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Counsel to the Foreign Representative

**UNITED STATES BANKRUPTCY COURT
SOUTHERN DISTRICT OF NEW YORK**

In re:

MOOD MEDIA CORPORATION, *et al.*,
Debtors in a Foreign Proceeding¹

Debtors.

)
) Chapter 15
)
) Case No. 17-11413 (MEW)
)
)
) (Joint Administration Requested)
)

**DECLARATION OF FOREIGN REPRESENTATIVE
PURSUANT TO 11 U.S.C. § 1515 AND RULE 1007(a)(4) OF
THE FEDERAL RULES OF BANKRUPTCY PROCEDURE AND IN
SUPPORT OF VERIFIED PETITION FOR (I) RECOGNITION OF FOREIGN
NONMAIN PROCEEDINGS, (II) RECOGNITION OF FOREIGN REPRESENTATIVE,
AND (III) RELATED RELIEF UNDER CHAPTER 15 OF THE BANKRUPTCY CODE**

I, Michael F. Zendan II, to the best of my information and belief, state as follows:

1. I am over the age of 18 and, if called upon, could testify to all matters set forth in this declaration based upon my own personal knowledge except for those portions specified as being otherwise. I am making this declaration in accordance with section 1515 of title 11 of the

¹ The Debtors in these chapter 15 cases, along with the last four digits of each Debtor's U.S. federal tax identification number, are: Mood Media Corporation (0268); Convergence, LLC (5728); DMX Holdings, LLC (5701); DMX Residential Holdings, LLC (7182); DMX Residential, LLC (4613); DMX, LLC (6414); Mood Media North America Holdings Corp. (0587); Mood Media North America, LLC (6467); Mood US Aquisition1, LLC (2716); Muzak Capital LLC (2302); Muzak Holdings LLC (3730); Muzak LLC (3729); ServiceNET Exp, LLC (3964); Technomedia NY, LLC (5589); and Technomedia Solutions, LLC (0655). The location of the Debtors' registered office and the service address for all of the Debtors is: 199 Bay Street, 5300 Commerce Court West, Toronto, Ontario, M5L 1B9 Canada.

United States Code (the “Bankruptcy Code”) and Rule 1007(a)(4) of the Federal Rules of Bankruptcy Procedure (the “Bankruptcy Rules”).

2. I am the Executive Vice President and General Counsel of Mood Media Corporation (together with its subsidiaries and affiliates, “Mood”), one of the above-captioned debtors (collectively, the “Debtors”), whose reorganization proceedings (the “Canadian Proceedings”) are currently pending in Ontario, Canada. I am the foreign representative (the “Foreign Representative”) of the Debtors and authorized to commence these chapter 15 cases.

3. I submit this declaration in support of: (a) the official form chapter 15 petitions for the Debtors (the “Voluntary Petitions”); (b) the *Verified Petition for (I) Recognition of Foreign Nonmain Proceedings, (II) Recognition of Foreign Representative, and (III) Related Relief Under Chapter 15 of the Bankruptcy Code* (the “Petition”); (c) the *Motion for Provisional Relief Pursuant to Section 1519 of the Bankruptcy Code* (the “Provisional Relief Motion”); (d) the *Motion for Order Pursuant to Bankruptcy Rule 1015(b) Directing Joint Administration of Chapter 15 Cases* (the “Joint Administration Motion”); and (e) the *Motion for Order Scheduling Recognition Hearing and Specifying Form and Manner of Service of Notice* (the “Notice Procedures Motion”).

Background

II. The Debtors’ Business and Corporate Structure.

4. Mood is a leading global provider of in-store audio, visual, and other forms of media and marketing services in North America and internationally across a broad range of industries including retail, food retail, car dealerships, financial services and hospitality. Mood maintains a leading music library from major labels and a variety of other music organizations. In 2016, Mood reported more than approximately \$465 million in revenue. Mood’s revenue can be divided into two key trading regions: (a) North America and (b) international. The North

America trading region represented approximately 64 percent of revenue for fiscal year 2016, while Mood's international trading region represented the remaining 36 percent of revenue. Mood has offices or third-party relationships in over 40 countries, including China, India, Croatia, Singapore, South Africa, and South Korea. As of December 31, 2016, Mood had more than 2,000 employees, approximately 1,100 of which work in operations. Mood's in-store media business operates under four primary divisions: audio, visual, mobile, and scent.

