

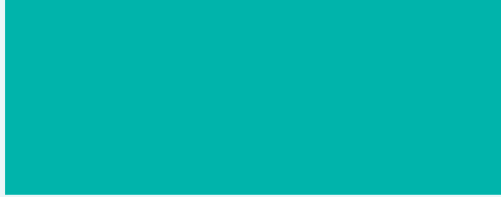
A woman with long brown hair is seen from behind, her arms raised to form a heart shape with her hands. She is wearing a blue floral top. The background is a brightly lit concert stage with a large, glowing red and white structure, possibly a tent or stage backdrop, and many out-of-focus lights. A yellow diagonal line runs from the top left to the bottom right, separating a dark blue triangular area on the left from the rest of the image. The text 'BMI' is in the top left, '16-17' is in the middle left, and 'ANNUAL REVIEW' is in the bottom right.

**BMI**

**16-17**

**ANNUAL REVIEW**













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THE BMI STAGE AT THE 2017 HANGOUT  
FESTIVAL ROCKS THE CROWDS.



**I am thrilled to report that BMI ended fiscal year 2017 by breaking records once again, becoming the first performing rights organization in the world to deliver in excess of \$1 billion to its affiliates. BMI generated historic revenues of \$1.130 billion and distributed and administered an unprecedented \$1.023 billion, a 10% increase over last year, to BMI's songwriters, composers and publishers. Our success is directly due to the unmatched caliber of the BMI repertoire and its ever-growing usage, both domestically and internationally, as well as our long-term commitment to revenue diversification. As a result, during an exciting and challenging year BMI was able to provide never-before-seen and mutually beneficial value to our creators, copyright owners and licensees.**

Throughout the year, multiple revenue benchmarks were established across sectors. Total domestic revenue came in at a record \$836 million, a \$52 million or 7% increase over last year. Digital revenue reached an all-time high of \$163 million, or 7% over last year. BMI finalized long-term agreements with Netflix and Hulu, among others, paving the way for continued growth in this thriving category of on-demand content. Media Licensing totaled \$524 million, a \$32 million increase over last year, driven by growth in terrestrial radio, cable, and satellite categories. General Licensing hit an impressive \$149 million, reflecting steady growth that sets BMI apart as a distinct leader in this category. International revenue totaled \$294 million, an increase of \$18 million over the prior year. This is an especially impressive result considering the continued strengthening of the dollar against foreign currencies; using the prior year's exchange rate would have increased revenue by an additional \$10 million. These figures highlight the incredible popularity of BMI music around the world.

The \$1.023 billion in total distributions was comprised of domestic and international royalties, as well as royalties from direct deals that BMI administers on behalf of its publishers. Those deals, which account for approximately 3% of BMI's total distribution, helped the Company achieve record payments to our affiliates.

On the advocacy front, BMI started the year with an important win for the entire music community when Federal Judge Louis Stanton ruled against the U.S. Department of Justice's (DOJ) 100% licensing proposal, concluding that BMI is not barred under its consent decree from engaging in fractional licensing. This decision protects the creative freedom of songwriters

and composers, ensures they receive their royalties from the PRO of their choice, and, importantly, avoids the marketplace upheaval that would ensue in a 100% licensing world. While the DOJ's appeal is underway, BMI is confident that Judge Stanton's decision is correct, and we stand ready once again to defend our position.

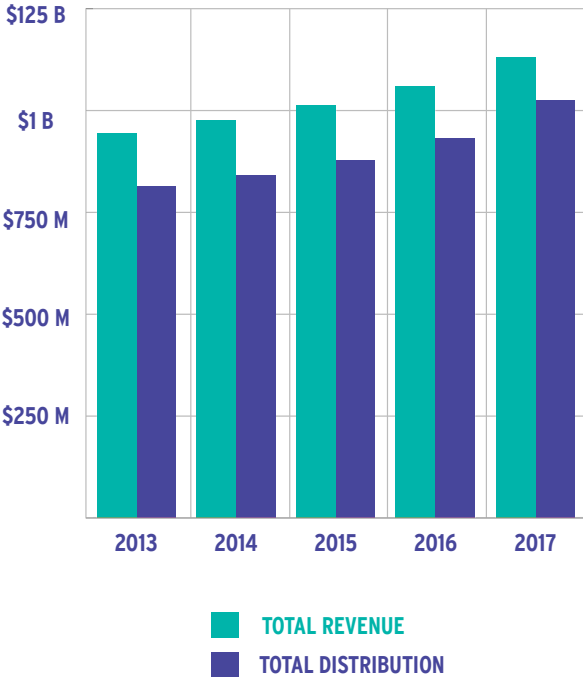
BMI's role in protecting the profession of songwriting is now more relevant than ever, with 2016 marking the first year in history that streaming was the largest revenue generator for the music industry. With the creative work of songwriters and composers driving the success of streaming services, it is clear that we need modernized copyright laws that protect intellectual property and ensure equitable compensation for its use in the digital space. To that end, BMI intensified its efforts on Capitol Hill to support vital legislative reform. Additional detail on these activities is available in the "Protecting the Future of Music" section of this report.

