



BMI[®]

2008-2009

ANNUAL REVIEW

OVERVIEW

BMI had an increase in both revenues and royalty distributions for the past year, a significant achievement in an economic environment that has been perhaps the most challenging in the company's 70-year history. BMI realized revenues of more than \$905 million and royalty distributions totaling more than \$788 million, both higher than BMI's historic results of the previous year. That success was made possible by the power, scope and appeal of the repertoire created by BMI's affiliates, combined with BMI's long-term efforts to capture new sources of revenue. It is also a compelling validation of BMI's dedication to efficiency, cost constraint measures, and our enthusiastic embrace of technological innovation throughout all aspects of the company's operations.

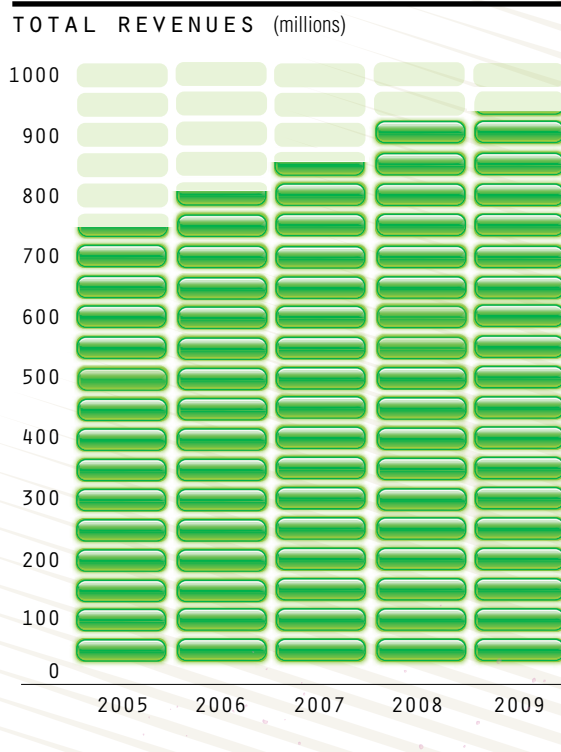
The benefits of BMI's continual focus on revenue diversity have never been more evident than during the past year when the company was able to maintain the stability of its business in the midst of widespread economic turmoil. Revenue from licensing of restaurants and bars, hospitality, retail and service establishments broke the \$100 million mark for the first time in company history. Income from fast-growing non-broadcast media such as cable, satellite and digital media collectively accounted for almost a quarter of BMI's total. The popularity of BMI's repertoire around the globe propelled the company to its best-ever year in international revenue. Revenue from traditional broadcast radio and television continued to represent just over a third of the company's revenues.

BMI has long been a pioneer in the licensing of the new digital media, and today has a portfolio of more than 6,700 digital media properties under license. Despite challenges from user groups contesting BMI's right to license music in audiovisual downloads and ringtones, the company believes this sector's growth potential is among the most promising for future licensing revenues.

BMI has been extraordinarily successful in signing talent that has dominated the charts and the airwaves at home and abroad. Taylor Swift and Colbie Caillat were among the year's most successful artists in the U.S., while the global appeal of the BMI roster was propelled by artists such as electro-pop diva Lady Gaga, Oscar-winning Bollywood composer A.R. Rahman, Latin pop phenomenon Shakira, hip-hop superstar Lil' Wayne and, of course, the late Michael Jackson.

Indeed, no matter where one looks on the map, or across musical genres, BMI is delivering unprecedented value to its licensees through the depth and breadth of the world's most popular repertoire. BMI has signed the rising songwriters and songwriter/artists whose works dominate the broadest range of compelling entertainment for the public, including every genre from classical to hip-hop, as well as music for Broadway, film and TV.

"As BMI marks its 70th anniversary in the year ahead," said BMI's President & CEO Del Bryant, "we know we will be looking at an extremely difficult economic environment. We will maintain our intense focus on efficiency and cost containment. We anticipate tough discussions as we negotiate new agreements for the use of our repertoire. However, we are encouraged by the steady growth in our market share, and by the expanded use of music by both traditional and digital media, two dynamics that drive our licensing revenues. These factors reinforce our ability to meet the challenges of this volatile economic landscape, provide a point of stability to our songwriters, and produce added value to our customers as the economy works its way toward recovery."



ROSTER & REPERTOIRE



Songwriter/artists including Taylor Swift and Lady Gaga have harnessed the power of the Internet in unprecedented networking and marketing strategies.

2009 finds the entertainment industry in a state of transition, and from the efficacy of BMI's business structure and strength of its repertoire to its evolving role as an early mentor of new talent, the company has honed and expanded the functions of the modern performing right society.

