I am pleased to report that BMI’s revenues, including its Landmark subsidiary, were in excess of $917 million for the fiscal year ended June 30, 2010. This represents an increase over the past fiscal year despite one of the most challenging economies that the company has faced since its founding 70 years ago. Income available for distribution to our affiliates, totaling more than $789 million, is essentially flat year on year. BMI’s overhead, while still among the lowest of any performing right organization in the world, increased marginally from the prior year due to the costs of three federal rate court actions, and the one-time expense of relocating to BMI’s new headquarters.

The record revenue we were able to achieve continues a decade of unprecedented growth for BMI, clearly positioning the company in the front ranks of copyright organizations worldwide. Over the last 10 years, our revenues have increased by more than 70%, while the sums available for distribution to our affiliates increased 75%, a tribute to the growing strength of BMI’s repertoire and our ability to monetize the steadily increasing use of that repertoire. We reduced our overhead rate by almost 15% over the decade, an achievement made possible in part by our focus on cost containment and efficiency. The significant progress over the past 10 years is even more remarkable when set against the backdrop of the digital transformation of the music and entertainment industry, which has offered new opportunities and challenges even as it has disrupted traditional markets.

Recent years have also offered a broad spectrum of new opportunities for the use of BMI’s repertoire. While carefully managing our traditional portfolio of major licensing agreements with the broadcast and cable industries, we have also focused on fully monetizing new opportunities. Traditional radio and television have expanded their footprint into online, on-demand and mobile. Made-for-digital properties are now offering an unprecedented variety and scope of music brought to the consumer in ways that were unimaginable a decade ago. The advent of cloud computing, where content lives on giant networks and is transmitted to a user’s preferred device, has made the public performing right a more valuable and critical aspect of the landscape than ever before. We are growing our digital revenue streams by more than 20% year over year. BMI has been able to capitalize on these opportunities through constant innovation and a culture of fostering forward-looking relationships with our licensees, and our growth has been further propelled by the robust and sustained increase in the volume of music used on new and traditional platforms.

At the same time, we are witnessing a growing negative climate towards the value of intellectual property that reaches far beyond the music industry to all sectors of creative endeavor, and resonates from the court of public opinion to the federal courts themselves. Copyright creators and owners find themselves in uncertain territory: Songwriters and musicians face illegal downloads, newspapers are “skimmed” by blogs and websites, and television programs are streamed without compensation. While “freedom of information” and “copyleft” pundits encourage theft of IP, new digital mega-corporations strive to convince the courts that technology creates new playing fields where creative products may be used without compensation. BMI is deeply engaged both on its own and in industry-wide coalitions in defending the rights of creators and IP owners against this troubling assault.

The global economic turmoil of the past few years has made continued progress more difficult to achieve, especially during the past fiscal year. Despite recent signs of an upturn on the horizon, BMI’s key licensing customers, radio and broadcast television, have experienced drops in advertising of 20% or more, while stagnation in the economy has led consumers to drastically curtail optional expenditures, creating significant declines in revenue at retail and service establishments.
such as bars and restaurants. One important effect of the economic stress on our licensing customers is that all businesses, including the radio, television and new media industries, are becoming more price-sensitive than ever before.

These economic challenges have been felt not only here at home, but in music markets around the world. A recent analysis by CISAC, the international organization representing copyright organizations, reported overall collections for music repertoire, as measured in mid-2009, up a modest 1.3%. These international copyright organizations are BMI’s overseas partners, and the difficulties they face translate into slower growth in international revenues for BMI. During the past year, although BMI’s repertoire performed well in terms of local currencies, adverse foreign exchange rates combined with economic turmoil during the final six months of the fiscal year, produced a decline in international income. There were, however, some bright spots: BMI recorded increases in royalties from Eastern Europe, Japan and Australia, and the Latin American region, which was less affected by negative exchange rates than other areas.

