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July 8, 1997

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FEDERAL COMMUNICATIONS COMMISSION  
OFFICE OF THE SECRETARY

The Honorable Reed E. Hundt  
The Honorable James H. Quello  
The Honorable Rachelle B. Chong  
The Honorable Susan Ness  
Federal Communications Commission  
1919 M Street, N.W.  
Washington, D.C. 20554

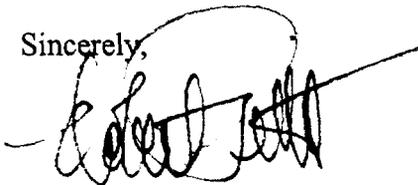
Re: MobileMedia Corporation *et al.* (WT Docket No. 97-115)

Dear Mr. Chairman and Commissioners:

Yesterday we filed a facsimile copy of the monthly status report of MobileMedia Corporation, filed pursuant to the Commission's stay order in the above-referenced proceeding. Enclosed please find the original copy of that report.

Should any questions arise concerning this filing, please do not hesitate to contact me.

Sincerely,



Robert L. Pettit  
Counsel for MobileMedia Corporation

Enclosure

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The Honorable Reed E. Hundt  
The Honorable James H. Quello  
The Honorable Rachelle B. Chong  
The Honorable Susan Ness  
July 8, 1997  
Page 2

cc: William Kennard, Esq.  
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**MOBILEMEDIA CORPORATION**

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July 7, 1997

The Honorable Reed E. Hundt  
The Honorable James H. Quello  
The Honorable Rachelle B. Chong  
The Honorable Susan Ness  
Federal Communications Commission  
1919 M Street, N.W.  
Washington, DC 20554

Re: MobileMedia Corporation *et al.* (WT Docket No. 97-115)

Dear Mr. Chairman and Commissioners:

Pursuant to Paragraph 19 of the Stay Order entered by the Commission on June 6, 1997, MobileMedia submits this monthly status report as to the progress of the bankruptcy proceedings:

**I. PROCEEDINGS IN THE BANKRUPTCY COURT**

Proceedings in the Bankruptcy Court in June involved numerous motions relating to compliance with the FCC stay order, stabilization of the Debtors' business, improving the Debtors' business operations and preparing for the plan of reorganization process. On June 4, hearings were conducted in the Bankruptcy Court on several motions that had previously been filed by MobileMedia. These motions and their disposition are as follows:

1. **Debtors' Motion to Extend the Exclusive Periods During Which the Debtors May File a Plan of Reorganization and Solicit Acceptance of Such Plan**
  - After negotiations among the Debtors, the Official Committee of Unsecured Creditors, and the Debtors' Lenders, the Court granted the Debtors a 90-day extension of the exclusivity period to file a plan, to August 29, 1997, without prejudice to the Debtors' right to seek further extensions. The exclusivity period is the initial 120-day period prescribed by the Bankruptcy Code during which only the Debtors may file a plan of reorganization. The solicitation period was concomitantly extended to October 30, 1997.

2. Debtors' Motion for an Order Approving Employment Agreement with Ronald R. Grawert
  - The Court approved the terms of Mr. Grawert's employment as Chief Executive Officer.
3. Debtors' Motion for an Order Approving Employment Agreement with Joseph A. Bondi
  - The Court approved the terms of Mr. Bondi's employment as Chairman-Restructuring.
4. Motion for an Order Authorizing the Debtors to Implement an Effective Date Bonus Program
  - The Court approved a bonus program providing for the payment of bonuses to certain of the Debtors' executives upon the Effective Date of a plan of reorganization. The amount of the bonus pool is related to the "reorganization value" of the Debtors, which value will be determined by the Court upon confirmation of a plan of reorganization or by reference to the consideration received pursuant to a sale of MobileMedia to a third party.
5. Application for Order Authorizing Employment of The Blackstone Group L.P. as Financial Advisor by the Debtors
  - This motion was adjourned to afford the Debtors additional time to formulate a fee structure for Blackstone's investment banking services that was acceptable to the Debtors' Lenders and Creditors' Committee; as of the date of this report, an agreement has been reached on a fee structure, and a revised agreement will be presented to the Bankruptcy Court for approval.