The pace and scope of the digital realm is reshaping the industry, and, in the process, creating a greater demand for BMI's educational and career advancement tools, from workshops and panels to showcases at key clubs and premier festivals. BMI has promoted and publicized hundreds of events throughout the U.S., Puerto Rico, and the UK, drawing media awareness to developing songwriters from key outlets like The New York Times, USA Today, CNN and Univision. BMI has launched a spectrum of professional support services for writers on its award-winning website BMI.com. The site includes a suite of financial services as well as preferred access and discounts to new "fan-based" services that focus on helping new affiliates build individual brands for their music online.

BMI recognized the opportunities in the digital shift in its very early stages. Today, more songwriters affiliate online than via any other method. A streamlined online affiliation system, with a simple five-minute application process, has added more than 30,000 affiliates to the BMI roster over the past year.

KEY FORMATS

Taylor Swift was unquestionably the past year's biggest success story in multiple formats. The best-selling artist of 2008 in any genre with total record sales of more than 7 million, Swift took home myriad awards last year, including a BMI President's Award, BMI's Country Song of the Year award for "Teardrops on My Guitar" and the ACM Album of the Year award.

Dance music phenomenon Lady Gaga topped charts and fashion watchdog lists en route to earning her first Grammy nomination last year. Along with Taylor Swift, Lady Gaga emerged as a pioneer regarding her use of online networking opportunities. Lady

Gaga's career got a substantial early boost when she was introduced to the media in early 2007 at a BMI showcase entitled "Who's Next: Writers on the Rise." Her appeal is truly international: "Just Dance" earned the #1 slot not only in the United States, but also in several of the world's largest markets.

Today's increasingly interconnected pop culture facilitated cross-genre success for many of BMI's key songwriters and producers. Versatile hitmakers including will.i.am, Polow Da Don, JR Rotem, Kara DioGuardi, Jeffrey Steele, Brian Howes, Amy Foster, Ben Moody, Ian Dench, Amanda Ghost, Caleb Speir, Alan Chang, Jim Jonsin, Rodney Jerkins, and Mike Shinoda create crossover-ready hits, taking stars to the top of the Billboard charts for Mainstream, R&B/Hip-Hop, Country and Modern Rock, as well as the Hot 100 airplay listings.

Rock, Pop & Urban

Rock and classic rock formats continued their trend of steady growth, and BMI's prevalence in the genre is spearheaded by a wealth of rock's most popular torchbearers, including Nickelback, 3 Doors Down, Daughtry, Hinder, My Chemical Romance, Good Charlotte, Linkin Park, Kid Rock, Flyleaf, Maroon 5, Fall Out Boy, AFI, Lifehouse, Red Hot Chili Peppers, Wolfmother, Korn, Seether, Foo Fighters, System of a Down, The Raconteurs, Death Cab for Cutie, Kings of Leon, Shinedown and The White Stripes. BMI's iconic classic rock acts, such as The Eagles, Pink Floyd, Alice Cooper, Eric Clapton, The Who, Elton John, and others remained relevant and widely popular throughout the world.

Pop mainstays Pink, the Black Eyed Peas, Britney Spears, Christina Aguilera, Five for Fighting, Josh Groban and others continued to top charts and sales, while relatively newer American voices including Colbie Caillat, Mat Kearney, Gavin DeGraw, Grizzly Bear, and more made critically acclaimed and top-selling contributions in addition to expanding popular music's borders. Miley Cyrus proved that she has undeniable staying power with her BMI Pop Award-winning hit "See You Again," which she also co-wrote, as well as "The Climb," released to country radio. The Jonas Brothers' popularity also continued to soar, as they sold more than 8 million albums worldwide and garnered a Grammy nomination for Best New Artist.

Today's increasingly interconnected pop culture facilitated cross-genre success for many of BMI's key songwriters and producers. Versatile hitmakers including will.i.am, Kara DioGuardi and Rodney Jerkins create crossover-ready hits, taking stars to the top of the Billboard Mainstream, R&B/Hip-Hop, Country and Modern Rock charts, as well as the Hot 100 airplay listings.



Urban songwriters, artists and producers continued to make mainstream inroads this year. BMI heavy hitters Mariah Carey, T-Pain, Kanye West, Eminem, Sean Garrett, Rihanna, Jamie Foxx, Polow Da Don, TI, Dallas Austin, Nas, Lil Wayne, Chris Brown, Gnarls Barkley's Cee-Lo Green, OutKast's Big Boi, and others also dominated pop charts and club playlists.

Urban music also remained one of the best realms to discover new talent, as fresh BMI voices including Keri Hilson, Drake, Ron Browz, Clipse, Teyana Taylor, Sammie, and many more positioned themselves for breakthroughs.

