

ASCAP ANNUAL REPORT - 1995

American Society
of Composers,
Authors &
Publishers





ASCAP, A Constant You Can Count On

A Letter from Marilyn Bergman, ASCAP President and Chairman of the Board

In a music business where very little remains the same for any length of time, you have been able to count on one constant – ASCAP, the only performing rights organization that really belongs to America's songwriters, composers and publishers. Since its creation in 1914, ASCAP has been the leader in bringing you the best return on performances of your music and in speaking out loudly and forcefully when your copyrights are threatened. We are proud to report that 1995 proved to be a year in which we

made significant progress in both of these areas.

Last year, ASCAP maintained its focus on preserving creators' rights in the digital age. While representing creators on President Clinton's National Information Infrastructure Advisory Council ensured that ASCAP's voice was heard in Washington, ASCAP found new ways to respond to and license new technologies that make use of our music. We committed resources and a talented staff to a new department called New Media and Technology Strategy which allowed us to ease and speed ASCAP's technological transformation and to help new music users in cyberspace better understand their obligations to the owners of musical property. One of the first achievements of this department was the creation of an innovative licensing agreement for computer online services, internet sites and similar operations that use music in the online marketplace. We are pleased that the license has been praised as an excellent model for this industry.

As you know, a continuing major concern for all of us in 1995 was the federal and state legislation designed to sabotage the Society's ability to license establishments that perform our music — particularly bars and restaurants. I'm happy to report some modest progress on that front. Last fall, ASCAP, along with BMI and SESAC reached an accord with the National Licensed Beverage Association (NLBA), a major trade organization representing bars, restaurants and retail liquor stores. The accord set guidelines for the licensing of smaller establishments, or "mom and pop stores," by granting an exemption for the use of copyrighted music over radio and TV in their places of business. This historic compromise in no way damages our existing protections for live music performances or "mechanical" performances by means of tapes, cd's or jukeboxes. The accord provisions have been presented to Congress in the form of draft legislation that would replace the so-called "Fairness in Music Licensing Bills," H.R. 789 and S. 1137 and S.1628.

Unfortunately, the largest of the trade organizations lobbying for the bills, the National

Restaurant Association (NRA), has consistently refused to get behind our accord with the NLBA, insisting instead on a provision which amounts to a total music licensing exemption for "radio and TV over speakers" in bars, restaurants and retail stores. Also, another powerful organization entered the fray against us for its own reasons. The National Religious Broadcasters (NRB) have managed to include provisions in H.R. 789 and S. 1137 and S.1628 which would be tantamount to giving our members' music away for almost nothing.

One major victory for us, however, occurred when U.S. District Judge Barbara S. Jones declared provisions of the New York State Music Licensing statute to be unconstitutional. Her ruling is having a major impact in several other states considering similar Music Licensing legislation.

On other fronts, we strengthened our ongoing efforts to pass the Copyright Term Extension legislation, also called the "Life Plus 70" bills (H.R. 989 and S. 483), which are designed to bring our copyright term into harmony with European union nations and which will ensure a continued flow of revenue from Europe for performances of American copyrighted music. We also supported "The Digital Performance Rights in Sound Recording Act," which was signed into law by President Clinton and which grants recording artists and record companies the right to authorize and be compensated for the digital transmission of their copyrighted music on digital services such as audio cable services and subscription satellite transmissions. ASCAP insisted that the legislation contain language explicitly protecting the rights of composers, lyricists and music publishers.

As all of us know, a great deal of what happens in our industry today instantly takes on international repercussions. Issues that concern us here in the U.S. matter outside our borders, too. At ASCAP it has meant a heightened involvement in CISAC, the International Confederation of Societies of Authors and Composers, an organization which I am honored to serve as President. It has also led to increased cooperation with our sister societies. We are already seeing benefits from our ongoing program of technical visits, in which ASCAP staff teams meet and observe their counterparts in societies abroad and in which we invite similar teams to come and observe ASCAP's operations here in the states. These trips afford us the opportunity to see different approaches in distribution, licensing and collection of fees.