During the year, we continued to champion fair value for the use of the BMI repertoire across all platforms. For example, we took on the radio industry in Federal Rate Court when it tried to undervalue our affiliates' creative work by lowering its interim rate while we negotiated a new final rate. In a victory for BMI songwriters, composers and publishers, the Radio Music Licensing Committee (RMLC) agreed to maintain its current rate while terms of a new agreement are finalized. While we do not enter into litigation lightly, we will always take the necessary steps to preserve the value of the BMI repertoire. Further information on this matter can be found in the "Protecting the Future of Music" section of this report.





### TOTAL REVENUE & ROYALTY DISTRIBUTION







**BRUCE A. ESWORDY**  
SENIOR VICE PRESIDENT  
FINANCE & ADMINISTRATION,  
CHIEF FINANCIAL OFFICER



**PHILLIP R. GRAHAM**  
SENIOR VICE PRESIDENT  
WRITER/PUBLISHER RELATIONS

## Senior Management



**EDDIE GULLEY**  
SENIOR VICE PRESIDENT &  
CHIEF INFORMATION OFFICER



**STUART ROSEN**  
SENIOR VICE PRESIDENT &  
GENERAL COUNSEL



**ALISON SMITH**  
EXECUTIVE VICE PRESIDENT  
DISTRIBUTION, PUBLISHER  
RELATIONS & ADMINISTRATION  
SERVICES



**MICHAEL G. STEINBERG**  
EXECUTIVE VICE PRESIDENT  
CREATIVE & LICENSING



**ANN SWEENEY**  
SENIOR VICE PRESIDENT  
INTERNATIONAL & GLOBAL POLICY





## BMI'S ROLE IN PROTECTING THE PROFESSION OF SONGWRITING IS NOW MORE RELEVANT THAN EVER

The extraordinary creativity of the BMI roster was on full display this year, with BMI writers dominating global airwaves, topping the charts and taking home the industry's most coveted awards. From Chance the Rapper's multiple GRAMMY wins, including Best New Artist; to composer Justin Hurwitz's two Academy Awards for his music in *La La Land*; to CMA accolades presented to Dolly Parton, Thomas Rhett, Eric Church and Maren Morris, among others, BMI songwriters and composers across the genre spectrum received top honors.

In addition to the sensation that was *La La Land*, BMI film composers captivated audiences with their music in blockbusters like *Beauty and the Beast*, *The Fate of the Furious* and *Fantastic Beasts and Where to Find Them*, among others. On the small screen, over 75% of this season's primetime network TV shows featured themes and/or scores written by BMI composers, as well as top streaming series including *Game of Thrones* and *The Man in the High Castle*.

BMI's record-breaking year was facilitated by improved operational capabilities that enabled the Company to manage more data than ever before. BMI processed nearly 1.4 trillion audio performances, an astounding 40% increase over last year. Of this total, 1.350 trillion were digital performances, confirming the direction of the music marketplace as one in which technology and art will continue to converge.

In an industry-first, this year BMI joined forces with ASCAP to create a single database of musical works from our combined repertoires that will provide an authoritative view of ownership shares, as well as other important information. Together, BMI and ASCAP license approximately 90% of music in the U.S., which makes the initial phase of this groundbreaking collaboration a strong foundation upon which we can build and

expand to include databases of other PROs and businesses in the future. Phase one of the joint database is scheduled to launch by the end of 2018. Further information on this project can be found in the "Distribution & Administration" and "Technology" sections of this report.

I would like to thank the BMI Board of Directors and the Senior Management team, as well as all of our team members, for their extraordinary work this year. BMI's exceptional performance highlights the value of our service to our songwriters, composers, publishers and licensees alike, and we will continue to offer new solutions to meet the evolving needs of the marketplace.

I invite you to read the report that follows, which provides an overview of BMI's business operations throughout the past fiscal year and charts BMI's course for ongoing leadership in the music rights management arena. We are excited to be at the forefront of change, forging a vibrant new landscape that better serves creators, copyright owners and licensees. The future of music depends on it.

Sincerely,





CHANCE THE RAPPER TOOK THE STAGE TO COLLECT GRAMMYS FOR BEST NEW ARTIST, BEST RAP PERFORMANCE AND BEST RAP ALBUM.



BMI COMPOSER JUSTIN HURWITZ EARNED OSCARS FOR BEST ORIGINAL SCORE AND BEST ORIGINAL SONG FOR *LA LA LAND*.