A. Audio Services.

5. Mood has a broad portfolio of audio services including customizable in-store music and messaging, voice-on-hold, drive-thru systems and advertising. Mood has an international team of music DJs and designers who work with Mood's clients to create tailored music and messaging playlists to match a client's brand and to influence their consumers' preferences. Through partnerships with online streaming services, certain clients of Mood can legally play internet radio in their business and commercial establishments. Mood's services are provided through a wide variety of technologies that are suitable for its clients, such as Internet, satellite, and other mediums. Mood also sells and rents audio equipment, such as sound systems and music receiving or playback equipment. Because commercial environments can face substantial infringement liability for the unauthorized use of music, Mood's audio solutions provide its clients with music and messaging content as well as the commercial rights necessary to utilize such content. Revenue from audio services constituted approximately 92 percent and 93 percent of Mood's revenue for the years ended 2016 and 2015, respectively.

B. Visual Services.

6. Mood's visual services include customized TV programs, digital signage solutions, interactive kiosks, video solutions, and sophisticated customer experience applications. The visual services deliver specific messages and experiences to clients' consumers via display

technologies including LCD, LED, plasma, window displays, interactive displays and tablets. Used in conjunction with Mood's audio services, a complete audio-visual package is available to Mood's clients. Mood's visual services offer the flexibility to change in-store promotions and a convenient way to keep consumers entertained and informed. Visual services are a growing component of Mood's business and Mood has developed a broad array of visual applications that serve distinct market segments. Revenue from visual services constituted approximately eight percent and seven percent of Mood's revenue for the years ended 2016 and 2015, respectively.

C. Mobile Services.

7. Mood's mobile services offer its customers the potential to bring e-commerce and advertising services to its retail clientele at the point of sale. Mood has developed a digital watermarking technology that enables a customer's phone to receive personalized messages and promotions via retailer-owned and third party mobile applications. This technology has the potential to drive unique interactions between retailers and their clientele to encourage purchasing activity and to create customer loyalty. Mood partners with global third-party application providers to create mobile sales channels for its premier customers. Mood has also developed arrangements to provide third-party and company applications for its local customers. Revenue from mobile services constituted less than one percent of Mood's revenue for the year ended 2016.

D. Scent Solutions.

8. Mood's scent solutions include fragrance marketing and signature scent creation. Such scent solutions are offered to clients through a reseller agreement. Through this reseller agreement, Mood offers plug-and-play nebulization systems, which work by producing scheduled deliveries of ultra-fine nano-droplets that give a uniformed density and ultra-low concentration of a specific fragrance. Mood's scent solutions are used by clients to encourage

positive customer emotions and create signature brand scent exposure for clients in retail and hospitality settings. Revenue from scent solutions constituted less than one percent of Mood's revenue for the year ended 2016.

III. The Debtors' Capital Structure.²

9. The Debtors' capital structure consists of a term loan, one note issuance, common shares and, in the case of Mood Media Corporation, a limited recourse guarantee of a note issuance by Mood's European division. Debtor Mood Media Corporation is the borrower in respect of the term loan. Other Debtors have guaranteed the obligations in respect of such funded debt (other than the note issuance by Mood's European division). As of the date hereof (the "Petition Date"), the Debtors' total amount of outstanding funded indebtedness is approximately \$650 million.

A. The Term Loan.

10. Debtor Mood Media Corporation is a borrower under a \$250 million term loan dated as of May 1, 2014, with Credit Suisse AG, Cayman Islands Branch, as administrative agent, collateral agent and issuing bank, and the lenders party thereto, secured by liens on substantially all of the Debtors' assets (the "Term Loan Facility"). All of the remaining Debtors have guaranteed the obligations arising under the Term Loan Facility. The lenders under the Term Loan Facility are not eligible to vote on the plan of arrangement between the Debtors on the one hand, and their shareholders and noteholders on the other hand (the "Plan of Arrangement"); however, the Plan of Arrangement contemplates the Term Loan Facility to be paid in full.

² The summaries provided herein are qualified in their entirety by the provisions of the relevant credit documents.

B. The Notes.

11. Mood Media Corporation issued the 9.25% senior unsecured notes due 2020 (the “9.25% Notes”) in an aggregate principal amount of USD \$350 million, issued pursuant to an indenture dated as of October 19, 2012, between Mood Media Corporation, as issuer, Bank of New York Mellon as U.S. trustee, and BNY Trust Company of Canada, as Canadian trustee.

12. Mood Media Corporation is also the limited recourse guarantor of an issuance of 10% senior unsecured notes due 2023 (the “MMGSA Notes” and, together with the 9.25% Notes, the “Notes”) in an aggregate principal amount of USD \$50 million, issued pursuant to an indenture dated as of August 6, 2015, between Mood Media Group S.A., as issuer and Computershare Trust Company, N.A., as trustee, by Mood Media Corporation’s European subsidiary, Mood Media Group S.A.

