

2010 ANNUAL REPORT



ASCAP

# A Powerful Voice Speaking Out

**IN JUST A FEW YEARS** ASCAP will celebrate its 100th Anniversary, an incredible milestone. When Victor Herbert and his fellow songwriters, composers and publishers founded ASCAP in 1914 to protect their copyrights, they knew that their strength lay in their collective voice.

That couldn't be truer today. When we sit down at the table with a company like Yahoo we represent the collective interests of over 400,000 members and more than 8 million songs. Compare that to an individual songwriter or composer negotiating on his or her own to receive a fair compensation. There's no comparison. That is why it is so important that we work together and stand up to those who try to devalue what we do.



## Persistence Wins

I don't have to tell you that it's tough out there. We've had some recent setbacks and we're in the midst of appeals to some court decisions that were not favorable to us. We will lose some battles along the way, but if ASCAP's history has taught us anything, it is this: by persisting and taking the long view, we will win in the end.

Remember that over the years we have been challenged by each developing industry, from the movies to radio to television to jukebox owners, cable operators and others. They all resisted paying copyright owners. New industries arise and also challenge us. This is nothing new. But in each case, by taking a broad and long-range view, we have vigorously defended the rights of our members and achieved fair compensation for them.

## Activism on a Wide Scale

ASCAP is its members -- a large community of music creators. Added up, we have a large and powerful voice. A voice we need to activate. And what does activism look like on a wide scale? It looks like a consistent voice speaking out for the value of music and those that create it.

We have many successful ASCAP members who are engaged in the digital world and who actively speak up when they come across sites and blogs that express an anti-copyright philosophy. Often they just express their own personal stories of creating music and struggling to make a living through their music.

A songwriter or composer telling his or her own story is a sympathetic figure that can influence how people think about the value of music. It is one reason why when I and my fellow ASCAP Board members visit Washington, DC to walk the halls of the U.S. Congress or host an educational event for Congressional Members, we also bring along aspiring songwriters and com-



**ASCAP President and Chairman Paul Williams with ASCAP Founders Award honoree Dr. Dre at the 2010 ASCAP Rhythm and Soul Music Awards**

posers to meet with their representatives and senators. These are lesser known members who have decided to take action and remind legislators that copyright is important, and the money is important, to feed their families. That's a great example of activism generating results.



What does activism look like on a wide scale? It looks like a consistent voice speaking out for the value of music and those that create it.

## Building Relationships

This past year we focused on building and strengthening relationships with over 100 Members of Congress as well as hosting two marquee events in Washington to highlight our ASCAP members and their contributions to our country's culture. The ASCAP Foundation event at the Library of Congress was a wonderful evening where legislators and other special guests enjoyed inspiring performances from such writer members as Tracy Chapman, J.D. Souther, Bill Withers, Albert Hammond, Dion, our own Board members Hal David and Wayland Holyfield and others.

We also hosted a movie screening of *Secretariat* with composer Nick Glennie-Smith and highlighted the importance of music to a film score. We are always searching for new and creative ways to demonstrate to legislators the value and contributions you all make and the need to protect them.

## The Intellectual Property Task Force

I'd like to think that our efforts in DC are paying off. In 2010, I reported that the Obama Administration had taken several encouraging steps to protect U.S. intellectual property. Not only did the United States Department of Justice form a Task Force on Intellectual Property, but President Obama also nominated Victoria Espinel as the U.S. Intellectual Property Enforcement Coordinator (aka the IPEC). Ms. Espinel got off to a strong start, and with our active encouragement and assistance, has been making great progress ever since.

In June 2010, she released the Administration's Joint Strategic Plan on Intellectual Property Enforcement, which contains more than 30 concrete recommendations for improvement in IP enforcement. Most important, it recognizes that the American economy is driven by the innovation and creativity of its people – an idea, that surprisingly gets lost in the political shuffle sometimes.

Recently, she released an annual report cataloguing many successes in achieving the 30 goals she laid out. She has also announced that her office will soon release, on behalf of the entire Administration, recommendations for IP legislation that Congress should enact, and we expect several of these to be of interest and importance to ASCAP members.

Then just last month, President Obama issued an Executive Order, which establishes a Cabinet level Senior Intellectual Property Enforcement Advisory Committee comprised of the heads of the Departments responsible for intellectual property enforcement, including the Departments of Justice, Homeland Security, Commerce, Health and Human Services, State, Treasury, Agriculture and the Office of the U.S. Trade Representative (or USTR).

The Executive Order also establishes the Intellectual Property Enforcement Advisory Committee comprised of representatives from the agencies responsible for designing and carrying out the Administration's strategy for stopping intellectual property theft.

By making IP enforcement a Cabinet-level priority, the President has demonstrated his complete commitment to IP protection and



**ASCAP President and Chairman Paul Williams with ASCAP Founders Award honoree Patti Smith at the 2010 ASCAP Pop Music Awards**

should be commended for it. In fact, I wrote him a personal letter thanking him on behalf of ASCAP's 400,000 members.

## The Anti-Counterfeiting Trade Agreement

In November 2010, the USTR announced that it had reached final agreement with a dozen of our most important trading partners on an Anti-Counterfeiting Trade Agreement. ASCAP participated throughout the process leading up to this announcement, both through written filings and direct meetings with our government.

Throughout 2010, the Commerce Department spearheaded an initiative looking into the relationship between copyright policy and innovation in our digital economy. ASCAP was deeply engaged at all levels of this initiative.

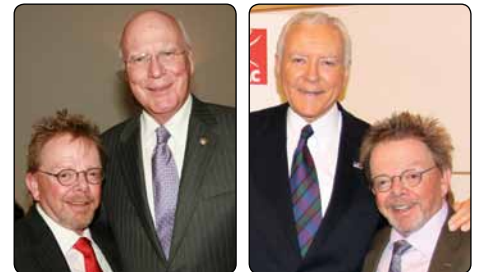
## Legislative Progress

On September 20th, 2010, a bipartisan group of Senators introduced legislation to address the growing problem of online piracy and counterfeiting. Senate Judiciary Committee Chairman Patrick Leahy (D-VT) and senior Republican member Orrin Hatch (R-UT) joined forces to introduce S-3804, the Combating Infringement and Counterfeit Act or as we call it, "The Rogue Site" Bill.

Senators Leahy and Hatch have long supported music creators and have partnered numerous times to advance intellectual property legislation in the Senate. S-3804 represents a major step forward in the United States' approach to piracy and counterfeiting crisis by directly going after those entities, like credit card processors, who help enable these sites to remain viable, and this is an important initiative that will positively affect all ASCAP members if passed.

We can't succeed without support from both political parties. Regardless of any personal political preferences, I for one am working hard to make all the friends we can get.

We are thrilled to see the Obama administration and members of Congress from both political parties focused on creators' rights and actually cooperating to ensure that something is done about it. In this day and age, I would not only call that leadership. I'd call it a miracle. Hallelujah.



**On the left, ASCAP President and Chairman Paul Williams is pictured with Senator Patrick Leahy (D-VT) during Congressional meetings in Washington, D.C.; and right, with Senator Orrin Hatch (R-UT) at the CISAC World Copyright Summit in DC.**

## Collaboration is Key

Collaboration is a hallmark of some of our greatest music. And I am optimistic that through collaboration -- with our fellow ASCAP members, with our legislators and yes, even with those corporate entities across the table from us -- we can solve some of the problems we face and work out a fair way to all enjoy the fruits of our labor.

As I represent you, the writers, composers and publishers of the world's most-beloved music, I strongly believe that if we lead by example, make friends and tell our story around the world, then we will succeed.

