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September 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 Comissioners:

Enclosed is the monthly status report of MobileMedia Corporation, filed pursuant to the Commission's stay order in the above-referenced proceeding.

Should any questions arise concerning this filing, please contact the undersigned counsel for MobileMedia Corporation.

Sincerely,

Nancy J. Victory

Nancy J. Victory

cc: William E. Kennard, Esq.
Daniel Phythyon, Esq.
David Solomon, Esq.
Rosalind K. Allen, Esq.
Gary Schonman, Esq.
John J. Riffer, Esq.
John Harwood, Esq.
Philip Spector, Esq.
Mr. William Caton (for inclusion with WT Docket No. 97-115)

No. of Copies rec'd 1
List ABCDE

MOBILEMEDIA CORPORATION
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Fax: (201) 449-8969

September 8, 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, D.C. 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 report as to the progress of the bankruptcy proceedings:

I. PROCEEDINGS IN THE BANKRUPTCY COURT

Activity in the Bankruptcy Court in August was focused on a motion seeking an extension of the exclusive periods within which the Debtors have the right to file a plan of reorganization and solicit acceptances thereof. On August 21, 1997, the Bankruptcy Court entered an order extending such exclusive periods from August 29 to November 28, 1997 and from October 31 to January 30, 1998, respectively. A copy of this Motion and the Court's Order are attached hereto as Exhibit A. As discussed in prior reports to the Commission, it is customary in a bankruptcy case as large as MobileMedia's for such extensions to be granted. The deadlines, as extended, are consistent with the bankruptcy timetable previously supplied to the Commission and were supported by MobileMedia's Lenders and Creditors Committee.

In addition, the Debtors filed a further motion with the Bankruptcy Court in August relating to the rejection of certain leases pursuant to which the Debtors lease office space and tower sites.

II. PROGRESS TOWARDS A PLAN OF REORGANIZATION

Progress continued in August towards a preliminary plan of reorganization -- both as to a potential sale of the Company to a third party and as to a potential "stand-alone" plan pursuant to which the Company would be acquired by its creditors.

Further meetings were held in August between MobileMedia management, The Blackstone Group and representatives of prospective purchasers who are continuing to conduct "due diligence". In addition, Blackstone circulated letters to several of these prospective purchasers formally soliciting bids to purchase the company.[1] Written responses containing a preliminary, non-binding indication of interest are due from these parties by a deadline date in September.

As noted in last month's report, the Company has also continued discussions with its Lenders and Creditors Committee regarding a "stand-alone" plan of reorganization. The Lenders and Creditors Committee have each produced preliminary proposals outlining the structure of a "stand-alone" plan. On August 12, 1997, the Company's Lenders and the Creditors Committee were given a presentation on the Company's operations and current financial performance. In addition, a lengthy meeting was conducted at Company headquarters on August 20, 1997 at which representatives of the creditors and their financial advisors were given a detailed presentation by each of the Company's regional vice president general managers relating to the business operations of the Debtors and the progress the Debtors have achieved in stabilizing the business. The information conveyed at these meetings, in conjunction with the three-year business plan being developed by the Debtors, will lay the foundation for meaningful plan negotiations.

III. FINANCIAL PERFORMANCE

As previously indicated, 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 July 1997, which was filed on August 29, 1997, is attached hereto as Exhibit B.

IV. OTHER DEVELOPMENTS

As noted last month, the Debtors are continuing to evaluate the validity of the more than 2,000 filed pre-petition claims, with the goal of resolving as many claims as possible without litigation. Significant progress has already been made in this process, as the Debtors zave analyzed and in many cases reached an agreed upon amount as to several hundred of the filed

---

[1] As noted in the July monthly report, 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.

claims. Moreover, on August 29, 1997, the Debtors filed the first omnibus motion objecting to and/or allowing claims, relating to 427 claims. If an order is entered granting the requested relief as to all of such claims, it would result in an aggregate reduction in claims of approximately $69 million.

