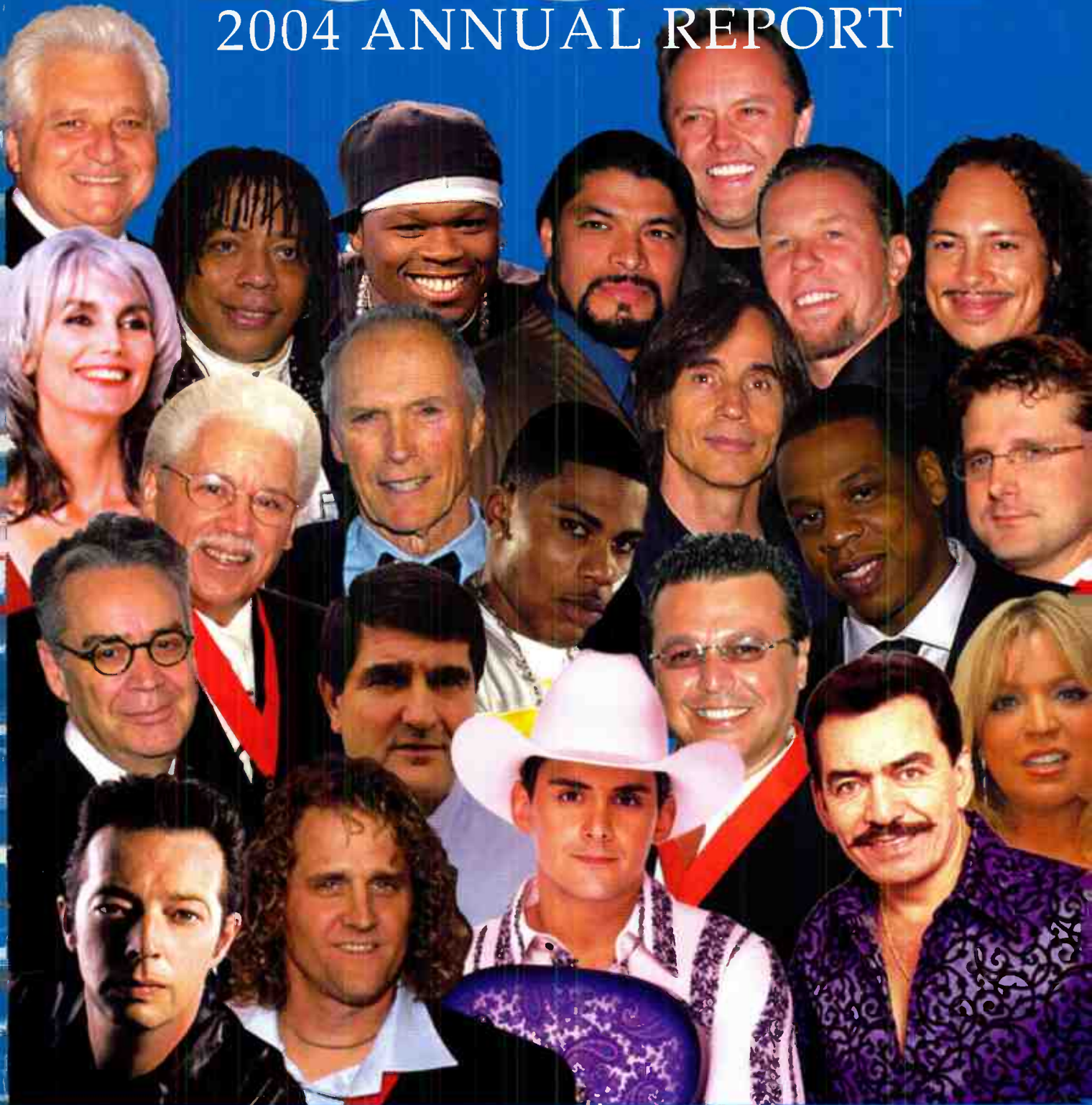


ASCAP

2004 ANNUAL REPORT



OUR YEAR!

World Radio History



Marilyn Bergman

"It is important to pursue various educational and public relations initiatives to see if we can get this new generation of file-sharers and downloaders to begin to understand the concept of intellectual property and its value."

Our President

DEAR FELLOW ASCAP MEMBERS, as you know, we are living in a time of rapid technological progress, and as music creators it is presenting us with great opportunities and great challenges. In 2004, we again faced some serious challenges to our ongoing work in protecting copyrights.

A MOST IMPORTANT CASE

One of the most important copyright cases to get to the Supreme Court will be decided this year - MGM Studios v. Grokster. Unfortunately, in August 2004, the Ninth Circuit Court of Appeals in California ruled that the P2P services were not liable for infringement - only the individual "direct infringers" using the services were liable. That, we think, is contrary to the settled law of what is known as secondary liability. For example, it is the same law that makes bar owners liable for infringements of the copyrighted music played in their bars by bands they hire. The Ninth Circuit decision was also contrary to another decision about a P2P Service in the Seventh Circuit that went the other way. The case was argued before the Supreme Court in March of 2005 and ASCAP took the lead, joined by other songwriter and publisher groups, in filing an amicus brief in support of our position urging the court to hear the case, and another amicus brief on the merits. A decision is expected by the end of the Supreme Court's term this July.

FIGHTING ON BEHALF OF MUSIC CREATORS

Also in the last Congress, numerous bills dealing with piracy were fought over, and ASCAP weighed in on behalf of music creators. The forces that wish to undermine our copyrights by weakening statutes, fortunately, were unable to prevail. But those of us who wish to solidify and strengthen these rights in the face of new technologies also fell short. This reflects the ability of both sides to prevent their adversaries from gaining an advantage. The Supreme Court's decision in the Grokster case may well affect the legislative agenda of this new Congress. Whoever loses is more than likely to seek a legislative solution to their complaints. ASCAP will remain vigilant.

Another legislative issue that took root in 2004 and will undoubtedly be dealt with in this Congress has to do with the ongoing fight between the Digital Media Association, known as DIMA, The RIAA - the Recording Industry,

and the NMPA - the association of music publishers, over the issue of access to copyrighted works. We will remain fully engaged on our members' behalf as this legislation is debated in Congress.

There are also two tax matters that we are supporting to benefit copyright owners. One would allow the deduction of the fair market value of a work that is contributed to charity. Another would define self-created musical works - or copyrights in musical works - as capital assets, thereby making them eligible for capital gains treatment. These changes, if enacted, would clearly benefit creators and copyright owners, and we will vigorously support them. All of these matters have an impact on how we make a living as writers and publishers.



Pictured above at the 2004 Democratic National Convention in Boston, Massachusetts is ASCAP President and Chairman Marilyn Bergman with House Democratic Leader Nancy Pelosi (D-CA). ASCAP hosted several events in honor of Senators and Representatives who have been key supporters of the rights of music creators and copyright holders.

A LEGISLATIVE BREAKTHROUGH

We did achieve a major legislative breakthrough in 2004. After years of effort to reform the process of royalty arbitration, ASCAP was able to break the legislative log jam by working closely with Senators Patrick Leahy (D-VT) and Orrin Hatch (R-UT) and Congressmen Lamar Smith (R-TX) and Howard Berman (D-CA) to win passage of legislation known as CARP Reform, which stands for Copyright Arbitration Royalty Panel.

The new process will bring royalty arbitration expertise to bear in a much more effective and less costly manner than has been the case for years. Obviously, this will benefit songwriters and publishers.

EDUCATIONAL INITIATIVES

At times, the whole framework for copyright protection feels very fragile. We are working both behind the scenes and on the frontlines on the policy side in Washington to strengthen and protect the rights which enable us to be fairly compensated for our work. But we are not only working on the policy side. It is important to pursue various educational and public relations initiatives to see if we can get this new generation of file-sharers and downloaders to begin to understand the concept of intellectual property and its value.

To this end, in 2004 we started an anti-piracy campaign to change perceptions about who is harmed when music is downloaded illegally and, ultimately, to change download behavior. We began by conducting research on college campuses, where illegal downloading is rampant. Our first step was to test the students' attitudes toward downloading. Then we ran print and media ads in their markets trying to educate them about all the different people, including songwriters and composers, who are impacted by their actions. We also ran a series of radio ads. After we ran the ads for a period of time, we went back and tested their attitudes again.

The results were interesting. We saw a significant 21 percentage point increase in the number of students who understood that others, besides artists and labels, are hurt by illegal downloading. We also saw that the message had a more positive impact among women and "light" downloaders than among men and "heavy" downloaders. In fact, lighter downloaders reported a 13 point increase in those saying they planned on downloading less after seeing the ads. This led our researchers to believe that our media campaign will have a positive impact, particularly on younger downloaders. Our goal now is to invite other organizations in the music industry to join us in

rolling out this media campaign and sharing the expense. Through a partnership with Westwood One, we already have a number of media outlets willing to run ads as public service announcements, which is the most cost-effective way to proceed.

We know we need to get to young people before they already become significantly dependent on illegal downloading for their music. That is why we are also developing a version of our message for 12 to 14 year-olds.

CREATIVITY IN THE CLASSROOM

Another way we are reaching out to young people at an earlier age is through the ASCAP Foundation, which has launched an exciting and important new initiative called "Creativity in the Classroom." The program seeks to teach our children the need for valuing copyright so that there will be creators in the future who can make a living from their work.

We've designed the program to help students recognize their own creative work and to understand their rights as owners of intellectual property as well as the ethics of protecting the creative property of others. The premise of the project is to encourage students to label their creative work with the copyright symbol, the year and their names, just as they see on any published, professional, creative work.

Placing a copyright symbol circle at the end of a song or poem that a student creates is a tangible way of driving home the point that this work was created by someone, belongs to that person, and must be respected as that person's property, and if someone wants to use the work they have to ask the student creator's permission. In this manner, it doesn't become such a leap to understand that piracy on the internet or anywhere else goes against the values that they have been taught.

THE WORLD'S MOST-LOVED MUSIC

As you can see, ASCAP is taking several different strategic approaches to protect creators' rights in Washington, and to make inroads in the public appreciation of the value of music. For more than 90 years, ASCAP songwriters, composers and publishers have created some of the world's most-loved music and have been compensated fairly for it. The efforts we make today will ensure that future generations of creators will be able to earn a livelihood from their work.



Marilyn Bergman
President and Chairman of the Board

2004 ASCAP HONOREES ON THE COVER:

(Top row, l-r) ASCAP Pop, Country and R&B Publisher of the Year EMI Chairman and CEO Martin Bandier; R&S Heritage Award winner the late Rick James; R&S and Pop Songwriter of the Year 50 Cent; Creative Voice Award winners Metallica; Robert Trujillo, Lars Ulrich, James Hetfield and Kirk Hammett; (second row from the top, l-r) Founders Award recipient Emmylou Harris; ASCAP Silver Pen Award winner Johnny Pacheco; Opus Award recipient Clint Eastwood; Pop Songwriter of the Year Nelly; Founders Award Recipient Jackson Browne; Golden Note Award Honoree Jay-Z; Country Songwriter of the Year Chris DuBois; (third row from the top, l-r) Henry Mancini Award Recipient Howard Shore; Latin Publisher of the Year Sony/ATV Music Publishing CEO and Chairman David Hockman; Country Songwriter/Artist of the Year Brad Paisley (in white hat); Latin Songwriter of the Year Rudy Pérez; Latin Songwriter of the Year Joan Sebastian; Latin Heritage Award winner Ednita Nazario; (bottom row, l-r) Pop Songwriter of the Year Graham Edwards and Country Songwriter of the Year Neil Thrasher.