BMI SONGWRITER MAREN MORRIS NAMED NEW ARTIST OF THE YEAR AT THE CMA AWARDS.

BMI's incomparable repertoire grew even stronger this year, driven by the most diverse, creative and successful talent in the world. As streaming surpassed all other means of music consumption for the first time, magnifying the increasing value of the performing right, BMI intensified our efforts to ensure fair compensation for the use of our affiliates' work in the digital space and beyond. In addition, BMI continued our tradition of building music careers at every stage, cultivating our unmatched roster of promising new talent, chart-toppers, timeless legends and renowned superstars, whose collective creativity resulted in a lucrative year of in-demand, innovative music that ignited the globe.

Electrifying BMI songwriters including Ed Sheeran (PRS), Lady Gaga, Keith Urban, Carrie Underwood, Future, DJ Khaled, Shakira and J Balvin, along with sought-after acts such as Twenty One Pilots, LoCash, the Chainsmokers and

Imagine Dragons, dominated airplay and captivated worldwide audiences. Some of the most performed songs of the year were written by Ross Copperman, Horacio Palencia, Chris Brown, Ross Golan, Justin Tranter and Charlie Puth. Notably, Luis Fonsi wrote the smash hit "Despacito," which went on to take the title of most streamed song in history. Outstanding composers such as Alan Menken, James Newton Howard, Brian Tyler, Atli Örvarsson, Ramin Djawadi and Mac Quayle scored some of the year's most successful films, television and cable series. Songwriters who emerged as new voices to watch include Anne-Marie, Alma, Luke Combs, Jon Pardi, Midland, Baily Bryan, Bryon Tiller, Rae Sremmurd, Ozuna, Aron Gil, Julia Michaels and BROCKHAMPTON. Impactful new composers such as West Dylan Thordson, Scott Salinas and Justin Hurwitz made their mark on the industry and garnered significant attention.

## INDUSTRY AWARDS

BMI songwriters and composers triumphed at the industry's most illustrious awards this year, with wins spanning the coveted EGOT categories (Emmy, GRAMMY, Oscar, Tony). Emmys went to composers Danny Elfman, Sean Callery and Mac Quayle; newcomer Chance the Rapper took home three GRAMMYS, including Best New Artist, while the late David Bowie's (PRS) final opus, *Blackstar*, earned four trophies; for his work in the blockbuster film *La La Land*, composer Justin Hurwitz received two Academy Awards, Best Original Score and Best Original Song for "City of Stars"; and Tonys were presented to Alex Lacamoire and Bette Midler. BMI songwriters also won big at the CMA Awards, with Carrie Underwood, Kenny Chesney, Little Big Town, Thomas Rhett, Eric Church, Lori McKenna, Maren Morris taking top honors, and the legendary Dolly Parton accepting the Willie Nelson Lifetime Achievement Award.

During *Billboard's* annual Women in Music event, several BMI writers were celebrated, including Maren Morris, who received the Breakthrough Star title, Halsey who took the Rising Star





LOS LOBOS RECEIVED THE BMI ICON AWARD AT THE 24TH ANNUAL BMI LATIN MUSIC AWARDS.



ALAN SILVESTRI HONORED AS A BMI ICON AT THE 2017 BMI FILM, TV AND VISUAL MEDIA AWARDS.



STING PERFORMED AT THE 2017 BMI LONDON AWARDS, DURING WHICH HE WAS HONORED AS A BMI ICON.

honor and country star Shania Twain, the Icon award recipient. Overseas, Wayne Shorter and Sting received the prestigious Polar Music Prize, awarded for exceptional musical achievements. In addition, the Songwriters Hall of Fame inducted Kenneth "Babyface" Edmonds for his extraordinary contributions and presented distinguished honors to Ed Sheeran, Pitbull and Alan Menken.

scored over 60%, including *Beauty and the Beast* (Alan Menken), *Guardians of the Galaxy Vol. 2* (Tyler Bates), *The Secret Life of Pets* (Alexandre Desplat), *Moana* (Mark Mancina), *Fantastic Beasts and Where to Find Them* (James Newton Howard) and *The Fate of the Furious* (Brian Tyler), accounting for more than \$5.3 billion in domestic box office grosses.

## BMI AWARDS

BMI proudly honored several titans of music at our annual award shows. Alan Silvestri, Sting, Los Lobos and Barry Manilow were all named BMI Icons; Marvin Sapp was celebrated at the Trailblazers of Gospel Music Honors; and Toni Braxton and Kenny Chesney received the BMI President's Award. BMI also honored country megastar Carrie Underwood during our BMI Board of Directors dinner at the 69th Annual NAB Convention.