We will continue to do everything we can to defeat any legislation that would restrict the livelihood of the creative community. We continue to urge all members to join our efforts by writing or calling your Senators or Congressional Representatives. By helping ASCAP help you, together we can move into the next century knowing that our beloved music will be safer than ever.

ASCAP – Nashville: Two Music Square West, Nashville, TN 37203, (615) 742-5000, Fax: (615) 742-5020 • **ASCAP – New York:** One Lincoln Plaza, New York, NY 10023, (212) 621-6000, Fax: (212) 724-9064 • **ASCAP – Midwest:** 1608 W. Belmont Avenue, Suite 200, Chicago, IL 60657, (312) 472-1157, Fax: (312) 472-1158 • **ASCAP – London:** 8 Cork Street, London W1X1PB, England, 011-44-171-439-0909, Fax: 011-44-171-434-0073 • **ASCAP – Los Angeles:** 7920 Sunset Blvd. Suite 300, Los Angeles, CA 90046, (213) 883-1000, Fax: (213) 883-1049 • **ASCAP – Puerto Rico:** 1519 Ponce de Leon Avenue, Suite 505, Santurce, PR 00909, (809) 725-1688, Fax: (809) 721-1190 • **ASCAP Member Services:** 1-800-95ASCAP. **Web Site:** <http://www.ascap.com>. **E-Mail:** info@ascap.com. **ACE (ASCAP Clearance Express):** (212) 621-6509. **ACE Helpline:** (212) 621-6521.



A Message From John LoFrumento – ASCAP Executive VP & COO

Last year at this time, I reported on the significant reengineering efforts we had undertaken to remake ASCAP into a more member-friendly organization. This year, I am pleased to report that these efforts have made an incredible difference. The good word about ASCAP is on the street: ASCAP is where great new things are happening. As many of you know, ASCAP's membership agreements

expired at the end of 1995. Obtaining signed membership extension forms from more than 68,000 members was a formidable task, but I'm delighted to say this massive effort succeeded beyond our expectation with approximately 96% of the extensions sent back signed. It's the kind of result that re-energizes ASCAP's management and staff. In other areas of accomplishment, I am happy to report that in 1995 we:

★INCREASED AND IMPROVED DISTRIBUTIONS – In 1995, ASCAP distributed a record \$356.7 million to members and foreign affiliated societies, making the Society the largest distributor of performance royalties in the world. Domestic distributions were at a record high of \$253.9 million, 25% percent higher than two years ago, as seen on the graph (left), and foreign distributions to members were \$102.8 million as compared to \$88.4 million in 1994, an increase of 16.3%. Other improvements in our distribution included narrowing the time lag between publisher and writer distributions from six to three weeks. For members who receive international distributions, payments from five additional countries have been included – resulting in another \$150,000 in revenue.

★FURTHER EXPANDED ASCAP'S SURVEYS – Last year, ASCAP's survey became more inclusive and more accurate. The June 1995 distribution reflected our first complete census of local television – exactly what was performed. A complete census was also extended to programming on Fox, WB and UPN/Paramount stations. On cable, CMT (Country Music Television) moved into the full census category. Our survey of pop concerts was expanded to the top 100 tours and ten major performance venues. Additionally, our college radio survey was adjusted to become the most comprehensive and most representative in the country.

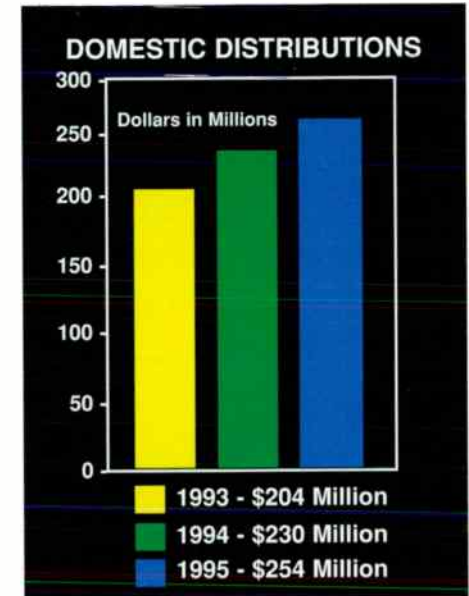
★REDUCED OPERATING COSTS – Due to reengineering which began in 1994 and continued through last year, we are operating more leanly and efficiently than at any time in many years. Operating costs, as

