

Before the
Federal Communications Commission
Washington, D.C. 20554

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FEDERAL COMMUNICATIONS COMMISSION
OFFICE OF THE SECRETARY

In the Matter of)

ARCH COMMUNICATIONS GROUP, INC.)
and PAGING NETWORK, INC.)

For Consent to Transfer Control of Paging,)
Narrowband PCS, and Other Licenses)

) WT Docket No. 99-365 /
) File No. 0000053846, et al.
) DA 99-3028

To: Chief, Wireless Telecommunications Bureau

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PETITION FOR RECONSIDERATION
OR INFORMAL COMPLAINT

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SUMMARY

The First Amended Joint Plan of Reorganization filed by Arch indicates that it has abdicated an impermissible level of control over certain FCC licenses to its lenders. The Amended Plan, which was only recently disclosed, initially gave Arch's secured lenders the absolute right to compel the sale of SMR licenses for the purpose of satisfying the post-merger company's debts. Even the revised versions of the Amended Plan, which were drafted only after Metrocall raised the transfer of control issues, clearly state that \$110 million be repaid to the lenders within one year of the Amended Plan's Effective Date; it is apparent from the Disclosure Statement accompanying the most recent version of the Amended Plan that "excess spectrum" will almost surely need to be sold if Arch is to comply with that repayment schedule.

The Amended Plan represents an unprecedented level of control granted to a licensee's lenders; extraordinary discretion over the use and disposition of FCC licenses rests with those lenders, whose qualifications have not been approved by the FCC. At a minimum, the Amended Plan represents a major change in *de facto* control from that approved by the FCC in the Arch/PageNet Order, and that change requires prior opportunity for public comment and FCC approval.

Even if the appropriate major amendment filings are made, the transfer of control embodied in the Amended Plan should be denied. The Amended Plan provides the lenders with even greater control over the post-merger Arch's FCC licenses than would be the case in a standard security interest, and, consistent FCC policy precludes the grant of security interests in licenses.

**Before the
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ARCH COMMUNICATIONS GROUP, INC.) WT Docket No. 99-365
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To: Chief, Wireless Telecommunications Bureau

**PETITION FOR RECONSIDERATION
OR INFORMAL COMPLAINT**

Metrocall, Inc. (“Metrocall”), by its attorneys and pursuant to Section 405 of the Communications Act of 1934, as amended (the “Act”), 47 U.S.C. § 405, and Sections 1.106, 1.41, and/or 1.716 of the Commission’s Rules, 47 C.F.R. §§ 1.106; 1.41; 1.716, hereby respectfully requests that the Commission reconsider and set-aside its grant of the above-referenced applications (the “Merger Applications”) for transfer of control in connection with the proposed merger of Arch Communications Group, Inc. (“Arch”) and Paging Network, Inc. (“PageNet”), and deny them. As shown herein, new facts have recently come to light that present a *prima facie* showing of an unauthorized transfer of control concerning the Merger Applications.

In support hereof, the following is respectfully shown:

I. Factual Background

On or about November 7, 1999, Arch and PageNet executed an Agreement and Plan of Merger, which was amended on or about January 7, 2000, May 10, 2000 and July 24, 2000 (the “Merger Agreement”). On or about December 13, 1999, Arch and PageNet filed the Merger Applications with the Commission seeking its consent to the transfer of

control of both companies, in connection with their proposed merger. See File Nos. 0000056159, *et al.* Under the terms of the Arch/PageNet Merger Agreement, a newly-created, wholly-owned subsidiary of Arch would merge with and into a reorganized PageNet. Id. at “Main Pleading/Description of Transaction.” Under the Merger Agreement, PageNet’s shareholders and bondholders are to receive, among other things, shares of Arch common stock. In addition, certain shareholders and noteholders of Arch are also to receive, among other things, shares of Arch common stock. Id. In support of the Merger Applications, Arch and PageNet pointed to Arch’s status as the licensee of numerous Commercial Mobile Radio Service (“CMRS”) licenses as proof of Arch’s qualifications. Id. at 12. The parties also indicated in the Merger Applications that Arch was “financially qualified to acquire control of PageNet and [had] adequate resources to undertake and consummate the merger[.]” Id.

The Merger Applications were accepted for filing on December 30, 1999¹ and were granted on April 25, 2000.² On July 24, 2000, PageNet consented to the involuntary bankruptcy petitions previously filed against it in the United States Bankruptcy Court for the District of Delaware by three of its creditors, filed voluntary bankruptcy petitions for its domestic operating subsidiaries (excluding Vast Solutions, Inc.) under Chapter 11 of the Bankruptcy Code, and filed with the Bankruptcy Court a proposed plan of reorganization (the “Plan”). On August 21, 2000, Metrocall obtained an order of the Bankruptcy Court which, among other things, (i) permitted Metrocall to conduct limited and expedited due diligence of PageNet, and (ii) scheduled a hearing

¹ See Public Notice, DA 99-3028 (released December 30, 1999).

