

BMI[®]

ANNUAL REVIEW 2011-2012



PRESIDENT'S REPORT

BMI's just-concluded fiscal year was one of the most challenging and most rewarding in the company's recent history as we successfully refocused and realigned the company's strategic vision and our operational infrastructure for a new era in rights management. Across every segment of the company's operations, BMI has rededicated itself to be "the future of performing rights." We are building upon our core competencies to ensure BMI's continued relevance in a dynamic market, guided by principles of continuous improvement and innovation.

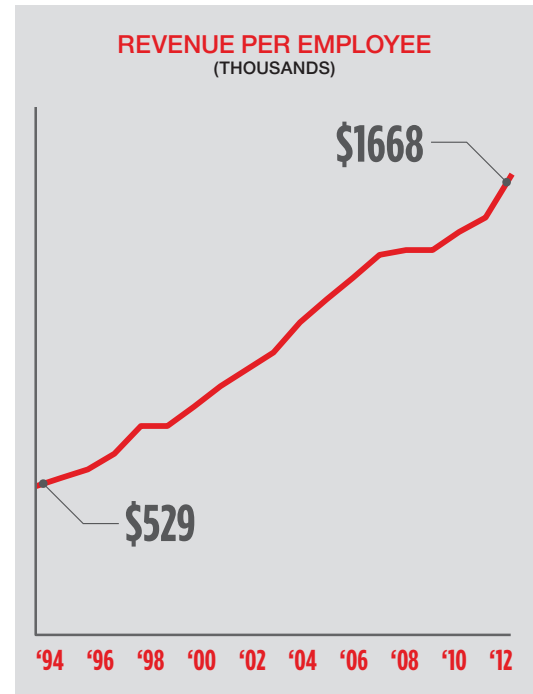
For the fiscal year ending June 30, 2012, BMI reported revenues of \$898.7 million and royalty distributions to our affiliates totaling \$749.8 million. These results represent a decline over the prior year, due primarily to the impact of the industry-wide settlement with the radio industry, which was announced in June. Excluding the impact of this settlement, BMI revenues would have increased by 4.1%.

BMI operates under GAAP (Generally Accepted Accounting Principles) and was required to absorb in FY 2012 the full amount of a one-time refund to RMLC stations of \$70.5 million related to prior years. As a result, BMI moves into fiscal year 2013 unencumbered by prior financial obligations related to the agreement. Going forward, BMI projects a company-wide return to revenue and royalty distribution growth, resuming an unbroken 20-year record of year-over-year increases.

BMI has weathered the economic storm remarkably well considering the negative conditions that have impacted many of our revenue sources. Our distributions to songwriters and music publishers have remained predictable and reliable. Even with the retroactive radio settlement and a challenging financial landscape, we have still been able to return nearly 84 cents of every dollar we have generated back to our songwriters and publishers. Our performance in fiscal year 2012 under these difficult conditions is a testament to our prudent fiscal management and to our resolve to responsibly manage the copyrights and income entrusted to us by our publishers and songwriters. It is remarkable that BMI is now at the same staff size as it was 20 years ago, while our revenues have more than tripled from about \$300 to \$900 million.

HISTORIC HIGH REVENUES FROM KEY SECTORS

Our consistent drive toward revenue diversity and the exceptional strength of BMI's repertoire produced historic highs in revenue from key sectors. General Licensing revenue saw an impressive increase



PRODUCTIVITY HAS TRIPLED IN THE PAST 20 YEARS.

of 8% over the prior year, to a new high of \$108 million. This achievement was made possible by highly successful new sales strategies including significant growth in e-commerce revenue, despite the impact of a sluggish economy on many of the business sectors we serve. New media and digital revenue continued their decade-long pattern of exceptional growth, reaching an all-time high of \$35 million, an increase of 27% over the previous fiscal year. It is clear that the dynamic growth in this sector will make it a key component in BMI's future revenue picture. Another significant benchmark reached during FY 2012: BMI's portfolio of digital licensees now numbers in excess of 10,000 customers.

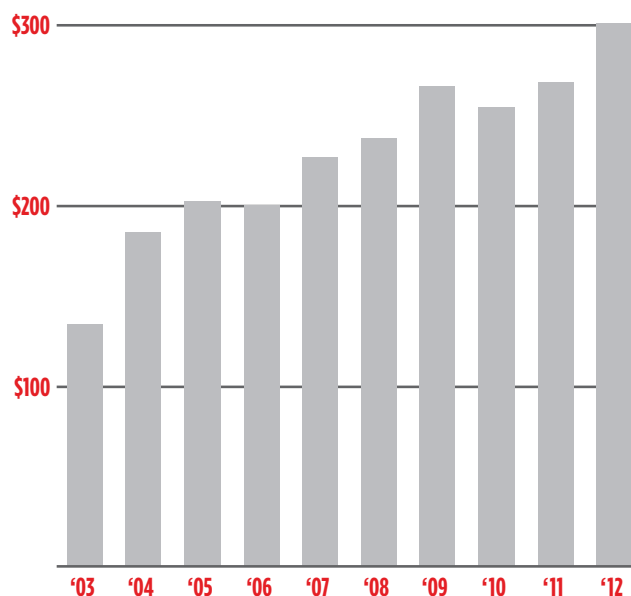
An especially bright spot was the achievement of historically-high international royalties, for

the first time topping \$300 million, up 12% from the prior year. This achievement is especially welcome in view of the continued sluggishness in the troubled economies of Western Europe, which contributed almost two-thirds of our international income. Growth in royalties from South America, Eastern Europe and Asia contributed to the strong international performance. The single most important factor in the continued growth in international royalties, however, is the exceptional global appeal of the repertoire created by BMI affiliates.

AN UNMATCHED ROSTER

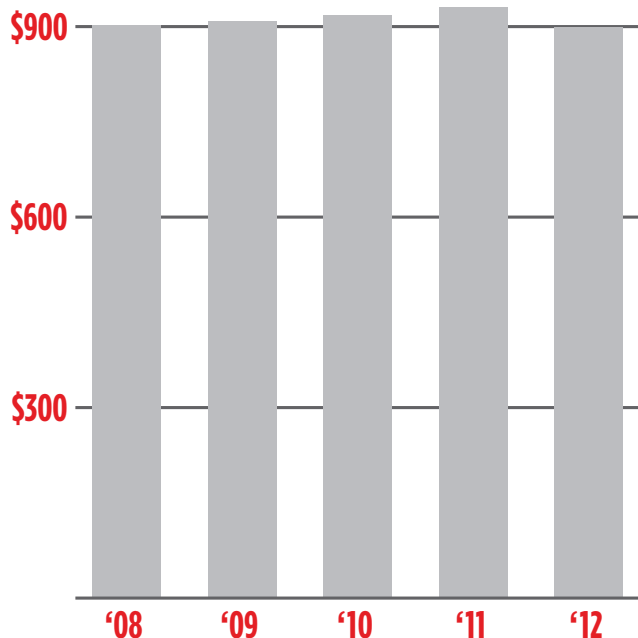
BMI's roster of established superstars, emerging hitmakers, and our unmatched galaxy of musical icons have created what is definably the industry's most acclaimed and commercially-successful repertoire across all genres, and around the globe. BMI is now widely regarded in the industry as a new center of gravity for marketplace success and musical excellence, hitting benchmarks no other organization has matched in more than a generation. One striking example: for the second year in a row, BMI's songwriters were honored with more than two-thirds of the year's Grammys, a milestone not achieved by any music organization since 1971. The BMI family of songwriters took a similar percentage of the MTV Video Music Awards and won 76% of the American Music Awards. Exceptional achievements were marked by BMI's