John LoFrumento

“Over the past four years, ASCAP has distributed over \$2.2 billion to its members, more than any performing rights organization has ever achieved either in the U.S. or in the world.”

Our CEO

I AM PLEASED TO REPORT that in 2004, ASCAP marked its 90 years of operation with a 14.9% royalty payment increase to the Society's songwriter, composer and publisher members. The member distribution total of \$610 million was the highest ever in ASCAP's history. The other good news is that domestic distributions totaled \$433.0 million, an increase of 13.5% versus the prior year. And foreign distributions grew by a significant 18.5% to a total of \$177.3 million. Over the past four years, ASCAP has distributed over \$2.2 billion to its members, more than any performing rights organization has ever achieved either in the U.S. or in the world.

ASCAP collected \$698 million in 2004 - \$492 million from domestic sources and close to \$206 million from foreign. Due to the global popularity of ASCAP's music creators - and aided by favorable exchange rates - ASCAP's 2004 international revenues were up 14% over the prior year, and up 39% since calendar year 2002.

While revenues and distributions have reached an all-time high, the Society's operating costs are at an all-time low of 13.5%, one of the lowest operating ratios in the world for a performing rights organization, and the lowest by far in the U.S. Over the last four years, our operating ratio has declined from 14.7% in 2001 to this year's 13.5%. This confirms our commitment to run ASCAP as efficiently as possible.

TURNING CHANGE INTO OPPORTUNITY

It is gratifying to report these record financial results in this new millennium, which has been marked by a great deal of apprehension about the future of the music business. As the numbers show, ASCAP remains as relevant today as we were in 1914, when we were founded.

And ASCAP is well-positioned for the future. Our strategy is to turn change into opportunity for our members. Our goal is to get in on the ground floor to license new media and, specifically, to structure deals that allow our revenues to grow as the new media revenues grow. This is especially important when you consider that some of the new user groups may eventually eclipse more traditional media.

Cable is a perfect example. It started out as a fledgling new media in the 1980's and in 2005, with cable revenues forecasted in excess of \$118 million, the amount collected will be greater than the combination of local and network TV receipts.



Pictured above at ASCAP during the 2004 Republican National Convention are ASCAP CEO John LoFrumento and Senator Orrin Hatch (R-UT). The Society held a reception to honor Hatch, who is a supporter of creators' rights and is an ASCAP songwriter himself. At the event, the late ASCAP Board member Cy Coleman and songwriter member Phoebe Snow performed one of Hatch's own compositions.

SATELLITE RADIO - AN IMPORTANT NEW REVENUE STREAM

Satellite radio provides another example of a fledgling new media opportunity that has the potential to grow into an important revenue stream. ASCAP has had agreements with XM and Sirius since 2001 and 2002, respectively, and we are seeing better than anticipated revenues and a more rapidly growing subscriber base.

The combined, published, subscriber counts for both companies rose from a little less than 400,000 in 2002 to 1.6 million in 2003, to 4.2 million in 2004. Industry experts predict that both satellite companies will see significant growth in subscriber numbers and advertising revenues over the next few years. This is good news for ASCAP members since our license agreements capture the combined value for their dual revenue streams.

We also get very specific census reports on their streams that reduce survey costs and provide very accurate performance data. At this point, the actual dollars received from satellite radio are insubstantial compared to traditional radio, but our license fees will grow with their business growth.

LARGEST SINGLE LICENSING DEAL IN RADIO HISTORY

On the broadcast front, in 2004, we negotiated new five-year deals with the radio industry and with local television. The ASCAP radio deal was the largest single licensing deal in radio history, totaling in excess of \$1.7 billion for our members. The agreement finalized license fees for the period 2001 through 2003 and established new ASCAP licenses for the period 2004 through 2009. We have also simplified and streamlined the administration process, which will benefit both sides.

WIRELESS MUSIC'S GREAT POTENTIAL

ASCAP is also aggressive in licensing entirely new forms of media to ensure the future livelihoods of our members. As you know, ringtones have quickly become a new source of royalty revenue for ASCAP members. In 2001, when ringtones first began to emerge in the United States, ASCAP was well prepared and became the first U.S. music rights organization to offer a pioneering blanket license agreement to ringtone providers. Shortly thereafter, it became the first U.S. PRO to distribute ringtone royalties to its members, a practice that was quickly incorporated into ASCAP's regular, quarterly distributions.

Mobile ringtones are just the tip of the iceberg. Since 2001, the ringtone license agreement has evolved into today's "wireless music" license. In addition to ringtones, this agreement also licenses many other types of music performances that are now being offered to the tens of millions of mobile-phone and wireless-device users in the United States. These

include ringbacks, which have the potential to equal if not surpass ringtones in popularity, as well as mobile TV, music-enhanced voicemail and mobile games. Two other prominent ASCAP license agreements - the "Interactive" and "Non-Interactive" license agreements for sites and services - cover all other Internet and wireless uses, such as streaming audio and video. Most recently, we have begun to license podcasters.

INNOVATIVE BUSINESS VENTURES: MUSICPRO AND MEDIAGUIDE

Our strategy of turning change into opportunity for our members isn't limited to licensing efforts. Two new businesses owned by ASCAP, MusicPro Insurance and Mediaguide, will provide future revenue for ASCAP members.

MusicPro, offering affordable and convenient insurance for music professionals, grew another 30% in 2004 with now over 3,000 policyholders. It is endorsed by virtually every American music organization. MusicPro's quality policies are even endorsed by our competitors.

Mediaguide is a new technology based marketing information company that delivers the ultimate level of performance tracking using fingerprinting to identify music performed on radio, television, satellite and Internet broadcasts. Mediaguide is currently monitoring about 2,500 U.S. radio stations in close to 250 markets 24/7. Mediaguide has fingerprinted over 3.5 million sound recordings, and the Mediaguide database is growing everyday.

The benefits to ASCAP members are two-fold. On one hand, the data we receive from Mediaguide will help reduce ASCAP's operating expenses while significantly increasing the scope of our surveys. We began incorporating Mediaguide data into our radio survey effective with first quarter 2004 performances. Each quarter, we incorporate more Mediaguide data and eventually it will become our primary source of radio performance information. Mediaguide's 2,500 stations cover approximately 80% of ASCAP's total radio revenues.

On the other hand, Mediaguide's data is of interest to other customers as illustrated by Mediaguide's recent deal with ABC Radio Networks. ABC Radio Networks markets Mediaguide's StationMonitor to all domestic U.S. radio stations. The service provides radio program directors and music directors with a web-based solution for monitoring

music airplay that can be easily customized to track specific stations, markets and formats. In addition, Mediaguide's tracking of commercial, non-commercial and specialty radio has led to additional alliances with JazzWeek, Urban Networks, Broadjam and Sonicbids, among others.

We are also offering members and others in the industry the ability to subscribe to Mediaguide monitoring products for real-time tracking information that is key in effectively promoting new releases and capitalizing on radio play interest to boost sales and tours. There are many artist managers and independent labels who have signed on to receive Mediaguide data for their acts and the real time data they receive has proved invaluable to them in maximizing their marketing strategies. The feedback has been phenomenal.

LOOKING TO THE FUTURE

ASCAP is completing a total re-write of its distribution and support systems, which, when fully implemented will allow members a real-time web interface with their own data. This system is known internally as "PREP" - Performing Rights Enterprise Program.

While the music industry as a whole is dealing with a great deal of uncertainty, ASCAP as a performing rights organization is uniquely positioned for future growth and we have shown that we are as relevant to our members' livelihoods today as we have ever been in our history. I think it is a tribute to the vision of our founders that they developed what has proven to be a supremely adaptable model for collectively licensing and administering their performing rights.

Without question, 2004 was an outstanding year for ASCAP and its members. We broke virtually all of our previous financial records and have set the stage for continued growth. It takes a talented and dedicated team to achieve these kinds of results. I'd like to thank the ASCAP Board for their direction. But most importantly, I'd like to thank the ASCAP staff, and particularly my Senior Management team, for continuing to make great things happen.



John A. LoFrumento
Chief Executive Officer

Our Board

ASCAP IS ITS MEMBERS.

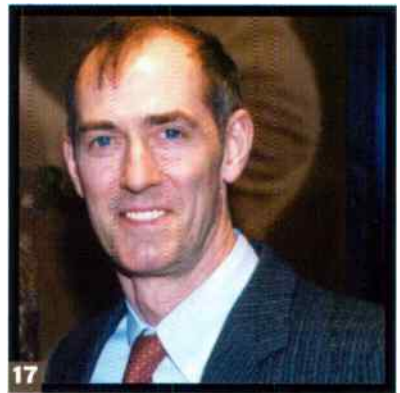
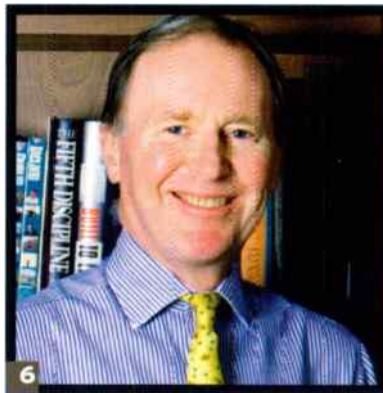
The ASCAP Board of Directors is made up of 12 writers and 12 publishers elected from and by the membership every two years.

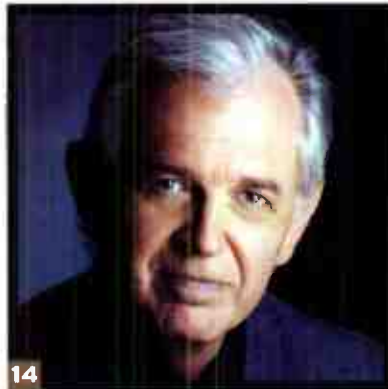
ASCAP is the only performing rights organization in the U.S. owned by composers, lyricists and music publishers. Writer members elect 12 writers to sit on the Board, and publisher members elect 12 publishers.

The ASCAP Board knows the needs of the members first-hand and they represent no other outside interest group, i.e. broadcasters or other profit driven third parties. The Board has a clear agenda - to provide the fairest and highest level of payments, the best service and the best copyright protection for the membership. They do this by meeting regularly to set policy and by serving on various Board committees which provide oversight and direction to a professional management team in all areas of ASCAP's operation.

ASCAP's Board of Directors are:

- | | |
|---|--|
| <ol style="list-style-type: none"> 1. Songwriter Jimmy Jam 2. Peermusic's Kathy Spanberger 3. Sony/ATV Music's Donna Hilley with Universal Music's David Renzer 4. Composer James Newton Howard 5. Songwriter Hal David 6. BMG Music's Nicholas Firth 7. Carlin America's Freddy Bienstock 8. Composer Stephen Schwartz 9. Songwriter Jimmy Webb and Warner/Chappell Music's Jay Morgenstern 10. Composer Johnny Mandel | <ol style="list-style-type: none"> 11. Lichelle Music's Dean Kay 12. Songwriter Marilyn Bergman, ASCAP President and Chairman 13. Composer Stephen Paulus with songwriter Wayland Holyfield 14. Composer Bruce Broughton 15. Leeds Music's Leeds Levy 16. MPL Communications' John L. Eastman 17. Composer Doug Wood 18. EMI Music's Joanne Boris 19. Famous Music's Irwin Z. Robinson and Theodore Presser's Arnold Broido 20. Songwriter Paul Williams |
|---|--|





Our Success

ASCAP MEMBERS dominated the top spots on the 2004 *Billboard* Year End Charts and garnered most of the industry's top honors



In addition, in all of these categories, members had at least 7 of the

THE GRAMMYS

ASCAP members won big at the 47th Annual Grammy Awards, honoring the best music of 2004. ASCAP had a total of 70 winners, including winners in every song and composing category. Among members who took home multiple awards were Alicia Keys, Usher, U2, John Mayer, Prince, Ben Harper, Lorin Maazel, Phil Ramone and Howard Shore.