We hope that this information is helpful. If we can provide any additional information or if you have any questions with regard to the foregoing, please let me know.

Sincerely,

J A Bondi

Joseph A. Bondi
Chairman-Restructuring

cc: William E. Kennard, Esq.
Daniel Phythyon, Esq.
David Solomon, Esq.
Rosalind K. Allen, Esq.
Gary Schonman, Esq.
John J. Riffer, Esq.
John Harwood, Esq.
Philip Spector, Esq.
Mr. William Caton (for inclusion with WT Docket No. 97-115)

A

Exhibit A

UNITED STATES BANKRUPTCY COURT

FOR THE DISTRICT OF DELAWARE

In re:	)	Chapter 11
	)	
MobileMedia Communications, Inc., et al.,	)	Case No. 97-174 (PJW)
	)	(Jointly Administered)
Debtors.	)	

MOTION PURSUANT TO SECTION 1121(d) OF THE BANKRUPTCY CODE TO EXTEND THE EXCLUSIVE PERIODS DURING WHICH THE DEBTORS MAY FILE A PLAN OF REORGANIZATION AND SOLICIT ACCEPTANCES OF SUCH PLAN

TO: The Honorable Peter J. Walsh,
United States Bankruptcy Court Judge:

MobileMedia Corporation, a Delaware corporation ("MobileMedia"), MobileMedia Communications, Inc., a Delaware corporation ("Communications"), and subsidiaries of Communications, each a debtor and debtor-in-possession herein (collectively, the "Debtors"), hereby move this Court for entry of an order extending the Debtors' exclusive periods to propose a plan of reorganization and to solicit acceptances thereof. In support of this Motion, the Debtors allege:

Jurisdiction

1. The Court has jurisdiction over this matter pursuant to 28 U.S.C. §§ 157 and 1334. Venue is proper in this district pursuant to 28 U.S.C. §§ 1408 and 1409. This is a core proceeding pursuant to 28 U.S.C. § 157(b)(2). The statutory predicate for the relief requested herein is section 1121 of title 11 of the United States Code (the "Code").

Background

2. On January 30, 1997 (the "Petition Date"), each of the Debtors filed a voluntary petition for relief under chapter 11 of the Code, and has continued in possession of

its properties and has continued to operate and manage its business as a debtor-in-possession pursuant to sections 1107(a) and 1108 of the Code.

3. No request has been made for the appointment of a trustee or examiner. On February 10, 1997, an official committee of unsecured creditors was appointed by the United States Trustee (the "Committee").

4. MobileMedia is a public company, with approximately 64% of its outstanding common stock held by non-affiliates. MobileMedia is primarily a holding company for 100% of the stock of Communications. Communications is the second largest provider of paging and wireless messaging services in the United States.

5. As of the Petition Date, Communications owed over $1.1 billion to its creditors. Of that $1.1 billion, approximately $650 million is owed to a syndicate of banks and financial institutions. Over $425 million is owed to holders of Communications' unsecured, subordinated bonds, and approximately $14 million is owed to over 3,000 trade creditors. Additional general background concerning the Debtors is set forth in the Affidavit of Santo J. Pittsman filed on the Petition Date, which is incorporated herein by reference.

Relief Requested

6. Section 1121(b) of the Code provides for an initial period of 120 days after the commencement of a chapter 11 case during which a debtor has the exclusive right to propose and file a plan of reorganization. Section 1121(c)(3) of the Code provides that if the debtor proposes and files a plan within the 120-day exclusive period, it has the balance of 180 days after the commencement of the chapter 11 case to solicit and obtain acceptances of

such plan. Section 1121(d) of the Code allows the bankruptcy court to extend these exclusive periods for cause:

> On request of a party in interest made within the respective periods specified in subsections (b) and (c) of this section and after notice and hearing, the court may for cause reduce or increase the 120-day period or the 180-day period referred to in this section.

