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MOBILEMEDIA CORPORATION
One Executive Drive, Suite 500
Fort Lee, NJ 07024
(201) 393-4686
Fax: (201) 449-8969

RECEIVED

OCT 30 1998

FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

October 30, 1998

BY HAND DELIVERY:

The Honorable William Kennard
The Honorable Susan Ness
The Honorable Michael Powell
The Honorable Harold Furchgott-Roth
The Honorable Gloria Tristani
Federal Communications Commission
1919 M Street, NW
Washington, DC 20554

Re: **Application for Transfer of Control and Petition to Terminate and For Special Relief (WT Docket No. 97-115)**

Dear Mr. Chairman and Commissioners:

MobileMedia hereby submits this monthly status report for October, 1998.

I. BANKRUPTCY DEVELOPMENTS

At the hearing held on October 14, 1998, the Bankruptcy Court (a) granted the relief requested in MobileMedia's fifth omnibus objection to pre-petition proofs of claim, (b) authorized MobileMedia to assume and amend a contract with one of its software providers and (c) approved the payment of certain professional fees incurred by MobileMedia during its bankruptcy case. Due to ongoing discussions between various parties, the Bankruptcy Court also granted MobileMedia's request for an adjournment of the scheduled hearing on the disclosure statement. That hearing is currently scheduled for December 10, 1998.

During the month of October, MobileMedia also filed (a) an amendment to its schedule of assets and liabilities, (b) a sixth omnibus objection to pre-petition proofs of claim and (c) a motion to reject several executory contracts.

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

II. FINANCIAL PERFORMANCE

As previously reported, MobileMedia is required to file Monthly Operating Reports with the United States Trustee. The Monthly Operating Report provides information relating to MobileMedia's financial performance for the prior month. MobileMedia's Monthly Operating Report for August 1998 is attached hereto as Exhibit A.

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

Sincerely,

Joseph A. Bondi
Chairman-Restructuring

cc: Daniel Phythyon, Esq.
David Solomon, Esq.
Rosalind Allen, Esq.
Gary Schonman, Esq.
John Riffer, Esq.
John Harwood, Esq.
Philip Spector, Esq.
Ky Kirby, Esq.
David Spears, Esq.
Magalie Roman Salas, Secretary (for inclusion with WT Docket No. 97-115)

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

EXHIBIT A

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

OFFICE OF THE U.S. TRUSTEE - REGION 3
MONTHLY OPERATING REPORT

For the month ended August 31, 1998

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

September 30, 1998
DATE

OFFICE OF THE U.S. TRUSTEE - REGION 3
ATTACHMENT
For the month ended August 31, 1998

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

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

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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 49 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 August 31, 1998

Debtor Name: MobileMedia Corporation et al.

Case Number: 97-174 (PJW)

See Statement of Operations for reporting period attached.

HEADNOTES:

These financial statements are unaudited and accordingly, there could be year end audit adjustments and other adjustments as a result of the Debtors' filing for protection under Chapter 11 of the US Bankruptcy Code on January 30, 1997.

(1) Since the filing of the Monthly Operating Reports for the month ended June 30, 1998, the Debtors recorded an adjustment to reduce previously reported Amortization Expense as a result of a write-down of the Debtors' intangible assets, effective December 31, 1996, based upon the Debtors' determination that an impairment of long-lived assets existed pursuant to Statement of Financial Accounting Standards No. 121 "Accounting for the Impairment of Long-lived Assets and for Long-lived Assets to be Disposed of". In 1997, the Debtors determined that an impairment likely existed with respect to their long-lived assets as of December 31, 1996. In July 1998, in conjunction with the completion of their 1996 and 1997 year end audits, the Debtors determined that intangible assets with a net book value of approximately $1.1 billion were impaired and wrote them down by approximately $792.5 million to their estimated fair value of approximately $307.5 million. Fair value was determined through the application of generally accepted valuation methods to the Debtors' projected cash flows.

(2) General & Administrative expense in August 1998 includes the reversal of a $0.5 million accrual of telephone expenses recorded in prior months.