Media Licensing revenues increased modestly from the prior year. While license fees from broadcast television remained substantially unchanged from the previous year, income from radio declined due to reduced interim license fees agreed to with the Radio Music License Committee during the pendency of the BMI/RMLC rate court proceeding. General Licensing revenues, reflecting the economic downturn and an adverse ruling in the BMI rate court for commercial music services declined from the previous fiscal year. New Media, cable and satellite audio and video programming services, however, increased by 16%. These gains more than offset both the decline in radio and television license fees and adverse movement in foreign exchange rates during the January-June period.

The BMI repertoire continues to exhibit incredible strength around the world thanks to the phenomenal international success of BMI songwriters, including Lady Gaga, who has emerged as the most magnetic global superstar of the 21st century, with a rabid multicultural fan base that has turned her growing catalog into a runaway success in every music market in the world. Other international megahits came from Gaga’s co-writer/producer RedOne, Kanye West, Black Eyed Peas, Colbie Caillat, Pink and the late Michael Jackson. They were joined in popularity, especially in Latin markets, by trendsetters Juanes and Shakira, leading Mexican composer Espinosa Paz, and reggae-
ton masters Wisin & Yandel, who led BMI’s standout cadre of reggaeton artists/writers.

In addition to these global stars, BMI’s roster and market share surged as BMI writers consistently topped the charts, with self-penned crossovers from Taylor Swift, Lady Antebellum, Rascal Flatts and others, and breakout hits from newcomers Ke$ha, Drake, Estelle and Jason Derülo, whose crossover-ready works blurred the lines between dance, r&b, country, hip-hop and pop. Rock was resurgent, with huge chart action for groups including Nickelback, Daughtry, Kid Rock, Maroon 5, Korn, Seether and Kings of Leon. Urban songwriters also scored crossover success with yearlong strings of hits from Rihanna, T-Pain, Lil John, Eminem, John Legend and Big Boi, joined by new chart climbers Nicki Manij, Trey Songz and B.o.B, among others.

BMI film composers contributed scores to the majority of the top 100 films of 2009, including 30 films that generated more than $2 billion in box-office revenue during the year. Top earners included both critical successes like Up in the Air and Julie & Julia, and audience favorites such as the latest installments of the Twilight Saga and Transformers. On television, BMI composers contributed theme or background music in more than three-quarters of all primetime network programs, as well as original music for key HBO series True Blood and Big Love.

As the company marked its 70th anniversary this past year, we continue to fulfill the mission set for it by BMI’s farsighted founding broadcasters when they proclaimed in 1940: “BMI gives to American music a freedom for creative progress that it has never had before.” Today, that mission is international in scope, and BMI has emerged as the most admired and emulated copyright organization in the world.

This report contains details of BMI’s operations over the past year, and I urge you to read the narrative that follows this brief introduction.

Del Bryant

Del Bryant
In the midst of growing cultural diversity, the 2010 musical landscape has rediscovered fertile common ground: pop music. A vein of pop sensibility currently runs through many formats. Taylor Swift fans are Lady Gaga fans, and vice versa. And as the audiences of all formats continue to grow and feed each other new listeners, BMI’s deep catalog finds itself more in demand than ever before. Interestingly, much of the push to pop over the last year was driven by BMI women songwriters, artists, producers and composers. From Gaga and Swift to Ke$ha, Kara DioGuardi, Rihanna and Carrie Underwood, women were constantly on the front lines of genres and at the tops of charts.

KEY FORMATS
Lady Gaga emerged as a global phenomenon. In two short years, she has released two albums, The Fame and The Fame Monster, which have both spawned international chart-toppers, including debut single “Just Dance,” “Poker Face,” “Bad Romance” and “Telephone.” While cultivating a larger-than-life persona and a passionate fan-base that promises a long career arc, the Grammy winner sold more than 15 million albums and well over 40 million singles worldwide.

Perhaps best known for his work with Gaga, producer/songwriter RedOne embodies a new breed of rainmaker. In addition to co-writing and co-producing for a diverse cross-section of superstars including Gaga, Akon, Lionel Richie, Brandy, Enrique Iglesias, Sean Kingston, Shakira, Wyclef Jean and more, RedOne was personally tapped by Michael Jackson to produce his comeback album — a project that was dashed when the BMI Icon died tragically last year.

