

**Performance-based Income**

The reported performance-based income in the world increased by 2.2% to \$2666.42 million compared with 1994. Within the performance sector, the reported income from radio and television broadcasting remained the largest element, accounting for 53% of performance-based income. However, the global income from live performance and the public performance of recorded music increased its share in 1995 from 46% to 47%.

Among the largest national markets for performance-based income, Spain and Brazil moved into the “Top Ten” countries, displacing Sweden and Switzerland. In Spain, higher payments from television networks contributed to a 34% growth in performance-based income. The major markets where the music publishing industry continues to derive greater income from public performance than from reproduction include Italy (where performance based income is 67% of the total), Switzerland, and the U.S. In France, performance-based income was overtaken by reproduction-based income for the first time in 1995.

Outside the larger music markets, Asia and Eastern Europe saw considerable

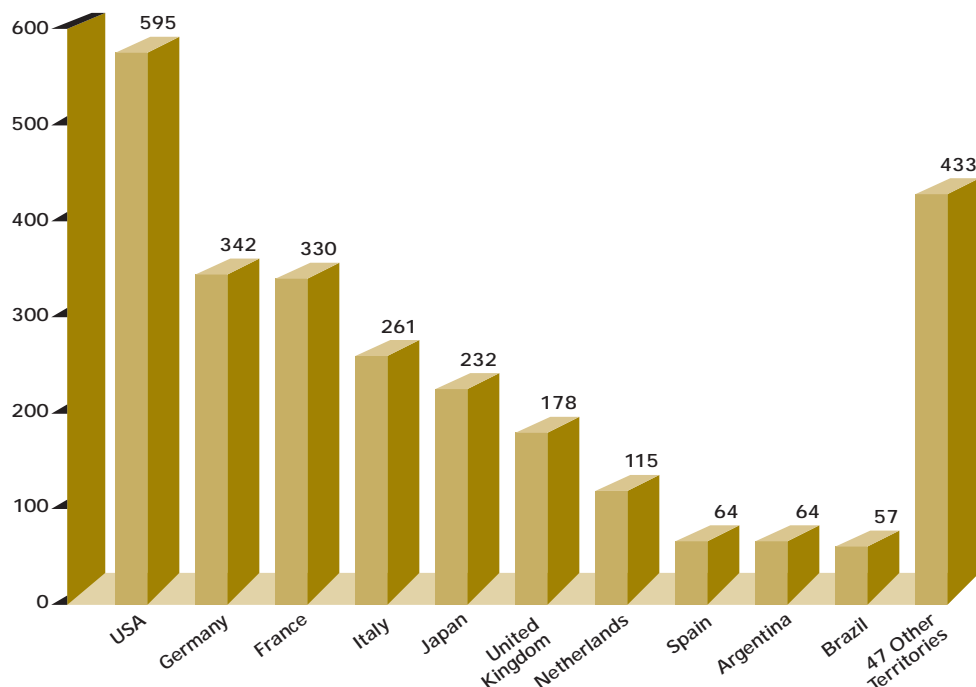
advances in the collection of royalties from broadcasters and other music users. In Russia, performance-based income rose ten-fold from \$0.27 million to \$2.76 million, in Poland there was a 62% increase to \$14.06 million and in Singapore the rate of growth was 45%.

**Reproduction-based Income**

Our previous survey showed that the gap between the world totals of performance-based income and reproduction-based income was fast disappearing. In 1995 the amount of reproduction-based income (\$ 2693.85 million) was larger than the reported amount of performance-based income collected (\$2666.42 million). Moreover, the growth rate in both reproduction-based income and distribution-based income was significantly higher than the 2.2% increase in performance income.

The worldwide progress of the CD in 1994 and 1995 ensured that phono-mechanical royalties paid to music publishers and authors rose by 9% on a global basis. The increase in soundcarrier sales in the U.S. brought 10% more phono-mechanical royalties. Reproduction-based income as a whole now represents 40% of the total music publishing market in the U.S.