Neverland and Jorge Drexler (SGAE) won the Oscar for Best Song for "Al Otro Del Rio" from *The Motorcycle Diaries*. ASCAP member Clint Eastwood won the Oscar for Best Director for *Million Dollar Baby*. Howard Shore won the Golden Globe for Best Original Score for *The Aviator* and Mick Jagger (PRS) won the Golden Globe for Best Original Song for "Old Habits Die Hard" from *Alfie*.

THE OSCARS AND GOLDEN GLOBES

The top Academy Awards and Golden Globes for music in films released in 2004 were presented to ASCAP members. Jan A.P. Kaczmarek won the Oscar for Best Original Score for *Finding*

THE PRIMETIME EMMYS

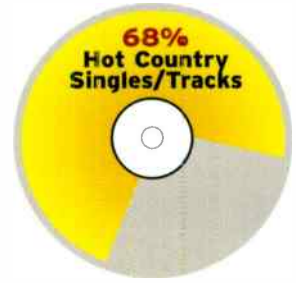
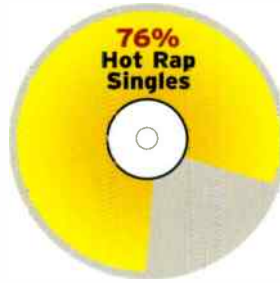
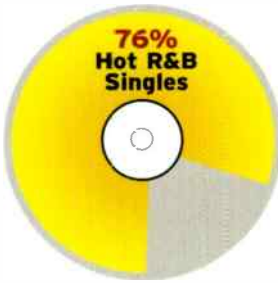
ASCAP Television music composers won distinguished awards at the 2004 Primetime Emmys: Bruce Broughton; Toni Childs and David Ricketts; Randy Newman; Dean Grinsfelder; Rick Krizman; Andy Bush (PRS) and David Gale (PRS); and Micha Liberman.



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top 10 songs with 10 of 10 in the Hot 100, R&B and Latin charts.

BROADWAY DRAMA DESK AWARDS

2004 Broadway Drama Desk Award winners included Stephen Sondheim for the revival of *Assassins*, Stephen Schwartz for *Wicked* and Jeanine Tesori for *Caroline, or Change*.

THE ROCK AND ROLL HALL OF FAME

2004 Rock and Roll Hall of Fame inductees included Prince, Traffic, Jackson Browne, ZZ Top, George Harrison and Bob Seger.

SONGWRITERS HALL OF FAME

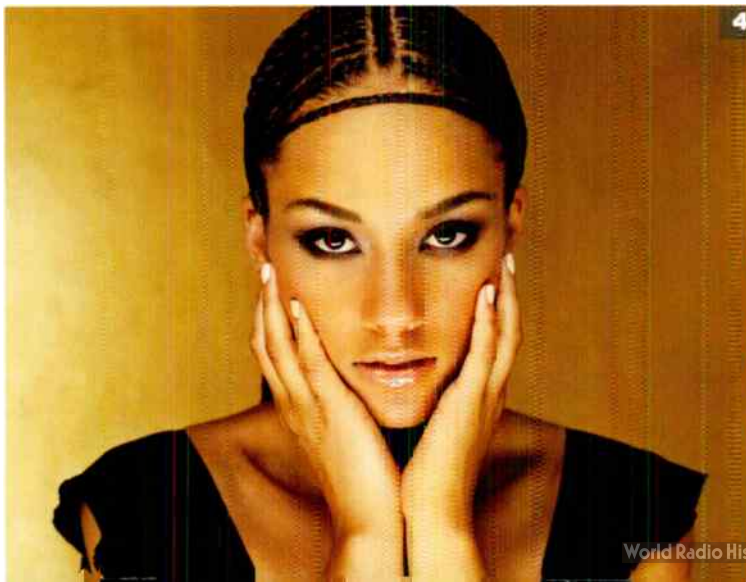
2004 Songwriters Hall of Fame honorees included Stevie Wonder, who received the Johnny Mercer Award; Rob Thomas, who received the Starlight Award; and Chairman and CEO of Warner/Chappell Music Les Bider, who received the Abe Olman Publisher Award. "What the World Needs Now Is Love," written by Hal David and Burt Bacharach, was named Towering Song.

HONORING OUR OWN

ASCAP celebrated the achievements of members in 2004 with its annual award ceremonies in Film & TV music, Pop, Rhythm & Soul, Latin, Country, Christian and Concert music. In recognition of Lifetime Achievement in music, ASCAP honored Jackson Browne, Emmylou Harris, Ednita Nazario and Rick James; Metallica with the inaugural ASCAP Creative Voice Award; Jay-Z with the ASCAP Golden Note Award; Howard Shore with the ASCAP Henry Mancini Award; Clint Eastwood with the ASCAP Opus Award.

2004 Songwriter of the Year Awards were presented to 50 Cent for Both Rhythm & Soul and Pop; Nelly and Graham Edwards for Pop; Joan Sebastian and Rudy Pérez for Latin; and Chris Dubois and Neil Thrasher for Country. Brad Paisley was honored as Songwriter/Artist of the Year for Country, and Bart Millard and Nicole Nordeman won for Christian music.

At ASCAP's 2004 Concert Awards, top honorees included the string quartet Ethel, Howard Shore, Paul Moravec, Bang on a Can and David Alan Miller.



- TOPS IN 2004:**
1. U2 (PRS)
 2. John Mayer
 3. Usher
 4. Alicia Keys
 5. Chairman and CEO of Warner/Chappell Music Les Bider

Our Careers

THE 26,000 NEW MEMBERS who joined ASCAP in 2004 know that with a Society owned and operated by writers, composers and publishers, they joined a Society that understands their challenges, their needs and their ambitions. ASCAP offers an incredible array of programs, support and services to members at all stages of their careers.

In 2004, ASCAP's membership grew to over 200,000, more than doubling in the last five years.

FOSTERING TALENT AND EDUCATION

Each year, ASCAP and the ASCAP Foundation present many awards, scholarships, grants and fellowships to foster music education, support up and coming talent and continue the legacy of music legends. The Society offers financial support and recognition to dozens of talented concert, pop/rock, country, latin, jazz, R&B/hip hop and film music creators. ASCAP regularly holds important workshops to help members develop their craft, ranging from the Disney Musical Theater Workshops to the Film Scoring Workshop to a variety of songwriter workshops all across the country.

DISTRIBUTING 2.45 MILLION IN SPECIAL AWARDS

The Society's ASCAPPlus Awards Program distributed 2.45 million to writer members for the 2004-2005 year. ASCAPPlus is the Society's unique program that provides cash and recognition to many active writers in the early stages of their careers, as well as to established writers whose main activity is outside of broadcast media.

EXPOSING MEMBERS TO THE INDUSTRY

Throughout the year, ASCAP participates in various music festivals, such as CMJ, the Newport Folk Festival, the SXSW Music and Media Conference and the Sundance Film Festival, among numerous others, showcasing rising stars and offering support and advice.



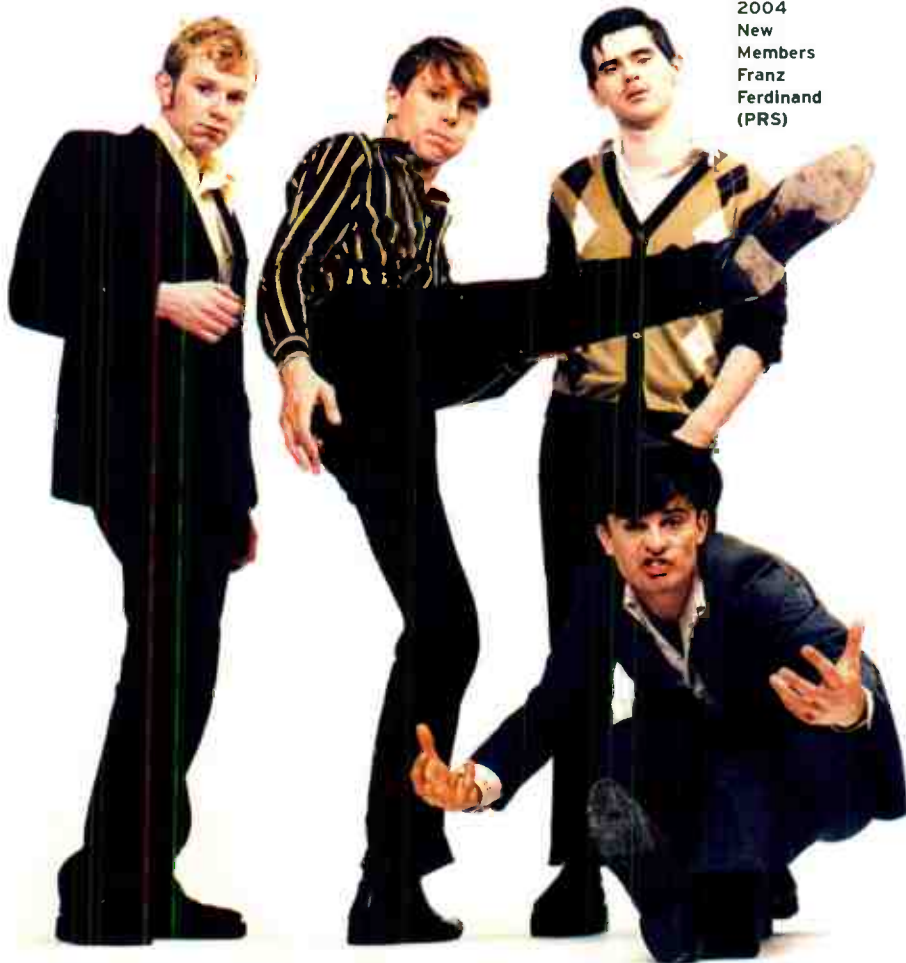
FULFILLING THE NEEDS OF WORKING PROFESSIONALS

ASCAP understands that to compete and survive in today's music industry, you need to have the right tools in your hands and the right protection at your back. The range of benefits and services available with ASCAP's Membership Card continues to expand greatly, giving members added value, added choices and added discounts with a long list of benefit partners who want to assist music professionals. Among 2004's noteworthy new benefits are discounts with Nimbit, who through a partnership with ASCAP, offers great pricing on website hosting packages as well as ASCAP Web Tools to help working musicians manage their own sites

PROVIDING CONVENIENT, LOW-COST INSURANCE

ASCAP created MusicPro Insurance to provide great insurance at a low price for working professionals. It continues to be one of the Society's most popular benefits. And for good reason. With coverage for instruments and equipment, studio liability, tour liability, travel/accident, long term care and even medical, MusicPro gives members peace of mind so they can do what they do best: create and play music.

