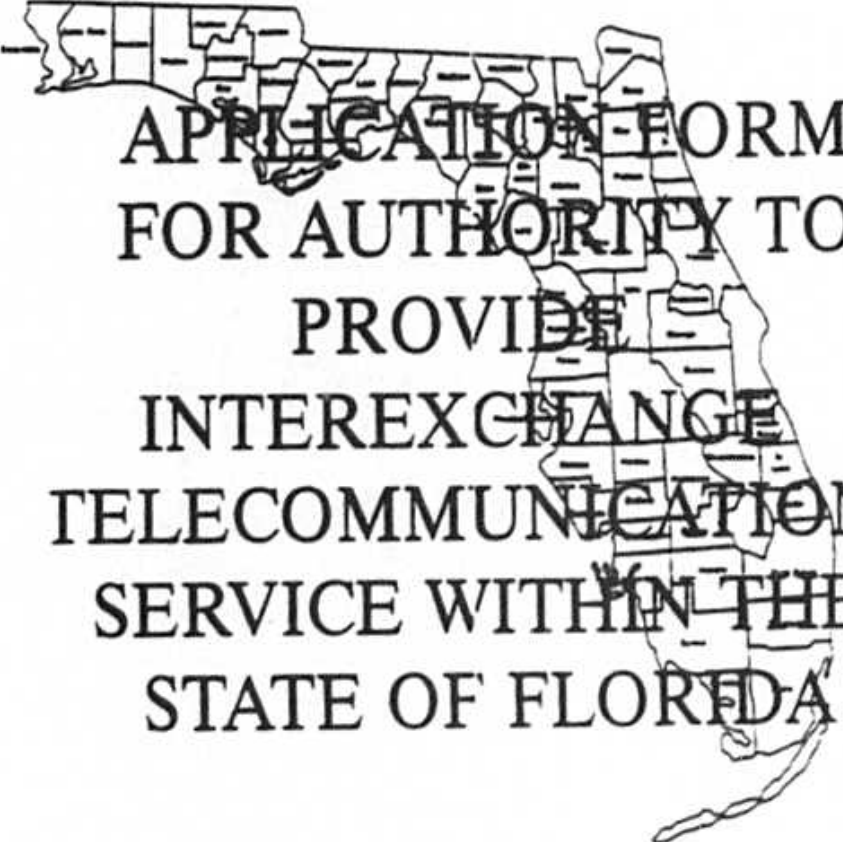


DEPOSIT

DATE

D7 94 ⁰⁰

JUN 18 1998



APPLICATION FORM
FOR AUTHORITY TO
PROVIDE
INTEREXCHANGE
TELECOMMUNICATION
SERVICE WITHIN THE
STATE OF FLORIDA

Check received with filing and
forwarded to Fiscal for deposit.
Fiscal to forward a copy of check
to RAR with proof of deposit.

Initials of person who forwarded check:

98 JUN 18 AM 7:54
MAIL ROOM

RECEIVED
COMMUNICATIONS
SECTION

DOCUMENT NUMBER DATE

06454 JUN 18 98

FPSC-RECORDS/REPORTING

**** FLORIDA PUBLIC SERVICE COMMISSION ****

**DIVISION OF COMMUNICATIONS
BUREAU OF SERVICE EVALUATION**

**APPLICATION FORM
for
AUTHORITY TO PROVIDE
INTEREXCHANGE TELECOMMUNICATIONS SERVICE
WITHIN THE STATE OF FLORIDA**

Instructions

A. This form is used for an original application for a certificate and for approval of sale, assignment or transfer of an existing certificate. In case of a sale, assignment or transfer, the information provided shall be for the purchaser, assignee or transferee (See Appendix A).

B. Respond to each item requested in the application and appendices. If an item is not applicable, please explain why.

C. Use a separate sheet for each answer which will not fit the allotted space.

D. If you have questions about completing the form, contact:

**Florida Public Service Commission
Division of Communications
Bureau of Service Evaluation
2540 Shumard Oak Blvd., Gerald Gunter Building
Tallahassee, Florida 32399-0850
(850) 413-6600**

E. Once completed, submit the original and six (6) copies of this form along with a non-refundable application fee of \$250.00 to:

**Florida Public Service Commission
Division of Administration
2540 Shumard Oak Blvd., Gerald Gunter Building
Tallahassee, Florida 32399-0850
(850) 413-6251**

1. Select what type of business your company will be conducting (check all that apply):

- () **Facilities based carrier** - company owns and operates or plans to own and operate telecommunications switches and transmission facilities in Florida.
- () **Operator Service Provider** - company provides or plans to provide alternative operator services for IXCs; or toll operator services to call aggregator locations; or clearinghouse services to bill such calls.
- () **Reseller** - company has or plans to have one or more switches but primarily leases the transmission facilities of other carriers. Bills its own customer base for services used.
- Switchless Rebiller** - company has no switch or transmission facilities but may have a billing computer. Aggregates traffic to obtain bulk discounts from underlying carrier. Rebills end users at a rate above its discount but generally below the rate end users would pay for unaggregated traffic.
- () **Multi-Location Discount Aggregator** - company contracts with unaffiliated entities to obtain bulk/volume discounts under multi-location discount plans from certain underlying carriers. Then offers the resold service by enrolling unaffiliated customers.
- () **Prepaid Debit Card Provider** - any person or entity that purchases 800 access from an underlying carrier or unaffiliated entity for use with prepaid debit card service and/or encodes the cards with personal identification numbers.

2. This is an application for (check one):

Original Authority (New company).

Approval of Transfer (To another certificated company).

Approval of Assignment of existing certificate (To an uncertificated company).

Approval for transfer of control (To another certificated company).

3. Name of corporation, partnership, cooperative, joint venture or sole proprietorship:

Logix Communications Corporation
f/k/a Dobson Wireless, Inc.

4. Name under which the applicant will do business (fictitious name, etc.):

Logix Communications Corporation
f/k/a Dobson Wireless, Inc.

5. National address (including street name & number, post office box, city, state and zip code).

13439 North Broadway Extension
Oklahoma City, OK 73114

6. Florida address (including street name & number, post office box, city, state and zip code):

N/A

7. Structure of organization; check which applies.

- | | |
|---|--|
| <input type="checkbox"/> Individual | <input type="checkbox"/> Corporation |
| <input checked="" type="checkbox"/> Foreign Corporation | <input type="checkbox"/> Foreign Partnership |
| <input type="checkbox"/> General Partnership | <input type="checkbox"/> Limited Partnership |
| <input type="checkbox"/> Other, _____ | |

8. If applicant is an individual or partnership, please give name, title and address of sole proprietor or partners.

(a) Provide proof of compliance with the foreign limited partnership statute (Chapter 620.169, FS), if applicable.

(b) Indicate if the individual or any of the partners have previously

been:

(1) adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings.

(2) officer, director, partner or stockholder in any other Florida certificated telephone company. If yes, give name of company and relationship. If no longer associated with company, give reason why not.

9. If incorporated, please give:

- (a) Proof from the Florida Secretary of State that the applicant has authority to operate in Florida.

Corporate charter number: F98000001105

See attached certificate.

- (b) Name and address of the company's Florida registered agent.

CT Corporation System
1200 South Pine Island Road
Plantation, FL 33324

- (c) Provide proof of compliance with the fictitious name statute (Chapter 865.09 FS), if applicable.

Fictitious name registration number: _____

- (d) Indicate if any of the officers, directors, or any of the ten largest stockholders have previously been:

(1) adjudged bankrupt, mentally incompetent, or found guilty of any felony or of any crime, or whether such actions may result from pending proceedings.

No

(2) officer, director, partner or stockholder in any other Florida certificated telephone company. If yes, give name of company and relationship. If no longer associated with company, give reason why not.

No

10. Who will serve as liaison with the Commission in regard to (please give name, title, address and telephone number):

(a) The application;

John W. Gray, Jr.
Regulatory Vice President/Legal Counsel
13439 North Broadway Extension
Oklahoma City, OK 73114
405-391-8615

(b) Official Point of Contact for the ongoing operations of the company;

John W. Gray, Jr.
Regulatory Vice President/Legal Counsel
13439 North Broadway Extension
Oklahoma City, OK 73114
405-391-8615

(c) Tariff;

John W. Gray, Jr.
Regulatory Vice President/Legal Counsel
13439 North Broadway Extension
Oklahoma City, OK 73114
405-391-8615

(d) Complaints/Inquiries from customers;

Joe Bernardi
C/S Operational Manager
13439 North Broadway Extension
Oklahoma City, OK 73114
1-888-391-8700

11. List the states in which the applicant:

(a) Has operated as an interexchange carrier.