TOTAL INTERNATIONAL REVENUE
(MILLIONS)



country writers' community, winning 76% of the CMA awards; the hitmakers of our deep urban roster garnered 75% of the BET Awards; BMI's blues men and women took home 70% of the Blues Music Awards; and BMI's jazz composers became the most honored group in the industry, winning 62% of the Downbeat Jazz Poll.

TOTAL REVENUE
(MILLIONS)



The honor roll of BMI's superstars is unparalleled. British chanteuse Adele won six Grammys, including Album, Record and Song of the Year, and has made chart history with her album "21," with worldwide sales estimated at more than 22 million albums. Joining her in residency at the top of the charts were BMI superstars Lady Gaga, Taylor Swift, Pink, Kanye West, Rihanna, Nicki Minaj and Maroon 5. Genre heroes such as Pitbull and Mark Foster (Foster the People) broke through to exuberant and global mainstream success. Music from BMI icons including Michael Jackson, The Eagles, Paul Simon, The Rolling Stones, Eminem, composer John Williams and jazz legend Herbie Hancock continued to thrill audiences around the world. For a detailed report on all of the excitement in BMI's creative sector, I urge you to review the Roster & Repertoire section that follows.

TECHNICAL INNOVATION

We are building new business strategies and launching technical innovations and new business processes to position BMI for the future. During the year, we sold our intellectual property interests in the Blue Arrow audio

recognition technology back to Shazam Entertainment, Ltd, the leading direct-to-consumer media engagement brand. BMI retains a perpetual license to use the technology in the music industry business-to-business space and for its own music identification operations, has formed a more strategic business relationship with Shazam, and received an equity participation in Shazam. BMI is working with key partners such as IBM and others to deploy new technology, and to develop powerful new business services tools. We have launched the industry's most advanced series of applications so our affiliates can interact with BMI via mobile devices as well as desktop computers, and so that licensees can take advantage of a suite of e-commerce tools to license, report music use and pay license fees to BMI. We have added significant scalable growth, redundancy, and security to our computing environment by arranging for external hosting of our data center needs. BMI is focused on leading with business intelligence capabilities through new tools, processes, and data partnerships. These new accomplishments have been recognized for two years in a row by the leading industry technical publication, Information Week, which honored BMI as a Top 100 technology company in its annual rankings.

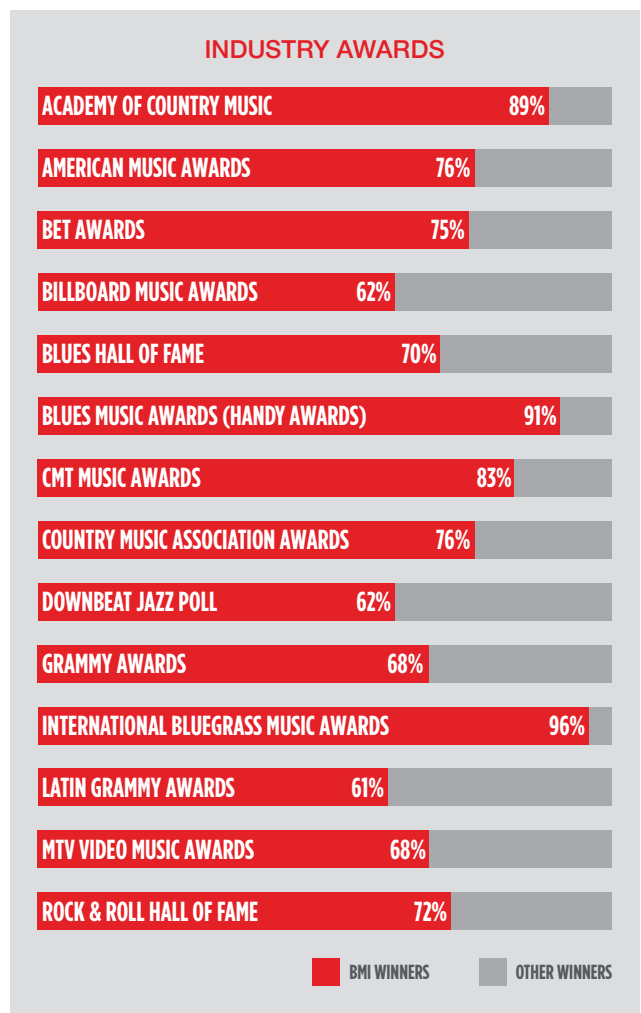
Technology and operations innovation, so important to our business and for our customers, starts with our people. Today's ever-changing world focuses on how people work together through social and mobile means, with greater collaboration than ever. BMI completed a significant renovation to the Nashville offices, transforming a portion of the building from an old-world data center facility to a new, open and energy-rich agile environment for software, services, and product development. We have detailed our technology achievements in the body of this report; they are a key to understanding BMI's excitement for and vision of our future.

STRATEGIC VISION

I reported last year that BMI's management team had undertaken an enterprise-wide analysis of both the challenges and opportunities created by the seismic shifts



BMI NEW MEDIA REVENUE GROWTH IS ACCELERATING.



BMI AFFILIATES WERE THE MOST HONORED CREATORS ACROSS A WIDE SPECTRUM OF MUSICAL GENRES.

in structure of the music and entertainment industries, which are BMI's primary source of income. That study has now been completed, and we are deeply and productively engaged in a new strategic direction that focuses on the value we create in the music ecosystem. This includes value for our writers and publishers, audience and consumer value for our licensees, and economic and cultural value for our nation and our society.

BMI's management remains exceptionally confident about the outlook for music rights management and BMI's ability to deliver value to both its creators and its licensees. New opportunities for growth, both from our traditional licensees and from newly identified non-traditional revenue sources make us very optimistic about the future. As some traditional forms of copyright income have decreased, songwriters and publishers are relying to a greater degree on performing rights revenues. BMI has answered this rising need by connecting its creators and copyright owners with

more royalty streams than ever before, licensing exciting new digital platforms and building new tools for international rights administration that help ensure we are capturing the full measure of foreign royalties, and bringing them home to our affiliates. BMI's strategic vision and technological innovations are permitting us to maximize the opportunities offered by the global demand and unparalleled popularity of the company's repertoire.