a percent of total revenues, dropped from 19.59% two years ago and 18.99% last year to the current level of 18.04%. Excluding restructuring expenses, this ratio was 16.84% in 1995. Last year we closed 23 district offices, reducing our needs to one central licensing office in Atlanta. Retaining a smaller staff working out of their homes and cars and connected to Atlanta via laptop computers, produced an enormous savings on rents, salaries, and other overhead expenses. Additionally, we went from having 814 staff members in 1993 to 566 staff members by the end of 1995, while improving service in the process

★GREATLY IMPROVED SERVICE TO MEMBERS – ASCAP's continuing commitment to technology revealed itself in vastly new and improved service to members in 1995. The Member Services Department, which debuted in January, 1995 and which assists current and potential members' questions by way of a toll-free number (1-800-95ASCAP) has been a resounding success. To date, our member services reps who utilize a custom-developed computer system, now answer and respond to over 4,000 calls per month. We also found a new way to put technology to work to make the lives of our members and staff a bit easier. For those people involved in television music and the preparation and submission of cue sheets, we created (in-house) and launched "EZQ," a free, innovative, windows-based, graphical, point-and-click software application which allows the user to enter and data bank cue sheets and electronically transmit the material to ASCAP. Currently available to major production companies and networks, plans are in the works to make EZQ more widely available.

Probably the most exciting new service to our members in 1995 came in the form of ASCAP's site on the Internet's World Wide Web. Graphically wonderful, it makes possible a virtual visit to ASCAP's offices. The web site includes a vastly improved ASCAP Clearance Express section (ACE), a music clearance system featuring ASCAP title, writer, publisher and performer information, plus sections devoted to legislative issues, membership, events, ongoing programs, news releases, an ASCAP personnel e-mail routing system and the online version of *ASCAP PlayBack*. It is truly designed to be a gateway for ASCAP and our members to smoothly enter the information age, and instead of limiting us to just business hours, the web site allows us to inform and serve around the clock, all over the world.

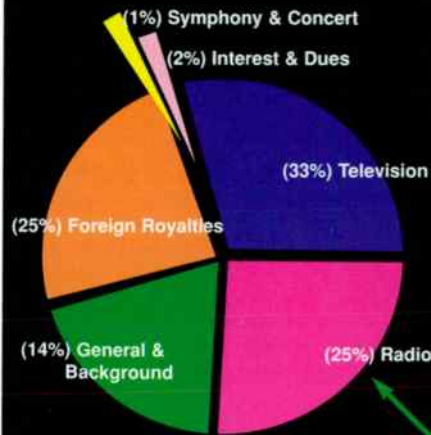
In looking back, 1995 was a great year for ASCAP, but our focus is on a much greater future. With the leadership of ASCAP President and Chairman Marilyn Bergman, the commitment of ASCAP's Board of Directors as well as the hard-working and dedicated ASCAP staff, we can look forward to continuing progress in the months and years ahead.