Taylor Swift continued to make bold pop inroads, winning BMI Pop Song of the Year for “Love Story,” as well as the Songwriters Hall of Fame Hal David Starlight Award, given to gifted songwriters who are making significant impact in the music industry via their original songs. Also the top-selling digital artist in music history, Swift earned the 2010 Best Album Grammy for her sophomore release, Fearless.

As the Billboard Hot 100 continued to feature an unprecedented mash-up of new voices and established trendsetters, the breadth and depth of BMI’s repertoire was on full display. Newcomers including Ke$ha, Drake, Estelle, Lady Antebellum, Jason Derülo and 3OH!3 blurred the lines between dance, r&b, country, hip-hop and pop, as BMI mainstays like The Black Eyed Peas, Sheryl Crow, Colbie Caillat, Eminem, Pink, Christina Aguilera, and Sarah McLachlan offered new pop-savvy albums and rubbed elbows with each other and the newer talents.

Versatile hit-makers including RedOne, will.i.am, Polow Da Don, JR Rotem, Kara DioGuardi, Jeffrey Steele, Brian Howes, Claude Kelly, Amund Bjorklund, Espen Lind, Caleb Speir, Kevin Rudolf, Jim Jonsin, Rodney Jerkins and Marti Frederiksen continued to 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.

Rock and classic rock formats continued to multiply last year, feeding the country’s undiminished demand for popular torch-bearers including Nickelback, 3 Doors Down, Daughtry, My Chemical Romance, the Black Keys, Linkin Park, Kid Rock, Fyleaf, Maroon 5, Fall Out Boy, Lifehouse, Red Hot Chili Peppers, Three Days Grace, Death Cab for Cutie, Korn, Seether and Kings of Leon. Jack White’s trio of projects, Dead Weather, the Raconteurs and the White Stripes, continued to intrigue the mainstream and the underground, while major label and indie up-and-comers Avenged Sevenfold, Neon Trees, Against Me!, Passion Pit and Cage the Elephant assured listeners that rock’s future is in capable hands. BMI’s legendary classic rock family, from The Eagles, ZZ Top and John Fogerty, to Pink Floyd, the Rolling Stones, Eric Clapton and Queen, also remained hugely popular all over the world.

Urban songwriters, artists and producers embraced pop flavors while remaining distinctly loyal to hip-hop and r&b roots. BMI favorites Eminem, Rihanna, Lil Wayne, John Legend, T-Pain, Kanye West, Sean Garrett, Jamie Foxx, Mariah Carey, Busta Rhymes, and Big Boi mixed at the top of charts with big-voiced breakout stars including Nicki Minaj, Drake, Trey Songz, Pleasure P, Jason Derülo, Kevin Cosson and B.o.B. Producers and songwriters like Dallas Austin, August Rigo, the Stereotypes, Zaytoven, Rodney Jerkins, Makeba Riddick, Cool & Dre and Polow Da Don continued to make magic behind the scenes.
As further proof of the richness of BMI’s urban roster and repertoire, diverse standards from legends Holland-Dozier-Holland, Gamble & Huff, Little Richard, James Brown, George Clinton, Al Green, Isaac Hayes and others continued to be featured in television, film, the expanding oldies format, and more.

The Latin format also continued to surge. BMI’s strong presence in the market was propelled by gains in the still widely successful Regional Mexican genre, an exciting subset of Latino-urban fusions like reggaetón, and Latin alternative; rock, tropical, norteño and jazz.

Trendsetters Juanes and Shakira continued to dominate airwaves and award shows worldwide, while Juanes received the prestigious BMI President’s Award at the BMI Latin Awards in March. New artists including Julieta Venegas, Alex Cuba and Ximena Sariñana won both Spanish- and English-speaking fans throughout North America. Pitbull, Gloria Estefan, Carlos Santana, Café Tacvba, Mana, Gustavo Santaolalla, Juan Luis Guerra, Lila Downs, Pepe Aguilar, Luz Ríos, Christian Castro and Ricky Martin also continued to generate significant chart activity and sales around the world.