² Memorandum Opinion and Order, DA 00-925, (released April 25, 2000) (the “Arch/PageNet Order”).

before the Bankruptcy Court on September 7, 2000, at 3:00 p.m., with respect to Metrocall's request to file its contemplated acquisition offer for PageNet. A hearing was also scheduled at that time to consider the adequacy of the disclosure statement with respect to the Plan.

Shortly after 1:00 p.m. on the day of the September 7th hearing, PageNet submitted to the Bankruptcy Court an amended version of the Plan (the "Amended Plan"). In that Amended Plan, pertinent portions of which (together with the cover letter to the Bankruptcy Court) are attached hereto as Exhibit One, Arch demonstrated for the first time its intention to amend its credit facility to provide, *inter alia*, at the direction of its secured lenders, that Arch be obligated to sell PageNet's Specialized Mobile Radio ("SMR") licenses within one year of the "Effective Date" of the Amended Plan for a minimum cash price.³ See Exhibit One.

Soon after Arch disclosed this version of its Amended Plan to Metrocall, and upon learning almost immediately thereafter that Metrocall believed (and so advised the Bankruptcy Court) that such revision to the Amended Plan might violate the Act and the FCC's Rules, at least two subsequent versions of the Plan were prepared and tendered to Metrocall and to certain other parties in interest. Attached hereto as Exhibit Two is a subsequent version that was given to Metrocall's bankruptcy counsel just prior to the commencement of the September 7th hearing, though it was not presented to the Bankruptcy Court; and attached hereto as Exhibit Three is that version of the Amended Plan that was delivered by PageNet's bankruptcy counsel to Metrocall's bankruptcy

³ The Effective Date is an as-yet-undetermined date after confirmation of the Amended Plan and satisfaction or waiver of certain conditions. See Amended Plan, Section I.B(48). Pursuant to Section V.B. of the Amended Plan, the merger will occur on the Effective Date.

counsel on the morning of September 8, 2000. It is Metrocall's understanding that this latest version of the Amended Plan will be presented to PageNet's creditors and shareholders for approval.

II. Procedural Matters

Metrocall previously filed comments on the Merger Applications. Additionally, Metrocall is currently seeking to make a competing acquisition proposal for PageNet through the bankruptcy process. Consequently, Metrocall has standing as a party aggrieved to file this Petition.

Although more than thirty days have passed since the release date of the Arch/PageNet Order, "section 405 has never been construed to be an absolute bar on reconsideration of issues raised after thirty days." Meredith Corporation v. FCC, 809 F.2d 863, 869 (D.C. Cir. 1987). Metrocall has only recently learned the facts which underlie this Petition and, because these matters concern financial arrangements apparently recently negotiated between Arch and its secured lenders, Metrocall would not have been able to discover these facts at an earlier date. This Petition is being filed only three business days following the Bankruptcy Court's hearing at which the Amended Plan, which suggests an unauthorized transfer of control, was unveiled in its various iterations.

Alternatively, Metrocall respectfully requests that the Commission treat this Petition as an informal complaint pursuant to 47 C.F.R. §1.716, or an informal request for Commission action pursuant to 47 C.F.R. § 1.41. The Commission has an obligation to consider material facts that bear on its ultimate public interest determination. See, e.g., WSTE-TV v. FCC, 566 F.2d 333, 337 (D.C. Cir. 1977); Dena Pictures, Inc., 46 RR2d

1583, 1584 (1980). See also, Phil D. Jackson, 33 FCC 2d 561, ¶ 5 (Rev. Bd. 1972) (even where good cause for late-filed petition to enlarge issues not shown, requested issue was added to hearing where petition raised “substantial public interest questions which should be considered on their merits”). The qualifications of a proposed transferee to hold FCC licenses is certainly part of the public interest analysis required in the context of a transfer of control application. See, e.g., Arch/PageNet Order at ¶ 10.

As an FCC licensee, Metrocall has a duty to bring apparent violations of the Act and the Rules to the Commission’s attention. See Nirvana Radio Broadcasting Corporation, 66 RR 2d 844, ¶ 9 (Rev. Bd. 1989) (disapproving a provision in a settlement agreement that would prevent the parties “from bringing to the Commission’s attention any matter, however substantial, even when those parties have a bona fide belief that the stations are not being operated in the public interest”). Moreover, as a competitor of Arch, Metrocall is a proper party to bring to the Commission’s attention facts that reflect upon Arch’s qualifications. See, e.g., Arch Communications, Inc., 58 RR 2d 253, ¶ 6 (1985) (“he who is ‘likely to be financially injured’ ... may be a reliable private attorney general to litigate issues of the public interest”) (internal citations omitted); Pueblo Broadcasting Corporation, 57 RR 2d 1053 (Rev. Bd. 1985) (“the Communications Act recognized the unique concept of a private attorney general, who, because of an economic interest, is permitted to participate in FCC proceedings to litigate public interest questions”).

