



2010

COPYSWEDE
ANNUAL REPORT

MEMBERS: VISUAL ARTS COPYRIGHT SOCIETY IN SWEDEN. NORDIC COPYRIGHT BUREAU. THE SWEDISH ARTISTS AND MUSICIANS' INTEREST ORGANIZATION. THE SWEDISH PERFORMING RIGHTS SOCIETY. THE ASSOCIATION OF SWEDISH PROFESSIONAL PHOTOGRAPHERS. THE SWEDISH UNION OF JOURNALISTS. THE SWEDISH MUSICIANS' UNION. THE ASSOCIATION OF SWEDISH ILLUSTRATORS. THE SWEDISH PLAYWRIGHTS' UNION. THE SWEDISH WRITERS' UNION. THE SWEDISH ASSOCIATION OF EDUCATIONAL WRITERS. THE ASSOCIATION OF SWEDISH CRAFTSMEN AND DESIGNERS. THE SWEDISH FEDERATION OF PROFESSIONAL MUSICIANS. THE SWEDISH UNION FOR THEATRE, ARTISTS AND MEDIA.



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SIGNIFICANT EVENTS 2010

AGREEMENT WITH TV4

Negotiations with TV4, regulating terms for the channel's distribution in the Swedish cable TV network, were concluded in the beginning of the year. The agreement also covers TV4's niche channels.

THIS YEAR'S REVENUE

In June, Copyswede distributed revenue for participation in Swedish TV channels distributed in the cable TV networks in our Nordic neighbouring countries, as well as private copying levy. In December, the first payment for participation in programmes broadcast in SVTB (the former Children's Channel) was made. Furthermore, Copyswede has distributed video revenue and revenue from foreign organizations with reciprocity agreements.

AGREEMENT SVT IN CABLE TV NETWORK

The negotiations between Copyswede and the cable TV operators, regarding terms for retransmission of SVT's channels, that started in 2008 resulted in an agreement in October 2010.

JUDGEMENT IN THE EUROPEAN COURT OF JUSTICE PROVIDES CLARITY

Differing interpretations on the size of the private copying levy have been the focus of discussions in both Sweden and the EU. In October, the European Court of Justice clarified how the rules should be interpreted and implemented in national legislation.

PARTICIPATION IN THE NETWORK KULTURSKAPARNA

March saw the launch of Kulturskaparna (Creators of Culture) – a network of 25 organizations representing over 50,000 cultural innovators. The network aims at giving the cultural innovators a voice in the copyright debate.

PRIVATE COPYING LEVY ON USB MEMORY STICKS AND EXTERNAL HARD DISKS

In early December, Copyswede made demands for remuneration on USB memory sticks and external hard disks as of 1 April 2011. The electronics industry gathered for negotiations in the first quarter of 2011.

SVT PLAY VIA DIGITAL TV BOX

During a developmental phase, SVT has paid remuneration for the digital TV operators' reuse of SVT Play via digital TV box. As the service now has been established, SVT no longer covers the remuneration. Instead, the operators themselves are expected to compensate for their use as of 1 January 2011.

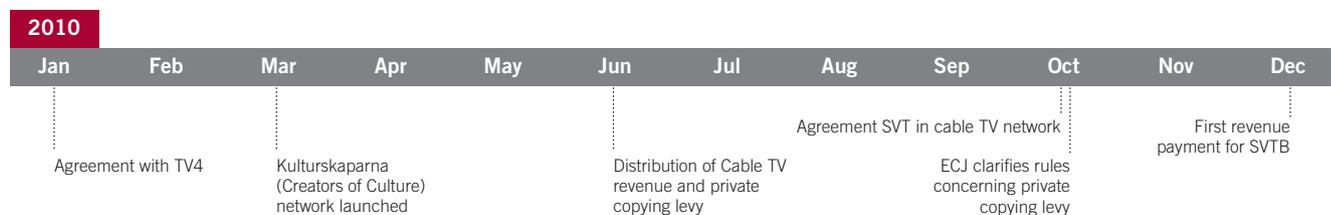


PHOTO: CARSTEN REISINGER/SHUTTERSTOCK IMAGES



PHOTO: RONFROMYORK/SHUTTERSTOCK IMAGES

■ SIGNIFICANT EVENTS 2010



CULTURE AND TECHNOLOGY IN HARMONY THROUGH COLLECTIVE SOLUTIONS



PHOTO: JOHAN OLSSON



“The new agreement provides stability for cable TV companies, as well as authors and performers.”

The fourteen member organizations and their individual members are of great value to Copyswede's operations. Together as a collective, we have the power to meet the challenges – brought by technical innovations – that are facing culture.

Copyswede's task is clear – to protect our members' interests in a number of areas, by coordinating negotiations and agreements on their behalf. It is about protecting the individual authors' and performers' right to compensation for participation in different media, but ultimately it is about making their work accessible to operators wishing to reuse their work in various contexts.

AGREEMENT THROUGH MEDIATION RESULTS IN INCREASED REVENUE

The negotiations between Copyswede and the cable TV companies domineering the market, concerning conditions and remuneration levels for retransmission of SVT in cable TV networks, has been underway since 2008 and continued through large parts of 2010. In mid-October, following lengthy mediations, the parties came to an agreement running from 1 February 2009 to 31 January 2012. The new agreement provides stability for the authors and performers waiting for their remuneration for participating in the SVT channels retransmitted by cable TV companies in their programme packages, as well as for the cable TV companies.

The rate for the period starting 19 August 2010 was established at SEK 1.06 per household per month, while the rate for the preceding period was agreed to SEK 0.80 per household per month. The agreement entails that the companies will pay a retroactive fee for their 2009 retransmissions.

Revenue from broadcast retransmission licensing amounted to SEK 84 million in 2010, as compared to SEK 38 million in 2009.

The private copying levy continues to decrease. In 2010, SEK 89 million were collected, as compared to SEK 114 million in 2009. One of the reasons for the decrease is that legal copying has moved from older products, such as CDs and DVDs, to products not yet included in the Swedish system for private copying levy, such as external hard disks and mobile phones.

Copyswede's total revenue has increased with 12.5 per cent, due to increased revenue from broadcast retransmission licensing, amounting to SEK 225 million, as compared to SEK 200 million in 2009.

POWER TO MEET NEW ACCESSIBILITY DEMANDS

Copyswede moves in the borderland between culture and technology. We need to. The technical development gives the authors, performers and producers creating the contents a more central position. In a time when new solutions to enjoy cultural expressions – regardless of who or where you are when you choose to interact with culture – are launched on a daily basis, accessibility must match the culturally interested public's demands to an ever greater extent.

The collective management of rights, the foundation of Copyswede's operations, provides new opportunities to meet the technological development. We see how large media conglomerates look for broad licensing solutions to enable presence on all digital platforms. We see how cultural heritage institutions search for opportunities to publish material from their collections and

archives on the web, to name but one example. We also see how new services – services that up until recently were not even permitted technically – are now possible through new collective licensing solutions, based on the individual rightholder's powerful negotiating position. The solutions also enable the authors and performers contributing to the content – hence also the success of the services – to be compensated for their work.

EXTENDED COLLECTIVE LICENCES AND COLLECTIVE MANAGEMENT KEY TO SUCCESS

These types of broad licence solutions are based on collective management of rights in combination with the Nordic tradition of extended licences. Through these licences, complex productions with complex rights situations have been made available to a culturally interested public since the 1960s.

It is not surprising, then, that the Ministry of Justice focuses its attention on the extended collective licence as particularly urgent in the copyright inquiry, now entering its final stages. The extended collective licence is one key to success in the development of the future cultural and media landscape. It raises demands on organizations such as Copyswede to continue to ensure efficient collective management of rights and continually develop new models, in order to ensure that the individual author or performer benefit of the collected revenue as efficiently as possible.

Awareness of the value of the collective management of rights, and the

ways in which it can contribute to the development of new solutions in the digital era, is increasing internationally too. In the EU, a number of alternatives are discussed, and the Nordic extended collective licence solution is one of several options when moving towards a modernized copyright system.

COLLECTIVE SOLUTIONS BUILD ON TRUST

Copyswede's operations ultimately build on trust. A trust in our ability to enable our clients to reuse TV and radio in various contexts in a simple and efficient manner, but also a trust in our ability to protect the remuneration that the members of our member organizations are entitled to when their works are reused. Facing completely new challenges in order to offer a broad supply through collective solutions, it is essential that Copyswede continues to honour this trust the best way possible.



Mattias Åkerlind



“The collective management of rights opens for new possibilities to meet the technical development.”

COPYSWEDE PROVIDES ACCESS TO CULTURE – ON THE CULTURAL INNOVATORS’ OWN BEHALF

It is in the interest of most cultural innovators to spread their work. Through history, cultural innovators and audiences have found different ways to interact, regardless of the social structure, financial system and technical capacities. They will continue to do so, as interaction between cultural innovators and audiences are highly valued by both parties.

Consequently, it is important that the terms for such interaction are as good as can be. Swedish copyright law, in combination with well-functioning copyright organizations, gives authors and performers an opportunity to meet their audience while remunerated for their work – when it is used, by whoever uses it. Instead of selling their copyright, once and for all, payment is sought from those actually using their work.

COORDINATION OF RIGHTS RESULTS IN FULLY COVERING LICENCE

Most members of Copyswede’s member organizations are subject to these terms. To ensure payment when works are

used, the collective management of rights plays an important role. Audio and video productions – i.e. the focus area of Copyswede’s operations – are often of a complex nature.