Oklahoma

(b) Has applications pending to be certificated as an interexchange carrier.

Minnesota, California, Michigan, Iowa, Kansas, Missouri

(c) Is certificated to operate as an interexchange carrier.

Oklahoma, Texas

- (d) Has been denied authority to operate as an interexchange carrier and the circumstances involved.

None

- (e) Has had regulatory penalties imposed for violations of telecommunications statutes and the circumstances involved.

None

- (f) Has been involved in civil court proceedings with an interexchange carrier, local exchange company or other telecommunications entity, and the circumstances involved.

None

12. What services will the applicant offer to other certificated telephone companies: Check which applies.

- Facilities. Operators.
 Billing and Collection. Sales.
 Maintenance.
 Other: _____

None

13. Do you have a marketing program?

Not currently in Florida, but will expand to the state upon certification.

14. Will your marketing program:

- Pay commissions?
 Offer sales franchises?
 Offer multi-level sales incentives?
 Offer other sales incentives?

15. Explain any of the offers checked in question 14 (To whom, what amount, type of franchise, etc.).

Commissions paid to direct sales representatives and contracted agents.

16. Who will receive the bills for your service? (Check all that apply)

- | | |
|--|---|
| <input checked="" type="checkbox"/> Residential customers. | <input checked="" type="checkbox"/> Business customers. |
| <input type="checkbox"/> PATS providers. | <input type="checkbox"/> PATS station end-users. |
| <input checked="" type="checkbox"/> Hotels & motels. | <input type="checkbox"/> Hotel & motel guests. |
| <input type="checkbox"/> Universities. | <input type="checkbox"/> Univ. dormitory residents. |
| <input type="checkbox"/> Other: (specify) _____. | |

17. Please provide the following (if applicable):

(a) Will the name of your company appear on the bill for your services, and if not who will the billed party contact to ask questions about the bill (provide name and phone number) and how is this information provided?

Yes

(b) Name and address of the firm who will bill for your service.

Yes. Logix will do its own billing.

18. Please provide all available documentation demonstrating that the applicant has the following capabilities to provide interexchange telecommunications service in Florida.

See Response to 18. (attached)

A. Financial capability.

Regarding the showing of financial capability, the following applies:
The application should contain the applicant's financial statements for the most recent 3 years, including:

1. the balance sheet
2. income statement
3. statement of retained earnings.

Further, a written explanation, which can include supporting documentation, regarding the following should be provided to show financial capability.

1. Please provide documentation that the applicant has sufficient financial capability to provide the requested service in the geographic area proposed to be served.
2. Please provide documentation that the applicant has sufficient financial capability to maintain the requested service.
3. Please provide documentation that the applicant has sufficient financial capability to meet its lease or ownership obligations.

NOTE: This documentation may include, but is not limited to, financial statements, a projected profit and loss statement, credit references, credit bureau reports, and descriptions of business relationships with financial institutions.

If available, the financial statements should be audited financial statements.

If the applicant does not have audited financial statements, it shall be so stated. The unaudited financial statements should then be signed by the applicant's chief executive officer and chief financial officer. The signatures should affirm that the financial statements are true and correct.

B. Managerial capability.

C. Technical capability.

19. Please submit the proposed tariff under which the company plans to begin operation. Use the format required by Commission Rule 25-24.485 (example enclosed).

See attached tariff

20. The applicant will provide the following interexchange carrier services (Check all that apply):

- MTS with distance sensitive per minute rates
- Method of access is FGA
- Method of access is FGB
- Method of access is FGD
- Method of access is 800

- MTS with route specific rates per minute
- Method of access is FGA
- Method of access is FGB
- Method of access is FGD
- Method of access is 800

- MTS with statewide flat rates per minute (i.e. not distance sensitive)
- Method of access is FGA
- Method of access is FGB
- Method of access is FGD
- Method of access is 800

- MTS for pay telephone service providers

- Block-of-time calling plan (Reach out Florida, Ring America, etc.).
- 800 Service (Toll free)

- WATS type service (Bulk or volume discount)
- Method of access is via dedicated facilities
- Method of access is via switched facilities

- Private Line services (Channel Services)
(For ex. 1.544 mbs, DS-3, etc.)

- Travel Service**
- Method of access is 950
- Method of access is 800
- 900 service
- Operator Services**
- Available to presubscribed customers
- Available to non presubscribed customers (for example to patrons of hotels, students in universities, patients in hospitals.
- Available to inmates

Services included are:

- Station assistance
- Person to Person assistance
- Directory assistance
- Operator verify and interrupt
- Conference Calling

21. What does the end user dial for each of the interexchange carrier services that were checked in services included (above).

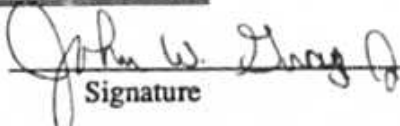
1 + for MTS; 800 for 800, WATS and Travel Service;
0 for Operator Services

22. **Other:**

**** APPLICANT ACKNOWLEDGEMENT STATEMENT ****

1. **REGULATORY ASSESSMENT FEE:** I understand that all telephone companies must pay a regulatory assessment fee in the amount of .15 of one percent of its gross operating revenue derived from intrastate business. Regardless of the gross operating revenue of a company, a minimum annual assessment fee of \$50 is required.
2. **GROSS RECEIPTS TAX:** I understand that all telephone companies must pay a gross receipts tax of two and one-half percent on all intra and interstate business.
3. **SALES TAX:** I understand that a seven percent sales tax must be paid on intra and interstate revenues.
4. **APPLICATION FEE:** A non-refundable application fee of \$250.00 must be submitted with the application.
5. **RECEIPT AND UNDERSTANDING OF RULES:** I acknowledge receipt and understanding of the Florida Public Service Commission's Rules and Orders relating to my provision of interexchange telephone service in Florida. I also understand that it is my responsibility to comply with all current and future Commission requirements regarding interexchange service.
6. **ACCURACY OF APPLICATION:** By my signature below, I the undersigned owner or officer of the named utility in the application, attest to the accuracy of the information contained in this application and associated attachments. I have read the foregoing and declare that to the best of my knowledge and belief, the information is a true and correct statement. Further, I am aware that pursuant to Chapter 837.06, Florida Statutes, "Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 and s. 775.083".

UTILITY OFFICIAL:



Signature
Regulatory Vice President

Title

June 9, 1993

Date
405-391-8500

Telephone No.

**** APPENDIX A ****

CERTIFICATE TRANSFER STATEMENT

Not applicable - not transferring certificate.

I, (TYPE NAME) _____,

(TITLE) _____,

of (NAME OF COMPANY) _____

_____, and current holder of certificate number _____,

have reviewed this application and join in the petitioner's request for a transfer

of the above-mention certificate.

UTILITY OFFICIAL:

Signature

Date

Title

Telephone No.

**** APPENDIX B ****

CUSTOMER DEPOSITS AND ADVANCE PAYMENTS

A statement of how the Commission can be assured of the security of the customer's deposits and advance payments may be responded to in one of the following ways (applicant please check one):

- The applicant will not collect deposits nor will it collect payments for service more than one month in advance.
- The applicant will file with the Commission and maintain a surety bond in an amount equal to the current balance of deposits and advance payments in excess of one month. (Bond must accompany application.)

UTILITY OFFICIAL:

<u>John W. Gray Jr.</u> Signature	<u>June 9, 1998</u> Date
<u>Regulatory Vice President</u> Title	<u>405-391-8500</u> Telephone No.

**** APPENDIX C ****

INTRASTATE NETWORK

N/A - will only operate on a resell basis.

1. **POP:** Addresses where located, and indicate if owned or leased.

1) 2)

3) 4)

2. **SWITCHES:** Address where located, by type of switch, and indicate if owned or leased.

1) 2)

3) 4)

3. **TRANSMISSION FACILITIES:** Pop-to-Pop facilities by type of facilities (microwave, fiber, copper, satellite, etc.) and indicate if owned or leased.

POP-to-POP TYPE OWNERSHIP

1)

2)

4. **ORIGINATING SERVICE:** Please provide the list of exchanges where you are proposing to provide originating service within thirty (30) days after the effective date of the certificate (Appendix D).
5. **TRAFFIC RESTRICTIONS:** Please explain how the applicant will comply with the EAEA requirements contained in Commission Rule 25-24.471 (4) (a) (copy enclosed).
6. **CURRENT FLORIDA INTRASTATE SERVICES:** Applicant has () or has not () previously provided intrastate telecommunications in Florida. If the answer is has, fully describe the following:
- a) What services have been provided and when did these services begin?
- b) If the services are not currently offered, when were they discontinued?

