

Monthly Operating Report

CASE NAME: FiberTower Network Services
CASE NUMBER: 12-44027-DML-11
JUDGE: D. Michael Lynn

ACCRUAL BASIS

UNITED STATES BANKRUPTCY COURT

**NORTHERN
DISTRICT OF
TEXAS**

DIVISION 6

MONTHLY OPERATING REPORT

MONTH ENDING: November, 2013

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 (ACCRUAL BASIS-1 THROUGH ACCRUAL BASIS-7) AND
THE ACCOMPANYING ATTACHMENTS AND, TO THE BEST OF MY KNOWLEDGE, THESE
DOCUMENTS ARE TRUE, CORRECT AND COMPLETE. DECLARATION OF THE PREPARER
(OTHER THAN RESPONSIBLE PARTY): IS BASED ON ALL INFORMATION OF WHICH
PREPARER HAS ANY KNOWLEDGE.

RESPONSIBLE PARTY:

ORIGINAL SIGNATURE OF RESPONSIBLE PARTY

John Lipscomb

PRINTED NAME OF RESPONSIBLE PARTY

Vice President, Corporate Controller

TITLE

DATE

PREPARER:

ORIGINAL SIGNATURE OF PREPARER

John Lipscomb

PRINTED NAME OF PREPARER

Vice President, Corporate Controller

TITLE

DATE

Monthly Operating Report

CASE NAME: FiberTower Network Services

ACCRUAL BASIS-1

CASE NUMBER: 12-44027-DML-11

COMPARATIVE BALANCE SHEET

ASSETS	SCHEDULE AMOUNT	MONTH		
		September 2013	October 2013	November 2013
1. UNRESTRICTED CASH	\$23,131,661	\$4,742,175	\$4,326,295	\$3,669,336
2. RESTRICTED CASH	\$185,913	\$120,000	\$120,000	\$120,000
3. TOTAL CASH	\$23,317,574	\$4,862,175	\$4,446,295	\$3,789,336
4. ACCOUNTS RECEIVABLE (NET)	\$7,751,986	(\$3,610)	\$0	\$0
5. INVENTORY	\$0	\$0	\$0	\$0
6. NOTES RECEIVABLE	\$0	\$0	\$0	\$0
7. PREPAID EXPENSES	\$1,949,815	\$381,803	\$506,386	\$630,970
8. OTHER (ATTACH LIST)	\$0	\$0	\$0	\$0
9. TOTAL CURRENT ASSETS	\$33,019,375	\$5,240,368	\$4,952,682	\$4,420,306
10. PROPERTY, PLANT & EQUIPMENT	\$55,982,204	\$21	\$0	\$0
11. LESS: ACCUMULATED DEPRECIATION / DEPLETION	\$17,619,711	\$0	\$0	\$0
12. NET PROPERTY, PLANT & EQUIPMENT	\$38,362,493	\$21	\$0	\$0
13. INTERCOMPANY RECEIVABLE	\$0	\$21,870,823	\$21,989,347	\$21,989,347
14. OTHER ASSETS - NET OF AMORTIZATION (Customer Relations)	\$1,236,290	\$0	\$0	\$0
15. OTHER (ATTACH LIST)	\$2,786,268	\$261,023	\$172,752	\$172,752
16. TOTAL ASSETS	\$75,404,426	\$27,372,236	\$27,114,781	\$26,582,405
POSTPETITION LIABILITIES				
17. ACCOUNTS PAYABLE		\$1,383,548	\$1,385,506	\$1,385,506
18. TAXES PAYABLE		\$173,877	\$97,464	\$97,464
19. NOTES PAYABLE		\$0	\$0	\$0
20. PROFESSIONAL FEES		\$0	\$0	\$0
21. SECURED DEBT		\$0	\$0	\$0
22. OTHER (ATTACH LIST)		(\$4,186)	\$1	\$1
23. TOTAL POSTPETITION LIABILITIES		\$1,553,239	\$1,482,970	\$1,482,970
PREPETITION LIABILITIES				
24. SECURED DEBT	\$0	(\$14,000,000)	(\$14,000,000)	(\$14,000,000)
25. PRIORITY DEBT	\$158,709	\$0	\$0	\$0
26. UNSECURED DEBT	\$4,166,552	\$4,140,672	\$4,140,672	\$4,140,672
27. OTHER (ATTACH LIST)	\$352,617,188	\$333,019,291	\$333,131,830	\$333,136,149
28. TOTAL PREPETITION LIABILITIES	\$356,942,448	\$323,159,963	\$323,272,502	\$323,276,821
29. TOTAL LIABILITIES	\$356,942,448	\$324,713,201	\$324,755,472	\$324,759,791
EQUITY				
30. PREPETITION OWNERS' EQUITY	(\$281,538,023)	(\$281,538,023)	(\$281,538,023)	(\$281,538,023)
31. POSTPETITION CUMULATIVE PROFIT OR (LOSS)		(\$15,702,677)	(\$16,002,403)	(\$16,539,098)
32. DIRECT CHARGES TO EQUITY Stock Compensation (123R) Charges		(\$100,265)	(\$100,265)	(\$100,265)
33. TOTAL EQUITY	(\$281,538,023)	(\$297,340,965)	(\$297,640,691)	(\$298,177,386)
34. TOTAL LIABILITIES & OWNERS' EQUITY	\$75,404,426	\$27,372,236	\$27,114,781	\$26,582,405