The past year brought even more legends into the BMI family of songwriters, including iconic songwriting duo Leiber & Stoller, whose compositions include "Hound Dog," "Stand By Me," and "Jailhouse Rock"; rock titans ZZ Top; Dave Stewart of influential duo The Eurythmics; and innovative band Depeche Mode.

Latin

Revenue from Latin formatted stations continued to outpace the industry at large. The Regional Mexican genre gained popularity, along with Latino/urban fusions, reggaetón, and additional subgenres including rock, tropical, norteño and jazz.

International superstars Shakira and Juanes remained at the forefront of the genre. At the 2008 Latin Grammys, Juanes

walked away with five statuettes — and a win in every category in which he was nominated. Gloria Estefan enjoyed a big year that included two Latin Grammys, the 2009 BMI Icon crown and 2008 Latin Recording Academy Person of the Year honors. Café Tacvba, Gustavo Santaolalla, Julieta Venegas, Anibal Kerpel, Juan Luis Guerra, Lila Downs, Pepe Aguilar, Christian Castro and Ricky Martin also generated heavy chart activity and notable awards.

Intocable, Conjunto Primavera and Los Tigres del Norte continued to dominate the Regional Mexican sphere, while "la Diva de la Banda" Jenni Rivera remained the genre's most successful woman. Two-time BMI Latin Songwriter of the Year Espinoza Paz solidified his status as Regional Mexican music's most in-demand composer, while Larry Hernandez, Mariano Barba, Javier Serna, Javier Sanroman, and others saw considerable success. Duranguense groups Montez de Durango and Los Horoscopos de Durango also remained very successful.

Rising reggaetón star Flex enjoyed a red-letter year thanks in large part to his genre-bending single "Te Quiero," which earned him the Latin Grammy for Best Urban Song. Reggaetón as a whole continues to thrive, led by duo Wisin & Yandel and a strong coalition of artist/writers including Calle 13, Luny Tunes, Don Omar, Hector "El Father," Zion and Ivy Queen. New voices including Ximena Sariñana, Monte Negro, Chikita Violenta, Luz Ríos and others have also injected fresh sounds into the Latin music landscape.

Country

Country music's mass appeal became even more apparent last year, as the format continued to boast more radio stations than any other genre. While the record-breaking success of singer/songwriter Taylor Swift captured headlines, country music also became more intertwined with mainstream tastes and charts through top-sellers and crossover stars Carrie Underwood, Keith Urban, Tim McGraw, Faith Hill, Martina McBride, Rascal Flatts, and others.

Genre stalwarts including Toby Keith, Brooks & Dunn, Vince Gill, Josh Turner, Rodney Atkins, Blake Shelton, Miranda Lambert and others also continued to amass



BMI's prevalence in rock is spearheaded by a wealth of the genre's most popular torchbearers, including Nickelback, Kid Rock and The White Stripes.

NET DISTRIBUTION INCOME (millions)



The past year also brought even more legends into the BMI family of songwriters, including iconic songwriting duo Leiber & Stoller, whose compositions include "Hound Dog," "Stand By Me," and "Jailhouse Rock." The duo was welcomed at a special event hosted by BMI President & CEO Del Bryant.



critical acclaim and top charts. Jamey Johnson, who first garnered considerable success as a Music Row songwriter, enjoyed a breakout year on the strength of his award-winning

album *That Lonesome Song*, featuring the hit single "In Color," while bluegrass royalty Alison Krauss also received acclaim for her Grammy Award-winning work with rock & roll icon Robert Plant.



Country songwriters who continued to generate massive amounts of airplay included Bobby Pinson, Jeffrey Steele, and Casey Beathard, while new artist/songwriters earning significant attention included the Zac Brown Band, Randy Houser, Lady Antebellum, and Sarah Buxton.



Urban songwriters, artists and producers continued to make mainstream inroads this year. BMI heavy hitters T-Pain, Eminem, Polow Da Don and many more also dominated pop charts and club playlists.

BMI also continued to represent key leaders in gospel and Christian music. The gospel format remained strong thanks to The Clark Sisters, Donald Lawrence, Marvin Winans, Israel Houghton, Yolanda Adams, Pastor Marvin Sapp and Kirk Franklin, while BMI Christian songwriter/artists such as Casting Crowns, Steven Curtis Chapman, RED, Jars of Clay, DecembeRadio and producer/writer Ed Cash also dominate their genre. New Christian acts also generating a substantial buzz included Leeland, Sanctus Real, and Needtobreathe.