2004 New Members Franz Ferdinand (PRS)



5

Among the 26,000 new members ASCAP welcomed in the past year are some of the top names in their fields:

- Pictured are:
1. LeAnn Rimes
 2. Diana Krall (SOCAN)
 3. The Killers
 4. Michael Giacchino
 5. Antonio Pinto
 6. Smokie Norful



6



At right: Jason Mraz performing at ASCAP's 2004 Music Café at the Sundance Film Festival



Our Technology

MEDIAGUIDE IS A NEW technology-based marketing information company, created and co-owned by ASCAP, that delivers the ultimate level of performance tracking using fingerprinting to identify music performed on radio, television, satellite and Internet broadcasts. Launched in 2004, Mediaguide currently monitors about 2,500 U.S. radio stations in close to 250 markets 24/7. Mediaguide has fingerprinted over 3.5 million sound recordings, and its database is growing exponentially.

With Mediaguide, ASCAP members benefit from the most advanced, innovative and revenue-generating performance tracking system ever developed



Suzanne Vega, ASCAP member-owner since 1985, was among the speakers at the 2004 Future of Music Coalition Policy Summit in Washington, D.C.

The inclusion of Mediaguide-sourced performance data will bring major benefits to ASCAP's members. Since Mediaguide's 2,500 radio stations cover approximately 80% of ASCAP's radio revenues, the 24/7 electronic monitoring conducted by Mediaguide will allow for a substantially increased survey. It is estimated that Mediaguide will identify more than 200 million radio performances annually.

ASCAP began incorporating Mediaguide data into the radio survey with the first quarter 2004 performances. In subsequent quarters additional Mediaguide data will be included until Mediaguide becomes the Society's primary source of radio performance information. In addition to a substantially increased

survey, the advanced technology used by Mediaguide allows ASCAP to directly feed this performance data into the distribution process with the resultant savings in time and money.

Mediaguide has been successful in marketing its services to other customers as illustrated by Mediaguide's recent deals with ABC Radio Networks, Jazzweek, Urban Networks, Broadjam and Sonicbids, to name just a few.

Mediaguide's StationMonitor product is being used by ABC Networks to sell station playlists and advertising data to radio stations on a real-time basis. Mediaguide's ArtistMonitor is being sold to artists, their managers and independent labels to help them maximize their marketing strategies.

Mediaguide's real-time tracking information is key in promoting new releases and capitalizing on radio play interest to boost sales and tours. Mediaguide's advertising data has also been integrated and sold in a range of products that provide advertisers, agencies and radio stations with insight into what companies are advertising, what products, how often and in what markets and on what stations.

ASCAP.COM - GATEWAY TO GREAT SERVICE

At more than 2.2 million page views and over 18 million hits every month, ASCAP's website is the world's most visited professional website. The site is custom-designed to best serve the needs of ASCAP members. From Audio Portraits that highlight the music and craft of songwriters and composers to easy online title registration forms and ASCAP Plus Special Awards applications to Collaborator Corner's online networking opportunities, the site keeps a strong focus on members and their career development. In 2004, navigation on the site was improved so that members could also quickly and easily read the latest ASCAP news, change their address, find out distribution dates, sign up for Inside Music E-News, discover the ever-expanding array of ASCAP member benefits as well as find articles and advice of interest to songwriters, composers and music publishers.

INSIDE MUSIC E-NEWS - USEFUL KNOWLEDGE AND ADVICE IN YOUR INBOX

In 2004, more and more ASCAP members registered their email address with ASCAP in order to receive Inside Music, a monthly e-newsletter exclusively for members. Inside Music is filled with essential information about networking and songwriting opportunities, as well as articles and advice for members.

ELECTRONIC TITLE REGISTRATION - AN IMPORTANT STEP MADE QUICK AND EASY

In 2004, electronic title registration became the best method for registering titles. Members found that registering their titles on ASCAP's website or through Common Works Registration to be the quickest, easiest way to get their works into the ASCAP database.

PREP - STATE OF THE ART ROYALTY DISTRIBUTION

PREP is ASCAP's Performing Rights Enterprises Program that has been in devel-

opment since 2002. Nearing completion, it will be perhaps the greatest advancement in a royalty distribution system anywhere in the world. It will also handle ASCAP's needs in the area of Copyright and Agreements and Membership and Inquiry Management. The state-of-the-art system will be web-enabled to provide easy access to and easy provision of information by members. It will also be flexible to meet the demands of industry changes and members' needs. It will be easy to use to maximize efficiency. And it will be able to grow as ASCAP's survey grows both in content and number of surveyed performances.

ASCAP WEB TOOLS - PUTTING THE POWER OF TECHNOLOGY IN MEMBERS' HANDS

In 2004, ASCAP, through a partnership with Nimbit, launched "ASCAP Web Tools" which allows members to create and launch their own official website or improve their existing site. Nimbit's website services, designed especially for working musicians, include site-building tools, email management, calendar updates and more. Members can also update their site from the road; post shows, news, photos and more; and manage mailing lists and newsletters. It allows members to save time, hassle and money, so they can concentrate on what they do best: create music.

COLLABORATOR CORNER - A FREE ONLINE NETWORKING TOOL

Collaborator Corner is ASCAP's free online networking tool for music professionals seeking creative partners. It helps song-

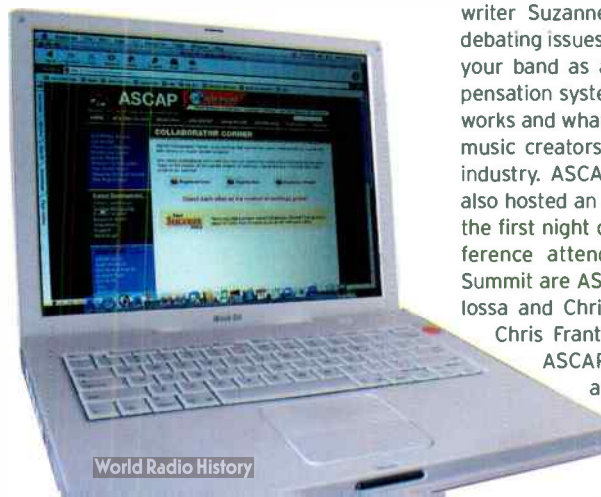
writers, composers and lyricists develop career enhancing connections and enables users to take advantage of opportunities that might not otherwise be brought to their attention. Collaborator Corner continues to average about 200 new postings a month - that's thousands of postings in a year -and numerous success stories!

THE FUTURE OF MUSIC COALITION POLICY

To ensure that the creators' voice is always represented in any discussion about music and technology, ASCAP members participate in many of the top technology conferences around the country that deal with the subject. In May 2004, ASCAP was again a lead sponsor of the Future of Music Coalition Policy Summit held at George



Washington University in Washington, D.C. During the summit, experts and audience members including policymakers, songwriters and musicians, industry representatives, and technologists discussed the effects that new technologies are having on music creators and the music industry. ASCAP Senior Vice President, ASCAP Enterprises Group, Chris Amenita, and ASCAP members Pat Irwin (member of the B-52's and a film/television composer), Chris Frantz and Tina Weymouth (members of the Talking Heads and the Tom Tom Club) and singer/songwriter Suzanne Vega took part in panels debating issues such as the value of treating your band as a business, alternative compensation systems with respect to P2P networks and what the future holds in store for music creators, consumers, and the music industry. ASCAP Board member Dean Kay also hosted an ASCAP cocktail reception on the first night of the conference for all conference attendees. Pictured (l-r) at the Summit are ASCAP's Harry Poloner, Lauren Iossa and Chris Amenita, Tina Weymouth, Chris Frantz, Pat Irwin, Suzanne Vega, ASCAP Board member Dean Kay and ASCAP's Loretta Muñoz.



Our Benefits

ASCAP MEMBERS are creative, ambitious and smart. They know that to build and maintain a career in music takes not just talent, but business-savvy and hard work. ASCAP knows this because it is member-owned. Who better to understand the needs of music creators than other music creators? To that end, ASCAP has custom-designed an innovative package of benefits and services that help make the lives of working music professionals that much easier.

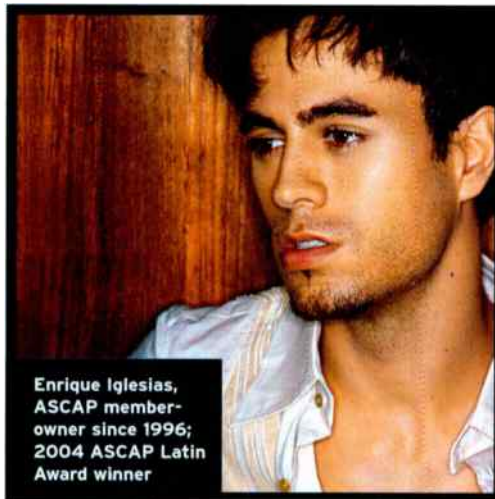
Through innovative partnerships and sponsorships, the Society has built an unparalleled program of benefits and services to help members in their careers -every step of the way

MUSICPRO INSURANCE - ENDORSED BY VIRTUALLY EVERY AMERICAN MUSIC ORGANIZATION



ASCAP developed MusicPro Insurance to meet the needs of ASCAP members who are either out on the road performing or in their home studios writing and recording. The cost of good equipment, studio and tour insurance was too high for most members. So ASCAP looked high and low to find a way to provide high quality, low

endorsed by virtually every American music organization. MuscPro's quality policies are even endorsed by ASCAP's competitors.



cost insurance. Conceived, created and co-owned by ASCAP, MusicPro has met that need and more with greater coverage and flexibility, better service and lower costs than any other insurance.

MusicPro now offers ASCAP members Musical Instrument Insurance, Studio Liability Insurance, Travel/Personal Accident Insurance, Tour Liability Insurance, Individual Term Life Insurance, Long Term Care, Medical Insurance and Dental Insurance.

MusicPro grew another 30% in 2004 and now has over 3,000 policyholders. It is also



MEDIAGUIDE - ONE PROGRESSIVE VENTURE - MULTIPLE MEMBER BENEFITS

Mediaguide, a joint venture created and co-owned by ASCAP, is a new technology-based marketing information company that delivers the ultimate level of performance tracking using fingerprinting to identify music performed on radio, television, satellite and Internet broadcasts. Mediaguide is currently monitoring about 2,500 U.S. radio stations in close to 250 markets 24/7.

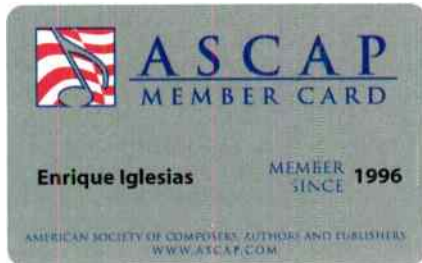
While ASCAP uses Mediaguide's data to accurately distribute royalty payments to members while also reducing operating costs, members can use Mediaguide's ArtistMonitor system to gain immediate knowledge of the market impact of their works. Mediaguide's unique network, which tracks songs across college, non-commercial and commercial radio stations, allows it to provide airplay information that had been available only to and about commercial mainstream artists to self-released and independent songwriter/artists, and to those who want to discover and support them.