Monthly Operating Report**CASE NAME:** FiberTower Network Services**ACCRUAL BASIS-2****CASE NUMBER:** 12-44027-DML-11**INCOME STATEMENT**

	MONTH	MONTH	MONTH	MONTH
	August 2013	September 2013	October 2013	November 2013
REVENUES				
1. GROSS REVENUES	\$0	\$0	\$0	\$0
2. LESS: RETURNS & DISCOUNTS	\$0	\$0	\$0	\$0
3. NET REVENUE	\$0	\$0	\$0	\$0
COST OF GOODS SOLD				
4. MATERIAL	\$28,540	\$1,158	\$57,049	\$12,794
5. DIRECT LABOR	\$0	\$0	\$0	\$0
6. DIRECT OVERHEAD	\$0	\$0	\$0	\$0
7. TOTAL COST OF GOODS SOLD	\$28,540	\$1,158	\$57,049	\$12,794
8. GROSS PROFIT	(\$28,540)	(\$1,158)	(\$57,049)	(\$12,794)
OPERATING EXPENSES				
9. OFFICER / INSIDER COMPENSATION	\$54,583	\$54,583	\$54,583	\$109,167
10. SELLING & MARKETING	\$0	\$0	\$0	\$0
11. GENERAL & ADMINISTRATIVE	\$162,968	\$632,610	\$256,158	\$414,734
12. RENT & LEASE	\$0	\$0	\$0	\$0
13. OTHER (ATTACH LIST)	\$0	\$0	\$0	\$0
14. TOTAL OPERATING EXPENSES	\$217,551	\$687,193	\$310,741	\$523,901
15. INCOME BEFORE NON-OPERATING INCOME & EXPENSE	(\$246,091)	(\$688,352)	(\$367,790)	(\$536,694)
OTHER INCOME & EXPENSES				
16. NON-OPERATING INCOME (Interest Income)	\$0	\$0	\$0	\$0
17. NON-OPERATING INCOME	\$0	\$0	(\$68,064)	\$0
18. INTEREST EXPENSE	\$0	\$0	\$0	\$0
19. DEPRECIATION / DEPLETION	\$0	\$0	\$0	\$0
20. AMORTIZATION	\$0	\$0	\$0	\$0
21. LOSS ON ASSET DISPOSAL	\$0	\$0	\$0	\$0
22. NET OTHER INCOME & EXPENSES	\$0	\$0	(\$68,064)	\$0
REORGANIZATION EXPENSES				
23. PROFESSIONAL FEES	\$0	\$0	\$0	\$0
24. U.S. TRUSTEE FEES	\$0	\$0	\$0	\$0
25. OTHER (ATTACH LIST)	\$0	\$0	\$0	\$0
26. TOTAL REORGANIZATION EXPENSES	\$0	\$0	\$0	\$0
27. INCOME TAX	\$0	\$0	\$0	\$0
28. NET PROFIT (LOSS)	(\$246,091)	(\$688,352)	(\$299,726)	(\$536,694)