*Paul Williams*  
**Paul Williams**

**President and Chairman of the Board**

# You Can Count on ASCAP

**WHILE TOTAL REVENUES AND DISTRIBUTIONS** were below our all time record in 2009, our results for 2010 were substantial and placed 2010 as the second highest in ASCAP's history. Our domestic distributions reached \$555.0 million, just \$8.6 million below our 2009 record. Our foreign distributions were also substantial at \$291.3 million - \$5.5 million less than our 2009 record. In sum, ASCAP has delivered \$846.3 million to its members in 2010 - \$14.1 million from its all time high in 2009. And I am proud to add that ASCAP distributed in excess of \$2.5 billion dollars to its members over the last three years.



That is the good news. For as we turn to receipts, we can see the impact of recent Rate Court decisions on our 2010 revenues. Our domestic revenues declined approximately \$54.7 million due to a combination of factors: An interim radio fee was set by the Rate Court of \$192.4 million (it was \$232.0 million). This lower rate will remain in effect until the trial, which should happen in the first quarter of 2012. A decline in licensing fees from New Media online users reduced revenues. This decline is due in large part to Rate Court proceedings which went against us. We are vigorously appealing these decisions.

In 2010 we collected \$17.1 million from these licensees. In 2009, we collected \$31.1 million. A weak economy

has also impacted our licensees. We saw declines in broadcast and retail licensees.

However, our foreign receipts have remained steady through 2010. We received \$297.4 million from overseas affiliates. By the way, we distributed to those same foreign affiliated \$58.3 million for their members.

Unfortunately our sister PROs often face obstacles in securing performance royalties, and ASCAP is actively engaged in helping them secure payment. For example, the predominant cable TV company in several Caribbean nations refuses to pay performance royalties; Russian movie theaters refuse to pay performance royalties, and while we succeeded with the help of the USTR in getting China to set a royalty rate for TV performances, the rate is not only outrageously low, it also doesn't provide retroactive royalties for nearly seven years.

In each of these cases, we are working with sympathetic Members of Congress, the USTR, the IPEC, and other agencies to ensure our performance rights are respected. Performing rights organizations around the world face the same challenges we do.

## Leading the Fight for Fair Payment

Here at home, we are at a critical point in establishing fair compensation for the use of our member's music by online and wireless businesses. These businesses depend on music for their economic success.

ASCAP is leading the fight for fair payment, not only in Washington but also in the courts. People need to understand the value that your music provides to these online and wireless businesses. That is our goal.

The economic future of all music creators depends on pressing the fight for payment of reasonable fees by music users and ASCAP's strong efforts to achieve that goal will continue for the foreseeable future.

We are currently up against some very powerful business interests in the digital world, some of whom are reaping tens of millions of dollars in profits by using our members' music and avoiding paying for it. A common complaint from these companies is that they're not making money from music.

Furthermore, these companies and the anti-copyright crowd that support them try to characterize songwriters and composers as greedy. The facts couldn't be further from the truth. Take a close look at the pipes through which more and more of our creative works flow, and you'll see that this just isn't true.

These pipes are connected to multi-billion dollar companies. Google is making money. Apple is making money. Verizon is making money. Any website that has advertising attached to it is making money.

These businesses have to pay employees to come to work every day; they have to pay for their office space; they have to pay for the materials to manufacture their devices. Don't you think they should have to pay for the music that drives millions of people around the world to their sites and buy their devices, allowing them to grow their businesses? We think members deserve their fair share.

## Significant Developments

There were some significant developments in our negotiations with new media companies in 2010, especially with YouTube.

In 2009, the Rate Court had set interim fees with YouTube at a rate much higher than what YouTube was offering. After that, in 2010, we were able to reach a settlement with YouTube without going to a full trial.

But we've also had some setbacks. As of this writing, decisions in three of our Rate Court proceedings are on appeal. We will soon be asking the U.S. Supreme Court to accept our appeal of the decision in the AOL proceeding holding that a down-



We are at a critical point in establishing fair compensation for the use of our member's music by online and wireless businesses. These businesses depend on music for their economic success.

load of a music file is not a public performance. The United States stands alone in not recognizing that a download requires both a mechanical and a public performance license. This failure on the part of U.S. law will have a significant negative impact on the payments to our members for online performances of their audio-visual works.

We have appealed the district court's decision fixing the fee to be paid by MobiTV for the music content MobiTV supplies to wireless carriers. That appeal is pending in the U.S. Court of Appeals in New York. We are also appealing the district court's recent decision setting the fee to be paid by DMX, a commercial background music service.

When it comes to dealing with new industries and new ways of delivering music to the public, the path to establishing license terms and reasonable rates historically has been long and arduous, often characterized by intensive negotiations and protracted rate court proceedings.

For example, with the cable television industry, it took more than 15 years in and out of the courtroom before we finally arrived at a negotiated rate structure. Without that effort, our members would not be seeing royalties for performances on HBO or MTV, or any of the other hundreds of cable services. Cable is now the second largest category of

royalties, right behind radio.

### Embracing and Licensing New Media

The online and wireless worlds are moving a lot faster, of course. ASCAP has always embraced every new technological advance that has brought new delivery systems for music. And we embrace these technologies now. But, we don't believe they should be allowed to grow their businesses using your music to attract customers without fairly compensating you for the use of your music.

We've been licensing in the new media space since the mid-90s. In addition to YouTube, we expect shortly to sign an agreement with Netflix for its online audio-visual streaming service. We expect to do the same with Amazon, for its streaming service.

But, with some of the other big new media players, it has not been as smooth. They have a vested interest in paying as little they think they can get away with, which is why these matters end up in

rate court. And often, the court must decide on issues involving the scope of the licenses being sought by the users even before the appropriate rates can be determined.

We are in this to win a viable future for our members, and you can count on ASCAP to make the best case possible for maximizing the value of their music.

### Maximizing ASCAP Business with Member Access

Some good news is that despite incurring the costs of litigation, we've managed to keep our operating expense ratio at a relatively low 14.3%. We've adopted new cost saving technologies and maintain very tight control on all expenses. By minimizing operating expenses, ASCAP maximizes financial distributions to members. During 2010 ASCAP's new, state of the art distribution system provided members unprecedented access and control of their works through Member Access.

Member Access is a sophisticated technology that allows our members to conveniently conduct their business with ASCAP anytime and anywhere in the world, giving them unlimited access to their membership, catalog and royalty information. Among the exciting benefits of Member Access is the ability for members to get access to their statements in PDF and raw data formats that are available for download anytime, and to sign up for direct deposit, so that a member's royalties are deposited into his or her bank account immediately on the date of distribution, rather than waiting for a check in the mail.

### ASCAP's iPhone App - A First for a PRO

In a first for a performing rights organization, we created an iPhone app that puts the advantages of Member Access in members' pockets while on the go. In this digital age of constant connection, we understand the importance of instant access to ASCAP accounts. When members are on the road, at a writing session, on vacation or in the studio, this app puts valuable information and news into their hands.

### The Member Ownership Difference

As 2010 came to a close, ASCAP elected its 400,000th member. Over the course of the year, ASCAP added over 32,000 new members who have chosen to be a part of the world's leading performing rights organization.

ASCAP is the only U.S. performing rights organization owned and governed by its members. This difference is the primary reason why over 600 aspiring and established songwriter, composer and music publishers continue to join ASCAP every week. The member ownership difference, without the distraction of ownership conflict, is a clear reason why ASCAP can better meet the needs of serious music creators and make sure a future in music is something music creators can count on.



