

**UNITED STATES BANKRUPTCY COURT  
DISTRICT OF DELAWARE**

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

**COVER SHEET FOR SIXTH 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 AUGUST 1, 2009 THROUGH AUGUST 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: August 1, 2009 through August 31, 2009  
Compensation Sought as Actual,  
Reasonable and Necessary<sup>2</sup>: \$ 118,548.39  
Expense Reimbursement Sought as  
Actual, Reasonable and Necessary: \$ 75.71  
This is a: X monthly \_\_\_ final application

Prior Fee Applications Filed by Applicant: 5

<sup>1</sup> 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.

<sup>2</sup> \$118,548.39 in Compensation Sought as Actual Reasonable and Necessary assumes 23 days at a monthly fee of \$125,000.00 and 8 days at a monthly fee of \$100,000.00, resulting in fees of \$92,741.94 and \$25,806.45, respectively.

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**SIXTH 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 AUGUST 1, 2009 THROUGH AUGUST 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 Sixth 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 \$118,548.39 of fees and \$75.71 for reimbursement of expenses. According to FTI's terms of retention, FTI will seek payment for compensation on a fixed monthly basis of \$125,000 per month for the first six months, \$100,000 per month for the next four months, and \$75,000 per month thereafter. In accordance with FTI's terms of retention, FTI seeks payment of \$118,548.39 in fees, which assumes assumes 23 days at a monthly fee of \$125,000.00 (\$92,741.94) and 8 days at a monthly fee of \$100,000.00 (\$25,806.45), resulting in \$118,548.39 in fees. These services were rendered, and disbursements recorded, from August 1, 2009 through August 31, 2009, both dates inclusive (the "Sixth 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.<sup>3</sup> On February 20, 2009, pursuant to

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<sup>3</sup> The Committee is comprised of the following entities: Bronwen M. DuKate; MFC Global Investment

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.

### **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 Sixth 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 Sixth 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 Sixth 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", with a more detailed summary annexed hereto as Exhibit "F".

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 128.2 hours of services in performance of its duties as financial advisor to the Committee during the Sixth Monthly Period. Applicant respectfully requests a monthly fee allowance for professional services rendered in the amount of \$118,548.39. 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 \$94,838.71. Applicant has also necessarily incurred disbursements in the amount of \$75.71 in the performance of Applicant's duties as financial advisor to the Committee during the Sixth Monthly Period. Applicant respectfully

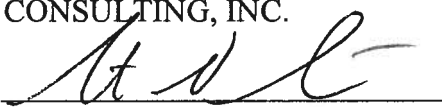
requests reimbursement of disbursements in the sum of \$75.71.

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 Sixth monthly award of compensation for professional services rendered as financial advisor to the Committee during the Sixth Monthly Period in the sum of \$118,548.39, together with reimbursement of disbursements in the amount of \$75.71; and for such other and further relief as this Court deems just and proper.

Dated: New York, New York  
September 21, 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  
21st day of, September 2009

\_\_\_\_\_  
Notary Public

Invoice No. 7205658 should be referenced when making payment. Check and wire transfer instructions are as follows:

**By Check Remit to:**  
FTI Restructuring  
PO Box 631916  
Baltimore, MD 21263-1916

**By Wire Transfer Remit to:**  
ABA # 026009593  
Bank of America  
FTI Consulting, Inc.  
Account #003939577164  
Tax ID #22-3026953  
RE: Invoice: 7208628  
Project No. 420549.0001

# **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 AUGUST 1, 2009 THROUGH AND INCLUDING AUGUST 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 Sixth Monthly Period.

**Task Code 1- Current Operating Results & Events (46.9 hours)**

During the Sixth 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, including revenue, costs and billing base. FTI prepared reports for the Committee summarizing such results and variances.

**Task Code 2 – Cash & Liquidity Analysis (18.2 hours)**

During the Sixth 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. In addition, FTI reviewed and analyzed the Company's expected cash upon emergence. 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.

**Task Code 3 – Financing Matters (DIP, Exit, Other) (13.2 hours)**

During the Sixth Monthly Period, FTI reviewed and analyzed the Company's potential debt structure. FTI analyzed the projected debt capacity of the business and evaluated the projected liquidity at varying levels of debt. In addition, FTI began to review recent exit financings to help gauge the current market pricing for exit facilities. These analyses are still underway and will be useful when evaluating restructuring proposals in efforts to reach a consensual deal.