CREATING VALUE

BMI has distinguished its role in the music and entertainment industry as much more than a transactional platform. True, BMI is regarded as the paradigm for music rights management. But our value-driven business philosophy encompasses a much broader and holistic role in the entertainment ecosystem, providing leadership in copyright protection and taking an active part in the public policy conversation regarding the future of intellectual property rights. We are among the industry's most ardent supporters of the creation of new music and innovative uses of that music. And we are pioneers in collaboratively exploring the development of new paths to licensing and rights management with our customers. Taken as a whole, this dedication to creating value resonates strongly with the company's original mandate: to support the creators who deliver the music, while providing

our licensees with a with a robust and competitive source of music that will captivate audiences for generations to come. The challenges we meet year after year serve to rededicate BMI to that original mandate.

We were saddened by the passing in June of Frances W. Preston, who served as BMI's President and CEO for 18 years. She put BMI on the cultural map and shaped the careers of many, especially mine. She lives on through a legacy that is literally set in stone, on the BMI Nashville building that stands in tribute to her passion and drive for those she served and loved. She will be greatly missed by the industry and all who came to know her during her remarkable career.

I urge you to read the report that follows this overview. It presents in detail how that mandate is being expressed in a company that is proud to lead its industry today, and excited by the opportunities of the future.

Sincerely,

A handwritten signature in black ink, reading "Del Bryant". The signature is fluid and cursive, with the first name "Del" and last name "Bryant" clearly legible.

Del R. Bryant

ROSTER & REPERTOIRE

BMI's unmatched roster grew even stronger over the past year, fueled by the most diverse and commercially successful talent in the world. A renewed focus on songwriting shaped the industry's business strategy, critics' dialogues and the creative approach to making music. Pop stars who write their own songs supplied many of the charts' most-played hits over the past year, from Adele, Lady Gaga, Foster the People's Mark Foster, Pitbull and Taylor Swift, to Gotye, Pink, Kenny Chesney, Drake, Nicki Minaj, Maroon 5, Prince Royce and The Band Perry.

INDUSTRY TRENDS, AWARDS & OUTREACH

Two additional trends are also reshaping BMI's place in music's global ecosystem and the ways in which BMI serves songwriters, composers and music publishers. First, as many traditional forms of income decrease, songwriters and publishers are relying substantially more on performing rights revenues. A second major trend, social media, has been a growing focus for BMI's Writer/Publisher Relations and Corporate Communications teams, proving to be a highly effective, cost-efficient means of communicating with current and potential songwriters. Over the past year, BMI's reach on key platforms such as Facebook and Twitter has nearly doubled, overwhelmingly outpacing that of the competition.

BMI artists took home the majority of major industry awards over the past year in all genres. The 54th annual Grammy Awards belonged to BMI songwriters, who earned 68% of the year's 78 trophies—the largest win by any performing rights organization in a generation. The American Music Awards yielded even higher numbers, as the BMI family won 76% of the night's honors. A resounding 62% of the Billboard Music Awards and 68% of the MTV Video Music Awards went to BMI affiliates, and BMI legends make up 72% the Rock and Roll Hall of Fame's latest class.

BMI's role as an early career counselor and supporter is growing increasingly important. The renovation of our Los Angeles offices, completed during the year, creates a modern, inviting workspace for one-on-one meetings with aspiring songwriters and composers, as well as industry seminars and workshops devoted to enhancing skills and industry knowledge. It continues BMI's long tradition of mentoring writers and bringing the creative community

together in state-of-the-art surroundings to network on both a creative and business level.

BMI leads important conversations and introduces top new talent to fans and the industry in panels and on stages at premier festivals such as SXSW, the Sundance Film Festival, Lollapalooza, Bonnaroo, Austin City Limits Music Festival, CMJ, CMA Music Festival and the newly re-launched New Music Seminar. BMI also orchestrates showcases and workshops designed to elevate and educate up-and-coming composers, songwriters and artists in the nation's music hubs throughout the year. One such recurring event, BMI's How I Wrote That Song panel series, is an educational and promotional juggernaut that showcases a dream team of top-tier songwriters who discuss creative processes and stories behind smashes in front of an audience of aspiring creators. The 2012 Grammy edition of How I Wrote That Song featured Grammy-winning hip-hop icon Rev Run; RZA, the Grammy-winning founder of Wu-Tang Clan; Good Charlotte co-founders Joel and Benji Madden; multiple Grammy nominee/producer/artist DJ Khaled; and Grammy-winning songwriter/producer RedOne.

FORMAT LEADERS & NEW VOICES

Adele grew more popular than ever over the past year, making history as she sold more than nine million copies of "21" in the U.S. and more than four million in the U.K. She took home Grammy gold in every category in which she was nominated, winning six trophies in all, including Album, Record and Song of the Year. A sublime vocalist and supremely gifted writer, Adele became the first woman ever to have three singles in the top 10 of the Billboard Hot 100 at the same time, and the first female artist to have two albums in the top five of the Billboard 200.

In addition to cross-format superstars who write their own hits, the last year in music also saw the re-emergence of the boy band, led by two top UK exports, One Direction and The Wanted and an American pop phenomenon, Hot Chelle Rae. All had Top 10 Hot 100 singles on the Billboard charts, and One Direction's momentum earned them a key performance slot in one of the most-watched productions in the world: the closing ceremony of the London Olympics.

A field of top songwriter/producers is driving the Billboard



THE YEAR'S MOST COMPELLING MUSIC WAS CREATED BY BMI SONGWRITER/ARTISTS, TOPPING THE CHARTS AT HOME AND ABROAD IN A SPECTRUM OF GENRES, AND WINNING THE INDUSTRY'S MOST PRESTIGIOUS AWARDS. THEY INCLUDE ADELE, PINK, LADY GAGA, TAYLOR SWIFT, FOSTER THE PEOPLE, DRAKE, PITBULL, AND THE BAND PERRY.

Hot 100 and pushing BMI's foreign revenues to record-setting highs: songs by Benny Blanco, RedOne, Jeff Bhasker, Claude Kelly, JR Rotem, will.i.am, Evan Bogart, Fraser T. Smith, and Ester Dean top charts all over the world.

And in the U.S. marketplace, BMI represents the most successful international hitmakers, from Adele and the boy bands mentioned above, to the international DJs who specialize in writing and producing pop-friendly, dance-infused smashes, including Afrojack, Kaskade and Swedish House Mafia. They are joined by BMI's U.S. representation of the leading legends of British, Canadian and European music, including the Beatles, Elton John, Sting, Eric Clapton, Queen, the Rolling Stones, Pink Floyd, Donovan, Van Morrison, Leonard Cohen, Nickelback, Enya, and Vangelis, among others.

