

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

In re:)	Chapter 11
)	
MUZAK HOLDINGS LLC, <i>et al.</i> ,)	Case No. 09-10422 (KJC)
)	
)	
Debtors.)	Jointly Administered
)	
)	

**NOTICE OF DATES BY WHICH PARTIES MUST FILE PROOFS OF CLAIM,
INCLUDING CLAIMS UNDER 11 U.S.C. § 503(B)(9),
AND PROCEDURES FOR FILING PROOFS OF CLAIM AGAINST THE DEBTORS**

PLEASE TAKE NOTICE THAT the above-captioned debtors and debtors in possession (collectively, the “Debtors”), each filed a voluntary petition for relief under chapter 11 of the United States Code (the “Bankruptcy Code”) in the United States Bankruptcy Court for the District of Delaware (the “Court”) on February 10, 2009 (the “Petition Date”).

PLEASE TAKE FURTHER NOTICE THAT on April 24, 2009, the Debtors filed the Debtors’ Motion for Entry of an Order Establishing Bar Dates for Filing Proofs of Claim, Approving the Form and Manner for Filing Proofs of Claim and Approving Notice Thereof [Docket No. 261] (the “Bar Date Motion”). On May 13, 2009, the Court entered an order approving the Bar Date Motion [Docket No. 286] (the “Bar Date Order”), pursuant to which the Court established certain dates (referred to herein as “Bar Dates”) by which parties holding claims against The Debtors that arose before the Petition Date must file proofs of claim against the Debtors. Each date is expressly set forth below.

<p>YOU ARE RECEIVING THIS NOTICE BECAUSE YOU MAY BE HOLDING A CLAIM AGAINST ONE OR MORE OF THE DEBTORS IN THE ABOVE-CAPTIONED CHAPTER 11 CASES. THEREFORE, YOU SHOULD READ THIS NOTICE CAREFULLY AND DISCUSS IT WITH YOUR ATTORNEY. IF YOU DO NOT HAVE AN ATTORNEY, YOU MAY WISH TO CONSULT ONE.</p>

Background to the Debtors’ Chapter 11 Cases

General Information About the Debtors’ Cases. The Debtors’ cases are being jointly administered under case number 09-10422. No request for the appointment of a trustee or examiner has been made in these chapter 11 cases. On February 20, 2009, the United States

Trustee for the District of Delaware (the “U.S. Trustee”) appointed an official committee of unsecured creditors pursuant to section 1102(a)(1) of the Bankruptcy Code (the “Committee”).¹

Individual Debtor Information. The location of the Debtors’ corporate headquarters and the service address for all Debtors is: 3318 Lakemont Boulevard, Fort Mill, South Carolina 29708. The table below lists the respective case number for each Debtor:

DEBTOR	CASE NO.
Muzak Holdings LLC	09-10422
Muzak Holdings Finance Corp.	09-10424
Muzak LLC	09-10425
Background Music Broadcasters, Inc.	09-10426
Muzak Capital Corporation	09-10427
MLP Environmental Music, LLC	09-10428
Business Sound, Inc.	09-10429
BI Acquisition, LLC	09-10430
Muzak Finance Corp.	09-10431
Electro-Systems Corporation	09-10432
Audio Environments, Inc.	09-10433
Telephone Audio Productions, Inc.	09-10434
Vortex Sound Communications Company, Inc.	09-10435
Muzak Houston, Inc.	09-10437
Music Incorporated	09-10438

Access to Proof of Claim Forms and Additional Information. If you have any questions regarding the claims process and/or if you wish to obtain a copy of the Bar Date Motion, Bar Date Order, proof of claim form or related documents (and/or any other pleadings filed in the Debtors’ chapter 11 cases) you may do so by: (i) calling the Debtors’ restructuring hotline at (866) 940-3607; (ii) visiting the Debtors’ restructuring website at: <http://chapter11.epiqsystems.com/muzak>; and/or (iii) writing to the Muzak Holdings LLC Claim Processing Center, c/o Epiq Bankruptcy Solutions, LLC, 757 Third Avenue, 3rd Floor, New York, New York 10017. Please note that Epiq Bankruptcy Solutions, LLC can not advise you how to file, or whether you should file, a proof of claim.

¹ Except as otherwise defined herein or in the Bar Date Motion, all terms specifically defined in the Bankruptcy Code shall have those meanings ascribed to them by the Bankruptcy Code. In particular, as used herein: (a) the term “claim” has the meaning given to it in section 101(5) of the Bankruptcy Code; (b) the term “entity” has the meaning given to it in section 101(15) of the Bankruptcy Code; (c) the term “governmental unit” has the meaning given to it in section 101(27) of the Bankruptcy Code; and (d) the term “person” has the meaning given to it in section 101(41) of the Bankruptcy Code.