At the close of the fiscal year, the unexpected, tragic death of Michael Jackson shocked the entertainment industry and the world at large. An artistic and cultural tour de force whose gifts demanded the spotlight, Michael Jackson was equally potent behind the scenes, receiving numerous BMI Awards recognizing his prolific career as a songwriter.

BROADWAY, CLASSICAL & JAZZ

BMI maintained its tradition of excellence in musical theatre, most visibly through the Tony Award-winning BMI Lehman Engel Musical Theatre Workshop. The Workshop-generated musical *Next to Normal* garnered the 2009 Tony for Best Original Score for workshop alumni Tom Kitt and Brian Yorkey, who thanked the "great BMI Workshop" in his televised acceptance speech.

Billy Elliot took home the Tony for Best Musical. Featuring music and lyrics by Sir Elton John, the uplifting musical dominated the 2009 Tonys, winning a grand total of ten awards. Broadway musical *9 to 5* broke the record for the most Drama Desk Award nominations. Featuring music

and lyrics by BMI Icon Dolly Parton, *9 to 5* garnered a staggering 15 nominations, including Outstanding Musical, Outstanding Lyrics, and Outstanding Music.

Broadway is still filled with top-drawing BMI productions, including *Passing Strange*, *Spring Awakening*, *Beauty and the Beast*, *Tarzan*, *A Chorus Line*, *Avenue Q*, *Chicago*, *Jersey Boys*, *Mamma Mia!*, *Mary Poppins*, *Spamalot*, *The Color Purple* and *The Lion King*.

According to the American Symphony Orchestra League's Repertoire, seven out of the 10 most frequently performed living American composers are affiliated with BMI. BMI composers John Adams and Joan Tower captured the top two positions.

BMI composer Steve Reich received the 2009 Pulitzer Prize for Music for his 2007 piece, *Double Sextet*. The win marks the first Pulitzer Prize for the acclaimed composer, whose other recent work, *Daniel Variations*, also garnered Reich a nomination for the Composer of the Year crown at the Classical BRIT Awards.

BMI also continues to dominate the jazz field. An overwhelming majority of the 2010 recipients of the National Endowment for the Arts Jazz Masters Awards, including Muhal Richard Abrams, Kenny Barron, Yusef Lateef, Annie Ross, and Cedar Walton, are BMI composers. The NEA Jazz Masters Award is the highest honor bestowed on jazz artists in the United States.

BMI jazz greats Herbie Hancock, Ron Carter, Stanley Clarke, Sonny Rollins and others continued to garner acclaim, while the Thelonious Monk Institute of Jazz honored the legendary B.B. King with the Founders Award.

BMI's efforts in grooming the most auspicious up-and-coming jazz composers are unparalleled in the industry. The BMI Jazz Composers Workshop, a noted creative forum for musical exploration and development, celebrated its 21st year. Several Workshop alumni have won Grammy nominations for their cutting-edge work.

FILM & TELEVISION

Composer A.R. Rahman experienced an extraordinary year. Already a star in Bollywood, Rahman composed the original music for international hit *Slumdog Millionaire*. At the 2009 Academy Awards, he swept the fields honoring musical contributions, walking away with the statuette for Original Score, while the film's "Jai Ho" claimed Original Song honors.



Composer A.R. Rahman took home two Oscars for his work on *Slumdog Millionaire*.

BMI represents the principal composer of more than half of the scores for the top 100 films of 2008, and 14 out of the top 25 films of the year relied on music from BMI composers, who helped those films generate more than \$2 billion in box office revenue. John Williams composed the score for *Indiana Jones and the Kingdom of the Crystal Skull*; Alexandre Desplat created the musical accompaniment to critically acclaimed film *The Curious Case of Benjamin Button*; Thomas Newman scored the poignant animated film *Wall-E*; Alex Wurman contributed the original score for hit comedy *Four Christmases*; Randy Edelman composed the score for *The Mummy: Tomb of the Dragon Emperor*; *He's Just Not That Into You* features an original score by Cliff Eidelman; and *Valkyrie* relies on a dramatic score by John Ottman.

BMI television music composers also maintained their competitive edge. In the fall of 2008, BMI boasted theme or background music in 75% of all primetime network programs. Steve Jablonsky's score for perennial favorite *Desperate Housewives*; Jace Everett and Nathan Barr's original music for *True Blood*; Tony Asher, Anton Sanko, and Brian Wilson's music for HBO dramedy *Big Love*; and Rolfe Kent and Daniel Licht's score for the groundbreaking series *Dexter* all contributed to the respective programs' lofty ratings. BMI Emmy winners included Billy Barber, Gary Deinstadt, Ron Komie, Danny Pelfrey, Larry Hochman, Michael John LaChiusa, Billy Lopez, Bobby Lopez, Ben Decter, Michael Whalen, Gary Lionelli, Tony Barbieri, Sal Iacono, Wayne McClammy, Paul S. Glass, Kevin Briody, Glen Berger and Terry Tompkins.

