

BMI Sets New Benchmarks In Performing Right Income, Royalty Payments

BMI earned more than \$901 million in revenues for its 2008 fiscal year, marking the first time any copyright organization has topped the \$900 million mark for music performance revenues and a 7.2% percent increase from the previous fiscal year. BMI also set a historic high in royalty distributions, and will disperse more than \$786 million to our affiliates, an 8% percent increase over the prior fiscal year. These financial benchmarks are a direct result of the creative efforts of our songwriters, composers and music publishers, who have helped build a catalog of music whose depth, breadth and popularity are unequaled anywhere in the world.

While traditional broadcast radio and television accounted for an impressive \$340 million, or about 38% of revenue, our leadership in licensing the explosive growth of music in cable, satellite radio and satellite television brought in revenues of more than \$208 million, accounting for more than 23% of our domestic licensing income. New Media revenues increased to a total of \$15 million, due in large part to growth in the

mobile, social networking and website categories, and we now license more than 6,500 digital media properties, an increase of more than 50% over the prior year. International revenues were also a bright spot, accounting for \$238 million, or more than 26% of BMI's revenues. Growth in revenues from

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the performance of music in retail and service establishments, including restaurants, bars and the hospitality industry, also increased, totaling \$97 million.

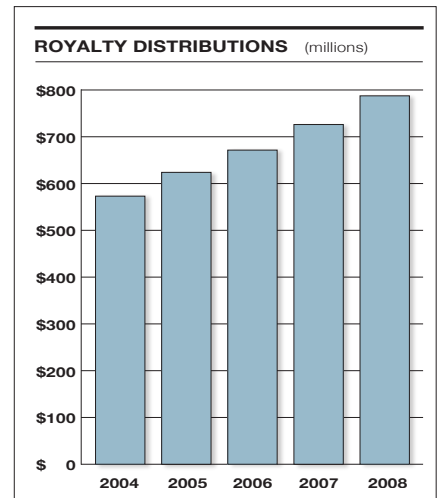
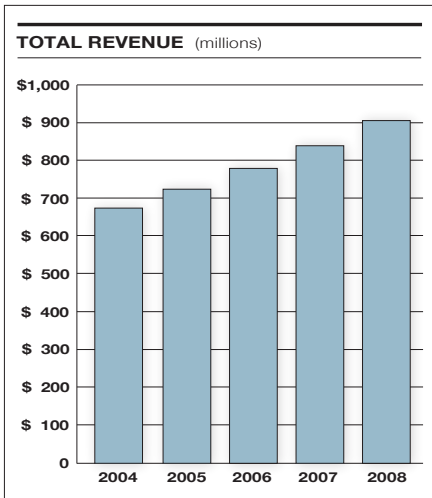
Our strategic use of technology, including the development of new and enhanced web-based tools for songwriters, composers, and publishers, allowed us to grow our business while lowering overhead to 11.7%, the lowest in company history.

Repertoire

The quality and depth of BMI's roster and repertoire once again provided the impetus for unparalleled success in the performing right arena during the past year. While each music format displayed

strength, a blurring of conventional lines between genres and media outlets became increasingly evident: The most successful hits featured innovative blends of urban, Latin, country and pop artists and styles, while veteran stars and "tween" idols relied more and more on a combination of radio, television and film exposure.

Within the robust urban genre, BMI represents hip-hop and r&b royalty including T-Pain, Kanye West, Sean Garrett, Chris Brown, Rihanna, TI, Dallas Austin, Lil' Wayne, Gnarls Barkley's Cee-Lo Green and OutKast's Big Boi, along with explosive songwriter, producer and artist Polow Da Don, who illustrates the increasing ability of writer/producers to move between urban and pop genres. In today's rapid-fire pop-culture climate, cross-genre success is becoming increasingly prevalent. Versatile BMI songwriter/producers including will.i.am, J.R. Rotem, Kara DioGuardi and Jeffrey Steele create crossover ready hits. BMI also represents stars leading the "tween" revolution, including pop culture phenomenon Miley Cyrus/Hannah Montana, Aly & AJ, the Jonas Brothers and the Naked Brothers Band.



Artists with “tween” appeal generated enormous airplay numbers this year, led by Miley Cyrus, Aly & AJ, the Jonas Brothers and the Naked Brothers Band.



BMI’s dominance in the country format is carried by an invigorating combination of new faces and veterans: Toby Keith, Tim McGraw, Faith Hill, Brooks & Dunn, Keith Urban, Martina McBride and Vince Gill remain at the forefront, while Carrie Underwood, Taylor Swift, Miranda Lambert, Rodney Atkins and Josh Turner joined the genre’s top ranks. BMI’s Latin trendsetters remain international superstars: Shakira, Juanes, Juan

Luis Guerra, Wisin & Yandel and Los Tigres del Norte topped charts around the world.