III. There has been a Major Change to the Proposed Control of the Licenses

The Amended Plan contains new ownership and control proposals that are materially different from those that the FCC approved back in April, 2000. The Merger

Applications originally disclosed no intention to sell PageNet's SMR licenses, or any other FCC licenses, within one year, nor did they disclose any payment obligations of Arch to its lenders that would require the imminent sale of licenses.⁴ Under the Amended Plan, Arch's secured lenders, upon whose qualifications the Commission has had no opportunity to pass, appear to have control over the disposition of the more than 120 SMR licenses or other yet-to-be identified FCC licenses.⁵ The Amended Plan contemplates and grants to the Arch lenders a significant "negative covenant" pursuant to which such lenders have the power not only to dictate that the SMR licenses must be sold, but also the time and price of that sale. Even under the most recent version of the Amended Plan, which deletes prior language that specifically mandated the sale of the SMR licenses for the benefit of Arch's lenders, see Exhibit One; it is evident that the secured Arch lenders expect FCC licenses to be sold in order for Arch to make repayment of \$110 million by the first anniversary of the Effective Date. See Proposed First Amended Disclosure Statement, the pertinent portion of which is attached hereto as Exhibit Four, indicating that a sale of "excess spectrum" will likely be required if Arch is to make the required repayment.

Consequently, although it would appear that Arch is charged with locating the purchaser, and may have some discretion over which licenses or other assets it divests

⁴ The Amended Plan, as filed with the Bankruptcy Court, displayed no intention by Arch to notify the FCC of Arch's lenders' ability to control the licenses, nor did the Amended Plan indicate how long Arch's lenders have wielded such dominance over the company's affairs that they could mandate the sale of Arch's assets, including FCC licenses. Arch's failure to report such lender control may constitute a lack of candor in its dealings with the Commission. See, e.g., Black Television Workshop of Los Angeles, Inc., 8 FCC Rcd. 4192, ¶ 21 (1993) (finding that permittee lacked candor upheld where, among other things, it failed to disclose real-party-in-interests' true role in the permittee). Cf., The McLendon Corp., 3 RR 2d 817 (1964) (change of station programming shortly after grant of assignment application raised lack of candor issues concerning assignee's pledge to retain previous format).

(the deletion of the term “SMR” licenses from the most recent version of the Amended Plan does not hide the lenders’ intent: Arch is a paging company, not an SMR operator), those limited responsibilities render Arch little more than a “broker” for the lenders, who are in fact ordering and directing the disposition of sufficient licenses to permit them to collect a substantial, partial repayment of their loans. This "negative covenant" is, at best, subject to prior public comment and FCC approval.

Under Section 309 of the Act, a substantial change in the ownership or control of an applicant is a major amendment requiring public notice and an opportunity for comment. 47 U.S.C. § 309(b). See also, 47 C.F.R. §§ 1.929(a)(2); 1.939(a). An actual, substantial transfer of "negative control" over the SMR or unidentified FCC assets, from that which the FCC approved in the Arch/PageNet Order, may already have occurred, or is, at a minimum, imminent. To the best of Metrocall’s knowledge, the Commission’s consent has not been sought for that transfer of control.

The Commission has frequently noted, "there is no precise formula by which all factors can be evaluated when confronted with questions of transfer of control." News International, PLC, 97 FCC 2d 349, ¶ 16 (1984). Nevertheless, "a realistic definition of the word 'control' includes any act which vests in a new entity or individual the right to determine the manner or means of operating the licensee and determining the policy that the licensee will pursue." WHDH, Inc., 17 FCC 2d 856, 863 (1969). See also, George Cameron, 91 FCC2d 870, ¶ 36 (1982) (“The ascertainment of control in most instances must of necessity transcend formulas, for it involves an issue of fact which must be resolved by the special circumstances presented”).

⁵ The eventual sale of a 100% ownership interest in any licenses to a third party will certainly constitute a “substantial change of ownership and control” of those licenses.

“Of particular importance” in determining whether an unauthorized transfer of control over FCC licenses has taken place are the existence of certain "negative covenants." News International, *supra*, at ¶ 18. In News International, the Commission stated: "These covenants preclude or limit [a licensee] in undertaking various activities of a financial nature without [the covenant holder/investor/lender's] consent; *e.g.*, selling shares of its common stock, merging with another corporation, *selling or leasing its assets*, purchasing stock of other corporations (other than wholly owned subsidiaries), and the making or guaranteeing of loans. The question raised by these covenants is whether such restrictions represent a transfer of control of [the licensee]." *Id.* (emphasis added). Similarly, in WWIZ, Inc., 36 FCC 561 (1964), the FCC indicated that so-called "investor activity" in the affairs of a corporation can and often do lead to the type of control requiring the FCC's prior approval.