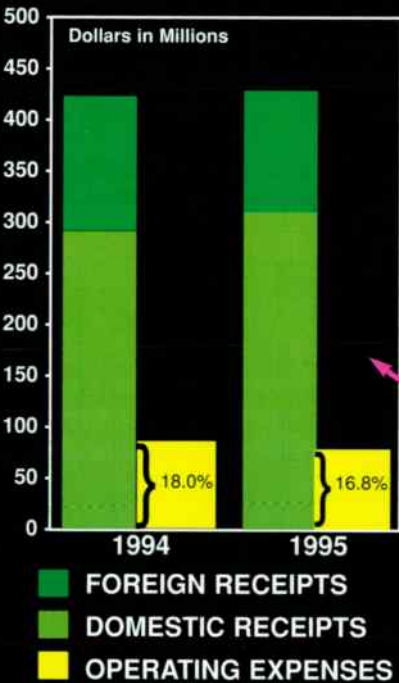
ASCAP Home Page: <http://www.ascap.com>



**SOURCES OF RECEIPTS - 1995
\$436.8 MILLION**



ANNUAL RECEIPTS AND ONGOING OPERATING EXPENSES



ASCAP FINANCIAL OVERVIEW

During the April Board Meeting, our independent public accountants, Arthur Andersen LLP, presented our certified financial report, "Statements of Receipts, Expenses and Change in Fund Balance for the years ended December 31, 1995 and 1994." It is our practice to forward a copy of the certified report to all members, which you can find on pages 5-7. The financial status of the Society is also presented each year at general membership meetings in Los Angeles, New York and Nashville. However, for those who were unable to attend any of these meetings in 1996, we are providing the following financial overview.

Total receipts increased approximately 3.3% from \$422.7 million in 1994 to \$436.8 million in 1995. Domestic receipts from license fees and other sources were \$326.5 million in 1995 as compared to \$319.1 million in 1994, an increase of approximately 2.3%. Royalties from foreign societies increased approximately 6.5% from \$103.6 million in 1994 to \$110.3 million in 1995. The sources of receipts in 1995 are shown on the accompanying pie chart.

ASCAP posted an all-time record high in both television and radio receipts. Radio receipts were up \$4.9 million from \$105.1 million in 1994 to \$110.0 in 1995. Television receipts were \$141.8 million, an increase of \$3.0 million or 2.2% over 1994. Excluding the special installment from the Buffalo Broadcasting case, most of which was collected in 1994, the 1995 increase was \$15.8 million or 12.6%.

Ongoing operating expenses (excluding restructuring expenses) totaled \$73.5 million in 1995 down \$2.6 million from \$76.1 million in 1994. The ratio of ongoing operating expenses to receipts also decreased from 18.0% in 1994 to 16.84% in 1995.

During 1995, ASCAP distributed a record \$356.7 million to members and foreign affiliated societies, making the Society the largest distributor of performance royalties in

the world. This represents an increase of 11.9% from \$318.8 million in 1994. Domestic distributions increased 10.2% as ASCAP distributed \$253.9 million in 1995 compared to \$230.4 million in 1994. Foreign distributions to members were \$102.8 million in 1995 compared to \$88.4 million in 1994, an increase of 16.3%.

ASCAP's total count of employees was 566 at the end of 1995, compared with 688 at the end of 1994 and 814 at the end of 1993. This represents a staff reduction of 17.7% on the current year and a reduction of 30.5% since the Society began its reengineering efforts at the end of 1993. During 1995, ASCAP closed 23 district offices, established a mobile field force team in four national regions and staffed a small central office in Atlanta for administrative support. The closing of these offices was the major reason behind the reduction in personnel count and resulted in significant savings. Some of the savings were reinvested in the establishment of a new Member Services Department, an improved distribution process, an expanded survey and computer technology. We expect further savings in 1996 as a result of our ongoing reengineering efforts.

The following pages contain the Independent Public Accountants opinion and Certified Financial Report.



Report of Independent Public Accountants

To the Board of Directors of ASCAP:

We have audited the accompanying statements of receipts, expenses and change in fund balance of the American Society of Composers, Authors and Publishers (the "Society") for the years ended December 31, 1995 and 1994. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the statements of receipts, expenses and change in fund balance are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

As described in Note 1, these state-

ments were prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than generally accepted accounting principles.

In our opinion, the statements of receipts, expenses and change in fund balance referred to above present fairly, in all material respects, the receipts, expenses and change in fund balance of the Society for the years ended December 31, 1995 and 1994, on the modified cash basis of accounting described in Note 1.