MobileMedia Corporation and Subsidiaries
Consolidated Statements of Operations
For the Months Ended August 31, 1998, July 31, 1998 and June 30, 1998
(Unaudited)
(In thousands)

	August 1998	July 1998	June 1998
Paging Revenues			
Service, Rents & Maintenance	$35,008	$35,204	$34,557
Equipment Sales			
Product Sales	2,020	2,592	2,142
Cost of Products Sold	1,813	2,076	1,604
Equipment Margin	207	515	538
Net Revenue	35,215	35,719	35,095
Operating Expense			
Service, Rents & Maintenance	9,048	8,926	9,161
Selling	4,428	5,040	4,788
General & Administrative	10,326 (2)	11,233	10,620
Operating Expense Before Depr. & Amort.	23,802	25,198	24,569
EBITDA Before Reorganization Costs	11,413	10,520	10,526
Reorganization Costs	1,553	1,514	1,495
Restructuring Costs	0	0	248
EBITDA after Reorganization Costs	9,860	9,007	8,783
Depreciation	6,709	6,724	6,822
Amortization	2,484	2,484	2,484 (1)
Total Depreciation and Amortization	9,193	9,208	9,306
Operating Income(Loss)	667	(201)	(523)
Interest Expense	4,868	4,793	4,868
Other (Income)Expense	25	9	109
Taxes	0	0	0
Net Loss	($4,225)	($5,003)	($5,500)

See Accompanying Notes.

OFFICE OF THE U.S. TRUSTEE - REGION 3
CONDENSED CONSOLIDATED BALANCE SHEET
For the month ended August 31, 1998

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

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

See balance sheet attached.

HEADNOTES:

These financial statements are unaudited and accordingly, there could be year end audit adjustments and other adjustments as a result of the Debtors' filing for protection under Chapter 11 of the US Bankruptcy Code on January 30, 1997.

(1) Since the filing of the Monthly Operating Reports for the month ended June 30, 1998, the Debtors recorded adjustments to their Intangible Assets, Net, Deferred Tax Liability, Accumulated Deficit-Pre Petition and Accumulated Deficit-Post Petition as a result of a write-down of the Debtors' intangible assets, effective December 31, 1996, based upon the Debtors' determination that an impairment of long-lived assets existed pursuant to Statement of Financial Accounting Standards No. 121 "Accounting for the Impairment of Long-lived Assets and for Long-lived Assets to be Disposed of". In 1997, the Debtors determined that an impairment likely existed with respect to their long-lived assets as of December 31, 1996. In July 1998, in conjunction with the completion of their 1996 and 1997 year end audits, the Debtors determined that intangible assets with a net book value of approximately $1.1 billion were impaired and wrote them down by approximately $792.5 million to their estimated fair value of approximately $307.5 million. Fair value was determined through the application of generally accepted valuation methods to the Debtors' projected cash flows.

MobileMedia Corporation and Subsidiaries
Consolidated Balance Sheets
As of August 31, 1998, July 31, 1998 and June 30, 1998
(Unaudited)
(in thousands)

	August 1998	July 1998	June 1998
Assets:			
Current Assets:			
Cash	$13,166	$10,811	$11,559
Accounts Receivable, Net	37,472	37,580	39,890
Inventory	1,240	736	916
Prepaid Expenses	5,489	5,742	5,837
Other Current Assets	5,145	5,113	5,117
Total Current Assets	62,511	59,983	63,319
Noncurrent Assets:			
Property and Equipment, Net	225,707	228,207	227,699
Deferred Financing Fees, Net	20,510	20,813	21,317
Investment In Net Assets Of Equity Affiliate	1,734	1,734	1,734
Intangible Assets, Net	275,747	278,206	280,666 (1)
Other Assets	329	353	378
Total Noncurrent Assets	524,026	529,316	531,593
Total Assets	$586,538	$589,297	$594,913
Liabilities and Stockholders' Equity:			
Liabilities Not Subject to Compromise:			
DIP Credit Facility	$0	$0	$0
Accrued Reorganization Costs	6,131	5,275	5,041
Accrued Wages, Benefits and Payroll Taxes	10,907	9,049	7,614
Accounts Payable - Post Petition	4,981	3,966	3,815
Accrued Interest	5,443	5,455	5,435
Accrued Expenses and Other Current Liabilities	32,668	33,469	32,735
Advance Billings and Customer Deposits	31,567	32,659	32,446
Total Liabilities Not Subject To Compromise	91,696	89,873	87,086
Liabilities Subject to Compromise:			
Accrued Wages, Benefits and Payroll Taxes	3,093	3,093	3,093
Chase Credit Facility	649,000	649,000	649,000
Notes Payable - 10 1/2%	174,125	174,125	174,125
Notes Payable - 9 3/8%	250,000	250,000	250,000
Notes Payable - Yampol	986	986	986
Notes Payable - Dial Page 12 1/4%	1,570	1,570	1,570
Accrued Interest	20,423	20,423	20,423
Accounts Payable- Pre Petition	12,833	12,731	16,124
Accrued Expenses and Other Current Liabilities - Pre Petition	21,062	21,515	21,515
Other Liabilities	4,730	4,737	4,744
Total Liabilities Subject To Compromise	1,137,823	1,138,180	1,141,581
Deferred Tax Liability	2,658	2,685	2,695 (1)
Stockholders' Equity			
Class A Common Stock	50	50	50
Class B Common Stock	2	2	2
Additional Paid-in Capital	689,148	689,148	689,148
Accumulated Deficit - Pre Petition	(1,171,108)	(1,171,108)	(1,171,108) (1)
Accumulated Deficit - Post Petition	(157,607)	(153,382)	(148,379) (1)
Total Stockholders' Equity	(639,514)	(635,289)	(630,286)
Less:			
Treasury Stock	(6,123)	(6,123)	(6,123)
Total Stockholders' Equity	(645,637)	(641,412)	(636,409)
Total Liabilities and Stockholders' Equity	$586,538	$589,297	$594,913