## FILM & TELEVISION HIGHLIGHTS

BMI's unparalleled family of composers includes towering talents such as John Williams, Danny Elfman, Alan Silvestri, Mike Post, Mychael Danna and Christopher YOUNG. Of the top 100 films of the past year, BMI composers

Over 75% of this season's primetime network TV shows featured themes and/or scores written by BMI composers. Hits included *Riverdale* (Blake Neely), *This Is Us* (Siddhartha Khosla), *Designated Survivor* (Sean Callery, Robert Lydecker) and *Chicago Fire* (Atli Örvarsson). Standouts in cable and streaming media included *Game of Thrones* (Ramin Djawadi), *American Horror Story* (Mac Quayle), *Fuller House* (Bennett Salvay) and *The Man in the High Castle* (Dominic Lewis).

Notably, BMI affiliate Laura Karpman became the first American woman composer accepted to the Music Branch Executive Committee of the Academy of Television Arts and Sciences. She is also the newly elected governor of the Academy of Motion Picture Arts and Sciences Music Branch.



SINGER/SONGWRITER TONI BRAXTON HONORED AT THE 2016 BMI R&B/HIP-HOP AWARDS.



KENNY CHESNEY ACCEPTED THE PRESIDENT'S AWARD AT THE 2016 BMI COUNTRY AWARDS.

## INDUSTRY TRENDS

The ongoing digital transformation of the industry inspired innovative new ways in which music was created, released and promoted. This was exemplified by Chance the Rapper's success story. The breakthrough independent artist/songwriter/producer is known for releasing "mixtapes," his highly popular streaming-only albums. In the wake of his mixtape *Coloring Book*, this year for the first time the Recording Academy opened up nominations to streaming-only albums. Chance the Rapper went on to receive seven nominations and took home three GRAMMYS, Best New Artist, Best Rap Album and Best Rap Performance. As such, we are seeing the digital world enable a greater pool of songs to gain exposure and share in revenue, while the industry adapts to recognize the primary way music is experienced today. BMI's Streaming Hits Bonus, launched in 2015, is our means of recognizing the most-

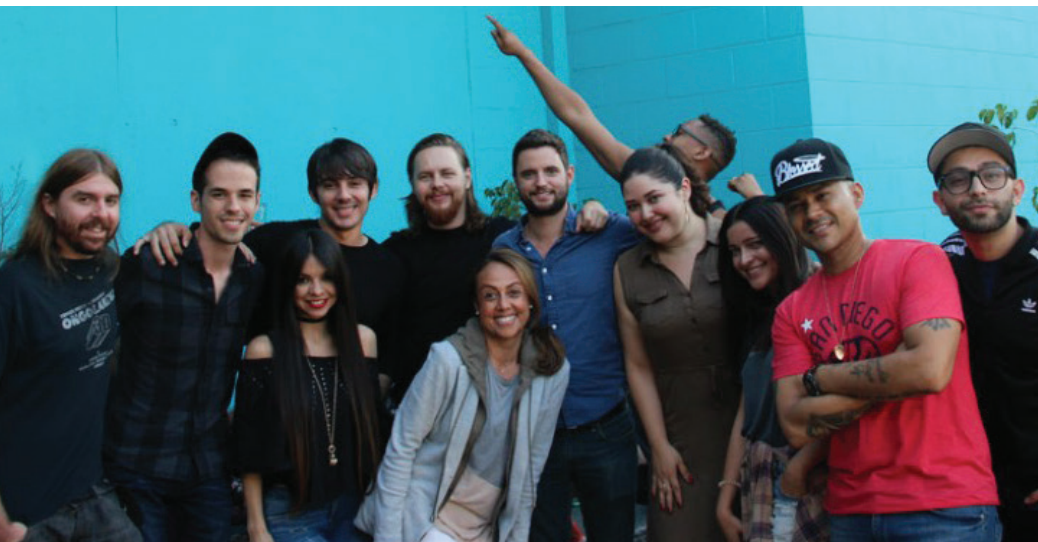
played songs on select digital services and continues to expand.

On the songwriting front, this year saw writer collaboration across genres resulting in hit songs. For instance, rapper Big Boi featured Maroon 5 frontman Adam Levine on "Mic Jack," country duo Florida Georgia Line featured Backstreet Boys on the No. 1 hit "God, Your Mama and Me," and soulful singer/songwriter Frank Ocean collaborated with EDM writer/producer Calvin Harris on "Slide," which also hit No. 1. This "guesting" trend enables writers to break into new markets, while expanding listeners' tastes as they discover new sounds.