Arthur Andersen LLP

New York, New York
March 22, 1996

AMERICAN SOCIETY OF COMPOSERS, AUTHORS AND PUBLISHERS STATEMENTS OF RECEIPTS, EXPENSES AND CHANGE IN FUND BALANCE FOR THE YEARS ENDED DECEMBER 31, 1995 AND 1994 (000's omitted)

	1995	1994
DOMESTIC RECEIPTS:		
License fees –		
Television.....	\$141,793	\$138,784
Radio.....	110,049	105,055
General and background music.....	63,227	66,910
Symphonic and concert.....	3,084	3,254
Interest on investments.....	7,290	4,098
Membership dues.....	1,039	992
Total domestic receipts.....	<u>326,482</u>	<u>319,093</u>
ROYALTIES FROM FOREIGN SOCIETIES.....	110,355	103,619
Total receipts.....	<u>436,837</u>	<u>422,712</u>
EXPENSES:		
Licensing, collection and legal.....	24,148	29,272
Distribution.....	15,528	14,025
Publicity and membership.....	15,319	12,963
Administrative and other.....	18,550	19,808
Total expenses.....	<u>73,545</u>	<u>76,068</u>
Excess receipts over expenses before restructuring charge....	363,292	346,644
RESTRUCTURING CHARGE (Note 6).....	—	11,209
Excess of receipts over expenses after restructuring charge....	<u>363,292</u>	<u>335,435</u>
DISTRIBUTIONS (Note 5):		
Members –		
Domestic distributions.....	230,786	206,573
Foreign distributions.....	102,796	88,389
Foreign societies.....	23,129	23,818
Total distributions.....	<u>356,711</u>	<u>318,780</u>
Current distribution to foreign societies in excess of/(less than) current receipts	(190)	816
Net increase in fund balance.....	6,391	17,471
FUND BALANCE, beginning of year (Note 2).....	102,594	85,123
FUND BALANCE, end of year (Note 2).....	<u>\$108,985</u>	<u>\$102,594</u>

The accompanying notes are an integral part of these statements.

**NOTES TO FINANCIAL
STATEMENTS**

DECEMBER 31, 1995 AND 1994

**1. SUMMARY OF SIGNIFICANT
ACCOUNTING POLICIES**

The American Society of Composers, Authors and Publishers (the "Society" or "ASCAP") is an unincorporated membership association of composers, lyricists and music publishers. Founded in New York in 1914, ASCAP is the oldest performing rights licensing organization in the United States. The Society maintains its financial statements on the modified cash basis of accounting. Fixed assets, including leasehold improvements, are capitalized. Depreciation of fixed assets is provided using the straight-line method based on the estimated useful lives as follows: furniture - ten years; equipment - three to five years; and automobiles - three years and four months. Leasehold improvements are amortized on a straight-line basis over the terms of the related leases. Depreciation and amortization expense was \$3,147,000 and \$2,978,000 for the years ended December 31, 1995 and 1994, respectively. Advances to members are considered receivables. Management periodically reviews the status of advances and charges those deemed uncollectible to expense. Revenues due but not received, such as amounts due from licensees and foreign societies, and costs incurred but not paid, both of which are significant, are not accrued, except for the \$7,000,000 reserve for restructuring in 1994 as discussed in Note 6. Federal and state income taxes paid amounted to approximately \$583,000 and \$616,000 for the years ended December 31, 1995 and 1994, respectively.

The preparation of these financial statements require 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.

The Financial Accounting Standards Board recently issued Statement of Financial Accounting Standards ("SFAS") No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of." The Society believes the impact of adopting SFAS No. 121 in 1996 will not be significant.

Certain prior year balances have been reclassified to conform with current year presentation.