See Accompanying Notes

Footnotes to the Financial Statements:

1. These financial statements are unaudited and accordingly, there could be year end audit adjustments and other adjustments as a result of the Debtors' filing for protection under Chapter 11 of the US Bankruptcy Code on January 30, 1997.

2. On January 30, 1997 (the "Filing Date"), MobileMedia Corporation (the "Company"), MobileMedia Communications, Inc. ("MobileMedia Communications") and all seventeen of MobileMedia Communications' subsidiaries (collectively with the Company and MobileMedia Communications, the "Debtors"), filed for protection under Chapter 11 of title 11 of the United States Code (the "Bankruptcy Code"). The Debtors are operating as debtors-in-possession and are subject to the jurisdiction of the United States Bankruptcy Court for the District of Delaware (the "Bankruptcy Court").

   The Bankruptcy 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) property taxes; (vii) customer refunds; and (viii) customer rewards.

   On August 20, 1998, Arch Communications Group, Inc. ("Arch") and the Debtors announced a definitive merger agreement for Arch to acquire the Debtors. Under the terms of the agreement, Arch will acquire the Debtors for a combination of cash, the assumption of certain liabilities, and the issuance of Arch common stock and warrants to acquire Arch common stock. The transaction will be implemented through a plan of reorganization that the Debtors filed with the Bankruptcy Court on August 20, 1998 ("the Amended Plan"). A Disclosure Statement related to the Amended Plan was filed with the Bankruptcy Court on August 25, 1998. A hearing concerning the adequacy of information contained in the Disclosure Statement is scheduled for October 14, 1998.

   On September 3, 1998, the Company completed the sale of 166 transmission towers to Pinnacle Towers, Inc. ("Pinnacle") for $170 million in cash. Subsequent to the sale, the Company distributed the $170 million in proceeds to its secured creditors, who have a lien on such assets. Under the terms of a lease with Pinnacle, the Company will continue to own and utilize transmitters, antennas and other equipment located on the 166 towers for an initial lease period of 15 years at an aggregate annual rental of $10.7 million.

Footnotes to the Financial Statements (continued):

3. Since the Filing Date, the Debtors have continued to manage their business as debtors-in-possession under sections 1107 and 1108 of the Bankruptcy Code. During the pendency of the Chapter 11 cases, the Bankruptcy Court has jurisdiction over the assets and affairs of the Debtors, and their continued operations are subject to the Bankruptcy Court's protection and supervision. The Debtors have sought, obtained, and are in the process of applying for, various orders from the Bankruptcy Court intended to stabilize and reorganize their business and minimize any disruption caused by the Chapter 11 cases.

4. Since the filing of the Operating Reports for the month ended June 30, 1998, the Debtors recorded adjustments to previously reported Amortization Expense, Intangible Assets, Net, Deferred Tax Liability, Accumulated Deficit-Pre Petition and Accumulated Deficit-Post Petition as a result of a write-down of the Debtors' intangible assets, effective December 31, 1996, based upon the Debtors' determination of the level of impairment of long-lived assets, pursuant to Statement of Financial Accounting Standards No. 121 "Accounting for the Impairment of Long-lived Assets and for Long-lived Assets to be Disposed of".