A TV production involves not only producers, but a large number of individual authors and performers, including writers, actors, musicians and photographers. By coordinating their rights in Copyswede via their member organizations, together with rightholders in production, they are able to offer operators wishing to reuse the TV production a fully covering licence. That way, the individual rightholders are sure to receive remuneration for their work when it is used, from whoever uses it.

ACCESSIBILITY MADE POSSIBLE THROUGH BROAD LICENCE SOLUTIONS

Through Copyswede’s reuse licensing, culture is prevented from becoming unavailable. Thanks to the collective management and the extended collective licence regulations in the copyright law, Copyswede can contribute to releasing cultural treasures. As of 1 April 2011, the copyright law contains a new extended collective licence in which archives are covered, allowing public service companies to more easily enter into agreements with rightholders, making programmes from the companies’ archives accessible to the public via, for instance, the own company web sites.



PHOTO: LUKASZFUS/SHUTTERSTOCK IMAGES

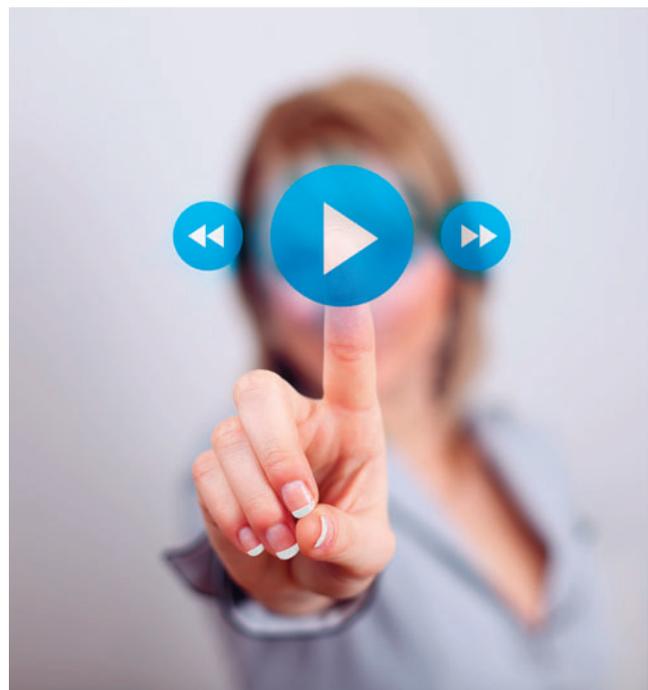


PHOTO: RAZ STUDIO/SHUTTERSTOCK IMAGES



PHOTO: DWP/PHOTOS/SHUTTERSTOCK IMAGES



PHOTO: DESHACAM/SHUTTERSTOCK IMAGES

“Copyright law ensures that the cultural innovator receives payment when his or her work is used, by whoever uses it.”

Extended collective licences in combination with collective management of rights are not only key factors in providing access to history, but also in providing access to the future. The technical development characterizing new services sometimes seems to know no limits. This offers great opportunities for the cultural innovators and the industry to create new ways of meeting the audience. The services are often characterized by a wish to create unlimited accessibility, in which case individual agreements do not always suffice. In order to secure favourable solutions to both the cultural innovators and the audience, broad licence solutions are often required.



COPYRIGHT AND COLLECTIVE LICENSING

Copyright is an individual right. In principle, this entails that whoever has created a literary or artistic work, or whoever has performed a work, has to give his or her permission before what has been created or performed can be used by others. Such a right also exists for whoever has produced a film or a phonogram. Broadcasting companies' signal rights are also protected.

Agreements on the use of works and achievements consisting of a number of rights, including TV programmes and films, often require the cooperation of various categories of rightholders. Through the mandate of our member organizations – together with Copyswede's collaboration with broadcasting companies and the organizations of film and phonogram producers – we are able to offer fully covering licences for reuse in various media.

COPYSWEDE'S COLLABORATIVE PARTNERS

UBOS (the Union of Broadcasting Organizations in Sweden), coordinates Nordic public service TV companies and a series of equivalent radio and TV companies from other countries and language areas.

IFPI (the International Federation of the Phonographic Industry, the Swedish Group), represents phonogram producers.

FRF (the Swedish Film Producers' Association), represents film and TV producers in various fields. Through its collaboration with Agicoa and Eurocopya, FRF also represents international film and TV producers.

BROADCAST REUSE LICENSING

TV and radio productions involve not only producers, but often a large number of individual authors and performers, including writers, actors, musicians and photographers. Both producers and the individual contributors may be

rightholders in the productions made. As representative of the rightholders and artists via their own organizations, Copyswede is able to coordinate licensing for use of TV and radio programmes in different areas, thus

facilitating for operators wishing to reuse TV and radio in various contexts, including retransmission by cable and the issuing of TV and radio productions on DVD and CD.

Retransmission in Cable TV Networks

Copyswede licenses retransmissions of some hundred TV and radio channels. To offer a complete licence, Copyswede collaborates with FRF, IFPI and the broadcasting industry's cooperation organization UBOS. The extended collective licence and Copyswede's

agreements are applicable to all types of networks and technologies for retransmission of TV and radio, from simple central aerial services to modern, sophisticated digital cable TV networks. They are also applicable to new types of network for distribution of sound and

THE FOLLOWING CHANNELS WERE LICENSED DURING 2010

<p>Swedish channels</p> <p>SVT 1 SVT 2 SVTB Kunskapskanalen TV4 TV4+ TV4 Film TV4 Komedi TV4 Guld</p> <p>Nordic channels</p> <p>Danish channels</p> <p>DR 1 DR 2 DR HD DR K DR Ramasjang TV 2 Danmark</p> <p>Finnish channels</p> <p>YLE 1 YLE 2 MTV 3 FTV via terrestrial network FTV via satellite</p> <p>Norwegian channels</p> <p>NRK 1 NRK 2 NRK 3 TV 2 Norge</p> <p>Other channels</p> <p>Arabic channels</p> <p>Al Arabiya ANN (Arab News Network) Rotana Moussica Rotana Clip Rotana Tarab</p> <p>Belorussian channel</p> <p>First musical Channel</p>	<p>Bosnian channels</p> <p>BHT 1 OBN</p> <p>Croatian channels</p> <p>HRT 1 HRT plus</p> <p>Dutch channel</p> <p>BNV TV</p> <p>Eritrean channel</p> <p>Eri TV</p> <p>French channels</p> <p>ARTE France 2 France 3 France 5 M 6</p> <p>German channels</p> <p>3Sat ARD – Das Erste ARD Phoenix ARTE BR – ARD HR – ARD MDR – ARD NDR Pro 7 RBB – ARD RTL RTL 2 SAT 1 SWR WDR – ARD ZDF ZDF Neo</p> <p>Greek channel</p> <p>ERT SAT</p> <p>Hungarian channels</p> <p>M2 (magyar TV) Duna TV</p>	<p>Iranian channels</p> <p>Channel One TV Irinn Jame-jam 1 alt 2 Jaam-e-jam International Pars TV</p> <p>Italian channels</p> <p>Rai Uno Rai Due Rai Tre</p> <p>Kosovar channel</p> <p>RTK 1</p> <p>Kurd channels</p> <p>MMC METV (mezopotania TV) Roj TV</p> <p>Montenegrin channel</p> <p>TV Montenegro RTCG</p> <p>Polish channels</p> <p>Polonia 1 Tele 5 TVP Kultura TVP Polonia</p> <p>Portuguese channel</p> <p>RTPI</p> <p>Romanian channel</p> <p>PRO TV</p> <p>Russian channels</p> <p>O2 TV 7 TV Sportivniy Telekanal Mir TV Planeta Sport RTR Planeta Russkij Illusion Shkolnik TV TBN Russia Telekanal Damskii Klub TNV Telekanal Novy Vek</p>	<p>Serbian channel</p> <p>Balkan media TV</p> <p>Somalian channel</p> <p>Universal TV</p> <p>Spanish channels</p> <p>TVE International Canal 24 Horas</p> <p>Tunisian channel</p> <p>TV 7 Tunis</p> <p>Turkish channels</p> <p>TRT 1 TRT 2 TRT 3 TRT 4 ATV Kanal D TGRT Kanal 7 Show Turk</p> <p>Ukrainian channel</p> <p>UTR Ukraina</p> <p>Radio channels</p> <p>Radio channels from SR Radio channels from DR Radio channels from YLE Radio channels from NRK Deutschland Funk RAI Radio 1 RNE TRT Radyo 1</p>
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SUMMARY, SEK

Revenue	39,581,319
Personnel costs	2,375,403
Other costs	850,623
For distribution	36,355,293
Cost of collection	8.15%

images, such as broadband, mobile phone network, etc. Copyswede also licenses the retransmission of TV and radio programmes in hotels and similar branches, together with internal use in companies, authorities and organizations.

At the start of 2010, the tariff was SEK 6.50 per household per month for retransmission of up to two foreign TV channels. The rate for additional channels was SEK 1.60 per household per month for each additional channel. The fee is indexed, but in view of the trend of the Swedish Consumer Price Index, the rates as of 1 July 2010 remained at SEK 6.50 and SEK 1.60, respectively.

Operators wishing to do so, were offered the choice of an alternative, special tariff for add-on packages, giving a rate of SEK 4.10 per household per month for each Nordic channel and SEK 2.30 for each non-Nordic channel. As of 1 July 2005, SVT/UR's programmes have been licensed separately, outside the cable TV agreements for the foreign channels in Copyswede's offering.

The conditions for retransmission of the foreign repertoire are subject to negotiation.

Other Retransmission

Other retransmission includes all types of retransmission other than those encompassed by the basic retransmission licence concerning the foreign channels.