Social media continued to connect us and create cultural moments this year. One such example is rapper/producer DJ Khaled's use of Snapchat to share his "major keys," as he refers to his advice and stories, with millions

of followers; his viral notoriety on the platform paved the way to promote his collaborations with artists such as Future, Lil Wayne and Rihanna. In keeping with the explosive social media rise, BMI leveraged this medium as an important means of communication with our creative community. Our fastest growing platform of the year was Instagram, with followers increasing by 104%. BMI also hit a milestone by surpassing 100,000 followers on Twitter, a first for any performing rights organization. BMI-produced videos featuring Barry Manilow, Juanes, Stephen Dorff and Motiff, along with composers Alan Silvestri and Brian Tyler, performed especially well on our YouTube and Facebook channels. In addition, based on metrics indicating top-performing online content BMI launched a new weekly digital newsletter, *BMI's The Weekly*, to deliver career advice and creative inspiration to our affiliates as a value-added service.

## BMI FIRST PRO TO SURPASS 100,000 FOLLOWERS ON TWITTER



BMI AND PULSE MUSIC GROUP HOSTED A SONG CAMP FOR LATIN SONGWRITERS.

## CAREER SUPPORT & OPPORTUNITIES

On the development side, BMI focused on advancing the careers of our songwriters and composers through an extensive program of workshops, panels, stage opportunities and songwriting camps. Hands-on educational events included the Sundance Composer Labs, BMI's Film Conducting Workshop, Jazz Composers Workshop and the Lehman Engel Musical Theatre Workshop, each featuring mentorship and instruction from musical luminaries. This year also marked the 10th anniversary of BMI's How I Wrote That Song event, where hitmakers shared their creative process and expert advice with a riveted audience. BMI also brought many talented songwriters and composers to panels and stages at national festivals such as Sundance, SXSW, Key West Songwriters Festival and Lollapalooza,





BMI SONGWRITERS PERFORMED AT YOUTUBE'S PRODUCTION SPACE IN NYC.

providing valuable platforms for affiliates to reach new audiences and engage with industry decision makers.

This year also highlighted a cross-departmental effort to support our affiliates' creative endeavors. Due to the strong relationships the BMI Digital Licensing team has established with our digital licensees, BMI songwriters benefitted from direct access to the marketing reach of Pandora, enabling them to personally communicate with fans via Pandora's Artist Marketing Platform. In addition, BMI's Speed Dating for Songwriters workshop, a bicoastal networking event intended to spark collaboration, featured a YouTube partnership for its New York event. In April, YouTube's Manhattan production spaces were utilized by BMI's songwriters for creative Speed Dating for Songwriters sessions, in which unique content was captured and shared on the leading streaming video platform.

BMI also hosted multiple productive songwriting camps this year in Los Angeles, such as the BMI and Pulse Music Group camp for BMI writers that resulted in Latin-pop fusion sounds, as well as the successful third annual BMI and Warner/Chappell "Write On" camp. On the east coast, BMI hosted a fruitful song camp at the Brooklyn Patch House in New York City, inviting promising writers and producers from Los Angeles, New York City and Nashville to hone their craft and forge collaborative relationships.

BMI's song camp efforts are international in scope. This year, BMI and Music Exchange (MEX) conducted a BMI songwriting camp in Cape Town,

the first international song camp conducted by a PRO on the African continent. Six international and local artist/topline writers as well as three writer/producers came together for a week of creativity and writing. Many of the demos created were cut and recorded by major South African artists. The songs were subsequently broadcast and streamed around the world. Across genres, BMI is committed to a thriving career-development program.

## INTERNATIONAL

The incredible strength and appeal of BMI's repertoire was on display around the world, with massive performances generated by both current stars and legendary talents. Powerhouse songwriters such as Taylor Swift and will.i.am continued to be among the most popular global artists, while the timeless standards of Michael Jackson, Paul Simon and John Fogerty were among the greatest contributors to BMI's international success.

On the audiovisual side, BMI composers including John Williams, Brian Tyler,

Thomas Newman, James Newton Howard and Alan Silvestri propelled BMI's international revenue through their music in blockbuster films. *Star Wars: The Force Awakens*, *Spectre*, *Furious 7* and *Hunger Games: Mockingjay – Part 2* all drew eager audiences, while television exports such as *Sportscenter* and *NAVY NCIS* remained global favorites.

Top earning songs of the year overseas included "Ain't Nobody," "Stitches," "Let it Go," "Don't Worry" and "Daydream Believer," which, interestingly, after being used in a commercial in Japan, became the most performed international song in that country in 2016. This marks the third consecutive year a BMI song has held this position; "Let it Go" held that slot the prior two years.

Setting the bar for creativity and artistic vision, BMI's premier roster of songwriters and composers continues to create the world's most acclaimed and profitable repertoire.

DREAMERS PERFORMED ON THE BMI STAGE AT LOLLAPALOOZA 2016.



**B**MI generated record-breaking revenues of \$1.130 billion for the fiscal year ended June 30, 2017. This landmark success highlights the tremendous strength of the BMI repertoire and the ever-increasing value of the BMI license.