INTERNATIONAL

British artists remain especially popular in the United States, proving that the recent surge of talent from the U.K. is still a welcome addition to pop and urban formats. Lily Allen, Estelle, Adele, Duffy, and Leona Lewis all generated significant sales and chart action. Allen's sophomore album, *It's Not Me, It's You* charmed critics and debuted at #1 in the U.K., Canada, and Australia, and at #5 in the U.S. Lewis's first single, a cover of Kelly Clarkson's "A Moment Like This," became the fastest selling U.K. single of all time after it was downloaded by more than 50,000 fans only 30 minutes after its release. She proceeded to garner more interna-

tional acclaim with follow-up singles "Better in Time" and "Forgive Me." Estelle's single "American Boy," featuring Kanye West, earned the neo-soul singer a Grammy, while Adele snagged the Recording Academy's Best New Artist trophy. Duffy became the U.K.'s best-selling artist in 2008, as her debut album *Rockferry* helped her garner 3 BRIT Awards and a Grammy as well. Other U.K. artists poised for stateside success include The Prodigy, Kirsty Almeida, Lady Sovereign, and Glasvegas.

Norwegian songwriting and production duo Espionage — Espen Lind and Amund Bjørklund — have also made substantial contributions to American urban and pop charts, including co-composing Beyoncé's international smash "Irreplaceable," Chris Brown's "With You," Ne-Yo's "Go On Girl," Jennifer Hudson's "Can't Stop the Rain," and Jordin Spark's "Just For the Record."

BMI continues to sign new talent from areas as diverse as Jamaica and India, including writer/artists such as Spice, Vybz Blitz, Don Corleon, A.R. Rahman and others.

BMI's domestically based catalog also continued to reach new levels of popularity around the world, increasing foreign revenues to a record level. In addition to Lady Gaga's global debut, Kid Rock's anthem "All Summer Long" topped charts in the U.S., U.K., Australia, Austria and more. Colbie Caillat's "Bubbly" has enjoyed ubiquitous success, reaching #1 in Australia and the Czech Republic, and climbing into the upper echelon of charts in countries including Germany, Peru, Sweden, Belgium, France, Canada, and The Netherlands. BMI film and television composers also contributed to the company's growing global presence, as *Transformers: Revenge of the Fallen* scored by Steve Jablonsky, *X-Men Origins: Wolverine* by Harry Gregson-Williams, *Terminator Salvation* and *Milk* by Danny Elfman, and *Marley And Me* by Theodore Shapiro are currently generating substantial revenues overseas, often even topping U.S. totals. Black Eyed Peas, Linkin Park, Pink, Lil Wayne, Mika, Shakira, Juanes, Taylor Swift and Maroon 5 all garnered major international successes as well.

Country music's mass appeal became even more apparent last year, as the format continued to boast more radio stations than any other genre. Country music also became more intertwined with mainstream tastes and charts through top-sellers and crossover stars Keith Urban, Martina McBride and Toby Keith.



The growth of Latin radio stations continued to outpace all other formats, as international superstars Shakira and Juanes remained at the forefront of the genre, while two-time BMI Latin Songwriter of the Year Espinoza Paz solidified his status as Regional Mexican music's most in-demand composer.



REVENUE TRENDS & ANALYSIS

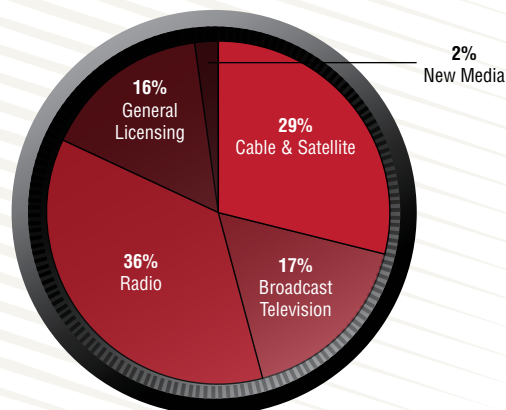
TRADITIONAL MARKETS

In the midst of a year of economic turmoil, BMI was able to achieve positive revenue growth for the 16th consecutive year.

Radio

The vast majority of our licenses with commercial radio stations will continue through December 2009, with negotiations now in progress for new agreements to start thereafter. While the demand for radio-station advertising has been negatively impacted by the recession, radio's demand for BMI-licensed repertoire has increased, with stations using more music on both analog and digital stations, along with websites and streaming via mobile phones.