2. FUND BALANCES **Statements of Receipts, Expenses and Change in Fund Balance**
(000's omitted)

	<u>December 31, 1995</u>					<u>December 31, 1994</u>				
	<u>Total</u>	<u>General Fund</u>	<u>Symphonic and Concert Fund</u>	<u>Foreign Incoming Fund</u>	<u>Reserve Fund</u>	<u>Total</u>	<u>General Fund</u>	<u>Symphonic and Concert Fund</u>	<u>Foreign Incoming Fund</u>	<u>Reserve Fund</u>
Receipts	\$ 436,837	\$ 318,594	\$ 3,084	\$ 115,159	—	\$ 422,712	\$ 313,282	\$ 3,254	\$ 106,176	—
Expenses	(73,545)	(69,063)	(799)	(3,683)	—	(76,068)	(72,009)	(808)	(3,251)	—
Excess of receipts over expenses before restructuring charge	363,292	249,531	2,285	111,476	—	346,644	241,273	2,446	102,925	—
Restructuring charge	—	—	—	—	—	(11,209)	(4,209)	—	—	(7,000)
Excess of receipts over expenses after restructuring charge	363,292	249,531	2,285	111,476	—	335,435	237,064	2,446	102,925	(7,000)
Transfers among funds	—	1,402	(542)	(860)	—	—	532	(532)	—	—
Restructuring transfer	—	—	—	—	—	—	(7,000)	—	—	7,000
Distributions	(356,711)	(252,407)	(1,508)	(102,796)	—	(318,780)	(228,956)	(1,435)	(88,389)	—
Current distribution to foreign societies in excess of/ (less than) current receipts	(190)	(190)	—	—	—	816	816	—	—	—
Net increase in fund balance	6,391	(1,664)	235	7,820	—	17,471	2,456	479	14,536	—
Fund balance (deficit), beginning of year	102,594	6,029	5,435	91,130	—	85,123	3,573	4,956	76,594	—
Fund Balance, end of year	\$ 108,985	\$ 4,365	\$ 5,670	\$ 98,950	\$ —	\$ 102,594	\$ 6,029	\$ 5,435	\$ 91,130	\$ —



3. LEASE COMMITMENTS

Equipment and automobile rental and office lease expense aggregated approximately \$6,450,000 and \$6,541,000 in 1995 and 1994, respectively. The minimum rental commitments under existing noncancelable office leases are as follows (000's omitted):

1996.....	\$ 4,011
1997.....	3,926
1998.....	3,763
1999.....	3,700
2000.....	3,496
2001 and thereafter.....	<u>20,414</u>
	<u>\$ 39,310</u>

4. BENEFIT PLANS

The Society has both a defined benefit pension plan (the "Pension Plan") and a defined contribution savings plan (the "Savings Plan") which cover substantially all of its employees.

Under the Society's Pension Plan, benefits are based on years of service and employee's compensation during the last five 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. The Society contributed \$1,050,000 to the Pension Plan during 1995 and did not contribute in 1994 as it was fully funded.

The following table sets forth the Pension Plan's funded status at January 1, 1995 and 1994:

	1995	1994
	(000's omitted)	
Actuarial present value of:		
Vested benefit obligation	\$ 10,067	\$ 13,706
Nonvested benefit obligation	<u>319</u>	<u>411</u>
Accumulated benefit obligation	<u>\$ 10,386</u>	<u>\$ 14,117</u>
Actuarial present value of projected benefit obligation	<u>\$ 17,101</u>	<u>\$ 21,893</u>
Plan assets at fair value	<u>\$ 9,884</u>	<u>\$ 22,999</u>

The weighted average discount rate in determining the actuarial present value of the projected benefit obligation was 7.5% in 1995 and 1994. The rate of increase in future compensation levels used in determining the actuarial present value of the projected benefit obligation was 6.4% for both years. The expected long-term rate of return on assets was 8.0% for both years.

The Pension Plan assets as of January 1, 1994 of \$22,999,000 were reduced to \$9,884,000 as of December 31, 1994, substantially due to payments to eligible employees in connection with the Early Retirement Window Program. The actuarial present value of projected benefit obligation and plan assets as of December 31, 1995 were \$18,528,000 and \$12,116,000, respectively.

Under the Society's Savings Plan, all employees with at least one year of service may elect to contribute from 2% through 20% of their salaries. 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 salary. During 1995, the maximum annual employee contribution of pretax dollars is limited by Internal Revenue Service regulations to \$9,240 limiting ASCAP's matching contribution to \$4,620 per employee. The amounts contributed by ASCAP to the Savings Plan for 1995 and 1994 were \$720,000 and \$670,000, respectively.