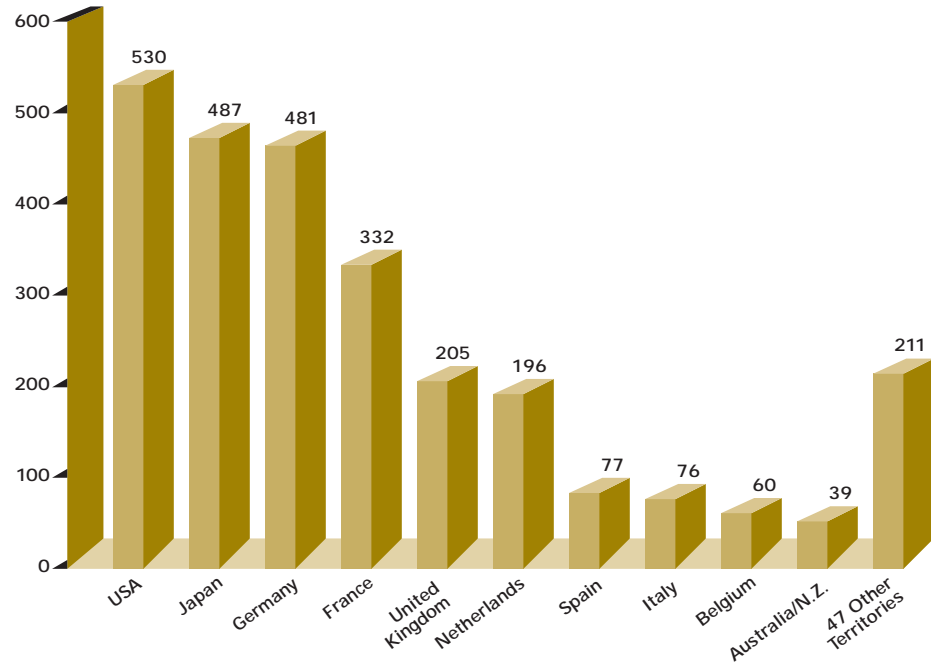
**Chart 5 1995 Performance-Based Income (\$ Millions)**



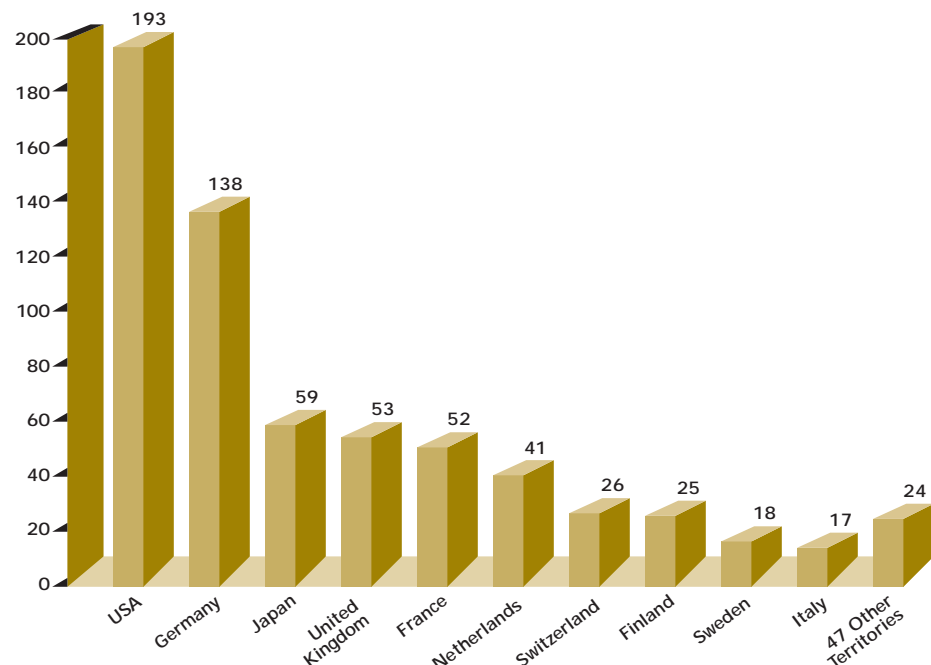
Because of the exchange rate changes in 1995, the Master Survey table shows a large decrease in phono-mechanical royalties in Japan. However, the Flat Exchange Rate calculations in Table 1A show that, at 1994 exchange rates, phono-mechanicals rose by 9.6% compared with 1994. There were no significant changes in the rates of phono-mechanical royalties paid across

the world in 1995. In Continental Europe, the rate was 9.306% of Published Price to Dealers (PPD), although this was subject to various discounts negotiated at national levels. In most of Latin America, the figure was 6.75% of the retail price. The U.S. and Canada are the only countries where this rate is calculated in cents per track rather than as a percentage of the price.