Schedules of Liabilities

On March 27, 2009, each of the Debtors filed a statement of financial affairs and schedules of liabilities with the Court [Docket Nos. 163-191] (collectively, the "Schedules"). The Schedules also include amended schedules of liabilities filed by Muzak LLC on May 18, 2009 [Docket No. 295]. The Debtors' Schedules and the Bar Date Order may be examined and inspected by interested parties during regular business hours at any of (a) the offices of Kirkland & Ellis LLP, 153 East 53rd Street, New York, New York 10022 or (b) the Clerk of the Bankruptcy Court, United States Bankruptcy Court, District of Delaware, 824 North Market Street, 3rd Floor, Wilmington, Delaware 19801, during posted hours. The Debtors' Schedules and the Bar Date Order are also available online at <http://chapter11.epiqsystems.com/muzak>. The Court's docket sheet and documents are also accessible at the Court's internet site: <https://ecf.deb.uscourts.gov> through an account obtained from the PACER website at <http://pacer.psc.uscourts.gov>. Creditors that wish to rely on the Schedules will have the responsibility for determining that their claims are listed accurately on them.

Bar Dates Approved by the Court

The Court has established the following Bar Dates as those dates by which parties holding claims against the Debtors and/or its Debtor affiliates that arose (or that are deemed to have arisen) before the Petition Date must file proofs of claim:

Bar Date: **July 2, 2009 at 5:00 p.m. prevailing Eastern Time**, is the date by which all entities (which includes, individual persons, estates, trusts, partnerships and corporations, among others) must file proofs of claim (the "Bar Date").

Governmental Bar Date: **August 10, 2009 at 5:00 p.m. prevailing Eastern Time**, is the date by which all governmental units holding claims (whether secured, unsecured priority or unsecured non-priority) must file proofs of claim, including claims for unpaid taxes, whether such claims arise from prepetition tax years or periods or prepetition transactions to which The Debtors was a party (the "Governmental Bar Date").

Parties Required To File Proofs of Claim

Definition of "Claim". Under section 101(5) of the Bankruptcy Code and as used herein, the word "claim" means: (i) a right to payment, whether or not such right is reduced to judgment, liquidated, unliquidated, fixed, contingent, matured, unmatured, disputed, undisputed, legal, equitable, secured or unsecured; or (ii) a right to an equitable remedy for breach of performance if such breach gives rise to a right to payment, whether or not such right to an equitable remedy is reduced to judgment, fixed, contingent, matured, unmatured, disputed, undisputed, secured or unsecured.

Parties Who Must File Proofs of Claim. Except as otherwise set forth herein, the following persons or entities parties holding claims against the Debtors that arose (or that are deemed to have arisen) before the Petition Date must file proofs of claim on or before the Bar Dates:

- (a) any person or entity whose claim against a Debtor is either (a) not listed in the applicable Debtor's Schedules or (b) is listed as contingent, unliquidated or disputed in the applicable Debtor's Schedules;
- (b) any person or entity who desires to participate in any of these chapter 11 cases or share in any distribution in any of these chapter 11 cases; and
- (c) any person or entity who believes that its claim is improperly classified in the Schedules or is listed in an incorrect amount and who desires to have its claim allowed in a different classification or amount.

Trade Vendors. Vendors and suppliers of goods may be entitled to request an administrative expense priority claim under **section 503(b)(9) of the Bankruptcy Code** to the extent they delivered, and the Debtors received, goods within the 20-day period before the Petition Date. The Court has deemed the filing of a proof of claim as satisfying the procedural requirements for asserting such a claim under section 503(b)(9) of the Bankruptcy Code. Thus, such proofs of claim must be filed pursuant to the Bar Date Order and in accordance with the procedures set forth herein. **Please note** – these claims are referred to herein as “503(b)(9) Claims” and in some instances, require additional information. Please read this notice, especially the instructions below, carefully to make sure that each 503(b)(9) Claim is filed expressly as set forth herein.