5. DISTRIBUTIONS TO MEMBERS

Receipts of the Society, less expenses of operations and amounts payable to foreign societies, are distributed to members under applicable distribution formulas.

In 1994, the television industry and the Society jointly agreed to a \$14,600,000 settlement of additional licensing fees through December 31, 1994 as part of the Buffalo Broadcasting proceeding. These monies were substantially received as of December 31, 1994 and were distributed as part of the normal distribution process (see Note 7).

6. RESTRUCTURING CHARGE

During 1994, the Society recorded a restructuring charge of \$4,209,000 principally for severance and contract computer programmers and related costs. These costs are included in the accompanying statement of receipts, expenses and change in fund balance.

In addition, the Society established a reserve for restructuring in accordance with Article I, Section 1(j) and Article XV, Section 2 of the Articles of Association.

In establishing the reserve, the Society recorded a restructuring charge of \$7,000,000, at December 31, 1994 which is included in the accompanying statement of receipts, expenses and change in fund balance. The reserve is principally for severance, contract computer programmers and related costs and lease and asset write-offs associated with the Society's reengineering efforts and will benefit future years by reducing operating costs. During 1995, \$5,238,000 was charged against the restructuring reserve for these reengineering efforts. As of December 31, 1995, \$1,762,000 remains in the reserve. The remaining reserve will be utilized in 1996 as these projects are completed and any unused balance will be transferred to the general fund.

7. CONTINGENCIES

The Society is continually involved in court proceedings with its licensees to determine reasonable fees. Significant proceedings now pending involve the cable industry, the majority of local radio stations, and a group of so-called "specialty format" radio stations. In each case, fees are being paid on an interim basis, subject to retroactive adjustment when final fees are arrived at by agreement or court decision.

During 1995, ASCAP and the cable television industry were actively engaged in various litigation proceedings, including a class action for copyright infringement filed on behalf of ASCAP's members against certain cable system operators offering pay-per-view programs containing ASCAP music. That action, *Honest John Music, et al. v. U/A Columbia Cablevision, Inc., et al.* was recently settled. Pretrial discovery is continuing in the Turner Broadcasting court proceeding to determine fees for cable television program services which is expected to be tried in mid-1997.

At the end of 1994, the Buffalo Broadcasting proceeding, involving fees to be paid by local television broadcasters, remained pending. That litigation was concluded in 1995 when an agreement was reached with respect to the stations' license fees payable through September 30, 1995. No additional licensing fees were received in addition to the \$14,600,000 settlement (see Note 5) as a result of this agreement. Also, Blanket and Per Program license terms for the period October 1, 1995 through March 31, 1998 were established.

In 1994, CBS commenced a contract action against ASCAP in New York Court alleging that under "most favored nation" clauses in prior license agreements with ASCAP for the CBS Television Network, CBS is entitled to substantial monetary damages as a result of the 1992 agreement between ASCAP and NBC with respect to license fees for the NBC Television Network. In the opinion of the Society's counsel, the likelihood of an unfavorable outcome is remote.

In 1995, SESAC, Inc. filed a lawsuit against the Society in Tennessee state court, alleging tortious conduct on ASCAP's part in connection with the hiring of former SESAC employees. The court denied SESAC's motion for preliminary relief and, in the opinion of the Society's counsel, there is no basis upon which SESAC can obtain substantial damages from the Society.

In addition, the Society is subject to litigation in the normal course of business. In the opinion of the Society's counsel and management, such proceedings will not result in any material change in the Society's total receipts or the amounts available for distribution in 1996.

ASCAP Board of Directors



Marilyn Bergman - President and Chairman of the Board



Martin Bandier



John Bettis



Freddy Bienstock



Susan Borgeson



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Arnold Broido
Treasurer



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Cy Coleman
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Wayland Holyfield



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Burton Lane



Leeds Levy



Julie Lipsius



Johnny Mandel



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Vice Chairman



Stephen Paulus



David Raksin



Irwin Z. Robinson



Mary Rodgers



John A. LoFrumento
Executive Vice President
and COO

THE ASCAP ADVANTAGE

★ASCAP is the largest Performing Rights Society in the world, the largest in license fee collections and writer and publisher royalty payments. ASCAP has also established an aggressive leadership role in the protection of creators' rights and in the licensing and collection of royalties in the digital world of cyberspace.