11 U.S.C. § 1121(d).

7. In these cases, the Debtors' initial exclusive period to propose a plan under section 1121(b) was to expire on May 29, 1997, and the attendant solicitation period under section 1121(c)(3) was to expire on July 28, 1997 (together, the "Exclusive Periods"). By motion dated May 6, 1997 (the "First Extension Motion"), and pursuant to an order of this Court entered on June 4, 1997, the Debtors' Exclusive Periods were extended to August 29, 1997 and October 31, 1997, respectively.[1] By this Motion and pursuant to section 1121(d) of the Code, the Debtors request entry of an order extending the Exclusive Periods for an additional three months, to and including November 28, 1997 and January 30, 1998, respectively. Under the facts and circumstances of these cases, section 1121(d) of the Code supports the requested extensions as appropriate and necessary to afford to the Debtors sufficient time to complete the stabilization of their business and to formulate and negotiate a feasible plan of reorganization.

Cause Exists to Extend the Exclusive Periods in these Cases

8. The basis for the relief requested in the First Extension Motion was the Debtors' need for additional time to implement measures to stabilize their business, a

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[1] The First Extension Motion sought a six-month extension of the Exclusive Periods. The Debtors ultimately negotiated with the Committee and the agent for the Debtors' pre- and post-petition secured lenders (the "Agent") for a consensual three-month extension.

necessary predicate to reorganization. In particular, the First Extension Motion reflected that the Debtors had put into place, or were in the process of putting into place, initiatives to: (i) fix the operating systems deficiencies in the areas of customer service, billing and collections, inventory management, order entry and financial reporting; (ii) reduce the overall cost structure of the paging services offered to customers to become more competitive in what has largely become a commodity business with declining prices; (iii) develop and implement marketing strategies to focus on the most attractive markets and customer segments to take advantage of anticipated growth and opportunities to improve margins; and (iv) strengthen management and establish a culture that emphasizes accountability and profitability.

9. These initiatives all are now in various stages of implementation. The Debtors' progress on such operating initiatives includes the following:

(a) Management Information System Conversion. The Debtors have completed the conversion of their management information systems to a single operating platform. This conversion is improving the Debtors' order entry, billing and collection capabilities, as well as reducing cost.

(b) Customer Service Improvement. Since the Petition Date, the Debtors have made substantial progress in improving the quality of their customer service, including improvements in software and employee training and implementing measures to identify and measure root causes of calls for customer service. Pursuant to order of this Court signed in July, 1997, the Debtors retained Mercer Management Consulting, Inc. ("Mercer") to assist them in this area. The initiatives designed by management and Mercer have already resulted in reductions in average response time

Consulting, Inc. ("Mercer") to assist them in this area. The initiatives designed by management and Mercer have already resulted in reductions in average response time to answer customer calls and in the number of calls abandoned. Moreover, the Debtors estimate that these initiatives, once fully implemented, will result in cost savings in excess of $10,000,000 on an annualized basis, in addition to the incalculable intangible value in improved customer relations and reduced customer turnover, or "churn".

(c) Inventory Management. The Debtors are implementing new inventory management systems, including establishing new locations for handling inventory and implementing controls and procedures to restructure field responsibility for inventory management.

(d) Billing and Collections. The Debtors are devoting substantial time and effort to improving their billing and collection processes to reduce past due accounts receivable and to reduce future levels of service credits and bad debt.

(e) Leasing. The Debtors are in the process of reviewing all of their existing leases and have consolidated space, renegotiated lease terms and rejected (with Bankruptcy Court approval) uneconomic leases. The Debtors believe these efforts will continue over several more months -- the Debtors are party to over 4000 leases -- but to date have resulted in annualized cost savings of approximately $2,000,000 for office leases and approximately $600,000 for tower site leases.

10. The results of these initiatives are already beginning to be seen in the Debtors' financial results. Indeed, the financial results through the end of June 1997 exceed the projections set forth in the 1997 cash flow and business forecast delivered to the Agent in

Debtors expect that the business plan will not be completed until the end of September. In the meantime, cash flow from operations is largely supporting the Debtors' business; to date, the Debtors have only had to borrow $15 million under their $200 million secured post-petition revolving credit facility (the "DIP Facility"), all of which has been used to make adequate protection payments to the Debtors' pre-petition secured lenders in the form of current interest and to pay interest and fees on the DIP Facility, as required by the order approving the DIP Facility.