UTILITY OFFICIAL:

_____	_____
Signature	Date

_____	_____
Title	Telephone No.

**** APPENDIX D ****

FLORIDA TELEPHONE EXCHANGES

AND

EAS ROUTES

Describe the service area in which you hold yourself out to provide service by telephone company exchange. If all services listed in your tariff are not offered at all locations, so indicate.

In an effort to assist you, attached is a list of major exchanges in Florida showing the small exchanges with which each has extended area service (EAS).

**** FLORIDA EAS FOR MAJOR EXCHANGES ****

Extended Service Area with These Exchanges

PENSACOLA:	Cantonment, Gulf Breeze Pace, Milton Holley-Navarre.
PANAMA CITY:	Lynn Haven, Panama City Beach, Youngstown-Fountain and Tyndall AFB.
TALLAHASSEE:	Crawfordville, Havana, Monticello, Panacea, Sopchoppy and St. Marks.
JACKSONVILLE:	Baldwin, Ft. George, Jacksonville Beach, Callahan, Maxville, Middleburg, Orange Park, Ponte Vedra and Julington.
GAINESVILLE:	Alachua, Archer, Brooker, Hawthorne, High Springs, Melrose, Micanopy, Newberry and Waldo.

OCALA:	Bellevue, Citra, Dunnellon, Forest Lady Lake (B21), McIntosh, Oklawaha, Orange Springs, Salt Springs and Silver Springs Shores.
DAYTONA BEACH:	New Smyrna Beach.
TAMPA:	Central None East Plant City North Zephyrhills South Palmetto West Clearwater
CLEARWATER:	St. Petersburg, Tampa-West and Tarpon Springs.
ST. PETERSBURG:	Clearwater.
LAKELAND:	Bartow, Mulberry, Plant City, Polk City and Winter Haven.
ORLANDO:	Apopka, East Orange, Lake Buena Vista, Oviedo, Windermere, Winter Garden, Winter Park, Montverde, Reedy Creek, and Oviedo-Winter Springs.
WINTER PARK:	Apopka, East Orange, Lake Buena Vista, Orlando, Oviedo, Sanford, Windermere, Winter Garden, Oviedo-Winter Springs Reedy Creek, Geneva and Montverde.
TITUSVILLE:	Cocoa and Cocoa Beach.
COCOA:	Cocoa Beach, Eau Gallie, Melbourne and Titusville.
MELBOURNE:	Cocoa, Cocoa Beach, Eau Gallie and Sebastian.
SARASOTA:	Bradenton, Myakka and Venice.

FT. MYERS:

Cape Coral, Ft. Myers Beach, North Cape Coral, North Ft. Myers, Pine Island, Lehigh Acres and Sanibel-Captiva Islands.

NAPLES:

Marco Island and North Naples.

WEST PALM BEACH:

Boynton Beach and Jupiter.

POMPANO BEACH:

Boca Raton, Coral Springs, Deerfield Beach and Ft. Lauderdale.

FT. LAUDERDALE:

Coral Springs, Deerfield Beach, Hollywood and Pompano Beach.

HOLLYWOOD:

Ft. Lauderdale and North Dade.

NORTH DADE:

Hollywood, Miami and Perrine.

MIAMI:

Homestead, North Dade and Perrine

Appendix D

All services will be offered on a non-discriminatory basis to all end-users in all exchanges in Florida

Attachments

Response to 18.

Logix Communications Corporation ("Logix") is a subsidiary of Dobson Communications Corporation ("DCC"). Audited financial statements for DCC are enclosed.

Logix intends to provide only resold long distance service. Because of its resell orientation, Logix will not require investment in infrastructure to provide long distance service in Florida.

As shown in the attached financial statements, DCC has nearly \$400 million in assets. DCC's retained deficit is primarily attributable to the following:

1. Amortization of cellular license costs. (DCC amortizes over 15 years, when 40 years is permitted.
2. Depreciation.
3. interest expense related to acquisitions.

Dobson Communications Corporation has over 60 years of experience in telecommunications. Dobson has operated an independent local exchange carrier in Oklahoma throughout this time. Through it's subsidiaries, Dobson also offers cellular, paging, internet, competitive local exchange, and interexchange services in various jurisdictions.

The management team for Logix has significant managerial and technical experience in telecommunications. A copy of brief biographies of the senior management team is enclosed.

**DOBSON COMMUNICATIONS CORPORATION
AND SUBSIDIARIES**

**CONSOLIDATED FINANCIAL STATEMENTS AS OF
DECEMBER 31, 1997 AND 1996
TOGETHER WITH REPORT OF INDEPENDENT
PUBLIC ACCOUNTANTS**

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To the Board of Directors of
Dobson Communications Corporation:

We have audited the accompanying consolidated balance sheets of Dobson Communications Corporation (an Oklahoma corporation) and subsidiaries as of December 31, 1997 and 1996, and the related consolidated statements of operations, stockholders' deficit and cash flows for each of the three years in the period ended December 31, 1997. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits.

We conducted our audits in accordance with generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Dobson Communications Corporation and subsidiaries as of December 31, 1997 and 1996, and the results of their operations and their cash flows for each of the three years in the period ended December 31, 1997, in conformity with generally accepted accounting principles.

Arthur Andersen LLP

Oklahoma City, Oklahoma,
March 26, 1998

DOBSON COMMUNICATIONS CORPORATION AND SUBSIDIARIESCONSOLIDATED BALANCE SHEETSDECEMBER 31, 1997 AND 1996

	<u>ASSETS</u>	<u>1997</u>	<u>1996</u>
CURRENT ASSETS:			
Cash and cash equivalents		\$ 3,006,668	\$ 1,609,221
Accounts receivable-			
Due from customers, net of allowance for doubtful accounts of \$648,919 and \$339,144 in 1997 and 1996, respectively		15,795,919	6,584,103
Affiliates		633,146	1,704,033
Restricted cash and investments		17,561,231	-
Inventory		1,470,207	1,012,589
Deposits		-	6,350,000
RTFC subordinated capital certificates		-	1,051,057
Income taxes receivable		845,000	1,133,063
Prepaid expenses and other		2,264,191	121,836
Deferred income taxes		<u>214,000</u>	<u>390,553</u>
Total current assets		<u>41,790,362</u>	<u>19,956,455</u>
PROPERTY, PLANT AND EQUIPMENT, net		<u>88,350,278</u>	<u>61,929,904</u>
OTHER ASSETS:			
Receivables - Affiliates		529,107	228,041
Notes receivable - Affiliates		5,852,282	3,266,765
Restricted investments		9,216,202	-
Cellular license acquisition costs, net of accumulated amortization of \$13,814,229 and \$3,286,104 in 1997 and 1996, respectively		206,694,474	23,465,128
Deferred costs, net of accumulated amortization of \$2,850,109 and \$1,948,443 in 1997 and 1996, respectively		11,012,755	3,952,155
Excess of cost over original cost of assets acquired, net of accumulated amortization of \$1,130,769 and \$1,035,529 in 1997 and 1996, respectively		2,676,203	2,771,443
Other intangibles, net of accumulated amortization of \$851,107		9,328,031	-
Investments in unconsolidated subsidiaries and other		<u>7,764,566</u>	<u>1,378,134</u>
Total other assets		<u>253,073,620</u>	<u>35,061,666</u>
Total assets		<u>\$383,214,260</u>	<u>\$116,948,025</u>

DOBSON COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

DECEMBER 31, 1997 AND 1996

<u>LIABILITIES AND STOCKHOLDERS' DEFICIT</u>	<u>1997</u>	<u>1996</u>
CURRENT LIABILITIES:		
Accounts payable	\$ 12,839,605	\$ 4,718,124
Accrued expenses	7,845,401	1,633,834
Deferred revenue	1,720,024	499,982
Customer deposits	326,932	148,530
Current portion of long-term debt	1,140,824	1,190,924
Accrued dividends payable	<u>1,595,238</u>	<u>732,391</u>
Total current liabilities	<u>25,468,024</u>	<u>8,923,785</u>
LONG-TERM DEBT, net of current portion	363,068,594	104,303,802
DEFERRED CREDITS:		
Income taxes	2,739,000	916,252
Investment tax credits and other	<u>133,817</u>	<u>161,612</u>
Total deferred credits	<u>2,872,817</u>	<u>1,077,864</u>
MINORITY INTERESTS	16,954,165	2,444,176
COMMITMENTS (Note 13)		
CLASS B CONVERTIBLE PREFERRED STOCK	10,000,000	10,000,000
CLASS C PREFERRED STOCK	1,623,329	-
STOCKHOLDERS' DEFICIT:		
Class A preferred stock	100,000	-
Class A common stock, \$1 par value, 1,000,000 shares authorized and 473,152 issued and outstanding in 1997 and 1996	473,152	473,152
Paid-in capital	5,508,285	5,508,285
Retained deficit	<u>(30,841,106)</u>	<u>(3,870,039)</u>
	(24,759,669)	2,111,398
Less-		
Class A Common Stock held in treasury, at cost	(11,913,000)	(11,913,000)
Class A Preferred Stock owned by Dobson Telephone	<u>(100,000)</u>	<u>-</u>
Total stockholders' deficit	<u>(36,772,669)</u>	<u>(9,801,602)</u>
Total liabilities and stockholders' deficit	<u>\$ 233,214,260</u>	<u>\$116,948,025</u>

The accompanying notes are an integral part of these consolidated balance sheets.