ASCAP AND NIMBIT'S E-TOOLS PUT THE POWER OF THE WEB IN MEMBERS' HANDS

With the ASCAP E-Tools Program, powered through Nimbit, ASCAP members possess a complete e-business platform designed for the working



musician that allows members to publish a complete website, manage e-mail lists, promote to radio and even track radio airplay using ASCAP's own MediaGuide technology. And e-commerce is integrated throughout the platform



THE ASCAP MEMBER CARD - A POWERFUL SYMBOL, AN INCREDIBLE VALUE

One way ASCAP is able to continue to expand and enhance its service to its members is by teaming up with other companies in providing benefits and services. Many businesses understand that by helping to promote ASCAP members and their music, they are also promoting their own bottom line. ASCAP's Member Card Benefits Program continues to grow in the scope and nature of what it offers to members. Discounts to members are available from an ever-growing list of companies. They include gear discounts with Instrumentpro.com and Musician's Friend; electronic discounts with JAMedia, JBL Speakers and J&R Music World/Computer World; songwriter and composer tools with MasterWriter, Music Dispatch, Official Copyright Online Filing Tools, Sibelius Music Notation Software, SongU.com and SongCasting's "The Pitch List;" merchandising with ipromoteu.com; Satellite radio service with XM Satellite Radio; travel and moving discounts with Avis, Hertz, Choice Hotels International and North American Van Lines; and discounts on music magazines and trade publications such as *Billboard*, *The Hollywood Reporter*, *Performing Songwriter*, *Rolling Stone*, *Spin* and many others.

Financial benefits include the ASCAP MasterCard Credit Card Program, which offers ASCAP members a low introductory annual percentage rate, no annual fee and exceptional customer service; the ASCAP Platinum Plus for Business MasterCard Credit Card Program with no annual fee; membership in the USAlliance Federal Credit Union, with financial services tailored to the needs of ASCAP members; and

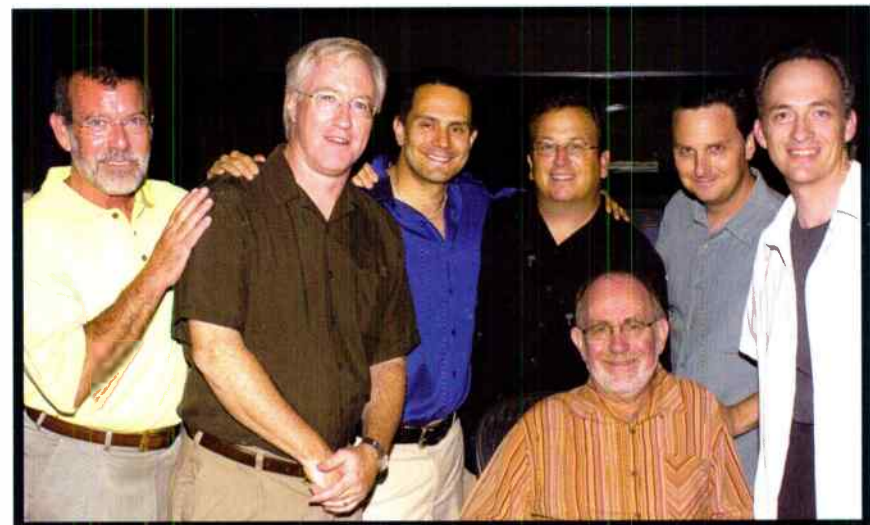
the ASCAP Member Investment Program, which offers tax-deferred investment services to members.

THE 2004 ASCAP FILM SCORING WORKSHOP - NURTURING THE NEXT GENERATION

ASCAP uses partnerships and sponsorships to help members at every stage of their career. An excellent example of one partnership that continues to nurture up-and-coming creators is the ASCAP Film Scoring Workshop, which was initiated in 1988 and is supported by the ASCAP Foundation. The 2004 workshop, which offers aspiring film and TV composers intense hands-on training in their field, is an internationally recognized program that features prestigious guests from the highest levels of the film and television

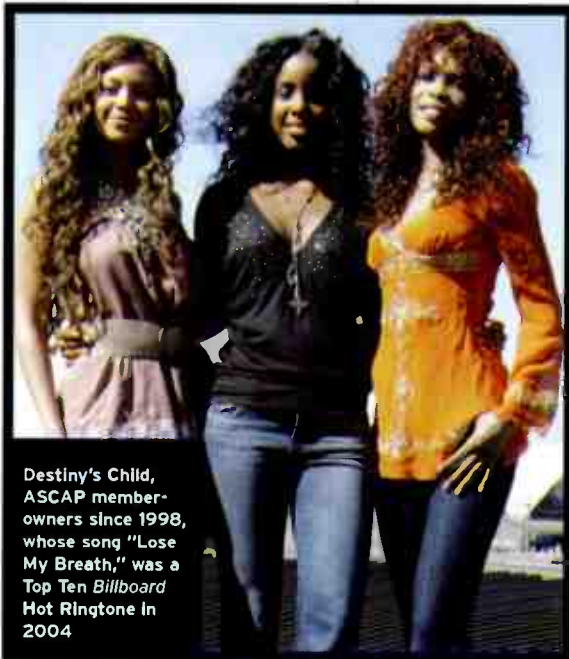
music industry. Because it is known as a major educational and networking opportunity for aspiring composers, the program receives major contributions, resources, equipment and talent from 20th Century Fox Music, Paramount Pictures and Television, Icon Distribution Inc., Sabron Inc., Jo Ann Kane Music Service, Mad 4 Music and the Newman Scoring Stage.

Pictured at the 2004 workshop at the podium is the 2004 ASCAP Foundation/Steve Kaplan TV & Film Studies Scholarship recipient Ted Masur and (l-r) workshop mentor and composer Richard Bellis, orchestrator and score reader Dave Slonaker, ASCAP's Mike Todd, Sabron's contractor Peter Rotter, recording engineer Armin Steiner, Fox's orchestral scoring recordist John Rodd, and Mad 4 Music's Michael Ryan.



Our Value

BUSINESSES NEED MUSIC. ASCAP members create and publish music. With an ASCAP license, businesses and members both benefit from the incredible earning potential of this relationship. As new media continues to allow ASCAP members' music to be experienced in more ways than ever before, the ASCAP license guarantees that members receive fair and accurate payment for use of their music, wherever it is performed.



Destiny's Child, ASCAP member-owners since 1998, whose song "Lose My Breath," was a Top Ten Billboard Hot Ringtones In 2004

With more than 8 million songs in the ASCAP repertory, the Society's bargaining power with its customers is stronger than ever

SIGNIFICANT LICENSING DEVELOPMENTS IN 2004

From traditional radio and TV to Satellite radio, wireless devices, digital jukeboxes and new venues, ASCAP's leadership led to several significant licensing developments in many different areas:

THE LARGEST SINGLE LICENSING DEAL IN RADIO HISTORY

On the broadcast front, in 2004, ASCAP negotiated new five-year deals with the radio industry and with local television. The ASCAP radio deal was the

largest single licensing deal in radio history, totaling in excess of \$1.7 billion for members. The agreement finalized license fees for the period 2001 through 2003 and established new ASCAP licenses for the period 2004 through 2009. ASCAP has also simplified and streamlined the administration process, which will benefit both sides.

UNPRECEDENTED LONG-TERM AGREEMENT WITH LOCAL TELEVISION INDUSTRY

ASCAP and the Television Music License Committee (TMLC), representing over 1,200 local television stations, reached a long-term agreement covering the stations' performance of ASCAP music in their analog and digital broadcast signals, as well as on station websites. The unprecedented agreement covers an 11-year period, retroactive from April 1998 to December 31, 2009, providing substantial roy-

alties to ASCAP's songwriters, composers and music publishers.

XM AND SIRIUS SATELLITE RADIO

Satellite radio is fast becoming an important new revenue stream. The combined, published, subscriber counts for both XM and Sirius Satellite Radio rose from a little less than 400,000 in 2002 to 1.6 million in 2003, to 4.2 million in 2004. ASCAP has had agreements with both XM and Sirius Satellite Radio Networks since 2001 and 2002, respectively, and the Society is seeing better than anticipated revenues and a more rapidly growing subscriber base. The good news for ASCAP members is that the ASCAP license captures the combined value of XM and Sirius' dual revenue streams. Although the actual dollars received from satellite radio are low compared to traditional radio, ASCAP's license fees will grow with the business.

WIRELESS - A REVOLUTION IN REVENUE

Ringtones have quickly become a new source of royalty revenue for ASCAP members. In 2001, when ringtones first began to emerge in the United States, ASCAP was well prepared and became the first U.S. music rights organization to offer a pioneering blanket license agreement to ringtone providers. Shortly thereafter, it became the first U.S. PRO to distribute ringtone royalties to its members, a practice that was quickly incorporated into ASCAP's regular, quarterly distributions. The ringtone license agreement has now evolved into today's "wireless music" license. The new agreement also licenses many other types of music performances that are now being offered to the tens of millions of mobile-phone and wireless-device users in the United States. These include ringbacks, which have the potential to equal if not surpass ringtones in popularity, as well as mobile TV, music-enhanced voicemail and mobile games. Two other prominent ASCAP license agreements - the "Interactive" and "Non-Interactive" license

agreements for sites and services - cover all other Internet and wireless uses, such as streaming audio and video. Most recently, ASCAP has even licensed podcasters.

A NEW LICENSE FOR DIGITAL JUKEBOXES

In 2004, ASCAP successfully negotiated a new, five year license with Rowe AMI for the public performance of ASCAP music in its digital jukeboxes. Rowe AMI, a company that has been an innovator in jukebox technology since 1909, has now established AMI Entertainment to specifically pursue digital entertainment

FURTHER ENHANCEMENTS TO ASCAP'S SURVEY AND CENSUS

In 2004, ASCAP enhanced its survey to provide improved service to members. The Society now conducts a complete census of all general entertainment cable services, as well as a census of the series and movies on MTV and VH1. Touchtunes digital jukeboxes are now being processed on a quarterly basis. In addition to ASCAP's census of all the dates, acts and compositions of the top 200 concert tours, ASCAP updated the venues in its live concert survey to include the American Airlines Arena in Miami, the Staples Center in L.A. and the Roberto Clemente Colliseum in San Juan. XM Satellite Radio and the Music Choice Wired Music Service was added to ASCAP's survey as well as the Echostar Pay Per View Channel. ASCAP also added Busch Gardens to the list of surveyed theme parks. Other parks include Disney, Universal and Six Flags.

100% SUCCESS RATE OF COPYRIGHT INFRINGEMENT LITIGATION IN 2004

During 2004, ASCAP achieved a 100% success rate with its copyright infringement litigation with nightclubs, bars and restaurants, with all concluded cases resulting in either a cash settlement or a judgement in favor of ASCAP members

HONORING OUR CUSTOMERS

The ASCAP Partners in Music Award recognizes ASCAP licensees who are exceptional in promoting and expanding the reach of music. Three ASCAP Partners in Music Awards were presented in 2004. They went to: MTV/VH1, The Puerto Rico Radio Broadcasters Association and Billy Bob's Texas. Pictured (l-r) are 1. ASCAP Senior Vice President of Licensing Vincent Candilora, John Rzeznik of the Goo Goo Dolls, ASCAP President and Chairman

Marilyn Bergman, President of Entertainment for MTV and VH1 Brian Graden and ASCAP CEO John LoFrumento; 2. ASCAP's Luis Verges, Partner in Music Award winner and Executive Director of the Puerto Rico Radio Broadcasters Association Jose A. Ribas and ASCAP's Douglas Peek; and 3. Billy Bob's Texas' Pam Minick, ASCAP's Tina Roberts, Billy Bob's Billy Minick, ASCAP's Dean DeMerritt and Vincent Candilora.

