

**UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE**

-----X
In Re:) Chapter 11
)
MUZAK HOLDINGS LLC, et al.,¹) Case No. 09-10422 (KJC)
)
) Jointly Administered
-----X

**COVER SHEET FOR THIRD MONTHLY APPLICATION OF FTI CONSULTING, INC FOR
ALLOWANCE OF COMPENSATION
FOR SERVICES RENDERED AND REIMBURSEMENT OF EXPENSES AS
FINANCIAL ADVISOR TO THE OFFICIAL COMMITTEE OF UNSECURED CREDITORS
FOR THE PERIOD FROM MAY 1, 2009 THROUGH MAY 31, 2009**

Name of Applicant: FTI Consulting, Inc

Authorized to Provide Services to: Official Committee of Unsecured Creditors

Date of Retention: Retention order entered April 16, 2009
Effective as of February 24, 2009

Period for which Compensation/
Reimbursement is Sought: May 1, 2009 through May 31, 2009

Compensation Sought as Actual,
Reasonable and Necessary: \$ 125,000.00

Expense Reimbursement Sought as
Actual, Reasonable and Necessary: \$ 551.23

This is a: X monthly ___ final application

Prior Fee Applications Filed by Applicant: 2

¹ The Debtors in these chapter 11 case, together with the last four digits of each Debtor's federal tax identification number, are: Muzak Holdings LLC (3730); Muzak Holdings Finance Corp. (3728); Muzak LLC (3729); Background Music Broadcasters, Inc. (3014); Muzak Capital Corporation (2302); MLP Environmental Music, LLC (6098); Business Sound, Inc. (9525); BI Acquisition, LLC (6049); Muzak Finance Corp. (7963); Electro-Systems Corporation (6059); Audio Environments, Inc. (4111); Telephone Audio Productions, Inc. (4894); Vortex Sound Communications Company, Inc. (3711); Muzak Houston, Inc. (9984); and Music Incorporated (3710). The location of the Debtors' corporate headquarters and the service address for all the Debtors is: 3318 Lakemont Boulevard, Fort Mill, South Carolina 29708.

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**THIRD MONTHLY APPLICATION OF FTI CONSULTING, INC FOR
ALLOWANCE OF COMPENSATION FOR SERVICES RENDERED AND
REIMBURSEMENT OF EXPENSES AS FINANCIAL ADVISOR TO THE OFFICIAL
COMMITTEE OF UNSECURED CREDITORS
FOR THE PERIOD FROM MAY 1, 2009 THROUGH MAY 31, 2009**

The Application (the "Application") of FTI Consulting, Inc., (the "Applicant," or "FTI"), as financial advisor to the Official Committee of Unsecured Creditors (the "Committee") of Muzak Holdings LLC., et al. (the "Debtors"), respectfully represents and alleges:

I. INTRODUCTION

1. Applicant, as financial advisor to the Committee, makes this Third Application for payment of professional services rendered and expenses incurred in its representation of the Committee as provided under Sections 1103(a) and 328(a) of Title 11 of the United States Code (the "Bankruptcy Code"), Rule 2014 of the Federal Rules of Bankruptcy Procedure (the "Bankruptcy Rules") and Rule 2014-1 of the Local Rules of the United States Bankruptcy Court for the District of Delaware (the "Local Rules").

2. This Application is submitted pursuant to the terms of the Amended Order Authorizing the Debtors to Establish Procedures for Interim Compensation and Reimbursement of Expenses for Professionals and Statutory Committee Members entered on April 24, 2009 (the "Administrative Fee Order"). Pursuant to the Administrative Fee Order, FTI is seeking payment

of \$125,000.00 of fees and \$551.23 for reimbursement of expenses. These services were rendered, and disbursements recorded, from May 1, 2009 through May 31, 2009, both dates inclusive (the “Third Monthly Period”).

II. BACKGROUND

3. On February 10, 2009 (the “Petition Date”), each of the Debtors filed a voluntary petition for relief under chapter 11 of title 11 of the Bankruptcy Code in the United States Bankruptcy Court for the District of Delaware (the “Court”).

4. On February 12, 2009, the Court entered an order jointly administering these cases pursuant to Bankruptcy Rule 1015(b) for procedural purposes only. The Debtors continue to operate their businesses and manage their properties as debtors in possession pursuant to sections 1107 and 1108 of the Bankruptcy Code. No trustee or examiner has been appointed in these cases nor has any request for appointment of a trustee or examiner been made.

5. On February 20, 2009, pursuant to section 1102 of the Bankruptcy Code, the Office of the United States Trustee for the District of Delaware appointed the Committee. The Committee currently consists of seven members.² On February 20, 2009, pursuant to section 1103(a) of the Bankruptcy Code, the Committee selected Akin Gump Strauss Hauer & Feld LLP to serve as co-counsel to the Committee, and on February 24, 2009, the Committee selected FTI as its financial advisor.