Control is said to exist where the influence of a party is such that that “minority shareholder, lender, or investor is able to 'determine' the licensee's policies and operations, or 'dominate' corporate affairs.” News International, 97 FCC 2d at 355-356. Certain restrictions on a licensee’s behavior, such as those common for the protection of minority shareholders or investors, may cross the line into impermissible “control” where they are coupled with the investor's activities in the affairs of the corporation. *See, e.g.*, Data Transmission Co., 44 FCC 2d 935, 937 (1974).

As indicated in the various iterations of the Amended Plan, Arch’s credit facility has apparently granted its lenders extraordinary rights to effectively mandate the post-merger sale of the SMR licenses or other yet-to-be-identified FCC licenses. The provisions at issue are beyond standard provisions to lenders. Rather, the various

versions of the Amended Plan show that Arch must dispose of a number of the merged entity's licenses, within one year, and at a specified minimum price. See Exhibit One. Indeed, only *after* Metrocall raised the issue of an unauthorized transfer of control at the Bankruptcy Court hearing did Arch propose revised language to the Amended Plan and its credit facility to downplay the secured lenders' unauthorized control over the licenses. See Exhibit Two and Exhibit Three. Nevertheless, even under the most recent version of the Amended Plan, Arch cannot retain all of its licenses without almost-certain default under its credit facility, as indicated in the Amended Disclosure Statement accompanying the Amended Plan. See Exhibit Four. The Exhibits thus demonstrate that the secured lenders are holding Arch to a repayment schedule that leaves it little or no choice but to dispose of FCC-licensed assets within a year of the Effective Date, for no less than \$110 million. Id.

Arch, by agreeing to these loan provisions, has evidently abandoned control over the SMR licenses or other unidentified FCC licenses. A licensee's abdication of control over or ownership of an FCC license is itself an event that requires prior FCC consent. See, e.g., Angel F. Ginorio, 9 FCC Rcd 698 (Mass Med. Bur. 1994) (owner of licensee-corporation found to have engaged in unauthorized transfer of control by grant of an "irrevocable proxy" authorizing son to vote shares of licensee's stock, to act on owner's behalf as president of the board of directors, and to "exercise control over the corporation's management, policies, administration, and development").

The Amended Plan and the contemplated Arch credit facility are evidence that a substantial change in *de facto* control has taken place, without the requisite prior FCC approval. Control by Arch's lenders was not authorized by the Commission in the

Arch/PageNet Order, nor was it subject to Public Notice and protest, as Section 309(b) of the Act requires for substantial changes of control. Consequently, major amendments to the Merger Applications should be filed to reflect this transfer of control to Arch's lenders, and the revised control structure of the proposed licensee should be subject to public comment.

IV. The Change of Control of the Licenses is Contrary to Commission Precedent and the Public Interest.

Arch has apparently abdicated to its lenders control over the disposition of the SMR licenses or other FCC licenses; no ownership interest or control by those lenders was disclosed in the Merger Applications or otherwise presented to the FCC for its prior approval. In addition to statutory procedural violations caused by this major change to the Arch/PageNet transaction, the negative covenant granted to Arch's lenders is contrary to the public interest and should not be granted, even if Arch files the necessary amendments.

The Arch credit facility would give institutional creditors, which likely lack the technical qualifications to be FCC licensees as well as any genuine interest in providing telecommunications services to the public, effective control over the disposition of FCC licenses used to provide service to the public. By virtue of the repayment provisions in the Amended Plan and Arch credit facility, these lenders are being permitted to force the sale of significant assets of the combined company's holdings. The Arch lenders are not merely demanding that they be repaid by a date certain; they have designated the assets that they expect to be sold, and the minimum consideration for that sale, in order to satisfy, in part, the licensee's debt. See Exhibit One. Even though the language of the Amended Plan has been revised to downplay that lender control, see Exhibit Three; there

is little doubt that Arch and its lenders intend that the sale specified in the first version of the Amended Plan will occur. See Exhibit Four.

The Commission has long held that security interests in licenses are invalid. See, e.g., In re Kirk Merkley, 94 FCC 2d 829 (1983). As the Commission has explained: “The reason for the policy is that the Commission's statutory mandate requires it to approve the qualifications of every applicant for a license. 47 U.S.C. Sec. 310(d). If a security interest holder were to foreclose on the collateral license, by operation of law, the license could transfer hands without the prior approval of the Commission.” In re Cheskey, 9 FCC Rcd. 986, ¶ 8 (Mob. Serv. Div. 1994).

The Arch credit facility terms not only controvert the Commission’s policy against the enforcement of security interests in licenses, but also extend beyond the terms of standard security arrangements. Such provisions in a credit agreement would permit commercial lenders to dictate a form of “foreclosure” sale of FCC licenses, even before the licensee has defaulted. The Commission should not abandon its long-standing policy of expecting applicants for licenses to use them to provide service to the public, not as collateral to be sold at the discretion of lenders, whose existence has not been disclosed to the Commission and upon whose qualifications the Commission has never passed.

