

Our best year ever

For music

For great results

For our members



PLAY | PERFORM | REPRODUCE



"I write music because I love it, but to be able to make it my career... that's the dream. Receiving my cheque from *PRS for Music* is the best feeling, it means I'm on my way."

Music creator

Our best year ever

We have some fantastic news to share with you about our organisation. In 2008, we once again achieved record revenues, ensuring that the money we distribute to you, our songwriter, composer and music publisher members, is running at its highest level ever.

For the first time our revenue has topped £600 million, which is an amazing achievement.

PRS for Music's record results have seen:

- Licensing revenue growth of 8% on 2007
- Double digit growth in three of our four licensing areas
- Effective licensing of new online services
- Growth of 9% in net distributable revenue on 2007

Since January this year we have been known as *PRS for Music* and we intend to go from strength to strength under the banner of our new brand.

Our new identity as *PRS for Music*, together with these great results for our members, give us a strong start to 2009.

Steve Porter, Chief Executive
April 2009

Licensing
countries worldwide.

170

100 mi
usages processed.

A record **£608 million**
in royalties were collected in 2008.

We visit over **7,000 venues** each
year to ensure our members are paid for the use of their music. By
minimising deductions we're able to pay our members nearly 90p in
every pound we collect.

llion

2,602 new songwriters have joined our membership, including Adele, Leona Lewis, Glasvegas and Foals.

90% of broadcasting revenue is paid on a pay per play basis (census). And we've used the latest digital fingerprinting technology to make our royalties even more accurate.

90%

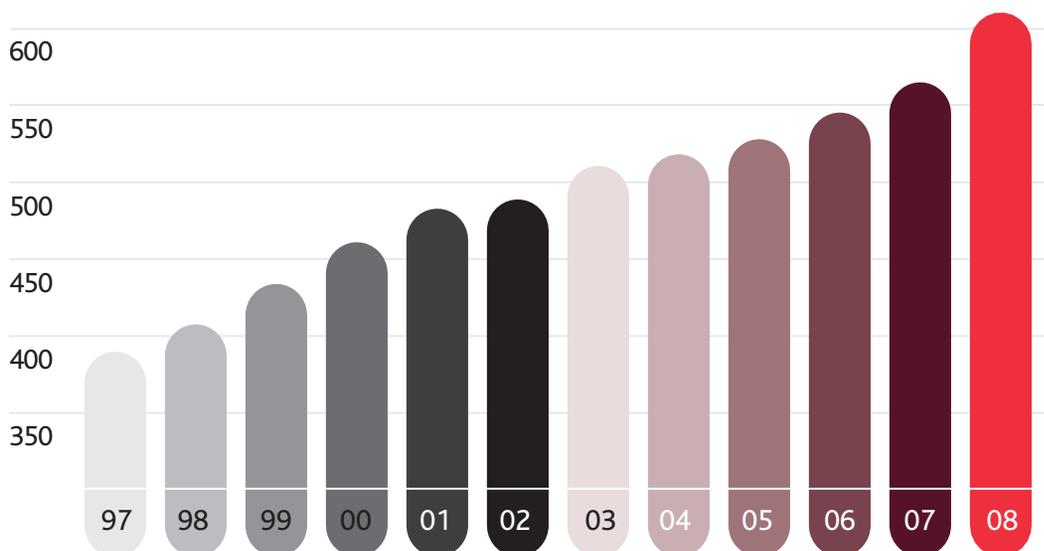
Online revenues up **81%**

We're here for music

It's easy to take great music for granted. We're so used to having it around, sometimes we don't even think about it. TV shows, online, bars, clubs, even the radio playing at the hairdressers: we forget that, at some point, someone has put serious effort into creating something special.

At *PRS for Music*, we never forget. We play a unique role at the centre of the music industry, helping business and community groups get access to the music they need, while making sure the people who created the music are rightfully rewarded for their creativity, so they can keep on creating.