**EXHIBIT**

**“C”**

**MUZAK HOLDINGS LLC, et al., CASE NO. 09-10422(KJC)**  
**SUMMARY OF HOURS AND FEES BY PROFESSIONAL**  
**FOR THE PERIOD AUGUST 1, 2009 THROUGH AUGUST 31, 2009**  
**INVOICE# 7205658**

<u>Professional</u>	<u>Position</u>	<u>Total Hours</u>
Simms, Steven	Senior Managing Director	25.6
Laber, Mark	Director	39.3
Hofstad, Ivo J	Director	1.0
Heller, Justin	Consultant	55.3
Schwarz, David	Intern	4.2
Johnston, Bonnie	Paraprofessional	2.8
<b>Total</b>		<b>128.2</b>

**EXHIBIT**

**“D”**

**MUZAK HOLDINGS LLC, et al., CASE NO. 09-10422(KJC)**  
**SUMMARY OF FEES BY TASK**  
**FOR THE PERIOD AUGUST 1, 2009 THROUGH AUGUST 31, 2009**  
**INVOICE # 7205658**

<u>Task Code</u>	<u>Description</u>	<u>Total Hours</u>
1	Current Operating Results & Events	46.9
2	Cash & Liquidity Analysis	18.2
3	Financing Matters (DIP, Exit, Other)	13.2
7	Analysis of Business Plan	10.4
13	Analysis of Other Miscellanenous Motions	0.3
16	Analysis, Negotiate & Form of POR & DS	11.5
19	Case Management.	0.6
20	General Meetings with Debtor and Debtors' Professionals	3.4
21	General Meetings with UCC and UCC Counsel	8.5
22	Meetings with Other Parties	10.5
24	Preparation of Fee Application	4.7
<b>Total</b>		<b>128.2</b>

# **EXHIBIT**

**“E”**

**MUZAK HOLDINGS, LLC, CASE NO. 09-10422**  
**SUMMARY OF EXPENSES BY CATEGORY**  
**FOR THE PERIOD AUGUST 1, 2009 THROUGH AUGUST 31, 2009**  
**INVOICE # 7205658**

<u>Expense Category</u>	<u>Expenses</u>
Meals	\$ 18.43
Other	4.08
Transportation	53.20
<b>Total</b>	<b>\$ 75.71</b>

**EXHIBIT**

**“F”**

**MUZAK HOLDINGS, LLC, CASE NO. 09-10422**  
**DETAIL OF EXPENSES BY CATEGORY**  
**FOR THE PERIOD AUGUST 1, 2009 THROUGH AUGUST 31, 2009**  
**INVOICE# 7205658**

<u>DATE</u>	<u>PROFESSIONAL</u>	<u>DESCRIPTION</u>	<u>AMOUNT</u>
08/09/2009	Heller, Justin	Working dinner.	\$ 11.32
08/16/2009	Laber, Mark	Working dinner.	7.11
<b>Meals Total</b>			<b>\$ 18.43</b>
07/06/2009	Simms, Steven	Electronic Data - Pacer Service Center Online Research	\$ 4.08
<b>Other Total</b>			<b>\$ 4.08</b>
08/04/2009	Heller, Justin	Taxi - office to home.	\$ 10.00
08/05/2009	Heller, Justin	Taxi - office to home.	10.00
08/06/2009	Heller, Justin	Taxi - office to home.	10.00
08/06/2009	Schwarz, David	Taxi - office to home.	13.20
08/17/2009	Heller, Justin	Taxi - office to home.	10.00
<b>Transportation Total</b>			<b>\$ 53.20</b>
<b>Total</b>			<b>\$ 75.71</b>

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

**In re:**

**MUZAK HOLDINGS LLC, et al.,<sup>1</sup>**

**Debtors.**

Chapter 11

Case No. 09-10422 (KJC)

Jointly Administered

Objection Deadline: October 13, 2009 at 4:00 p.m.  
Hearing Date: Only if Objections are Timely Filed.

**NOTICE OF MOTION**

PLEASE TAKE NOTICE, that on September 21, 2009, the Official Committee of Unsecured Creditors (the “Committee”) filed the following Application for Compensation (the “Application”). The Application is 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).

*Sixth 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 August 1, 2009 Through August 31, 2009.*

PLEASE ALSO TAKE NOTICE, that you are required to file a response to the Application on or before October 13, 2009 at 4:00 p.m. At the same time, you must also serve a copy of the response upon the following:

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<sup>1</sup> 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 <sup>rd</sup> 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: September 21, 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 21<sup>st</sup> of September, 2009, I caused the following documents to be served on the parties on the attached service list via first class mail.

1. *Sixth 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 August 1, 2009 Through August 31, 2009.*
2. *Notice of Motion.*

Dated: September 21, 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 <sup>rd</sup> 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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