OUTSTANDING BROADCAST AWARDS

The ASCAP Deems Taylor Awards annually honor outstanding broadcast and new media coverage of music. The 2004 Radio Broadcast Award honored *American Routes* (MBK Productions, Public Radio International) and Producer/Host Nick Spitzer. Honored in the Television Broadcast category were *Keeping Score: MTT on Music: The Making of a Performance: Tchaikovsky's 4th Symphony*, a production of The San Francisco Symphony: Music Director, Michael Tilson Thomas; Executive Producer, John Kieser; *The Making of a Performance*: Producer, David Kennard; Director, Joan Saffa; *Tchaikovsky's 4th Symphony*: Director, Gary Halvorson; and Producer, Michael Bronson. The Internet Award honored two outstanding websites, Postclassic Radio (www.live365.com/stations/kylegann), Kyle Gann, Producer, and Iridian Radio (www.iridianradio.com), Robin Cox.

Pictured (l-r) are: 4. Michael Bronson, producer of the Television Broadcast Award-winning program *Keeping Score: MTT on Music: The Making of a Performance; Tchaikovsky's 4th Symphony*; 5. Nick Spitzer, host and producer of the 2004 Radio Broadcast Award winning program *American Routes*; 6. ASCAP CEO John LoFrumento presenting Internet Awards to Robin Cox of Iridian Radio and Kyle Gann of PostClassic Radio.

THE ASCAP CUSTOMER CARD - ADDED VALUE

ASCAP values its customers. One way of showing its appreciation is by adding value



for being a customer. The ASCAP Customer Card does this by providing a wide selection of benefits reserved exclusively for ASCAP customers to make their lives a little easier, their employees a little happier and their bottom-line richer.

Our World

In 2004, ASCAP's foreign collections for member performances grew to over \$205 million

COLLECTING THE MOST MONEY FROM FOREIGN SOCIETIES

ASCAP collects more money from foreign societies than any other American performing rights organization, making ASCAP a recognized leader around the world. For ASCAP members, this results in numerous international advantages:

- **ASCAP** administers more foreign repertory in the U.S. than any competitor.
- **ASCAP** has reciprocal representation agreements with over 80 affiliated societies representing virtually every country that has laws protecting copyright.
- **ASCAP's** team of high-profile, experienced reps works closely with established societies in the rapidly developing economies of Eastern Europe, Southeast Asia and the Caribbean.
- **By virtue of ASCAP's** long-standing relationships with foreign societies, it has conducted technical visits to more affiliated societies than any other society, gaining a

comprehensive understanding of how they do business and identifying tools needed to help them administer our repertory most effectively.

ASCAP members also benefit from any interest earned on royalties pending distribution and from a foreign tax credit which translates into tax savings for members up to \$3 million in any given tax year.



DEVELOPING A WORLDWIDE PERFORMING RIGHTS ENVIRONMENT

In 2004, ASCAP joined FastTrack, the Digital Copyright Network, at a special signing session in Geneva, Switzerland in March. In attendance were members of FastTrack's Supervisory Board, which is comprised of leaders from some of the world's leading performing rights organizations. ASCAP CEO John LoFrumento also joined the Supervisory Board at the spring meeting. FastTrack is an alliance of performing rights societies whose goal is to build a decentralized network to share data and streamline internal operations. One way it is doing this is to adopt the "best practices" already existing among its member societies. Linking ASCAP's domestic database with those of the Society's foreign affiliates is an important development in the creation of a fully integrated, worldwide performing rights environment. ASCAP's membership means that two-thirds of all musical works performed internationally will be represented in FastTrack's database and will greatly enhance the FastTrack members' royalty accounting systems. Pictured above at the meeting in Geneva are Teddy Bautista (SGAE), Manfred Brunner (AKM), Chris van Houten (FastTrack), Alfred Meyer (SUISA), Jurgen Becker (GEMA), Jacques Lion (SABAM), Frances Preston



Kaiser Chiefs (PRS), who license their music through ASCAP in the U.S., were a breakout rock band in 2004, fueled by their hit song, "I Predict A Riot."

(BMI), Cees Vervoord (Buma/Stemra), LoFrumento, John Hutchinson (MCPS-PRS), Franco Migliacci (SIAE), André LeBel (SOCAN) and Bernard Miyet (SACEM).

NURTURING INTERNATIONAL RELATIONSHIPS

WORLD SOUNDTRACK AWARDS:

In October 2004, Sir George Martin presented the Lifetime Achievement Award to ASCAP President and Chairman Marilyn Bergman and Alan Bergman at the World Soundtrack Awards during the Flanders International Film Festival in Ghent, Belgium. Pictured, left, (l-r) are Alan Bergman, the WSA's Marian Ponnnet, Marilyn Bergman and Sir George Martin.



APRA AWARDS: ASCAP

Executive VP of Membership Todd Brabec and ASCAP Senior VP of Film/TV Music Nancy Knutsen traveled to Melbourne and Sydney in May 2004 to attend the Australian society's APRA Awards and to meet with APRA members and the Australian music industry. Pictured, left, (l-r) at the APRA Awards are Brabec, APRA songwriter/Board member Jenny Morris, Knutsen and



Managing Director of Universal Music Publishing/Australia and APRA Board member Bob Aird.

ASCAP/PRS AWARDS: British writers and publishers were honored in October 2004 at the ASCAP/PRS Awards held in London. Pictured, left, at the ceremony (l-r) are Award winner Billy Nichols, EMI's Peter Reichardt and ASCAP Senior VP of International Roger Greenaway.



SOCAN AWARDS: ASCAP Executive VP of Membership Todd Brabec attended the 15th Annual SOCAN Awards in Toronto. Pictured, bottom photo, with Brabec (center) are (from the left) SOCAN Classic Award-winning songwriters David Tyson and Jim Vallance.



MAINTAINING A FORWARD-THINKING WORLD VIEW

ASCAP is committed to identifying and claiming every current and potential source of revenue for its members, so it systematically assesses the potential impact on its revenue of political, legislative, economic and commercial developments wherever in the world its repertory is performed. In addition,

ASCAP closely monitors the national and international consequences of all changes in the membership, documentation, distribution and financial practices of its affiliated societies.

OFFERING AN EXPERIENCED VOICE IN INTERNATIONAL ORGANIZATIONS

ASCAP plays a prominent role in international organizations such as CISAC (Confederation International des Sociétés D'Auteurs et Compositeurs). In 2004, ASCAP CEO John LoFrumento was elected to the CISAC Board of Directors. He was also elected to chair CISAC's Finance Committee. As part of the 20 member board, LoFrumento will help guide the confederation in meeting the challenges presented by the increasing digital diffusion of creative works. ASCAP's Senior VP/Chief Information Officer Tina Barber and ASCAP's Mairy Beam, serve on CISAC's CIS Supervisory Board (CSB). David Safir represents ASCAP on CISAC's European, Ibero-American and African Committees and on its Distribution Committee and the Radio & TV Broadcasting Committee. ASCAP Senior VP/International Roger Greenaway and Tina Barber also serve on FastTrack's Executive Board.

In cooperation with ASCAP's sister societies in such countries as Ireland, Canada and Australia, ASCAP presents educational workshops for anyone who is interested in licensing their music through ASCAP in the U.S.

CREATING VALUABLE TOOLS ADAPTED THROUGHOUT THE WORLD

ASCAP continues to develop and implement sophisticated programs that have been adapted throughout the world:

- **The WID** (Works Information Database) which ASCAP developed as a centerpiece of the Common Information System.
- **The WWL** (World Works List) used by societies around the world.
- **The ITMU** (International TV Monitoring Unit), where experts in TV and Film repertory compare electronic international TV guide data to foreign society payment data in order to invoice societies for missed performances.
- **The ASCAP International Concert Reporting Service**, which ensures that foreign societies are aware of live performances of ASCAP repertory in their territories.

Our Senior Management



JOHN A. LOFRUMENTO
CEO

PERFORMING RIGHTS GROUP



Al Wallace
EVP, Chief Operating Officer



Vincent Candilora
SVP
Licensing



Peter Boyle
SVP
Chief Economist



Tina Barber - SVP
Chief Information
Officer



Bob Candela - SVP
Chief Information
Officer



Lynne Lummel
SVP
Support



Seth Saltzman
SVP
Management

MEMBERSHIP GROUP



Todd Brabec
EVP, Membership



John Alexander
SVP
Creative Affairs



Connie Bradley
SVP
Nashville



Nancy Knutsen
SVP
Film/TV



Tom DeSavia
SVP
Pop/Rock



Alexandra
Lioutikoff
SVP, Latin



Jeanie Weems
SVP
Rhythm & Soul

ENTERPRISES GROUP



Chris Amenita
SVP
New Media

HEADQUARTERS GROUP



Phil Crosland
SVP
Marketing



Karen Sherry
SVP
Industry Affairs



Roger Greenaway
SVP
International

VP/Executive Director of
The ASCAP Foundation

To face the challenges and opportunities of a new era in the entertainment industry, ASCAP operates in four distinct business groups: The Performing Rights Group, The Membership Group, The Enterprises Group and The Headquarters Group. Working together, the groups continue to benefit ASCAP members by combining our core businesses with entrepreneurial activities.

The Performing Rights Group

Provides an enhanced focus on ASCAP's core business of licensing, performance tracking, distribution, finance and the systems that support these activities. Additionally, the Performing Rights Group handles International Services.

As the head of this group, Executive Vice President and COO Al Wallace, oversees all of its activities as well as leading a Performance Rights Management Committee of senior staffers whose mandate is to further increase the Society's financial distributions to its members from both domestic and foreign sources.

The Membership Group

Focuses on the needs of ASCAP members by expanding services in career development, benefits, education, communication and recognition. In addition to leading this group, Executive Vice President Todd Brabec oversees a Membership Management Committee which builds upon the Society's unprecedented growth in membership, repertoire and market share.

The Enterprises Group

Serves as the entrepreneurial center of ASCAP, focusing on the Society's Internet activities, as well as its investing and partnering in developing technologies and ventures. As head of this group, Senior Vice President

Chris Amenita oversees an Enterprises Management Committee which seeks to create additional revenue streams for members.

The Headquarters Group

Seeks to maximize the operational efficiencies of all of ASCAP's resources by providing centralized and cost effective services to the other three groups.

ASCAP CEO John LoFrumento directly leads this group in providing company-wide support and operating efficiency in the areas of marketing, legal, human resources, legislative and international affairs. A Headquarters Management Committee seeks to further lower the Society's operating expense ratio.

