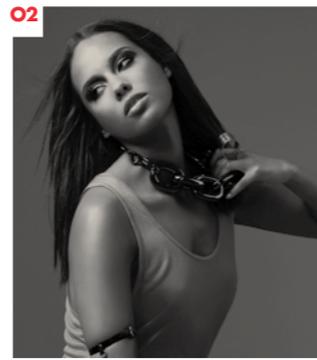
20 Schubert
Rosamunde (Excerpts)
Rosamunde Chamber Orchestra
Deutsche Grammophon (Universal Music)

The People's Pop Chart can truly claim to be the nation's favourite songs of 2010. Compiled uniquely by PPL from radio airplay and public usage data, it features five female singers in the top ten with the ubiquitous Lady Gaga at numbers one and three. Plan B, making his debut in the PPL chart, is the highest UK performer.

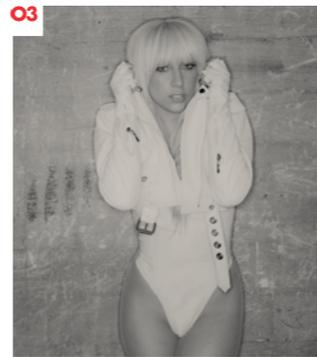
THE PEOPLE'S POP CHART 2010



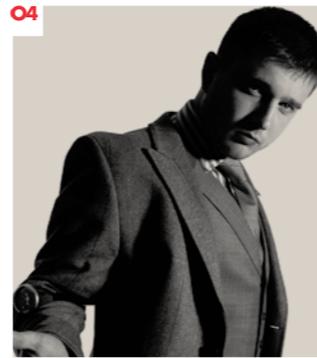
01
Bad Romance
Lady Gaga
Interscope (Universal Music)



02
Empire State Of Mind (Part II)
Broken Down
Alicia Keys
J Records (Sony Music Entertainment)



03
Alejandro
Lady Gaga
Interscope (Universal Music)



04
She Said
Plan B
679 Recordings (Warner Music)



05
All The Lovers
Kylie Minogue
Parlophone (EMI)



06
Please Don't Let Me Go
Olly Murs
Epic (Sony Music Entertainment)



07
TiK ToK
Ke\$ha
RCA (Sony Music Entertainment)



08
Rabbit Heart (Raise It Up)
Florence and the Machine
Island (Universal Music)



09
Hey, Soul Sister
Train
Columbia (Sony Music Entertainment)



10
Sex On Fire
Kings Of Leon
RCA (Sony Music Entertainment)



11
This Ain't A Love Song
Scouting For Girls
Epic (Sony Music Entertainment)



12
Try Sleeping With A Broken Heart
Alicia Keys
J Records (Sony Music Entertainment)



13
Rude Boy
Rihanna
Def Jam Recordings (Universal Music)



14
Teenage Dream
Katy Perry
Virgin Records (EMI)



15
Telephone
Beyoncé and Lady Gaga
Interscope (Universal Music)



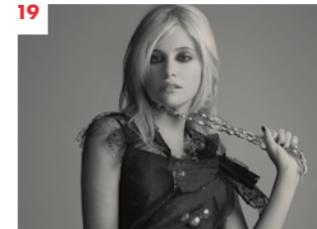
16
I Gotta Feeling
Black Eyed Peas
Interscope (Universal Music)



17
Use Somebody
Kings Of Leon
RCA (Sony Music Entertainment)



18
You Know Me
Robbie Williams
Virgin Records (EMI)



19
Boys And Girls
Pixie Lott
Mercury (Universal Music)



20
Just The Way You Are
Bruno Mars
Elektra (Warner Music)

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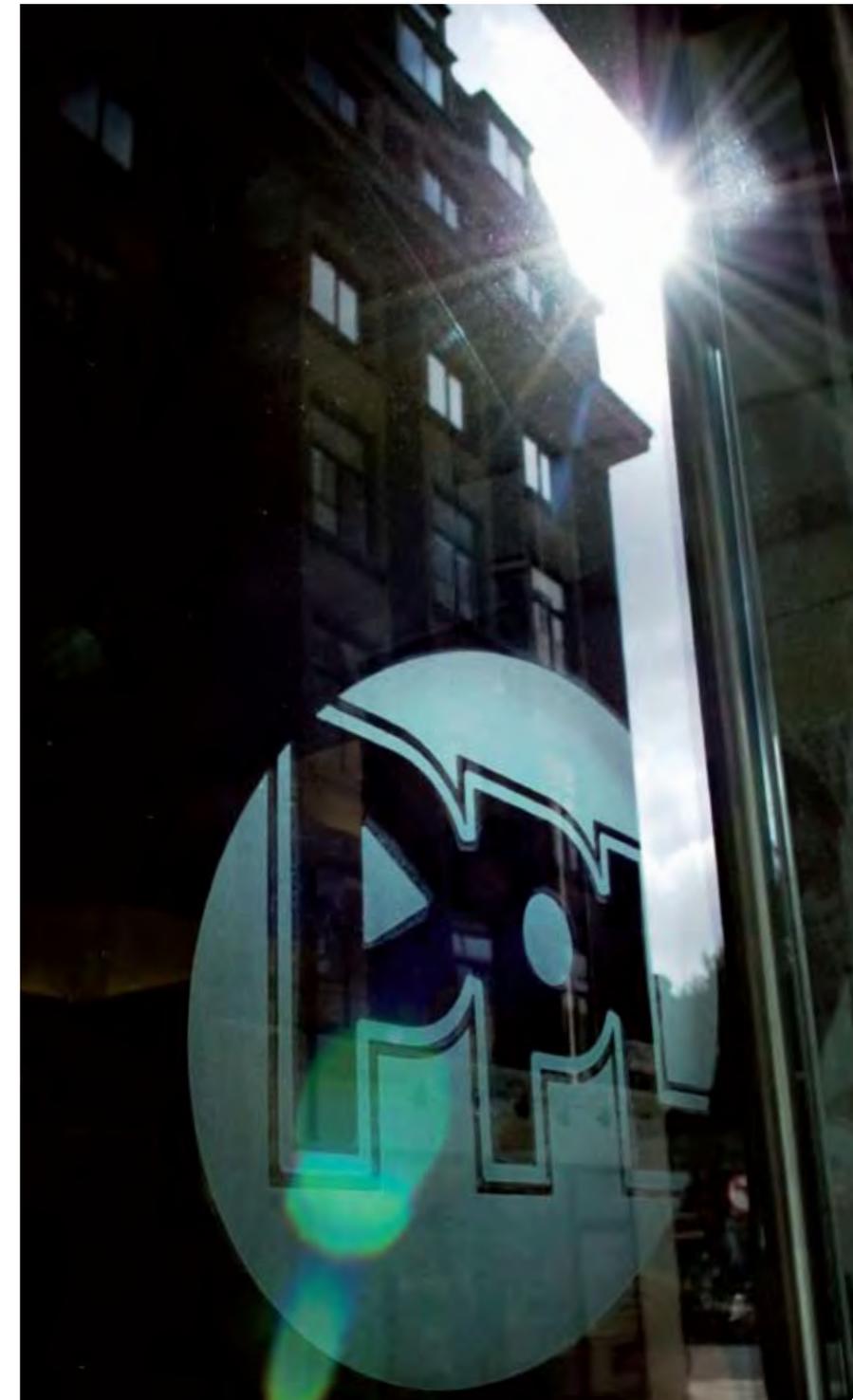
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