Parties Who Do Not Need To File Proofs of Claim. Certain parties are not required to file proofs of claim. The Court may, however, enter one or more separate orders at a later time requiring creditors to file proofs of claim for some kinds of the following claims and setting related deadlines. If the Court does enter such an order, you will receive notice of it. The following persons or entities holding claims that would otherwise be subject to the Bar Date need not file proofs of claim:

- (a) any person or entity that already has filed a signed proof of claim against the applicable Debtor(s) with the Clerk of the Bankruptcy Court for the District of Delaware in a form substantially similar to Official Form 10;
- (b) any person or entity whose claim is listed on the Schedules, but only if: (a) such claim is not scheduled as “contingent,” “unliquidated” or “disputed;” (b) the claimant does not disagree with the amount, nature and priority of the claim as set forth in the Schedules; and (c) the claimant does not dispute that the claim is an obligation of the specific Debtor(s) as set forth in the Schedules;
- (c) a holder of a claim that has previously been allowed by order of the Court;

- (d) a holder of a claim that has been paid in full by the Debtors or any other party;
- (e) a holder of a claim for which a specific deadline previously has been fixed by the Court;
- (f) any Debtor having a claim against another Debtor;
- (g) a current employee of the Debtors, if an order of this Court authorized the Debtors to honor such claim in the ordinary course of business as a wage, commission or benefit; *provided, however*, that a current employee must submit a proof of claim by the Bar Date for all other claims arising before the Petition Date, including claims for wrongful termination, discrimination, harassment, hostile work environment, retaliation and/or claims covered by the Debtors' workers' compensation insurance;
- (h) a customer of the Debtors, if an order of this Court authorized the Debtors to honor such claim in the ordinary course of business as a customer program or obligation; *provided, however*, that a customer must submit a proof of claim by the Bar Date if its claim relates to damages arising from, without limitation, claims for breach of contract, breach of warranty or misrepresentation or any other litigation or pre-litigation claim;
- (i) the prepetition agent and the prepetition lenders under the Debtors' prepetition secured credit facility, pursuant to the Cash Collateral Order;²
- (j) a holder of a claim that is limited exclusively to the repayment of principal, interest and/or other applicable fees and charges owed under any bond or note issued by the Debtors pursuant to an indenture (a "Debt Instrument"); *provided, however*, that: (a) this exclusion will not apply to the indenture trustee or designated agent under any of the Debt Instruments or related documents; (b) an indenture trustee under a Debt Instrument must file one proof of claim, on or before the Bar Date, with respect to the repayment by the Debtors of principal, interest and other applicable fees, charges or other claims on or under the Debt Instrument; (c) any person or entity that wishes to assert a claim arising out of or relating to a Debt Instrument, other than a claim for the repayment by the Debtors of principal, interest and other applicable fees and charges on or under the Debt Instrument, will be required to file a proof of claim on or before the Bar Date, unless another exception in this paragraph applies; and (d) any indenture trustee or designated agent under any of the Debt Instruments or related documents will only be required to file a proof of claim against the chapter 11 estates of the Debtor(s) that is (are) the primary obligor(s) on the underlying debt, and if such

² Pursuant to the Cash Collateral Order, the Debtors' stipulations in paragraph F of the Cash Collateral Order are deemed to constitute a timely filed proof of claim and the Bar Date Order does not apply to the prepetition agent and the prepetition lenders.

proof of claim identifies the Debtors, together with their respective chapter 11 case numbers, that are guarantors or otherwise secondary obligors under the applicable Debt Instruments, that proof of claim will be deemed to have been filed against the chapter 11 estate of each guarantor or secondary obligor;

- (k) a holder of a claim based on an interest in an equity security of the Debtors; *provided, however*, that any claimant who wishes to assert a claim against the Debtors based on, without limitation, claims for damages or rescission arising from or relating to the purchase or sale of an equity security, must file a proof of claim on or before the Bar Date; and
- (l) any claims allowable under sections 503(b) and 507(a)(1) of the Bankruptcy Code as administrative expenses of the Debtors' estates, **with the exception of claims allowable under section 503(b)(9) of the Bankruptcy Code, which are subject to the Bar Date.**

Instructions for Filing Proofs of Claim

Contents of Proofs of Claim. Each proof of claim must (i) be written in English; (ii) include a claim amount denominated in United States dollars; (iii) conform substantially with the Claim Form provided by the Debtors or Official Form No. 10; and (iv) be signed by the claimant or by an authorized agent or legal representative of the claimant.

503(b)(9) Claims: Each 503(b)(9) Claim must include the value of the goods the claimant contends the Debtors received in the period 20 days before the Petition Date (i.e., January 22, 2009 – February 10, 2009).

Claims Against Multiple Debtors. Each proof of claim must state a claim against only one Debtor and clearly indicate the Debtor against which the claim is asserted. To the extent more than one Debtor is listed on the proof of claim, such claim will be treated as if filed only against the first-listed Debtor.

Failure to Identify a Debtor. Each proof of claim must identify the Debtor against which a claim is asserted. A proof of claim filed under the joint administration case number (No. 08-11480), or otherwise without identifying a Debtor, will be deemed as filed only against Muzak Holdings LLC.