★ASCAP is the only membership society in the United States...the only U.S. Society owned by writers, composers and publishers and overseen by an experienced Board of Directors elected from its membership by its membership.

★ASCAP, because it is a membership organization, is the only U.S. Society that offers services only membership organizations can offer. Currently available: a Credit Union, to assist members with their financial needs, and instrument insurance...and more exciting ASCAP member-only services are on the way.

★ASCAP is the only U.S. Society that treats all writers and publishers equally and fairly...the only U.S. Society where royalties are determined objectively over the life of the copyright and not by discretionary voluntary payments, short term special deals or management favoritism.

★ASCAP is the only U.S. Society that conducts yearly open membership meetings, issues financial reports to its members, has writer and publisher member advisory committees, and gives writers and publishers a voice.

★ASCAP is the only U.S. Society where payment changes have to be approved by the ASCAP Board of Directors, the Department of Justice and in some cases by a U.S. Federal Court after an open court hearing, and where no changes are made without notice to the membership.

★ASCAP is the only U.S. Society with specific written rules covering all types of performances on all types of media with all royalties distributed on that basis.

★ASCAP is the only U.S. Society which has an awards program that distributes over one million dollars a year in special awards to writers whose works have a unique prestige value for which adequate compensation would not otherwise be received, and to compensate those writers whose works are performed substantially in media not surveyed by ASCAP.

★ASCAP is the single most effective protector of the rights of creators and their music publishers and traditionally has taken the lead in campaigning for legislation needed to safeguard the copyright, and in fighting against bills harmful to the creative community.

★ASCAP has been the industry leader in negotiating license fees with the users of music since it was founded in 1914...and is the only U.S. Society that can honestly state that every action it takes and every decision it makes is solely for the benefit of its members.

★ASCAP surveys over two million hours of local television covering all syndicated series, feature films and movies of the week on a virtual 100% census basis.

★ASCAP provides a census survey of all ABC, CBS, NBC, FOX, UPN and WB television network performances.

★ASCAP is the only U.S. Society to feature a census survey of live performances of all songs performed in the top 100 U.S. grossing concert tours, as well as selected other major live performance venues.

★ASCAP was the first Society to license, survey and pay on college radio performances (1979). Its extensive survey of college radio station performances generates annual royalty payments in excess of one million dollars.

★ASCAP is the only U.S. Society that pays foreign royalties three times a year in April, August and December. ASCAP has the largest foreign collections in the world due to long term effective relationships with Foreign Societies, precise understandings of Foreign Society rules and collections, as well as innovative and accurate monitoring methods for the identification of foreign performances of ASCAP writers' and publishers' works.

★ASCAP is the only U.S. society where writers and publishers sign identical membership agreements with the right to resign at the end of each year.

★ASCAP has a new system of substantially increased payments for chart songs and frequently performed catalog songs with criteria easily accessible to all.

★ASCAP's recent payment changes include increased crediting for television series and feature film background music and theme songs, as well as royalty increases for all types of television performances based upon their share of general licensing collections.

★ASCAP spans the country with the widest variety of high profile showcases and workshops designed to educate and help new writers and artists, as well as advance their careers in all genres of music.

★ASCAP is the only U.S. Society with a highly trained Membership Services Department which can be contacted by all members through an 800 number and which provides service and answers to a variety of questions concerning membership status, royalty history, address changes and general information. (1-800-95-ASCAP, 9:00 a.m. - 8:00 p.m. Eastern Standard Time, Monday thru Friday).

★Besides its annual meetings open to all members, ASCAP is available 24 hours a day via its web site (<http://www.ascap.com>) which also makes available ASCAP's title, writer and publisher information via ACE (ASCAP Clearance Express), a music clearance system.

ASCAP IS THE ONLY U.S. SOCIETY THAT IS OPEN, TRANSPARENT AND LISTENS TO ITS MEMBERS!