At the start of the year, Copyswede was still mediating with the four large cable operators with regards to conditions for retransmission of TV channels from SVT/UR; a mediation process that started in early 2009. It was not until mid-October that the mediation process was concluded, with an agreement between the parties stipulating the rates for retransmission of channels as of 19 August 2010 to SEK 1.06 per household per month, and that

SUMMARY, SEK	
Revenue	84,394,847
Personnel costs	1,351,651
Other costs	1,610,594
For distribution	81,432,602
<i>Cost of collection</i>	<i>3.51%</i>

the rate for 1 February 2009-18 August 2010 should be set at SEK 0.80 per household per month. The agreement runs until 31 January 2012. As of 1 February 2010, TV4 – together with a

few additional channels from the TV4 Group – is licensed separately outside the basic retransmission licence, since TV4 has decided to cover fees for the operators' use.

The business area also includes the joint licensing by Copyswede and IFPI of satellite transmission of SVT World (formerly SVT Europa) and transmission of the Finnish channel TV Finland via the terrestrial network in Mälardalen, central Sweden, plus Copyswede's revenue from retransmission of Swedish TV channels via the terrestrial network in Finland and on cable networks abroad, etc.

TV and Radio Programmes On Demand, on DVD and in Education

Copyswede has agreements with SVT, SR and UR, as well as with a number of distributors on commercial use of the former companies' productions for issuing on video/DVD or phonograms. Copyswede also has a similar agreement with the companies on making programmes available commercially on demand.

The agreement with SVT regarding a number of cable operators' possibilities to make SVT programmes available on demand via set-top box, i.e. SVT Play via digital TV box, expired 31 December 2010. This agreement regulated SVT's right to sublicense rights owned by authors and performers in the Copyswede-affiliated groups, and also included an undertaking from SVT to cover fees for this use. SVT has stated that the company will no longer cover fees for other operators' use. An administrative agreement has been reached between SVT and Copyswede, after which Copyswede has offered the

operators concerned permits that would allow services to continue to the same extent as before, or higher. The offer involved a fee equivalent of SEK 1 per household per month. The operators have stated that they are not interested in a permit from Copyswede. Instead, they decided to shut down the services for their subscribers and proceeded to try to persuade SVT to continue to cover copyright costs.

By the end of 2010, Copyswede, SVT and UR, on the one hand, and the Swedish Maritime Administration, on the other, reached an agreement on terms regarding the merchant navy's access to TV programmes from SVT/UR. The agreement is no different from the previous regulation as regards to the framework for use or the size of fees, but certain formalities have been updated.

UR and Sweden's municipalities have an agreement authorizing the education system access to UR's programmes in

return for UR covering fees for such use. The agreement was renewed in a more permanent form during the year.

Copyswede also has a schools taping agreement with the Swedish Association of Local Authorities and several individual municipalities. In this agreement, Copyswede also represents FRF and IFPI. The agreement provides certain scope for schools to use SVT, TV4 and SR programmes via copying. The healthcare service and the armed forces also have agreements with Copyswede, entitling them to record TV programmes.

SUMMARY, SEK	
Revenue	10,737,014
Personnel costs	934,396
Other costs	312,832
For distribution	9,489,786
<i>Cost of collection</i>	<i>11.62%</i>

PRIVATE COPYING LEVY

The objective of the private copying levy is to compensate authors, performers and producers for loss of income due to the extensive private copying of copyrighted material. This copying is made possible through an infringement on rightholders' sole right to the multiplying of their work, which means that some copying for private use is permitted in the legislation.

According to the legislation, the levy is payable on devices capable of audio and video recording, particularly suitable for private copying. Importers and manufacturers of these devices are liable to pay the levy. The legislation states the levy per recordable minute to SEK 0.025 for analogue products, while the levy for products with multiple digital recordings is SEK 4 per gigabyte of storage capacity.

In a few cases, the legislation allows exemptions where the remuneration is not payable, such as sales to professional users and to organizations for the functionally disabled. Copyswede has developed a system for practical management of these exemptions, making it possible for importers and manufacturers to sell devices without having to pay the remuneration when selling to businesses and organizations to which the exemptions apply.

MARKET OPERATORS COOPERATE

The legislator has no intentions of regulating private copying levy in detail, and has left it to the market operators to agree on the rules that will apply in practice. Copyswede has a long tradition of negotiating with industry organizations representing importers and manufacturers. On implementing the EU directive Copyright and Related Rights in the Information Society, or the Infosoc Directive, certain aspects of the regulations on the private copying levy were changed. Among other things, a new regulation was introduced as



PHOTO: NIKKYTOK/SHUTTERSTOCK IMAGES

regards to rights for businesses to receive reduced levy rates under certain, stated conditions, regulated in the legislation. In recent years, Copyswede has taken these reduction principles as its starting point in its negotiations with the industry. At present, two different cooperation agreements are applied – with IMI (the Swedish Recording Media Institute) and SRL (the Swedish Radio & Consumer Electronics Suppliers), respectively. Apart from the level of the remuneration for various products, the agreements also regulate the administrative and practical management of the system.

At present, remuneration is payable on several products, according to the following remuneration levels:

■ RECORDABLE DEVICES

Product/Storage capacity	Levy
CD-R All up to 900 MB	SEK 0.60
CD-RW All up to 900 MB	SEK 0.95
DVD-R/+R 4.7 GB	SEK 2.65
DVD-RW/+RW 4.7 GB	SEK 4.25
DVD-RAM 4.7 GB	SEK 4.25
DVD-R/+R Double Layer 8.5 GB	SEK 4.80

For audio players with built-in storage capacity (e.g. MP3 players), video players with built-in storage capacity (e.g. recordable DVD players), and TVs with built-in hard disks, the following remuneration levels apply:

■ DEVICES WITH BUILT-IN STORAGE CAPACITY

Storage capacity	Levy
Up to 50 GB	SEK 3.50/GB
50-80 GB	SEK 175
81-160 GB	SEK 225
161-250 GB	SEK 250
>250 GB	SEK 300

MARKET SURVEILLANCE AND ADMINISTRATION

Copyswede and the industry have maintained continuous contact regarding the product market and its development. The scope of market surveillance includes maintaining a close watch on technical developments and the media society in its entirety, with its development of products and services relevant to the private copying levy.

Furthermore, extensive visits and information activities are undertaken, which is important when maintaining a competition-neutral market. Copyswede endeavors to regularly visit each registered company in order to maintain continuous contacts. During these visits, routines for accounts are gone through, general information is offered and questions answered.

In accordance with the aforementioned cooperation agreements with the industry, Copyswede is able to audit registered operators' books and other relevant accounts to verify that levy is being paid in accordance with regulations.

Autumn 2010 saw the launch of an electronic accounting system for the importers, manufacturers and retailers paying private copying levy. The new system allows companies to manage their accounts over the Internet.

REVENUE COLLECTED 2010

Through a cooperation agreement between Copyswede, FRF and IFPI, plus the broadcasting companies' collaboration organization UBOS, Copyswede manages the collection of revenues for all rightholders.

The reduction in revenue, first starting in 2008, continues mostly due to changes in copying behaviour. During 2010, SEK 89 million was collected in Sweden, which is a reduction of 18 per cent as compared to the previous year's revenue, SEK 109 million. Surveys show that private copying on products such as CDs and DVDs is declining, while moving to products such as USB memory sticks, external hard disks and mobile phones with music players – products not covered by the private copying levy system until 2010.

Of the revenue collected in Sweden, video cassettes accounted for some SEK 1.7 million and audio cassettes for approximately SEK 0.6 million. Around



SUMMARY, SEK

Revenue	89,879,315
Personnel costs	3,117,492
Other costs	1,497,609
For distribution	85,264,214
<i>Cost of collection</i>	<i>5.13%</i>

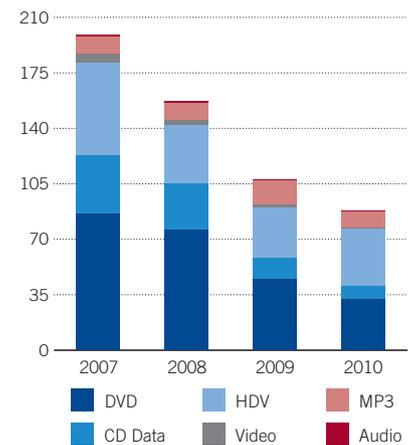
SEK 8.8 million was collected for CD-R/RWs and some SEK 32 million for DVD-R/RWs. For MP3s with built-in storage capacity, around SEK 10 million was collected, while roughly SEK 36 million was collected for Hard Disk Video players (HDV). A breakdown of the revenue collected over the past few years, by product category, is illustrated in the bar chart.

FUTURE DEVELOPMENT

For the past couple of years, Copyswede has acted on a plan of action aiming at including more products within the levy scope. The plan of action has entailed keeping discussions with the industry representing relevant products, but also to take appropriate initiatives to the legislator and ministry with regards to the review of the regulation on private copying that were to take place no later than 2008.

For a sizeable period, Copyswede has taken several initiatives to open discussions with the industry representing USB memory sticks, external hard disks and mobile phones, with the ambition to include these products in the joint agreements with the industry in the future. However, no organization has been prepared to shoulder the responsibility of negotiators. On 1 December 2010, Copyswede addressed demands to registered importers and retailers, as regards to report sales of USB memory sticks and external hard disks as of 1 April 2011. These demands resulted in the industry gathering for negotiations commencing in the first

REVENUE COLLECTED: BREAKDOWN PER PRODUCT CATEGORY 2007–2010, SEK M



quarter of 2011. Discussions have also been held with mobile phone manufacturers during 2010 but has, as yet, not generated a breakthrough resulting in a joint agreement.