   In 1997, the Debtors determined that an impairment likely existed with respect to their long-lived assets as of December 31, 1996. In July 1998, in conjunction with the completion of their 1996 and 1997 year end audits, the Debtors determined that intangible assets with a net book value of approximately $1.1 billion were impaired and wrote them down by approximately $792.5 million to their estimated fair value of $307.5 million. Fair value was determined through the application of generally accepted valuation methods to the Debtors' projected cash flows.

5. General & Administrative expense in August 1998 includes the reversal of a $0.5 million accrual of telephone expenses recorded in prior months.

6. The Company is one of the largest paging companies in the U.S., with approximately 3.2 million units in service at August 31, 1998, and offers local, regional and national paging services to its subscribers. The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries. The Company's business is conducted primarily through the Company's principal operating subsidiary, MobileMedia Communications, and its subsidiaries The Company markets its services primarily under the "MobileComm" brand name. All significant intercompany accounts and transactions have been eliminated.

Footnotes to the Financial Statements (continued):

7. As previously announced in its September 27, 1996 and October 21, 1996 releases, the Company discovered misrepresentations and other violations which occurred luring the licensing process for as many as 400 to 500, or approximately 6% to 7%, of its approximately 8,000 local transmission one-way paging stations. The Company caused an investigation to be conducted by its outside counsel, and a comprehensive report regarding these matters was provided to the FCC in the fall of 1996. In cooperation with the FCC, outside counsel's investigation was e.panded to examine all of the Company's paging licenses, and the results of that investigation were submitted to the FCC on November 8, 1996. As part of the cooperative process, the Company also proposed to the FCC that a Consent Order be entered which would result, among other things, in the return of certain local paging authorizations then held by the Company, the dismissal of certain pending applications for paging authorization, and the voluntary acceptance of a substantial monetary forfeiture.

   On January 13, 1997, the FCC issued a Public Notice relating to the status of certain FCC authorizations held by the Company. Pursuant to the Public Notice, the FCC announced that it had (i) automatically terminated approximately 185 authorizations for paging facilities that were not constructed by the expiration date of their construction permits and remained unconstructed, (ii) dismissed approximately 94 applications for fill-in sites around existing paging stations (which had been filed under the so-called "40-mile rule") as defective because they were predicated upon unconstructed facilities and (iii) automatically terminated approximately 99 other authorizations for paging facilities that were constructed after the expiration date of their construction permits. With respect to the approximately 99 authorizations where the underlying station was untimely constructed, the FCC granted the Company interim operating authority subject to further action by the FCC.

   On April 8, 1997, the FCC adopted an order commencing an administrative hearing into the qualification of the Company to remain a licensee. The order directed an Administrative Law Judge to take evidence and develop a full factual record on directed issues concerning the Company's filing of false forms and applications. The Company was permitted to operate its licensed facilities and provide service to the public during the pendency of the hearing.

   On June 6, 1997, the FCC issued an order staying the hearing proceeding 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 was originally granted for ten months and was extended by the FCC through October 6, 1998. 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,

Footnotes to the Financial Statements (continued):

or a sale of the Company, as reflected in the Amended Plan, will result in a change of control. In the event that the Company were unable to consummate the Amended Plan or any other plan of reorganization that satisfies the conditions of *Second Thursday*, the Company would be required to proceed with the hearin , 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, 1998

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

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

The Debtors have 49 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 are unaudited and accordingly, there could be year end audit adjustments and other adjustments as a result of the Debtors' filing for protection under Chapter 11 of the US Bankruptcy Code on January 30, 1997.

(1) Since the filing of the Monthly Operating Reports for the month ended June 30, 1998, the Debtors recorded an adjustment to reduce previously reported Amortization expense as a result of a write-down of the Debtors' intangible assets, effective December 31, 1996, based upon the Debtors' determination that an impairment of long-lived assets existed pursuant to Statement of Financial Accounting Standards No. 121 "Accounting for the Impairment of Long-lived Assets and for Long-live Assets to be Disposed of". In 1997, the Debtors determined that an impairment likely existed with respect to their long-lived assets as of December 31, 1996. In July 1998, in conjunction with the completion of their 1996 and 1997 year end audits, the Debtors determined that intangible assets with a net book value of approximately $1.1 billion were impaired and wrote them down by approximately $792.5 million to their estimated fair value of approximately $307.5 million. Fair value was determined through the application of generally accepted valuation methods to the Debtors' projected cash flows.

