

Fiscal 2015 Business Affairs

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|---|--------|
| 1. Collective Management of Music Copyrights | P. 2-4 |
| 2. Endeavors in International Areas | P. 5 |
| 3. Endeavors on Copyright Protection and System Development | P. 6 |
| 4. Public Relations Activities | P. 7 |
| 5. Great East Japan Earthquake Restoration Support Project | P. 8 |
| 6. Awards | P. 9 |
| 7. Other Issues | P. 10 |



1. Collective Management of Music Copyrights

Haku IDE assumes the post of Chairman

Coinciding with the expiration of former Chairman Shunichi TOKURA's term of office, elections were held in March 2016, and lyricist Haku IDE was elected to assume the office of Chairman from April 1, 2016. His term of office is 2 years until March 31, 2018.



◆ Profile

Born in 1941 in Nagano Prefecture. After graduating from Waseda University, he studied under the composer Minoru ENDO and began his career as a lyricist. He has created many hit songs and received the Japan Record Awards' Long-Seller Award and Best Lyrics Award, as well as the Commissioner for Cultural Affairs Award (2006) and Foreign Minister's Commendation (2015).

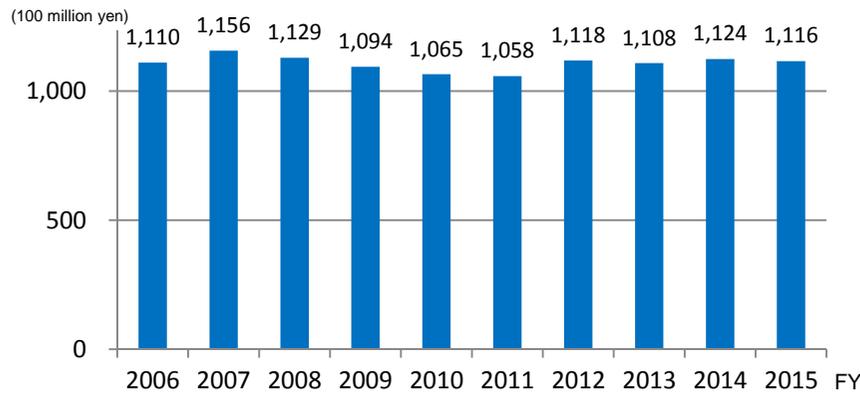
His major works include "SUKIMAKAZE" (Ryotaro SUGI), "KITAGUNINO HARU" (Masao SEN), "SHOUWA NAGAREUTA" (Shinichi MORI), "JINDOU" (Saburo KITAJIMA), "ICHIGO ICHIE" (Toshimi TAGAWA) and many others.

(1) Royalties and Other Fees Collected in FY2015

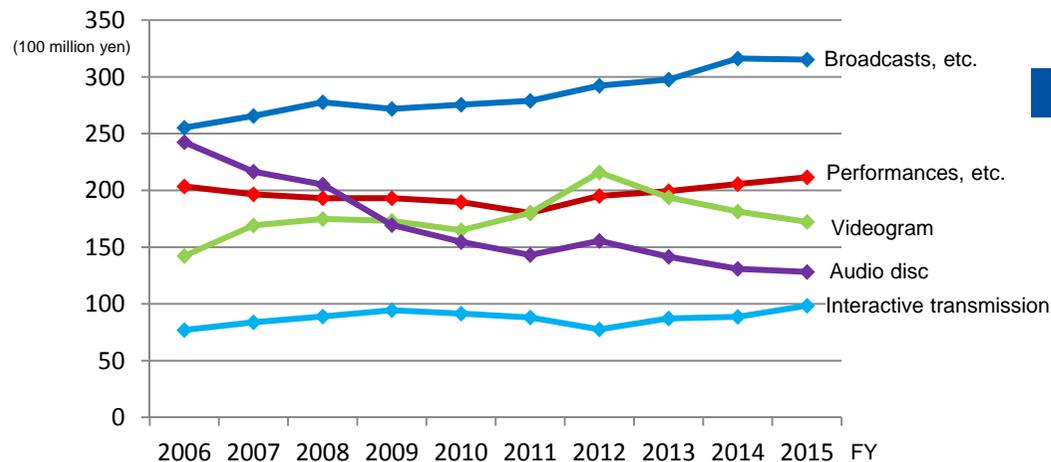
Category	Collection (JPY)	Against FY2014 (%)
Performances, etc.	21,161,112,337	103.0
Broadcasts, etc.	31,512,963,671	99.7
Cable broadcasting, etc.	4,486,953,970	77.9
Film exhibition	206,758,025	122.3
Background music	503,326,491	101.4
Foreign income (performing)	505,835,659	106.8
Total - Performing	58,376,950,153	98.8
Audio disc	12,815,605,562	97.9
Videogram	17,224,721,441	95.0
Foreign income (mechanical)	124,616,013	65.4
Recording and other sources	2,010,370,721	112.9
Total - Mechanical	32,175,313,737	97.0
Publication	983,256,926	85.6
Lending	3,248,766,771	94.7
Online Karaoke	7,001,310,434	103.0
Interactive transmission	9,844,330,302	111.1
Total - Composite use	16,845,640,736	107.6
Total collection	111,629,928,323	99.2
Remuneration for private audio recording	38,287,690	-
Remuneration for private video recording	1,825,458	1768.1
Total - Private recording	40,113,148	-
Grand Total	111,670,041,471	99.3