A new generation of chart-toppers and charismatic live performers also emerged over the last year in all genres. Ellie Goulding, Alabama Shakes, Childish Gambino, Chris Mann, Xenia Martinez, Milo Green, Helena, Claire Demerest, Ed Sheeran, Rita Ora, Matt Musto, Sean Kingston, Chief Keef and Frank Ocean swept awards ceremonies, topped charts, outsold more familiar names and packed marquee venues, demonstrating BMI's peerless ability to recognize and sign the stars of tomorrow.

ROCK, URBAN & LATIN

Contemporary and classic rock both remained vibrant U.S. genres. Format leaders included Foster the People, Nickelback, Jack White, Neon Trees, Foo Fighters, Maroon 5, Daughtry, Linkin Park, Kings of Leon, the Decemberists, Shinedown, Cage the Elephant, the Black Keys and others. The Eagles, ZZ Top, John Fogerty, Pink Floyd, the Rolling Stones, Eric Clapton, Queen and other BMI classic rock pioneers also proved that the best music only gets better with time.

The BET Awards offered more evidence of BMI's deep urban roster, as hitmakers garnered 75% of the year's trophies. BMI's urban leaders pushed to the top of the Billboard Hot 100 in addition to hip-hop and R&B charts, as Eminem, Cee Lo Green, Nicki Minaj, Rihanna, Kanye West, Chris Brown, Trey Songz, Odd Future, Rick Ross, Lil

Wayne, Snoop Dogg and others continue to create much of the world's most in-demand music.

The Latin genre has become one of music's most popular and diverse, from the influential pop/rock of Juanes and Café Tacvba to Shakira's bold mix of pop, rock and hip-hop, to the award-winning urban bachata of Prince Royce, Don Omar's signature reggaeton, and the top-selling hip-hop of Pitbull, who received the 2012 BMI President's Award at the BMI Latin Awards ceremony in March. Such strength led the BMI Latin family to earn a resounding 70% of the Billboard Latin Music Awards. Luis Fonsi, Wisin & Yandel, Chino y Nacho, Calle 13, Juan Luis Guerra, Lila Downs, Pepe Aguilar, Luz Rios, Cristian Castro and others remain on top alongside fresh new voices such as Francisca Valenzuela, Frankie J, Alex Cuba and Ximena Sariñana.

Jennifer Lopez, Shakira, Pitbull, Ricky Martin, Gloria Estefan, Gustavo Santaolalla, Carlos Santana and others remained distinctly Latin while conquering mainstream media, allowing other genres to inform their chart-topping songs that became inescapable, cross-cultural anthems.

Regional Mexican music continued to attract new audiences, thanks to songs crafted and recorded by Horacio Palencia, Espinoza Paz, Gerardo Ortiz, 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 more. BMI remains the genre's leader as our writers took home almost 60% of the Billboard Regional Mexican Music Awards.

COUNTRY, GOSPEL & CHRISTIAN

Country music still claims more radio towers than any other format. The Academy of Country Music, Country Music Association and CMT awards demonstrated BMI's unequaled clout in the country format, as BMI members



BMI HAS SIGNED SOME OF THE MOST PROMISING BREAKOUT STARS OF THE YEAR INCLUDING ELLIE GOULDING, FRANK OCEAN, GOTYE, HELENA, AND ALABAMA SHAKES.



FROM HEADLINING AT THE OLYMPICS TO TOPPING THE CHARTS IN MORE THAN A DOZEN COUNTRIES, BOY BANDS WERE THE YEAR'S HOT NEW PHENOMENON, INCLUDING HOT CHELLE RAE, ONE DIRECTION AND THE WANTED.

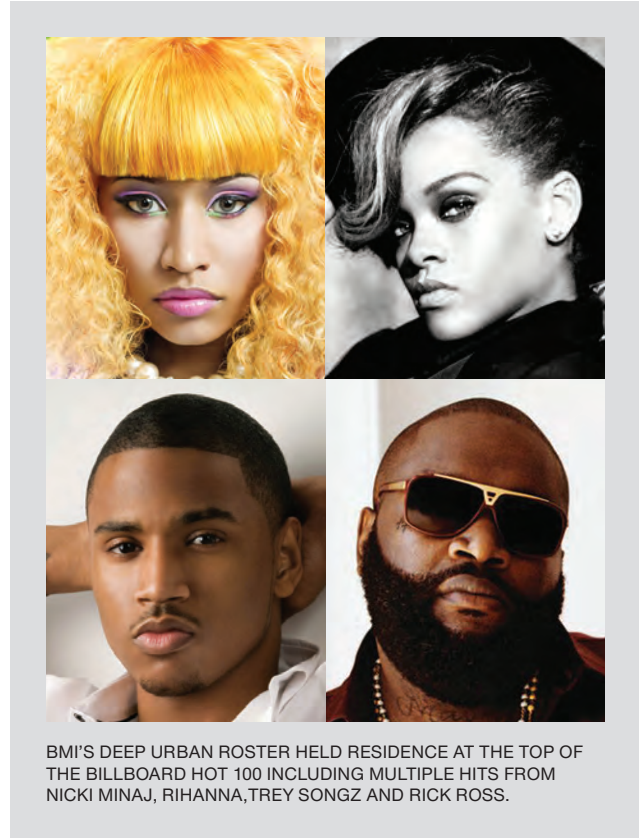
took home 89%, 76% and 83% of the hardware presented in those ceremonies, respectively.

Taylor Swift, Carrie Underwood, The Band Perry and Miranda Lambert remain award-winning, top-selling favorites, alongside Blake Shelton, Keith Urban, Kenny Chesney, Jason Aldean, Zac Brown Band, Tim McGraw, Ronnie Dunn, Toby Keith, Vince Gill, Little Big Town, Josh Turner, Martina McBride, Faith Hill and others. Relative newcomers Eric Church, Brantley Gilbert, Justin Moore, Easton Corbin, Eli Young Band, Luke Bryan, Hunter Hayes and Lee Brice all enjoyed explosive years.

BMI's gospel music leaders continued to inspire, from the Clark Sisters, Donald Lawrence and Marvin Winans, to Israel Houghton, Yolanda Adams, Pastor Marvin Sapp and Kirk Franklin. The Christian format relies on BMI trendsetters tobyMac, Chris Tomlin, Casting Crowns, Steven Curtis Chapman, Sidewalk Prophets, Jars of Clay, DecembeRadio and producer/songwriter Ed Cash, as well as Leeland, Sanctus Real, Flyleaf, Needtobreathe and Skillet.