**ASCAP Golden Note Award winner Dennis McCarthy at the 2010 Film & TV Music Awards**



**Songwriter/Artist of the Year Dierks Bentley with ASCAP CEO John LoFrumento at the 2010 ASCAP Country Music Awards**

**John A. LoFrumento  
Chief Executive Officer**

# A Board with a Clear Agenda

**THE ASCAP BOARD OF DIRECTORS**, made up of 12 writers and 12 publishers, elected from and by the membership every two years, combines experience and foresight to best guide the Society into the future. 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. ASCAP Board members know 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. It does this by meeting regularly to set policy and by creating 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



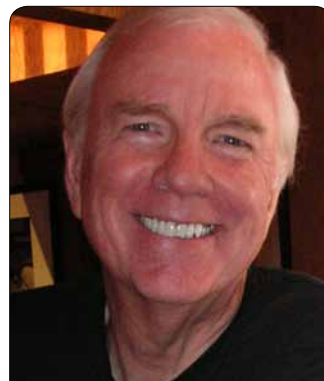
Songwriter Paul Williams  
ASCAP President and Chairman



Songwriter Jimmy Webb  
ASCAP Vice President



Composer Johnny Mandel



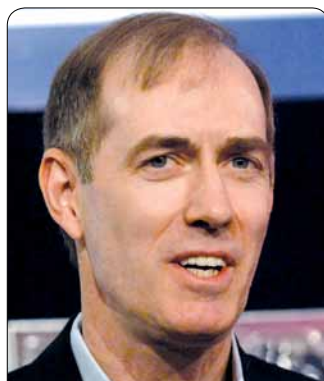
Lichelle Music’s Dean Kay



Leeds Music’s Leeds Levy



MPL Communications’  
John L. Eastman



Composer Doug Wood



EMI Group’s Roger Faxon



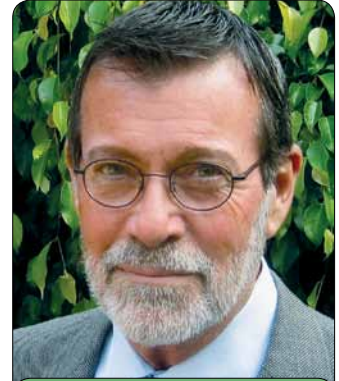
Songwriter Valerie Simpson



BMG Rights Management's  
Laurent Hubert



Universal Music's David Renzer



Composer Richard Bellis



Songwriter Hal David



Sony/ATV Music Publishing's  
Martin Bandler



Carlin America's Caroline Bienstock



Composer Dan Foliart



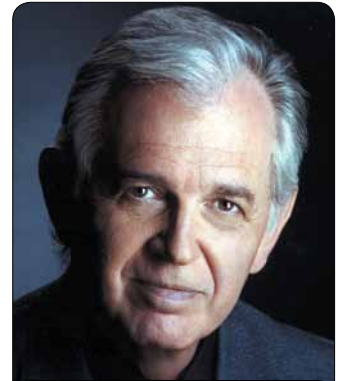
Songwriter Marilyn Bergman



Composer Stephen Paulus



Songwriter Wayland Holyfield



Composer Bruce Broughton



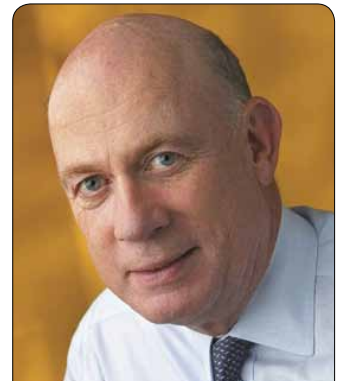
Cromwell Music's Irwin Z. Robinson



Schott Music's James M. Kendrick



Ten Ten Music Group's  
Barry Coburn



Warner/Chappell Music's  
David H. Johnson

# Celebrating Our Members' Success

**ASCAP MEMBERS** took the top spots in the 2010 Billboard Year-End Charts and earned the industry's greatest accolades



Multi-Grammy winner Alicia Keys



Multi-Grammy winner Jay-Z



Oscar winner Trent Reznor

## The Grammys

At the 53rd Annual Grammy Awards (honoring the best music of 2010), Jay-Z and Jeff Beck led the ASCAP winners, taking home three awards each while Alicia Keys, Josh Kear, The Roots and Usher each received two awards. Composer Jennifer Hidgon received one award in the category of Best Classical Composition for her *Percussion Concerto*. ASCAP members Julie Andrews, The Ramones and George Beverly Shea were honored with the Lifetime Achievement Award, and Barbra Streisand was recognized as the MusiCares Person of the Year.



Pulitzer Prize in Music winner Jennifer Hidgon

## The Tonys

ASCAP members received numerous honors at the 2010 Tony Awards, where David Bryan, Joe DiPietro and Daryl Waters received awards for Memphis as well as Jerry Herman for his revival of *La Cage Aux Folles*. Memphis took home the awards for Best Original Score, Best Musical and Best Orchestrations while *La Cage Aux Folles* won in the category of Best Revival of a Musical.

## The Oscars

At the 83rd Annual Academy Awards, ASCAP member Trent Reznor won Best Original Score for his dark electronic soundtrack to *The Social Network*. Returning winner Randy Newman took home the Oscar in Best Original Song for "We Belong Together" from *Toy Story 3*.

## The Emmys

The 62nd annual Primetime Emmys recognized four ASCAP composers and writers for their original work in television scores. In the Original Dramatic Score category, ASCAP composer Sean Callery received the award for his work in *24*, and Randy Newman was honored

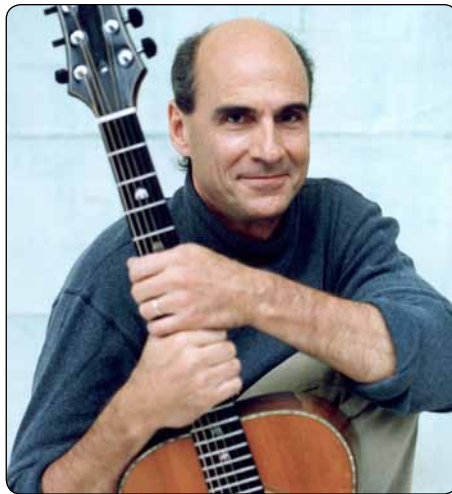
for Outstanding Original Music And Lyrics for his work in *Monk*. ASCAP members Wendy Melvoin and Lisa Coleman were also recognized for their theme music to *Nurse Jackie*.

**National Medal of Arts**

Quincy Jones and James Taylor received the National Medal of Arts among others in the fields of theatre, literature, poetry and visual, presented by President Obama.

**ASCAP Honors**

At our own annual awards ceremonies in 2010, ASCAP celebrated the achievements of our members in the Jazz, Latin, Country, Rhythm and Soul, Film and TV, Pop, Christian and Concert genres. Songwriter of the Year honors were given to Anthony Santos, Tommy Torres, Brett James, Dierks Bentley, Ne-Yo, C. “Tricky” Stewart, The-Dream, Lukasz “Dr. Luke” Gottwald and Ben Glover. Jason Mraz received the Song of the Year Honors at the 2010 Pop Awards for “I’m Yours,” and at the 2010 Rhythm and Soul Awards, “We Belong Together” was honored as Song of the Decade where Jermaine Dupri, JohnTá Austin and Manuel Seal received songwriting awards. The Top Video Game Award was introduced at the 2010 Film and TV Awards, honoring Hans Zimmer and Lorne Balfe for their work on *Call of Duty: Modern Warfare 2*. Grammy-winner Jennifer Higdon was further honored at the 2010 Concert Awards with the Pulitzer Prize. ASCAP added five of its members to its Jazz Wall of Fame in 2010, with living legends Donald Fagen and Phil Woods being commemorated as well as the late Eddie Lang, Thelonious Monk and Dinah Washington. For their contributions and impact in developing musical genres, Taio Cruz, Janelle Monáe and The Killers received the Vanguard Award, and for reaching extraordinary milestones in their careers, Jorge Luis Piloto and Dennis McCarthy were given the Golden Note Award. ASCAP composer Bruce Broughton was recognized for his achievement and contributions to



**National Medal of Arts honoree James Taylor**

**ASCAP Had an Extraordinary Year on the Billboard Charts in 2010**

Members Took...  
**9 of the Top 10**  
Songs in

- Hot Adult Top 40
- Hot Adult Contemporary
- Hot Triple A
- Hot R&B Hip Hop Songs
- Hot R&B Hip Hop Airplay
- Hot Rap Songs
- Hot Adult R&B
- Hot Christian AC Songs

They Also Claimed...  
**8 of the Top 10**  
Songs in

- Hot Country
- Hot Alternative
- Hot Mainstream R&B
- Hot Latin Pop Songs
- Hot Master Ringtones
- Hot Christian Songs



**ASCAP Vanguard Award winner Janelle Monáe**

film and television music with the Henry Mancini Award and Armando Manzanero received the Latin Heritage Award. The prestigious Founders Award was given to Patti Smith and Dr. Dre in 2010 for their inspiring and pioneering contributions to music that will continue to influence music creators in the future.