The total amount of royalties and other fees collected in FY2015 was 111.67 billion yen (99.3% from the previous year, a decrease of 820 million yen), and the amount of distributions to trustors was 111.59 billion yen (100.2% in comparison to the previous year, an increase of 170 million yen).

● **Total collections since 2006**



● **Changes in collections for major categories**



Performances, etc.

The amount of royalties collected from "performances, etc." exceeded last year's result for the following reasons: the growth of the concert market was maintained; administration of dance classes (other than social dance classes) began in April and the conclusion of licensing agreements proceeded smoothly.

Audio discs and videograms

Production volume for CDs has been in decline for many years, but production in 2015 did not show an appreciable decline, resulting in the amount of royalties collected from "audio discs" decreasing only slightly in 2015.

Although production of DVDs and other video products remained stable in 2015, a decline in usage in "pachinko" pinball machines, and a continued shift from packaged game software production to digital distribution of game software to smartphones resulted in a year-on-year decline.

Interactive transmission

The amount of royalties collected significantly exceeded last year's result due to the great demand for subscription services*, video-sharing websites and game distribution services for smartphones.

* These services allow members to listen and view music and videos only during the term of an agreement, by registering as a member. (Services either require a flat rate payment on a monthly or yearly basis, or are free of charge.)

(2) Changes in Tariffs Corresponding to Subscription Services

Fee rates for subscription services were agreed upon with the representative organization of users, and JASRAC reported a partial amendment to its Tariffs to reflect the agreement to the Commissioner for Cultural Affairs in December 2015, to be enforced from February 2016.

This change in the Tariffs was made to establish a specialized category applicable to such services, in light of the increase in streaming-based services being facilitated by an enhanced communications environment, whereas previously services were predominantly download-based.

JASRAC will continue to work on the improvement of the Tariffs to promote the formation of markets for new business models and to manage copyrights in a manner corresponding to changes in the form of use.

(3) "Background Music Licensing Promotion Months"

JASRAC has designated June and July as "Background Music Licensing Promotion Months", and worked to ensure stores and other businesses use background music in a legal manner.

On June 9, 2015, JASRAC filed a petition for civil conciliation in summary courts across Japan against 171 business operators (258 facilities) which were using background music and did not obtain music copyright licenses despite repeated demands by JASRAC. This is the first time that 15 JASRAC regional licensing offices located throughout Japan took legal measures simultaneously.

(4) Agreement on Method to Determine Usage Share of Repertoire in Broadcasting

In the "Review Committee on the Method to Determine Usage Share of Repertoire in the Field of Broadcasting" (Five-Party Talks) comprising of broadcasters (NHK and the Japan Commercial Broadcasters Association) and copyright management organizations (JASRAC, Japan Rights Clearance Inc.* and e-License Inc.*), agreement on a calculation method to determine the usage share of works administered by copyright management organizations was reached. This method is applicable to royalties collected from fiscal year 2015 onward.

Although JASRAC did consider the use of musical works administered by organizations other than JASRAC when agreeing on royalty rates for broadcasting in the past, the actual usage in broadcasting has become better reflected as a result of promoting census work usage reports in electronic formats by broadcasters.

* Currently "NexTone Inc."

Reduction of applied administrative expense rates

The applied administrative expense rates for "performances, etc." and "film exhibition" in fiscal year 2016 were reduced from 26% to 25%.

This reduction was made possible by increases in collections and distributions due to the expanded licensing of existing areas and the commencement of licensing of new areas, as well as a stable level of overhead made possible by continued efforts for better operational efficiency.