MobileMedia Corporation and Subsidiaries
Consolidated Statements Of Cash Flows
For The Months Ended August 31, 1998, July 31, 1998 and June 30, 1998
(Unaudited)
(In thousands)

	August 1998	July 1998	June 1998
Operating Activities			
Net Loss	($4,225)	($5,003)	($5,501)
Adjustments To Reconcile Net Loss To Net Cash Provided By (Used In) Operating Activities:			
Depreciation And Amortization	9,193	9,288	9,306 (1)
Provision For Uncollectible Accounts And Returns	1,133	1,185	999
Undistributed Earnings Of Affiliate	0	0	32
Deferred Financings Fees, Net	304	304	304
Change In Operating Assets and Liabilities:			
Accounts Receivable	(1,025)	1,125	3,889
Inventory	(504)	179	(294)
Prepaid Expenses And Other Assets	221	99	(1,456)
Accounts Payable, Accrued Expenses and Other	1,466	(613)	(3,533)
Net Cash Provided By (Used In) Operating Activities	6,563	6,484	3,745
Investing Activities			
Construction And Capital Expenditures, Including Net Change In Pager Assets	(4,209)	(7,232)	(2,964)
Net Cash Used In Investing Activities	(4,209)	(7,232)	(2,964)
Financing Activities			
Borrowings (Repayments) of DIP Credit Facility	0	0	0
Net Cash Provided By (Used In) Financing Activities	0	0	0
Net Increase (Decrease) In Cash And Cash Equivalents	2,354	(748)	781
Cash And Cash Equivalents At Beginning Of Period	10,811	11,559	10,779
Cash And Cash Equivalents At End Of Period	$13,165	$10,811	$11,559

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, 1998

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

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

ACCOUNTS RECEIVABLE AGING		
	$ 23,011,093	0 - 30 days old
	13,187,384	31 - 60 days old
	5,758,772	61 - 90 days old
	12,048,528	91+ days old
	54,005,777	TOTAL TRADE ACCOUNTS RECEIVABLE
	(17,098,000)	ALLOWANCE FOR UNCOLLECTIBLE ACCOUNTS
	36,907,777	TRADE ACCOUNTS RECEIVABLE (NET)
	563,971	OTHER NON-TRADE RECEIVABLES
	$ 37,471,748	ACCOUNTS RECEIVABLE, NET

AGING OF POSTPETITION ACCOUNTS PAYABLE	0-30 Days	31-60 Days	61-90 Days	91+ Days	Total
ACCOUNTS PAYABLE	$ 4,[illegible]9,083	512,141	0	0	$ 4,981,224

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

For the month ended August 31, 1998

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	$ 1,058,739	$ 1,058,739	$ 0	$ 0
FICA-EMPLOYEE	0	612,099	612,099	0	0
FICA-EMPLOYER	159,565	1,219,964	1,199,575	179,954	0
UNEMPLOYMENT	[illegible]9	4,065	3,849	1,155	0
INCOME	0	0	0	-	0
TOTAL FEDERAL TAXES	160,504	2,894,867	2,874,262	181,109	0
STATE AND LOCAL					
WITHHOLDING	9,915	189,986	176,696	23,205	0
SALES	562,005	1,101,233	1,154,524	508,714	0
UNEMPLOYMENT	8,[illegible]91	30,321	29,828	8,584	0
REAL PROPERTY	6,658,707	382,730	498,498	6,542,939	0
OTHER	1,335,167	1,759,677	516,430	2,578,414	0
TOTAL STATE AND LOCAL	8,573,385	3,463,947	2,375,976	9,661,8[illegible]	0
TOTAL TAXES	$ 8,734,389	$ 6,358,814	$ 5,250,238	$ 9,842,965	$ 0