DOBSON COMMUNICATIONS CORPORATION AND SUBSIDIARIESCONSOLIDATED STATEMENTS OF OPERATIONSFOR THE YEARS ENDED DECEMBER 1997, 1996 AND 1995

	<u>1997</u>	<u>1996</u>	<u>1995</u>
OPERATING REVENUE:			
Wireless revenue	\$ 66,127,721	\$ 26,107,481	\$ 18,989,791
Wireline revenue	18,455,210	16,286,190	14,765,620
Other	<u>586,206</u>	<u>831,802</u>	<u>693,411</u>
Total operating revenue	<u>85,169,137</u>	<u>43,225,473</u>	<u>34,448,822</u>
OPERATING EXPENSES:			
Wireless cost of service	18,754,603	7,074,207	5,167,817
Wireline cost of service	2,588,797	2,001,764	1,846,460
Marketing and selling	11,762,279	4,908,050	3,156,620
General and administrative	19,877,030	12,086,509	10,138,379
Depreciation and amortization	<u>21,729,095</u>	<u>9,720,379</u>	<u>6,652,792</u>
Total operating expenses	<u>74,711,804</u>	<u>35,790,909</u>	<u>26,962,068</u>
OPERATING INCOME	<u>10,457,333</u>	<u>7,434,564</u>	<u>7,486,754</u>
OTHER INCOME (EXPENSES):			
Equity in income (losses) of unconsolidated partnerships	222,348	21,576	(98,288)
Interest income	2,840,533	1,075	9,884
Interest expense	(30,098,327)	(6,477,651)	(3,833,189)
Other	<u>(183,193)</u>	<u>(1,608,538)</u>	<u>(388,591)</u>
Total other expenses	<u>(27,218,639)</u>	<u>(8,063,538)</u>	<u>(4,310,184)</u>
INCOME (LOSS) BEFORE MINORITY INTERESTS IN INCOME OF SUBSIDIARIES, INCOME TAXES AND EXTRAORDINARY ITEMS	(16,761,306)	(628,974)	3,176,570

DOBSON COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

FOR THE YEARS ENDED DECEMBER 1997, 1996 AND 1995

	<u>1997</u>	<u>1996</u>	<u>1995</u>
MINORITY INTERESTS IN INCOME OF SUBSIDIARIES	<u>\$ (1,693,372)</u>	<u>\$ (675,098)</u>	<u>\$ (1,334,155)</u>
INCOME (LOSS) BEFORE INCOME TAXES AND EXTRAORDINARY ITEMS	(18,454,678)	(1,304,072)	1,842,415
INCOME TAX (PROVISION) BENEFIT	<u>3,287,740</u>	<u>410,795</u>	<u>(738,235)</u>
INCOME (LOSS) BEFORE EXTRAORDINARY ITEMS	(15,166,938)	(893,277)	1,104,180
EXTRAORDINARY EXPENSE, net of income tax expense of \$960,508 in 1997 and \$323,205 in 1996 (Note 4)	<u>(1,567,147)</u>	<u>(527,334)</u>	<u>-</u>
NET INCOME (LOSS)	(16,734,085)	(1,420,611)	1,104,180
DIVIDENDS ON PREFERRED STOCK	<u>(2,603,362)</u>	<u>(849,137)</u>	<u>(591,300)</u>
NET INCOME (LOSS) APPLICABLE TO COMMON STOCKHOLDERS	<u>\$(19,337,447)</u>	<u>\$ (2,269,748)</u>	<u>\$ 512,880</u>
BASIC NET INCOME (LOSS) APPLICABLE TO COMMON STOCKHOLDERS PER COMMON SHARE:			
Before extraordinary expense	(37.56)	(3.68)	1.08
Extraordinary expense	<u>(3.31)</u>	<u>(1.12)</u>	<u>-</u>
BASIC NET INCOME (LOSS) APPLICABLE TO COMMON STOCKHOLDERS PER COMMON SHARE	<u>\$ (40.87)</u>	<u>\$ (4.80)</u>	<u>\$ 1.08</u>
BASIC WEIGHTED AVERAGE COMMON SHARES OUTSTANDING	<u>473,152</u>	<u>473,152</u>	<u>473,152</u>

The accompanying notes are an integral part of these consolidated financial statements.

DOBSON COMMUNICATIONS CORPORATION AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF STOCKHOLDERS' DEFICIT

FOR THE YEARS ENDED DECEMBER 1997, 1996 AND 1995

	Class A Preferred Stock		Class A Common Stock		Class B Common Stock		Stock Owned by Subsidiary		Paid-in Capital	Treasury Stock, at Cost	Retained Earnings (Deficit)
	Shares	Amount	Shares	Amount	Shares	Amount	Shares	Amount			
DECEMBER 31, 1994	-	\$ -	300	\$ 1,000	1,000	\$ 1,000	1,000	\$ (1,000)	\$ 5,980,437	\$(11,913,000)	\$ (892,022)
Net income	-	-	-	-	-	-	-	-	-	-	1,104,180
Cash dividends declared on preferred stock	-	-	-	-	-	-	-	-	-	-	(591,300)
Cash dividends declared on common stock	-	-	-	-	-	-	-	-	-	-	(660,858)
DECEMBER 31, 1995	-	-	300	1,000	1,000	1,000	1,000	(1,000)	5,980,437	(11,913,000)	(1,040,000)
Net loss	-	-	-	-	-	-	-	-	-	-	(1,420,611)
Recapitalization (Note 6)	-	-	472,852	472,152	(1,000)	(1,000)	(1,000)	1,000	(472,152)	-	-
Cash dividends declared on preferred stock	-	-	-	-	-	-	-	-	-	-	(849,137)
Cash dividends declared on common stock	-	-	-	-	-	-	-	-	-	-	(500,000)
DECEMBER 31, 1996	-	-	473,152	473,152	-	-	-	-	5,508,285	(11,913,000)	(3,870,039)
Net loss	-	-	-	-	-	-	-	-	-	-	(16,734,085)
Cash dividends declared on preferred stock	-	-	-	-	-	-	-	-	-	-	(980,033)
Cash dividends declared on common stock	-	-	-	-	-	-	-	-	-	-	(7,633,620)
Preferred stock dividend	-	-	-	-	-	-	-	-	-	-	(1,623,329)
Issuance of preferred stock	100,000	100,000	-	-	-	-	100,000	(100,000)	-	-	-
DECEMBER 31, 1997	100,000	\$ 100,000	473,152	\$ 473,152	-	\$ -	100,000	\$ (100,000)	\$ 5,508,285	\$(11,913,000)	\$(30,841,106)

The accompanying notes are an integral part of these consolidated financial statements.

DOBSON COMMUNICATIONS CORPORATION AND SUBSIDIARIESCONSOLIDATED STATEMENTS OF CASH FLOWSFOR THE YEARS ENDED DECEMBER 1997, 1996 AND 1995

