

Footnotes to the Financial Statements (continued):

On June 6, 1997, the FCC issued an order staying the hearing proceeding for ten months in order to allow the Company to develop and consummate a plan of reorganization that provides for a change of control of the Company and a permissible transfer of the Company's FCC licenses. The order, which is based on an FCC doctrine known as *Second Thursday*, provides that if there is a change of control that meets the conditions of *Second Thursday*, the Company's FCC issues will be resolved by the transfer of the Company's FCC licenses to the new owners of the Company and the hearing will not proceed. The Company believes that a reorganization plan that provides for either a conversion of certain existing debt to equity, in which case existing MobileMedia shares will be substantially diluted or eliminated, or a sale of the Company will result in a change of control. There can be no assurance that the Company will be successful in consummating a plan of reorganization meeting the requirements of the order. In the event that the Company were unable to do so, the Company would be required to proceed with the hearing, which, if adversely determined, could result in the loss of the Company's licenses or substantial monetary fines, or both. Such an outcome would have a material adverse effect on the Company's financial condition and results of operations.

**OFFICE OF THE U.S. TRUSTEE - REGION 3
CONSOLIDATED STATEMENT OF CASH
RECEIPTS AND DISBURSEMENTS**

For the month ended August 31, 1997

Debtor Name: MobileMedia Corporation et al.

Case Number: 97-174 (PJW)

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 for the reporting period which is attached. The Statement of Cash Flows replaces the listing of cash receipts and disbursements, copies of the bank statements, and bank account reconciliations.

HEADNOTES:

These financial statements have not been prepared in accordance with GAAP because Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-lived Assets and for Long-lived Assets, to be Disposed of" ("SFAS 121") has not been applied. Upon the application of SFAS 121, the Company expects to be required to write down the carrying value of its long-lived assets to their fair value. The Company believes the amount of the write-down will be material; however, it is not possible at this time to determine such amount. There may also be adjustments to certain other accounts as a result of the Debtors' filing for protection under Chapter 11 of the US Bankruptcy Code on January 30, 1997.

MobileMedia Corporation and Subsidiaries
Consolidated Statements Of Cash Flows
For The Months Ended August 31, 1997, July 31, 1997 and June 30, 1997
(Unaudited)
(in thousands)

	<u>August 1997</u>	<u>July 1997</u>	<u>June 1997</u>
Operating Activities			
Net Loss	(\$16,575)	(\$17,689)	(\$17,921)
Adjustments To Reconcile Net Loss To Net Cash Provided By (Used In) Operating Activities:			
Depreciation And Amortization	18,007	17,580	18,523
Provision For Uncollectible Accounts And Returns	5,508	5,468	5,323
Undistributed Earnings Of Affiliate	75	(23)	(23)
Deferred Financings Fees, Net	554	554	554
Change In Operating Assets and Liabilities:			
Accounts Receivable	(6,606)	(4,698)	(5,971)
Inventory	737	1,180	2,515
Prepaid Expenses And Other Assets	131	22	(377)
Accounts Payable, Accrued Expenses and Other	(1,386)	2,114	5,691
Net Cash Provided By (Used In) Operating Activities	<u>445</u>	<u>4,508</u>	<u>8,314</u>
Investing Activities			
Construction And Capital Expenditures, Including Net Change In Payer Assets	(1,756)	(5,100)	(7,680)
Net Cash Used In Investing Activities	<u>(1,756)</u>	<u>(5,100)</u>	<u>(7,680)</u>
Financing Activities			
Borrowings (Repayments) of DIP Credit Facility	2,000	0	0
Net Cash Provided By (Used In) Financing Activities	<u>2,000</u>	<u>0</u>	<u>0</u>
Net Increase (Decrease) In Cash And Cash Equivalents	<u>689</u>	<u>(591)</u>	<u>634</u>
Cash And Cash Equivalents At Beginning Of Period	<u>3,468</u>	<u>4,059</u>	<u>3,425</u>
Cash And Cash Equivalents At End Of Period	<u><u>\$4,157</u></u>	<u><u>\$3,468</u></u>	<u><u>\$4,059</u></u>

See Accompanying Notes

OFFICE OF THE U.S. TRUSTEE - REGION 3
STATEMENT OF ACCOUNTS RECEIVABLE AGING AND
AGING OF POSTPETITION ACCOUNTS PAYABLE

For the month ended August 31, 1997

Debtor Name: MobileMedia Corporation et al.