² The Committee is comprised of the following entities: Bronwen M. DuKate; MFC Global Investment Management; Wells Fargo Bank, N.A., as Trustee; U.S. Bank National Association, as Trustee; HSBC Bank USA, National Association, as Trustee; Dish Network; and Monarch Alternative Capital.

III. JURISDICTION AND VENUE

6. This Court has jurisdiction over the Application pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). The statutory bases for the relief requested herein are sections 1103 and 328(a) of the Bankruptcy Code and Bankruptcy Rule 2014.

IV. PROFESSIONAL SERVICES RENDERED

7. In accordance with Local Rule 2014-1 and the Administrative Fee Order, and to assist the Court, the Debtors, the United States Trustee and other parties in interest in evaluating this Application for compensation, the primary services performed by Applicant during the Third Monthly Period are summarized in the Summary attached hereto as Exhibit “B”. The Summary reflects certain services of major importance which required the special attention, efforts and skill of Applicant. Applicant’s services throughout the Third Monthly Period have enhanced the Committee’s understanding of many issues critical to these cases. Furthermore, Applicant’s efforts have enabled the Committee to act in an informed, efficient manner, actively participate in these cases and significantly assist in the maximization of value to the estates.

8. In accordance with FTI’s retention order, a summary sheet of the professionals and the number of hours incurred by each during the Third Monthly Period is annexed hereto as Exhibit “C”. A summary sheet which includes identification of services performed by the professionals, categorized by Applicant into “task codes” in order to group related time entries in a certain subject area, is annexed hereto as Exhibit “D”.

9. In accordance with FTI's retention order, a summary which includes identification of Applicant's disbursements, necessarily incurred in the performance of Applicant's duties as financial advisor to the Committee, is annexed hereto as Exhibit "E".

10. Applicant has worked closely with the Debtors' financial advisors, the other case professionals and the Committee to avoid unnecessary duplication of services charged to the Debtors' estates.

V. CONCLUSION

11. Applicant has necessarily and properly expended 200.7 hours of services in performance of its duties as financial advisor to the Committee during the Third Monthly Period. Applicant respectfully requests a monthly fee allowance for professional services rendered in the amount of \$125,000.00. Pursuant to the Compensation Procedures Order, Applicant requests that, upon the expiration of the applicable objection period, the Debtors remit to the Applicant eighty (80%) percent of the fees, or \$100,000.00. Applicant has also necessarily incurred disbursements in the amount of \$551.23 in the performance of Applicant's duties as financial advisor to the Committee during the Third Monthly Period. Applicant respectfully requests reimbursement of disbursements in the sum of \$551.23.

12. As stated in the Affidavit of Steven Simms, annexed hereto as Exhibit "A", Applicant has not agreed to share any compensation to be received herein with any other person.

WHEREFORE, Applicant respectfully requests a third monthly award of compensation for professional services rendered as financial advisor to the Committee during the Third Monthly Period in the sum of \$125,000.00, together with reimbursement of disbursements in the amount of \$551.23; and for such other and further relief as this Court deems just and proper.

Dated: New York, New York
June 24, 2009

FTI CONSULTING, INC.

By: 

Steven Simms

Senior Managing Director

Financial Advisor for the Official

Committee of Unsecured

Creditors of Muzak Holdings LLC., et al.

3 Times Square

New York, New York 10036

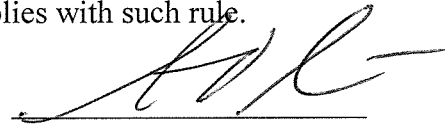
212-841-9369

EXHIBIT

“A”

3. In accordance with Bankruptcy Rule 2016(a) and section 504 of the Bankruptcy Code, no agreement or understanding exists between the Applicant and any other person for the sharing of compensation to be received in connection with these cases.

4. I have reviewed the requirements of Rule 2016-2 of the Local Rules of Bankruptcy Practice and Procedure of the United States Bankruptcy Court for the District of Delaware and submit that the Application substantially complies with such rule.


Steven Simms

Sworn to before me this
24th day of, June 2009


Notary Public

KARIN JACOBSON
Notary Public, State of New York
No. 31-4900115
Qualified in New York County
Commission Expires Oct. 19, 2009

EXHIBIT

“B”

FTI CONSULTING, INC
FINANCIAL ADVISOR TO THE OFFICIAL COMMITTEE OF
UNSECURED CREDITORS OF MUZAK HOLDINGS LLC., *ET AL.*

SUMMARY OF PRINCIPAL SERVICES BY TASK CODES PERFORMED FOR THE
PERIOD FROM MAY 1, 2009 THROUGH AND INCLUDING MAY 31, 2009

The following is not intended to be a complete statement of all professional services rendered, but serves only to list certain of the services of major task codes rendered by FTI during the Third Monthly Period.