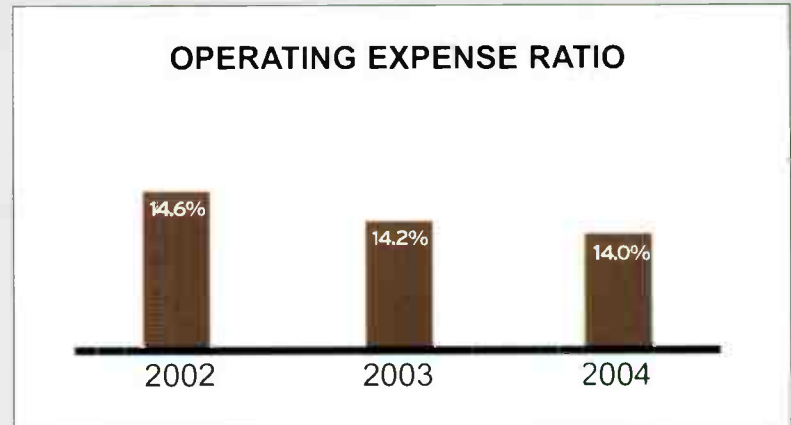
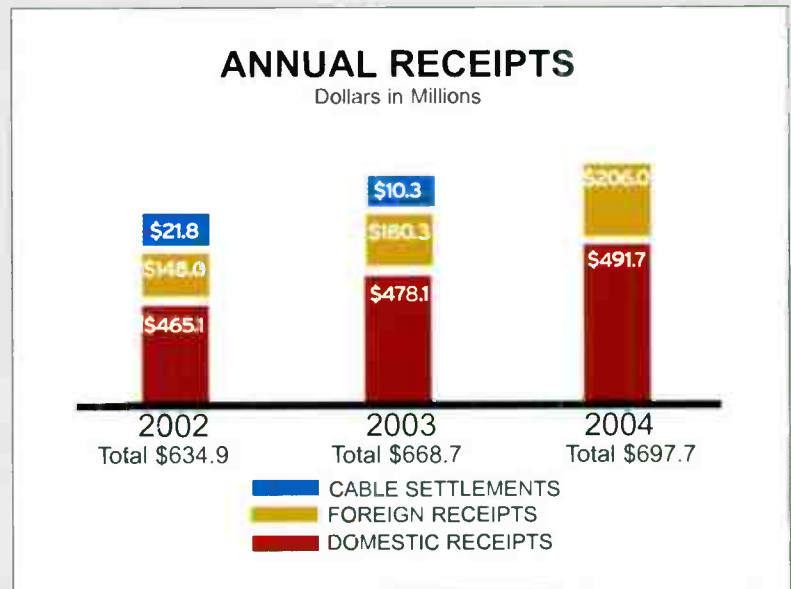
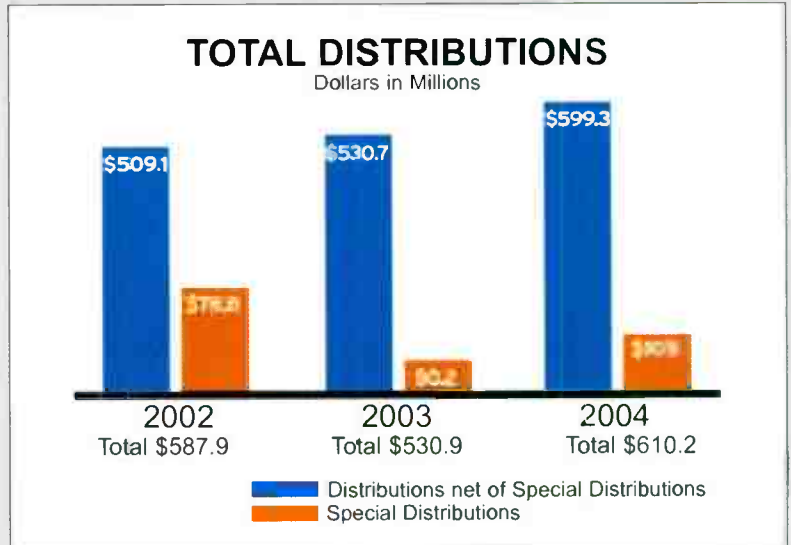
Financial Overview

ASCAP's financial results were discussed at the general membership meeting in New York. In addition, our independent public accountants, Ernst & Young LLP, presented our audited financial statements for the years ended December 31, 2004 and 2003 at the April Board meeting. Pages 22 to 27 include selected portions of the audited financial statements.

ASCAP's total distributions were \$610.2 million in 2004 compared to \$530.9 million in 2003. Distributions for 2004 included the special distribution of various cable settlements. Excluding these special distributions, 2004 distributions increased \$68.6 million or 13.0%. Distributions to members and foreign societies for domestic performances were \$433.0 million, an increase of \$51.6 million or 13.5%. Distributions for foreign performances were \$177.3 million, up \$27.7 million or 18.5%. The Total Distributions chart highlights the trend of distributions over the past three years.

Total receipts were \$697.7 million in 2004, up \$29.0 million or 4.3%. Domestic receipts, excluding settlements, were \$495.9 million, up \$17.8 million or 3.7%. Fees from Radio were up \$8.2 million or 4.8% due to the new radio licensing agreement. Fees from Cable, excluding settlements, were up \$5.6 million or 5.4% primarily due to industry growth. Fees from General Licensees increased \$3.1 million or 3.7%. Foreign receipts were \$206.0 million, up \$25.7 million or 14.2%. This growth reflects a combination of increased ASCAP performances overseas coupled with favorable exchange rates.

Operating expenses were \$97.9 million, an increase of \$2.7 million, which resulted in a record low operating ratio of 14.0%. Excluding the loss on the investment in Mediaguide our expense ratio from normal operations was 13.5%. The Annual Receipts and Operating Expense Ratio charts provide a three-year trend of related information. We continue to become a more efficient operation while simultaneously innovating to dramatically improve services to members.



REPORT OF INDEPENDENT AUDITORS

To the Board of Directors of the American Society of Composers, Authors and Publishers and Subsidiaries:

We have audited the accompanying consolidated statements of receipts, expenses and changes in net assets of the American Society of Composers, Authors and Publishers and Subsidiaries (the "Society") as of December 31, 2004 and 2003. The consolidated statements of receipts, expenses and changes in net assets are the responsibility of the Society's management. Our responsibility is to express an opinion on the consolidated statements of receipts, expenses and changes in net assets based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated statements of receipts, expenses and changes in net assets are free of material misstatement. We were not engaged to perform an audit of the Society's internal control over financial reporting. Our audit included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society's internal control over financial reporting. Accordingly we express no such opinion. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated statements of receipts, expenses and changes in net assets. An audit also includes assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 2, the consolidated statements of receipts, expenses and changes in assets have been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States.

In our opinion, the consolidated statements of receipts, expenses and changes in net assets referred to above present fairly, in all material respects, the receipts, expenses and changes in net assets of the American Society of Composers, Authors and Publishers and Subsidiaries as of December 31, 2004 and 2003, on the basis of accounting described in Note 2.



Ernst & Young LLP
New York, New York
March 25, 2005

**AMERICAN SOCIETY OF COMPOSERS, AUTHORS
AND PUBLISHERS AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF RECEIPTS, EXPENSES
AND CHANGES IN NET ASSETS (NOTE 2)
FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003**
(000s omitted)

DOMESTIC RECEIPTS:	<u>2004</u>	<u>2003</u>
License fees:		
Television	\$112,356	\$109,751
Cable	104,714	113,639
Radio	181,615	173,369
General	87,769	84,628
Symphonic and concert	4,841	4,991
Interest and other income	419	2,035
Total domestic receipts	<u>491,714</u>	<u>488,413</u>
ROYALTIES FROM FOREIGN SOCIETIES	<u>205,965</u>	<u>180,309</u>
Total receipts	<u>697,679</u>	<u>668,722</u>
 EXPENSES:		
Licensing, collection and legal	23,357	23,244
Distribution	24,036	24,088
Publicity and membership	21,642	21,198
Administrative and other	<u>28,890</u>	<u>26,655</u>
Total expenses	<u>97,925</u>	<u>95,185</u>
Excess of receipts over expenses	<u>599,754</u>	<u>573,537</u>
 DISTRIBUTIONS:		
Members:		
Domestic distributions	388,869	340,253
Foreign distributions	177,251	149,526
Foreign societies	<u>44,099</u>	<u>41,108</u>
Total distributions	<u>610,219</u>	<u>530,887</u>
 CURRENT DISTRIBUTION TO FOREIGN SOCIETIES IN EXCESS OF CURRENT RECEIPTS	<u>251</u>	<u>260</u>
 Net increase (decrease) in net assets	(10,214)	42,910
NET ASSETS , beginning of year	<u>196,606</u>	<u>153,696</u>
NET ASSETS , end of year	<u>\$186,392</u>	<u>\$196,606</u>

See accompanying notes.

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

DECEMBER 31, 2004

1. ORGANIZATION AND NATURE OF BUSINESS

The American Society of Composers, Authors and Publishers and Subsidiaries (the "Society" or "ASCAP") is an unincorporated membership society of composers, songwriters, lyricists and music publishers. As a performing rights society, ASCAP represents its members by licensing copyrighted music and distributing royalties for the non-dramatic performances of their copyrighted works. These royalties are paid to members based on surveys of performances of the works in ASCAP's repertory that they wrote or published. Founded in New York in 1914, ASCAP is the oldest performing rights licensing society in the United States.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Consolidation

The consolidated financial statements contain the financial information of the American Society of Composers, Authors and Publishers, ASCAP Joint Venture LLC and ASCAP Enterprises LLC. All intercompany transactions have been eliminated in consolidation.

ASCAP accounts for 50% or less owned companies over which it has the ability to exercise significant influence using the equity method of accounting. ASCAP's share of net income or losses of equity investments is included in administrative and other expenses in the consolidated statements of receipts, expenses and changes in net assets. ASCAP periodically reviews these equity investments for impairment and adjusts these investments to their net realizable value when a decline in market value is deemed to be permanent.

Basis of Accounting

The Society maintains its financial statements on the modified cash basis of accounting, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States, and is detailed as follows:

Revenue Recognition

Revenue, consisting of royalties collected and interest income, is recorded at the time that the cash is received. Revenues due, but not received, such as amounts due from licensees and foreign societies are not accrued and are recognized when received. Royalty distributions and other payables related to such revenues, which are significant, are recognized when paid and are not accrued.

Income Taxes

The Society does not account for income taxes in accordance with SFAS No. 109, "Accounting for Income Taxes" ("SFAS 109"). Under SFAS 109, the liability method is used to account for income taxes. Also, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities. The Society recognizes income tax expense as payments are made to the appropriate taxing authori-

ties and does not recognize related tax liabilities, deferred tax assets, or deferred tax liabilities as may be required by SFAS 109.

Income tax paid and expensed amounted to approximately \$0.4 million and \$0.6 million, respectively, for the years ended December 31, 2004 and 2003.

Defined Benefit Pension Plans

The Society does not account for its defined benefit pension plans in accordance with SFAS No. 87, "Employer's Accounting for Pensions" ("SFAS 87"). Under SFAS 87, accrual accounting is applied to defined pension plans sponsored by an employer and to the extent that an employer has an underfunded or overfunded pension obligation a liability or asset would be recognized. The Society recognizes pension expense as a plan is funded, and does not recognize pension assets or liabilities as may be required by SFAS 87 (see Note 4).

Fixed Assets

Fixed assets, including leasehold improvements, are capitalized, at cost. Depreciation of fixed assets is provided using the straight-line method based on estimated useful lives as follows:

Automobiles	3 years
Building	40 years
Equipment	3-5 years
Furniture	10 years

Leasehold improvements are amortized on a straight-line basis over the shorter of the useful life of the assets or the terms of the related leases. Repair and maintenance costs are expensed as incurred.

Costs incurred for the development of software have been capitalized in accordance with Statement of Position 98-1, "Accounting for the Costs of Computer Software Developed or Obtained for Internal Use." All costs incurred in the application development stage are capitalized. Costs incurred in the project planning phase, costs to maintain software programs once developed, and all training fees are expensed as incurred.

Use of Estimates

The preparation of these financial statements requires the use of certain estimates by management in determining the Society's assets, liabilities, receipts and expenses, as well as for disclosure of contingent assets and liabilities at the date of the financial statements. Actual results could differ from those estimates.