	<u>1997</u>	<u>1996</u>	<u>1995</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss)	\$ (16,734,085)	\$ (1,420,611)	\$ 1,104,180
Adjustments to reconcile net income (loss) to net cash provided by operating activities-			
Depreciation and amortization	21,729,095	9,720,379	6,652,792
Amortization of bond premium and financing cost	1,663,818	-	-
Deferred income taxes and investment tax credits, net	(4,072,494)	(361,003)	276,432
Loss on disposition of assets, net	205,694	1,799,570	-
Extraordinary loss on financing cost	2,527,655	850,539	-
Minority interests in income of subsidiaries	1,693,372	675,098	1,334,155
Equity in losses (income) of unconsolidated partnerships	(222,348)	(21,576)	98,288
Changes in current assets and liabilities-			
Accounts receivable	(7,017,005)	(360,480)	(1,814,510)
Inventory	(267,292)	(540,295)	88,862
Income taxes receivable	288,063	(1,133,063)	274,207
Prepaid expenses and other	(2,070,762)	90,684	257,904
Accounts payable	8,121,481	1,904,193	(132,794)
Accrued expenses	5,616,066	283,650	403,132
Deferred revenue	636,135	79,166	74,426
Customer deposits	<u>178,402</u>	<u>21,030</u>	<u>16,291</u>
Net cash provided by operating activities	<u>12,275,795</u>	<u>11,587,281</u>	<u>8,633,365</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Capital expenditures	(23,215,535)	(17,437,774)	(3,924,961)
Purchase of cellular license and properties	(190,719,765)	(30,000,000)	-
Proceeds from sale of property, plant and equipment	332,331	377,178	23,500
Proceeds from sale of investment in unconsolidated subsidiary	-	967,000	-
(Increase) decrease in deposits	1,583,706	(1,350,000)	(5,000,000)
(Increase) decrease in receivable - affiliate	769,821	(468,054)	(340,606)
Increase in notes receivable	(2,585,517)	(1,004,435)	(1,164,290)
Deferred start-up costs	(1,101,322)	-	-
Investment in unconsolidated partnerships and other, net	<u>(6,164,084)</u>	<u>(463,668)</u>	<u>(663,122)</u>
Net cash used in investing activities	<u>(221,100,365)</u>	<u>(49,379,753)</u>	<u>(11,069,479)</u>

DOBSON COMMUNICATIONS CORPORATION AND SUBSIDIARIESCONSOLIDATED STATEMENTS OF CASH FLOWSFOR THE YEARS ENDED DECEMBER 1997, 1996 AND 1995

	<u>1997</u>	<u>1996</u>	<u>1995</u>
CASH FLOWS FROM FINANCING ACTIVITIES:			
Proceeds from notes payable	\$ -	\$ 100,000	\$ 700,000
Repayments of notes payable	-	(800,000)	-
Proceeds from long-term debt	343,500,000	75,750,000	7,373,499
Repayments of long-term debt	(88,841,512)	(35,910,470)	(4,723,198)
Dividend distributions-			
Preferred stock	(117,186)	(176,748)	(591,300)
Common stock	(7,633,620)	(549,564)	(660,858)
Distributions to partners	(458,378)	(145,005)	(877,122)
Issuance of preferred stock	-	10,000,000	-
Purchase of treasury stock	-	(5,913,000)	-
Purchase of restricted investments	(38,389,299)	-	-
Proceeds from restricted investments	10,836,243	-	-
Redemption of RTFC subordinated capital certificates	1,051,057	57,632	866,283
Deferred financing costs	<u>(9,725,288)</u>	<u>(4,127,925)</u>	<u>(297,087)</u>
Net cash provided by financing activities	<u>210,222,017</u>	<u>38,284,920</u>	<u>1,790,217</u>
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	1,397,447	492,448	(645,897)
CASH AND CASH EQUIVALENTS, beginning of year	<u>1,609,221</u>	<u>1,116,773</u>	<u>1,762,670</u>
CASH AND CASH EQUIVALENTS, end of year	<u>\$ 3,006,668</u>	<u>\$ 1,609,221</u>	<u>\$ 1,116,773</u>
SUPPLEMENTAL DISCLOSURES OF CASH FLOW INFORMATION:			
Cash paid for-			
Interest (net of amounts capitalized)	\$ 22,679,047	\$ 6,784,154	\$ 3,415,088
Income taxes	\$ -	\$ 838,100	\$ 303,031
SUPPLEMENTAL DISCLOSURES OF NONCASH INVESTING AND FINANCING ACTIVITIES:			
<u>1997</u>			
Purchase of PCS licenses with debt issuance	\$ 4,056,204		
Allocation of noncash purchase price to license cost	\$ 3,747,000		
Stock dividend paid through the issuance of preferred stock	\$ 1,623,329		

The accompanying notes are an integral part of these consolidated financial statements.

DOBSON COMMUNICATIONS CORPORATION AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. ORGANIZATION:

Dobson Communications Corporation ("DCC" or the "Company") was incorporated as an Oklahoma corporation in February 1997, under an Agreement and Plan of Reorganization effective February 28, 1997. Under this plan, DCC acquired all of the outstanding Class A Common Stock, Class C Common Stock and Class B Convertible Preferred Stock of Dobson Operating Company ("DOC"). In exchange, the holders of the Class A Common Stock and Class B Convertible Preferred Stock of DOC received equivalent shares of stock of DCC. The holders of Class C Common Stock received 100,000 shares of Class A Preferred Stock of DCC. In addition, DCC assumed all DOC outstanding stock options, substituting shares of DCC Class B Common Stock for the DOC stock subject to options. As a result of the reorganization, DCC is the parent company of DOC.

As part of the reorganization, the stock of certain subsidiaries of DOC was distributed to DCC. DOC continues to be the holding company for the Company's cellular, local exchange and wholly-owned fiber subsidiaries. See Note 16 for discussion of the Company's reorganization subsequent to December 31, 1997.

Capital Resources and Growth

The Company's total indebtedness and debt service requirements will substantially increase as a result of the transactions described in Notes 7 and 16 and the Company will be subject to significant financial restrictions and limitations. If the Company is unable to satisfy any of the covenants under the credit facilities described in Note 16, including financial covenants, the Company will be unable to borrow under the credit facilities during such time period to fund planned capital expenditures, its ongoing operations or other permissible uses.

The Company's ability to manage future growth will depend upon its ability to monitor operations, control costs, maintain effective quality controls and significantly expand the Company's internal management, technical and accounting systems, all of which will result in higher operating expenses. Any failure to expand these areas and to implement and improve such systems, procedures and controls in an efficient manner at a pace consistent with the growth of the Company's business could have a material adverse effect on the Company's business, financial condition and results of operations.

Wireless Telecommunications

The Wireless Telecommunications segment is comprised of the cellular entities of DCC listed below, which operate cellular telephone systems servicing areas in Oklahoma, Texas, Kansas, Missouri, Maryland, Pennsylvania and Arizona. The name of the entity/partnership, metropolitan statistical area ("MSA")/rural service area ("RSA") and the Company's percentage of ownership are as follows:

<u>Entity/Partnership</u>	<u>MSA/RSA Served</u>	<u>Percent Ownership</u>
Dobson Cellular of Enid, Inc.	Oklahoma MSA 2	100
Dobson Cellular of Woodward, Inc.	Oklahoma RSA 2	100
Texas RSA 2 Limited Partnership	Texas RSA 2	61
Oklahoma Independent RSA 5 Partnership	Oklahoma RSA 5	64.35
Oklahoma Independent RSA 7 Partnership	Oklahoma RSA 7	64.35
Oklahoma RSA 3 Limited Partnership	Oklahoma RSA 3	5
Dobson Cellular of Kansas/Missouri, Inc.	Kansas RSA 5, Missouri RSAs 1 and 4, and the Linn County portion of Missouri RSA 5	100
Dobson Cellular of Maryland, Inc.	Maryland RSA 2; Cumberland, MD MSA; Hagerstown, MD MSA; Maryland RSA 3; Bedford County portion of Pennsylvania 10 West RSA	100
Gila River Cellular General Partnership	Arizona RSA 5	75

The Company is responsible for managing and providing administrative services to the Oklahoma Independent RSA 5 and 7 Partnerships, Texas RSA 2 Limited Partnership ("Texas Partnership") and the Gila River Cellular General Partnership. The Company is accountable to the partners for the execution and compliance with contracts and agreements and for filing of instruments required by law which are made on behalf of these partnerships. The books and records of these partnerships are also maintained by the Company.

Wireline Telecommunications

Local Exchange

The Company, through Dobson Telephone Company, Inc. ("Dobson Telephone"), provides wireline telephone service to nine contiguous exchanges in western Oklahoma and three contiguous counties adjacent to and east of the Oklahoma City metropolitan area. Dobson Telephone operates under the authority of the Federal Communications Commission ("FCC"). Rates charged by Dobson Telephone are regulated by the FCC and the Oklahoma Corporation Commission. Dobson Telephone, like other wireline companies that operate in rural areas where the cost to provide service is higher than normal, receives high cost support funds from state jurisdictions and the federal universal service funds. Approximately 36% of the Company's revenue from its wireline local exchange operations for the year ended December 31, 1997, was from these two sources.

Fiber Optic Telecommunications

The Company provides fiber optic telecommunications service between Oklahoma City, Oklahoma and Amarillo, Texas through Dobson Fiber Company, Inc. ("Dobson Fiber"). In addition, the Company has a 20% interest in the Forte of Colorado Partnership which provides fiber optic telecommunication service between Springfield, Colorado and Colorado Springs, Colorado.