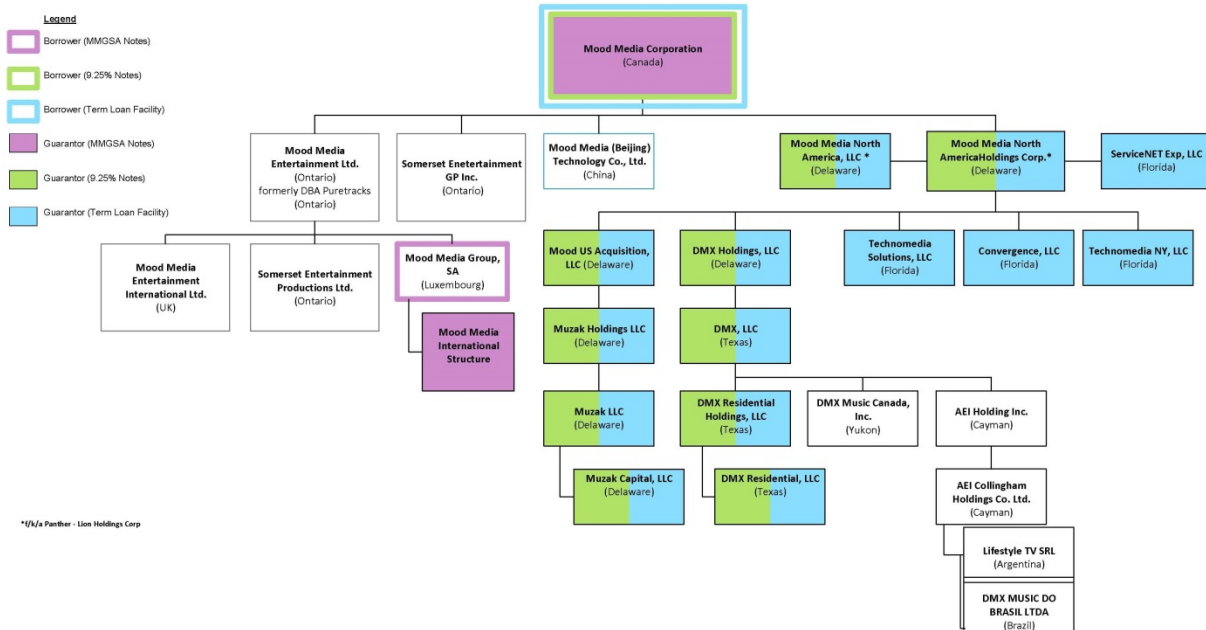
13. The 9.25% Notes and Mood Media Corporation’s limited guarantee of the MMGSA Notes constitute a senior obligation of Debtor Mood Media Corporation, ranking *pari passu* amongst each other and senior to any obligation of Debtor Mood Media Corporation that is expressly subordinated to such obligations; however, the Notes are unsecured. The 9.25% Notes are guaranteed on a senior basis by certain of the Debtors.³ The obligations arising under the 9.25% Notes are subject to the Plan of Arrangement and holders of the 9.25% Notes are eligible to vote. The noteholders under the MMGSA Notes are not eligible to vote on the Plan of Arrangement; however, the Plan of Arrangement contemplates the MMGSA Notes to be paid in full.

³ Debtors Mood Media North America Holdings Corp., Mood Media North America, LLC, DMX Holdings, LLC, DMX, LLC, DMX Residential Holdings, LLC, DMX Residential, LLC, Mood US Acquisition, LLC, Muzak Holdings LLC, Muzak LLC, and Muzak Capital, LLC are guarantors under the 9.25% Notes.

C. Common Stock.

14. As of March 9, 2017, the Debtors have more than 183 million shares of common stock issued and outstanding (the “Common Shares”). The Common Shares are listed on the Toronto Stock Exchange under the trading symbol “MM.”

15. A summary of Mood’s corporate and capital structure is as follows:



IV. Events Leading to the Canadian Proceedings.

16. Certain factors such as competition due to new technology and licensing issues affect the ability of the Debtors to compete in the media industry. The Debtors’ product and service offerings compete in a market characterized by rapidly changing technologies, frequent innovations and evolving industry standards. There are numerous methods by which existing and future competitors can deliver programming, including various forms of recorded media, direct broadcast satellite services, wireless cable, fiber optic cable, digital compression over existing telephone lines, advanced television broadcast channels, digital audio radio service and the internet.