The Swedish legislator has stated that they will await events within the EU before a review of the legislation is undertaken. The collaboration initiated by the European Commission in spring 2008 between representatives for the rightholders, the industry and the consumers, with the purpose of evaluating the private copying system, was discontinued in early 2010. The Commission has not made any further comments as to how the issue will be dealt with henceforth. At the same time, there is a firmly established European view that a condition for allowing private copying is that rightholders receive remuneration for this copying. This view was also clarified through the European Court of Justice ruling in the Padawan case during 2010. In view of the ruling, taking into account that the issue was more or less shelved in 2010, it is likely that the issue will reappear on the Commission's agenda.

DISTRIBUTION OF REVENUE

Copyswede annually collects and distributes revenue to rightholders in broadcasting. The revenue concerns various types of reuse of TV and radio programmes, such as retransmission via cable TV networks, DVD publishing, use of UR programmes, etc. Copyswede also collects and distributes revenue from private copying. Every year, new distribution agreements are reached with film and phonogram producers and, in certain cases, TV and radio companies, with regards to how the collected revenue is to be distributed. Producers and TV companies are then responsible for their own distribution regulations for onward distribution to

the individual TV and radio companies and film/phonogram producers both within and outside the country. For other rightholders, the responsibility of further individual distribution of revenue falls on Copyswede.

Copyswede's share of the revenue is distributed according to principles that require annual approval by all member organizations, after which the individual authors or performers are paid their dues. The payments are either made via the member organizations or from Copyswede directly.

Rightholders outside Sweden receive payments under the same conditions as their Swedish counterparts. Authors and



SUMMARY: DISTRIBUTION OF REVENUE 2010, SEK

Private copying	105,934,754
Retransmission	73,393,897
DVD/Video, etc.	2,805,747
Total	182,134,398

performers receive payments based on reciprocal agreements via sister organizations abroad or from Copyswede directly.

For further information, see the brochure 'Distribution from Copyswede 2010', which may be downloaded from the Copyswede website www.copyswede.se or ordered directly from the secretariat.

Distribution of Revenue for Reuse of TV and Radio

The revenue Copyswede collects for retransmission in Swedish cable TV networks refers to a large number of channels, primarily Nordic and European public service channels. The revenue is collected from cable TV operators, and as from February 2009 this also applies to retransmission of all SVT channels. TV4 is responsible for the revenue to Copyswede as far as the operators' retransmission of a number of channels from the TV4 Group in the Swedish networks is concerned. As the pie chart of 'foreign channels'

illustrates, the revenue for the *foreign channels* is first divided into three shares: film producers, broadcasting companies and the Copyswede-affiliated groups. The composite Finnish channel broadcast via the Nacka transmitter, see pie chart 'Nacka transmitter', does not include films of any kind. As a result, the film producers do not receive any share of the revenue for this channel. Instead, it is divided between the TV company and the Copyswede-affiliated groups. Similarly, Copyswede collects from the sister organization Kopiosto

for the equivalent Swedish channel in Finland, i.e. SVT World.

The distribution of the revenue for the *Swedish channels* retransmitted in the Swedish cable TV networks, on the other hand, is divided between film and phonogram producers and the Copyswede-affiliated groups, as the TV companies have chosen not to charge for the rights they represent.

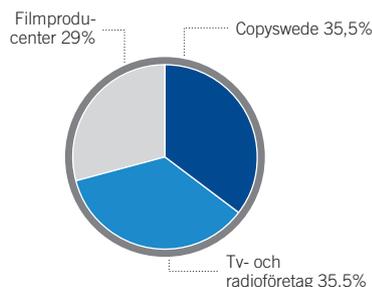
When shares relating to foreign channels as well as film producers (FRF) and TV companies (UBOS) have been deducted, the Copyswede-affiliated



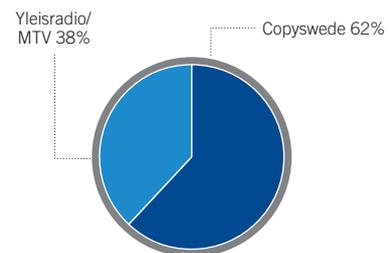
SUMMARY: RETRANSMISSION REVENUE PAID IN 2010, SEK

UBOS	6,902,000
FRF	6,639,054
IFPI	835,977
Individually, via Copyswede	26,865,043
STIM, SAMI, organizations abroad, etc.	32,151,823

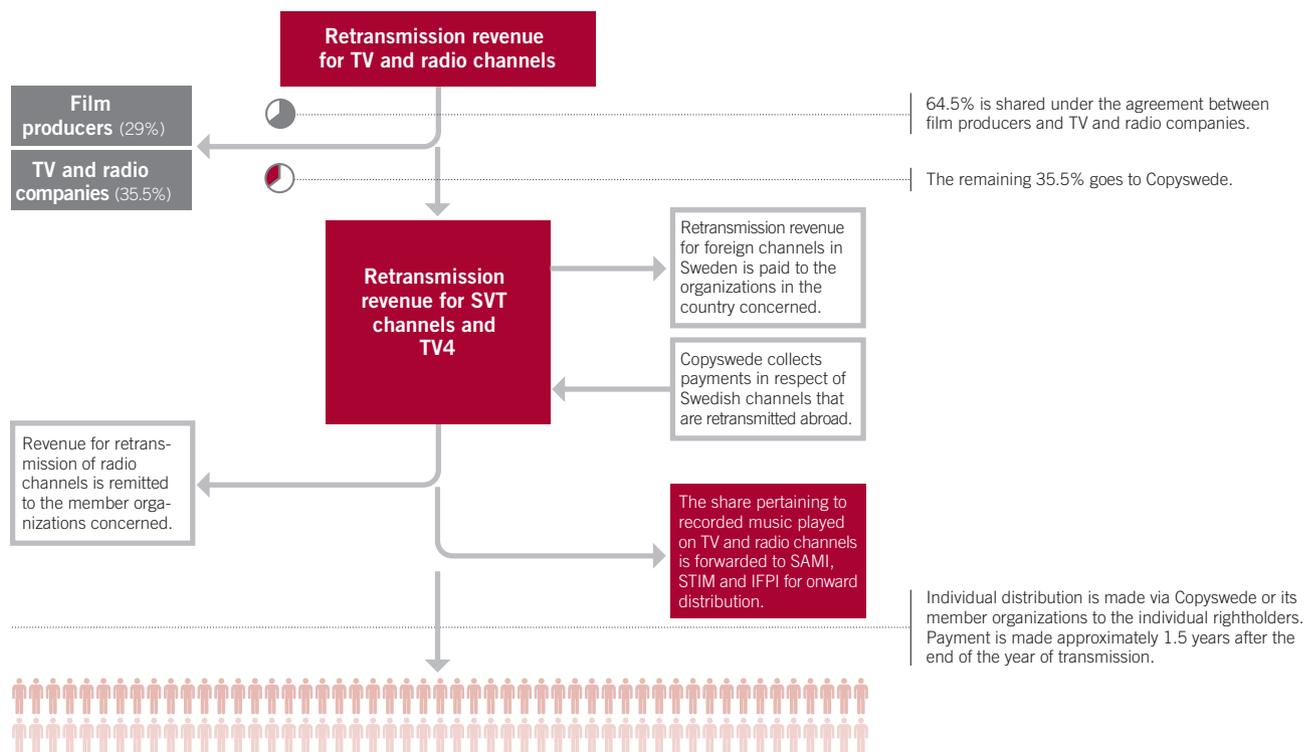
■ FOREIGN CHANNELS



■ NACKA TRANSMITTER



RETRANSMISSION REVENUE – FROM COLLECTION TO RIGHTHOLDER:



groups' shares for the Swedish channels remain to be distributed. The distributed revenue has been collected in both Sweden and by our Nordic sister organizations. The remuneration shared between the Copyswede-affiliated groups during spring 2010 refer to revenue for retransmissions during 2008.

Agreements of distribution for the said year have been reached for SVT 1 & 2, SVT World, SVTB and TV4, as shown in the tables below.

Revenue to the Copyswede-affiliated groups is distributed individually, while the music organizations manage and distribute all revenue for recorded music

used in the TV programmes. Individual revenue to individual rightholders is either paid via the member organizations or from Copyswede directly. Payments to authors and performers outside Sweden and payments allocated to the foreign channels are made on the basis of reciprocal agreements via

DISTRIBUTION, YEAR OF TRANSMISSION 2008

SVT 1 & 2	Percentage	SVT World	Percentage	SVTB	Percentage	TV4	Percentage
Artists	5.09	Artists	6.01	Artists	2.08	Artists	3.01
Actors, misc. TF other than directors	14.95	Actors, misc. TF other than directors	15.66	Actors, misc. TF other than directors	33.28	Actors, misc. TF other than directors	10.83
Directors	8.86	Directors	7.13	Directors	4.67	Directors	9.26
Musicians	8.93	Musicians	11.02	Musicians	3.35	Musicians	5.93
Phonograms	3.28	Phonograms	3.23	Phonograms	2.44	Phonograms	1.70
Scriptwriters	20.52	Scriptwriters	22.43	Scriptwriters	26.48	Scriptwriters	17.02
STIM	33.26	STIM	29.15	STIM	18.16	STIM	50.78
Translators	0.98	Translators	0.38	Visual artists/still photographers	9.54	Visual artists/still photographers	1.49
Visual artists/still photographers	4.14	Visual artists/still photographers	4.98				

sister organizations abroad or from Copyswede directly.

