

60 Years of MUZAK®

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A decorated two-star U.S. Army general named George Squier patented the idea of broadcasting music from phonograph records over electrical lines in 1922. The North American Company bought the patent rights shortly thereafter and created Wired Radio, Inc. In 1934, NAC market tested the newly-christened Muzak® Corporation in Ohio and then New York and the company continued to grow.

In 1939, the military industrial complex was mobilized for war. Muzak broadcast systems were installed in factories across the country based on the new theory that music in the workplace would increase efficiency and productivity. Research bore out the speculation and the company went through an enormous period of growth after the war.

As techniques were refined, Muzak engineers invented 'Stimulus Progression®,' the process of *programming music at faster tempos when work slows down*, in late morning and mid afternoon. In the '50s came the invention of a tape playback system that allowed Muzak to switch from phonograph records to audio tape. At the same time, FM subcarriers were beginning to take the load off telephone line transmission. By 1980, TelePrompter, which acquired Muzak in 1972, had converted most of the company's franchisees to satellite broadcast distribution.

In the 1980s, the company began to diversify further. In 1984 a private label called TONES® was established through an agreement with Yesco, a Seattle based foreground music company. A year later came Muzak's first foreground music channel called Foreground Music One®. In 1987, after being acquired by The Field Corporation, Muzak merged with Yesco. A year later the aggressive new management introduced Music Plus®, consisting of five different music channels in addition to audio marketing messaging, data messaging, and Business Television, all broadcast via Direct Broadcast Satellite (DBS) to small satellite dishes.

ZTV® was introduced in 1991, providing retailers with six channels and eleven music formats of music videos and a year later marked the launch of SuperLink_(sm), a retail marketing tool linking major grocery wholesalers with large groups of retailers. This specialty advertising network was the first effort of the In-Store Marketing Group. Also, by 1992, Muzak's business music offered 12 channels, from all instrumental background music to rock.

In 1993, Muzak introduced "Latin Styles," it's first channel for Spanish speaking customers and the same year, GTE provided space for Muzak on its VSAT (Very Small Aperture Terminal) satellite.

This year Muzak enters its diamond anniversary taking its music in a variety of business directions. SuperLink continues to add manufacturers and retailers to its client list. Satellite delivered services also provide customers with up-to-the-minute financial information via the company's marketing arrangement with DTN (Data Transmission Network) Wall Street®. Muzak also offers headline news on its Muzak NewsCast_(sm) service, an interactive training video network, and visual merchandising systems. From satellite data messaging to ZTV, Muzak continues to take advantage of new technologies and the business opportunities they afford.

KEY PERSONNEL:

JOHN R. JESTER - *President*

A Baltimore native, Mr. Jester served with the U.S. Air Force, then attended the University of Maryland and graduated in three years with a degree in finance. In 1972, he joined Continental Telephone Company (now Contel) in Atlanta, and in 1980, he was promoted to V.P., Finance, for the company's unregulated subsidiaries. There he played a key role in the establishment of Contel Credit Corporation. In 1982, he was appointed Executive V.P. and in 1983, was named president of Executone, Inc. In 1985, Jester oversaw the merger of Interline Communications Services, Inc. with U.S. West Information Systems, Inc. and was appointed President of the latter. Mr. Jester joined Muzak as its President in January of 1988.

JIM HARRISON - *Senior V.P., Sales & Marketing*

Upon graduating from California State University with a business degree, Mr. Harrison served four years with the U.S. Army as an electronic warfare analyst. Following military service, he earned a Ph.D. in psychology from Temple University. In the mid-70s he joined Bell Laboratories, where he held a series of research, engineering, and management positions. From there he moved to Wang Laboratories where he established and managed national sales and marketing and advanced to Director of Strategic Product Marketing and founded the company's Communication Marketing Division before becoming its General Manager. Mr. Harrison next became V. P. of Business Market Development for Contel and in 1985, joined U.S. West Information Systems as V.P. of Marketing. In 1987, he became President of Telegence Corporation. In 1988, Mr. Harrison joined Muzak as Senior V.P. of Sales and Marketing.

BRUCE FUNKHOUSER - *V.P., Programming and Licensing*

A 1970 Princeton graduate with a degree in Russian history, Mr. Funkhouser has held a variety of positions in radio, including Program Director, on-air announcer, Production Manager, and Operations Manager. He also served as a communications professor for five years before joining Yesco Foreground Music in 1983. When Yesco and Muzak merged in 1987, he was appointed Director of Programming, Licensing and Research and was promoted to V.P. shortly thereafter.