In 2008, *PRS for Music* collected over £608 million in revenue for rights holders from our customers. The four key revenue streams – broadcast and online, public performance, recorded medias and international – each brought in over £135 million, increasing overall revenue by more than 8%. We have continued to become more effective in how we collect licensing revenue, during a continued period of reduction in the sale of recorded medias. We've turned the money we collected into over £549 million of income for our members, helping create a future for music.



Total money collected by *PRS for Music* (£ millions)

A new champion for songwriters and publishers

In January 2009 the MCPS-PRS Alliance (the Alliance) re-launched as *PRS for Music*.

The Alliance brought together the Performing Right Society and the Mechanical-Copyright Protection Society, but increasingly the name didn't reflect our purpose or personality. After almost 90 years as separate organisations and 10 years as the Alliance, our new identity *PRS for Music* is preparing us too for the challenges and opportunities of the future.

Steve Porter, Chief Executive said: 'Everybody knows the music industry is changing rapidly and we need to be ahead of that change. The Alliance has served us well, but it is time for a more coherent, customer-facing brand that allows us to represent our members and music users in a better way.'

"PRS for Music exists to ensure songwriters and composers are paid their rightful reward for the music they create. It is not a commercial organisation, but a not-for-profit collective of songwriters, composers and publishers."

Jools Holland, broadcaster and songwriter - March 2009

Foundations for the future

The music business is in a period of great change, but we've prepared ourselves and we're ready to rock. In 2007/8 we identified four fundamental goals to drive our business and create value for our members.

1. Increase revenue

Each year we focus on maximising revenues and realising growth opportunities. To achieve this we have significantly improved our sales teams and got much smarter in how we sell. Our groundbreaking online licensing deals will help us continue to increase revenue for our members. Every year we've been able to increase the amount of money we pay out in royalties.

2. Increase member and customer service

We are growing our membership, doubling the number of new creators joining *PRS for Music* each year, to ensure we continue to represent the most comprehensive set of rights and repertoire now and in the future. We are providing to our 60,000 plus membership world class services and benefits which we continue to develop and improve according to our members' feedback and needs. We will be extending our customer relationship management approaches to the thousands of music users who wish to use our members' music to ensure our customers receive the most efficient and effective service.

3. Increase operational effectiveness

We are experiencing huge growth in volumes of transactions in all areas of our operations, receiving and processing millions of usages and hundreds of thousands copyright registrations and service requests from our members. We are ensuring we continue to deliver the most cost effective and accurate distributions through smarter processing, increased productivity, and utilisation of new and innovative technology. Looking ahead ICE will be a world class commercial centre for global rights administration. It will offer members and societies flexible, scalable copyright administration, reporting, matching and distribution services, built on unparalleled music industry and technology expertise.

4. Increase business relevance

As the internet and uses of music continue to change, *PRS for Music* must adapt to ensure it remains relevant. The creation of pan-European licensing will help us to represent our members and gain maximum presence for their music.

Working together for greater effectiveness

PRS for Music is dedicated to giving its members quick, accurate and effective services and support. The ICE project we have begun with STIM (the Swedish collection society) will help improve the services both societies can offer their members, and help us meet the requirements of a changing world.

2009 is going to be a big year for ICE as we enter the first of three stages of implementation during the second half of the year. As ICE develops it will become a catalyst for change, able to deliver huge scale economies for our membership, which means more of the distribution can be passed through to our members.

"ICE will help us transform our business to deliver world-class results and service for the benefit of our rights holders and customers. The technology powering it is unique in the music industry. STIM is committed to the same vision and is our ideal partner in the ICE project. I don't think it's possible to exaggerate the impact ICE will have on the service we offer our members."

Steve Porter, Chief Executive

"The jointly-owned STIM/PRS for Music service centre will deliver benefits unparalleled across the current European collecting society system. We have both long recognised the need for efficiencies that consolidation can deliver and by working together we'll achieve this goal."

Kenth Muldin, Chairman STIM

"We're run on behalf of our members, so it's essential we make whatever improvements we can to deliver royalties to them faster and at lower cost. I have no doubt that ICE will achieve this and set a new standard in the music industry."

Mick Leeson, Songwriter and Deputy Chair, Performing Right Society

Record royalties yet again!