Conclusion

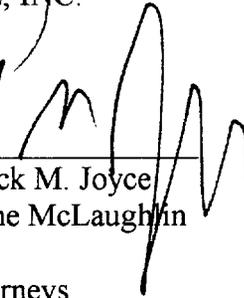
For all the foregoing reasons, Metrocall respectfully requests that the Commission: (1) rescind its previous grant and return the Merger Applications to pending status; (2) order Arch to amend the Merger Applications to reflect substantial change of control of the transferee and place those amended Merger Applications on

public notice; and (3) find that the negative covenants granted to Arch's lenders are unlawful and impermissible.

Respectfully submitted,

METROCALL, INC.

By:



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September 12, 2000

EXHIBIT ONE

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September 7, 2000

BY HAND DELIVERY

The Honorable Gregory M. Sleet
United States District Court for the
District of Delaware
844 North King Street
Wilmington, DE 19801

Re: Paging Network, Inc., Case No. 00-03098 (GMS)

Dear Judge Sleet:

In anticipation of today's 3:00 p.m. hearing in the above-referenced cases, enclosed for Your Honor's consideration are blacklined versions of PageNet's proposed plan and disclosure statement (without exhibits). These blacklined copies reflect changes made to the forms of plan and disclosure statement filed with the Court on July 25, 2000. Substantially all of the modifications illustrated in the blacklined copies have been made (i) to reflect PageNet's and Arch's second quarter financial and operating results, (ii) to reflect the amendments to the Plan negotiated with the Committee and the secured lenders and (iii) to accommodate the input from The Official Committee of Unsecured Creditors. PageNet intends to submit these amended forms of plan and disclosure statement for the Court's approval this afternoon. As no objections were filed, PageNet does not believe that the plan and disclosure statement as modified will be the subject of any controversy today.

Also enclosed for Your Honor's review is a blacklined proposed form of order approved PageNet's disclosure statement and ancillary matters relating to noticing and solicitation procedures in respect of PageNet's proposed plan. This blacklined form of order

YOUNG CONAWAY STARGATT & TAYLOR, LLP

The Honorable Gregory M. Sleet

September 7, 2000

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reflects changes which PageNet has made to the form of order which was annexed to the Motion for Orders (1) Scheduling Hearings on Approval of Disclosure Statement and Confirmation of Joint Plan of Reorganization, (2) Establishing Objection Deadlines and (3) Approving Forms of Notice and Solicitation Procedures and Granting Related Relief previously submitted to the Court [Docket No. 23].

As always, counsel are available should Your Honor have any questions regarding the foregoing.

Respectfully submitted



Edwin J. Harron

EJH:js

cc: Charlene D. Davis, Esq. (Counsel to Committee) (by hand delivery w/enclosure)
Frank J. Perch, III, Esq. (U.S. Trustee's Office) (by hand delivery w/enclosure)
Laura Davis Jones, Esq. (Counsel to Metrocall) (by hand delivery (w/enclosure))

Class 7--Subsidiary Claims and
Subsidiary Stock Interests

Impaired

--entitled to vote

B. *Classification and Treatment*

1. *Class 1--Priority Claims*

(a) *Classification:* Class 1 consists of all Priority Claims.

(b) *Treatment:* The legal, equitable and contractual rights of the Holders of Class 1 Claims are unaltered by the Plan. Unless the Holder of such Claim and the Debtors agree to a different treatment, each Holder of an Allowed Class 1 Claim shall receive one of the following alternative treatments, at the election of the Debtors and Arch:

(i) to the extent then due and owing on the Effective Date, such Claim will be paid in full in Cash by the Reorganized Debtors on the Effective Date;

(ii) to the extent not due and owing on the Effective Date, such Claim will be paid in full in Cash by the Reorganized Debtors when and as such Claim becomes due and owing in the ordinary course of business; or

(iii) such Claim will be otherwise treated in any other manner so that such Claims shall otherwise be rendered unimpaired pursuant to section 1124 of the Bankruptcy Code.

Any default with respect to any Class 1 Claim that occurred before or after the commencement of the Chapter 11 Cases shall be deemed cured upon the Effective Date.

(c) *Voting:* Class 1 is not impaired and the Holders of Class 1 Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Claims in Class 1 are not entitled to vote to accept or reject the Plan.

2. *Class 2--Bank Secured Claims*

(a) *Classification:* Class 2 consists of all Bank Secured Claims.

(b) *Treatment:* On the later of (i) the Effective Date or (ii) the date on which such Claim becomes an Allowed Bank Secured Claim, and upon the execution and delivery of a Joinder Agreement, each Holder of an Allowed Class 2 Claim will receive, in accordance with the terms of the Arch Credit Facility Summary of Terms and in full satisfaction of its Claim, **its Pro Rata share of the Lenders' Closing Fee and** Tranche B-1 Arch Credit Facility Notes in a principal amount equal to such Holder's Allowed Bank Secured Claim.