The Regional Mexican genre made room for new voices alongside the format’s beloved legends. Jenni Rivera, Intocable, Conjunto Primavera, Los Tigres del Norte, Larry Hernandez, La Arrolladora Banda El Limón, Mariano Barba, Javier Serna, Erika Vidrio, Javier Sanroman and many more continued to delight audiences. Espinosa Paz remained Regional Mexican music’s leading composer, as he earned his third consecutive BMI Latin Songwriter of the Year crown, while up-and-comers like Horacio Palencia wrote hit after hit. Duranguense groups Montez de Durango and Los Horoscopos de Durango enjoyed big years, while reggaetón also continued to thrive, led by duo Wisin & Yandel and a strong coalition of artist/songwriters including Flex, Calle 13, Luny Tunes, Don Omar, Hector “El Father,” Zion and Ivy Queen.

Country music remained overwhelmingly popular, as the format continued to boast more radio stations than any other genre. Taylor Swift, Carrie Underwood, Keith Urban and Lady Antebellum spearheaded much of the genre’s broad appeal by offering pop-savvy country crossover hits. Breakout troupe the Zac Brown Band underscored their big year with five #1 singles and the Grammy for Best New Artist.

Multi-media stars Tim McGraw, Faith Hill, Toby Keith, Martina McBride, Rascal Flatts and Vince Gill remained at the top of the genre, while a strong wave of artists including Miranda Lambert, Jamey Johnson, Blake Shelton and Rodney Atkins matured into format leaders. Promising new voices such as Easton Corbin, Randy Houser, Jerrod Niemann, Gloriana, Ashley Ray, Danny Gokey, The Band Perry and Steel Magnolia also turned heads.

Duo Brooks & Dunn ushered in the end of an era when they announced their decision to part ways, and BMI recognized the record-breaking pair with the BMI President’s Award during the 2009 BMI Country Awards. Perennial greats including Merle Haggard, Willie Nelson, Kris Kristofferson and George Jones remained on the radar of critics and fans alike. Contemporary country songwriters Bobby Pinson, Dallas Davidson, Luke Laird, Jeffrey Steele and Casey Beathard also generated massive amounts of airplay.

BMI continued to represent key gospel music leaders, from The Clark Sisters, Donald Lawrence and Marvin Winans, to Israel Houghton, Yolanda Adams, Pastor Marvin Sapp and Kirk Franklin. The Christian format was strengthened by BMI heavyweights including Casting Crowns, Steven Curtis Chapman, RED, Jars of Clay, DecembeRadio and producer/songwriter Ed Cash, while young artists like Leeland, Sanctus Real, Flyleaf, Needtobreathe and Skillet pushed genre boundaries and attracted new listeners.

OTHER GENRES

The realm of musical theatre continued to thrive, and BMI remained the home of the art form’s best and brightest. BMI Lehman Engel Musical Theatre Workshop alumni Tom Kitt and Brian Yorkey earned the Pulitzer Prize for Drama.
Latin trendsetters Juanes and Shakira continued to dominate airwaves and award shows worldwide, while Espinoza Paz remained Regional Mexican music’s leading composer and Wisin & Yandel saw continued success in the reggaetón field.

Motown legends Holland-Dozier-Holland tackled new artistic territory, composing the new score for The First Wives Club musical, now on Broadway. In fact, Broadway remained 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.

Seven out of the 10 most frequently performed living American composers of contemporary classical music are members of BMI, according to the American Symphony Orchestra League’s Repertoire, with BMI composers John Adams and Joan Tower capturing the top two positions. BMI also represents 30 Pulitzer Prize winners, including 2009 recipient Steve Reich.

The vibrant jazz community is populated by BMI legends and exciting rookies. The majority of 2010 National Endowment for the Arts Jazz Masters Award honorees are BMI composers and artists, including Muhal Richard Abrams, Kenny Barron, Bobby Hutcherson, Yusef Lateef, Annie Ross and Cedar Walton.