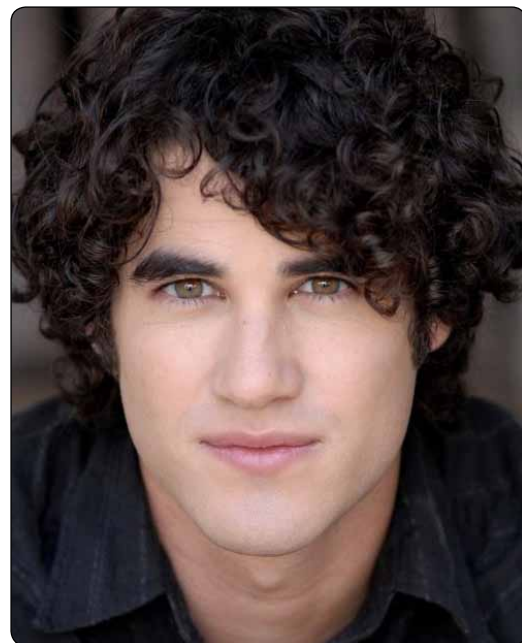
**ASCAP Vanguard Award winners The Killers**

# Serving Members, Boosting Their Careers

**IN 2010 ASCAP'S MEMBERSHIP** grew to over 400,000. ASCAP is best equipped to serve this large and growing community of music creators because it is owned and operated by writers, composers and publishers, who best understand their challenges, needs and ambitions. ASCAP offers an incredible array of programs and services to educate, guide, nurture, support, protect and celebrate its members at every stage of their careers.



LeAnn Rimes (backed by Darrell Brown) performed at the 2010 Sundance ASCAP Music Café



In December 2010, singer-songwriter and *Glee* star Darren Criss joined ASCAP and became its 400,000 member

## When Music is Your Life - The ASCAP "I Create Music" EXPO

In 2010, the Society launched its fifth annual ASCAP "I Create Music" EXPO, which has grown into a must-attend for music creators who are serious about their careers. The innovative EXPO's growing program of educational panels, master sessions, technology demonstrations, song feedback panels, member performances and keynotes by legendary songwriters and composers provides an unparalleled and valuable opportunity for emerging members to develop their craft and build their careers, and for established members to give back to their community.

## Fostering Music Education and Creation at All Levels

In 2010, ASCAP and the ASCAP Foundation continued to present many awards, scholarships, grants and fellowships to foster music education, support up-and-coming talent and cultivate the legacies 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 and television music creators. In addition, ASCAP regularly holds important workshops representing a wide range of genres, from the ASCAP Foundation/Disney Musical Theatre Workshop with Stephen Schwartz to the ASCAP Lester Sill Songwriters Workshop to the ASCAP Television and Film Scoring Workshop, to help members develop their craft and gain valuable knowledge.

## Distributing Approximately \$2.7 Million in ASCAP Plus Cash Awards

The Society's ASCAP Plus Awards Program distributed approximately \$2.7 mil-

lion to writer members for the 2009-2010 year. The purpose of these special awards, which have been given each year since 1960, is to reward active writers in the early stages of their careers, as well as established writers whose main activity is outside of broadcast media.

## Promoting our Members' Music Nationwide

Throughout the year, ASCAP participates in and/or sponsors various high-profile nationwide music festivals and conferences, such as the SXSW Music and Media Conference, the Sundance Film Festival, CMJ, the Annual International Folk Alliance Conference and many other major annual events, to showcase not only rising stars but writers with rich musical histories.

## Development of Availability of the Right Tools

ASCAP understands that to compete and survive in today's fast-changing music industry, members need to have the right tools in their hands and the right protection at their backs. The range of benefits and services available with ASCAP's Membership Benefit Program continues to expand greatly, giving members added value, added choices and added discounts with a long list of benefit partners who

want to join with ASCAP in helping music professionals get what they need, when they need it most.

**Protection for Members' Livelihoods**

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.

**The 2010 ASCAP "I Create Music" EXPO was an incredible success. Pictured are: 1. Bill Withers and Justin Timberlake 2. Ludacris and Quincy Jones 3. Dr. Luke Master Session 4. ASCAP's Erik Philbrook and John Mayer 5. The audience in the Grand Ballroom of the Renaissance Hollywood Hotel**



# Putting Innovation to Work for Members

## Member Access - A State of the Art System for Managing Your Business

During 2010 ASCAP's new, state of the art distribution system provided members unprecedented access and control of their works through Member Access. ASCAP's Member Access is a sophisticated technology that allows members to conveniently conduct their business with ASCAP anytime and anywhere in the world, giving them 24/7 access to membership, catalog and royalty information.

The "My Royalties" section within Member Access provides access to member statements in PDF and raw data formats that are available for download anytime. From this area members can apply online for Direct Deposit and make the "green" choice to turn off paper statements. With direct deposit, members' royalties are deposited into their bank accounts immediately on the date of distribution so they don't have to wait for a check in the mail. Their statements are also available online the same day. And with Cue Sheets in Member Access, composers, songwriters and publishers now have instant access to their cue sheet data. It's a valuable new service to members in our Film and TV music world.

## The ASCAP Mobile App - The First-Ever App for a PRO

In a first for a performing rights organization, ASCAP created ASCAP Mobile, a new app for iPhone, iPad and iPod Touch that puts the advantages of Member Access in members' pockets while on the go. Designed for ASCAP members, music professionals or anyone interested in music industry news and ASCAP's vast repertoire of musical works, some of the features and functions of the mobile app include:

- Secure log-in to Member Access so that members can check their catalog and royalties for a full view of parties and shares;
- Take a look at their latest distributions - and even open up a PDF version of their latest statement and email it;
- Receive a stream of important, useful and timely music industry news.

## The World's Most Visited Music Professional Website

With more than 2.5 million page views a month, ASCAP.com is the world's most visited music professional website. In 2010, ASCAP greatly enhanced the site to better serve the needs of members as well as music users around the world. With up-to-the-minute news and information as well as media-rich content produced by ASCAP's *Playback* editors, the site is a valuable destination for serious music professionals. In addition, ASCAP launched a new "We Create Music" blog to allow more of our members a chance to share their insights and opinions.

**The ASCAP Mobile app further reinforces ASCAP's leadership position in the application of new technologies to better serve the needs of our members**



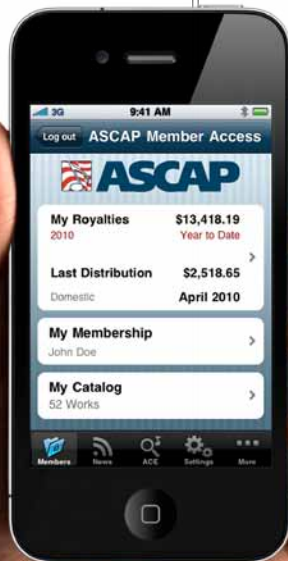
## ASCAP Member Community - An Online Social Networking Community Just for Members

We upgraded and improved the online ASCAP Member Community by including member-driven song rating, powered by Broadjam, streaming audio of the top 20 member-rated songs in each major genre; and by creating a new section devoted to ASCAP member announcements; as well as adding information about licensing opportunities.