(c) **[Subject to receipt of the necessary consents of the lender parties to the Arch Credit Agreement, Arch shall amend the Arch Credit Agreement to provide as**

follows: (a) that Arch and its subsidiaries will be permitted to sell SMR Spectrum owned by the Debtors ("SMR Spectrum") for a gross purchase price of not less than \$110 million; (b) that Arch will sell or cause its subsidiaries to sell portions of the SMR Spectrum on or before the first anniversary of the Effective Date, for cash proceeds of not less than \$110 million; (c) for the ratable distribution of the net sales proceeds of such sale of not less than \$110 million consistent with the requirements of Section 2.4 of the Arch Credit Facility; (d) that Arch will use its best commercial efforts to sell PageNet's interest in its Canadian subsidiary or to cause the Canadian subsidiary to sell all or substantially all of its assets on or before the first anniversary of the Effective Date for a purchase price of not less than \$20 million in excess of the Canadian subsidiary's liabilities and provided that a lien is granted in accordance with subparagraph (e) below for the sales proceeds in excess of such liabilities to be applied consistent with the requirements of Section 2.4 of the arch Credit Facility and the Security and Intercreditor Agreement dated March 23, 2000; (e) that subject to receipt of whatever consents may be necessary from the lenders to the Canadian subsidiary, which consents Arch shall use its best commercial efforts to obtain, Arch shall grant a lien on the shares of the Canadian subsidiary and or the assets of the Canadian subsidiary to all of the parties to the Security and Intercreditor Agreement dated March 23, 2000; and (f) that any of the foregoing provisions to be included in the Arch Credit Facility may be amended, waived or modified only with the prior written consent of the holders of not less than two thirds in amount of the outstanding loans under the Arch Credit Facility.

(d) *Voting:* Class 2 is impaired and the Holders of Allowed Class 2 Claims are entitled to vote to accept or reject the Plan.

3. *Class 3--Other Secured Claims*

(a) *Classification:* Class 3 consists of all Other Secured Claims.

(b) *Treatment:* The legal, equitable and contractual rights of the Holders of Class 3 Claims are unaltered by the Plan. Unless the Holder of such Claim, the Debtors, and Arch agree to a different treatment, each Holder of an Allowed Class 3 Claim shall receive one of the following alternative treatments, at the election of the Debtors and Arch:

(i) the legal, equitable and contractual rights to which such Claim entitles the Holder thereof shall be reinstated and the Holder paid in accordance with such legal, equitable and contractual rights;

(ii) the Debtors shall surrender all collateral securing such Claim to the Holder thereof, in full satisfaction of such Holder's Allowed Class 3 Claim, without representation or warranty by or recourse against the Debtors or the Reorganized Debtors; or

(iii) such Claim will be otherwise treated in any other manner so that such Claims shall otherwise be rendered unimpaired pursuant to section 1124 of the Bankruptcy Code.

EXHIBIT TWO



Subject to receipt of the necessary consents of the lender parties to the Arch Credit Agreement, which Arch will use its best commercial efforts to obtain, Arch shall amend the Arch Credit Agreement to provide as follows: (a) Arch and its subsidiaries will be permitted to sell a portion of the excess SMR Spectrum owned by the Debtors ("SMR Spectrum") for a gross purchase price of not less than \$110 million; (b) that Arch will sell or cause its subsidiaries to sell such excess portions of the SMR Spectrum, or such other assets as Arch shall elect to sell with the consent of the lender parties to the Arch Credit Agreement (to the extent such sale is not already permitted by section 8.3 (c) of the Arch Credit Agreement), on or before the first anniversary of the Effective Date, for cash proceeds of not less than \$110 million; (c) for the ratable distribution of the net sales proceeds of such sale or sales of not less than \$110 million consistent with the requirements of Section 2.4 of the Arch Credit Facility; (d) Arch will use its best commercial efforts to sell Pagenet's interest in its Canadian subsidiary or to cause the Canadian Subsidiary to sell all or substantially all of its assets on or before the first anniversary of the Effective Date for a purchase price of not less than \$20 million in excess of the Canadian subsidiary's liabilities and, provided that a lien is granted in accordance with subparagraph (e) below, for the sales proceeds in excess of such liabilities to be applied consistent with the requirements of Section 2.4 of the Arch Credit Facility and, to the extent applicable, the Security and Intercreditor Agreement dated March 23, 2000; (e) subject to receipt of whatever consents may be necessary from the lenders to the Canadian subsidiary, which consents Arch shall use its best commercial efforts to obtain, Arch shall grant a lien on the shares of the Canadian Subsidiary and or the assets of the Canadian subsidiary to the lenders party to the Arch Credit Facility and, to the extent required, to other parties to the Security and Intercreditor Agreement dated March 23,