In addition to the foregoing, several motions were filed with the Bankruptcy Court in June and set for hearing in July and August:

1. Debtors' Motion for a Preliminary Injunction Staying or Enjoining the Continuation of Certain Securities Litigation Pending in the United States District Court for the District of New Jersey
  - This motion, which was filed on June 13, seeks a declaration that all securities litigation pending against certain of MobileMedia's current and former officers and directors is stayed pursuant to the automatic stay provisions of Section 362 of the Bankruptcy Code. It has been set for hearing before the Bankruptcy Court on August 1, 1997. The basis of the motion, in essence, is that the Debtors, who are also named defendants in the actions, are the real party in interest in the litigation and, therefore, although the actions are stayed as against the Debtors, the litigation should be stayed as against the officers and directors to avoid prejudice to the estate and distraction from the reorganization process.

2. Debtors' Motion for an Order Enjoining Certain Transfers of the Stock of MobileMedia Corporation

- In furtherance of the Commission's June 6 Order, the Debtors filed this motion on June 23 seeking a court order prohibiting stock trading by MobileMedia's current officers, directors, and senior managers. This motion has been set for hearing on July 11. Prior to the filing of the motion, and immediately upon issuance of the June 6 Order, the Debtors' officers, directors, and senior managers were informed of the terms of the June 6 Order and directed not to engage in any stock trading.

3. Motion for an Order Authorizing the Debtors to Employ Mercer Management Consulting as Consultants

- This motion was filed on June 19 and seeks authority to employ management consultants to help analyze and improve the Debtors' customer service and marketing functions.

In addition, several motions were approved by the Bankruptcy Court in June relating to leases of non-residential real property pursuant to which the Debtors lease certain office space and tower sites. These motions included the rejection of numerous leases and the assumption of a lease in Houston, Texas.

## II. PROGRESS TOWARDS A PLAN OF REORGANIZATION

As previously indicated to the Commission, the first step in the process of formulating a plan of reorganization is the determination as to which business solution (sale to a third-party or "stand-alone" reorganization) will produce the highest enterprise value for MobileMedia's creditors. This process is actively underway. The Debtors' financial advisor, The Blackstone Group, has been engaged in analysis of the Debtors' business.

In addition, preliminary discussions took place in June with the Debtors' Lenders and with the Creditors' Committee pertaining to the terms of a "stand-alone" plan of reorganization, i.e., a plan that would effect a transfer of ownership of the company to its creditors. These discussions are ongoing. The Debtors' management and The Blackstone Group also held preliminary discussions with several prospective third-party purchasers of MobileMedia. Those discussions are continuing as well, with several meetings scheduled in July.<sup>1</sup>

## III. FINANCIAL PERFORMANCE

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<sup>1</sup> Because The Blackstone Group and the Debtors believe it would be detrimental to the plan process to disclose the identities of the third-parties with whom the Debtors have met and the details of those discussions, the foregoing description is, by necessity, summary in nature.

Chairman Reed E. Hundt  
July 7, 1997  
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The Debtors are required to file Monthly Operating Reports with the United States Trustee. The Monthly Operating Report provides information relating to the company's financial performance for the prior month. A copy of the Debtors' Monthly Operating Report for May, 1997, which was filed on July 1, is attached hereto.

#### IV. OTHER DEVELOPMENTS

June 16 was the last day for creditors to file proofs of claim with respect to their pre-petition claims against the Debtors. Over 2,000 claims were filed. The Debtors are evaluating the validity of filed claims, with the goal of resolving as many claims as possible without litigation.

\* \* \*

We hope that this information is helpful. While a bankruptcy of this magnitude presents a large range of issues to deal with, it is our hope to conclude the bankruptcy proceeding (and to present to the Commission and the Bankruptcy Court a plan of reorganization) as expeditiously as possible. If we can provide any additional information or if you have any questions with regard to the foregoing, please let me know.

Sincerely,



Joseph A. Bondi  
Chairman Restructuring

cc: William E. Kennard, Esquire  
Daniel Phythyon, Esquire  
David Solomon, Esquire  
Rosalind K. Allen, Esquire  
Gary Schonman, Esquire  
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Philip Spector, Esquire  
Dennis Corbett, Esquire  
Michael Hays, Esquire  
Mr. William Caton (for inclusion with WT Docket No. 97-115)