In the surging rock genre, BMI’s roster includes Nickelback, 3 Doors Down, Red Hot Chili Peppers, the Raconteurs, Maroon 5, Linkin Park, Kid Rock, Fall Out Boy and more. Legends with staying power embody BMI’s classic rock family: The Eagles, Pink Floyd, Alice Cooper, Eric Clapton, The Who, Elton John and numerous others remain in high demand.

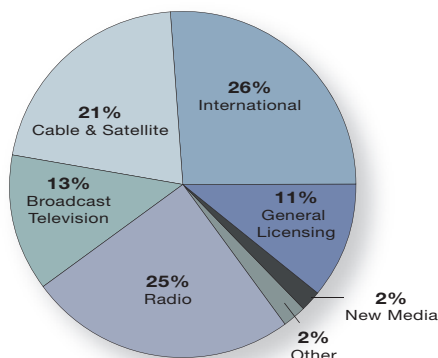
BMI composers continue to dominate the jazz field, as BMI represents the majority of the 100 National Endowment for the Arts Jazz Masters Fellowship recipients, the highest honors that our nation bestows upon jazz musicians. In the contemporary classical music field, seven of the 10 most frequently performed living American composers are affiliated with BMI. BMI’s preeminence in musical theatre was also reinforced this year, as *Passing Strange* won a Tony Award for Best Book of a Musical and top honors for its creative hive at the 53rd Annual Drama Desk Awards.

The trend of U.K. acts enjoying substantial achievements stateside continued this year. London’s Amy Winehouse capped off a staggeringly successful year with five Grammys, the most ever in one year for a British woman, and numerous U.K.-based artists, including Corinne Bailey Rae, KT Tunstall, Snow Patrol, Natasha Bedingfield and James Blunt, continue to populate the upper reaches of the charts.

Music in film remains a key component of our repertoire, as BMI composers have music in 82% of the 100 top-grossing films of the past year. The three highest-grossing films of last year, which at last count had grossed nearly \$1 billion domestically, were scored by BMI composers: *Spider-Man 3* by newly crowned Richard Kirk Award recipient Christopher Young, *Shrek The Third* by Harry Gregson-Williams and *Transformers*

REVENUE SOURCES

(percent by category)

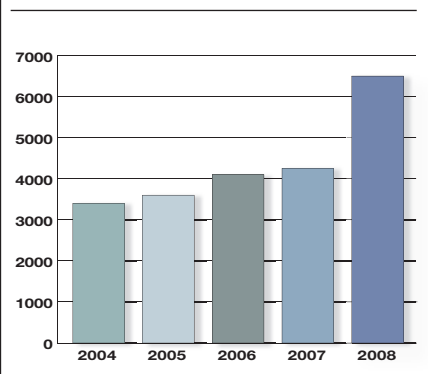


by Steve Jablonsky. BMI television music composers also maintained their competitive edge, boasting theme or background music in 76% of last fall’s primetime network programs and in 17 of the top 20 of those shows, while composers Katreese Barnes, Jeff Beal, George Fenton and William Ross each took home prime-time Emmy Awards.

Operations

BMI’s global leadership role among performing right organizations is rooted in our ability to reduce overhead without diminishing the quality of service offered to our affiliates, licensees and international partners. We continue to employ tools and strategies designed to improve both operational efficiency and productivity, as the increase in new music licensing sources and delivery platforms offers

NEW MEDIA LICENSEES





BMI's dominance in the contemporary rock sphere is reflected by the ongoing success of such acts as 3 Doors Down, Hinder and Maroon 5, among many others.

unprecedented challenges and opportunities. During the year, we processed more than 9 billion feature audio performances from a wide range of reporting sources, with 97% of these performances coming from Internet and digital audio services, our fastest growing sources of audio

performance data. Diligent implementation of refined operating procedures also helped us deal with a 15.7% increase in music performance data from foreign performing right societies. In March 2008, we launched a new, automated application dubbed SuperQ, which is designed to process electronic cue sheets. In addition to streamlining processing procedures and organizing large amounts of information, the program provides enhanced data protection.

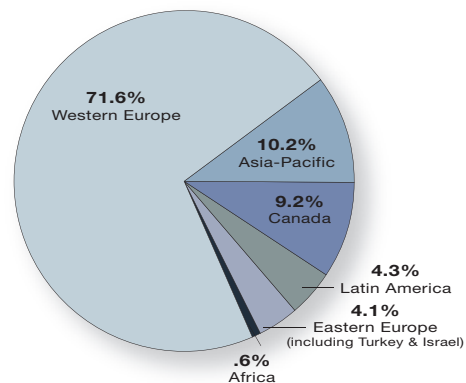
In the past year, BMI launched a major revision of the online affiliation process, greatly reducing the complexity of joining BMI via the Internet. Over the past 12 months alone, BMI added almost 30,000 new songwriters and composers to its rolls, with the vast majority joining online. The company also launched an enhanced version of Online Services for major publishers, allowing them to register new works and manage existing catalog more efficiently. An increased emphasis on eCommerce has also led to the introduction of an internally developed system that allows for the electronic processing of licensee payments, reducing BMI's costs in licensing administration significantly.