Supporting Documentation. Each proof of claim must include supporting documentation in accordance with Bankruptcy Rules 3001(c) and 3001(d) (or, if such documentation is voluminous, include a summary of such documentation) or an explanation as to why such documentation is not available; *provided, however*, that a proof of claim may only be filed without supporting documentation upon the prior written consent of the Debtors' counsel; *provided further, however*, that any creditor that received such written consent shall be required to transmit such writings to the Debtors' counsel upon request no later than ten days from the date of such request.

503(b)(9) Claims: Each 503(b)(9) Claim must include or attach documentation identifying the particular invoices for which any such 503(b)(9) Claim is being asserted and any demand to reclaim goods sold to the Debtors under section 546(c) of the Bankruptcy Code.

Timely Service. Each proof of claim must be filed, including supporting documentation, by U.S. mail or other hand delivery system, so as to be **actually received** by Epiq no later than **5:00 p.m. prevailing Eastern Time**, on or before the Bar Date or the Governmental Bar Date (or, where applicable, on or before any other bar date set forth in the Bar Date Order) at the following address:

If by first-class mail:

Muzak Holdings LLC Claim Processing Center
c/o Epiq Bankruptcy Solutions, LLC
FDR Station, P.O. Box 5269
New York, NY 10150-5269

If by Hand Delivery or Overnight mail:

Muzak Holdings LLC Claim Processing Center
c/o Epiq Bankruptcy Solutions, LLC
757 Third Avenue, 3rd Floor
New York, NY 10017

**PROOFS OF CLAIM SUBMITTED BY FACSIMILE
OR ELECTRONIC MAIL WILL NOT BE ACCEPTED.**

Receipt of Service. Claimants wishing to receive acknowledgment that their proofs of claim were received by Epiq must submit (i) a copy of the Claim Form and (ii) a self-addressed, stamped envelope (in addition to the original Claim Form sent to Epiq).

Consequences of Failing to Timely File Your Proof of Claim

Pursuant to the Bar Date Order and in accordance with Bankruptcy Rule 3003(c)(2), if you or any party or entity who is required, but fails, to file a proof of claim in accordance with the Bar Date Order on or before the applicable Bar Date or Governmental Bar Date (or, where applicable, on or before any other bar date as set forth therein), please be advised that:

- **YOU WILL BE FOREVER BARRED FROM ASSERTING THAT CLAIM (OR FILING A PROOF OF CLAIM WITH RESPECT TO IT);**
- **YOU WILL NOT RECEIVE ANY DISTRIBUTION IN THESE CHAPTER 11 CASES ON ACCOUNT OF THAT CLAIM;**
- **THE DEBTORS AND THEIR PROPERTY WILL BE DISCHARGED FROM ANY AND ALL LIABILITY WITH RESPECT TO THAT CLAIM; AND**

- **YOU WILL NOT BE PERMITTED TO VOTE ON ANY PLAN OR PLANS OF REORGANIZATION FOR THE DEBTORS ON ACCOUNT OF THESE BARRED CLAIMS.**

Amendments to the Debtors' Schedules

Amendments to Schedules. In the event the Debtors amend their Schedules after the date of this notice, the Debtors will provide holders of claims that are affected by the amendment notice of the amendment, and such parties will be given an opportunity to file proofs of claim before a new deadline that will be specified in that future notice.

Amended Schedule Bar Date. The Court has approved the later of (i) the Bar Date and (ii) 30 days from the date on which the Debtors provided notice of the amendment to the Schedules (or another time period as may be fixed by the Court) as the date by which claimants holding claims affected by the amendment must file proofs of claim with respect to such claim.

Parties to the Debtors' Leases and Executory Contracts

Rejection of Leases and Contracts. The Bankruptcy Code provides that Debtors may, at any time before a plan of reorganization is confirmed by the Court, choose to reject certain executory contracts or unexpired leases. If your contract or lease is rejected, you may have a claim resulting from that rejection.

Proofs of Claim Relating to Rejection Damages. The deadline to file a proof of claim for damages relating to the rejection of the contract or lease is the later of (a) the Bar Date or (b) the date provided in the order authorizing the Debtor to reject (or notice of rejection of) the contract or lease or, if no such date is provided, then 30 days after the date the order is entered or notice of rejection is provided.

Reservation of Rights

Nothing contained in this notice is intended to or should be construed as a waiver of the Debtors' right to: (a) dispute, or assert offsets or defenses against, any filed claim or any claim listed or reflected in the Schedules as to the nature, amount, liability or classification thereof; (b) subsequently designate any scheduled claim as disputed, contingent or unliquidated; and (c) otherwise amend or supplement the Schedules.

Dated: May 28, 2009
Wilmington, Delaware

**KLEHR, HARRISON, HARVEY,
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/s/ Domenic E. Pacitti

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