11. In addition to needing time to stabilize the business, the First Extension Motion was also driven by the uncertainty created by proceedings pending with the Federal Communications Commission (the "FCC"). Such proceedings resulted from an Order to Show Cause issued by the FCC on April 8, 1997 designating a hearing to determine whether the Debtors were qualified to retain their licenses. On June 6, 1997, as a result of appeals by the Debtors to the FCC, the FCC issued a 10-month stay of the proceedings. The ten-month stay is intended to provide the Debtors with an opportunity to comply with the FCC's Second Thursday doctrine. Second Thursday is a doctrine that balances the FCC's interests with the Code policies of preserving value for creditors by permitting a company to transfer its licenses as long as no actual or suspected "wrongdoer" benefits from the transfer. The Debtors believe they will satisfy the requirements of Second Thursday pursuant to their plan of reorganization, which will reflect either the sale of the business to an unrelated third party or a change of control of the Debtors based on a transfer of equity ownership to the Debtors' creditors.

12. In order to maximize value for their creditors and the estates it is critical that the Debtors explore both of these reorganization opportunities prior to

formulating a plan. Because of the time pressure created by the ten-month FCC stay, the Debtors are simultaneously pursuing a third-party transaction and "stand-alone" plan negotiations. As to a potential third-party transaction, the Debtors are working closely with The Blackstone Group, L.P. ("Blackstone"), their financial advisors and investment bankers. In July, lengthy meetings were held between MobileMedia management, Blackstone and representatives of prospective purchasers. These prospective purchasers (as well as others) have begun conducting "due diligence", which includes reviewing operational and financial data concerning the Debtors. In order to assist these and other potential purchasers, the Debtors have assembled voluminous financial and operational data in a "data room" and have provided several parties who signed confidentiality letters with access to this information. Further discussions and due diligence meetings are scheduled in the coming weeks. In addition, the Debtors are continuing to seek interest in a potential transaction from a broader array of companies. In August, the Debtors intend to finalize the terms for requesting bids, provide interested parties with bidding instructions and a detailed timetable and, pursuant to the timetable, receive bids by the beginning of September. The Debtors believe it will take an additional two months (through the end of October) to evaluate the bids received, and then, if appropriate, negotiate and execute definitive documentation and permit the successful bidder to complete due diligence.

13. Because a third-party purchaser may not be found, the Debtors and Blackstone are also pursuing "stand-alone" plan possibilities. The Debtors already have had preliminary discussions with the Agent and the Committee about a restructuring that would

convert some of the Debtors' pre-petition indebtedness into equity.[2] The Debtors believe it will take several months to complete the negotiations with the Committee and Agent on a stand-alone plan and to evaluate such a plan against a negotiated third-party transaction. The Debtors hope to complete these processes, and to settle on a plan strategy, by the end of October 1997.

14. By that time, the Debtors also hope to see further results of their business stabilization reflected in their financial performance, and to be in a position to file a consensual plan of reorganization based on a realistic business plan by the end of November 1997. In the interim, the Debtors have continued and will continue to keep the Committee and the Agent informed as to their progress in stabilizing the business, improving operations and developing a business plan and a plan of reorganization. To terminate the Exclusive Periods before the Debtors have had the opportunity to see the fruits of their stabilization efforts and to fully explore all reorganization opportunities would defeat the very purpose of section 1121 of the Code.