2. Endeavors in International Areas

(1) Enhancing Copyright Management in Asia

JASRAC has been working actively to enhance copyright management standards in Asia.

55 government officials and copyright management organization staff from 12 countries including Korea, Thailand, China and Vietnam visited JASRAC to receive lectures about JASRAC's copyright management operations and exchange opinions.

JASRAC also dispatched its staff to seminars, such as the "Seminar on Copyright Issues Related to Broadcasting" held in Ulan Bator, Mongolia, and the "Seminar on Collective Management of Copyrights and Neighboring Rights" held in Ho Chi Minh City, Vietnam.

In addition, JASRAC is providing support toward the establishment of copyright management organizations in countries such as Myanmar where no such organizations exist.

● Visitors received from following Asian countries in FY 2015 (in alphabetical order)

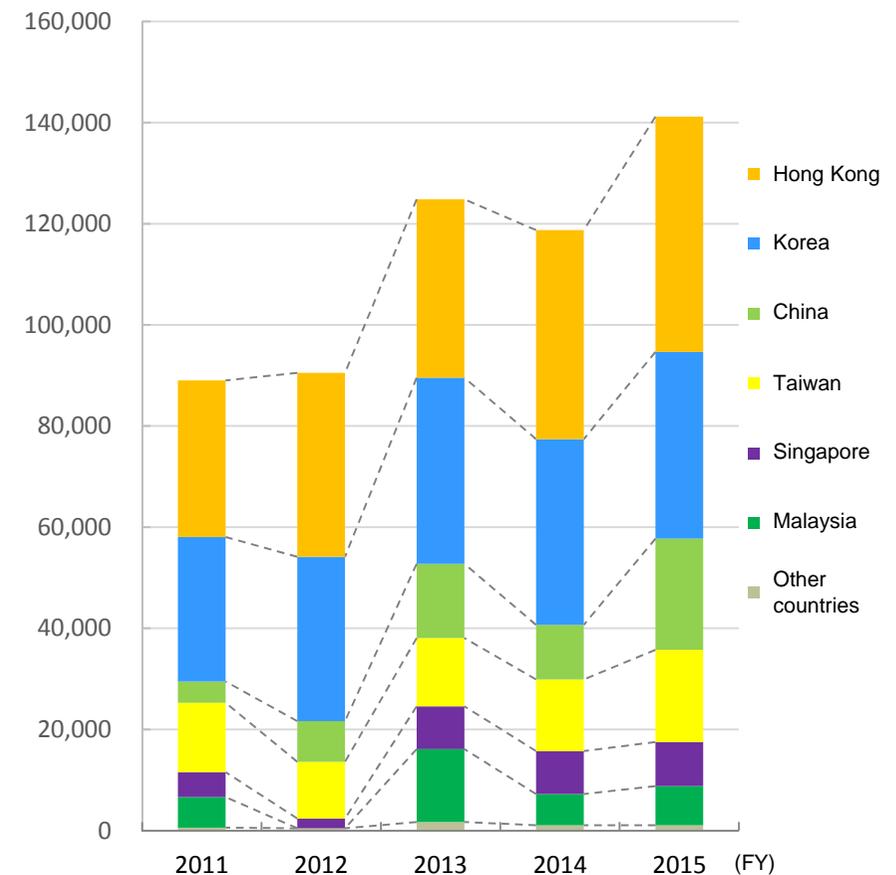
Bangladesh*	China	Indonesia
Korea	Laos*	Malaysia
Mongolia	Myanmar*	Philippines
Singapore	Sri Lanka*	Thailand
Vietnam		

* Country where no copyright management organizations exist.

Distributions from Asia Since 2011

In FY2015, the amount of distributions from Asia reached a record high, exceeding 140 million yen.

Unit: Thousand yen



3. Endeavors to Improve Copyright Systems and Protection

(1) Optimization of the Copyright Protection Period

Following the basic agreement in October 2015 and official signing in February 2016 of the Trans-Pacific Partnership (TPP), the copyright protection term in Japan is now expected to be extended from life of the author plus 50 years to life of the author plus 70 years.

In this connection, the USA, Canada, New Zealand and Australia, which are party to the TPP and to which the wartime prolongation obligation* applies, have begun considering their positions.

With copyright works being used across borders over expanding digital networks, JASRAC has been pleading for an extension of the copyright protection term to the internationally prevalent term of life plus 70 years for the purpose of international harmonization. At the same time, JASRAC has proactively sought through international forums the cooperation of sister CMOs of the relevant countries to abolish wartime prolongation obligations.