Throughout the year, BMI continued to implement our long-term strategy of revenue diversification, identifying new and growing business sources to maximize the income stream for our affiliates. As a result, total domestic revenues came in at \$836 million, an increase of \$52 million, or 7%, over last year. Multiple benchmarks were established across categories. Digital revenue totaled \$163 million, an increase of 7% over last year. Total media licensing came in at \$524 million, with revenue from streaming cable and satellite sources generating the largest portion of BMI's domestic revenue. General Licensing, along with other income, hit \$149 million, up 7% over last year. BMI's international revenue totaled \$294 million, an increase of \$18 million, or 7%, over the prior year, an impressive result given the continued strengthening of the dollar against foreign currencies. BMI would have seen an additional \$10 million in international revenue if not for the unfavorable exchange rates.

## DIGITAL

Revenue from digital sources reached an all-time high of \$163 million. This was driven by long term licenses signed with Netflix and Hulu, among others, that substantially increased and secured royalty payments for BMI creators, as more and more video content is being consumed on these "Over The Top" (OTT) platforms.

## GENERAL LICENSING

This year BMI's General Licensing team posted record revenue of \$149 million. Through sterling service and dedication to educating the market on the value of a BMI license, our sales team added more than 13,000 new licensed businesses to the hundreds of thousands existing in BMI's robust portfolio.

## INTERNATIONAL PERFORMANCE

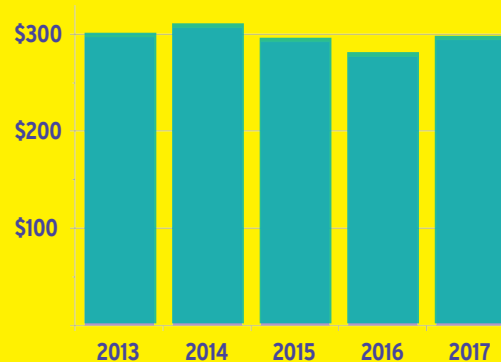
BMI's repertoire performed exceptionally well around the world this year, resulting in international revenues of \$294 million, an increase of \$18 million, up 7% over the prior year. This is particularly notable against a global economic backdrop in which we saw the continued strengthening of the U.S. dollar, particularly with the Great Britain pound and the euro. Using the prior year's exchange rates, BMI's international revenue would have reflected an additional \$10 million. These impressive figures indicate the meteoric popularity of BMI music, as well as BMI's successful efforts in diversifying global revenue streams and strengthening partnerships with our sister societies.

Due to the perennial strength of the BMI repertoire and the Company's focus on supporting diverse global revenue streams, international revenue continued to enhance BMI's ability to compensate affiliates for the worldwide use of their creative work.



**BMI'S SALES TEAM  
ADDED MORE THAN  
13,000 NEW  
LICENSED  
BUSINESSES TO  
THE COMPANY'S  
ROBUST PORTFOLIO**

## TOTAL INTERNATIONAL REVENUE (MILLIONS)





With an industry-wide focus on the value of music and the evolving needs of traditional and new music users, this year BMI continued to be an unwavering champion of the rights and royalties of creators and copyright owners through a productive legal and legislative agenda. During the year, we made significant strides in safeguarding the livelihood and creative freedom of our affiliates, while leading the narrative on the vital need for copyright law reform. Much of BMI's activity centered on our Department of Justice (DOJ) and rate court initiatives, as well as our legislative endeavors on Capitol Hill. These ongoing efforts, detailed below, underscore BMI's commitment to protecting the interests of our songwriters, composers and publishers in a dynamic music rights environment.



**JUDGE STANTON  
CONCLUDED THAT  
BMI IS NOT BARRED  
UNDER THE DECREE  
FROM ENGAGING  
IN FRACTIONAL  
LICENSING**

## DEPARTMENT OF JUSTICE UPDATES

BMI's dispute with the DOJ is focused on whether our consent decree requires us to license musical works on a 100% or fractional basis. Under a 100% licensing model, which the DOJ is advocating, where co-writers are represented by BMI and another organization, the permission of BMI would be sufficient for a music user to perform a song without obtaining further permission of the other co-writer. By contrast, under fractional licensing, which BMI advocates, a music user must obtain the permission of each co-owner before performing their song.

The DOJ's interpretation of BMI's consent decree as requiring 100% licensing, proposed in June 2016, set the wheels in motion for what would become a core focus for BMI and the broader music community. BMI quickly identified the creative and financial burdens that a shift to 100% licensing would place on songwriters, as well as the chaos in the marketplace that would ensue, were this model to be adopted. To that end, BMI challenged the DOJ's proposal in Federal Rate Court. On September 16, 2016, immediately following oral arguments from both parties, Judge Louis Stanton ruled in BMI's favor, concluding that BMI is not barred under the decree from engaging in fractional licensing. This landmark decision marked a victory for the entire music industry and emerged as the center of gravity for BMI's engagement with the DOJ this year.