Case Number: 97-174 (PJW)

ACCOUNTS RECEIVABLE AGING	
\$ 39,034,652	0 - 30 days old
21,126,147	31 - 60 days old
13,648,557	61 - 90 days old
69,467,488	91+ days old
143,276,844	TOTAL TRADE ACCOUNTS RECEIVABLE
(83,855,456)	ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS
59,421,388	TRADE ACCOUNTS RECEIVABLE (NET)
1,740,106	OTHER NON-TRADE RECEIVABLES
\$ 61,161,494	ACCOUNTS RECEIVABLE, NET

AGING OF POSTPETITION ACCOUNTS PAYABLE					
	0-30 Days	31-60 Days	61-90 Days	91+ Days	Total
ACCOUNTS PAYABLE	\$ 4,240,991	587,105	222,111	383,179	\$ 5,433,386

OFFICE OF THE U.S. TRUSTEE - REGION 3
STATEMENT OF OPERATIONS, TAXES,
INSURANCE AND PERSONNEL

For the month ended August 31, 1997

Debtor Name: MobileMedia Corporation et al.

Case Number: 97-174 (PJW)

STATUS OF POSTPETITION TAXES					
	BEGINNING TAX LIABILITY	AMOUNT WITHHELD OR ACCRUED	AMOUNT PAID	ENDING TAX LIABILITY	DELINQUENT TAXES
FEDERAL					
WITHHOLDING	\$ 0	\$ 1,637,482	\$ 1,637,482	\$ 0	\$ 0
FICA-EMPLOYEE	0	719,273	719,273	0	0
FICA-EMPLOYER	127,363	1,625,224	1,594,771	157,816	0
UNEMPLOYMENT	1,843	20,672	20,201	2,314	0
INCOME	0	0	0	0	0
TOTAL FEDERAL TAXES	129,206	4,002,651	3,971,727	160,130	0
STATE AND LOCAL					
WITHHOLDING	0	219,386	219,386	0	0
SALES	1,131,216	308,762	536,498	903,480	0
UNEMPLOYMENT	9,870	97,430	95,187	12,112	0
REAL PROPERTY	2,216,011	292,125	468,788	2,039,348	0
OTHER	474,363	190,129	71,867	592,625	0
TOTAL STATE AND LOCAL	3,831,460	1,107,832	1,391,726	3,547,565	0
TOTAL TAXES	\$ 3,960,666	\$ 5,110,483	\$ 5,363,453	\$ 3,707,695	\$ 0

PAYMENTS TO INSIDERS AND PROFESSIONALS
For the month ended August 31, 1997

INSIDERS				
Payee Name	Position	Salary/Bonus/ Auto Allowance	Reimbursable Expenses	Total
Alvarez & Marsal Inc. - Joseph A. Bondi	Chairman - Restructuring	\$ 54,167	\$ 8,541	\$ 62,708
Boykin, Roberta	Assistant Corporate Counsel	8,462	0	8,462
Burdette, H. Stephen	Senior VP Corporate Development and Acting Senior VP Operations	15,000	8,007	23,007
Cross, Andrew	Executive VP Sales and Marketing	17,000	3,871	20,871
Grawert, Ron	Chief Executive Officer	30,769	6,706	37,475
Gray, Patricia	Secretary/Acting General Counsel	13,085	0	13,085
Gross, Steven	Senior VP Strategic Planning	13,923	7,857	21,780
Hilson, Debra	Assistant Secretary	4,615	3,353	7,968
Hughes, Curtis	Assistant VP Mgmt. Information Systems	8,320	2,368	10,688
Pascucci, James	Assistant Treasurer	7,315	83	7,398
Pittsman, Santo	Senior VP of Administration and Business Planning	15,846	971	16,817
Shea, Kevin	Treasurer	10,778	0	10,778
Witsaman, Mark	Senior VP and Chief Technology Officer	15,943	2,501	18,444
TOTAL PAYMENTS TO INSIDERS				\$ 259,481

PAYMENTS TO INSIDERS AND PROFESSIONALS (Continued)
For the month ended August 31, 1997