JASRAC will continue to actively participate in activities to optimize the copyright protection period.

* In Japan, based on the San Francisco Peace Treaty, the copyrights of some works created by nationals of the Allied Powers of World War II are protected for a period equivalent to the length of the war, in addition to the normal copyright protection period (50 years from the death of the author). This wartime prolongation obligation is imposed only on Japan.

Reference URL: http://www.jasrac.or.jp/senji_kasan/

(2) Creation of a New System for Private Copying

The current system for private audio and video copying remuneration has practically ceased to function as a result of the existing gap between the system and market realities.

JASRAC has established a web page to disseminate information about and gain backing for a proposal for a new remuneration system to replace the current private copying system, so that rights owners can receive fair remuneration for private copying.

* The proposals are as follows:

- (1) The subject of the remuneration should be the copying function provided for the purpose of private copying.
- (2) The supplier of the copying function should be obligated to pay the remuneration.

Reference URL: <http://www.jasrac.or.jp/newinstitution/>

(3) Resolution of the Problem of Orphan Works

Eight rights owner organizations including JASRAC established the "Rights Owners Study Group on Orphan Works" in September 2015, and are discussing ways to facilitate rights clearance for orphan works (works for which the rights owners are unknown). The group held a symposium titled "The Road to Resolving the Orphan Works Problem" in March 2016 to publicize an interim report on plans to facilitate the use of orphan works. JASRAC will continue to work with other rights owners to find ways to resolve this issue.

4. Public Relations Activities

JASRAC engages in various public relations activities to promote copyright literacy and music culture. Below are some of the projects implemented with the cooperation of Members and Trustees.

(1) “THE JASRAC SHOW!” Webcast

JASRAC webcasted "THE JASRAC SHOW!" through *NicoNico Live* each month, providing information about JASRAC. JASRAC affiliate writers are invited on the show to talk about their experiences creating music.



The guest of the 30th memorial special program was Toru Funamura, Honorary Chairman of JASRAC. The program was webcast from “Japanese Soul Song Museum, Toru Funamura Kinenkan” (Nikko City, Tochigi).

● Guests invited onto the program (April 2015–March 2016)

April 2015	Mr. Toru Funamura	October 2015	Mr. Ryo Yoshimata
May 2015	Ms. Yuriko Mori	November 2015	Mr. Yoshihiro Ike
June 2015	Mr. Isao Tomita	December 2015	Ms. Reiko Yukawa
July 2015	Mr. Shintaro Ito	January 2016	Mr. Kosuke Yamashita
August 2015	Mr. Chumei Watanabe	February 2016	Mr. Yugo Kanno
September 2015	Mr. Satoshi Takebe	March 2016	Mr. Toshio Kamei Ms. Chieko Kamei

Reference URL: <http://ch.nicovideo.jp/jasrac/>

(2) School Visit

JASRAC affiliated writer Hiromi Mori (lyricist) visited an elementary school in Tokyo to give students a lesson about creating lyrics and texts, and to familiarize them to the concept of copyrights.

The event was reported as an advertorial in the “*Kodomo Newspaper* summer edition” (1.35 million issues) and “The Mainichi Elementary School Student Newspaper” on July 29, 2015 (99 thousand issues), both issued by The Mainichi Newspapers Co., Ltd., and also made available via the JASRAC website in “*Children’s Research Project on Music.*”

Reference URL: <http://www.jasrac.or.jp/jasracpark/research/lesson/>

(3) Website Content

Recent interviews with JASRAC affiliate writers about their creative experiences and thoughts on copyright were made available on the “Sakka de Kiku Ongaku (Writer-Based Music Listening)” and “Otobito Kobo (Music Creator Workshop)” portions of the website.

	<Writer-Based Music Listening>	<Music Creator Workshop>
1st half year	Mr. Chumei Watanabe (composer)	Ms. Harumi Fuuki (composer)
2nd half year	Mr. Akira Yuyama (composer)	Mr. Simon Isogai (singer and songwriter)

5. Great East Japan Earthquake Restoration Support Project

(1) Announcement of Support from "Kokorone Fund"

Approaching the fifth anniversary of the Great East Japan Earthquake, JASRAC donated 10 million JPY from the Kokorone Fund to help with construction costs of a new civic hall in Kamaishi City, Iwate.

Through music, JASRAC will continue to support reconstruction efforts in the affected regions.



Mitsuo Sugawara, JASRAC president, presented a list of donations to Mr. Takenori Noda, the Mayor of Kamaishi City.