At ASCAP.com members can also access Collaborator Corner, ASCAP's free online networking tool for music professionals seeking creative partners. It helps music creators develop connections and enables users to take advantage of opportunities that might not otherwise be brought to their attention.

## Inside Music and The ASCAP Daily Brief Powered by the Dean's List-Valuable Information, Access, Advice, Education and Entertainment

In 2010, more and more ASCAP members registered to receive *Inside Music*, a valuable monthly e-newsletter exclusively for members. ASCAP continues to enhance *Inside Music*



with new design elements and useful navigational features that provide members with quick access to essential news and information as well as unique ASCAP.com features such as *Playback* Field Recordings, We Create Music Blog postings, Audio Portraits, *On the Come Up* Interviews and much more. *The ASCAP Daily Brief* Powered by the *Dean's List* provides important news on music, copyright and new technology from a creator's perspective.

### ASCAP and Nimbit—a Complete Direct-to-Fan, e-Business Platform

In 2010, ASCAP expanded its relationship with Nimbit, the industry's premier direct-to-fan platform for today's music business, and offered a new discounted service to members. "Nimbit Direct-to-Fan, ASCAP Edition" provides members with MyStore Direct-to-Fan Storefronts for social networks; zero commission on digital distribution through iTunes, Amazon, Rhapsody and other online retailers; Instant Band Site websites with professional storefronts, gig calendars, blogs and more; backend warehousing and fulfillment of orders for physical and digital merchandise; as well as powerful tools for fan engagement. This new service gives ASCAP members the most innovative tools available to help them advance their careers.



### MediaGuide - The Ultimate Level of Performance Tracking

Mediaguide is the innovative company, created and co-owned by ASCAP, that delivers the ultimate level of performance tracking available today. Utilizing state-of-the-art fingerprinting technology, Mediaguide identifies music performed on radio, television, satellite and Internet broadcasts. The broadcast data feeds directly into ASCAP's distribution system – more accurately, faster and cheaper than any other provider.

### Connecting on Social Media - ASCAP on Facebook, Twitter and YouTube

We know that ASCAP members can't be everywhere at once. That's why ASCAP makes it easy for our members to stay connected to the people, advice, news, information and opportunities that are most valuable to their careers by maintaining a strong presence on social media sites such as Facebook, Twitter and YouTube.



**ASCAP INSIDEMUSIC**  
We Create Music

May 2011 | Essential News, Notes and Opportunities for Your Music Career

**ASCAP News and Industry Notes**

**Highlights from the Biggest Week in Songwriting**

It's back to business as usual after an incredible week in Los Angeles at the ASCAP "I Create Music" EXPO. We met so many music creators whose energy and talent inspired us, and we're totally re-energized to continue working hard on behalf of ASCAP members and the music community as a whole. If you weren't able to join us this year, we have lots of content available for you to share in the experience with us from home. There's **ASCAP EXPO Panel Video Access**, more info on which is available below, as well as dispatches from on the ground at the event posted to our **ASCAP EXPO Blog**. There's also great video footage from the red carpet, green room and acceptance speeches at our **ASCAP Pop Music Awards** available on our site now!

Train perform "Hey, Soul Sister" at the 2011 ASCAP Pop Music Awards

**Inside This Issue...**

Event: ASCAP "I Create Music" EXPO Coverage

Playback: Cri\$tle

Benefit: ASCAP EXPO Panel Video Access

Audio Portrait: Mike Errico

**ASCAP "I Create Music" EXPO**

Experience the ASCAP EXPO at Home with ASCAP EXPO Panel Video Access

**Playback**

Pen Queen Cri\$tle Steps Out With Her Solo Debut

Inside Music, ASCAP's monthly e-newsletter

ACE / Repertory  
Find Titles, Writers, Publishers and more

Search ASCAP.com  
Search ASCAP

members

licensees

join

genres

about

news & events

**Halatrax Lays It Down**

By *Etan Rosenbloom, Membership/Marketing Associate and Blog Coordinator*

It's not a common story: Florida band dude moves to L.A., signs with huge writer/producer, then starts pumping out one infectious pop hit after another. But that's the backstory for ASCAP writer/producer Jeff "Halatrax" Halavacs, who's built successful tracks for Kevin Rudolf, Selena Gomez, Christian TV and Hollywood Undead, just in the past year. Halatrax spoke to us about his journey and shared some choice advice about making it as a producer in the competitive pop music world.

Just you try to keep up with this madman by following Halatrax on Twitter.

\*\*\*\*\* Be the first to rate this post

Tags: [Jeff Halavacs](#), [Halatrax](#), [Pop](#), [Hollywood Undead](#), [Jesse McCartney](#), [Selena Gomez](#), [Kevin Rudolf](#), [Christian TV](#)

Discussion | Comments | Categories: Interview | Video

We Create Music Blog

Blog Home

About the Blog

Archive

Contact

Subscribe

**CARNEGIE HALL**

Your Composition Performed at Carnegie Hall!

[carnegiehall.org](http://carnegiehall.org)

Enter search term

Include comments in search

Tag cloud

Aaron Michael Cox, Adam Haworth Stephens, American Idol, Americana, Andrew Balooki, Approximate, ArachMunk, ASCAP, Avant-Rock, Barbz, Best Of 2010, Blackkaleidos, Blues, Bone, Brett James, Cathy Heller, Christian, Christian Music, Christian TV, Christmas, Classical Music, Claudia Bram, CMJ Collaboration, Concert Music, Corrupted, Country, Craig Wiseman, Da Internaz, Dana Graham, Dance, David Gonzalez, Danko Jones, Disney DJ Premier, Doc Dazer, Dr. Dre, Luke Education, Electronics, Etan Rosenbloom, Fernando Osorio, Ferras, Film/TV, Folk, Francisco Ballofieri, Gabriel Flores, Garth Brooks, Glenn Starr, Gold Lake, Graham Stookley, Great American,

**Paul Leonard-Morgan on Being Limitless**

"We Create Music" Blog

# Creating New Ways to Benefit Members

**THE MUSIC INDUSTRY** continued to be an evolving and challenging environment in 2010. Fortunately for ASCAP members, they belong to a performing rights organization that is revolutionizing the art of service. Because it is member-owned and operated, ASCAP knows firsthand that to build and maintain a career in music takes more than talent. It takes knowledge, tools, service, protection and a community invested in its future. Combining more than nine decades of experience in serving music creators with aggressive and visionary leadership, ASCAP continues to expand its benefits in new and innovative ways, providing added value and advantages to ASCAP membership.

## "I Create Music" – The Benefit of an Engaged Community



ASCAP's "I Create Music" EXPO, the Society's national conference solely dedicated to songwriting and composing, benefits the entire ASCAP membership by bringing together top writers and composers with those members just starting out to educate, inspire and guide each other, to discover new tools and skills, and to examine the challenges of our time. The 2010 event was another success. But more importantly, it provided a real opportunity for members to develop their craft while connecting with their community.

## ASCAP Core Health Insurance – Just Part of a Suite of Health Insurance Benefit Options



In 2010, the Society offered ASCAP Core Health Insurance, a guaranteed issue, affordable limited medical indemnity insurance program for any ASCAP member between the ages of 18 and 64. It includes four different, cost-effective plans that members can choose from, starting with a low monthly premium for a single ASCAP member or for a member and their family.

In addition, ASCAP started offering a free prescription discount drug card, courtesy of PARAMOUNT Rx.

A third new health benefit offering is the Careington Health Discount Card. This card differs in that the card actually gives discounts, not just on prescriptions, but also on services provided by doctors, optometrists, dentists and other specialists.

## MusicPro Insurance – Affordable, Convenient Insurance for Music Professionals



In 2000, ASCAP created and launched MusicPro Insurance to provide affordable and convenient insurance for the music professional. Since that launch MusicPro has insured over 4,000 individuals and families, been endorsed by every major music organization (including our competitors) and grown at a compound annual growth rate of 42%.