Record revenues

PRS for Music earned even more in 2008 than 2007 for its members.

	2008 £million	2007 £million	%
Revenue - royalties	608.2	562.1	8%
Other revenues	10.8	10.1	7%
Total revenue	619.0	572.2	8%
Costs	(68.5)	(65.4)	5%
Charitable donations	(1.3)	(1.3)	0%
Net distributable income	549.2	505.5	9%

2008 was another record year for *PRS for Music*. We generated more than half a billion pounds worth of revenue payable to songwriters, composers and music publishers in the UK and around the world.

PRS for Music collected over £608 million for rights holders from its licensee customers including broadcasters, online service providers, record companies and music-playing businesses, at home and overseas. **That's more than £40 million up on 2007.**

Our productivity and effectiveness has also risen. Lower relative increases in cost have led to a spectacular 9% increase in net distributable revenue for our members.

Breaking it down

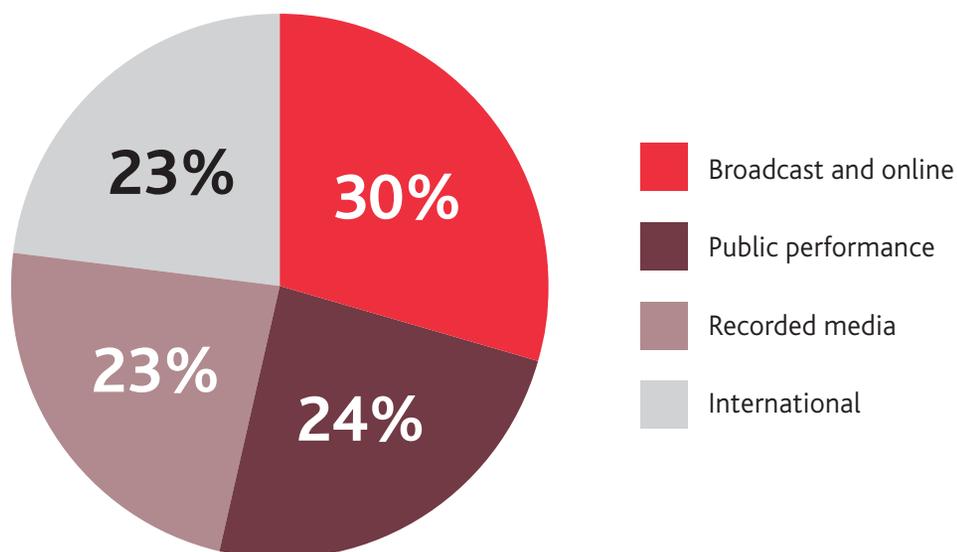
Record revenues

	2008 £million	2007 £million	%
Broadcast and online	180.2	155.5	16%
Public performance	146.6	133.6	10%
Recorded media	141.6	151.8	-7%
International	139.8	121.2	15%
Total	608.2	562.1	8%

2008 has been a year of significant overall growth, with all areas surpassing even our own high targets.

The results speak for themselves and each area of the business has contributed at least £135 million in revenue. And particular highlights are the **double-digit growth** in broadcast and online, public performance and international.

Revenue split %



Fantastic growth online

Broadcast and online

	2008 £million	2007 £million	%
TV	105.1	89.9	17%
Radio	51.8	49.5	5%
Online	17.6	9.7	81%
Ringtones	5.7	6.4	-11%
Total	180.2	155.5	16%

The figures speak for themselves. Broadcast and online goes from strength to strength, with a spectacular **80% leap** in online revenues. And for TV revenues, we've broken the **£100 million** barrier for the first time.

In 2008 we agreed new licensing deals with Sky, ITV, UKTV, Disney, Discovery Networks and Turner. We've also created innovative partnerships with Amazon, Beatport and Nokia Comes With Music.

The December 2008 distribution was the first to use data collected by music recognition technology compiled by Nielsen to give accurate 'pay per play' royalty payments. We've also begun to split BBC radio revenue on the basis of 'reach' and 'music consumption'.