BMI jazz greats Mose Allison, Herbie Hancock, Ron Carter, Stanley Clarke, Sonny Rollins and many more continued to garner acclaim. Kurt Elling earned the 2009 Grammy for Best Jazz Vocal Album in addition to Male Singer of the Year at the Jazz Journalists Association Jazz Awards. Legendary saxophonist and composer Joe Lovano enjoyed a trio of JJA wins, scoring Record, Tenor Saxophonist, and Small Ensemble Group of the Year with his group Joe Lovano Us Five.

Country music remained overwhelmingly popular, as the format continued to boast more radio stations than any other genre. The Zac Brown Band had a breakout year, while established stars like Tim McGraw remained top sellers and a strong wave of artists such as Miranda Lambert and Jamey Johnson matured into format leaders.

BMI also continued to groom promising young jazz musicians through the prestigious BMI Jazz Composers Workshop. The noted creative forum for musical exploration and development nurtured another outstanding class last year, which it highlighted during its 22nd annual Summer Showcase Concert. The evening also featured a competition in which the winner of the BMI Foundation’s 11th Annual Charlie Parker Jazz Composition Prize was determined. The award is given to the writer of the best new work composed in the BMI Jazz Composers Workshop. Composer Nathan Smith won the prize for his composition “Now What?”, and received a cash award along with a $3,000 commission to compose a new piece for the following year’s concert.

**FILM & TELEVISION**

BMI remained the home of the country’s preeminent film and television composers. Legend Alan Silvestri rejoined the BMI family last year. The pen behind original scores for Back to the Future, Forrest Gump, Romancing the Stone, Cast Away and most recently, The A-Team, Silvestri is one of the industry’s most prolific masters. Captivating young composer Blake Neely, whose credits include themes for The Mentalist, Brothers & Sisters and Everwood, also joined BMI last year.

Esteemed composer Rachel Portman made history as she became the first woman composer to receive the Richard Kirk Award, BMI’s highest accolade for film and television composers. Portman has created rich scores for films including the Oscar-winning Emma, Nicholas Nickleby, Grammy- and Oscar-nominated Cider House Rules, Oscar- and Golden Globe-nominated Chocolat, and more. T-Bone Burnett and Ryan Bingham walked away with the Oscar for Best Original Song at the 82nd annual Academy Awards for their collaboration “The Weary Kind,” the theme song for the critically acclaimed Crazy Heart. The film stars fellow BMI songwriters Jeff Bridges and Robert Duvall, as well as Maggie Gyllenhaal and Colin Farrell.

BMI represents the principal composer of 55% of scores for the top 100 films of 2009. BMI’s top 30 films generated more than $2 billion in box office revenue. Top earners and critically acclaimed jewels included Up in the Air, with music by Rolfe Kent; Where the Wild Things Are, with music by Karen O.; X-Men Origins: Wolverine, with music by Harry Gregson-Williams, who also scored The Taking of Pelham 1 2 3; The Twilight Saga: New Moon and Julie & Julia, both with music by Alexandre Desplat; Alice in Wonderland, featuring music by Danny Elfman; Transformers: Revenge of the Fallen, with music by Steve Jablonsky; The Ugly Truth and The Proposal, both featuring scores by Aaron Zigman; and Couples Retreat, with music by A.R. Rahman.

The biggest success stories in television also relied on
scores and themes by BMI composers. In 2009, BMI boasted theme or background music in 76% of all prime-time network programs. Blake Neely’s work for Brothers & Sisters, David Buckley’s score for breakout series The Good Wife, Carim Clasmann and Galia Durant’s music for Grey’s Anatomy, Robert Del Naja, Grantley Marshall, and Andrew Vowles’s music for House, Steve Jablonsky’s score for perennial favorite Desperate Housewives; Jace Everett and Nathan Barr’s original music for True Blood; Tree Adams and Tyler Bates’ score for California’s; 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. Additionally, William Ross, John Kimbrough and Rob Schrab shared the Outstanding Original Music and Lyrics Emmy win for creating Hugh Jackman’s pace-setting opening number for the 81st Annual Academy Awards.