Public Policy

The changing infrastructure of the entertainment industry has created a surge of activity on Capitol Hill as record companies, music publishers, artists and songwriters seek to redefine

INTERNATIONAL REVENUE

(percent by region)



traditional relationships in the midst of the digital revolution. On the legislative front, BMI has been actively engaged in many issues put forward in the 110th Congress, specifically the Performance Rights Act and the Orphan Works bill. We have been monitoring the status of Performance Right Act and assisting Congress in drafting competent language for both bills in an effort to ensure pre-existing royalty streams for songwriters, composers and music publishers remain strong and unimpeded.

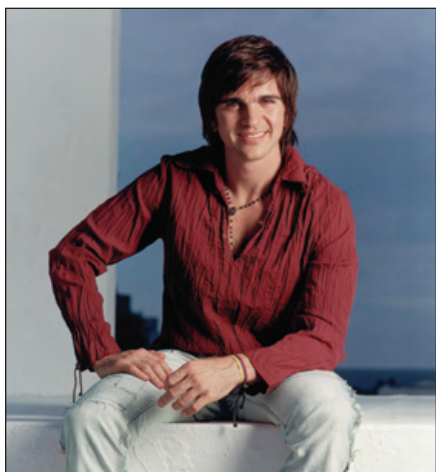
BMI is also notably involved in vital copyright issues abroad, as new media are increasingly serving international audiences in a borderless economy. During the past year, the European Commission found certain provisions of the agreements entered into between the European societies to be in violation of European competition law. The decision



Established hip-hop and r&b talent like Kanye West, Chris Brown, and Lil' Wayne continued to top charts in multiple formats, illustrating the increasing ability of artists to move between genres.



Trendsetters
Juan Luis Guerra, Sebastian Kryz and Juanes are just three of the many BMI Latin stars who saw heavy chart activity and award recognition.



prohibits such practices, bans exclusive rights to repertoire and permits songwriters and other rights holders to choose any copyright organization in the EU to represent their works for online, satellite and cable distribution, setting in motion a competitive structure among collecting societies. BMI's repertoire is one of the primary assets licensed by the European copyright societies and the desire to easily license this catalog is a driving factor with regard to decisions that are being made by the various parties. We are actively surveying these developments to protect the interests of our songwriters, composers and music publishers.

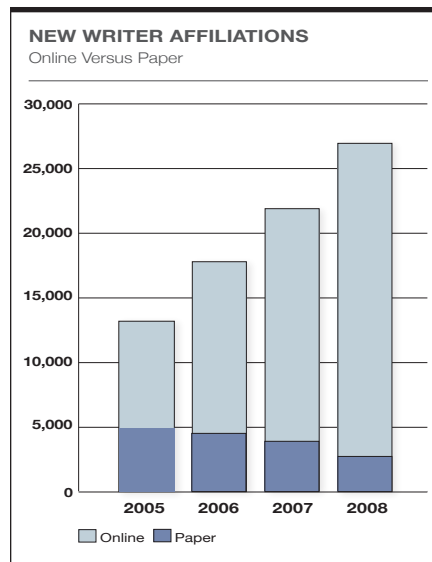
Landmark

BMI's subsidiary company, Landmark Digital Services™, LLC, provides advanced audio-recognition products and services for content providers, copyright owners and consumers of music and digital entertainment. Since its launch in 2005, the company's infrastructure and data library have grown to encompass more than 600 broadcast-monitoring sites and almost 5,000,000 audio signatures. Landmark's unique BlueArrow™ pattern-recognition technology is designed to recognize music from any medium, and in almost real-time. Essentially, the broadcast monitoring and performance reporting Landmark provides will ensure BMI's position as the leader in performing

right royalty distribution, even as new methods of digital delivery are adopted. Currently, Landmark is monitoring and identifying for BMI hundreds of commercial radio stations within numerous formats, 24 hours a day, seven days a week, 365 days a year. By the end of 2008, BMI will have fully integrated these stations within its royalty distribution process.

Financial Reporting Quality

BMI's commitment to quality and integrity is exemplified by the practice of preparing its financial statements in



The vast majority of new writer affiliations now take place via the Internet, with 90 percent of the sign-ups taking place online in 2008.

accordance with generally accepted accounting principles (GAAP). Reporting in accordance with these principles enables us to accurately and objectively report our financial results.

Each year our financial statements are subject to an audit by our independent auditors, Deloitte & Touche. Annually, our auditors express an opinion on our financial statements based on the results of their audit. An unqualified opinion (the best opinion possible) was issued again this year, denoting that our financial statements present fairly the financial position and results of operations of BMI.



BMI's dominance in the consistently popular country format is carried by an invigorating cross-section of new faces and veterans: Artists like Brooks & Dunn and Tim McGraw remain at the genre's forefront, while Carrie Underwood set new benchmarks for success.