
UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 8-K

CURRENT REPORT

PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934

Date of Report (Date of earliest event reported November 14, 2007):
November 14, 2007

MUZAK HOLDINGS LLC
(Exact Name of Registrants as Specified in their charter)

DELAWARE	333-78571-02	04-3433730
(State or Other Jurisdiction of Incorporation or Organization)	(Commission File Number)	(I.R.S. Employer Identification No.)

3318 LAKEMONT BLVD.
FORT MILL, SC 29708
(Address of Principal Executive Offices, including Zip Code)

(803) 396-3000
(Telephone Number including Area Code)

N/A
(Former Name or Former address, if Changed Since Last Report)

Check the appropriate box below if the Form 8-K filing is intended to
simultaneously satisfy the filing obligation of the registrant under any of the
following provisions (see General Instruction A.2. below):

- Written communications pursuant to Rule 425 under the Securities Act (17
CFR 230.425)
- Soliciting material pursuant to Rule 14a-12 under the Exchange Act (17 CFR
240.14a-12)
- Pre-commencement communications pursuant to Rule 14d-2(b) under the
Exchange Act (17 CFR 240.14d-2(b))
- Pre-commencement communications pursuant to Rule 13e-4(c) under the
Exchange Act (17 CFR 240.13e-4(c))
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Item 2.02. Results of Operations and Financial Condition

On November 14, 2007, Muzak Holdings LLC announced its consolidated financial results for the quarter ended September 30, 2007. A copy of the press release is furnished with this report as Exhibit 99.1 to this Form 8-K and is incorporated herein by reference.

Item 9.01. Financial Statements and Exhibits

Exhibit No. Description of Exhibit

99.1 Press Release issued by Muzak Holdings LLC dated November 14, 2007

SIGNATURE

Pursuant to the requirements of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

Date: November 14, 2007

Muzak Holdings LLC

By: /S/ Stephen P. Villa

Name: Stephen P. Villa

Title: Chief Executive Officer

Muzak Holdings LLC Announces Third Quarter
Results

Operating Highlights (excludes DMX transaction related amounts):

EBITDA increases 9.5% over prior year

Positive free cash flow of \$0.6 million

FORT MILL, S.C.--(BUSINESS WIRE)--Nov. 14, 2007--Muzak Holdings LLC ("Muzak" or the "Company"), a leading provider of business music services in the United States, today announced financial results for the quarter ended September 30, 2007.

Total revenue for the quarter ended September 30, 2007 was \$62.1 million, a 1.4% decrease, compared to \$63.0 million for the quarter ended September 30, 2006. Music and other business services revenue for the quarter ended September 30, 2007 was \$47.0 million, a 1.7% decrease, compared to \$47.7 million for the quarter ended September 30, 2006. Equipment sales and related services revenue was \$15.1 million in the quarter ended September 30, 2007 as compared to \$15.2 million for the same period in 2006.

Total revenue for the nine months ended September 30, 2007 was \$187.2 million, a 1.8% increase, compared to \$183.9 million for the nine months ended September 30, 2006. Music and other business services revenue for the nine months ended September 30, 2007 was \$142.6 million, a 0.1% increase, compared to \$142.4 million for the nine months ended September 30, 2006. Equipment sales and related services revenue increased to \$44.6 million for the nine months ended September 30, 2007 as compared to \$41.5 million for the same period in 2006.

EBITDA (Earnings Before Interest, Taxes, Depreciation and Amortization) was \$17.3 million for the quarter ended September 30, 2007 (excluding \$1.1 million in expenses directly associated with the proposed DMX transaction), an increase of \$0.5 million or 3.0% as compared to \$16.8 million in the quarter ended September 30, 2006 (excluding \$2.0 million in ERP impairment). Revenue decreases were offset by decreases in cost of revenues, increasing our total margins on revenue to 58.1% for the quarter ended September 30, 2007 compared to 57.6% for the quarter ended September 30, 2006. Selling, general and administrative expenses as a percentage of total revenue fell to 30.8% for the quarter ended September 30, 2007 from 31.4% for the quarter ended September 30, 2006 (excluding \$2.0 million in ERP impairment).

EBITDA was \$52.3 million for the nine months ended September 30, 2007 (excluding \$2.6 million in expenses directly associated with the proposed DMX transaction), an increase of \$5.2 million or 11.0% as compared to \$47.1 million in the nine months ended September 30, 2006 (excluding \$2.0 million in ERP impairment). Our total margins on revenues increased to 59.0% for the nine months ended September 30, 2007 compared to 58.3% for the nine months ended September 30, 2006. Selling, general and administrative expense as a percentage of total revenue fell to 31.5% for the nine months ended September 30, 2007 from 33.0% for the nine months ended September 30, 2006.