Monthly Operating Report

CASE NAME:	FiberTower Network Services
CASE NUMBER:	12-44027-DML-11

ACCRUAL BASIS-3

CASH RECEIPTS AND DISBURSEMENTS	MONTH	MONTH	MONTH	QUARTER TOTAL
	September 2013	October 2013	November 2013	
1. CASH - BEGINNING OF MONTH	\$5,310,873	\$4,742,175	\$4,326,295	
RECEIPTS FROM OPERATIONS				
2. CASH SALES	\$0	\$0	\$0	
COLLECTION OF ACCOUNTS RECEIVABLE				
3. PREPETITION	\$0	\$0	\$0	
4. POSTPETITION	\$0	\$0	\$0	
5. TOTAL OPERATING RECEIPTS	\$0	\$0	\$0	
NON - OPERATING RECEIPTS				
6. THIRD PARTY PAYMENT	\$0	\$0	\$0	
7. SALE OF ASSETS	\$0	\$0	\$0	
8. OTHER (Bank Interest)	\$0	\$64,454		
9. TOTAL NON-OPERATING RECEIPTS	\$0	\$64,454	\$0	
10. TOTAL RECEIPTS	\$0	\$64,454	\$0	\$0
11. TOTAL CASH AVAILABLE	\$5,310,873	\$4,806,630	\$4,326,295	\$0
OPERATING DISBURSEMENTS				
12. NET PAYROLL	\$0	\$0	\$0	
13. PAYROLL TAXES PAID	\$0	\$0	\$0	
14. SALES, USE & OTHER TAXES PAID	\$19,115	\$45,084	\$16,406	
15. SECURED / RENTAL / LEASES	\$0	\$0	\$0	
16. UTILITIES	\$0	\$0	\$0	
17. INSURANCE	\$0	\$0	\$0	
18. INVENTORY PURCHASES	\$0	\$54,632	\$22,870	
19. VEHICLE EXPENSES	\$0	\$0	\$0	
20. TRAVEL	\$747	\$0	\$0	
21. CONTRACTOR & CONSULTING FEES	\$142,935	\$134,104	\$291,976	
22. REPAIRS & MAINTENANCE	\$0	\$0	\$0	
23. SUPPLIES & PHONE	\$299	\$1,694	\$7,186	
24. BANK & PAYROLL FEES	\$0	\$0	\$0	
25. ADVANCES TO INTERCOMPANY	\$0	\$0	\$0	
26. TOTAL OPERATING DISBURSEMENTS	\$163,095	\$235,514	\$338,437	
REORGANIZATION EXPENSES				
27. PROFESSIONAL FEES	\$405,602	\$244,820	\$304,872	
28. U.S. TRUSTEE FEES	\$0	\$0	\$13,650	
29. CREDITOR DISTRIBUTION	\$0	\$0	\$0	
30. TOTAL REORGANIZATION EXPENSES	\$405,602	\$244,820	\$318,522	
31. TOTAL DISBURSEMENTS	\$568,697	\$480,334	\$656,959	\$0
32. NET CASH FLOW	(\$568,697)	(\$415,880)	(\$656,959)	\$0
33. CASH - END OF MONTH	\$4,742,175	\$4,326,295	\$3,669,336	\$0

Monthly Operating Report**CASE NAME:** FiberTower Network Services**ACCRUAL BASIS-4****CASE NUMBER:** 12-44027-DML-11