DOMESTIC REVENUE (percent by category)



Broadcast Television

BMI and NBC Television Network reached an agreement finalizing fees for an 8-year period through the end of 2012. The settlement provides for the use of the BMI repertoire on NBC television programs over the air, online and in various other new media platforms.

BMI also developed a new Class A/Low Power Television agreement and is in the process of relicensing this industry. We anticipate that the license will generate a sizable increase in revenue in the category.

Cable Networks and Other Program Services

BMI reached new final agreements this year with MSNBC, CNBC, and a number of smaller networks and also saw increases from percentage-of-revenue licenses with other cable networks, despite the dismal advertising marketplace. This is attributed to cable's ability to capture revenue from both advertising and subscriber fees. BMI further benefited this year from a sizeable royalty distribution received from the Copyright Royalty Board, which had been holding several years of cable and satellite distant-signal royalties.

General Licensing

For the first time in BMI's history, General Licensing was able to surpass the \$100 million mark in revenues. A herculean effort by the department overcame the highest out-of-business/change-in-music-policy rates in recent history for many of our licensees, while also managing the relicensing of numerous industries to new agreements. Through innovative e commerce initiatives, the department has rolled out online licensing to a greater number of user categories, including Eating-and-Drinking Establishments, Fitness Clubs and Colleges. This year, for example, more than 800 colleges and universities completed their annual music reports online through BMI's new eCommerce site.

INTERNATIONAL

Buoyed by the continuing global popularity of the BMI repertoire and timing of payments from several partner societies, foreign revenues increased significantly last year, reaching a new record for BMI in this category, despite less favorable exchange rates.

Western Europe continued to contribute the bulk of our foreign income, with particularly strong revenue from the Scandinavian region. Eastern Europe has once again increased its slice of the worldwide foreign income pie, as newly established societies in countries such as Macedonia, Bosnia, Croatia and Serbia-Montenegro are gaining strength and becoming more efficient.

Revenues from Latin America improved by almost 15%, with Brazil, Peru and Uruguay leading the way,

while revenues in all other countries remained steady. Collections from the Caribbean continued their upward trend, with Jamaica leading the pack by quadrupling the previous year's numbers.

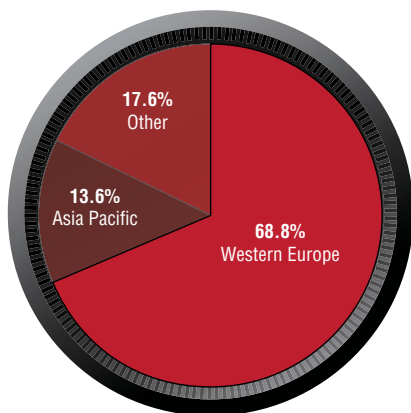
The Asia-Pacific region saw a major increase in revenues primarily caused by JASRAC's settlement with the cable operators in Japan. Thailand, the Philippines and India are improving operations and the other countries in the region performed well. On the African continent, BMI saw significant revenue from South Africa.

First-ever reciprocal agreements have been signed with societies in Vietnam, Macau, the Eastern Caribbean and Moldova.

entertainment has grown. BMI set the stage for capitalizing on the value of these new media offerings years ago, negotiating marketplace agreements that recognize the value of on-demand with a premium royalty rate.

The company's digital growth has been maintained by carefully managing the timing and structure of new agreements to maximize current and future revenue yields. In FY 2009, new agreements were successfully negotiated with a diverse group of digital media properties, setting the stage for expanding the use of the BMI repertoire and increased market revenues. A new agreement was signed with online industry leader YouTube, while new mobile agreements were completed with wireless carriers AT&T Mobility, Sprint and Alltel. Online video agreements were negotiated with Sony Pictures Entertainment, online video destination, Crackle and growing online virtual world IMVU.

INTERNATIONAL REVENUE (percent by region)



NEW MEDIA

Digital media continue to post strong gains in both revenues and user engagement in an otherwise weak media economy. In FY 2009, BMI's New Media & Strategic Development team grew revenues by 11%, with a portfolio of 6,700 digital media properties under license.