Competitive Local Exchange Carrier ("CLEC")

⑤ The Company commenced its CLEC operations in October 1997 through Logix Communications Corporation ("Logix"). Logix provides and resells integrated services including local exchange, long distance, wireless, paging and internet in Oklahoma City, Oklahoma and Tulsa, Oklahoma. On March 26, 1997, the Company and Logix entered into a definitive agreement to purchase substantially all of the assets of American Telco, Inc. ("ATI") for approximately \$130 million as discussed in Note 16.

2. SIGNIFICANT ACCOUNTING POLICIES:

Principles of Consolidation

The consolidated financial statements of the Company include the accounts of all majority owned subsidiaries. For financial reporting purposes, the Company reports 100% of revenues and expenses for the markets for which it provides wireless telecommunications service. However, in several of its markets, the Company holds less than 100% of the equity ownership. The minority stockholders' and partners' shares of income or losses in those markets are reflected in the consolidated statements of operations as "minority interests in income of subsidiaries." For financial reporting purposes, the Company consolidates each subsidiary and partnership in which it has a controlling interest (greater than 50%). Significant intercompany accounts and transactions have been eliminated. Investments in unconsolidated partnerships where the Company does not have a controlling interest are accounted for under the equity method.

Cash and Cash Equivalents

Cash and cash equivalents on the accompanying consolidated balance sheets includes cash and short-term investments with original maturities of three months or less.

Inventory

The Company values its inventory at the lower of cost or market on the first-in, first-out method of accounting.

Impairment of Long-Lived Assets

The Company assesses potential impairments of long-lived assets, certain identifiable intangibles and goodwill when there is evidence that events or changes in circumstances indicate that an asset's carrying value may not be recoverable. An impairment loss is recognized when the sum of the expected future net cash flows is less than the carrying amount of the asset. The amount of any recognized impairment would be based on the estimated fair value of the asset subject to impairment compared to the carrying amount of such asset. No such losses have been identified by the Company.

Cellular License Acquisition Costs

Cellular license acquisition costs consist of amounts paid to acquire FCC licenses to provide cellular services. Cellular license acquisition costs are being amortized on a straight-line basis over ten to fifteen years. Amortization expense of \$10,528,125, \$1,596,794 and \$413,486 was recorded in 1997, 1996 and 1995, respectively.

The ongoing value and remaining useful lives of intangible and other long-term assets are subject to periodic evaluation and the Company currently expects the carrying amounts to be fully recoverable. When events and circumstances indicate that intangible and other long-term assets might be impaired, an undiscounted cash flow methodology would be used to determine whether an impairment loss would be recognized.

Deferred Costs

Deferred costs consist primarily of fees incurred to secure long-term debt, start-up costs and organizational costs. Deferred start-up costs are amortized on a straight-line basis over three years. Deferred financing costs are being amortized on a straight-line basis over the term of the debt of eight years. Amortization expense related to these costs of \$1,238,355, \$405,493 and \$412,384 was recorded in 1997, 1996 and 1995, respectively.

Excess of Cost Over Original Cost of Assets Acquired

The excess of cost over the original cost of assets acquired relates to Dobson Telephone's acquisition of McLoud Telephone Company in 1985 and is being amortized using the straight-line method over 40 years. Amortization expense of \$95,240 was recorded in 1997, 1996 and 1995.

Other Intangibles

Other intangibles consist of amounts paid to acquire FCC licenses to provide PCS service and amounts paid to acquire cellular customer lists in 1997. PCS license acquisition costs are not being amortized until the Company's PCS service becomes operational. Customer list acquisition costs are being amortized on a straight-line basis over five years. Amortization expense of \$851,107 was recorded in 1997.

Advertising Costs

Advertising costs are expensed as incurred and are included as marketing and selling expenses in the accompanying consolidated statements of operations.

Income Taxes

The Company files a consolidated income tax return. Income taxes are allocated among the various entities included in the consolidated tax return, as agreed, based on the ratio of each entity's taxable income (loss) to consolidated taxable income (loss). Deferred income taxes reflect the estimated future tax effects of differences between financial statement and tax bases of assets and liabilities at year end.

Revenue Recognition

The Company records service revenues over the period they are earned. The cost of providing service is recognized as incurred.

Airtime and toll revenue is billed in arrears. The Company accrued estimated unbilled revenues for services provided of approximately \$1,209,000 and \$858,000 as of December 31, 1997 and 1996, respectively, which are included in accounts receivable in the accompanying consolidated balance sheets. Monthly access charges are billed in advance and is reflected as deferred revenue on the accompanying consolidated balance sheets. Cellular equipment sales are recognized when the cellular equipment is delivered to the customer. Subscriber acquisition costs (primarily commissions and loss on equipment sales) are expensed as incurred.

Earnings Per Share

Basic income (loss) per common share is computed by the weighted average number of shares of common stock outstanding during the year. Primary loss per common share for 1996 was determined on the assumption that shares of Class B convertible preferred stock were common stock from the date of their issuance as each share of Class B convertible preferred stock is entitled to participate in common stock dividends on a basis equivalent to shares of common stock, in addition to the stated preferred stock dividend. In 1997, the Company adopted SFAS No. 128, "Earnings Per Share." As a result, the Company's reported net income (loss) per common share for 1996 and 1995 were restated.

Diluted net loss per common share has been omitted because the impact of stock options and convertible preferred stock on the Company's net loss per common share is anti-dilutive.

Use of Estimates

The preparation of these consolidated financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Actual results could differ from those estimates.

Significant Concentrations

In connection with providing cellular services to customers of other cellular carriers, the Company has contractual agreements with those carriers which provide for agreed-upon billing rates between the parties. Approximately 45% of the Company's cellular roaming revenue was earned from three cellular carriers during the year ended December 31, 1997, while 56% and 54% of the Company's cellular roaming revenue was earned from two cellular carriers during the years ended December 31, 1996 and 1995, respectively.

Recently Issued Accounting Pronouncements

In June 1997, the Financial Accounting Standards Board ("FASB") issued Statement of Financial Accounting Standards ("SFAS") No. 130, "Reporting Comprehensive Income," effective for fiscal years beginning after December 15, 1997. Management of the Company plans to adopt this accounting standard as of January 1, 1998. SFAS No. 130 requires that all items required to be recognized under accounting standards as components of comprehensive income (loss), consisting of both net income (loss) and those items that bypass the statement of operations and are reported as a separate component of stockholders' deficit, be reported in a financial statement that is displayed with the same prominence as other financial statements. The Company does not believe that its comprehensive income (loss) through December 31, 1997, will differ materially from net income (loss).

At December 31, 1997, the Company adopted SFAS No. 131, "Disclosure about Segments of an Enterprise and Related Information," which requires a new basis of determining reportable segments (i.e., the management approach). This approach (as contrasted with the prior requirement which utilized a specified classification system for determining segments) designates the Company's internal organization as used by management for making operating decisions and assessing performance as the source of business segments. DCC and its subsidiaries are organized into two business segments to facilitate the delivery of service to customers: Wireless Telecommunications and Wireline Telecommunications. Segment results are presented on this new basis in Note 12 at December 31, 1997, 1996 and 1995.

Reclassifications

Certain reclassifications have been made to the previously presented 1996 and 1995 balances to conform them to the 1997 presentation.

3. PROPERTY, PLANT AND EQUIPMENT:

Property, plant and equipment are recorded at cost. Newly constructed cellular systems, telephone systems and fiber optic cable systems are added to property, plant and equipment at cost which includes contracted services, direct labor, materials overhead and capitalized interest. For the years ended December 31, 1997, 1996 and 1995, interest capitalized was not material. Existing property, plant and equipment purchased through acquisitions is recorded at its fair value at the date of the purchase. Repairs, minor replacements and maintenance are charged to operations as incurred. The provisions for depreciation are provided using the straight-line method based on the estimated useful lives of the various classes of depreciable property.

Listed below are the major classes of property, plant and equipment and their estimated useful lives, in years, as of December 31, 1997 and 1996.

	<u>Useful Life</u>	<u>1997</u>	<u>1996</u>
Wireless systems and equipment	2 - 10	\$ 42,279,323	\$ 21,441,766
Wireline systems and equipment	5 - 40	62,071,415	58,302,894
Buildings and improvements	5 - 40	13,767,179	8,631,772
Vehicles, aircraft and other work equipment	3 - 10	4,670,379	4,106,869
Furniture and office equipment	5 - 10	5,883,602	2,848,049
Plant under construction		4,518,490	2,147,321
Land		<u>429,386</u>	<u>201,494</u>
Property, plant and equipment		133,619,774	97,680,165
Accumulated depreciation		<u>45,269,496</u>	<u>35,750,261</u>
Property, plant and equipment, net		<u>\$ 88,350,278</u>	<u>\$ 61,929,904</u>

During 1996, the Company disposed of two mobile telecommunications switching offices and related equipment for which it recognized a pretax loss of \$1,725,396. The loss is included in other income (expenses) in the accompanying consolidated statements of operations.

