
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 March 16, 2007): March 20, 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))

<PAGE>

Item 8.01. Other Events

On March 16, 2007, Muzak LLC, a wholly owned subsidiary of Muzak Holdings LLC, amended its Credit Facility to extend the maturity from April 15, 2008 to January 19, 2009 and also reduce applicable margins by 1.0%. The new margin on Eurodollar loans has been reduced to 3.75% from 4.75% while the margin on Base Rate loans has been reduced to 2.75% from 3.75%.

The balance of the senior secured term loans as September 30, 2006 was \$103.4 million.

The Company credits this amendment to its success in creating positive free cash flow for five consecutive quarters and favorable market conditions. The Company recently reported the generation of positive free cash flow of \$3.0 million in 2006. Full year results are expected to be announced prior to the filing of its Annual Report on Form 10-K.

Item 9.01 Financial Statements and Exhibits

Amendment No. 1 to that certain Credit Agreement dated April 15, 2005 by and among Muzak LLC and the various parties named therein.

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: March 20, 2007

Muzak Holdings LLC

By: /S/ Stephen P. Villa

Name: Stephen P. Villa
Title: Chief Executive Officer

AMENDMENT NO. 1, dated as of March 16, 2007, among MUZAK LLC a Delaware limited liability company (the "Borrower"), MUZAK HOLDINGS LLC a Delaware limited liability company ("Holdings"), BEAR STEARNS CORPORATE LENDING INC., as Administrative Agent (the "Administrative Agent") and the Lenders listed on the signature pages hereto, to that certain Credit Agreement, dated as of April, 15, 2005 (as amended, supplemented, amended and restated or otherwise modified from time to time, the "Credit Agreement") among the Borrower, Holdings, the lenders from time to time party thereto (the "Lenders"), BEAR STEARNS & CO INC. as sole lead arranger and sole bookrunner, and the Administrative Agent. Capitalized terms used and not otherwise defined herein shall have the meanings assigned to them in the Credit Agreement.

WHEREAS, Borrower has requested that the Lenders agree to amend certain provisions of the Credit Agreement as set forth herein, and the Lenders party hereto are willing to so amend such provisions of the Credit Agreement pursuant to the terms and subject to the conditions set forth herein;

NOW, THEREFORE, in consideration of the premises and covenants contained herein and for other good and valuable consideration, the receipt and sufficiency of which are hereby acknowledged, the parties hereto, intending to be legally bound hereby, agree as follows:

Section 1. Amendments.

(a) The following defined terms shall be added to Section 1.1 of the Credit Agreement in alphabetical order:

"Amendment No. 1": Amendment No. 1 to this Agreement dated as of March 16, 2007.

"Amendment No. 1 Effective Date": March 16, 2007, the date on which all conditions precedent set forth in Section 3 of Amendment No. 1 were satisfied.

"Repricing Transaction": the refinancing or repricing by the Borrower of the Term Loans under this Agreement (x) with the proceeds of any senior secured bank loan or other debt financing (including, without limitation, any new or additional term loans under this Agreement) or (y) in connection with any amendment to this Agreement, in either case, resulting in an interest rate margin or weighted average yield (to be determined by the Administrative Agent consistent with generally accepted financial practice, after giving effect to, among other factors, margins, upfront or similar fees or original issue discount shared with all lenders or holders thereof, but excluding the effect of any arrangement, structuring, syndication or other fees payable in connection therewith that are not shared with all lenders or holders thereof) on such financing or the Term Loans as so repriced that is less than the Applicable Rate for, or weighted average yield (to be determined by the Administrative Agent on the same basis) of, the Term Loans immediately prior to such refinancing or repricing; provided that the term "Repricing Transaction" shall not include any refinancing of all (and not less than all) of the Term Loans in connection with a transaction constituting a Change of Control.

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(b) The definition of "Applicable Margin" in Section 1.1 of the Credit Agreement is hereby amended by deleting the definition in its entirety and replacing it with the following:

"for Eurodollar Loans, 3.75% and, for Base Rate Loans, 2.75%."

(c) The definition of "Term Loan Termination Date" in Section 1.1 of the Credit Agreement is hereby amended by deleting the definition in its entirety and replacing it with the following:

"January 19, 2009."

(d) Section 3.3 of the Credit Agreement is hereby amended by adding "(a)" at the beginning of such Section, immediately prior to the words "Each prepayment" and by adding the following paragraph (b) to such Section immediately after the end of such Section 3.3(a):

"(b) If, prior to the first anniversary of the Amendment No. 1 Effective Date, (i) the Borrower makes any prepayment of Term Loans in connection with any Repricing Transaction, or (ii) effects any transaction that has the effect of a Repricing Transaction, the Borrower shall pay to the Administrative Agent, for the ratable account of each Term Lender, (A) in the case of clause (i), a prepayment premium of 1% of the amount of such Term Loans being prepaid and (B) in the case of clause (ii), a payment equal to 1% of the aggregate amount of Term Loans outstanding immediately prior to such amendment. In addition, to the extent any amount is payable to any Term Lender pursuant to this Section 3.3(b), any Term Lender that is replaced pursuant to Section 3.14, shall be paid, without duplication, a premium of 1% of the amount of such Term Lender's Term Loans that are assigned to one or more Eligible Assignees."