Otavio Santos was named the BMI/Jerry Goldsmith Film Scoring Scholarship recipient at UCLA Extension, while the BMI Foundation named Gerrit Wunder, Elizabeth Luttinger and Peter Bateman the winners of the 21st annual Pete Carpenter Fellowship. The Fellowship, open to aspiring film and television composers under the age of 35, was established to honor the late composer Pete Carpenter, whose credits include such television themes and scores as The A-Team, Magnum P.I., The Rockford Files, Hardcastle and McCormick, Hunter and Riptide. Fellowship winners are given the opportunity to intern with renowned BMI composer Mike Post in his Los Angeles studio and meet with other distinguished theatrical, film and TV composers.

INTERNATIONAL
Music remained an in-demand export for countless nations, many of which celebrated as homegrown talent climbed charts in the United States. Canadian supergroup Nickelback continued to enjoy massive success in the U.S., thanks in large part to recent hits “Gotta Be Somebody” and “If Today Was Your Last Day.” Co-written by band frontman Chad Kroeger, the singles are the first and second most-performed BMI works in the United States by a foreign artist.

Mexico’s Banda El Recodo’s hit “Te Presumo” became the third most-performed BMI song in the U.S. by an artist based in another country. Written by Hussein Barreras, the single also garnered BMI Latin Song of the Year honors, while Banda El Recodo’s success underscores the exponential growth of the Latin genre.

Norwegian-born songwriting and production duo Espionage — Espen Lind and Amund Bjorklund — continued to make substantial contributions to American urban and pop charts, penning hits for Beyonce, David Cook, Jennifer Hudson, Chris Brown, Ne-Yo, Jordin Sparks, and many more.

BMI shepherds a catalog that continues to be loved around the world. The repertoire’s intrinsic value is rooted in its multi-generational, multi-genre compositions. As newer voices like Lady Gaga, Colbie Caillat, Rihanna and Estelle lit up international charts, unvarnished classics recorded by the Four Seasons, Tina Turner, Creedence Clearwater Revival and the Pointer Sisters were in BMI’s list of the top 10 foreign-earning works.

The scores written by iconic composer John Williams remained some of the most-heard music on earth. Television and film continued to cross borders, as original music from television series Ncis by Joseph Conlan, Desperate Housewives by Steve Jablonsky, and Without a Trace by Peter Robinson, as well as films including Indiana Jones and the Kingdom of the Crystal Skull by John Williams and Quantum of Solace by David Arnold, was internationally popular.

In the wake of his tragic death last year, Michael Jackson’s entire body of work, especially “Billie Jean,” reached astounding new levels of popularity, making Jackson once again one of the most-performed songwriters in the world. The Black Eyed Peas, Mika, Ke$ha, Shakira, Pitbull and so many more continued to enhance the scope of BMI’s unmatched roster and repertoire, ensuring limitless domestic and international demand.

Composer Rachel Portman made history as she became the first woman composer to receive the Richard Kirk Award, BMI’s highest accolade for film and television composers.
TECHNOLOGICAL ADVANCES & OPERATIONAL EFFICIENCIES

BMI’s global leadership role in the performing right arena is centered on our ability to leverage technology and effect efficiencies that reinforce our commitment and level of service to both our affiliates and licensees. During the past year, we have developed or upgraded a variety of business processes that have strengthened our ability to provide the most accurate and detailed royalty payments while at the same time developing new tools for management of information available to both internal and external audiences.

Online Services 2.0
In September 2009, BMI launched an enhanced version of Online Services that features an improved user-based environment, enhanced security, and updated applications. The completion of this project provides Online Services access to all BMI affiliates, including major publishers.

BMI.com Mobile
In May, BMI launched a mobile version of its award-winning BMI.com website for iPhone, Android, Palm, Symbian and Blackberry phones, making us the first performing right organization to have a mobile version of its website available. Mobile users will automatically see the new mobile site when they log onto BMI.com, where affiliates have secure account access for their royalty statements and catalog via their smartphones. By the end of June, thousands of visitors had used mobile phones to access royalty and catalog information, MusicWorld magazine features, career advice and other music business resources. Continuing growth in the mobile area will necessitate additional development of mobile online services.