**Chart 6 1995 Reproduction-Based Income (\$ Millions)**



**Chart 7 1995 Distribution-Based Income (\$ Millions)**

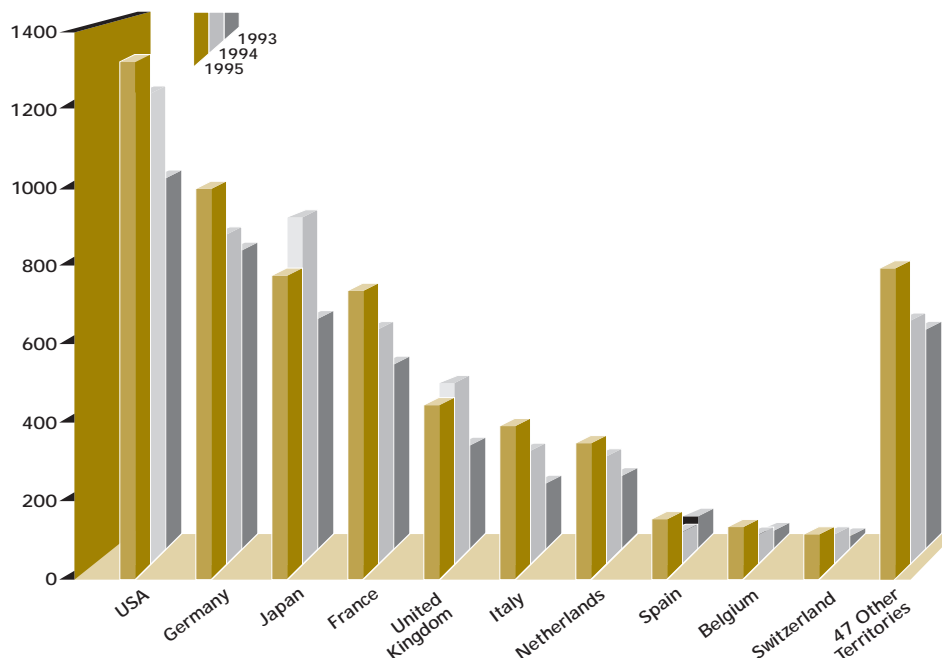


The table giving details of the Mechanical Royalty Rates for the 1995 Survey Period lists (see page 12) for the first time certain rates applicable in Asia. It shows that China has a rate of 3.5% of PPD, a figure set by government regulation. In 1995, publishers and authors in China received only \$350,000 in reproduction-based income. The table also shows the rates applicable in South Korea and Taiwan under a regional Memorandum of Understanding between major record companies and their publishing subsidiaries.

In 1994, the global payment for the use of music in audio-visual works was \$459.28 million. This rose by 28% in 1995 to over \$587 million. This reflects the expansion of the film and, especially, television industries worldwide. In contrast, the amount of income derived from private copying levies increased by just 1% in 1995. These levies provided income in 14 out of the 57 reporting countries. Over half of the private copy income (\$52 million) came from France. Private copying now provides 4% of reproduction-based income worldwide with synchronization providing 22% and phono-mechanical royalties 73%.

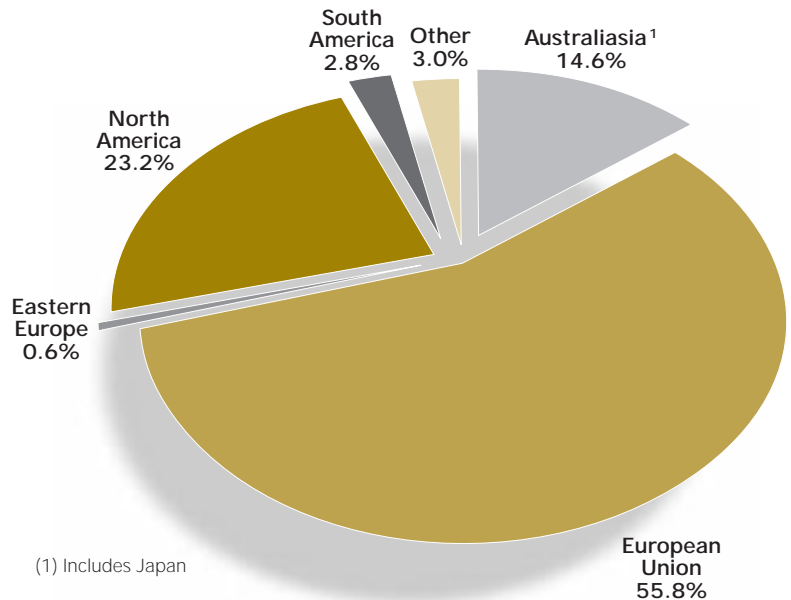
With one exception, the leading ten countries for reproduction-based income were unchanged from 1994.

**Chart 8 Comparison of 1993 through 1995 Royalty Income (\$ Millions)**



Australia and New Zealand with a total of \$38 million has replaced the Nordic Countries as the 10th largest market because reproduction-based income for each of the Nordic countries (Denmark, Finland, Iceland, Norway and Sweden) is now incorporated into that country's national total.

**Chart 9 Comparison by Region**



**Distribution-based Income**

Sales of printed music and income from the rental and public lending of CDs and videocassettes continues to account for around 10% of the world publishing market. Printed music sales rose worldwide by 6.2% in 1995 to reach \$568.29 million. The leading national markets for scores and songbooks were once again the U.S. and Germany, which together represent over half the income from this sector. However, the total given in the Master Survey table undoubtedly understates the size of the global printed music market because there is no central source of data for this sector in many countries.

The bulk of the industry's rental income occurs in Japan, where there is a very large number of CD rental stores. Because of the weakness of the yen in 1995, the total given for rental distorts the trends in this sector.