## The ASCAP Member Benefit Program – Driven by the Power of Over 400,000 Members

ASCAP continues to grow its service to its members by teaming up with other companies to provide a great package of benefits geared toward music professionals. The ever-growing list of benefits now include a whole host of web tools including Bandzoogle, Limelight, Akon's Hitlab, FanBridge, MyWerx and

TuneCore; as well as online education classes at Berkleemusic.com and SongU.com. They join ASCAP's other great benefits, which include tech and gear discounts, songwriter and composer tools, manufacturing discounts, travel and moving discounts and discounts on music magazines and trade publications. Financial benefits include 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 2010 ASCAP Television and Film Scoring Workshop with Richard Bellis – Building Partnerships

ASCAP uses partnerships and sponsorships to help members at every stage of their careers. An excellent example of one collaboration that continues to nurture up- and-coming creators is the ASCAP



Workshop co-producers Jennifer Harmon (front, L) and Michael Todd (front, R) with recording engineer Armin Steiner (center), workshop mentor Richard Bellis, contractor Peter Rotter, score reader Dave Slonaker and the 2010 Workshop composers at the Eastwood Scoring Stage at Warner Bros.

Television and Film Scoring Workshop, which was initiated in 1988 and is supported by the ASCAP Foundation. The 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 a variety of organizations and companies. The 2010 installment was supported by ole music publishers, the Recording Musicians Association of Hollywood (RMA) and Eastwood Scoring Stage at Warner Bros., among others.

# 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, 2010 and 2009 at the April board meeting. Pages 16 through 22 include selected portions of the audited financial statements.

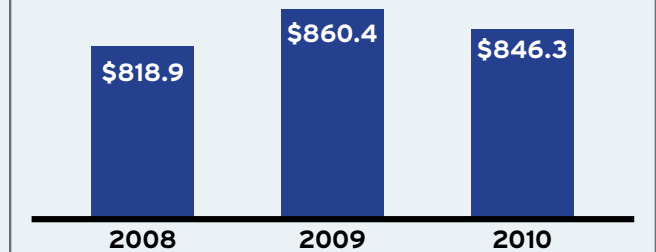
ASCAP's total distributions were \$846.3 million in 2010 compared to \$860.4 million in 2009, a decrease of \$14.1 million or 1.6%. Distributions to members and foreign societies for domestic performances were \$555.0 million, a decrease of \$8.6 million or 1.5%. Distributions for foreign performances were \$291.3 million down \$5.5 million or 1.8%. The Total Distributions chart highlights the trend of distributions over the past three years.

Total receipts were \$931.8 million in 2010, down \$59.0 million or 6.0%. Domestic receipts were \$634.4 million down \$54.7 million or 7.9%. Radio fees were down \$34.4 million primarily due to lower interim fees from the industry while new license agreements are negotiated. New Media fees decreased \$14.0 million primarily due to an unfavorable legal decision related to fees from a wireless carrier and timing. Fees from Cable were down \$9.4 million mainly due to various one-time settlement payments received in 2009. Television fees were down \$3.7 million. Fees from General Licensees increased \$6.9 million or 6.2%. Foreign receipts were \$297.4 million, down \$4.3 million or 1.4%.

Operating expenses were \$133.3 million, up \$2.7 million or 2.1% from 2009. This increase is primarily due to the first full year of costs for the PREP system offset by continued cost containment efforts. ASCAP's operating ratio was 14.3% which reflects the overall decline in receipts and net increase in expenses. The Annual Receipts and Operating Expense Ratio charts provide a three-year trend of related information. We continue our commitment to control overhead expenses while strengthening operations to enhance service to our members and our licensees.

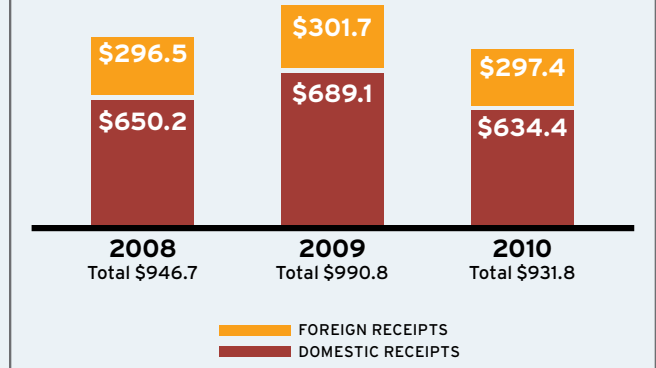
## TOTAL DISTRIBUTIONS

Dollars in Millions

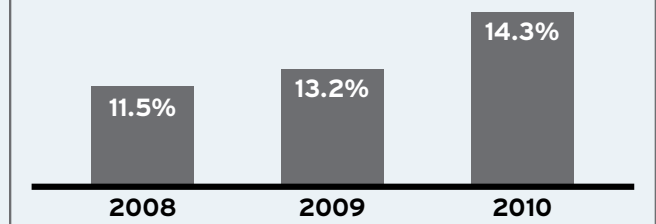


## ANNUAL RECEIPTS

Dollars in Millions



## OPERATING EXPENSE RATIO



# REPORT OF INDEPENDENT AUDITORS

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

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 Consolidated Subsidiaries (the "Society") as of December 31, 2010 and 2009. 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 audits 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 financial statements, 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 net assets has been prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles.

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 Consolidated Subsidiaries at December 31, 2010 and 2009 on the basis of accounting described in Note 2.

*Ernst + Young LLP*  
May 24, 2011

**AMERICAN SOCIETY OF COMPOSERS, AUTHORS  
AND PUBLISHERS AND CONSOLIDATED SUBSIDIARIES**

**CONSOLIDATED STATEMENTS OF RECEIPTS AND EXPENSES  
AND CHANGES IN NET ASSETS (NOTE 2)**

**YEAR ENDED DECEMBER 31**

<b>DOMESTIC RECEIPTS:</b> (In Thousands)	<b>2010</b>	<b>2009</b>
License fees:		
Television	\$106,104	\$109,809
Cable	155,321	164,769
Radio	230,881	265,232
General	118,420	111,501
New media	17,073	31,090
Symphonic and concert	5,453	5,625
Interest and other income	24	290
Membership Application Fees	1,094	765
Total domestic receipts	<u>634,370</u>	<u>689,081</u>
<b>ROYALTIES FROM FOREIGN SOCIETIES:</b>	<b>297,400</b>	<b>301,690</b>
Total receipts	<u>931,770</u>	<u>990,771</u>
<b>EXPENSES:</b>		
Performing Rights	74,883	70,076
Membership Services	11,780	11,670
Enterprises	1	35
Headquarters	27,057	30,938
Legal	17,059	16,755
<b>Total Operating Expenses</b>	<u>130,780</u>	<u>129,474</u>
Loss on Investment in Mediaguide	2,550	1,133
Total expenses, including loss on investment in Mediaguide	<u>133,330</u>	<u>130,607</u>
Excess of receipts over expenses	<u>798,440</u>	<u>860,164</u>
<b>DISTRIBUTIONS:</b>		
Members:		
Domestic distributions	496,741	504,852
Foreign distributions	291,331	296,795
Foreign societies	58,273	58,749
Total distributions	<u>846,345</u>	<u>860,396</u>
Decrease in net assets	(47,905)	(232)
<b>NET ASSETS, beginning of year</b>	<u>241,092</u>	<u>241,324</u>
<b>NET ASSETS, end of year</b>	<u>\$193,187</u>	<u>\$241,092</u>

See accompanying notes.

# NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

## December 31, 2010

### 1. ORGANIZATION AND NATURE OF BUSINESS

The American Society of Composers, Authors and Publishers and its consolidated 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 nondramatic 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

#### Basis of Accounting

The Society maintains its financial statements on a modified cash basis of accounting, which is a comprehensive basis of accounting other than U.S. generally accepted accounting principles, and is detailed as follows:

#### Basis of Presentation

The consolidated financial statements contain the financial information of the American Society of Composers, Authors and Publishers, and its 100% owned subsidiaries, ASCAP Joint Venture LLC and ASCAP Enterprises LLC (“Enterprises”). 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 or majority owned companies for which voting control is absent using the equity method of accounting which includes its investment in Mediaguide Inc. (“Mediaguide”). ASCAP’s share of net income or losses of equity investments is included in “Loss on investment in Mediaguide” in the Consolidated Statements of Receipts, Expenses and Changes in Net Assets. ASCAP periodically reviews its equity investments for impairment and adjusts these investments to their net realizable value when a decline in market value is determined to be permanent. Differences be-

tween the carrying value of the Society’s equity investment in Mediaguide and its equity in the net assets of Mediaguide that result from the purchase of additional economic interests are amortized over the remaining useful life of Mediaguide intangible assets. ASCAP has not evaluated whether or not the provisions of FASB ASC No. 810, *Consolidation*, should be applied to its 55.3% investment in Mediaguide (see Note 3).

#### Revenue Recognition

Revenue, consisting of license fees, membership application fees, and interest income, is recorded at the time that the cash is received. Revenues due to ASCAP, but not received, such as amounts due from licensees and foreign societies, are not accrued, rather, they are recognized only when received. Royalty distributions and other payables related to such revenues, which are significant, are recognized when distributed and are not accrued when due to members.

#### Income Taxes

The Society does not account for income taxes in accordance with the FASB ASC No. 740, *Income Taxes*. Under this guidance, the liability method is used to account for income taxes. The Society recognizes income tax expense or benefit as payments are made or received from the appropriate taxing authorities and does not recognize related tax liabilities, deferred tax assets, or deferred tax liabilities as may be required by the income tax accounting guidance.

Net income taxes paid and expensed amounted to approximately \$0.1 million and \$4.8 million for the years ended December 31, 2010 and 2009, respectively. The tax expense is reflected in the Headquarters line item in the Consolidated Statements of Receipts, Expenses and Changes in Net Assets. Amounts for 2009 primarily reflect payments made to the Internal Revenue Service related to a settlement for the tax years 2004-2006.

#### Defined Benefit Pension Plans

The Society does not account for its defined benefit pension plans in accordance with FASB ASC No. 715, *Compensation – Retirement Benefits*. Under this guidance, accrual accounting is applied to defined benefit pension plans sponsored by an employer and, to the extent that an employer has an underfunded

or overfunded pension obligation, a liability or an asset would be recognized. In addition, an employer is required to recognize changes in the funded status in the year in which the change occurs through net assets. The Society recognizes pension expense as the plan is funded, and does not recognize pension assets or liabilities as may be required by the defined benefit plan accounting guidance. The Society does not recognize the changes in the funded status during the year through net assets as may be required by the defined benefit plan guidance.

### Fixed Assets

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

<b>Automobiles</b>	<b>3 years</b>
<b>Building and building improvements</b>	<b>40 years</b>
<b>Equipment</b>	<b>3-5 years</b>
<b>Furniture and fixtures</b>	<b>10 years</b>
<b>Software Development (hardware)</b>	<b>3-5 years</b>
<b>Software Development (software)</b>	<b>10-15 years</b>

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. Building improvements are amortized on a straight-line basis over the remainder of 40 years since the purchase of the building in 1992. Repair and maintenance costs are expensed as paid.

Costs incurred for the development of software for internal use have been capitalized in accordance with section 45 of ASC No. 720, *Other Expense – Business and Technology Reengineering* (formerly, 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 consolidated financial statements requires the use of certain estimates by management in determining the Society's assets and liabilities, as well as for disclosure of benefit plan obligations and contingencies at the date of the consolidated financial statements. Actual results could differ from those estimates.

## 3. JOINT VENTURES AND OTHER INVESTMENTS

### ASCAP Enterprises LLC

During 1999, Enterprises, a New York limited liability company, was formed whose sole member is ASCAP.

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% noncontrolling interest in the joint venture which is not consolidated. The total investment in MusicPro for the years ended December 31, 2010 and 2009 approximates \$13,000.

In October 2002, Enterprises and YES (formally known as ConneXus Corporation) formed a 50/50 joint venture, 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 YES.

In September 2007, an amended and restated stockholders agreement was entered into among Mediaguide and ASCAP, YES and a third shareholder, Marketing Architects, Inc. (the "Agreement"). As part of the Agreement, Marketing Architects, Inc. made an investment in Mediaguide. As result of the Agreement, ASCAP held a 49.2% interest in Mediaguide. In addition, each of the three shareholders received warrants to purchase 76,121 shares of Class A common stock at \$9.85 per share. The warrants expire on the earliest of certain events or August 31, 2012. As of December 31, 2010 and 2009, none of the warrants have been exercised.

During 2008, Mediaguide offered the three shareholders the opportunity to purchase Class A Common Stock for the purpose of raising additional funds. ASCAP accepted the offer, while YES and Marketing Architects, Inc. declined. As such, in July 2008, Mediaguide and ASCAP entered into a Class A Common Stock Purchase Agreement whereby ASCAP purchased an additional 219,229 shares for total consideration of \$1.8 million, which resulted in ASCAP holding a 54.2% economic interest in Mediaguide. The purchase of this additional economic interest in Mediaguide did not change any of the investors voting interests.

In February 2010, ASCAP and Marketing Architects, Inc. contributed to Mediaguide a capital call of approximately

\$662,000. In addition, ASCAP purchased an additional 65,277 shares for consideration of approximately \$536,000, which increased ASCAP's economic interest to 55.3% in Mediaguide. For the years ended December 31, 2010 and 2009, the Society recorded its share of net losses in Mediaguide of approximately \$2.6 million and \$1.1 million, respectively.

As previously noted, ASCAP has not evaluated whether Mediaguide should be consolidated under applicable authoritative accounting literature as ASCAP does not believe it would provide useful information to the users of the consolidated financial statements.

#### 4. BENEFIT PLANS

The Society has a defined benefit pension plan (the "Pension Plan") and a defined contribution savings plan (the "Savings Plan"). These plans cover all employees who meet the eligibility required as defined by each plan.

Under the Society's Pension Plan, benefits are based on years of service and an employee's highest three consecutive year compensation average from the last ten years of employment. The Society's policy is to fund amounts as 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 was approximately \$2.2 million and \$5.0 million during 2010 and 2009, respectively, and is reflected in the Headquarters line item in the Consolidated Statements of Receipts, Expenses and Changes in Net Assets.

In September 2005, the Board of Directors passed a resolution electing to freeze all future participation in the Pension Plan to new participants as of January 1, 2006. All eligible employees hired prior to January 1, 2006 are grandfathered in the Pension Plan and will continue to accrue benefits.

The following table sets forth the Pension Plan's funded status:

	<b>December 31</b>	
	<b>2010</b>	<b>2009</b>
	(IN THOUSANDS)	
Actuarial present value of:		
Vested benefit obligation	<b>\$63,411</b>	\$58,137
Nonvested benefit obligation	<b>3,464</b>	876
Accumulated benefit obligation	<b>\$66,875</b>	\$59,013
Actuarial present value of projected benefit obligation	<b>\$75,696</b>	\$76,040
Plan assets at fair value	<b>\$38,112</b>	\$37,250
Funded status of the Plan	<b>(\$37,584)</b>	(\$38,790)

The weighted-average discount rate in determining the actuarial present value of the projected benefit obligation was 5.25% and 5.75% in 2010 and 2009, 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 2010 and 2009. The expected long-term rate of return on Plan assets was 8.25% in 2010 and 2009. The weighted-average expected long-term rate of return on Plan assets is based upon historical financial market relationships that have existed over time with the presumption that this trend will generally remain constant in the future.