Paperless Statements.
The Performing Rights department has completed the second phase of a three-phase project to provide affiliates with the option to “Go Green” by electing paperless statements. The project commenced with the major publishers electing to go paperless in March 2009. Phase two launched in May 2010, providing all affiliates who receive their earnings via direct deposit the opportunity to go paperless. Since the May launch, more than 200 interested parties representing over 300 accounts have elected paperless statements. Phase three will open the paperless statement option to all BMI affiliates. This initiative has resulted in measurable savings in staff hours, printing and mailing costs and furthers our efforts to create an environmentally friendly, “green” business process.

Audio Performance Processing
BMI processed over 172 million title records comprising more than 81 billion performances reported by feature audio sources during the past fiscal year. We processed music reports from more than 10,000 sources, including new areas such as Landmark short-duration detections, along with the Sports League and Aircraft categories. These areas, along with growth in digital media, have increased our number of reporting sources by 25%. Deployment of the Search It application from All Music Guide, coupled with internal efficiencies, has enabled us to harness music-reference information with greater speed and precision and helps control costs despite increased data volume.

BlueArrow Technology
BMI continues to collaborate with Landmark to harness the power of BlueArrow technology (see Landmark Digital Services, page 20) and identify new value-added initiatives that expand our ability to track new sources of music. During the past year, BMI has implemented the Landmark detections of short-duration musical compositions, which has added over 1.2 million payable performances to our distribution process. Future expansion in support of production music library affiliates as well as utilization of Landmark’s technology within the audio/visual spectrum is planned in the coming year.

BMI ROCS
BMI ROCS, a web-based application for the presentation of “missing cue sheet” lists to networks, production companies and syndicators, was designed, developed and put
into production by a cross-departmental team comprising representatives from Performing Rights, IT, TV Operations and Corporate Planning. The goal was to automate the process of generating and sending missing lists with the greatest degree of accuracy and timeliness. Users now include NBC, CBS, ABC, MTV, VH1, Discovery, Fox, Lifetime Networks, A&E, Sony Pictures, Telepictures and Universal, along with many others.

Live Pop Concerts

BMI’s Live Pop Concert distribution was expanded to include 300 events/festivals, and will be paid on a quarterly basis rather than semi-annually, as was previously the case. This expansion totals 1,200 events/festivals annually, representing a threefold increase over the previous process, and is intended to reach the affiliates whose works are performed in smaller venues and clubs.

Digital Licensing Center

In an important development, the New Media team produced its first in a series of instructional videos to enhance the experience on the Digital Licensing Center, BMI’s groundbreaking online licensing utility. The videos guide potential licensees through common questions and issues encountered when learning more about BMI licensing. The videos supplement the self-guided licensing service in the new media area with a more personalized, human resource. In the first month from launch of the first video in the series, more than 55% of visitors to the New Media Section of BMI.com played the overview video.
LEGISLATIVE ISSUES

BMI was active on a variety of public policy issues affecting copyright law during the past fiscal year, seeking to ensure the protection of its affiliated songwriters, composers, and music publishers and, in an uncertain economic environment, avoiding any erosion of the public performing right. In fact, BMI, working with other interested parties and organizations, was able to achieve significant victories in the area of cable television and satellite carrier statutory licensing.

Intellectual Property Enforcement Coordinator (IPEC)

On February 18, 2010, the Office of the Intellectual Property Enforcement Coordinator (IPEC) issued a Federal Register notice inviting public comments and participation in shaping an effective intellectual property enforcement strategy. By committing to common goals, the government hopes to more effectively and efficiently combat intellectual property infringement in the United States and around the world.

BMI senior executives met with Victoria Espinel, President Obama’s appointee to the IPEC post, to discuss BMI’s position on various intellectual property issues and provide input on developing new, more effective means of enforcement. BMI is also a signatory to comments filed by the Copyright Alliance, which provide a global view of the issues facing copyright.