4. LONG-TERM DEBT:

The Company's long-term debt as of December 31, 1997 and 1996, consisted of the following:

	<u>1997</u>	<u>1996</u>
Revolving credit facility	\$ 171,513,855	\$ 75,750,000
Senior notes	160,000,000	-
Mortgage notes payable	28,639,359	29,744,726
Other notes payable	<u>4,056,204</u>	<u>-</u>
Total debt	364,209,418	105,494,726
Less- Current maturities	<u>1,140,824</u>	<u>1,190,924</u>
Total long-term debt	<u>\$363,068,594</u>	<u>\$104,303,802</u>

Revolving Credit Facility

On February 28, 1997, the Company's bank credit agreement was amended and restated to provide the Company with a \$200 million revolving credit facility maturing in 2005. Interest on borrowings under the new credit agreement accrues at variable rates (weighted average rate of 8.43% at December 31, 1997). Initial proceeds were used to refinance existing indebtedness, finance the Maryland/Pennsylvania Acquisition described in Note 7 and for general corporate purposes, including \$7.5 million to pay a dividend to holders of its Class A Common stock. In connection with the closing of the revolving credit facility, the Company extinguished its then existing credit facility, and recognized a pretax loss of approximately \$2.5 million as a result of writing off previously capitalized financing costs associated with the old revolving credit facility. This loss has been reflected as an extraordinary item, net of tax, in the Company's consolidated statement of operations for the year ended December 31, 1997.

On March 19, 1996, the Company amended and restated the old revolving credit agreement. In connection with this amendment, the Company recorded a pretax loss of approximately \$ 8 million as a result of writing off previously capitalized financing costs. This loss has been reflected as an extraordinary item, net of tax, in the accompanying consolidated statement of operations for the year ended December 31, 1996.

In April 1997, the Company entered into an interest rate hedge agreement to hedge the Company's interest expense on its indebtedness under the revolving credit facility. The agreement provides for a rate cap of 8% plus a factor, based on the Company's leverage ratio (cap at December 31, 1997, was 10.5%), terminating on the earlier of April 24, 2000, or the date an option to enter into an interest rate swap transaction is exercised by the counterparty. Under the swap agreement, the interest rate would be fixed at 6.13% plus the factor used to determine the rate cap or a floating LIBOR rate, terminating on April 24, 2002. The Company accounts for this instrument as a hedge.

Senior Notes

On February 25, 1997, the Company issued \$160 million principal amount of 11.75% senior notes maturing in 2007. The net proceeds were used to finance the Maryland/Pennsylvania Acquisition described in Note 7 and to purchase securities pledged to secure payment of the first four semi-annual interest payments on the notes, which began on October 15, 1997. The pledged securities are reflected as "restricted investments" in the Company's consolidated balance sheet. The senior notes are redeemable at the option of the Company in whole or in part, on or after April 15, 2002, initially at 105.875%. Prior to April 15, 2000, the Company may redeem up to 35% of the principal amount of the

senior notes at 111.750% with proceeds from sales of stock, provided that after any such redemption at least \$104 million remains outstanding.

Mortgage Notes

The mortgage notes payable to the United States of America, through the Rural Utilities Service ("RUS") and the Rural Telephone Bank ("RTB") with interest rates ranging from 2% to 10.75% due in quarterly or monthly installments maturing at various dates from 1998 to 2028. The mortgage notes are secured by substantially all the assets of Dobson Telephone and contain, among other things, restrictions on the payment of dividends and redemption of capital stock, as defined. Under the long-term debt agreements, Dobson Telephone is restricted, without RUS approval, from making any loans to, or in any manner extending its credit to various affiliates. The agreements also prohibit payment of dividends or distributions or new investments in affiliated companies unless after such action Dobson Telephone's current assets exceed its current liabilities and its adjusted net worth (as defined in the agreement) is at least 40% of (i) its adjusted assets (as defined in the agreement), or, (ii) if smaller, the sum of 10% of its adjusted assets, plus 30% of the excess of its adjusted net worth over 10% of its adjusted assets, if any, plus 30% of the amount of any reduction of its adjusted net worth resulting from the declaration or payment of dividends or other distributions.

Other Notes Payable

Other notes payable represents the amount financed with United States Government for nine PCS licenses as discussed in Note 7.

Minimum future payments of long-term debt for years subsequent to December 31, 1997, are as follows:

1998	\$ 1,140,824
1999	1,370,385
2000	20,921,231
2001	29,973,554
2002	32,189,678
2003 and thereafter	<u>278,613,746</u>
	<u>\$ 364,209,418</u>

5. RESTRICTED CASH AND INVESTMENTS:

Restricted cash and investments consist of an interest pledge deposit of approximately \$26.8 million which includes an initial deposit of \$38.4 million (as discussed in Note 4), net of interest earned and payments issued to bondholders. Amortization expense of \$322,850 was recorded in 1997 for bond premiums recorded with the purchase of the restricted investments. At December 31, 1997, the carrying value of these investments exceeded the market value by approximately \$404,000.

6. STOCKHOLDERS' DEFICIT:

Effective February 28, 1997, the stockholders of DCC and Dobson Holdings Corporation ("Dobson Holdings"), a new corporation, entered into an agreement and plan of reorganization. Under the reorganization, Dobson Holdings acquired all of the outstanding Class A common stock, Class C common stock and Class B Preferred of DCC. In exchange, the holders of the Class A common stock and Class B Preferred of DCC received equivalent shares of stock of Dobson Holdings. The holders of the Class C common stock received 100,000 shares of Class A preferred stock of Dobson Holdings. In addition, Dobson Holdings assumed all DCC outstanding stock options, substituting shares of Dobson Holdings Class B common stock for the stock subject to options. As a result, Dobson Holdings is the parent company of DCC.

As part of the reorganization, the stock of certain subsidiaries was distributed to Dobson Holdings so that DCC is the holding company for the wireline and wireless subsidiaries. Additionally, DCC changed its corporate name to DOC and Dobson Holdings changed its corporate name to DCC.

On March 19, 1996, the Company redeemed all of the shares of the Class A Preferred for \$5,913,000, which is reflected in the accompanying consolidated statement of cash flows for the year ended December 31, 1996.

In conjunction with the execution of the amended and restated revolving credit facility on March 19, 1996, as described in Note 4, the Company canceled its then outstanding Class A and Class B common stock and authorized the capital structure of the Company to consist of 1,000,000 shares of Class A voting common stock, \$1 par value per share, 31,000 shares of Class B common stock, \$1 par value per share, 59,130 shares of 10% cumulative, compounded, convertible, redeemable Class A preferred stock, \$100 par value per share, and 100,000 shares of Class B convertible preferred stock ("Class B Preferred"), \$1 par value per share, 8% dividend that accrues on a daily basis. On the same date, the Company issued 100,000 shares of Class B Preferred. The net proceeds from the issuance of the Class B Preferred was approximately \$9,400,000. In addition, the Company issued 473,152 shares of Class A voting common stock to the holders of the original Class A common stock. On November 15, 1996, the Company amended its certificate of incorporation to eliminate Class A Preferred from its authorized capital stock.

As part of this recapitalization of the Company, Dobson Telephone was entitled to receive shares of Class C common stock in exchange for its shares of Class B common stock. In 1997, the Company issued these shares of Class C Common Stock to Dobson Telephone.

Holders of Class B Preferred are entitled to cumulative dividends as and when declared by the board of directors of the Company and a liquidation preference over the other classes of capital stock. The Class B Preferred stockholders are also entitled to a dividend equal to the amount they would have received had the Preferred Stock been converted into Class A common stock. Each share of Class B Preferred is convertible into Class A common stock initially at a ratio of one to one. Each share of Class B Preferred has voting rights equivalent to Class A common stock, at a rate equal to the number of Class A common shares into which the share of Class B Preferred is convertible at the record date of such vote. In addition, the Class B Preferred stockholders have the right, as a class, to elect two members of the board of directors of the Company.

Holders of Class B Preferred have the right to sell up to 50% and 100% of their stock to the Company after March 19, 2001 and 2002, respectively, or upon the occurrence of certain events, at the then fair market value. After March 19, 2003, the Company has the right to call all of the outstanding shares of Class B Preferred at the then fair market value.

In February 1997, a \$7.5 million dividend was paid on the Class A Common Stock. As a result of the \$7.5 million dividend, holders of Class B Preferred were entitled to a "Make-Whole Dividend" of approximately \$1.6 million. In lieu of such Make-Whole Dividend, the holders of Class B Preferred received 100,000 shares of Class C Preferred Stock having a liquidation preference of \$1,623,329.