Task Code 1- Current Operating Results & Events (28.6 hours)

During the Third Monthly Period, FTI reviewed and analyzed the Company's monthly operating results. FTI analyzed variances to the budget with respect to EBITDAR and the Company's key performance indicators. Time in this task code includes calls with the Debtors and Debtors' advisors in order to understand the drivers behind these variances. FTI prepared reports for the Committee summarizing results and variances.

Task Code 2 – Cash & Liquidity Analysis (27.2 hours)

During the Third Monthly Period, FTI reviewed and analyzed the Company's weekly cash flow reports, analyzed variances to the budget, and monitored for compliance with the cash collateral order. Time in this task code includes weekly calls with the Debtors and Debtors' advisors in order to understand the drivers behind weekly variances from budget. FTI included the results of such information in its reporting to the committee.

Task Code 7 – Analysis of Business Plan (13.1 hours)

During the Third Monthly Period, FTI began to analyze and review the Company's refreshed 2009 business plan. Time in this task code includes conference calls with the Debtors and their professionals in addition to the preparation of forecast-over-forecast analyses, amongst others.

Task Code 16 – Analysis, Negotiate & Form of POR & DS (90.3)

During the Third Monthly Period, FTI reviewed and analyzed reorganization and strategic alternative proposals from various parties. FTI prepared summaries outlining the terms and differences of each proposal. FTI then developed illustrative recovery models to assess the illustrative amount and percent recovered for each primary creditor class under the different proposals. Time in this task code includes numerous discussions with the Debtors and their related case professionals. Resulting key observations from such analyses were summarized and shared in various discussions with the Committee.

EXHIBIT

“C”

MUZAK HOLDINGS LLC, CASE NO. 09-10422
SUMMARY OF HOURS PROFESSIONAL
FOR THE PERIOD MAY 1, 2009 THROUGH MAY 31, 2009

<u>Professional</u>	<u>Position</u>	<u>Hours</u>
Simms, Steven	Senior Managing Director	20.5
Spragg, Mark	Senior Managing Director	11.3
Korsower, Joshua	Director	1.5
Laber, Mark	Director	83.7
Heller, Justin	Consultant	78.7
Johnston, Cheryl	Paraprofessional	4.5
Pearson, Linda	Administrative	0.5
Total		200.7

EXHIBIT

“D”

MUZAK HOLDINGS LLC, et al., CASE NO. 09-10422(KJC)
SUMMARY OF FEES BY TASK
FOR THE PERIOD MAY 1, 2009 THROUGH MAY 31, 2009

<u>Task Code</u>	<u>Description</u>	<u>Hours</u>
1	Current Operating Results & Events	28.6
2	Cash & Liquidity Analysis	27.2
3	Financing Matters (DIP, Exit, Other)	1.7
7	Analysis of Business Plan	13.1
13	Analysis of Other Miscellaneous Motions	2.0
16	Analysis, Negotiate & Form of POR & DS	90.3
19	Case Management.	2.9
20	General Meetings with Debtor and Debtors' Professionals	11.7
21	General Meetings with UCC and UCC Counsel	8.4
22	Meetings with Other Parties	4.6
24	Preparation of Fee Application	9.7
35	Analyze and Review Licensing Contracts	0.5
Total		200.7

EXHIBIT

“E”

MUZAK HOLDINGS, LLC, CASE NO. 09-10422
SUMMARY OF EXPENSES BY CATEGORY
FOR THE PERIOD MAY 1, 2009 THROUGH MAY 31, 2009

<u>Expense Category</u>	<u>Expenses</u>
Meals	\$ 531.23
Transportation	20.00
Total	\$ 551.23

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FOR THE DISTRICT OF DELAWARE**

In re:

MUZAK HOLDINGS LLC, et al.,¹

Debtors.

Chapter 11

Case No. 09-10422 (KJC)

Jointly Administered

Objection Deadline: July 14, 2009 at 4:00 p.m.
Hearing Date: Only if Objections are Timely Filed.

NOTICE OF MOTION

PLEASE TAKE NOTICE, that on June 24, 2009, the Official Committee of Unsecured Creditors (the “Committee”) filed the following Applications for Compensation (the “Applications”). The Applications are submitted pursuant to the Amended Order Authorizing the Debtors to Establish Procedures for Interim Compensation and Reimbursement of Expenses for Professionals and Statutory Committee Members (Docket No. 252).