New Accounting Pronouncements

In January 2003, the FASB issued Interpretation No. 46, "Consolidation of Variable Interest Entities," ("FIN 46") which provides guidance on identifying and assessing interests in variable interest entities to decide whether to consolidate that entity. FIN 46 requires consolidation of existing unconsolidated variable interest entities if the entities do not effectively disperse risk among parties involved. In December 2003, the FASB issued Interpretation No. 46R ("FIN 46R"), a revision which clarifies

some provisions of FIN 46. This interpretation applies immediately to variable interest entities created after December 31, 2003. It applies as of the beginning of the first annual period after December 15, 2004, to variable interest entities in which an enterprise holds a variable interest it acquired prior to January 1, 2004. The Society does not believe that the impact of FIN 46R will have a material effect on its financial statements.

3. JOINT VENTURES AND OTHER INVESTMENTS ASCAP Enterprises LLC

During 1999, ASCAP Enterprises LLC ("Enterprises"), a New York limited liability company, was formed whose sole member is ASCAP. The purpose of Enterprises is to serve ASCAP as an entrepreneurial center focusing on developing the Society's Internet activities by investing and partnering with others in the development of new technologies and other services related to the music community.

During 1999, Enterprises and Sterling and Sterling, Inc. (a privately held insurance broker) formed a joint venture, MusicPro Insurance Agency LLC ("MusicPro"), a New York limited liability company, for the purpose of offering insurance products related to music professionals. Enterprises has a 50% non-controlling interest in the joint venture, which is not consolidated. The total investment in MusicPro approximates \$13,000.

In October 2002, Enterprises and ConneXus Corporation formed a joint venture, Mediaguide, Inc. ("Mediaguide"), a Delaware Corporation, for the purpose of commercially exploiting a proven technology for monitoring, identifying and reporting all information contained in broadcasts or transmissions and to produce information products and services specifically designed to meet certain obligations under license agreements with ASCAP and ConneXus. Enterprises initially contributed \$7.3 million for a 50% interest in the joint venture. Additional funding of \$5.0 million in October 2003, \$0.5 million in July 2004, and \$1.0 million in October 2004 was provided by Enterprises in exchange for a convertible promissory note that is payable in its entirety on the maturity date in October 2012. The note bears interest at 3.75% per annum compounded annually, and due at maturity. As of December 31, 2004, the Society is owed accrued interest of \$0.3 million. The convertible note may be converted into common stock of MediaGuide at ASCAP's option contingent upon ConneXus converting a similar convertible note at the same time as to prevent any dilution of ownership interests. For the years ended December 31, 2004 and 2003, the Society recorded its share of net losses in Mediaguide of approximately \$3.4 million and \$2.3 million for each respective year.

On March 29, 2004, Enterprises invested approximately \$0.8 million to obtain a 9.0% membership interest in FastTrack, a global alliance of leading music copyright societies whose primary purpose is to share technology and business experience in the service of creator and copyright owners. This investment is accounted for under the cost method of accounting.

4. BENEFIT PLANS

The Society has both a defined benefit pension plan (the "Pension Plan") and a defined contribution savings plan (the "Savings Plan"). These plans cover all employees.

Under the Society's Pension Plan, benefits are based on years

of service and an employee's compensation during the last three years of employment. The Society's policy is to fund amounts as are necessary on an actuarial basis to provide assets sufficient to meet the benefits to be paid to plan members in accordance with the requirements specified by the Employee Retirement Income Security Act ("ERISA"). The Society's expense for contributions to the Pension Plan were approximately \$2.4 million and \$4.2 million during 2004 and 2003, respectively.

The following table sets forth the Pension Plan's funded status at January 1, 2004 and 2003:

	January 1	
	2004	2003
	(000s omitted)	
Actuarial present value of:		
Vested benefit obligation	\$34,108	\$29,368
Nonvested benefit obligation	\$2,984	\$2,880
Accumulated benefit obligation	\$37,092	\$32,248
Actuarial present value of projected benefit obligation	\$47,505	\$41,467
Plan assets at fair value	\$22,355	\$16,804

The Society's pension plan assets by category are as follows:

	January 1	
	2004	2003
Asset Category		
Equity Securities	55%	53%
Debt Securities	45	47
Total	100%	100%

The target investment allocations for the plan assets are 55% equity securities and 45% debt securities. Asset allocations are rebalanced on a regular basis throughout the year to bring assets to within a range of target levels. Target allocations take into account analyses performed by the Society's pension consultant to optimize long-term risk/return relationships. All assets are highly liquid and may be readily adjusted to provide liquidity for current benefit payment requirements.

ASCAP also has a nonqualified retirement equalization benefit plan that provides certain employees defined pension benefits in excess of limits imposed by federal tax law and a non-qualified supplemental executive retirement benefit plan which is offered to certain members of management to provide additional benefits at retirement (collectively, the "SERP"). Both plans are funded on an annual basis.

The following table sets forth the SERP's funded status at January 1, 2004 and 2003:

	January 1	
	2004	2003
	(000s omitted)	
Actuarial present value of:		
Vested benefit obligation	\$2,473	\$1,763
Nonvested benefit obligation	\$2,233	\$1,724
Accumulated benefit obligation	\$4,706	\$3,487
Actuarial present value of projected benefit obligation	\$6,483	\$4,460
Plan assets at fair value	\$3,040	\$2,050

4. BENEFIT PLANS - CONTINUED

The weighted average discount rate in determining the actuarial present value of the projected benefit obligation was 6.00% and 6.50% in 2004 and 2003, respectively. The rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation was 5.13% in 2004 and 2003. The expected long-term rate of return on assets was 8.25% in 2004 and 2003.

The Society has budgeted contributions of approximately \$3.2 million to its pension plan and SERP in 2005.

Estimated future pension benefit payments for the Pension Plan and SERP, which reflect expected future service, are as follows:

2005	\$1,841,761
2006	2,692,691
2007	2,667,984
2008	3,365,880
2009	5,638,248
2010-2014	26,619,459

Under the Society's Savings Plan, all employees may elect to contribute from 2% through 10% of their salaries, pre-tax, as limited by the Internal Revenue Service. The Society's matching contribution is equal to 100% of the first 2% and 25% of each additional percent up to 6% contributed by the employee, resulting in a maximum contribution by the Society of 3% of the employee's allowable salary. Employees' contributions are immediately vested, and the Society's matching contributions are vested after the first year of service. During 2004, the maximum annual employee contribution of pretax dollars was limited by Internal Revenue Service regulations to \$13,000, limiting ASCAP's matching contribution to \$6,150 per employee. The amounts contributed by ASCAP to the Savings Plan for 2004 and 2003 were approximately \$ 0.9 million for each respective year.

ASCAP has a nonqualified deferred compensation plan whereby eligible employees may elect to defer a portion of their compensation each year. Compensation expense, equal to amounts deferred by employees is recorded currently.

5. DISTRIBUTIONS TO MEMBERS

Receipts of the Society, less expenses of operations and amounts payable to foreign societies, are distributed to members in accordance with the Society's survey and distribution system, originally mandated by the 1960 amendments to the ASCAP Consent Decree and now embodied in the Society's rules and regulations.

The Society includes taxes withheld by affiliated foreign societies as receipts. These taxes withheld are reflected in royalties from foreign societies in the accompanying consolidated statements of receipts, expenses and changes in net assets.

The Society also includes foreign taxes withheld in the summary of distributions reported to members at year-end, thereby enabling members to report them appropriately on their tax returns. These taxes are reflected in foreign distributions in the accompanying consolidated statements of receipts, expenses and changes in net assets.

At December 31, 2004 and 2003, \$3.3 million and \$3.9 million, respectively, represented the foreign taxes withheld on receipts that will be reported in the year when the related distributions are paid.

6. COMMITMENTS AND CONTINGENCIES

Litigation

The Society is involved continually in court proceedings with its licensees to determine that reasonable fees are being paid to ASCAP. Such pending court proceedings include those with the background/foreground music industry, and several cable television program services. In all such proceedings to determine reasonable fees, interim fees are being paid, subject to retroactive adjustment when final fees are arrived at by agreement or court determination.

ASCAP is currently engaged in license fee negotiations with one of the major broadcast television networks. Beginning in 2000, negotiations with the operators of several major cable services have produced agreements resulting in settlement of claims involving their cable services, significant payments of retroactive license fees to ASCAP, and special royalty distributions to members.

In addition, the Society is subject to litigation in the normal course of business. In the opinion of counsel and management, such proceedings will not result in any material change in the Society's financial position.

Lease Commitments

Equipment rental and office lease expense, including escalations and utilities, aggregated approximately \$5.2 million and \$7.3 million for the years ended December 31, 2004 and 2003, respectively. The minimum rental commitments under existing noncancellable office and equipment leases at December 31, 2004 are as follows (000s omitted):

2005	\$4,620
2006	3,358
2007	5,440
2008	5,320
2009	5,915
Thereafter	<u>52,520</u>
Total minimum lease payments	<u>\$77,173</u>

6. COMMITMENTS AND CONTINGENCIES - CONTINUED

Member Guaranties

The Society has provided a guarantee of payment to a financial institution for personal loans provided to certain of its members. Royalty earnings attributable to each of these members are being distributed directly to the financial institution as part of the loan repayment terms. To the extent that the cash flows of the future royalty earnings are not acceptable to the financial institution, payment of each respective member loan may be accelerated by the financial institution and payment would be

guaranteed by the Society. The Society would collect any amounts paid as a result of the guarantee through future royalty earnings of the respective member. As of December 31, 2004 the Society has guaranteed approximately \$12.0 million in member loans. The fair value of the guaranties is immaterial for financial reporting purposes.

MusicPro

Enterprises has committed to contribute an additional \$137,500 to MusicPro in addition to amounts previously contributed.

Report of Independent Auditors on Other Financial Information

To the Board of Directors of the
American Society of Composers, Authors and
Publishers and Subsidiaries:

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements taken as a whole. The consolidating statements of receipts, expenses and changes in net assets for the years ended December 31, 2004 and 2003 are presented for purposes of additional analysis and are not a required part to the consolidated financial statements. Such information has been subjected to the auditing procedures applied in our audit of the consolidated financial statements and, in our opinion, is fairly stated in all material respects in relation to the consolidated financial statements taken as a whole.

Ernst & Young LLP

Ernst & Young LLP
New York, New York
March 25, 2005

STATEMENTS OF RECEIPTS, EXPENSES AND CHANGES IN NET ASSETS FOR THE YEARS ENDED DECEMBER 31, 2004 AND 2003 (000s omitted)

	2004			2003		
	Total	General Fund	Foreign Incoming Fund	Total	General Fund	Foreign Incoming Fund
License fees	\$697,260	\$491,295	\$205,965	\$666,687	\$486,378	\$180,309
Interest and other income	419	125	294	2,035	273	1,762
Membership dues	-	-	-	-	-	-
Expenses	(97,925)	(90,722)	(7,203)	(95,185)	(88,660)	(6,525)
Excess of receipts over expense	599,754	400,698	199,056	573,537	397,991	175,546
Distributions	(610,219)	(432,968)	(177,251)	(530,887)	(381,361)	(149,526)
Current distribution to foreign societies in excess of current receipts	251	251	-	260	260	-
Net (decrease) increase in net assets	(10,214)	(32,019)	21,805	42,910	16,890	26,020
Net assets, beginning of year	196,606	63,523	133,083	153,696	46,633	107,063
Net assets, end of year	\$186,392	\$31,504	\$154,888	\$196,606	\$63,523	\$133,083



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