Section 1121(d) of the Code Affords the Court the
<u>Discretion to Grant the Requested Extensions</u>

15. Governing law strongly supports the relief sought by the Debtors in this Motion. The legislative history of section 1121(d) reflects that Congress intended to provide for flexibility in the fixing of the exclusive periods:

---

[2] One element of these negotiations necessarily will be an understanding of the magnitude of priority tax claims and general unsecured claims that will be allowed against the Debtors. By order of this Court, June 16, 1997 was set as the last day for filing certain claims against the Debtors (the "Bar Date"). More than 2,000 claims were filed by the Bar Date. The Debtors are in the process of reviewing all of these filed claims and reconciling them with their books and records, and intend to file objections to claims as necessary.

> In most cases, 120 days will give the debtor adequate time to negotiate a settlement, without unduly delaying creditors. The court is given the power, though, to increase . . . the 120 day period depending on the circumstances of the case. [T]he bill allows the flexibility for individual cases that is not available today.

18 H.R. Rep. No 595, 95th Cong., 1st Sess. 232 (1977); see also In re Perkins, 71 B.R. 294, 297 (W.D. Tenn. 1987) ("The hallmark of [section 1121(d)] is flexibility.").

16. More specifically, the legislative history to section 1121 notes that "if an unusually large company were to seek reorganization under chapter 11, the court would probably need to extend the time in order to allow the debtor to reach an agreement." H.R. Rep. No. 595, 95th Cong., 2d Sess. 231-32 (1978) (footnotes omitted). The legislative history has been interpreted as a virtual mandate for extension in unusually large cases, and courts have routinely granted extensions in such cases. See, e.g., In re Color Tile, Inc., C.A. No. 96-76 (HSB) (exclusivity extended approximately 12 months to date); In re Dixons U.S. Holdings, Inc., C.A. No. 95-1577 (PJW) (exclusivity extended approximately 14 months to date); In re Weiner's Stores, Inc., C.A. No. 95-417 (PJW) (exclusivity extended approximately 21 months to date); In re R. H. Macy & Co., Inc., Jointly Administered Case No. 92 B 40477 (BRL) (Bankr. S.D.N.Y.) (debtor retained exclusivity for over two and one-half years). See also In re Texaco Inc., 76 B.R. 322, 327 (Bankr. S.D.N.Y. 1987) ("By sheer size alone the Texaco debtors have established cause for extending the exclusivity periods"); In re Pine Run Trust, Inc., 67 B.R. 432, 435 (Bankr. E.D. Pa. 1986) ("The traditional ground for cause [is] the large size of the debtor and the concomitant difficulty in formulating a plan or reorganization . . . .").

17. The reasoning adopted by the bankruptcy courts in extending the Exclusivity Periods in the above cases is equally applicable to the Debtors' requested

extension. The Debtors (i) have made substantial, albeit not complete, progress in stabilizing their business, (ii) have removed the immediate specter of the FCC hearing and its potential business ramifications, (iii) have begun the process of evaluating potential plan options -- initiating a due diligence process for potential third-party bidders and initiating discussions among the Debtors, the Agent and the Committee about the terms of a stand-alone plan of reorganization, and (iv) have begun preparing a business plan that will form the basis for a plan of reorganization under either the third-party or the stand-alone scenario. It is essential that the Exclusive Periods be extended to permit the Debtors to complete these efforts without the disruption that would be caused by a termination of exclusivity. Denial of the requested extension at this juncture would adversely affect employee morale, potentially harm the Debtors' business and disrupt the Debtors' significant advances towards a viable plan of reorganization, to the detriment of the value of the Debtors' business and all parties in interest.

18. The requested extensions will not prejudice the legitimate interests of any creditor or equity security holder, and will afford the parties the opportunity to pursue to fruition the beneficial objective of a consensual plan of reorganization. Accordingly, the requested extensions of the Exclusive Periods are appropriate under the circumstances and should be granted.

Notice

19. Notice of this Motion will be given by mailing a copy of this Motion and the proposed order to (i) the Office of the United States Trustee for the District of Delaware, (ii) counsel for the Committee, (iii) counsel for the Agent, and (iv) those parties that have filed notices of appearance in this case pursuant to Bankruptcy Rule 2002. The

Debtors submit that such notice is appropriate under the circumstances, and request that any other or further notice be dispensed with and waived.