EXHIBIT THREE

(b) *Treatment:* The legal, equitable and contractual rights of the Holders of Class 1 Claims are unaltered by the Plan. Unless the Holder of such Claim and the Debtors agree to a different treatment, each Holder of an Allowed Class 1 Claim shall receive one of the following alternative treatments, at the election of the Debtors and Arch:

(i) to the extent then due and owing on the Effective Date, such Claim will be paid in full in Cash by the Reorganized Debtors on the Effective Date;

(ii) to the extent not due and owing on the Effective Date, such Claim will be paid in full in Cash by the Reorganized Debtors when and as such Claim becomes due and owing in the ordinary course of business; or

(iii) such Claim will be otherwise treated in any other manner so that such Claims shall otherwise be rendered unimpaired pursuant to section 1124 of the Bankruptcy Code.

Any default with respect to any Class 1 Claim that occurred before or after the commencement of the Chapter 11 Cases shall be deemed cured upon the Effective Date.

(c) *Voting:* Class 1 is not impaired and the Holders of Class 1 Claims are conclusively deemed to have accepted the Plan pursuant to section 1126(f) of the Bankruptcy Code. Therefore, the Holders of Claims in Class 1 are not entitled to vote to accept or reject the Plan.

2. *Class 2--Bank Secured Claims*

(a) *Classification:* Class 2 consists of all Bank Secured Claims.

(b) *Treatment:* On the later of (i) the Effective Date or (ii) the date on which such Claim becomes an Allowed Bank Secured Claim, and upon the execution and delivery of a Joinder Agreement, each Holder of an Allowed Class 2 Claim will receive, in accordance with the terms of the Arch Credit Facility Summary of Terms and in full satisfaction of its Claim, its Pro Rata share of the Lenders' Closing Fee and Tranche B-1 Arch Credit Facility Notes in a principal amount equal to such Holder's Allowed Bank Secured Claim.

(c) Subject to receipt of the necessary consents of the lender parties to the Arch Credit Agreement, [which Arch will use its best commercial efforts to obtain,] Arch shall amend the Arch Credit Agreement to provide as follows: (a) ~~<that>~~ Arch and its subsidiaries will ~~<be permitted to sell SMR Spectrum owned by the Debtors ("SMR Spectrum") for a gross purchase price of not less than \$110 million;~~ (b) ~~that Arch will sell or cause its subsidiaries to sell portions of the SMR Spectrum on or before>~~ [prepay its obligations under the Arch Credit Agreement in the amount of \$110 million on the earlier of (i)] the first anniversary of the Effective Date, ~~<for cash proceeds of not less than \$110 million;~~ (c) [or (ii) following a sale of assets constituting a Disposition as such term is defined in section 8.3 of the Arch Credit Agreement] for the ratable distribution ~~<of the net sales proceeds of such sale of not less~~

~~than \$110 million~~ consistent with the requirements of Section 2.4 of the Arch Credit ~~Facility;~~
~~(d) that~~ **[facility; (b)]** Arch will use its best commercial efforts to sell PageNet's interest in its
Canadian subsidiary or to cause the Canadian ~~subsidiary~~ **[Subsidiary]** to sell all or
substantially all of its assets on or before the first anniversary of the Effective Date for a purchase
price of not less than \$20 million in excess of the Canadian subsidiary's liabilities and **[]**
provided that a lien is granted in accordance with subparagraph ~~(c)~~ **[(d)]** below **[]** for the sales
proceeds in excess of such liabilities to be applied consistent with the requirements of Section
2.4 of the ~~arch~~ **[Arch]** Credit Facility and ~~the Security and Intercreditor Agreement dated~~
~~March 23, 2000;~~ ~~(c) that~~ **[any applicable security documents; (c)]** subject to receipt of
whatever consents may be necessary from the lenders to the Canadian subsidiary, which consents
Arch shall use its best commercial efforts to obtain, Arch shall grant a lien on the shares of the
Canadian ~~subsidiary~~ **[Subsidiary]** and or the assets of the Canadian subsidiary to ~~all of the~~
>[the lenders party to the Arch Credit Facility and, to the extent required, to other] parties
to the Security and Intercreditor Agreement dated March 23, 2000; and ~~(f) that~~ **[(d)]** any of the
foregoing provisions to be included in the Arch Credit Facility may be amended, waived or
modified only with the prior written consent of the holders of not less than two thirds in amount
of the outstanding loans under the Arch Credit Facility.

(d) *Voting:* Class 2 is impaired and the Holders of Allowed Class 2 Claims are
entitled to vote to accept or reject the Plan.

3. *Class 3--Other Secured Claims*

(a) *Classification:* Class 3 consists of all Other Secured Claims.