EBITDA is not intended to be a performance measure that should be regarded as an alternative to, or more meaningful than, net income as a measure of performance, as determined in accordance with generally accepted accounting principles, known as GAAP. Net loss for the quarter ended September 30, 2007 was \$8.1 million, a 22.6% decrease, compared to \$10.4 million in the prior year and was \$23.9 million for the nine months ended September 30, 2007, which is a 22.6% decrease from the \$30.9 million in the prior year. EBITDA and net loss include \$1.1 million and \$2.6 million in non-recurring costs associated with the potential DMX transaction for the three and nine months ended September 30, 2007, respectively. See attached reconciliation from net loss to EBITDA and to EBITDA as defined by the indentures.

The Company generated a net cash increase of \$1.4 million for the three months ended September 30, 2007 versus an increase of \$0.3 million for the three months ended September 30, 2006 and generated \$5.1 million and \$1.9 million for the nine months ended September 30, 2007 and 2006, respectively (excluding \$0.8 million and \$1.5 million in proposed DMX transaction expenses paid in the quarter and nine months ended September 30, 2007, respectively). This represents the eighth consecutive quarter of positive cash flow. The positive cash flow for the quarter is primarily attributable to more efficient subscriber additions through the continued implementation of the Company's standardized pricing initiative and other operational efficiencies. The net investment made in new subscriber locations was \$6.1 million for the quarter ended September 30, 2007 versus \$6.2 million in 2006.

The Company previously announced that it is contemplating a future consolidation or combination with DMX, Inc. This combination would be contingent on a sale of the combined entity to a undetermined third party buyer following clearance by federal regulators. Accordingly, the parties have submitted a Hart-Scott-Rodino filing seeking clearance for such a transaction. In the interim, Muzak and DMX will remain independent companies and continue to compete and to provide, without disruption, the highest-quality products and services to their respective clients. The Company is currently in the process of fulfilling a request for additional information and documents, (commonly referred to as a "second request"), in connection with the Department of Justice's review of the Company's proposed combination with DMX. While a substantial amount of data has been provided to the Department of Justice, we cannot state with certainty when the Department's review will be completed and to the ultimate outcome. During the quarter ended September 30, 2007, the Company expensed \$1.1 million in transaction related expenditures and \$2.6 million for the nine months ended September 30, 2007. These expenses are recorded in selling, general and administrative expenses in the Company's form 10Q. Actual cash paid related to this transaction was \$0.8 million and \$1.5 million, respectively, for the quarter and nine months ended September 30, 2007.

Muzak Holdings LLC will have a conference call on November 14, 2007 at 10:00 a.m. (Eastern Standard Time) to discuss third quarter results. The call in number is 1-800-341-3130 and the access code is 19788974. A replay of the call will be available for one week beginning at 11:00 a.m. on November 15, 2007. The replay number is 1-888-843-8996 and the access code is 19788974#.

Muzak creates experiences that reach more than 100 million people daily. Some of the biggest brands in business work with Muzak to enhance their brand image. More than 80 core music programs and an endless variety of custom programs are distributed through a national network of sales and service locations, from Muzak's library of approximately 2 million tracks. For more information, visit www.muzak.com.

The above statements include forward-looking statements made pursuant to the safe harbor provisions of the Private Securities Litigation Reform Act of 1995. Some of these statements can be identified by terms and phrases such as "anticipate", "believe", "intend", "expect", "could", "may", "will" and similar expressions and include references to assumptions that the Company believes are reasonable and relate to our future prospects, developments and business strategies. Forward-looking statements involve risks and uncertainties, including, but not limited to those related to the Company's substantial leverage and debt service requirements, restrictions imposed by the terms of the Company's indebtedness, our history of net losses, our lack of readily available funds to borrow, our dependence on satellite delivery of our products, our dependence on third parties to license music rights, possible disruption poised by new business strategies and initiatives, the impact of natural disasters on our client locations and our support facilities, future capital requirements, the impact of competition and technological change, the availability of cost-effective programming, the impact of legislation and regulation, our dependence on the contributions of key personnel, the ability to control or impact client cancellations, potential conflicts poised by the significant ownership stake of our controlling equity holder, risks associated with the effect of general economic conditions and the other factors discussed in the Company's filings with the Securities and Exchange Commission. Actual results could differ materially from these forward-looking statements. The Company undertakes no obligation to update these forward-looking statements.