PROFESSIONALS				
Name and Relationship	Date of Court Approval	Invoices Received (1)	Invoices Paid	Holdback and Invoice Balances Due
1. Ernst & Young - Auditor, Tax and Financial Consultants to Debtor	1/30/97	\$ 149,034	\$ 487,978	\$ 581,678
2. Latham & Watkins - Counsel to Debtor	1/30/97	66,324	85,903	220,382
3. Alvarez & Marsal Inc.- Restructuring Consultant to Debtor (2)	1/30/97	257,278	180,021	441,812
4. Sidley & Austin - Bankruptcy Counsel to Debtor	1/30/97	153,677	141,224	345,727
5. Young, Conway, Stargate & Taylor - Delaware Counsel to Debtor	1/30/97	-	11,100	7,845
6. Wiley, Rein & Fielding - FCC Counsel to Debtor	1/30/97	108,176	159,245	229,214
7. Koteen & Naftalin - FCC Counsel to Debtor	6/11/97	3,913	13,002	16,656
8. Houlihan, Lokey, Howard & Zukin - Advisors to the Creditors' Committee	6/04/97	162,556	-	212,556
9. Jones, Day, Reavis & Pogue - Counsel to the Creditors' Committee	4/03/97	33,116	-	52,786
10. Morris, Nichols, Arsht & Tunnell - Delaware Counsel to the Creditors' Committee	4/03/97	-	-	1,756
11. Paul, Weiss, Rifkind, Wharton & Garrison - FCC Counsel to the Creditors' Committee	4/25/97	22,012	12,692	25,571
12. The Blackstone Group LP - Financial Advisors to Debtor	7/10/97	759,462	-	759,462
TOTAL PAYMENTS TO PROFESSIONALS		\$1,715,549	\$1,091,165	\$2,895,443

(1) Excludes invoices for fees and expenses through August 31, 1997 that were received by the Debtors subsequent to August 31, 1997.

(2) Includes fees and expenses for David R. Gibson, Senior Vice President and Chief Financial Officer (effective June 24, 1997).

ADEQUATE PROTECTION PAYMENTS

For the month ended August 31, 1997

NAME OF CREDITOR	SCHEDULED MONTHLY PAYMENTS DUE	AMOUNTS PAID DURING MONTH	TOTAL UNPAID POSTPETITION
The Chase Manhattan Bank - (Interest)	\$ 4,699,578	\$ 4,699,578*	\$ 0

* Payment made on 9/2/97.

QUESTIONNAIRE	YES	NO
For the month ended August 31, 1997		
1. Have any assets been sold or transferred outside the normal course of business this reporting period?		No
2. Have any funds been disbursed from any account other than a debtor in possession account?		No
3. Are any postpetition receivables (accounts, notes, or loans) due from related parties?		No
4. Have any payments been made of prepetition liabilities this reporting period?	Yes	
5. Have any postpetition loans been received by the debtor from any party?	Yes	
6. Are any postpetition payroll taxes past due?		No
7. Are any postpetition state or federal income taxes past due?		No
8. Are any postpetition real estate taxes past due?		No
9. Are any postpetition taxes past due?		No
10. Are any amounts owed to postpetition creditors past due?		No
11. Have any prepetition taxes been paid during the reporting period?	Yes	
12. Are any wage payments past due?		No

If the answer to any of the above questions is "YES", provide a detailed explanation of each item.

Item 4 & 11. The Court has authorized the Debtors to pay certain pre-petition creditors. These permitted pre-petition payments include (i) employee salary and wages; (ii) certain employee benefits and travel expenses; (iii) certain amounts owing to essential vendors; (iv) trust fund type sales and use taxes; (v) trust fund payroll taxes; (vi) customer refunds; and (vii) customer rewards.

Item 5. During the month of February 1997, the Debtors drew down \$45 million of borrowings under the DIP facility with The Chase Manhattan Bank, as agent for the lenders thereunder. During the months of March and April 1997, the Debtors repaid \$25 million and \$5 million, respectively, of borrowings under the DIP facility. The Debtors drew down an additional \$2 million under the DIP facility during the month of August.

INSURANCE

For the month ended August 31, 1997

There were no changes in insurance coverage for the reporting period.

PERSONNEL

For the month ended August 31, 1997

	Full Time	Part Time
1. Total number of employees at beginning of period	3,451	55
2. Number of employees hired during the period	31	13
3. Number of employees terminated or resigned during the period	12	16
4. Total number of employees on payroll at end of period	3,470	52