SVTB – THE CHILDREN’S CHANNEL

Revenue for participation in SVTB was distributed for the first time in autumn 2010. The revenue referred to the years 2003-2008 and has been paid by cable TV operators, as well as hotels and holiday villages who retransmit and offer the channel to guests. A total of some 1,000 rightholders shared the revenue for SVTB.

UR

In 2009, Copyswede signed a new agreement with UR concerning various ways in which UR’s programmes may



FACTORS SIGNIFICANT TO CABLE TV REVENUE:

- The individual contract that shows if the rightholder retains his/her cable TV rights
- In which capacity and to which extent the rightholder has participated
- In which channel the programme has been transmitted
- Number of times the programme has been transmitted

be used. A proposal for distribution of collected revenue up until 2009 is being prepared and is expected to be ready in 2011.

SVT PROGRAMMES ON DVD

Copyswede collects and distributes annual revenue for DVD releases of TV programmes produced by, or for, SVT.

The revenue is paid by each respective distributor, who also accounts for sales and rentals of the various titles. After the end of the year, Copyswede receives sales & rental reports from each distributor, on which the individual distribution is then based. Revenue distributed in 2010 referred to rentals and sales during 2008.

Distribution of Private Copying Levy



SUMMARY: PRIVATE COPYING LEVY PAID 2010, SEK

UBOS	5,554,405
FRF	27,972,170
IFPI	11,631,542
Individually, via Copyswede	15,739,624
STIM, etc.	45,037,013

When the collected private copying levy is to be distributed, the broadcasting companies’ member organization UBOS receives 5.33 per cent of the revenue, net the costs of collection, following a separate agreement. The remaining levy is then divided between audio and video copying. The division is based on annual SIFO surveys showing what has been copied and what products have actually been used for legal copying.

The private copying levy’s way to rightholders is illustrated in the diagram ‘Private Copying Revenue – From

Collection to Rightholder’ on the next page.

AUDIO LEVY DISTRIBUTION

SIFO surveys conducted show that the majority of what is copied to CDs and DVDs is music. Other than music, audio books and radio programmes are copied on a very modest scale. The levy for private copying of recorded music is distributed in accordance with an annual agreement in three equal parts between the music organizations IFPI, SAMI and STIM. These organizations

then distribute the levy among individuals.

A distribution proposition regarding audio books and radio programmes is in development and is expected to be finalized during 2011.

VIDEO LEVY DISTRIBUTION

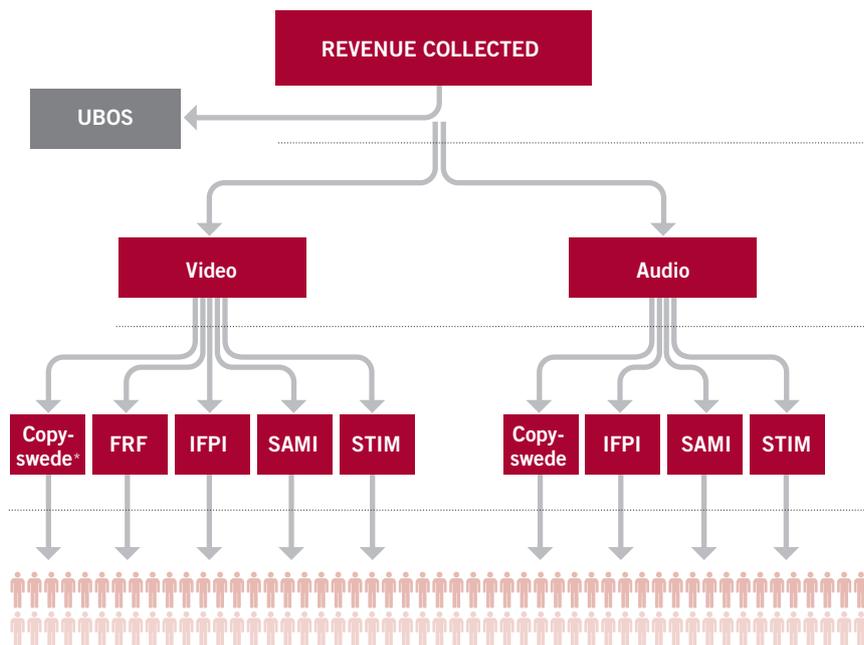
The distribution for video copying, such as TV programmes, includes the parts of the levy collected for DVDs, videotapes, MP3 players and hard disk video players. SIFO surveys show that these are the products used when copying for



FACTORS SIGNIFICANT TO INDIVIDUAL RIGHT TO PRIVATE COPYING LEVY:

- How much each type of programme and each channel has been copied, according to the Swedish Institute of Public Opinion Research (SIFO)
- In what types of programmes the rightholder has participated, e.g. feature films or children’s programmes
- In which capacity and to which extent the rightholder has participated
- In which channel the programme has been transmitted

■ PRIVATE COPYING LEVY – FROM COLLECTION TO RIGHTHOLDER



Once UBOS has been paid its share, the revenue is divided between Video and Audio. The allocation per product category is determined on the basis of SIFO surveys.

The money is then distributed by agreement among these organizations.

Next, the organizations forward the monies due to the individual rightholders.

* Payments to rightholders in the Swedish Union for Theatre, Artists and Media sector are distributed via TROMB.

■ DIVISION OF REMUNERATION BETWEEN RIGHTHOLDER GROUPS

Rightholder group	Percentage
Actors	25.42
Choreographers	0.64
Cinematographers	2.35
Dancers	0.48
Directors	15.16
Editing/Cutting/Lighting	0.29
Journalists	1.71
Music authors (STIM)	14.01
Musicians/Conductors	8.31
Phonograms (IFPI/SAMI)	3.02
Screenwriters	17.91
Set designers	1.64
Singers/Artists	3.62
Still photographers	1.79
Translators	0.53
Writers	3.18

instance TV programmes.

The private copying revenue for TV programmes has been distributed on the basis of SIFO surveys that indicate the following division of channels: SVT 1 & 2, TV4, TV3 and Kanal 5. The most copied programmes are feature films and series, closely followed by entertainment programmes. In future distributions this may change, depending on the copying of programmes from the different channels. Once UBOS has been paid its share, the remainder is divided up, in accordance with an agreement, with 33 per cent to FRF and 67 per cent to the Copyswede-affiliated groups including IFPI's share for recorded music used in various TV programmes. The portion shared by Copyswede and IFPI is then split between the rightholders, in accordance with the annual distribution agreements authorized by Copyswede's

member organizations (see table 'Division of Remuneration between Rightholder Groups').

The music organizations STIM, SAMI and IFPI all had their own distribution systems when Copyswede started in 1982 and are responsible for the distribution of their respective shares of the private copying revenue for recorded music used in TV programmes. Other revenue is distributed individually by Copyswede and paid out directly to the individual rightholders participating in the programmes, either via Copyswede or through one of Copyswede's member organizations.

Revenues for foreign rightholders for participating in various TV programmes follow the same principles as for rightholders in Sweden. These payments are effected via sister organizations abroad or from Copyswede directly.

ORGANIZATION

PERSONNEL

CEO & Secretariat

Mattias Åkerlind, CEO
Neda Marklund, Secretary to the CEO
Lars Grönquist, Senior Legal Officer

TV and Radio

Peter Carls, Legal Affairs
Pär Nordfors, Legal Affairs
Anna Sarkany, Legal Affairs
Angela Håkanson, Financial Assistant

Private Copying Levy

Tanja Jalamo, Legal Affairs
Susanne Limpar Lantz, Financial Assistant
Egil Ekbohm, Market Surveillance

Distributions

Karolina von Essen, Legal Affairs
Katarina Björkstедt, Legal Affairs
Annelie Nordgren, Administrator
Ingalena Bruhn, Financial Manager
Maria Carlsson, Administrator

Communications

Kjell Holmstrand, Head of Communications
Liselott Silwer, Web Editor/Communications Officer

Reception and Office Service

Lena Rosén

BOARD OF DIRECTORS

Kenth Muldin, Chairman. CEO of STIM. The board's chairman since 2005, on the board since 2003. Also on the board of SFU, NCB, CISAC, Stockholm University's Institute for Immaterial and Market Rights.

Ulf Mårtens, 1st Vice Chairman. Chief Negotiator at the Swedish Union for Theatre, Artists and Media. On the board since 1997.

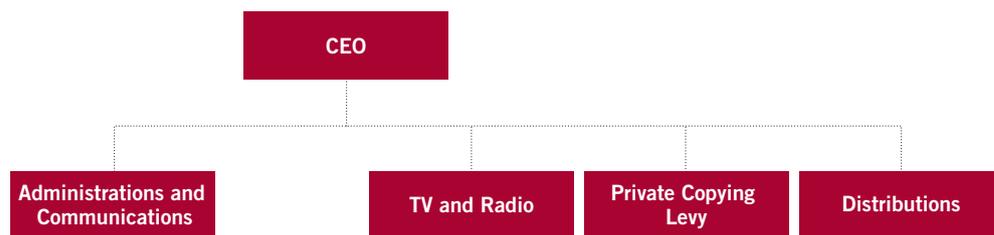
Susin Lindblom, 2nd Vice Chairman. Union Director of the Swedish Playwrights' Union. On the board since 1986. Also on the board of ALIS – Administration of Literary Rights in Sweden, Centre for Drama, KLYS – Swedish Joint Committee for Artistic and Literary Professionals, the Lars Molin Foundation.

Ingvar Hällerståhl. Representative at the Swedish Federation of Professional Musicians. On the board since 2008. Also on the board of FSM, SAMI, Musikalliansen.

Mats Lindberg. CEO at BUS (Visual Copyright in Sweden). On the board since 1986. Also on the board of Bonus Presskopia – the Swedish RRO, International Federation of Reproduction Rights Organizations.