BLUEGRASS & BLUES

From Bill Monroe to Flatt and Scruggs, bluegrass's deepest roots are intertwined with the BMI story. That legacy remains vibrantly alive, as 96% of the 2011 International Bluegrass



Music Awards went home with BMI greats. Today's bluegrass is shaped by BMI voices including Del McCoury, Dailey and Vincent, Rhonda Vincent, the Boxcars, Michael Cleveland & Flamekeeper, Doyle Lawson, Dale Ann Bradley, Dan Tyminski, Jerry Douglas, Rob Ickes and more.

The blues are another foundational part of BMI's rich history, but also remain an imperative part of our present and future, as 91% of the Blues Music Awards and 70% of the Blues Hall of Fame went to BMI journeymen and women. From genre architects such as Muddy Waters, Howlin' Wolf, Koko Taylor, Solomon Burke and B.B. King, to revered torchbearers and new voices including Kenny Wayne Shepherd, Ruthie Foster, Derek Trucks Band, Matt Hill and many more.

BROADWAY, CLASSICAL & JAZZ

BMI's tradition of leadership in musical theatre added new chapters this year, as *The Book of Mormon* remained a

runaway smash, Alan Menken's *Newsies* took top creative honors, and *The Lion King* was named the top-grossing show of all time, surpassing *The Phantom of the Opera*. *The Book of Mormon*'s Robert Lopez is a prime example of BMI's ongoing dedication to cultivating the art form's next generation: Lopez presented early songs for *The Book of Mormon* in the Tony Award-winning BMI Lehman Engel Musical Theatre Workshop.



COUNTRY REMAINS ONE OF THE INDUSTRY'S MOST SUCCESSFUL FORMATS, PROPELLED BY SUCH ESTABLISHED BMI STARS AS KENNY CHESNEY, MIRANDA LAMBERT, CHART TOPPERS LIKE THE ZAC BROWN BAND AND JASON ALDEAN, AND BRIGHT NEW TALENTS ERIC CHURCH AND BRANTLEY GILBERT.

Alan Menken enjoyed a phenomenal year. *Newsies* earned the revered composer his first Tony Award for Best Score, which he shared with BMI lyricist Jack Feldman, while two other Menken productions, *Sister Act* and *Leap of Faith*, continued popular Broadway runs. Broadway as a whole remained filled with top-drawing BMI productions, including *Bring It On*, *Mama Mia!*, *Jersey Boys* and *Mary Poppins*.

BMI's classical repertoire also flourished. BMI composer Kevin Puts was named the 2012 Pulitzer Prize winner in music. His prize-winning World War I-inspired masterpiece *Silent Night*, which premiered in Minnesota last year, is Puts's first opera. Seven out of the 10 "Most Frequently Performed Living American Composers" are members of the BMI family.

BMI Composer Osvaldo Golijov was named to the prestigious Composer's Chair at Carnegie Hall, while John Mackey—the composer most-performed by college symphonic bands—recently joined BMI.

Jazz is imbedded deep in BMI's DNA, beginning with our support for the careers of the icons of American jazz, including Monk, Miles, Mingus, Coltrane and Parker. Today, BMI represents the world's most respected and acclaimed jazz composers including Herbie Hancock, Wayne Shorter, Ron Carter, Joe Lovano, and Terrence Blanchard. BMI represents all of the National Endowment for the Arts 2011 Jazz Masters, 65% of the Jazz Journalist Association Awards winners and 62% of the Downbeat Jazz Poll winners. Not surprisingly, BMI is the first choice of rising young stars like piano virtuoso Kris Bowers, who won the 2011 Thelonious Monk International Jazz Competition, and big band composer Darcy James Argue, winner of Downbeat's Rising Star award.

FILM & TELEVISION

BMI represents the primary composer in the majority of the top 100 films of the year, including the two top-grossing pictures, *Harry Potter and the Deathly Hallows Part 2*, featuring music by Alexandre Desplat, and *Transformers: Dark of the Moon*, with music by Steve Jablonsky. The box office totals of the top two films, combined with other top BMI earners *Fast Five* and *Captain America: The First Avenger*, generated over a billion dollars in receipts.

BMI maintains and recruits the premier film, television and gaming composer roster in the world. Charismatic composer Rolfe Kent (*Up in the Air*, *Sideways*, *Young Adult*, *About Schmidt*, *Election*, *Mean Girls*, *Legally Blonde* and *Legally Blonde II*, *Wedding Crashers*, *Thank You for Smoking* and many more) received this year's Richard Kirk Award, BMI's

highest honor for film and television composers. French composer Ludovic Bource also experienced a career high, winning the Academy Award for *The Artist*.

Mark Mothersbaugh (*21 Jump Street*, *Alvin and the Chipmunks: Chipwrecked*), John Williams (*The Adventures of Tintin*, *War Horse*), Michael Andrews (*Bad Teacher*, *Bridesmaids*), Thomas Newman (*The Help*), Cliff Martinez (*Contagion*), Mychael Danna (*Moneyball*), Christopher YOUNG (*Horrible Bosses*) and Aaron Zigman (*Madea's Big Happy Family*) also enjoyed red-letter years.

Television's highest rated series and specials also relied on scores by BMI composers. In the 2011/2012 season, BMI composers were responsible for theme or background music in an impressive 73% of all prime-time network programs. Ludwig Goransson (*New Girl*, *Community*, *Happy Endings*), Noah Sorota (*Falling Skies*), iZLER (*Revenge*) Peter Bjorn and John (*2 Broke Girls*), and Alan Lazar (*Real Housewives of Beverly Hills* & *Orange County*) crafted the music to accompany the year's biggest new series.

Emmy nominees included Tony Morales (*Hatfields & McCoys*, which became the most-watched show in the history of cable), Blake Neely (*Pan Am*), Theodore Shapiro (*Game Change*), David Arnold and Michael Price (*Sherlock: A Scandal in Belgravia*), Eli Brueggemann (*Saturday Night Live*), Gustavo Santaolalla (*Hell On Wheels*) and more, while Mike Post (*Law & Order*), Will Jennings (*American Idol*), Charlie Clouser (*American Horror Story*), David Buckley (*The Good Wife*) and Brian Tyler (*Hawaii Five-0*, *Terra Nova*) also continued to contribute the scores to some of America's most-watched series.

INTERNATIONAL

BMI's incredible combination of today's stars and music icons led to a landmark year in international revenue. For the second consecutive year, Lady Gaga claimed three out of five of the top-earning songs overseas: "Alejandro," "Bad Romance" and "Born This Way." Eminem's "Love the Way You Lie," featuring Rihanna, and the Black Eyed Peas' "Just Can't Get Enough" rounded out the top five, while Maroon 5, Foster the People, Pitbull, Jennifer Lopez and Nicki Minaj also contributed top-earning international hits. Studio powerhouses RedOne and Benny Blanco, mentioned earlier in this report, were among the songwriter/producers who influenced global airwaves.