Third Monthly Application of FTI Consulting, Inc. for Allowance of Compensation for Services Rendered and Reimbursement of Expenses as Financial Advisors to the Official Committee Of Unsecured Creditors for the Period From May 1, 2009 Through May 31, 2009.

PLEASE ALSO TAKE NOTICE, that you are required to file a response to the Applications on or before July 14, 2009 at 4:00 p.m. At the same time, you must also serve a copy of the response upon the following:

¹ The Debtors in these chapter 11 cases, together with the last four digits of each Debtor’s federal tax identification, number, are: Muzak Holdings LLC (3730); Muzak Holdings Finance Corp. (3728); Muzak LLC (3729); Background Music Broadcasters, Inc. (3014); Muzak Capital Corporation (2302); MLP Environmental Music, LLC (6098); Business Sound, Inc. (9525); BI Acquisition, LLC (6049); Muzak Finance Corp. (7963); Electro-Systems Corporation (6059); Audio Environments, Inc. (4111); Telephone Audio Productions, Inc. (4894); Vortex Sound Communications Company, Inc. (3711); Muzak Houston, Inc. (9984); and Music Incorporated (3710). The location of the Debtors’ corporate headquarters and the service address for all the Debtors is: 3318 Lakemont Boulevard, Fort Mill, South Carolina 29708.

Michael F. Zendan, II, Esq. Muzak Holdings LLC 3318 Lakemont Blvd. Fort Mill, South Carolina 29708,	Joshua A. Sussberg Kirkland & Ellis LLP 153 East 53 rd Street New York, New York, 10022
Domenic Pacitti Michael Yurkewicz Klehr, Harrison, Harvey, Branzburg & Ellers LLP 919 Market Street, Suite 1000, Wilmington, Delaware 19801,	James R. Savin, Esq. David M. Dunn, Esq. Akin Gump Strauss Hauer & Feld LLP Robert S. Strauss Building 1333 New Hampshire Avenue, N.W. Washington, DC 20036-1564
Eric Lopez Schnabel, Esq. Robert W. Mallard, Esq. DORSEY & WHITNEY (DELAWARE) LLP 1105 North Market Street, Suite 1600 Wilmington, DE 19801	David Klauder Office of the United States Trustee 844 King Street, Suite 2207 Lockbox 35 Wilmington, DE 19801
Andrew J. Gallo Bingham McCutchen LLP One Federal Street Boston, MA 02110-1726	

PLEASE ALSO TAKE NOTICE, THAT IF YOU FAIL TO RESPOND IN ACCORDANCE WITH THIS NOTICE, THE COURT MAY GRANT THE RELIEF DEMANDED BY THE APPLICATIONS WITHOUT FURTHER NOTICE OR HEARING.

Dated: June 24, 2009

By: /s/ Robert W. Mallard
Robert W. Mallard (No. 4279)
DORSEY & WHITNEY (DELAWARE) LLP
1105 North Market Street; Suite 1600
Wilmington, DE 19801

**IN THE UNITED STATES BANKRUPTCY COURT
FOR THE DISTRICT OF DELAWARE**

In re:

MUZAK HOLDINGS LLC, et al.,

Debtors.

Chapter 11

Case No. 09-10422 (KJC)

Jointly Administered

CERTIFICATE OF SERVICE

I, Robert W. Mallard, Esq., hereby certify that on the 24th of June, 2009, I caused the following documents to be served on the parties on the attached service list via first class mail.

1. *Third Monthly Application of FTI Consulting, Inc. for Allowance of Compensation for Services Rendered and Reimbursement of Expenses as Financial Advisors to the Official Committee Of Unsecured Creditors for the Period From May 1, 2009 Through May 31, 2009.*

2. *Notice of Motion.*

Dated: June 24, 2009

By: /s/ Robert W. Mallard
Robert W. Mallard (No. 3672)
DORSEY & WHITNEY (DELAWARE) LLP
1105 North Market Street; Suite 1600
Wilmington, DE 19801

Service List

Michael F. Zendan, II, Esq. Muzak Holdings LLC 3318 Lakemont Blvd. Fort Mill, South Carolina 29708,	Joshua A. Sussberg Kirkland & Ellis LLP 153 East 53 rd Street New York, New York, 10022
Domenic Pacitti Michael Yurkewicz Klehr, Harrison, Harvey, Branzburg & Ellers LLP 919 Market Street, Suite 1000, Wilmington, Delaware 19801,	James R. Savin, Esq. David M. Dunn, Esq. Akin Gump Strauss Hauer & Feld LLP Robert S. Strauss Building 1333 New Hampshire Avenue, N.W. Washington, DC 20036-1564
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