Anita Vahlberg. Senior Advisor at the Swedish Union of Journalists. On the board since 2005. Also on the board of Bonus Presskopia – the Swedish RRO, Pressinstitutet, the Journalist Fund for Further Training, KLYS – Swedish Joint Committee for Artistic and Literary Professionals.

Helena Woodcock. Manager of Legal Affairs at STIM. On the board since 2010.



ADMINISTRATION REPORT 2010

DESCRIPTION OF OPERATIONS

Copyswede is a cooperative economic association established in 1982. Copyswede's task is to coordinate negotiations and agreements in certain areas of copyright, primarily reuse of TV and radio, and to collect and distribute copyright remuneration due to use of copyrighted material. Copyswede has fourteen member organizations, representing Swedish authors and performers. Via mandates from Copyswede's member organizations and Copyswede's cooperation agreements with broadcasting companies and organizations for film and phonogram producers, we are able to sign fully covering agreements on the use of copyrighted work and performances.

Copyswede licenses a large number of broadcasting channels from Sweden, the Nordic countries, Continental Europe and the Middle East for retransmission via cable TV networks, among others. The channels licensed through Copyswede are ones where the TV company has not purchased the retransmission rights from the various authors, performers and producers contributing to the channel's contents.

The Copyright Act has a provision that allows a kind of extended collective licence to extend the coverage of the agreements reached between Copyswede and cable operators to also include Swedish and foreign rightholders, not directly represented by Copyswede's member organizations or collaborative partners. For the agreements to acquire this extended coverage, Copyswede must represent several rightholders in the sector and must treat all rightholders equally, whatever their nationality.

The extended collective licence and Copyswede's agreements cover all types of network and technology for retransmission of TV and radio. Copyswede can also issue licences for retransmissions of TV and radio programmes in hotels and similar establishments, as well as for internal use at companies, public authorities and organizations.

Copyswede also collects and manages the private copying levy, as regulated in the legislation. The levy was introduced into the Copyright Act in 1999 to somewhat compensate authors, performers and producers for the private copying of copyrighted material permitted by the legislation. Similar systems exist in most European countries, as within the EU, private copying is only permitted if rightholders are compensated for the loss of income caused by the private copying.

Importers and manufacturers are obliged under law to pay a private copying levy for their import of products designed for private copying, such as recordable CDs, DVDs and MP3 players. Today, Copyswede has agreements with over 200 companies regulating the private copying levy.

All levy collected by Copyswede is distributed to the rightholders concerned, in cooperation with member organizations and collaborative partners.

SIGNIFICANT EVENTS DURING THE YEAR

During 2010, operations in the TV sector has largely been characterized by negotiations with cable and IP operators on new tariffs for both foreign and Swedish channels licensed by Copyswede. The extensive negotiations concerning the operators' retransmission of the SVT channels in the cable TV networks, underway since 2008, were concluded in October 2010. The negotiations resulted in a three-year agreement with retransmission rates of SEK 1.06 per household per month, and a lower rate of SEK 0.80 per household per month for the prolongation period 1 February 2009-18 August 2010. The agreement entails that the companies will pay a retroactive fee for their retransmissions during 2009. The agreement runs until 31 January 2012.

In parallel with mediations, Copyswede has held negotiations with the cable operators on a new tariff for the foreign channels. The parties had not reached an agreement on a new tariff model by the end of the year. During ongoing negotiations on the foreign channels, cable TV operators continue reports and payments in accordance with the earlier tariff.

With regard to TV4, Copyswede entered into an agreement in January 2010, governing retransmission of the main TV4 channel and a number of the company's niche channels. The agreement states that TV4 pays remuneration for the cable TV operators' use, which has resulted in a special licence agreement for TV4, separate from the agreement for the foreign TV channels.

During 2010, Copyswede has continued acting in the capacity of expert in the ongoing inquiry on copyright. The remit of the inquiry includes a review of the existing rules on extended collective licences and an examination of the possibilities for introducing further extended collective licences. New licences will put further pressure on rightholder groups to coordinate their efforts in issuing licences for new types of use of material.

In the case of the private copying levy, the collected revenue has gone down 21 per cent to SEK 90 million in 2010, as compared to 2009 (SEK 114m). The reduction can partly be attributed to the shift in technology, where private copying has largely moved from older products to products not yet covered by the system, such as USB memory sticks, external hard disks and mobile phones.

During the year, Copyswede has taken several initiatives for dialogue and negotiations with representatives of manufacturers and importers of USB memory sticks, external hard disks and mobile phones, but the industry has proved reluctant. This attitude is very unfortunate, as Swedish legislation on private copying is very flexibly structured, enabling rightholders and the electronics industry to determine the final amount of the levy through negotiations.

At the end of 2010, Copyswede put demands on manufacturers, importers and retailers of USB memory sticks and external hard disks including these products in the private copying levy as of 1 April 2011.

ANNUAL GENERAL MEETING

Copyswede's annual general meeting was held 27 May 2010 at Copyswede's secretariat in Stockholm.

BOARD MEETINGS

The board of directors has held 15 formal board meetings in 2010.

SIGNIFICANT EVENTS AFTER THE END OF THE FINANCIAL YEAR

The agreement with SVT concerning various cable operators' possibilities to make SVT programmes accessible on demand via set-top box, i.e. SVT Play via digital TV box, expired 31 December 2010. SVT has stated that the company will no longer cover fees for those operators' use. Copyswede has offered the operators concerned permits that would allow services to continue to the same extent as before, or higher. The offer involved a fee equivalent of SEK 1 per household per month. The operators have stated that they are not interested in a permit from Copyswede. Instead, they decided to shut down the services for their subscribers and in the first quarter of 2011 proceeded to try and persuade SVT to continue to cover copyright costs.

The demand for private copying levy that Copyswede at the end of the year put on manufacturers, importers and retailers of USB memory sticks and external hard disks as of 1 April 2011 has resulted in the industry, previously opposed to negotiations concerning the said products, making a rapprochement and opening up for negotiations in the first quarter of 2011.

During the year, a dispute between Copyswede and Com Hem has arisen concerning payment for Com Hem's retransmission of foreign channels during the first six months of 2010. As Com Hem has refused to comply with existing agreements, Copyswede has filed an application for summons against Com Hem before the Stockholm City Court. In their reply, Com Hem has agreed to pay part of the amount in question along with interest on overdue payment. The remaining amount in dispute is SEK 2.1 million. Synchronously, Com Hem has filed a summons against Copyswede to the amount of SEK 20.7 million along with interest, the basis being that Com Hem insists that the remuneration paid for retransmission of foreign channels during 2005–2009 has been too high.

In January 2011, the Swedish Parliament reached a decision

on a new extended collective licence within the copyright legislation. The new decision applies as of 1 April 2011 and enables licensing of older TV and radio material from the public service companies' archives. This means that material in SVT's and SR's archives can be made accessible to the public via the own company web sites.

FINANCE

Business Areas

The organization is divided into an administrative section and nine separate business areas, on the principle of one for every agreement sector. Prior to budget decisions and during the year in progress, Copyswede analyzes what proportion of the secretariat's work should be spent on different issues and what costs are to be attributed to each area.

Management of Funds Held

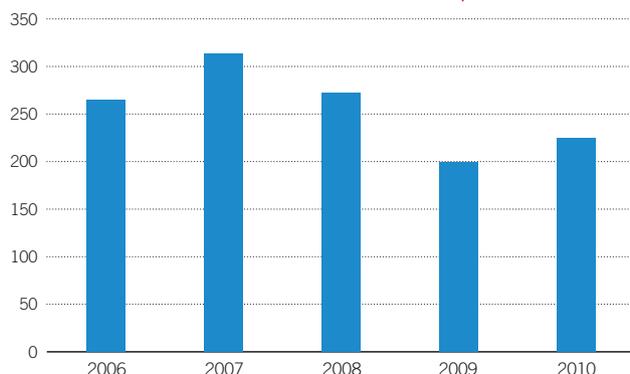
Copyswede's management of funds held refers to funds in need of investment, until agreements are entered into or payment must be made. Investments must not involve any risk to the capital amount. Under rules agreed, any placements other than in bank accounts must be restricted to safe, non-speculative instruments. The types of security permissible are certificates of deposit, treasury notes/bonds, treasury bills, money market instruments issued by specific institutions and other money market instruments with a similar level of security. As of 2009, Copyswede invests SEK 20 million annually in equity indexed bonds with a term of four years. By the close of 2010, a nominal amount of SEK 40 million had been invested in equity indexed bonds. The average interest rate in 2010 was 0.52 per cent on Copyswede's bank accounts. Copyswede's total interest income in 2010 was SEK 1,882,822.

Expense and Income

Copyswede's annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and the general recommendations of the Swedish Accounting Standards Board. Income from operations consists of revenue for use of copyrighted material and performances.

Consequently, the largest item of expense is the copyright payments made or allocated to TV companies, producers, organizations, as well as to authors and performers. Other expenses arise through the activities of the secretariat and the Board of Directors. Income in 2010 amounted to SEK 224,592,495. The corresponding figure for 2009 was SEK 199,439,337. Because collaboration among rightholders extends over several areas of revenue, major benefits of scale are available. As a result, costs, as a percentage of revenue collected, can be kept down. In 2010, costs amounted to 8 per cent.

■ REVENUE DEVELOPMENT 2006–2010, SEK M



Operating Costs

Operating costs amounted to SEK 18.9 million in 2010. The corresponding figure for the previous year was SEK 18.2 million. The costs are to be charged to various copyright revenue collected. The costs for the individual distribution are to be charged only to the amount available for individual distribution. A percentage breakdown of costs for 2010 in the various categories is given below.