17. Additionally, the Debtors pay royalties to songwriters and publishers as well as record companies and musical artists through rights societies and organizations, and also secure rights to music directly from rights holders. The market for acquiring rights from content owners is competitive. Increased competition for the acquisition of rights to music recordings has resulted in a reduction in operating margins.

18. Finally, the music industry continues to be subject to unauthorized distribution and copying of content without an economic return to any parties in the industry. Global piracy is a significant threat to the entertainment industry generally and to the Debtors. Unauthorized copies and piracy have contributed to the decrease in the volume of legitimate sales of music and video content and services and have put upward pressure on the price of products sold through legitimate sales channels. Piracy issues have resulted in a negative impact on the Debtors' revenue.

V. Restructuring Efforts Prior to Commencement of the Canadian Proceedings.

19. Prior to commencing the Canadian Proceedings, the Debtors pursued various strategic alternatives with a view to managing near-term debt maturities and improving operating and cash flow performance. Beginning in early 2016, the Debtors, directly and through a financial advisor, engaged in exploratory discussions with certain significant holders of the 9.25% Notes (the "Sponsors") in relation to potential debt exchange transactions with respect to approximately \$650 million in funded debt obligations. On March 31, 2016, the Debtors engaged Allen & Company LLC, an investment bank specializing in technology, media, and entertainment, to explore potential sale transactions involving the Debtors. In the months following its engagement, Allen & Company, LLC contacted numerous potential buyers and remained in contact with the Sponsors in relation to their possible interest in a strategic transaction involving the Debtors.

20. In December 2016, the Sponsors submitted a draft term sheet in connection with a potential transaction involving, among other things, the redemption of the Common Shares, the exchange of 9.25% Notes, the refinancing of the Term Loan Facility, and the redemption of the MMGSA Notes. Negotiations with the Sponsors subsequently continued, and the Sponsors and their representatives were granted access to diligence requests following entry into non-disclosure agreements.

21. During the remainder of March 2017 and early April 2017, the Debtors and the Sponsors continued to negotiate the terms of the proposed transaction and related transaction documentation. On April 12, 2017, the Debtors entered into the arrangement agreement with the Sponsors, accounting for approximately 68 percent of the aggregate principal amount of the senior unsecured notes, setting forth the terms and conditions of the restructuring transactions (the “Arrangement Agreement”). The restructuring transactions contemplated under the Arrangement Agreement (the “Restructuring Transactions”) eliminate a significant amount of the Debtors’ current long-term debt while ensuring they have sufficient liquidity to operate their businesses. Specifically, the Restructuring Transactions provide for all of the issued and outstanding shares of Mood Media Corporation to be acquired and redeemed for CAD \$0.17 per share in addition to the exchange of certain of the Debtors’ existing notes for new second lien notes, new common shares, and additional common shares for those noteholders that contribute new capital.

VI. The Canadian Proceedings.

22. To implement the Restructuring Transactions contemplated by the Arrangement Agreement, the Debtors commenced the Canadian Proceedings under the Canada Business

Corporations Act, R.S.C. 1985, c. C-44 (as amended, the “CBCA”), which is a Canadian statute commonly used to effect the corporate reorganization of solvent companies.⁴

A. The Plan of Arrangement.

23. The Plan of Arrangement is a traditional debt for equity conversion. The Plan of Arrangement provides for, among other things:

- a. the issuance of new common shares of Mood Media Corporation (the “New Common Shares”), in consideration for the irrevocable exchange and transfer of all the 9.25% Notes;
- b. the issuance of new second lien notes of Mood Media Corporation (the “New Company Notes”), in consideration for the irrevocable exchange and transfer of all the 9.25% Notes;
- c. the irrevocable exchange of all of the 9.25% Notes in consideration for USD \$500 in principal amount of New Company Notes and up to 175 New Common Shares, as well as additional New Common Shares for Company Noteholders who contribute new capital, per USD \$1,000 of principal amount of the 9.25% Notes; and;
- d. the exchange of all of issued and outstanding Common Shares in consideration for CAD \$0.17 in cash per share;

24. In connection with the Arrangement, Mood intends to undertake the funding of new first lien credit facilities in the aggregate amount of USD \$315 million to complete (a) the refinancing of the Term Loan Facility, on terms and conditions acceptable to Debtors and the Sponsors; (b) the redemption of the MMGSA Notes in full, in accordance with the indenture governing their terms; and (c) pay costs and expenses in connection with the Plan of Arrangement.