(e) Section 7.5 of the Credit Agreement is hereby amended by deleting the "and" at the end of clause (g), deleting the "." at the end of clause (h) and replacing it with "; and", and by further inserting a new paragraph (i) as follows:

"Dispositions of assets in connection with one or more asset swaps or exchanges, which assets have a fair market value not exceeding \$10,000,000 in the aggregate from the Amendment No. 1 Effective Date; provided that (i) the aggregate revenues (in each case calculated based on the most recent twelve month period for which financial statements are available immediately prior to such Disposition) attributable to all such assets being disposed of do not exceed \$10,000,000 in the aggregate from the Amendment No. 1 Effective Date, (ii) the Borrower shall deliver a certificate to the Administrative Agent stating that any proposed asset swap is for fair market value and (iii) each asset swap or exchange shall require the Administrative Agent's prior written consent."

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Section 2. Representations and Warranties. Each of Holdings and the Borrower represents and warrants to the Lenders as of the date hereof and the Amendment No. 1 Effective Date that:

(a) The execution, delivery and performance by the Borrower and each Parent Guarantor of this Amendment No. 1 has been duly authorized by all necessary corporate or other organizational action, and does not and will not (a) contravene the terms of any of such Person's Organization Documents; (b) conflict with or result in any breach or contravention of, or the creation of any Lien under, or require any payment to be made under (i) any Contractual Obligation to which such Person is a party or affecting such Person or the properties of such Person or any of its Restricted Subsidiaries or (ii) any order, injunction, writ or decree of any Governmental Authority or any arbitral award to which such Person or its property is subject; or (c) violate any Law, except, in each case referred to in clauses (b) and (c), to the extent that conflict, breach, contravention, creation, payment or violation could not reasonably be expected to have a Material Adverse Effect.

(b) Before and after giving effect to this Amendment No. 1, the representations and warranties set forth in the Credit Agreement are true and correct in all material respects on and as of the date of such Credit Extension, except to the extent that such representations and warranties specifically refer to an earlier date, in which case they shall be true and correct in all material respects as of such earlier date.

(c) At the time of and after giving effect to this Amendment No. 1, no Default or Event of Default has occurred and is continuing.

Section 3. Conditions to Effectiveness. This Amendment No. 1 shall become effective on the date on which each of the following conditions is satisfied:

(a) The Administrative Agent (or its counsel) shall have received from (i) Lenders constituting each Term Lender and (ii) each of the other parties hereto, a counterpart of this Amendment No. 1 signed on behalf of such party;

(b) All corporate and other proceedings taken or to be taken in connection with this Amendment No. 1 and all documents incidental thereto, whether or not referred to herein, shall be reasonably satisfactory in form and substance to the Administrative Agent;

(c) The representations and warranties in Section 2 of this Amendment No. 1 shall be true and correct; and

(d) the Borrower shall have reimbursed the Administrative Agent for its reasonable out-of-pocket expenses incurred by it in connection with this Amendment No. 1, including the reasonable fees, charges and disbursements of Cahill Gordon & Reindel LLP, counsel for the Administrative Agent, and any other amounts due and payable on the effective date of this Amendment No. 1 pursuant to Section 10.5 of the Credit Agreement.

Section 4. Counterparts. This Amendment No. 1 may be executed in any number of counterparts and by different parties hereto on separate counterparts,

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each of which when so executed and delivered shall be deemed to be an original, but all of which when taken together shall constitute a single instrument. Delivery of an executed counterpart of a signature page of this Amendment No. 1 by facsimile transmission shall be effective as delivery of a manually executed counterpart hereof.

Section 5. Applicable Law. THIS AMENDMENT NO. 1 AND THE RIGHTS AND OBLIGATIONS OF THE PARTIES UNDER THIS AMENDMENT NO. 1 SHALL BE GOVERNED BY, AND CONSTRUED AND INTERPRETED IN ACCORDANCE WITH, THE LAW OF THE STATE OF NEW YORK, WITHOUT GIVING EFFECT TO CONFLICT OF LAWS PRINCIPLES THEREOF.

Section 6. Headings. The headings of this Amendment No. 1 are for purposes of reference only and shall not limit or otherwise affect the meaning hereof.