Business area, %	Share of expenses 2010	Share of expenses 2009
Cable TV	17.4	21.8
Other retransmission	15.8	15.0
Private copying levy	24.9	26.0
Member service, development issues, own distribution issues	20.9	19.1
Distribution	14.1	14.7
Other	6.9	3.4

Funds accruing to external rightholders, such as TV and radio companies and producer organizations, or funds where use require approval from the member organizations, may only be used to cover costs by agreement with the parties concerned. Such items are thus not entered under costs in Copyswede's accounts but are instead reported as a Copyswede receivable from the respective collection category.

ALLOCATION OF PROFIT

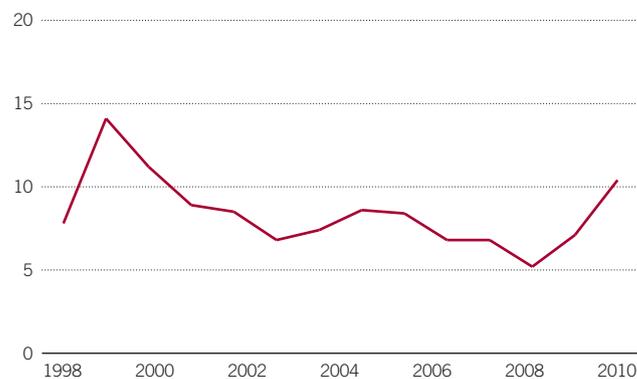
In accordance with the provisions governing the activities of the organization, Copyswede's Revenue and Expenditure Account closed with a break-even result.

KEY RATIO

The purpose of key ratio is to reflect the organization's activities. In organizations such as Copyswede, it is difficult to find an accurate key ratio. The Board of Directors has decided to use the total costs of actual operations divided by the total revenue distributed. The key ratio then reflects not only the volume of the revenue collected, but also of the fact that the distribution agreements have been established and monies paid out. Another consequence of the choice of ratio is that the higher the proportion of the monies paid that are individual, the higher the key ratio. The cost of distributing minor amounts to a large number of beneficiaries is naturally higher than that of distributing large amounts to but a few.

In that respect, the key ratio may be misleading as a measure of the efficiency of the operations. When a new revenue category is added, or when the revenue collected drastically increases, the key ratio will temporarily rise until distribution agreements are established and payments can be made. The chart below shows the development of Copyswede's key ratio over the past few years.

■ COSTS OF ADMINISTRATION AS A PERCENTAGE OF DISTRIBUTIONS PAID



REVENUE AND EXPENDITURE ACCOUNT

Copyswede Cooperative Economic Association. Corp. Id. No. 769602-0036

SEK	Note	2010	2009
Operating revenue:			
Cable TV revenue		39,581,319	40,283,574
Other retransmission		84,394,847	38,187,516
Private copying levy		89,879,315	113,600,942
Other production of copies		10,737,014	7,367,305
Other operating revenue		167,640	115,600
		224,760,135	199,554,937
Operating costs:			
Copyright remuneration		-205,840,726	-181,341,283
Other external costs	4, 5	-5,702,434	-6,579,112
Personnel costs	1, 2, 3, 6	-12,272,103	-10,964,530
Depreciation	7, 8	-907,614	-641,181
		-224,722,877	-199,526,106
Operating surplus:		37,258	28,831
Result from financial investments:			
Interest revenue		1,882,822	2,706,930
Interest expense		-80	-131
Interest to rightholders		-1,882,742	-2,706,799
		0	0
Surplus after financial items		37 258	28 831
Tax		-37 258	-28 831
NET REVENUE FOR THE YEAR		0	0

BALANCE SHEET

Copyswede Cooperative Economic Association. Corp. Id. No. 769602-0036

SEK	Note	31/12/2010	31/12/2009
ASSETS			
Fixed assets			
<i>Intangible assets</i>			
Capitalized system development costs	7	2,696,286	1,960,781
		2,696,286	1,960,781
<i>Tangible assets</i>			
Equipment	8	264,206	289,182
		264,206	289,182
Financial assets			
Investments held as fixed assets	9	40,000,000	20,000,000
Other long-term receivables		15,309	16,403
		40,015,309	20,016,403
Total fixed assets		42,975,801	22,266,366
Current assets			
<i>Current receivables</i>			
Accounts receivable		26,786,209	12,225,152
Taxes recoverable		265,218	275,395
Other receivables	10	24,761,629	20,507,884
Pre-paid expenses		651,346	607,965
Total current receivables		52,464,402	33,616,396
Cash in hand and on deposit		366,498,760	378,340,293
Total current assets		418,963,162	411,956,689
TOTAL ASSETS		461,938,963	434,223,055
EQUITY CAPITAL AND LIABILITIES			
Equity Capital			
<i>Restricted equity capital</i>			
Capital contributed		14,000	14,000
Total equity capital		14,000	14,000
Long-term liabilities			
Owed to rightholders	11	4,675,721	10,408,563
Total long-term liabilities		4,675,721	10,408,563
Current liabilities			
Owed to rightholders	11	453,984,307	415,491,407
Accounts payable		682,355	2,269,539
Other liabilities	12	617,862	4,141,112
Accrued expenses	13	1,964,718	1,898,434
Total current liabilities		457,249,242	423,800,492
TOTAL EQUITY CAPITAL AND LIABILITIES		461,938,963	434,223,055
Pledged assets		None	None
Contingent liabilities		None	None

CASH FLOW STATEMENT

Copyswede Cooperative Economic Association. Corp. Id. No. 769602-0036

SEK	2010	2009
Day-to-day operations		
Operating profit	37,258	28,831
Adjustment for non-cash-flow items		
Depreciation	907,614	641,181
Capital loss	5,862	39,816
	950,734	709,828
Tax paid	-37,258	-28,831
Cash flow from day-to-day operations before changes in working capital	913,476	680,997
Changes in working capital		
Increase/Decrease in current receivables	-18,848,006	1,828,843
Increase/Decrease in current liabilities	33,448,750	-65,849,917
Cash flow from day-to-day operations	15,514,220	-63,340,077
Investment activity		
Investments in equipment	-1,624,005	-2,704,633
Investments in financial assets	-20,000,000	-20,000,000
Cash flow from investment activity	-21,624,005	-22,704,633
Financial activity		
Decrease/Increase in long-term receivables	1,094	-16,403
Decrease/Increase in long-term liabilities	-5,732,842	242,892
Cash flow from financial activity	-5,731,748	226,489
Decrease in cash and cash equivalents	-11,841,533	-85,818,221
Cash and cash equivalents at beginning of year	378,340,293	464,158,514
Cash and cash equivalents at year-end	366,498,760	378,340,293

NOTES

*Copyswede Cooperative Economic Association.
Corp. Id. No. 769602-0036
Amounts in SEK, unless otherwise stated.*

VALUATION POLICIES

Assets and liabilities are valued at acquisition cost, unless otherwise stated in note below.

Receivables have been valued, on a case-by-case basis, at the amounts in which they are expected to be received.

ACCOUNTING POLICIES

The annual accounts conform to the Swedish Annual Accounts Act and the general recommendations of the Swedish Accounting Standards Board.

The accounting policies are unchanged from the preceding year.

Operating revenue includes – after deduction of value added tax – invoiced revenue for the year.

In accordance with the investment policy, cash and cash equivalents are placed in bank accounts, short-term, fixed-income investments and long-term, principal-protected investments.

The costs of operations have been apportioned among the Association's separate business areas. For distribution that requires the approval of external rightholders, the amounts involved are recognized as a receivable. Other apportioned costs have been financed by deductions from the relevant gross items of revenue.

Note 1 Average number of employees

	2010	2009
Number of employees	17	16
Of whom, men, %	34	31

Note 2 Sick leave, %

	2010	2009
Total sick leave	2.2	1.6
Long-term sick leave	–	–

Total sick leave is stated as a percentage of the total regular working hours of the employees. Long-term sick leave is the percentage of total sick leave represented by absences of a continuous period of 60 days or more.

Standard working hours are defined as a working week of 37.5 hours*52 weeks, less public holidays normally falling on working days and other non-working days.

Note 3 Gender breakdown, Board and Executive Management

	2010	2009
Board of Directors		
Number of women	3	2
Number of men	4	5
Executive Management		
Number of women	–	–
Number of men	1	1

Note 4 Summary of other external costs

	2010	2009
Rent and other costs of premises	1,423,821	1,375,776
Office costs	1,080,829	1,061,892
Consultancy costs, other external services	2,432,728	3,054,184
Other costs	765,056	1,087,260
	5,702,434	6,579,112

Note 5 Fee to auditors

	2010	2009
Auditing services		
PricewaterhouseCoopers	195,000	165,500
Other services		
PricewaterhouseCoopers	–	17,500
Fee to specially-appointed auditor for auditing services	4,337	4,337

Note 6 Salaries and other remuneration

	2010	2009
Salaries and other remuneration		
All employees	7,840,081	7,097,674
Of which, to CEO and Board	1,064,406	1,125,590
Social welfare costs (of which, pension costs)		
All employees	4,131,895	3,599,758
	(1,380,152)	(1,137,252)
Of which, to CEO and Board	614,764	611,123
	(225,596)	(207,197)

Copyswede secures pension commitments, which are of the defined-benefit type, via regular payments to SPP.

The period of notice in the case of termination of the CEO's employment by Copyswede is 12 months. In the case of termination of employment by the CEO himself, the period of notice is six months.