25. The Term Loan Facility and the MMGSA Notes are unimpaired by the Plan of Arrangement, and if the Plan of Arrangement proceeds as planned, the principal and interest on the Term Loan Facility and the MMGSA Notes will be repaid in full. In addition, the Debtors’

⁴ Plans of arrangement under the CBCA are very similar to English schemes of arrangement under the United Kingdom Companies Act 2006.

trade debt, other non-financial claims, and obligations to its employees will continue to be paid or otherwise satisfied in the ordinary course of business.

B. Commencement of the Canadian Proceedings.

26. On May 18, 2017, Mood Media Corporation commenced the Canadian Proceedings with the goal of effecting the Restructuring Transactions pursuant to the Plan of Arrangement while continuing normal operations under the protections offered by the CBCA. On that same date, the Ontario Superior Court of Justice (Commercial List) (the “Canadian Court”) entered an interim order (the “Interim CBCA Order”). The Interim CBCA Order includes a “no default” provision and is attached as **Exhibit A** to the Rose Declaration. More specifically paragraph 32 of the Interim CBCA Order provides as follows:

From 12:01 a.m. (Toronto time) on the date of this Interim Order until the earlier of (i) October 12, 2017 or (ii) the Effective Time, no person party to a contract with any member of the Mood Group, including, without limitation: (a) the Company Note Indenture, including the Company Noteholders and any administration agent, collateral agent, indenture trustee or similar person; (b) the credit agreement dated May 1, 2014 (the “Credit Agreement”) among *inter alia* Mood Media, Credit Suisse AG, Cayman Islands Branch, as administrative agent, collateral agent and issuing bank, and the lenders party thereto from time to time, including the lenders and any administrative agent, collateral agent, indenture trustee or similar person; and (c) the indenture dated as of August 6, 2015 (the “MMGSA Note Indenture”) by and among MMGSA, the subsidiary guarantors party thereto, Mood Media, as limited recourse guarantor, and including the MMGSA Noteholders and the MMGSA Note Trustee, and any administrative agent, collateral agent, indenture trustee or similar person; shall have any right to terminate, accelerate, amend or declare in default or take any other enforcement steps under such instruments or any other contract, agreement or guarantee to which Mood Media or any of the Subsidiary Guarantors is a party, including, without limitation, the guarantees given to the Company Note Indenture, the Credit Agreement or the MMGSA Note Indenture, and the security given pursuant to the Credit Agreement, by reason or as a result of the following (“Filing Defaults”): (a) Mood Media or any of the Subsidiary Guarantors being party to these proceedings or being a party to the Arrangement; (b) Mood Media or any of the Subsidiary Guarantors having made an Application to this Honourable Court under section 192 of the CBCA; (c) Mood Media or any of the Subsidiary Guarantors having commenced, or being a party to, a proceeding under Chapter 15 of title 11 of the United States Code, 11 U.S.C. 101-1532 in the United States Bankruptcy Court for the Southern District of New York; (d) Mood

Media or any of the Subsidiary Guarantors taking any step contemplated by or related to the Arrangement; or (e) the operation of any default or cross-default resulting from the foregoing without further Order of this Honourable Court.

Interim CBCA Order, ¶ 32.

27. In addition, the Interim CBCA Order expressly requests that courts in the United States recognize the Canadian Proceedings to aid and assist the Canadian Court in carrying out the terms of the Interim CBCA Order. Paragraph 37 of the Interim CBCA Order provides, in relevant part:

This Court seeks and requests the aid and recognition of . . . any court or any judicial, regulatory or administrative body of the United States or other country to act in aid of and to assist this Honourable Court in carrying out the terms of this Interim Order.

Interim CBCA Order, ¶ 37.

28. The Interim CBCA Order sets out a proposed timeline under which the Plan of Arrangement is to be approved. Pursuant to the Interim CBCA Order, the holders of the Common Shares (the “Company Shareholders”) and the holders of the 9.25% Notes (the “Company Noteholders”) will hold separate meetings to consider authorizing and approving the Plan of Arrangement, among other things, on June 15, 2017. The Company Shareholders must approve the Plan of Arrangement by (a) at least 66⅔ percent of the votes cast by Company Shareholders present in person or represented by proxy; and (b) at least a majority of the votes cast by Company Shareholders (excluding certain interested shareholders). The Company Noteholders must approve the Plan of Arrangement by at least 66⅔ percent of the votes cast by Company Noteholders present in person or represented by proxy where each \$1.00 in principal amount of the 9.25% Notes will entitle the holder to one vote. Upon approval by the requisite stakeholders (i.e., the Company Shareholders and the Company Noteholders), the Canadian Court will hold a hearing to consider entry of a final order approving the Plan of Arrangement on

or about June 20, 2017 at 9:00 a.m. (Toronto time). *See* Interim CBCA Order, ¶¶ 3–4, 22. Given the status, length, and nature of negotiations and discussions prior to commencement of the Canadian Proceedings, I submit that the Debtors will achieve the necessary approvals to present the Plan of Arrangement to the Canadian Court for final approval on or before June 20, 2017.