As media and entertainment have moved away from product-driven offerings such as music CDs and scheduled linear programming such as broadcast television, the value of on-demand, consumer-driven access to information and



PROTECTING COPYRIGHT

In the past year, BMI continued its lobbying efforts on behalf of the creative community and contributed to several significant copyright bills that were introduced in the Senate and House of Representatives

During fiscal 2009, the Legal and Government Relations departments were deeply involved with activities concerning H.R. 848 (House of Representatives) and S. 379 (Senate). Both bills attempt to repeal the current exemption from the payment of license fees for the performance right in digital sound recordings enjoyed by over-the-air radio broadcasters. BMI worked diligently with Congressional staff in order to protect the interests of our affiliates by seeking "savings" language that would ensure that the performing right in the musical work, (the right that BMI has been entrusted to protect for over 70 years) would not be adversely impacted by the passage of such legislation. Both bills are currently pending and are being closely monitored by BMI and other performing right organizations, the Songwriters Guild of America, the National Music Publishers Association and the

This same group of organizations has formed a lobbying coalition that is presently working towards the introduction of a bill in Congress to clarify that there is a public performance in an audio/visual download. BMI and other interested parties are making every effort to ensure that the Copyright Office reaffirms the public performance right on this matter.

BMI, in conjunction with the George Washington School of Law, Intellectual Property Law Program and Creative Innovative Economy Center, hosted a symposium in October 2008 to examine the opportunities and threats that face the creators of intellectual property and explore solutions that help the creative and business communities reach new levels of artistic and commercial achievement. Well-attended by congressional staff and key regulators, the program strives to spark a productive dialog that will help to generate workable, real-time, real-world solutions for creators, public policy officials and the business community alike.

The Government Relations department recently joined the anti-piracy advocacy Arts and Labs Group, which also includes Microsoft, AT&T, Viacom and NBC Universal.

Our interaction with state leadership continued, as Kentucky Senate President David Williams, Pennsylvania Attorney General Tom Corbett, and Connecticut Lieutenant Governor Michael Fedele visited the BMI offices to discuss concerns in our industry and their respective states during these challenging economic times. BMI is an active participant and is represented on the board of the State Government Affairs Council (SGAC), the premier national association for multi-state government affairs professionals, providing opportunities for networking and professional development.



BMI President & CEO Del Bryant and Senior Vice President, Government Relations Fred Cannon recently attended a fundraising event in Washington, D.C. for Senator Patrick Leahy (D-VT), Chairman of the Senate Judiciary Committee. Pictured at the event are (l-r): Bryant, Senator Leahy, Cannon and National Music Publishers Association President David Israelite.

Nashville Songwriters Association.



TECHNOLOGICAL ADVANCES & OPERATIONAL EFFICIENCIES

BMI has established itself as an international leader in the performing rights arena through its development and implementation of leading-edge technological tools that increase productivity while reducing operating expenses. These efficiencies allow us to offer an unparalleled level of service to both our affiliates and licensees.

Online Services Upgrade

Work completed during the past year will enable a fall 2009 launch of a greatly improved structure and availability for our affiliates who use Online Services, allowing them real-time access to database information and giving them the ability to update account information. This allows our songwriters and composers to accomplish multiple tasks online that previously required paper documentation.

Online Services for major publishers will provide a user-based environment, enhanced security, and improved applications. Current users of online services will be migrated to the new version this fall.

BMI.com Redesign

During the year, we completed the 11th major revision of BMI's award-winning website BMI.com, which was originally launched in 1994, more than a year before Microsoft released Internet Explorer Version I. The redesigned website features a broad array of digital tools designed specifically for the creative community and our licensing customers. A highlight of the new site is a special "creators" section that offers advice and opinions on songwriting and a series of discounts to more than four dozen of the music industry's top companies that offer professional gear, financial services, and career development, as well as special BMI-managed modules on key social networking sites such as Facebook, MySpace and Twitter.

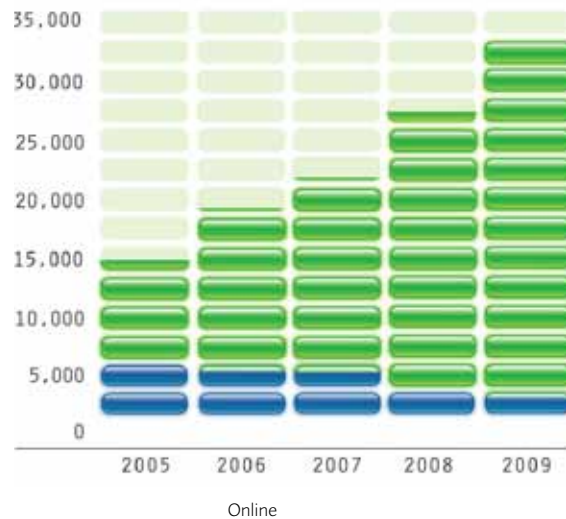
eCommerce

BMI's eCommerce system forms the heart of the expanded functionality serving our licensing customers through BMI.com. The eCommerce system has experienced rapid growth and provided substantial benefit to BMI. This system allows customers to purchase a license in a secured online environment and has been expanded to more than a dozen additional major markets.