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

	<b>2010</b>	2009
Equity Securities	<b>66%</b>	61%
Debt Securities	<b>34</b>	39
Total	<b>100%</b>	100%

The target investment allocations for the plan assets are 60% equity securities and 40% 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 liquid and may be readily adjusted to provide liquidity for current benefit payment requirements.

The following table provides the fair value hierarchy (as described in Note 2 – Fair Value Measurements) of the funded pension plan's financial assets as of December 31, 2010 and 2009:

<b>Investment Type</b>	<b>December 31, 2010</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Money market funds	\$ 626	\$ -	\$ -
U.S equities (domestic)	8,756	-	-
International equities (non-U.S.)	5,842	-	-
Debt securities	13,177	-	-
Commingled trust fund	-	9,711	-
Total	<b>\$ 28,401</b>	<b>\$9,711</b>	<b>\$ -</b>
<b>Investment Type</b>	<b>December 31, 2009</b>		
	<b>Level 1</b>	<b>Level 2</b>	<b>Level 3</b>
Money market funds	\$ 593	\$ -	\$ -
U.S equities (domestic)	9,268	-	-
International equities (non-U.S.)	5,803	-	-
Debt securities	13,773	-	-
Commingled trust fund	-	7,813	-
Total	<b>\$ 29,437</b>	<b>\$7,813</b>	<b>\$ -</b>

Equities consist of registered mutual fund investments whose diversified holdings primarily include common stock securities

issued by U.S. and non-U.S. corporations, respectively. Debt securities consist of registered mutual fund investments whose diversified holdings primarily include U.S. Treasury securities, corporate bonds and mortgage backed securities. Mutual fund shares are valued daily, with the NAV per fund share published at the close of each business day. The commingled trust fund is valued at the quoted redemption values on the last business day of the plan year. Money market funds are valued at quoted market values on the last business day of the year.

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").

The following table sets forth the SERP's funded status:

	<b>December 31</b>	
	<b>2010</b>	<b>2009</b>
	(IN THOUSANDS)	
Actuarial present value of:		
Vested benefit obligation	<b>\$11,352</b>	\$10,872
Nonvested benefit obligation	<b>592</b>	650
Accumulated benefit obligation	<b>\$11,944</b>	\$11,522
Actuarial present value of projected benefit obligation	<b>\$12,612</b>	\$12,294
Plan assets at fair value	<b>\$7,282</b>	\$6,483
Funded status of the SERP	<b>(\$5,330)</b>	(\$5,811)

The Society has contributed \$2.2 million to its pension plan and SERP in 2010, and budgeted to contribute \$5.1 million in 2011.

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

2011	\$	1,997
2012		5,735
2013		2,111
2014		3,831
2015		20,263
2016-2020		39,883

Under the Society's Savings Plan, effective November 1, 2005, new employees are automatically enrolled in the savings plan after sixty days of service at a contribution rate of 3% of their salary, pretax, unless they opt out of the Savings Plan. All em-

ployees may then elect to contribute from 1% through 25% of their salary, pretax, as limited by the Internal Revenue Service. The Society's matching contribution, which is discretionary, was equal to 100% of the first 2% and 25% of each additional percent up to 6% contributed by the employee during the current year, 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 2010, the maximum annual employee contribution of pretax dollars was limited by Internal Revenue Service regulations to \$16,500, and ASCAP's matching contribution was limited to \$7,350 per employee. The amounts contributed by ASCAP to the Savings Plan for 2010 and 2009 were approximately \$1.4 million and \$1.0 million, respectively.

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, 2010 and 2009, \$5.3 million and \$5.1 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 on an on-going basis in court proceedings with its licensees to determine license fees to be paid to ASCAP for the performance of musical works in the ASCAP repertory. Over

the past year, such pending court proceedings have included those with several major Internet services, the major wireless service providers, and a major provider of background/foreground music services. In the majority of such proceedings, interim fees are being paid subject to retroactive adjustment, when final fees are arrived at by agreement or court determination.

In 2008, ASCAP received a favorable ruling with respect to the court proceeding with three of the major Internet services, one of which settled with ASCAP during 2008. In early 2009, the two remaining services appealed this ruling, and in September 2010, the Second Circuit Court of Appeals reversed the district court and remanded this over to the district court for further proceedings. The two services have paid interim license fees, and it is possible that the final decision (or settlement) with respect to the pending proceeding may result in a material retroactive adjustment to the interim fees paid to date by both services, in amounts that cannot be predicted at this time.

In May 2010, a decision was issued in one of the rate court proceedings concerning a mobile platform that, through agreements with various wireless carriers, delivers audiovisual and audio content to wireless consumers. ASCAP is appealing that decision and if it is reversed, it may result in upward adjustment of the amount of fees this service is paying to ASCAP. However, ASCAP cannot predict the outcome of the appeal. As a result of the district court's decision, ASCAP has resolved its rate court litigation with the wireless carriers.

The rate proceeding involving commercial radio stations is now in its discovery phase and is scheduled to be tried early in 2012. Most recently, in December 2010, the district court ordered its decision involving the leading background/foreground music services, which will have a material effect on the revenues granted by ASCAP's licenses for all background/foreground music services, at least for 2011. ASCAP is appealing the decision and thus cannot predict the extent of the full impact of the decision at this time.

Finally, ASCAP is routinely involved in other litigation, often as a stakeholder participating in disputes between its members and others pertaining to royalties. This litigation has no material effect on ASCAP's assets and liabilities, receipts and expenses, or total royalty distribution to its members.

**Lease Commitments**

Equipment rental and office lease expense, including escalations and utilities, aggregated approximately \$10.3 million and \$7.1 million for the years ended December 31, 2010 and 2009, respectively, and is recognized as expense when paid in the Consolidated Statements of Receipts, Expenses and Changes in Net Assets based on the amount of cash paid.

The minimum rental commitments under existing non-cancel-

lable office and equipment leases at December 31, 2010 are as follows (in thousands):

2011	\$ 4,285
2012	3,935
2013	3,592
2014	3,987
2015	3,988
Thereafter	<u>11,798</u>
Total minimum lease payments	<u>\$31,585</u>

**Member Guarantees**

The Society has provided guarantees of payment to financial institutions for personal loans provided to certain of its members. Royalty earnings attributable to each of these members are being distributed directly to the financial institutions as part of the loan repayment terms. To the extent that the cash flows of the future royalty earnings are not sufficient to the financial institutions, payment of each respective member loan may be accelerated by the financial institutions 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, 2010, the Society authorized up to \$25.0 million in guarantees to be made, of which approximately \$15.7 million is outstanding. The fair value of the guarantees is not considered to be material.

**7. SUBSEQUENT EVENTS**

Subsequent events were evaluated through May 24, 2011, the date these consolidated financial statements were available to be issued.



## ASCAP OFFICES

[www.ascap.com](http://www.ascap.com)

### **NEW YORK**

ASCAP Headquarters  
One Lincoln Plaza  
New York, NY 10023  
(212) 621-6000  
Fax: (212) 724-9064

### **LOS ANGELES**

7920 West Sunset Blvd.  
3rd Floor  
Los Angeles, CA 90046  
(323) 883-1000  
Fax: (323) 883-1049

### **NASHVILLE**

Two Music Square West  
Nashville, TN 37203  
(615) 742-5000  
Fax: (615) 742-5020

### **ATLANTA**

950 Joseph E. Lowery Blvd.  
Suite 23  
Atlanta, GA 30318  
(404) 685-8699  
Fax: (404) 685-8701

### **LONDON**

8 Cork Street  
London W1S3LJ  
England  
011-44-207-439-0909  
Fax: 011-44-207-434-0073

### **MIAMI**

420 Lincoln Rd, Suite 385  
Miami Beach, FL 33139  
(305) 673-3446  
Fax: (305) 673-2446

### **PUERTO RICO**

Ave. Martinez Nadal  
c/o Hill Side 623  
San Juan, PR 00920  
(787) 707-0782  
Fax: (787) 707-0783