20. Other than the First Extension Motion, no previous request for the relief sought by this Motion has been made by the Debtors to this or any other court.

21. Pursuant to Local District Court Rule 7.1.2.(a), incorporated by reference into the Local Rules of the Bankruptcy Court by General Order 1, because there are no novel issues of law presented in the Motion, the Debtors waive their right to file a brief in support of this Motion and elect to rely upon the authorities cited herein.

WHEREFORE, the Debtors respectfully request that the Court enter an order extending the Exclusive Periods to November 28, 1997 and January 30, 1998, respectively, without prejudice to the rights of the Debtors and other parties in interest under section 1121(d) of the Code, and granting the Debtors such other and further relief as is just and proper.

Dated: Wilmington, Delaware
August 7, 1997

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(212) 906-1200

Attorneys for Debtors and
Debtors-in-Possession

By: ______________________
One of their Attorneys

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re:	)	Chapter 11
	)	
MobileMedia Communications, Inc., et al.,	)	Case No. 97-174 (PJW)
	)	
	)	(Jointly Administered)
Debtors.	)	

ORDER PURSUANT TO SECTION 1121(d) OF THE BANKRUPTCY CODE EXTENDING THE EXCLUSIVE PERIODS DURING WHICH THE DEBTORS MAY FILE A PLAN OF REORGANIZATION AND SOLICIT ACCEPTANCES OF SUCH PLAN

Having considered the Motion Pursuant to Section 1121(d) of the Bankruptcy Code to Extend the Exclusive Periods During which the Debtors May File a Plan of Reorganization and Solicit Acceptances of such Plan dated August 8, 1997 (the "Motion"); and a hearing having been held on August 21, 1997 (the "Hearing"); and it appearing that due and timely notice of the Motion and the Hearing was given as reflected by the affidavits of service filed with the Court; and the appearances of all interested parties and all responses to the Motion having been duly noted in the record of the Hearing; upon consideration of the Motion, said responses and the record of the Hearing; and it appearing that the granting of such extensions is in the best interests of the Debtors, their estates, creditors and stockholders, and will not prejudice the rights of any party in interest in these cases; and upon all of the proceedings had before the Court and after due deliberation and sufficient cause appearing therefore; it is hereby

ORDERED, that the Motion is granted; and it is further

ORDERED, that the period under section 1121(c)(3) of the Bankruptcy Code during which only the Debtors may solicit acceptances of any such proposed and filed plan is extended to and including January 30, 1998; and it is further

ORDERED, that such extensions are without prejudice to the rights of the Debtors and other parties in interest under section 1121(d) of the Bankruptcy Code; and it is further

ORDERED, that in the event that, prior to November 28, 1997, the Official Committee of Unsecured Creditors (the "Committee") and the Steering Committee for the Debtors' pre-petition secured lenders (the "Bank Group") agree on the terms of a plan of reorganization and request that the Debtors propose and file a plan reflecting such terms, and the Debtors refuse to do so, the Committee and the Bank Group will be entitled to a hearing, on no less that 48 hours' notice, to seek termination of the Debtors' exclusive period to propose and file a plan; and it is further

ORDERED, that at any such hearing, the Debtors will have the burden of proving that their exclusive period to propose and file a plan should not be terminated.

Dated: Wilmington, Delaware
_______________, 1997

____
THE HONORABLE PETER J. WALSH
UNITED STATES BANKRUPTCY JUDGE

A:\EXCLUSIV.WPD August 8, 1997 (2:30pm)

DUPLICATE ORIGINAL

UNITED STATES BANKRUPTCY COURT
DISTRICT OF DELAWARE

In re:	)	Chapter 11
	)	
MobileMedia Communications,	)	Case No. 97-174 (PJW)
Inc., et al.,	)	
	)	(Jointly Administered)
Debtors.	)	