Note 7 Depreciation of intangible assets

Intangible assets, such as computer software developed for Copyswede, are recognized at acquisition cost, less a deduction for accumulated depreciation. 'Off-the-shelf' software is recognized at cost.

Depreciation according to plan is based on the acquisition cost and the estimated service life of the asset, which is 5 years.

	2010	2009
Capitalized system development costs		
Opening acquisition value	2,450,976	–
Procurement	1,532,125	2,450,976
Retirement of assets	–	–
Closing accumulated acquisition values	3,983,101	2,450,976
Opening depreciation	490,195	–
Retirement of assets	–	–
Depreciation for the year	796,620	490,195
Closing accumulated depreciation	1,286,815	490,195
Residual value according to plan at year-end	2,696,286	1,960,781

Note 8 Depreciation of tangible assets

Depreciation according to plan is based on the acquisition cost and the estimated service life of the asset, which is 5 years.

	2010	2009
Equipment		
Opening acquisition value	1,543,614	1,477,976
Procurement	91,880	253,657
Retirement of assets	-134,194	-188,019
Closing accumulated acquisition values	1,501,300	1,543,614
Opening depreciation	1,254,432	1,251,649
Retirement of assets	-128,332	-148,203
Depreciation for the year	110,994	150,986
Closing accumulated depreciation	1,237,094	1,254,432
Residual value according to plan at year-end	264,206	289,182

Note 9 Investments held as fixed assets

This item refers to equity indexed bonds issued by Svenska Handelsbanken. The bonds guarantee repayment of the invested principal on the day of redemption and is for a fixed term of 4 years.

	Nominal amount	Market-value	Day of Business	Day of Redemption
Equity indexed bond SHBO 1194	20,000,000	21,700,000	29/09/2009	14/10/2013
Equity indexed bond SHBO 1261	20,000,000	19,580,000	01/10/2010	15/10/2014

The equity indexed bonds total SEK 40,000,000.

Note 10 Other receivables

Other receivables amount to SEK 24,761,629. The bulk of this amount consists of Copyswede's claims to cover costs. See 'Accounting Policies' above.

This year's costs for administration of the private copying levy, SEK 4,615,101 (SEK4,561,647), will be charged to the distribution of revenue collected for 2010 – to be carried out in 2011 – among FRF, IFPI, UBOS and Copyswede.

The cost incurred in 2010 in the administration of the cable TV revenue was SEK 3,226,025 (SEK 3,831,157) and will be charged to amounts to be distributed in 2011.

Following a decision taken in 1996, the cost of the individual distribution for the year is to be calculated in connection with the annual accounts. Only the organizations whose individual distribution is handled by Copyswede are to contribute to financing this part of its operations. The cost of the year's individual distribution is SEK 2,615,076 (SEK 2,599,906) and will be deducted from the individual remuneration to be paid out in 2011.

Costs for development, emerging issues and Copyswede's own distribution issues amounted to SEK 3,875,033 (SEK 3,355,826). Costs are to be charged to Copyswede's own shares of the revenue collected for cable TV remuneration and private copying levy, in proportion to the size of these shares.

This year's cost of work on terrestrial transmission of channels in cable TV networks was SEK 2,935,372 (SEK 2,638,297), and will be charged to amounts to be distributed in 2011.

Note 11 Owed to rightholders

	2010	2009
Undistributed retransmission revenue	166,185,011	124,032,522
Undistributed private copying levy	174,225,113	213,189,731
Estimated individual payments	16,142,785	14,388,950
Provisions, screenwriters	10,795,969	8,407,330
Provisions, writers	5,032,289	4,143,866
Provisions, journalists	2,814,350	2,019,008
Provisions, directors	22,242,633	18,673,961
Provisions, actors, misc TF other than directors	23,713,414	15,632,853
Provisions, musicians	5,957,672	2 767 026
Provisions, film cameramen	2,508,726	2,038,684
Provisions, visual artists/still photographers	8,013,675	5,896,501
Provisions, presenters	440,504	437,887
Other	20,587,887	14,271,651
Total	458,660,028	425,899,970
Of which, long-term portion	4,675,721	10,408,563
Balance, current portion	453,984,307	415,491,407

Current liabilities are due within the next year. Long-term liabilities are due within 2–5 years.

Note 12 Other liabilities

	2010	2009
Invoiced but as yet unutilized contributions for project Kulturskaparna (the Creators of Culture)	176,004	437,400
Tax deducted at source	263,889	289,923
Deduction for VAT	177,969	13,789
On-account payment, cable TV administration	–	3,400,000
	617,862	4,141,112

In 2009, a large number of organizations that in various ways represent authors and performers, initiated a working party entitled Kulturskaparna (the Creators of Culture), which is to participate in the copyright debate. Copyswede handles the financial administration of the project.

Note 13 Accrued expenses

	2010	2009
Accrued personnel costs	1,646,724	1,552,333
Accrued consultancy costs	146,589	184,841
Other accrued costs	171,405	161,260
	1,964,718	1,898,434

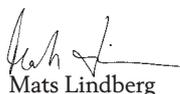
Note 14 Key ratio

The key ratio selected is operating costs, excluding copyright payments, as a percentage of the total amount distributed during the year. The figure for 2010 was 10.4 per cent (7.1 per cent for 2009).

Stockholm 6 April 2011



Kenth Muldin
Chairman



Mats Lindberg



Ulf Mårtens
1st Vice Chairman



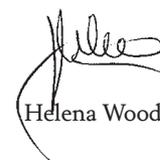
Ingvar Hällerstahl



Susin Lindblom
2nd Vice Chairman



Anita Vahlberg



Helena Woodcock



Mattias Åkerlind
CEO

Our audit report was submitted on 14 April 2011



Lars Wennberg
Authorized Public Accountant



Paul Vestergrén
Specially-Appointed Auditor

AUDIT REPORT

To the Annual General Meeting of Copyswede
(Co-operative Economic Association)
Corp. Id. No. 769602-0036

We have examined the annual accounts, the financial statements and the administration by the Board of Directors and the Chief Executive Officer of Copyswede (Co-operative Economic Association) for 2010. The Association's annual report is included in the printed version of this document, pages 17–26. These accounts, the administration and the application of the Swedish Annual Accounts Act during the preparation of the annual accounts are the responsibility of the Board of Directors and the Chief Executive Officer. Our responsibility is to express an opinion on the annual accounts and the administration based on our audit.

The audit was carried out in accordance with generally accepted auditing standards in Sweden. We planned and performed our audit so as to obtain a high degree of, but not absolute, assurance that the annual accounts are free of material errors. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the accounts. It also includes assessing the accounting policies used and their application by the Board of Directors and the Chief Executive Officer and significant estimates made by the Board of Directors and the Chief Executive Officer when preparing the annual accounts, as well as evaluating the overall presenta-

tion of information in the annual accounts. As the basis for our opinion on discharge from liability, we have examined significant decisions, actions taken and circumstances in the Association in order to be able to determine the liability, if any, to the Association of any Board member or the Chief Executive Officer. We have also examined whether any Board member or the Chief Executive Officer has, in any other way, acted in contravention of the Act on Economic Associations, the Annual Accounts Act or the Articles of Association. We believe that our audit gives us reasonable grounds for the following statements.

The annual accounts have been prepared in accordance with the Swedish Annual Accounts Act and thereby give a true and fair view of the financial results and position of the Association in accordance with generally accepted accounting standards in Sweden. The statutory administration report is consistent with the other parts of the annual accounts.

We recommend to the Annual General Meeting that the Association's income statement and the balance sheet be adopted and that the members of the Board of Directors and the Chief Executive Officer be discharged from liability for the financial year.

Stockholm 14 April 2011



Lars Wennberg
Authorized Public Accountant



Paul Vestergrén
Specially-Appointed Auditor

COPYSWEDE'S MEMBER ORGANIZATIONS

Copyswede has fourteen member organizations representing Swedish authors and performers:

The Association of Swedish Craftsmen and Designers (KIF)
www.kif.se

The Association of Swedish Illustrators
www.svenskatecknare.se

The Association of Swedish Professional Photographers (SFFot)
www.sfoto.se

Nordic Copyright Bureau (NCB)
www.stim.se

The Swedish Artists and Musicians' Interest Organization (SAMI)
www.sami.se

The Swedish Association of Educational Writers (SLFF)
www.slff.se

The Swedish Federation of Professional Musicians (Symf)
www.symf.se

The Swedish Musicians' Union
www.musikerforbundet.se

The Swedish Performing Rights Society (STIM)
www.stim.se

The Swedish Playwrights' Union
www.dramatiker.se

The Swedish Union for Theatre, Artists and Media
www.teaterforbundet.se

The Swedish Union of Journalists
www.sjf.se

The Swedish Writers' Union
www.forfattarforbundet.se

Visual Arts Copyright Society in Sweden (BUS)
www.bus.se



FURTHER INFORMATION

You will find more information, news and press material on Copyswede's operations on the Copyswede web site www.copyswede.se. The web site also offers access to downloads, such as brochures on Copyswede's various fields of activities. Also available are forms, information leaflets and web-based tools for rightholders or retransmission/levy payers. The brochures available in pdf on www.copyswede.se are also available in print from the secretariat, phone: +46 8 545 667 00 or via e-mail copyswede@copyswede.se.



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Copyswede provides access to culture via various media by licencing TV and radio for cable TV, on-demand services, DVD and CD publishing, etc. Via Copyswede, operators wishing to reuse TV and radio can obtain the necessary permits from the authors and performers – such as singers, musicians, composers, actors, writers, directors and photographers – participating in the productions. Copyswede also administers the Swedish levy system for private copying. Copyswede is made up of fourteen organizations of cultural innovators.