As we expected, the DOJ appealed Judge Stanton's ruling, announcing its intention to do so last November and filing a brief in support of its effort in May, to which BMI responded in August. Once again, BMI is well-prepared to defend our position in the Court of Appeals for the Second Circuit. We stand firm in our belief that the DOJ's stance unfairly advantages music users at the expense of creators and upends a longstanding industry practice that has worked effectively for decades. As the appellate process takes several months, we expect that this matter will continue into 2018. In the meantime, Judge Stanton's decision remains the controlling interpretation of BMI's consent decree.

## RATE COURT ACTIONS

In January, BMI filed an action against the Radio Music License Committee (RMLC) for the limited goal of setting interim fees for its member radio stations during the negotiation period for a new agreement. This was necessitated by the RMLC proposing an interim rate well below BMI's previous deal, the effect of which would have a significant impact on the royalties BMI pays to our songwriters, composers and publishers. BMI asked the Court to maintain our most-recent rate until a final fee is agreed upon, noting that the RMLC had reviewed and was relying on incorrect and incomplete data regarding BMI's share of radio performances. As a result

of BMI commencing this legal action, the RMLC withdrew its interim fee petition and agreed that its stations would pay the rate under the just-terminated agreement. At this point, negotiations for a final rate are continuing.

Also noteworthy, in December 2016 BMI reached a settlement with ESPN, which finalized a past interim license agreement as well as provided for a new final license.

### LEGISLATIVE UPDATES

As we entered into the first year of the 115th Congressional Session this January, BMI continued to actively work with the leadership of both the House and Senate Judiciary Committees, as well as our allies in the broader copyright and music user communities, to bring forth proposed legislation designed to reform and modernize U.S. copyright law for the 21st century. Leading these efforts are Representatives Bob Goodlatte (R-VA), Doug Collins (R-GA), Jerold Nadler (D-NY) and Darrell Issa (R-CA), along with Senators Orrin Hatch (R-UT) and Lamar Alexander (R-TN). BMI's efforts broadly focus on legislation, described below, that would better serve songwriters, composers and publishers by protecting the use of their intellectual property and securing equitable royalties in the digital marketplace.

One aspect of this legislation is expected to create a more robust Copyright Office, with the ability to provide a streamlined method for all copyright owners, including music creators, to register their copyrights. This provision, among others, would strengthen the Copyright Office by giving it the autonomy it needs to deliver high quality service to all stakeholders and independent advice to Congress on complex copyright matters. It would also mark a first step toward overall modernization of the Copyright Office,



**AS A RESULT OF  
BMI'S RATE COURT  
ACTION, THE  
RMLC WITHDREW  
ITS INTERIM FEE  
PETITION**

including a database of registered works and a technological transformation to meet today's needs of rights holders and users of creative works.

A second, and broader, aspect of BMI's legislative focus is music licensing reform, meant to address many of the concerns voiced in the Copyright Office's Report on Music Licensing issued in 2015. Among the amendments currently in discussion are: a) the Songwriter Equity Act (SEA), which would allow courts to consider all evidence, including relevant benchmark deals, when determining fair market rate for the performance of musical works and would impose a market-based "willing seller/willing buyer" standard for the mechanical compulsory license rate for musical works; b) certain additional amendments to the mechanical statutory

licensing process to address music user concerns about unidentifiable works; and c) certain improvements to the copyright in sound recording.

Last November, BMI was proud to present Congressman Collins with the BMI Champion Award at our 2016 Country Awards for his tireless efforts to modernize the laws that protect songwriters and ensure fair compensation for their creative work. In the fast-growing digital world, BMI's



**BMI MADE  
SIGNIFICANT  
STRIDES IN  
SAFEGUARDING  
THE LIVELIHOOD &  
CREATIVE FREEDOM  
OF OUR AFFILIATES**





**BMI**  
LEGISLATIVE FUND

role in communicating with legislators about the value of music and the need for copyright protection takes on even greater importance.

### **BMI LEGISLATIVE FUND**

The BMI Legislative Fund, a political action committee (PAC) that is a separate entity from BMI, will ensure the voices of creators and those that support them are heard. The PAC's goals are aimed at supporting the modernization of U.S. copyright law to protect those rights and the profession of songwriting. Importantly, the BMI Legislative Fund will help elect candidates whose views are aligned with the industry and BMI's objectives to safeguard the work, royalties and future of music creators. The PAC is helmed by BMI's Senior Vice President of International and Global Policy, Ann Sweeney.

### **GLOBAL LEGISLATION & POLICY**

This year, BMI participated in global dialogue focused on protecting and enhancing the value received by our affiliates when their creative works are performed around the world. BMI is well positioned to continue building partnerships throughout the international community, while fostering meaningful discussion on the need for modernized copyright protection to encourage creativity and innovation to flourish.