UK performances growing

Public performance

	2008 £million	2007 £million	%
Pubs and clubs	39.7	40.4	-2%
Live	21.5	19.1	13%
Hotels & restaurants	18.0	15.6	15%
Shops	17.3	15.2	14%
Industrial premises	12.8	9.0	42%
Cinemas	6.3	5.4	17%
Other	31.0	28.9	7%
Total	146.6	133.6	10%

Revenues from public performance continue to **grow by 10%**. We've increased our market penetration into hotels and restaurants, shops, industrial premises and cinemas. The 2% reduction in the pubs and clubs sector reflects the downturn in the pub trade. We're keeping pace with the industry to focus on live music as a major part of a songwriter's revenue – which shows in the **13% rise** in revenues from live venues.

We're continuing to work closely with the Federation of Small Businesses in order to understand the needs of small and medium sized businesses in the current economic climate. And we've also joined several regional Chambers of Commerce, including Birmingham, Northern Ireland and Liverpool in order to communicate the benefits of music to their members.



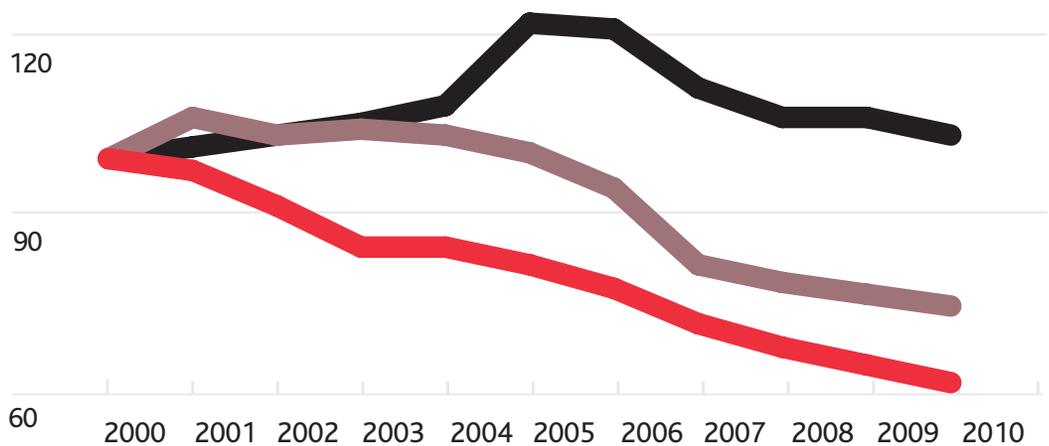
Out-performing the market

Recorded media

	2008 £million	2007 £million	%
Audio products	103.1	118.9	-13%
General entertainment DVD	16.5	12.4	33%
Covermounts	4.7	5.0	-6%
Other	17.3	15.5	12%
Total	141.6	151.8	-7%

The continued decline in CD sales is reflected in *PRS for Music's* collection revenues. However, we're working smarter so our overall revenues from recorded media have decreased less than the overall market, which has decreased by 10%. Sales of general interest DVDs containing our members' music performed particularly well.

PRS for Music vs UK and Global audio product revenue



source: IFPI and PRS for Music
(data is indexed: 2000=100)

- PRS for Music* audio products
- UK audio products
- Global audio products

Global reach

International

	2008 £million	2007 £million	%
Europe (exc France and Germany)	65.2	54.1	21%
France	15.1	13.5	13%
Germany	11.6	10.3	12%
USA	21.7	22.3	-3%
The Americas (exc USA)	10.8	7.9	37%
Asia/Australia	13.8	11.7	18%
Africa/Middle East	1.6	1.4	14%
Total	139.8	121.2	15%

PRS for Music now collects royalties from over 170 countries, with the largest markets being USA, Germany and France. The highest growth rates in 2008 came from Eastern European and Latin American markets.

New agreements with societies in Eastern Europe, Latin America and the Far East have increased rights protection we can offer our members.

As well as entering new territories, we've increased our income tracking revenue by 50% on 2007 from £2 million to £3.3 million by keeping a close eye on the use of our members' music internationally.



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