Increasing Visibility & Awareness

During the past year, BMI has worked closely on various issues with the U.S. Copyright Office, the Department of Agriculture, the Department of Education, and the Smithsonian Institution. In October 2009, BMI produced an event in conjunction with the Songwriters’ Association of Washington at the Smithsonian, featuring legendary songwriter Lamont Dozier. The Government Relations department also remains involved and engaged in a number of community-based projects with the University of Maryland and George Washington University.

Grassroots Efforts

BMI’s Government Relations department supported the Congressional Blues Festival this year and served as the primary sponsor of both the Washington Area Music Association Awards show (WAMMIES) and the Songwriters’ Association of Washington’s Mid-Atlantic Song Contest. Additionally, BMI has successfully fostered a stronger working relationship with the Songwriters Guild of America and the Nashville Songwriters Association International regarding public policy issues.

LEGAL ACTIONS

Litigation is one of the ways by which BMI’s Legal department protects the company’s repertoire. Copyright infringement litigation is commenced against business establishments that refuse to enter into a BMI Music Performance Agreement when that business publicly performs music in the BMI repertoire. Infringement suits continued to be brought by BMI during the fiscal year ending June 30, 2010.

Additionally, a major avenue used by the Legal department to protect the value of the BMI repertoire is through action in the BMI Rate Court, which exists to set reasonable license fees and terms in the event BMI and its licensees cannot agree on the terms of new license agreements. While, in most situations, BMI has been able to negotiate reasonable license terms, there are instances in which BMI and users of BMI music have utilized the rate court route when impasses in negotiations have occurred.

During fiscal year 2010, proceedings pending before the BMI rate court included the commercial music service DMX, which concerned the establishment of an “adjustable blanket license fee.” Since this form of license was never offered by BMI, and DMX and BMI could not agree as to many of the core terms of an adjustable blanket license fee, the matter went to trial. A full trial was held before Judge Louis Stanton, BMI’s rate court judge. The trial ended on February 1, 2010. Judge Stanton issued his decision on July 26, 2010. While the decision contained some favorable rulings for BMI, overall, the decision was not favorable. We believe that the Court’s decision was legally flawed, and therefore, BMI is appealing the decision to the 2nd Circuit Court of Appeals.

During fiscal 2010, two additional rate-court proceedings were commenced against BMI. On December 21, 2009, the Television Music License Committee filed a petition to set reasonable final license fee rates and terms on behalf of those local television stations that it represents for the
period beginning January 1, 2005. The TMLC requested an adjustable form blanket license in addition to a per-program license agreement. BMI submitted its response to the TMLC’s filing. Pre-trial discovery has commenced and it is anticipated that a trial in this matter will start late 2010 to early 2011. A decision of the Court will be retroactive to January 1, 2005.

The second rate-court proceeding commenced against BMI was by the Radio License Music Committee (RMLC). On January 12, 2010, the RMLC filed its request for the BMI rate court to set reasonable final license fees and terms for those radio stations it represents for the period commencing January 1, 2010. Since the parties couldn’t agree to an interim fee, the matter was presented to Judge Stanton. However, prior to the Court’s decision, the RMLC and BMI agreed to interim fees on the sum of $192+ million for those stations represented by the RMLC. When rendered, the rate court’s decision with respect to final license fees and terms will be retroactive to January 1, 2010. In addition to those stations represented by the RMLC, a large number of stations agreed to be bound by either a final rate determination made by the Court or any settlement between the RMLC and BMI. It is anticipated that pre-trial discovery will commence by fall 2010. It should be noted that there is currently pending a separate rate court case between the RMLC and ASCAP.

In the ASCAP Rate Court, the court heard a case that involved the issue of whether the transmission of a ringtone constituted a public performance requiring licensing. In this case, AT&T contended that such transmissions do not implicate the performing right. BMI submitted an amicus brief to the ASCAP Rate Court contending that such transmissions do implicate the public performing right. Judge Denise Cote, the new ASCAP rate court judge, found that the transmission of a ringtone does not implicate the public performing right. We are waiting to see if an interlocutory appeal will be taken by ASCAP.