ACCOUNTS RECEIVABLE AGING	SCHEDULE AMOUNT	MONTH	MONTH	MONTH
		September 2013	October 2013	November 2013
1. 0-30		\$0	\$0	\$0
2. 31-60		\$1,100	\$1,100	\$1,100
3. 61-90		\$450	\$450	\$450
4. 91+		\$900	\$900	\$900
5. TOTAL ACCOUNTS RECEIVABLE	\$0	\$2,450	\$2,450	\$2,450
6. AMOUNT CONSIDERED UNCOLLECTIBLE		\$6,060	\$2,450	\$2,450
7. ACCOUNTS RECEIVABLE (NET)	\$0	(\$3,610)	\$0	\$0

AGING OF POSTPETITION TAXES AND PAYABLES

MONTH ENDING: November, 2013

TAXES PAYABLE	0-30 DAYS	31-60 DAYS	61-90 DAYS	91+ DAYS	TOTAL
1. FEDERAL	\$0				\$0
2. STATE	\$207,048				\$207,048
3. LOCAL - Property Tax	\$0				\$0
4. OTHER (ATTACH LIST)	\$0				\$0
5. TOTAL TAXES PAYABLE	\$207,048	\$0	\$0	\$0	\$207,048

6. ACCOUNTS PAYABLE	\$163,943	\$9,241	\$19,023	\$1,193,299	\$1,385,506
---------------------	-----------	---------	----------	-------------	-------------

STATUS OF POSTPETITION TAXES

MONTH ENDING: November, 2013

	BEGINNING TAX LIABILITY*	AMOUNT WITHHELD AND/ OR ACCRUED	AMOUNT PAID	ENDING TAX LIABILITY
FEDERAL				
1. WITHHOLDING**	\$0	\$0	\$0	\$0
2. FICA-EMPLOYEE**	\$0	\$0	\$0	\$0
3. FICA-EMPLOYER**	\$0	\$0	\$0	\$0
4. UNEMPLOYMENT	\$0	\$0	\$0	\$0
5. INCOME	\$0	\$0	\$0	\$0
6. OTHER (ATTACH LIST)	\$0	\$0	\$0	\$0
7. TOTAL FEDERAL TAXES	\$0	\$0	\$0	\$0
STATE AND LOCAL				
8. WITHHOLDING	\$0	\$0	\$0	\$0
9. SALES	\$0	\$0	\$0	\$0
10. EXCISE	\$0	\$0	\$0	\$0
11. UNEMPLOYMENT	\$0	\$0	\$0	\$0
12. REAL PROPERTY	\$0	\$0	\$0	\$0
13. PERSONAL PROPERTY	\$0		\$0	\$0
14. OTHER (State Income Taxes & Local Taxes)	\$207,048	\$0	\$0	\$207,048
15. TOTAL STATE & LOCAL	\$207,048	\$0	\$0	\$207,048
16. TOTAL TAXES	\$207,048	\$0	\$0	\$207,048

* The beginning tax liability should represent the liability from the prior month or, if this is the first operating report, the amount should be zero.

** Attach photocopies of IRS Form 6123 or your FTD coupon and payment receipt to verify payment or deposit.

Monthly Operating Report

CASE NAME: FiberTower Network Services

CASE NUMBER: 12-44027-DML-11

ACCRUAL BASIS-5

The debtor in possession must complete the reconciliation below for each bank account, including all general, payroll and tax accounts, as well as all savings and investment accounts, money market accounts, certificates of deposit, government obligations, etc. Accounts with restricted funds should be identified by placing an asterisk next to the account number. Attach additional sheets if necessary.