PAYMENTS TO INSIDERS AND PROFESSIONALS
For the month ended August 31, 1998

INSIDERS (1)				
Payee Name	Position	Salary/Bonus/ Auto Allowance	Reimbursable Expenses	Total
Alvarez & Marsal Inc. - Joseph A. Bondi	Chairman - Restructuring	$ 54,167	$ 3,414	$ 57,581
Burdette, H. Stephen	Senior VP Corporate Development and Senior VP Operations	15,000	3,278	18,278
Grawert, Ron	Chief Executive Officer	30,769	6,034	36,803
Gray, Patricia	Secretary/VP and General Counsel	13,846	0	13,846
Gross, Steven	Executive VP Sales & Marketing	17,769	4,813	22,582
Hilson, Debra	Assistant Secretary	4,662	0	4,662
Hughes, Curtis	VP Management Information Systems	10,385	941	11,325
Pascucci, James	Treasurer	8,077	1,126	9,204
Panzella, Vito	VP / Controller	8,846	(	8,846
Witsaman, Mark	Senior VP and Chief Technology Officer	14,808	3,567	18,375
		TOTAL PAYMENTS TO INSIDER		$ 201,502

(1) Excludes 19 non-executive officers of subsidiaries who were paid salaries and reimbursable expenses in the aggregate of $206,566.

Other

During June 1998, Joseph A. Bondi and Ron Grawert received 1997 bonuses of $420,000 and $240,000, respectively, in accordance with contracts approved by the Bankruptcy Court. Disclosure of these bonuses was erroneously omitted from the Monthly Operating Report for the month ended June 30, 1998.

PAYMENTS TO INSIDERS AND PROFESSIONALS (Continued)
For the month ended August 31, 1998

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	$ 716,248	$ 221,479	$ 1,024,725
2. Latham & Watkins - Counsel to Debtor	1/30/97	135,846	111,185	204,348
3. Alvarez & Marsal Inc.- Restructuring Consultant to Debtor (2)	1/30/97	171,093	-	508,398
4. Sidley & Austin - Bankruptcy Counsel to Debtor	1/30/97	835,473	-	1,280,507
5. Young, Conway, Stargate & Taylor - Delaware Counsel to Debtor	1/30/97	13,914	8,487	24,865
6. Wiley, Rein & Fielding - FCC Counsel to Debtor	1/30/97	90,959	44,153	161,631
7. Koteen & Naftalin - FCC Counsel to Debtor	6/11/97	-	-	3,945
8. Houlihan, Lokey, Howard & Zukin - Advisors to the Creditors' Committee	6/04/97	-	-	75,000
9. Jones, Day, Reavis & Pogue - Counsel to the Creditors' Committee	4/03/97	72,951	-	162,569
10. Morris, Nichols, Arsht & Tunnell - Delaware Counsel to the Creditors' Committee	4/03/97	1,842	-	3,591
11. Paul, Weiss, Rifkind, Wharton & Garrison - FCC Counsel to the Creditors' Committee	4/25/97	1,322	1,091	1,543
12. The Blackstone Group LP - Financial Advisors to Debtor	7/10/97	125,000	-	473,091
13. Gerry, Friend & Sapronov, LLP. - Counsel to Debtor	10/27/97	33,532	-	130,371
TOTAL		$ 2,198,180	$ 386,395	$ 4,054,584

(1) Excludes invoices for fees and expenses through August 31, 1998 that were received by the Debtors subsequent to August 31, 1998.

(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, 1998			
NAME OF CREDITOR	SCHEDULED MONTHLY PAYMENTS DUE	AMOUNTS PAID DURING MONTH	TOTAL UNPAID POS.PETITION
The Chase Manhattan Bank - (Interest)	$ 4,636,274	$ 4,636,274*	$ 0

* Payment made on 9/1/98.

QUESTIONNAIRE For the month ended August 31, 1998	YES	NO
1. Have any assets been sold or transferred outside the normal course of business this reporting period?	Yes	
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?		No
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 wages payments past due?		No

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

Item 1. On July 7, 1998, the Debtors entered into a purchase agreement with Pinnacle Towers Inc. for the sale of their towers and certain related assets. The sale closed on September 3, 1998 (see Footnote 2).

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) property taxes; (vii) customer refunds; and (viii) customer rewards.

Item 5. As of August 31, 1998 there were no funded borrowings under the DIP facility.

INSURANCE **For the month ended August 31, 1998**
There were no changes in insurance coverage for the reporting period.

PERSONNEL **For the month ended August 31, 1998**		
	Full Time	Part Time
1. Total number of employees at beginning of period	3,002	43
2. Number of employees hired during the period	40	4
3. Number of employees terminated or resigned during the period	8	9
4. Total number of employees on payroll at end of period	3,034	38