29. Although each Debtor’s respective management and board of directors remains in place, each Debtor’s assets and affairs are subject to the supervision of the Canadian Court during the pendency of the Canadian Proceedings.

30. I believe recognition of the Canadian Proceedings will not undermine the rights that United States creditors typically enjoy in a chapter 11 proceeding as I understand it, as affected creditors will have the right to vote on the Plan of Arrangement in the Canadian Proceedings.

VII. Appointment as Foreign Representative and Filing of the Petition.

31. On May 17, 2017, the board of directors of Mood Media Corporation (the “Board of Directors”) appointed me as the “foreign representative” as defined in section 101(24) of the Bankruptcy Code for purposes of the Canadian Proceedings.

32. The Interim CBCA Order appoints me as foreign representative for the express purpose of seeking recognition of the Canadian Proceedings in jurisdictions outside of Canada. Paragraphs 35 and 36 of the Interim CBCA Order provides:

[T]hat Michael Zendan is hereby authorized and empowered, but not required, to act as the foreign representative (the “Foreign Representative”) in respect of the within proceedings for the purpose of having these proceedings recognized and approved in a jurisdiction outside of Canada . . . [T]he Foreign Representative is hereby authorized to apply for foreign recognition and approval of these proceedings, as necessary, in any jurisdiction outside of Canada, including in the United States pursuant to chapter 15 of title 11 of the Bankruptcy Code, 11 U.S.C. § 101-1532.

Interim CBCA Order, ¶¶ 35–36.

33. On May 17, 2017, the Board of Directors authorized me to file the Petition seeking recognition of the Canadian Proceedings as foreign nonmain proceedings under chapter 15 of the Bankruptcy Code. Copies of the applicable resolutions are attached as **Exhibit C** to the Petition.

34. It is my understanding that for these reasons, I satisfy the definition of a “foreign representative” as that term is defined in section 101(24) of the Bankruptcy Code.

35. Each of the Debtors has property in the United States in the form of a retainer deposit in a client trust account at Citibank in New York, New York for the benefit of all of the Debtors. Additionally, each of the Debtors has either issued or guaranteed certain bonds that are governed by New York law. Finally, all of the Debtors except Mood Media Corporation are United States corporate entities operating in the United States with their principal assets in the United States.

36. Therefore, on the Petition Date, I filed the Petition pursuant to sections 1504 and 1515 of the Bankruptcy Code commencing these chapter 15 cases in the Southern District of New York, seeking recognition of the Canadian Proceedings as “foreign nonmain proceedings,” as such term is defined in section 1502(5) of the Bankruptcy Code, and seeking other necessary or appropriate relief in support of the Canadian Proceedings. I have been informed that the Bankruptcy Code provides for recognition of a foreign proceeding as a “foreign nonmain proceeding” if such foreign proceeding is a “foreign proceeding” pending in a country where the debtor has “an establishment.” *See* 11 U.S.C. § 1517(b)(1).

37. I have been informed that the Canadian Proceedings are “foreign proceedings” as they are a collective judicial proceeding authorized and supervised by the Canadian Court under

the CBCA and pursuant to the Interim CBCA Order. It is my understanding that for these reasons, the Canadian Proceedings qualify as “foreign proceedings” as that term is defined in Section 101(23) of the Bankruptcy Code. In compliance with Section 1515(b) of the Bankruptcy Code, a certified copy of the Interim CBCA Order, which commenced the Canadian Proceedings, is attached to the Rose Declaration as **Exhibit A**.

38. In addition, I believe that each of the Debtors’ has an establishment in Canada as such term is defined in section 1502(2) of the Bankruptcy Code. The Debtors’ parent company, Mood Media Corporation, is a Canadian corporation that has a 100 percent ownership interest in the remaining Debtors. Additionally, the Debtors are an integrated, complex enterprise, and numerous of the Debtors’ administrative, support, and other functions are performed on a centralized basis and managed in Canada, namely:

- a. executive management of the Debtors, including subsidiaries located in the U.S., report to the board of directors of Mood Media Corporation, a corporation registered under the laws of Canada and are managed on an integrated basis with other divisions via global teams reporting to Mood Media Corporation;
- b. the Debtors pay management fees to Canadian debtor Mood Media Corporation for the benefits received from certain shared services, including financial management and control, finance, treasury, internal audit, legal and risk, human resources, and procurement, which are paid through intercompany payments;
- c. the Debtors have intercompany license arrangements with Mood Media Corporation in Canada for the use of Mood brand and intellectual property related to Mood’s new digital products which are owned within Canada;
- d. certain of the Debtors’ share accounting functions and cash management systems, which are primarily maintained and directed by Canadian debtor Mood Media Corporation;
- e. funds are transferred between the Debtors and Canadian debtor Mood Media Corporation to settle inter-company balances, meet liquidity requirements and to concentrate surplus cash to pay down debt; and

- f. the Debtors' most significant liabilities, including the 9.25% Notes and Term Loan Facility, were issued by Canadian debtor Mood Media Corporation.

39. Based on these facts, I believe that recognition of the Canadian Proceedings as foreign nonmain proceedings is warranted.

40. I also believe recognition of me as the Debtors' "foreign representative" and recognition of the Canadian Proceedings as "foreign nonmain proceedings" are consistent with the purpose of chapter 15 and will allow the Debtors to restructure in the most efficient manner without jeopardizing the creditors' rights.

41. The Debtors are affiliates of each other and each of their cases were filed on the Petition Date in this court (the "Bankruptcy Court"). Accordingly, I believe that joint administration of these chapter 15 cases for procedural purposes only, as well as permitting the filing of consolidated lists of the information required by Bankruptcy Rule 1007(a)(4), will be an administrative convenience for the Bankruptcy Court, the court clerk's office, and interested parties.

42. Also, for the reasons set forth in the Petition, I submit that recognition of the Canadian Proceedings is necessary and appropriate for the benefit of the Debtors, their creditors, and other parties in interest.

43. In accordance with the foregoing, I present the following consolidated statements for the Debtors as a whole.

VIII. Statement Pursuant to Section 1515 of the Bankruptcy Code.

44. I am informed that section 1515 of the Bankruptcy Code provides, in pertinent part, as follows:

- (a) A foreign representative applies to the court for recognition of a foreign proceeding in which the foreign representative has been appointed by filing a petition for recognition.

- (b) A petition for recognition shall be accompanied by—
- (1) a certified copy of the decision commencing such foreign proceeding and appointing the foreign representative;
 - (2) a certificate from the foreign court affirming the existence of such foreign proceeding and of the appointment of the foreign representative; or
 - (3) in the absence of evidence referred to in paragraphs (1) and (2), any other evidence acceptable to the court of the existence of such foreign proceeding and of the appointment of the foreign representative.
- (c) A petition for recognition shall also be accompanied by a statement identifying all foreign proceedings with respect to the debtor that are known to the foreign representative.

45. Pursuant to section 1515(b) of the Bankruptcy Code, the Arrangement Documents and board resolutions appointing the Foreign Representative are attached to the Petition as **Exhibit B** and **Exhibit C**, respectively. Additionally, the CBCA Interim Order is attached to the Rose Declaration as **Exhibit A**. Board resolutions of the Board of Directors of Mood Media Corporation appoint me as the Foreign Representative and authorize me to file the Petition and commence these chapter 15 cases. Additionally, the Arrangement Documents affirm the existence of the Canadian Proceedings.

46. Pursuant to section 1515(c) of the Bankruptcy Code, I am aware of the definition of a “foreign proceeding” under section 101(23) of the Bankruptcy Code, and I believe the Canadian Proceedings are “foreign proceedings” as defined therein. I am aware of no other foreign proceedings with respect to the Debtors.

IX. Disclosure Pursuant to Bankruptcy Rule 1007(a)(4).

47. I am informed that Bankruptcy Rule 1007(a)(4) provides, as follows:

In addition to the documents required under § 1515 of the Code, a foreign representative filing a petition for recognition under chapter 15 shall file with the petition: (A) a corporate ownership statement containing the information described in Rule 7007.1; and (B) unless the court orders otherwise, a list containing the names and addresses of all persons or

bodies authorized to administer foreign proceedings of the debtor, all parties to litigation pending in the United States in which the debtor is a party at the time of the filing of the petition, and all entities against whom provisional relief is being sought under § 1519 of the Code.

48. I am further informed that Bankruptcy Rule 7007.1 provides in pertinent part that a corporate ownership statement:

... identif[y] any corporation, other than a governmental unit, that directly or indirectly owns 10% or more of any class of the corporation's equity interests, or states that there are no entities to report under this subdivision.