MONTH ENDING: November, 2013

BANK RECONCILIATIONS				
	Account #1	Account #2	Account #3	
A. BANK:	SunTrust Bank	SunTrust Bank		TOTAL
B. ACCOUNT NUMBER:	xxxxxxxx5141	xxx7624		
C. PURPOSE (TYPE):	Operational Checking	Saving		
1. BALANCE PER BANK STATEMENT	\$2,748,044	\$1,050,156		\$3,798,200
2. ADD: TOTAL DEPOSITS NOT CREDITED	\$0			\$0
3. SUBTRACT: OUTSTANDING CHECKS	\$128,846			\$128,846
4. OTHER RECONCILING ITEMS	\$0	\$18		\$18
5. MONTH END BALANCE PER BOOKS	\$2,619,198	\$1,050,138	\$0	\$3,669,336
6. NUMBER OF LAST CHECK WRITTEN	2060			

INVESTMENT ACCOUNTS				
BANK, ACCOUNT NAME & NUMBER	DATE OF PURCHASE	TYPE OF INSTRUMENT	PURCHASE PRICE	CURRENT VALUE
7. SunTrust Bank - Letter of Credit	2/13/2013	Certificate of Deposit	\$120,000	\$120,000
8.				
9.				
10.				
11. TOTAL INVESTMENTS			\$120,000	\$120,000

CASH	
12. CURRENCY ON HAND	\$0
13. TOTAL CASH - END OF MONTH	\$3,789,336

Monthly Operating Report**CASE NAME:** FiberTower Network Services**ACCRUAL BASIS-6****CASE NUMBER:** 12-44027-DML-11MONTH ENDING: November, 2013**PAYMENTS TO INSIDERS AND PROFESSIONALS**

OF THE TOTAL DISBURSEMENTS SHOWN FOR THE MONTH, LIST THE AMOUNT PAID TO INSIDERS (AS DEFINED IN SECTION 101 (31) (A)-(F) OF THE U.S. BANKRUPTCY CODE) AND TO PROFESSIONALS. ALSO, FOR PAYMENTS TO INSIDERS, IDENTIFY THE TYPE OF COMPENSATION PAID (e.g. SALARY, BONUS, COMMISSIONS, INSURANCE, HOUSING ALLOWANCE, TRAVEL, CAR ALLOWANCE, ETC.). ATTACH ADDITIONAL SHEETS IF NECESSARY.

INSIDERS			
NAME	TYPE OF PAYMENT	AMOUNT PAID	TOTAL PAID TO DATE
1. Joseph Sandri	Salary	\$39,167	\$323,098
2. Ornella Napolitano	Salary	\$70,000	\$411,394
1. Black Raven Partners, LLC	Board of Director Fee	\$10,000	\$35,000
2. Mark Holliday	Board of Director Fee	\$10,000	\$35,000
3. Ontrec Advisors, Inc.	Board of Director Fee	\$10,000	\$35,000
3.			
4. TOTAL PAYMENTS TO INSIDERS		\$139,167	\$839,492

PROFESSIONALS					
NAME	DATE OF COURT ORDER AUTHORIZING PAYMENT	AMOUNT APPROVED	AMOUNT PAID	TOTAL PAID TO DATE	TOTAL INCURRED & UNPAID *
1. FTI Consulting, Inc and Subsidiaries	No Authorization in Nov	\$0.00	\$0	\$471,984	\$471,984
2. Otterbourg, Seindler, Houston	November 2013	38,205.43	\$38,205	\$220,501	\$220,501
3. Latham & Watkins LLP	November 2013	34,430.18	\$34,430	\$627,194	\$627,194
4. Sroock Sroock & Lavan	No Authorization in Nov	-	\$0	\$109,562	\$109,562
5. Wilkie Farr & Gallagher LLP	No Authorization in Nov	-	\$0	\$49,244	\$49,244
6. Andrews Kurth LLP	November 2013	178,994.13	\$178,994	\$699,626	\$699,626
7. Cole, Schatz, Melsel, Forman,	November 2013	4,258.28	\$4,258	\$10,606	\$10,606
8. Goldin Associates, LLC	November 2013	7,766.52	\$7,767	\$134,227	\$134,227
9. Hogan Lovells US LLP	No Authorization in Nov	-	\$0	\$9,328	\$9,328
10. Reed Smith LLP	November 2013	\$8,104.48	\$8,104	\$20,780	\$20,780
11. Haynes and Boone	November 2013	\$20,199	\$20,199	\$25,039	\$25,039
TOTAL PAYMENTS TO PROFESSIONALS		\$291,958	\$291,958	\$2,378,092	\$2,378,092