ORDER PURSUANT TO SECTION 1121(d) OF THE BANKRUPTCY CODE EXTENDING THE EXCLUSIVE PERIODS DURING WHICH THE DEBTORS MAY FILE A PLAN OF REORGANIZATION AND SOLICIT ACCEPTANCES OF SUCH PLAN

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ORDERED, that the Motion is granted; and it is further

ORDERED, that the period under section 1121(c)(3) of the Bankruptcy Code during which only the Debtors may solicit acceptances of any such proposed and filed plan is extended to and including January 30, 1998; and it is further

ORDERED, that such extensions are without prejudice to the rights of the Debtors and other parties in interest under section 1121(d) of the Bankruptcy Code; and it is further

ORDERED, that in the event that, prior to November 28, 1997, the Official Committee of Unsecured Creditors (the "Committee") and the Steering Committee for the Debtors' pre-petition secured lenders (the "Bank Group") agree on the terms of a plan of reorganization and request that the Debtors propose and file a plan reflecting such terms, and the Debtors refuse to do so, the Committee and the Bank Group will be entitled to a hearing, on no less that 48 hours' notice, to seek termination of the Debtors' exclusive period to propose and file a plan; and it is further

ORDERED, that at any such hearing, the Debtors will have the burden of proving that their exclusive period to propose and file a plan should not be terminated.

Dated: Wilmington, Delaware
Aug 21, 1997

THE HONORABLE PETER J. WALSH
UNITED STATES BANKRUPTCY JUDGE

A:\EXCLUSIV.WPD August 8, 1997 (2:30pm)

B

Exhibit B

OFFICE OF THE U.S. TRUSTEE - REGION 3
MONTHLY OPERATING REPORT
For the month ended July 31, 1997

Debtor Name: **MobileMedia Corporation et al.**

Case Number: **97-174 (PJW)**

Required Attachments:	**Document Attached**	**Previously Submitted**	**Explanation Attached**
1. Tax Receipts	( )	(X)	(X)
2. Bank Statements	( )	( )	(X)
3. Most recently filed Income Tax Return	( )	(X)	( )
4. Most recent Annual Financial Statements prepared by accountant	( )	(X)	( )

IN ACCORDANCE WITH TITLE 28, SECTION 1746, OF THE UNITED STATES CODE, I DECLARE UNDER PENALTY OF PERJURY THAT I HAVE EXAMINED THE FOLLOWING MONTHLY OPERATING REPORT AND THE ACCOMPANYING ATTACHMENTS AND, TO THE BEST OF MY KNOWLEDGE, THESE DOCUMENTS ARE TRUE, CORRECT AND COMPLETE.

RESPONSIBLE PARTY:

David R. Gibson
SIGNATURE OF RESPONSIBLE PARTY

Senior Vice President/Chief Financial Officer
TITLE

David R. Gibson
PRINTED NAME OF RESPONSIBLE PARTY

August 27, 1997
DATE

OFFICE OF THE U.S. TRUSTEE - REGION 3
ATTACHMENT
For the month ended July 31, 1997

Debtor Name: **MobileMedia Corporation et al.**

Case Number: **97-174 (PJW)**

---

1. Payroll tax filings and payments are made by Automated Data Processing, Inc. (an outside payroll processing company). Evidence of tax payments are available upon request. Previously, the Debtors filed copies of such evidence for the third quarter of 1996 with the US Trustee.

   Please see the Status of Post Petition Taxes attached hereto for the month's activity.

2. The Debtors have 63 bank accounts. In order to minimize costs to the estate, the Debtors have included a GAAP basis Statement of Cash Flows in the Monthly Operating Report. The Statement of Cash Flows replaces the listing of cash receipts and disbursements, copies of the bank statements, and bank account reconciliations.

OFFICE OF THE U.S. TRUSTEE - REGION 3
CONDENSED CONSOLIDATED
STATEMENT OF OPERATIONS

For the month ended July 31, 1997

Debtor Name: **MobileMedia Corporation et al.**

Case Number: **97-174 (PJW)**

See Statement of Operations for reporting period attached.