CONGRESSMAN DOUG COLLINS RECEIVED THE BMI CHAMPION AWARD AT THE 2016 BMI COUNTRY DINNER FOR HIS EFFORTS TO MODERNIZE COPYRIGHT LAW AND PROTECT THE PROFESSION OF SONGWRITING.

**B**MI had unrivaled royalty distribution success this year, distributing and administering an unprecedented \$1.023 billion to the songwriters, composers and publishers BMI represents, a 10% increase over last year. This milestone achievement establishes BMI as the first performing rights organization in the world to deliver more than \$1 billion in royalties to its affiliates. Our continued focus on accurate data and operational efficiencies is the pillar of this record accomplishment.

BMI processed nearly 1.4 trillion performances, a remarkable 40% increase over last year. This total includes both audio and audiovisual performances, of which 1.350 trillion were digital performances. These figures underscore the ongoing digital direction of the music marketplace, as well as BMI's capabilities to license digital businesses, manage big data and convert it into actionable information.

As our membership continues to expand, this year BMI processed nearly 55,000 applications and agreements for new songwriters, composers and publishers, increasing our number of affiliates to more than 820,000. Furthermore, over one million creative works were registered, bringing BMI's total number of licensed musical works to nearly 13 million.

This year, BMI made significant strides in advancing the industry toward greater data transparency. In an innovative collaboration, BMI joined forces with ASCAP to develop a single database of musical works from our combined repertoires. It will provide an authoritative view of aggregated ownership shares, among other information. This first-of-its-kind database, expected to launch on both PRO websites by the end of 2018,



**BMI BREAKS  
RECORDS,  
BECOMING THE  
FIRST PRO IN THE  
WORLD TO DELIVER  
OVER  
\$1 BILLION  
TO ITS AFFILIATES**

will ultimately feature information on approximately 90% of the music licensed in the U.S., which represents the collective repertoires of BMI and ASCAP. The goal of this initiative is to successfully lay the groundwork for what we hope evolves into a true industry-wide solution that incorporates databases from other PROs and businesses. Additional information is available in the "Technology" section of this report.

BMI continues to make process improvements to ensure efficient, accurate and timely payments to our affiliates, while reinforcing our commitment to industry-wide data transparency.

**IN FY17**

**55,000  
NEW SONGWRITERS,  
COMPOSERS AND  
PUBLISHERS  
JOINED BMI**



Essential to BMI's leadership in music rights management is our ability to build technological solutions that strengthen our service to our affiliates, the businesses that use their music and our vast network of international societies. This year we placed a tremendous focus on modernizing our operational capabilities to accommodate the ever-growing data stream from multiple sources.

In addition, this year highlighted several other system enhancements. The Company updated its Online Writer Affiliation platform to allow foreign songwriters and composers to affiliate with BMI directly through our website. This upgrade extends to a fully accessible and responsive mobile experience, in keeping with the demand for on-the-go, self-serve options. BMI also made several cue sheet processing enhancements that allowed the Company to expand its scale as the volume of registrations from television, cable and film production companies continues to grow. Moreover, we upgraded our music identification system and we continue to make improvements to accommodate growth in this area.

As discussed in other sections of this report, a core focus for BMI's Information Technology team was ensuring the functionality of the BMI and ASCAP single work view database. Both PROs have been analyzing, testing and defining the rules for reconciling data from each respective organization,

while also addressing incomplete or incorrect registrations, share splits, U.S. representation of international works and complicated ownership disputes, among other issues. Testing combined data sets in a cloud platform has begun, and the results of that analysis will serve as the foundation for the project.

The database will be a secure, comprehensive, searchable and user-friendly marketplace solution to benefit creators and licensees alike. It will be updated as new information becomes available, and future phases will explore customizable, interactive-API solutions and the potential inclusion of other databases. This initiative, which will be available through each PRO's respective website, builds upon BMI's and ASCAP's existing online searchable public databases.

## INTERNATIONAL OPERATIONS & TECHNOLOGY HIGHLIGHTS

Throughout the year, BMI's International Operations & Technology team collaborated with CISAC and FastTrack to further the industry needs of the global community, focusing on improving efficiency and data quality. Through participation in worldwide technology initiatives, service enhancements, and ongoing advancements to our infrastructure and operations processes, we deliver speed, ease and value to our constituents. Looking ahead, our long-term investment in innovation continues to position BMI at the forefront of music rights administration.

**TOTAL NUMBER OF AFFILIATES**

**820,000+**

**TOTAL NUMBER OF MUSICAL  
WORKS NOW LICENSED BY BMI**

**NEARLY**

**13 MILLION**

**BMI MOBILE APP**

**113,000**

**NEW USERS**

**SINCE 2013**

**33,000**

**NEW USERS**

**IN FY17**