(2) CD "Kokorone Song Act Collection Vol. 3"

"Kokorone Song Act" is a collection of works written by JASRAC affiliate writers to provide moral support to earthquake victims. 31 new works were produced and presented to broadcasters and digital music distribution services as volume 3 of the series.

These musical works are also available on the JASRAC website and the "JASRAC Channel" on the *NicoNico Douga* service.

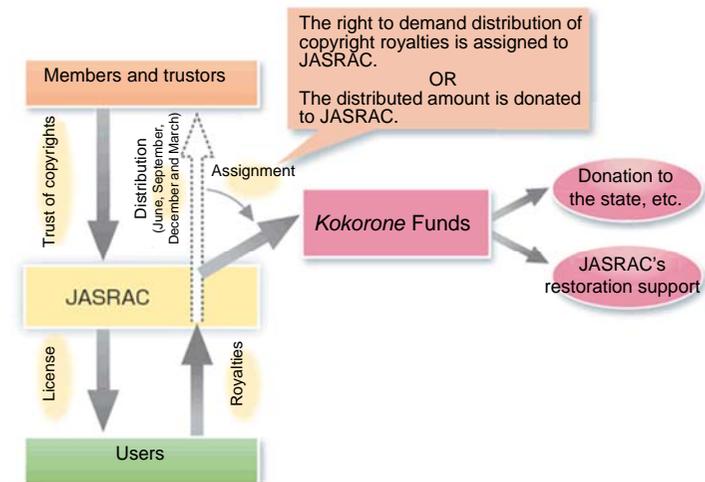
The "Kokorone" Project

Through the "Kokorone" project, in operation since 2011, JASRAC Members and Trustors (lyricists, composers and publishers) can donate royalties paid for the use of works that they choose, to help with the reconstruction of regions affected by the Great East Japan Earthquake, as well as the promotion of music culture.



The progress of the project, as of the end of March 2016, is as follows:

Number of works chosen	405
Members/Trustors participating	202
Total amount of money donated	38,432,248 yen



Reference URL: <http://www.jasrac.or.jp/kokorone/>

6. Awards

(1) 2015 JASRAC Award

On May 20, 2015, the 2015 JASRAC Award recipients were announced.

Please refer to the JASRAC website for details of the JASRAC Awards and the winning works.

Reference URL: <http://www.jasrac.or.jp/ejhp/about/award33.html>

(2) The 2nd JASRAC Music Culture Award

On November 18, 2015, a presentation ceremony for the JASRAC Music Culture Award was held at Keyaki Hall.

This award program was established on JASRAC's 75th Anniversary (in 2014) to reward sometimes unheralded activities that may not lead to impressive statistics or business results in terms of sales or popularity, and to praise the merits of contribution to the development of music culture.

The second award was presented to the following individuals and groups.



<The Second JASRAC Music Culture Awardees and the reasons behind their receiving the award>

◆ Mr. Gyoji Osada

With a unique perspective, Mr. Osada has systematically studied Japanese popular music history for over 30 years, publishing a number of valuable tomes that will pass on the history of Japanese songs to later generations.

◆ Kiso Music Festival Executive Committee

In the mountain region where there are few chances to enjoy live music, the town of Kiso and its residents have worked together for over 40 years to continue their hand-made music festival. It represents an effective model which allowed music to take deep root in the local community.

◆ Nagasaki Opera Association

– OMURA Chamber Orchestra

(Creative Opera "INOCHI")

Both groups have overcome various obstacles to continue their activities, which have come to fruition with the Tokyo premier of "Inochi (*Life)," an original opera depicting radiation exposure in the aftermath of the atomic bomb that was dropped in Nagasaki. The importance of nurturing culture in rural areas was transmitted nationwide.

Reference URL: http://www.jasrac.or.jp/ejhp/about/culture_award/02.html

7. Other Issues

(1) Hearings at the Fair Trade Commission

An appeal by the Fair Trade Commission and JASRAC regarding the ruling by the Tokyo High Court (Chief Judge Toshiaki Imura, Nov. 1, 2013) to nullify the decision by the FTC was dismissed by the Third Petty Bench of the Supreme Court (Chief Judge Kiyoko Okabe) on April 28, 2015.

As a result, the ruling that nullified the FTC's decision (Jun. 12, 2012) to rescind its own cease and desist order (Feb. 27, 2009) against JASRAC became final, and the FTC decided (Jun. 12, 2015) to reopen the hearing process necessary to produce another decision. Thereafter, five hearings were held between Aug. 3, 2015 and Mar. 9, 2016.