BMI's classic catalog also contributed to the historic high in international income, as timeless hits by Michael Jackson,



ROCK REMAINS ONE OF THE MOST RESILIENT GENRES, WITH BOTH ESTABLISHED GROUPS LIKE MAROON 5 AND STRONG PERFORMANCES FROM SUCH NEW BANDS AS NEON TREES, THE BLACK KEYS AND SHINEDOWN.

John Fogerty, Paul Simon, Ray Charles, Chuck Berry and Roy Orbison, among others, remained some of the most-performed songs on international playlists during the last year.



BMI DOMINATED THE GREAT WHITE WAY AGAIN THIS YEAR WITH MORE THAN A DOZEN PRODUCTIONS, INCLUDING NEWSIES, ONE OF THREE CONCURRENTLY RUNNING SHOWS FROM TONY WINNER ALAN MENKEN, AND ROBERT LOPEZ'S RUNAWAY HIT, BOOK OF MORMON.



BMI'S TRADITION OF SUPPORT FOR JAZZ HAS MADE IT THE LONG-TIME CENTER OF GRAVITY FOR LEGENDARY JAZZ COMPOSER/ARTISTS INCLUDING JAZZ JOURNALISTS AND DOWNBEAT AWARD WINNER SONNY ROLLINS, AND SUCH RISING NEW STARTS AS KRIS BOWERS, WINNER OF THE THELONIOUS MONK INTERNATIONAL JAZZ COMPETITION.

Marvel's The Avengers with music by Alan Silvestri; *Transformers: Dark of the Moon and Battleship*, with music by Steve Jablonsky; *Men In Black 3* and *Dark Shadows*, featuring scores from Danny Elfman; *The Adventures of Tin Tin*, with music from John Williams; and *Mirror Mirror*, which relies on a score from Alan Menken, all packed theaters across the globe. Television also remained a top export, as series *Navy NCIS*, *NUMB3RS*, *Phineas and Ferb*, *Desperate Housewives* and *Ying Yang Yo*—all of which feature music from BMI composers—earned top ratings.

BMI's wide-ranging and incomparably brilliant roster of on-stage superstars and studio masters reinforced the organization's longtime reputation as the steward of the most artistically vibrant and profitable repertoire in the world.



AMERICAN FILM AND TELEVISION ARE THE MOST POPULAR SCREEN ENTERTAINMENT AROUND THE GLOBE, WITH MUSIC FROM COMPOSING LEGENDS LIKE ALAN SILVESTRI ("THE AVENGERS") AND FROM TELEVISION'S MOST PROLIFIC MUSICAL CREATORS SUCH AS BLAKE NEELY (THE MENTALIST, PAN AM).

INFORMATION TECHNOLOGY LEADERSHIP

BMI's ability to realize a strategy for the future relies heavily on our ability to envision, build and manage groundbreaking technology and rights administration business processes. This strategy encompasses new partnerships and strategic investments, and relies on a focus on becoming more agile in delivering value to both affiliates and licensees.

InformationWeek 500 2011

To meet the challenge of a radically-transformed music industry, BMI has continuously invested in, deployed, and operated with the best information technology, processes and people. Recognition for BMI's strategy for enhancing operational capabilities and technology innovation came as BMI was named for the past two years to the "top innovators list" by leading industry technical publication, Information Week. Placed in the top 100 of that list, BMI has the highest ranking of any media and entertainment company.

"AGILE DEVELOPMENT" DELIVERS NEW CAPABILITIES

BMI continuously delivers core rights management services to songwriters, composers, publishers and our licensees, and in 2012 launched new mobile, social, and analytics offerings. We believe that collaboration and agility is the key to productivity, encompassing even a more flexible work environment. The BMI technology team has adopted "agile development" methods and is working in an open, interactive space in the Nashville operations building. Our facility is recognized for its open look and colorful and creative feel, where teamwork is promoted through every workspace.



TO ENHANCE "AGILE DEVELOPMENT" METHODS, BMI INFORMATION SERVICES GROUP HAS RENOVATED ITS OFFICE'S IN BMI'S NASHVILLE BUILDING AND IS WORKING IN AN OPEN, INTERACTIVE SPACE WHERE TEAMWORK IS PROMOTED THROUGH EVERY WORKSPACE.

BMI has transformed its technology operations, completing a top-tier external hosting environment for the BMI data center (previously housed in the BMI Nashville facility). A new foundation for building BMI's application services has been formed using "agile development" methods, focusing on cutting edge Java and J2EE as the primary development environments. BMI has trained the entire technology team on these and other state-of-the-art methods and tools to build and deliver our future services. BMI is also focused on delivering mobile and social experiences, and is training a core group of developers to build native applications for Android devices, Apple's iOS operating system for the iPhone and iPad, and others.

The increased availability of data from our enterprise-wide business intelligence tools has allowed BMI to mine data, format it, and make it available to multiple clients both inside and outside of BMI. We have increased the number of team members trained on these tools and continue to create and refine both basic and complex reports on a routine and ad-hoc basis. For internal clients the reports may be used for decision-making, trend analysis, and assisting team members

with specific affiliate account issues. On the external side of the equation, BMI has found a value-added use of these reports for both writer and publisher clients who want to know more about their accounts than they have before.

PARTNERSHIP ACTIVITY

The music industry is a part of the intertwined world of media and entertainment and all of the forces which act upon the creators and producers of content, as well as the marketplace which supports the audience for this creativity. Keeping up with the changing business environment and product mix, and delivering integrated solutions is critical in order to meet the needs of the many customers BMI serves. To maintain a leadership position, BMI is combining our fundamental strengths in technology and operations with partners, in a new model of cooperative value creation.



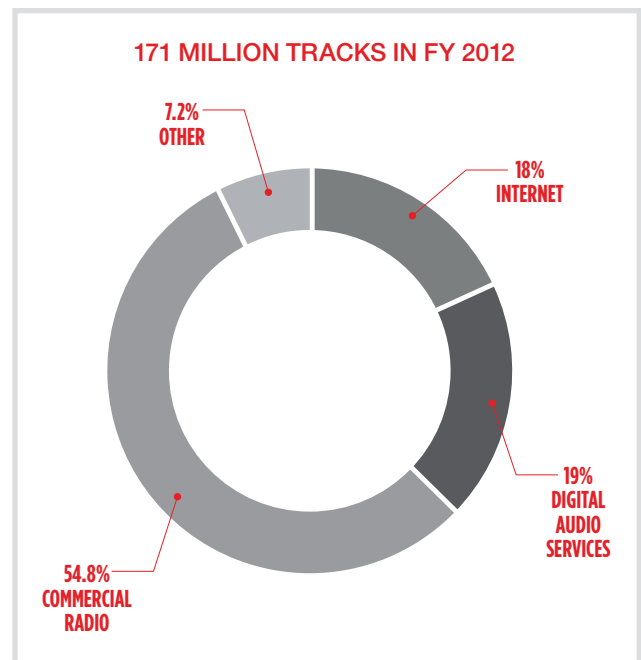
We concluded the sale of our Blue Arrow recognition technology to Shazam Entertainment Ltd. The sale of the technology back to Shazam was a key move in solidifying our relationship with this leading provider of music identification services. BMI retains worldwide, perpetual use of the technology in the music industry, for commercial services. We also strengthened our strategic relationship with Shazam. Shazam's exciting growth in music and television programming-recognition provides BMI with an informed view into changing music consumption and the mobile world. BMI provides to Shazam, in turn, an opportunity to link its efforts into the heart of music creativity and publishing.