Muzak Holdings LLC
Financial Highlights

(unaudited, dollars in thousands)

	Quarter Ended		
	9/30/2007	9/30/2006	% Change
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Selected Operations Data			
Revenues			
Music and Other Business Services	\$ 46,955	\$ 47,743	-1.7%
Equipment Sales and Related Services	15,109	15,218	-0.7%
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Total Revenues	62,064	62,961	-1.4%
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Cost of Revenues			
Music and Other Business Services	11,589	11,749	-1.4%
Equipment Sales and Related			

Services	14,389	14,928	-3.6%
Total Cost of Revenues	25,978	26,677	-2.6%
Selling, General and Administrative Expenses (1)	19,093	21,698	-12.0%
Other (income) expense	(321)	(270)	18.9%
Transaction related expenses (2)	1,050	-	-
EBITDA (3)	\$ 16,264	\$ 14,856	9.5%
EBITDA Margin	26.2%	23.6%	

Other financial data

EBITDA per the indentures (3)	\$ 16,611	\$ 15,228
Muzak LLC Interest Expense	11,642	11,873
Muzak Holdings LLC Interest Expense	12,458	12,688
Muzak LLC Net Debt to EBITDA (4)	6.30x	6.94x
Muzak Holdings LLC Net Debt to EBITDA (4)	6.67x	7.34x

Balance sheet data (end of period)

Cash Balance (5)	\$ 24,482	\$ 19,692
Muzak LLC Total Debt (6)	441,220	440,988
Muzak Holdings LLC Total Debt (6)	465,465	465,233

Muzak Holdings LLC
Financial Highlights

(unaudited, dollars in thousands)

	Nine months ended		
	9/30/2007	9/30/2006	% Change
Selected Operations Data			
Revenues			
Music and Other Business Services	\$ 142,587	\$ 142,407	0.1%
Equipment Sales and Related Services	44,611	41,496	7.5%
Total Revenues	187,198	183,903	1.8%
Cost of Revenues			
Music and Other Business Services	34,204	34,069	0.4%
Equipment Sales and Related Services	42,475	42,587	-0.3%

Total Cost of Revenues	76,679	76,656	0.0%
Total Selling, General and Administrative (1)	58,976	62,570	-5.7%
Restructuring Charges (7)	-	339	-
Other (income) expense	(728)	(784)	-7.1%
Transaction related expenses (2)	2,600	-	-
EBITDA (3)	\$ 49,671	\$ 45,122	10.1%
EBITDA Margin	26.5%	24.5%	
EBITDA per the indentures (3)	\$ 50,761	\$ 46,458	

(1) Selling, general, and administrative expenses include non-cash amortization and impairment of capitalized commissions of \$3.8 million and \$4.0 million for the quarter ended September 30, 2007 and 2006, respectively and \$11.5 million and \$12.3 million for the nine months ended September 30, 2007 and 2006, respectively.

Selling, general, and administrative expenses include \$0.3 million and \$0.4 million of capitalized labor impairment charges for the quarter ended September 30, 2007 and 2006, respectively and \$1.1 million and \$1.3 million for the nine months ended September 30, 2007 and 2006, respectively.

Selling, general, and administrative expenses include \$2.0 million write-off of ERP system for the quarter and nine months ended September 30, 2006.

(2) Transaction related expenses include \$1.1 million and \$2.6 million of expenses directly associated with the proposed DMX transaction.

(3) Represents net income before interest, income tax benefit (expense), depreciation and amortization. The Company evaluates performance using several measures, one of them being EBITDA as defined by our Senior Discount Notes, Senior Subordinated Notes, and Senior Notes indentures (the "Notes"). The primary difference between EBITDA and EBITDA per indentures is the exclusion of non-cash items. Non-cash items excluded are comprised of the write-off of capitalized labor upon client terminations. EBITDA is not intended to be a performance measure that should be regarded as an alternative to, or more meaningful than, net income as a measure of performance, as determined in accordance with generally accepted accounting principles, known as GAAP. However, management believes that EBITDA provides useful information because EBITDA as defined by our Notes indentures is used to determine our ability to incur additional indebtedness. The following tables provides a reconciliation from net income to EBITDA and to EBITDA as defined in the Notes.