We have also added an online Financial Reporting system that allows the Promoter-Presenter, Venue, Festivals, Trade Shows, Competition Shows and Symphony markets to

NEW WRITER AFFILIATIONS

(online versus paper)



More than 30,000 new songwriters and composers were affiliated during fiscal 2009, with more than 90 percent signing on through BMI's streamlined online application process.

report music use electronically. Our eCommerce project remains a high priority as we encourage our customers to maintain account information, view account balances, purchase licenses, report music use and make payments online.

Analysis of Foreign Performances

Musical and audio/visual content is performed through an ever-increasing number of content providers around the world. This, in turn, generates a substantial increase in data volume from foreign societies. To meet these volume-related challenges, we have automated the process for managing information originating from those societies, developing systems for immediate recognition and retrieval of all incoming electronic foreign society files. In addition, information is now loaded directly into our data warehouse for subsequent analysis and other related business intelligence functions.

Concurrently, a portal technology solution has been introduced to meet our requirements to analyze data on foreign performances, allowing us to more easily access the necessary documents and files required to distribute foreign royalties to our affiliates. From a business flow standpoint, these advances provide rapid access to information using best-practice technological solutions while minimizing human intervention.

BMI and CIS

The International Operations and Technology Group (IOTG) has provided continuous support to CISAC (International Confederation of Societies of Authors & Composers), with development of strategic planning and training programs for promoting greater use of existing CIS (Common Information System) tools and standards by the broader CISAC community, with the aim of streamlining the exchange of information between CISAC societies and encouraging reductions in processing costs.

We have also improved our response time to cue-sheet requests by integrating our cue-sheet system with the CIS-Net AVI (audio/visual index) to process all cue-sheet requests electronically, reducing operational costs and adding value.

In addition, the IOTG continues to play an important role in the ISWC (International Standard Work Code) Dissemination Project, striving to promote a unique ISWC number for every work in the BMI repertoire. This unique identifier for recognition of global music usage will be of great benefit to our affiliates and customers.



One of the major initiatives completed over the past year resulted in an upgraded and expanded call center, allowing for an additional 7,000-plus General Licensing calls per month.



CUSTOMER RELATIONS

A key to this year's revenue success has been BMI's ongoing focus on providing top-level service for all of our customers and enhancing their understanding that BMI operates on a non-profit-making basis to the benefit of both our licensees and the writers, composers and publishers we represent. We continue to highlight how our support of the creative process affords our licensees a continual stream of new music to be used in their businesses for the enjoyment of their customers.



As part of its effort to highlight how BMI's support of the creative process affords licensees a continual stream of new music to be used in their businesses, the Licensing department arranged for award-winning country songwriter Dean Dillon to provide the entertainment at Federated Media's Annual Achievement Awards held in Angola, Indiana. Pictured after the performance are (l-r): Federated Media President & CEO John Dille, Federated Media's Leann Didier, Federated Media COO Tony Richards, Dillon, and BMI's Kathleen Smyth and Dan Spears.

BMI Licensing executives participated in important industry and group management meetings, panel discussions, roundtables and, wherever possible, heightened the visibility of our most convincing spokespeople — the songwriters and composers we represent.

BMI awarded 10 scholarships to a variety of radio executives to attend the NAB's Executive Development Program at Georgetown University. We also partnered with the RAB and the MIW (Most Influential Women) to create a seminar geared towards women in radio management, entitled "Rising Through the Ranks; Women in Radio Management." This seminar attracted dozens of applications from qualified female radio executives from around the country. BMI awarded scholarships to 20 women who attended a two-day seminar in Dallas designed to help them learn what it takes to break through the "glass ceiling."

Since its inception, BMI's New Media team has been an

active member of the community that it serves. Working in conjunction with other BMI departments, the group's activities span the worlds of new digital media outlets, songwriters and recording artists and the public-policy community. Throughout the year, BMI's digital point of view was presented at industry meetings and gatherings including the NARAS/Grammy Digital Future Symposium, and Digital Media Wire's annual conference. In a new initiative, the New Media Group teamed up with BMI's Film/TV department to host a lunch for prominent film and television composers, featuring a presentation targeted to online video market trends and the challenges and opportunities for future revenue



Singer/songwriter Mandy Barnett and her acclaimed band performed at the American Hotel & Lodging Association Annual CEO Dinner in New York as part of BMI's efforts to educate licensees about the vital role of the songwriter in enhancing licensees' business environment. Pictured (l-r) are BMI Licensing VP Tom Annastas, Barnett, AH&LA EVP & COO Pam Inman, and AH&LA President & CEO Joseph McInerney.