BMI partnered with Media Monitors to develop an enhanced and more comprehensive approach to track feature music performance on a large number of domestic radio stations. The partnership will assist BMI as we focus on new ways to monitor and recognize performances in the audio/visual and digital markets.

TRACKING 40 BILLION PERFORMANCES A YEAR

BMI is a data-processing powerhouse, working on a 365-day-a-year schedule to provide the services at the very core of BMI's operations.



BMI PROCESSED REPORTS OF 171 MILLION TRACKS IN FY 2012.

In FY 2012 we processed more than 170 million tracks which comprised more than 40 billion performances from feature audio sources. New works registrations continued at a torrid pace. Electronic submissions are now the norm, and BMI is working to reduce costs through automatic processing and the use of industry-standard CWR (Common Works Registration) format. Almost 600,000 new works were added to the BMI repertoire via affiliate registrations, 94% of which were submitted electronically. Approximately 41% of these works were auto-registered into the works database with no human intervention.

More than 260,000 cue sheets were received and processed by BMI's TV Operations group (almost 40% of which were delivered in a standard digital format jointly developed by BMI and ASCAP), representing a significant increase in such digital registrations over FY 2011.

In FY 2011, BMI began paying for all music compositions greater than five seconds in duration for performances of commercial jingles on broadcast and cable networks, and on local television in major markets. This change has increased the number of payable commercials in FY 2012 by more than 150%.

WRITER/PUBLISHER ADMINISTRATION BENCHMARKS

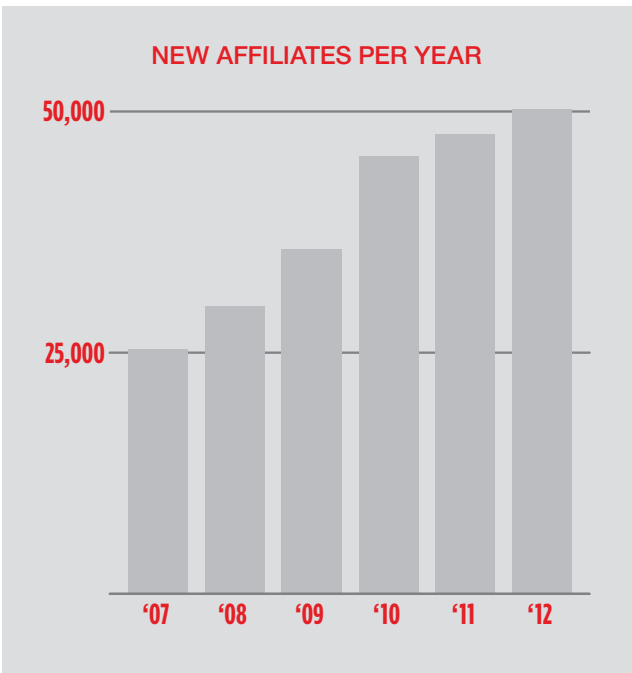
BMI now represents over 500,000 affiliated songwriters, composers and publishers. During FY 2012, BMI set a new

record by affiliating over 50,000 new writer and publisher accounts, 6% more than the previous year. The trend of songwriters affiliating with BMI via our on-line services portal continued to be the catalyst of this extraordinary growth with 96% of our new writers joining in this manner. In addition, we continued to drive toward a paperless process, and grew the number of affiliates accepting electronic statements by over 58,000 this past year, an increase of 55% over the prior year.

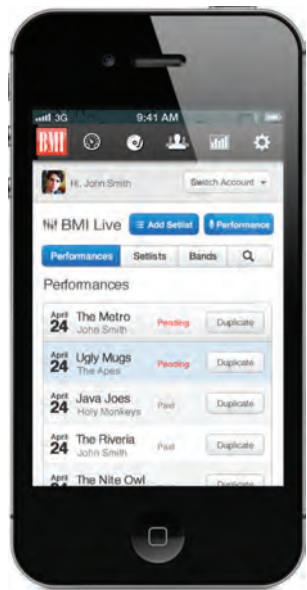
NEW ROYALTY DISTRIBUTIONS

BMI is continuously seeking opportunities to improve its royalty distribution offerings to affiliates as it strives to ensure that its royalty payments are the most comprehensive, equitable, and competitive in the industry. Several new initiatives were launched in 2012.

We expanded our innovative “Music within the Gaps” program. This program was developed and designed to evaluate the current environment for distributions related to non-cue-sheet-related programming time (i.e. interstitial, promos, jingles) for all audio-visual sources, and to provide enhanced distribution solutions for such performances.



BMI HAS DOUBLED THE NUMBER OF AFFILIATES SINCE 2007, WITH ROBUST RECENT GROWTH ENABLED BY BMI'S ONLINE AFFILIATION PROCESS.



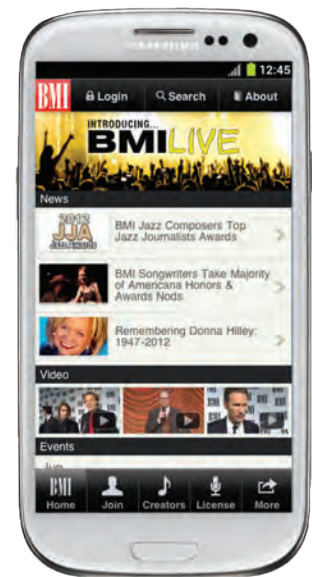
THE GROUNDBREAKING BMI LIVE PROGRAM PAYS BMI-AFFILIATED SONGWRITERS FOR THEIR LIVE PERFORMANCES - WHETHER ON TOUR OR PLAYING THE LOCAL SCENE. WRITERS CAN CONVENIENTLY INPUT PERFORMANCE DETAIL DIRECTLY ON BMI.COM OR USING THEIR MOBILE DEVICES. THIS YEAR, BMI WILL LAUNCH THE MOST SIGNIFICANT UPDATE YET WITH A REFINED USER EXPERIENCE AND SUPPORT FOR A WIDE VARIETY OF MOBILE COMPUTING PLATFORMS.

In the September 2011 distribution, BMI expanded the Commercial Jingle Distribution by relaxing certain payment rules and incorporating payment for all identified performances of national and major-market commercial jingles airing on Network, Cable and Local TV. As a result, BMI is now paying more than 400,000 more performances each quarter of music used in commercials than it had in the quarters prior to the rule changes.