(b) *Treatment:* The legal, equitable and contractual rights of the Holders of Class 3
Claims are unaltered by the Plan. Unless the Holder of such Claim, the Debtors, and Arch agree
to a different treatment, each Holder of an Allowed Class 3 Claim shall receive one of the
following alternative treatments, at the election of the Debtors and Arch:

(i) the legal, equitable and contractual rights to which such Claim entitles the
Holder thereof shall be reinstated and the Holder paid in accordance with such legal,
equitable and contractual rights;

(ii) the Debtors shall surrender all collateral securing such Claim to the Holder
thereof, in full satisfaction of such Holder's Allowed Class 3 Claim, without representation
or warranty by or recourse against the Debtors or the Reorganized Debtors; or

(iii) such Claim will be otherwise treated in any other manner so that such Claims
shall otherwise be rendered unimpaired pursuant to section 1124 of the Bankruptcy Code.

Any default with respect to any Class 3 Claim that occurred before or after the commencement of
the Chapter 11 Cases shall be deemed cured upon the Effective Date.

EXHIBIT FOUR

Agreement] for the ratable distribution ~~of the net sales proceeds of such sale of not less than \$110 million~~ consistent with the requirements of Section 2.4 of the Arch Credit ~~Facility; (d) that~~ [facility; (b)] Arch will use its best commercial efforts to sell PageNet's interest in its Canadian subsidiary or to cause the Canadian ~~subsidiary~~ [Subsidiary] to sell all or substantially all of its assets on or before the first anniversary of the Effective Date for a purchase price of not less than \$20 million in excess of the Canadian subsidiary's liabilities and [] provided that a lien is granted in accordance with subparagraph ~~(c)~~ [(d)] below [] for the sales proceeds in excess of such liabilities to be applied consistent with the requirements of Section 2.4 of the ~~Arch~~ [Arch] Credit Facility and ~~the Security and Intercreditor Agreement dated March 23, 2000; (c) that~~ [any applicable security documents; (c)] subject to receipt of whatever consents may be necessary from the lenders to the Canadian subsidiary, which consents Arch shall use its best commercial efforts to obtain, Arch shall grant a lien on the shares of the Canadian ~~subsidiary~~ [Subsidiary] and or the assets of the Canadian subsidiary to ~~all of the~~ >[the lenders party to the Arch Credit Facility and, to the extent required, to other] parties to the Security and Intercreditor Agreement dated March 23, 2000; and ~~(f) that~~ [(d)] any of the foregoing provisions to be included in the Arch Credit Facility may be amended, waived or modified only with the prior written consent of the holders of not less than two thirds in amount of the outstanding loans under the Arch Credit Facility.

[For Arch to pay the \$110 million due on or before the first anniversary of the Effective Date, Arch will need to sell assets, which may include excess spectrum. Any sale of assets is subject to approval of the holders of two thirds in amount of outstanding loans under the Arch Credit Facility, any sale of spectrum would be subject to regulatory approval and any sale of other assets may also require regulatory approval and the consent of other third parties. If Arch cannot find a buyer for its assets or the necessary lender consents or regulatory approvals or other third party consents are not obtained, Arch is unlikely to be able to make the \$110 million prepayment under the Arch Credit Facility. Failure to make the payment will constitute an event of default under the Arch Credit Facility unless waived by the holders of two thirds in amount of outstanding loans under the Arch Credit Facility.]

Metrocall has requested that the following description of their complaint be included in the Disclosure Statement:

On Friday, September 8, 200, Metrocall will be filing with the Federal Communications Commission an Informal Complaint and Petition for Reconsideration, asking the FCC for the following specific relief: (1) That the FCC set-aside and void its previous grant of transfer of control of PageNet to Arch; (2) that, at a minium, it order Arch and PageNet to amend their application and refile same, and subject the amended application to 30 day public comment/protest period; (3) that it deem Arch's and/or PageNet's lender's negative covenants to be unlawful, impermissible, and in violation of FCC requirements; and (4) that it consider whether Arch and/or PageNet's has exhibited lack of candor in their dealings with the FCC due to the failure to disclose that their lenders can dictate disposition of FCC licenses; failure to promptly amend its application; and due to Arch's and/or PageNet's unauthorized abdication of control over its licenses to

CERTIFICATE OF SERVICE

I, Veronica Blakeney, a secretary with the law firm of Alston & Bird LLP, hereby certify that on the 12th day of September, 2000, I served the foregoing Petition for Reconsideration or Informal Complaint by first-class U.S. mail, postage prepaid, upon the following:

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Wireless Telecommunications Bureau
Federal Communications Commission
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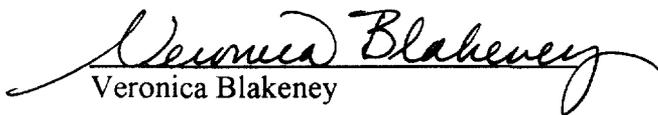
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and subsidiaries*


Veronica Blakeney

* denotes hand delivery