A. Corporate Ownership Statement.

49. In compliance with the requirements of Bankruptcy Rule 1007(a)(4)(A), the following is a corporate ownership statement of the Debtors, which identifies any corporation that directly or indirectly owns 10% or more of any class of the Debtors' equity interests:

- Arbiter Partners Capital Management, LLC controls approximately 17.66% of Mood Media Corporation; Fidelity⁵ owns approximately 12.22% of Mood Media Corporation.⁶
- Mood Media Corporation owns 100% of Mood Media North America, LLC; Mood Media North America Holdings Corp.; and Service NET Exp, LLC.
- Mood Media North America Holdings Corp. owns 100% of DMX Holdings, LLC; Technomedia Solutions, LLC; Convergence, LLC; Mood US Acquisition1, LLC; and Technomedia NY, LLC.
- DMX Holdings, LLC owns 100% of DMX, LLC.
- Mood US Acquisition1, LLC owns 100% of Muzak Holdings LLC.
- DMX, LLC owns 100% of DMX Residential Holdings, LLC.
- Muzak Holdings LLC owns 100% of Muzak LLC.

⁵ "Fidelity" may include "Fidelity Management & Research Company," "Pyramis Global Advisors, LLC," "Pyramis Global Advisors Trust Company," "Strategic Advisors Incorporated," "FIL Limited," "Crosby Advisors LLC," or "Fidelity SelectCo, LLC."

⁶ Each of the listed entities carries more than 10 percent of the voting rights attached to any class of voting securities in Mood Media Corporation.

- DMX Residential Holdings, LLC owns 100% of DMX Residential, LLC.
- Muzak LLC owns 100% of Muzak Capital, LLC.

B. List of Administrators.

50. In compliance with the requirements of Bankruptcy Rule 1007(a)(4)(B), the Debtors, as directed by their boards of directors and the Foreign Representative, shall maintain control of and be authorized to administer the Canadian Proceedings. The service address for all of the Debtors in these chapter 15 cases is: 199 Bay Street, 5300 Commerce Court West, Toronto, Ontario, M5L 1B9 Canada., Attn: Mr. Michael Zendan. I am aware of no other persons or bodies authorized to administer the Canadian Proceedings on behalf of the Debtors.

C. Provisional Relief.

51. Through the Provisional Relief Motion, provisional relief is sought with respect to each of the Debtors against the following parties: (i) Arrangement Creditors, (ii) the agent under the Term Loan Facility, (iii) holders of the MMGSA Notes, (iv) the trustees under the indentures to the Notes, and (v) counterparties to certain of the Debtors' executory contracts and unexpired leases.

D. Parties to Litigation Pending.

52. In compliance with the requirements of Bankruptcy Rule 1007(a)(4)(B), the Debtors have attached a list of all parties to litigation pending in the United States in which the Debtors are a party at the time of the commencement of the chapter 15 cases as **Exhibit D** to the Petition.

X. Statement in Support of Provisional Relief Motion

53. I commenced these chapter 15 cases in order to provide the Debtors with the breathing room and stability necessary to implement the Restructuring Transactions, including by seeking certain provisional relief between the Petition Date and the Bankruptcy Court's entry

of the proposed order recognizing the Canadian Proceedings. Such provisional relief includes, among other things, the Bankruptcy Court's immediate ordering of the application of sections 361, 362, and 365(e) of the Bankruptcy code to these chapter 15 cases. Each of the Debtors has either issued or guaranteed bonds governed by New York law with New York choice of forum provisions. While the Debtors received no-default provision pursuant to the Interim CBCA Order, the Debtors may be exposed to potentially adverse action in the United States by certain creditors and other parties in interest who may disregard the stay imposed by the Interim CBCA Order.

54. Additionally, the Debtors' commencement of the Canadian Proceedings and these chapter 15 cases are, or may be asserted to trigger, events of default and subsequent cross-default under certain of the Notes and the Term Loan Facility. Further, certain of the Debtors' executory contracts and unexpired leases contain provisions permitting termination upon the Debtors' filing of a case under any section or chapter of the Bankruptcy Code. The relief requested by the Debtors is required to prevent individual creditors acting to frustrate the purpose of the Plan of Arrangement by disregarding the Interim CBCA Order, the foremost of which is the fair and efficient administration of the Canadian Proceedings and Restructuring Transactions to maximize the value for all creditors.

55. Accordingly, I believe that the provisional relief requested in the Provisional Relief Motion is necessary and appropriate under the circumstances.

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Pursuant to 28 U.S.C. § 1746, I declare under penalty of perjury that the foregoing statements are true and correct to the best of my information and belief.

Executed on this 19th day of May, 2017



Michael F. Zendan II
Executive Vice President & General Counsel
Mood Media Corporation