In the June 2012 Distribution, BMI expanded the Promotional Announcement (promos) Distribution by including payment for performances of music used in promos on nine major cable TV networks. This effort is being expanded over the next several quarters to include many more networks, and we have formed an active task force that will continue working with the cable licensees to procure data for this type of music use.

We also developed and modeled a new cable TV distribution which debuted to affiliates in June 2012. This distribution was modeled off of the Network Television distribution which incorporates Nielsen information as part of the distribution formula.

BMI is the acknowledged leader in harnessing the power of technology for the benefit of the songwriters, composers and music publishers it represents, and the industry-leading initiatives we have undertaken during FY 2012 continue our tradition of superior service through innovation in rights management systems.



BMI UNDERTOOK ITS FIRST MOBILE INITIATIVE IN 2010 WITH THE LAUNCH OF BMI.COM MOBILE, A SPECIALLY FORMATTED VERSION OF BMI.COM, OPTIMIZED FOR THE SMALL SCREENS OF IPHONE AND ANDROID DEVICES, FOLLOWED QUICKLY BY A NATIVE MOBILE APP FOR APPLE'S IOS. NEXT GENERATION NATIVE MOBILE APPS FOR IPHONE AND ANDROID DEVICES ARE NOW IN DEVELOPMENT.

PROTECTING COPYRIGHT

The goal of ensuring that our writers, composers and publishers are compensated properly for their creative works requires a multi-faceted approach. We work on educating music users as to the need to license their uses, and making them aware of the benefits of a license to their businesses. We take an active role in the public policy conversation on the development of intellectual property rights in the digital age, partnering with leading academic institutions and sending BMI experts as speakers on leading industry panels and seminars. We work closely with members of Congress as they oversee copyright law and draft future legislation that will affect our affiliates. We participate actively in international forums seeking to redefine rights management mechanisms for the digital age.

LEGAL ACTIONS

RATE COURT ACTIONS

Fiscal Year 2012 saw the resolution of a major proceeding pending before the BMI Rate Court. The action commenced by the Radio Music Licensing Committee ("RMLC") in January 2010 has been settled recently. This settlement follows ASCAP's January 2012 settlement of its own rate court litigation with the RMLC.

Both the BMI and ASCAP settlements are substantially similar. The industry is returning to a percentage-of-revenue fee model, with a blanket license rate of 1.7% and a per-program rate of .296%. BMI will credit station accounts a total of \$70.5 million as an adjustment against interim fees paid since the expiration of the last industry license; by contrast, ASCAP has agreed to pay the industry \$75 million over the next five years.

Another rate court action, commenced in December 2009, between and the Television Music Licensing Committee ("TMLC"), continues.

INFRINGEMENT ACTIONS

When sales and education efforts do not result in the licensing of a music user, BMI may choose to bring copyright infringement litigation against such users for unauthorized performances of works in the BMI repertoire. While legal

action is always viewed as a last resort, it remains an important mechanism for securing the copyrights of our affiliates, and BMI's Legal department continued to bring such actions where necessary. In FY 2012 alone, BMI's Legal department recovered \$1,650,000 through its infringement actions.

LEGISLATIVE ISSUES

SOPA & PIPA

The key legislative development of the past year, not only for BMI but for content owners in general, was the public response—driven by an aggressive campaign by Google and other large technology companies—which killed legislation in both the House and the Senate aimed at increasing the remedies available to copyright owners against rampant piracy from offshore Internet web sites.

Both the Stop Online Piracy Act ("SOPA") and the Protect IP Act ("PIPA") targeted foreign web sites that would qualify as a "site dedicated to piracy" i.e., one whose predominant activities were piracy. The bills provided remedies intended to cut the "bloodflow" to such piracy sites, namely, ad revenues and internet service provider support.

BMI, while recognizing certain technical issues, was among the large group of content owners supporting the bills, since such bills would have provided content owners, including songwriters and music publishers, with the tools to attack sites dedicated to the piracy of creative works.

The technology community was vehemently opposed to the proposed ability of a private content owner or the government to require ISPs to block sites. In addition, the technology community feared that web sites that otherwise would qualify for Digital Millennium Copyright Act ("DMCA") "safe harbor" protection, would nevertheless qualify as sites dedicated to piracy under the legislation's definition. The bill's opponents mounted a massive and strident online campaign to influence the public, and ultimately lawmakers, against the bills. Members of Congress were no doubt surprised by the massive public outpouring against the legislation, even though we believe many who voiced their opposition to members of Congress clearly did not understand the narrow scope of the bills or their actual impact.



SENATE JUDICIARY CHAIRMAN PATRICK LEAHY, D-VT, VISITS WITH BMI CEO DEL BRYANT AT BMI 'S HEADQUARTERS IN NEW YORK.

INTERNATIONAL COPYRIGHT MANAGEMENT

A group of collective rights management organizations, including BMI, in collaboration with international music publishers, the European Composers and Songwriters Alliance, and prominent digital service providers, have completed a nine-month stakeholder engagement and scoping study for the creation of a Global Repertoire Database (GRD).

The GRD initiative grew out of the newly-competitive licensing landscape in the European Union. It seeks to establish an accurate, authoritative, and fully-reconciled database of information about the world's musical works and who has the right to license them in which territories. This should enable more effective multi-territory licensing, and lead to administrative efficiencies for collective rights managers and music publishers.

BMI actively participated in the GRD study, both for itself and as a representative of the larger community of collective rights managers around the world. The GRD group is now poised to begin a seven-month initiative to identify the business requirements and functional specifications, and develop the technical design. BMI will join 12 of the largest international rights management organizations as a shareholder in a newly-created company that will contract for and fund this next phase.

Although the initial focus of the GRD initiative continues to be the European online marketplace, BMI's participation in the requirements and design phase will ensure that the interests of BMI's songwriters, composers, and music publishers are represented.

IN CONCLUSION

From its beginnings in 1940, serving creativity and the nascent broadcasting industries, BMI remains at the crossroads of creativity and commerce. BMI continues to work with a broad spectrum of players to build the copyright economy and drive value for the creators of music and the businesses that use it every day all around the world. In an era in which the issues affecting copyright have become part of the global, digital evolution of the music and entertainment business, BMI remains committed to be a leader in the conversation at every level.

Managing the creative ecosystem and the value of copyright has never been more central to our corporate mission. It is a duty that encompasses more than public policy initiatives; it extends to a wide spectrum of activities that nurture creators and the creative process, and enhances the value and appreciation for of creative works in commerce and public discourse. The creation of value for the intellectual property entrusted to BMI requires innovative leadership from every one of these perspectives; it resonates strongly with BMI's corporate DNA and defines our goal of being the industry's leader in music rights management in a global framework.