* INCLUDE ALL FEES INCURRED, BOTH APPROVED AND UNAPPROVED

POSTPETITION STATUS OF SECURED NOTES, LEASES PAYABLE AND ADEQUATE PROTECTION PAYMENTS

NAME OF CREDITOR	SCHEDULED MONTHLY PAYMENTS DUE	AMOUNTS PAID DURING MONTH	TOTAL UNPAID POSTPETITION
1. N/A			
2.			
3. TOTAL	\$0	\$0	\$0

INSTALLMENT PAYMENTS			
TYPE OF POLICY	CARRIER	PERIOD COVERED	PAYMENT AMOUNT & FREQUENCY

Other (Attach List)

MOR-1**Line 15 - Other Assets**

	SCHEDULE AMOUNT	MONTH 9/30/2013	MONTH 10/31/2013	MONTH 11/30/2013
Inter Company Receivable	18,190	18,190	18,190	18,190
Deposits	442,177	242,833	154,562	154,562
FSP NRC Amortization - Long Term	2,325,901	-	-	-
Line 15 - Other Assets Total	2,786,268	261,023	172,752	172,752

MOR-1**Line 18 - Tax Payable**

	SCHEDULE AMOUNT	MONTH 9/30/2013	MONTH 10/31/2013	MONTH 11/30/2013
Accrued Payroll - Taxes	-	-	-	-
Accrued Taxes	-	97,464	97,464	97,464
Accrued Property Taxes	-	76,413	-	-
Line 18 - Tax Payable Total	-	173,877	97,464	97,464

MOR-1**Line 22 - Other Liabilities**

	SCHEDULE AMOUNT	MONTH 9/30/2013	MONTH 10/31/2013	MONTH 11/30/2013
Accrued Payroll	-	(4,187)	-	-
Accrued Payroll - Garnishments	-	-	-	-
Accrued Vacation	-	-	-	-
Accrued Bonus	-	1	1	1
Asset Retirement Obligations	-	-	-	-
Line 22 - Other Liabilities Total	-	(4,186)	1	1

MOR-1**Line 27 - Other Liabilities**

	SCHEDULE AMOUNT	MONTH 9/30/2013	MONTH 10/31/2013	MONTH 11/30/2013
Accrued Payroll - Taxes	7,002	-	-	-
Accrued Payroll - Garnishments	2,216	-	-	-
Accrued Vacation	285,593	2,443	-	-
Accrued Bonus/Commissions	-	-	-	-
Inter Company Rec - FT Corporation	330,629,321	330,629,321	330,744,304	330,748,623
Inter Company Due From, TO TSAI	1,845,458	1,845,458	1,845,458	1,845,458
Accrued Taxes	109,584	109,584	109,584	109,584
Accrued Expenses & ETL Credit	700,869	-	-	-
Accrued Property Taxes	272,738	-	-	-
Restructuring Liability - ST	86,611	-	-	-
Obligations Under Capital Leases - ST	1,143,286	-	-	-
Deferred Rent	7,651,422	-	-	-
Asset Retirement Obligations	6,123,711	1	-	-
FIN 48 Reserve	432,484	432,484	432,484	432,484
Accrued Restructuring Liability - LT	221,102	-	-	-
Deferred Revenue LT	715,642	-	-	-
Obligations Under Capital Leases - LT	2,390,149	-	-	-
Line 27 - Other Liabilities Total	352,617,188	333,019,291	333,131,830	333,136,149

MOR-2**Line 9 - Officer Compensation**

	MONTH 9/30/2013	MONTH 10/31/2013	MONTH 11/30/2013
Joseph Sandri - SVP	19,583	19,583	39,167
Ornella Napolitano	35,000	35,000	70,000
Line 9 - Officer Compensation Total	54,583	54,583	109,167