Section 7. Effect of Amendment. Except as expressly set forth herein, this Amendment No. 1 shall not by implication or otherwise limit, impair, constitute a waiver of or otherwise affect the rights and remedies of the Lenders or the Agents under the Credit Agreement or any other Loan Document, and shall not alter, modify, amend or in any way affect any of the terms or conditions contained in the Credit Agreement or any other Loan Document, all of which are ratified and affirmed in all respects and shall continue in full force and effect. The Required Lenders agree that the Borrower and the Administrative Agent may enter into an Amended and Restated Credit Agreement after the Amendment No. 1 Effective Date in form and substance satisfactory to the Administrative Agent to give effect to this Amendment No. 1. By executing and delivering a copy hereof, each Loan Party hereby agrees and confirms that all Loans and Obligations shall be fully guaranteed and secured pursuant to the Loan Documents.

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IN WITNESS WHEREOF, the parties hereto have caused this Amendment No. 1 to be duly executed as of the date first above written.

MUZAK LLC

By: /s/ R. Dodd Haynes

Name: R. Dodd Haynes
Title: CFO

MUZAK HOLDINGS LLC

By: /s/ R. Dodd Haynes

Name: R. Dodd Haynes
Title: CFO

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BEAR, STEARNS CORPORATE LENDING INC.,
as Administrative Agent, Collateral
Agent and a Lender

By: /s/ Victor Bulzacchelli

Name: Victor Bulzacchelli

Title: Vice President

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, as a Lender

By:

Name:

Title:

By:

Name:

Title:

ALJ Capital I, L.P. , as a Lender

By: /s/ Lawrence B. Gill

Name: Lawrence B. Gill
Title: Manager, ALJ Capital Management, LLC, its agent

By: _____

Name:
Title:

ALJ Capital II, L.P. , as a Lender

By: /s/ Lawrence B. Gill

Name: Lawrence B. Gill
Title: Manager, ALJ Capital Management, LLC, its agent

By: _____

Name:
Title:

BEAR STEARNS INVESTMENT PRODUCTS, INC.,
as a Lender

By: /s/ Jonathan Weiss

Name: Jonathan Weiss
Title: Authorized Signatory

By: _____

Name:
Title:

Black Diamond Offshore, Ltd., as a Lender

By: Carlson Capital, L.P. its Investment
Advisor

By: /s/ Christopher W. Haga

Name: Christopher W. Haga
Title: Portfolio Manager

Caspian Capital Partners, L.P.

By: Mariner Investment Group, as
Investment Advisor

as a Lender

By: /s/ Adam S. Cohen

Name: Adam S. Cohen
Title: Principal, Mariner
Investment Group, as
Investment Advisor.

By:

Name:
Title:

Double Black Diamond Offshore LDC, as a Lender

By: Carlson Capital, L.P., its Investment
Advisor

By: /s/ Christopher W. Haga

Name: Christopher W. Haga
Title: Portfolio Manager

Fidelity Central Investment Portfolios LLC:
Fidelity Floating Rate Central Investment
Portfolio, as a Lender

By: /s/ John H. Costello

Name: John H. Costello
Title: Assistant Treasurer

By:

Name:
Title:

Field Point I, as a Lender

By: /s/ Richard Petrilli

Name: Richard Petrilli
Title: Authorized Signatory

By:

Name:
Title:

Field Point II, as a Lender

By: /s/ Richard Petrilli

Name: Richard Petrilli
Title: Authorized Signatory

By:

Name:
Title:

Field Point III, as a Lender

By: /s/ Richard Petrilli

Name: Richard Petrilli
Title: Authorized Signatory

By:

Name:
Title:

Field Point IV, as a Lender

By: /s/ Richard Petrilli

Name: Richard Petrilli
Title: Authorized Signatory

By:

Name:

Title:

GENERAL ELECTRIC CAPITAL
CORPORATION, as a Lender

By: /s/ KARL KIEFFER

Name: KARL KIEFFER
Title: DULY AUTHORIZED SIGNATORY

ORIX FINANCE CORP, as a Lender

By: /s/ Christopher L. Smith

Name: Christopher L. Smith
Title: Authorized Representative

By: N/A

Name:
Title:

Quadrangle Master Funding Ltd., as a Lender

By: /s/ Christopher Santana

Name: Christopher Santana
Title: Managing Principal

By: N/A

Name:
Title:

Restoration Holdings Ltd., as a Lender

By: /s/ Pamela M. Lawrence

Name: Pamela M. Lawrence
Title: Director

By: _____
Name:
Title:

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Riva Ridge Master Fund, Ltd., as a Lender

By: Riva Ridge Capital Management LP,
As Investment Manager

By: Riva Ridge GP LLC, GP to the Investment
Manager

By: /s/ STEPHEN GOLDEN

Name: STEPHEN GOLDEN
Title: MANAGING MEMBER

THERMOPYLAE FUNDING CORP, as a Lender

By: /s/ John O'Dowd

Name: John O'Dowd
Title: Authorized Signatory