Holders of Class C Preferred are entitled to 8% cumulative dividends as and when declared by the board of directors of the Company and a liquidation preference over the other classes of common stock and equity securities. The Class C Preferred is not convertible and has no voting rights.

The Company may redeem, by vote of the board of directors, the Class C Preferred at any time and from time to time, in whole or in part. Upon the earlier of the occurrence of certain events or February 28, 2002, the Company must redeem all the outstanding shares of Class C Preferred at the liquidation value thereof plus accrued dividends.

7. ACQUISITIONS:

Recent Wireless Acquisitions

On February 28, 1997, the Company purchased the FCC cellular licenses for, and certain assets relating to, two MSAs and two RSAs located in Maryland and Pennsylvania for \$77.6 million. The properties are located immediately outside the Washington/Baltimore metropolitan area.

On March 3, 1997, the Company purchased the FCC cellular license for, and certain assets relating to, Maryland RSA 2 for \$75.8 million. The property is located to the east of the Washington/Baltimore metropolitan area. This acquisition and the one completed on February 28, 1997, are referred to together as the "Maryland/Pennsylvania Acquisition."

On October 1, 1997, the Company purchased a 75% interest in the Gila River Cellular General Partnership (the "Arizona 5 Partnership"), which owns the cellular license for Arizona RSA 5, as well as the associated tangible operating assets, and Gila River Telecommunications Subsidiary, Inc. ("GRTSI") purchased a 25% interest in the Arizona 5 Partnership. As part of this transaction, the Company purchased the stock of Associated Telecommunications and Technologies, Inc. ("ATTI"), which owned 49% of one of the partners of the Arizona 5 Partnership (with a 41.95% interest). Of the \$14.2 million purchase price for ATTI, \$9.5 million was paid to a director and the chief executive officer and the chairman of the board of the Company, who together owned two-thirds of the ATTI stock. Contemporaneously, the Company received the following payments on outstanding loans from affiliates: \$1.9 million from the chairman of the board of directors, president and chief executive officer of the Company, \$446,000 from a director and \$1.9 million from an affiliate. Upon completion of these transactions, the Company paid a net purchase price of \$39.8 million for its 75% interest in the Arizona 5 Partnership. In addition, the Company financed approximately \$5.2 million of the \$13.3 million purchase price paid by GRTSI for its 25% interest in the Arizona 5 Partnership. The \$5.2 million note receivable bears interest at the Company's available rate under its revolving credit facility. Principal and interest will be paid from 60% of partnership distributions beginning after September 30, 1998. Any unpaid amounts of principal and interest are due on December 31, 2013.

The acquisition transactions were accounted for as purchases and, accordingly, their results of operations have been included in the accompanying consolidated statements of operations from the respective dates of acquisition. The unaudited pro forma information set forth below includes all acquisitions for the years ended 1997 and 1996, respectively, as if the purchases occurred at the beginning of 1996. The unaudited pro forma information is presented for informational purposes only and is not necessarily indicative of the results of operations that actually would have been achieved had the acquisitions been consummated at that time:

	<u>1997</u>	<u>1996</u>
	(unaudited)	
Operating revenue	\$ 97,868,743	\$ 80,121,663
Loss before extraordinary items	(13,337,341)	(19,130,988)
Net loss applicable to common stockholders	(17,507,850)	(20,507,459)
Basic net loss applicable to common stockholders per common share	(37.00)	(43.34)

On March 19, 1996, the Company purchased the FCC cellular licenses for, and certain assets relating to, one RSA located in Kansas and three RSAs and a portion of another RSA located in Missouri for \$30 million. The properties (the "Kansas/Missouri Cluster") are located in northeastern Kansas and northwestern Missouri near Kansas City.

Subsequent Wireless Acquisitions

On January 26, 1998, the Company purchased the FCC cellular license for and certain assets relating to the Texas RSA 16 for \$56.6 million, subject to adjustment. The property is located in south central Texas between Houston, San Antonio and Austin. As of December 31, 1997, the Company had placed \$2.7 million into escrow pending closing the acquisition and is included in investments in unconsolidated subsidiaries and other in the accompanying balance sheet.

Proposed Wireless Acquisitions

On November 17, 1997, the Company entered into a definitive agreement to purchase the stock of a corporation which owns a 75% interest in a partnership ("the California 4 Partnership"), and on March 19, 1998, it entered into a definitive agreement to purchase the corporation owning the remaining 25% interest in the California 4 Partnership for a combined purchase price of approximately \$87 million, subject to adjustment. The California 4 Partnership owns the FCC cellular license and system for, and certain assets relating to, California RSA 4. California RSA 4 is located in northern California approximately 50 miles inland from California's central coast in an area between Fresno and Modesto.

Upon the execution of the definitive agreement, the Company placed \$2.5 million into escrow pending closing the acquisition and is included in investments in unconsolidated subsidiaries and other in the accompanying balance sheet at December 31, 1997.

On March 25, 1998, the Company entered into a definitive agreement to purchase 70% of the outstanding stock of a corporation that owns the FCC cellular license for, and the assets relating to, the Santa Cruz MSA for a purchase price of approximately \$25.2 million, subject to adjustment. The Company is currently negotiating to acquire the remaining 30% of the outstanding stock of such corporation. The property is adjacent to California RSA 4 and is located southwest of San Jose and north of the Monterey Peninsula on California's coastline.

PCS Licenses

In the second quarter of 1997, the Company was granted PCS licenses in the FCC "F" Block auction for nine markets adjacent to or overlapping the Company's existing cellular footprint in Oklahoma, Kansas and Missouri. The aggregate bid for these licenses was \$5.1 million after a 15% discount. The Company financed approximately \$4.1 million of the purchase price in July 1997 by notes payable to the United States Government at an annual interest rate of 6.25% (see Note 4). This represented a noncash financing activity, and accordingly, is not reflected in the accompanying consolidated statement of cash flows. Interest payments are due quarterly beginning no earlier than April 30, 1998. The obligations will be amortized quarterly over an eight-year period beginning in 1999.

8. EMPLOYEE BENEFIT PLANS:

401(k) Plan

The Company maintains a 401(k) plan (the "Plan") in which substantially all employees of the Company are eligible to participate. The Plan requires the Company to match 100% of employees' contributions up to 4% of their salary. Contributions to the Plan charged to the Company's operations were approximately \$225,000, \$149,000 and \$149,000 during the years ended December 31, 1997, 1996 and 1995, respectively.

Stock Option Plan

The Company has adopted a stock option plan, the 1996 Stock Option Plan ("1996 Plan"). The Company accounts for this plan under APB Opinion 25, under which no compensation cost is recognized in the accompanying consolidated financial statements if the option price is equal to or greater than the fair market value of the stock at the time the option is granted.

Under the Company's 1996 Plan, the Board of Directors may grant both incentive and non-incentive stock options for employees, officers and directors to acquire Class B Common Stock. Since the 1996 Plan's adoption, stock options have been issued at the market price on the date of grant with an expiration of ten years from the grant date. Options granted to one employee during 1997 representing 42.9% of total options granted in 1997 vest as follows: options to purchase 12% of such shares first become exercisable on each of the first five anniversaries of the grant date; options to purchase an additional 8% of such shares first become exercisable on the same dates if annual performance objectives are achieved. The remaining options issued in 1997 and all of the options issued in 1996 vest at a rate of 20% per year. The Company has reserved 30,166 shares of authorized but unissued Class B Common Stock for issuance under the 1996 Plan.

Stock options outstanding under the 1996 Plan are presented for the periods indicated.

	Number of Shares	Option Price Range
Outstanding December 31, 1995	-	-
Granted	8,374	\$100
Exercised	-	-
Canceled	-	-
Outstanding December 31, 1996	8,374	\$100
Granted	14,059	\$100-\$150
Exercised	-	-
Canceled	-	-
Outstanding December 31, 1997	22,433	\$100-\$150
Exercisable at December 31, 1997	1,675	\$100

The following schedule shows the Company's net loss and net loss per share for each of the years ended December 31, had compensation expense been determined consistent with SFAS No. 123. The pro forma information presented below is based on several assumptions and should not be viewed as indicative of the Company in future periods.

(\$ in thousands, except for per share amounts)	1997	1996
Net loss applicable to common stockholders:		
As reported	\$ (19,337)	\$ (2,270)
Pro forma	\$ (19,540)	\$ (2,309)
Basic net loss applicable to common stockholders per common share:		
As reported	\$ (40.87)	\$ (4.80)
Pro forma	\$ (41.30)	\$ (4.88)

Diluted net loss per common share has been omitted because the impact of common stock equivalents is anti-dilutive.

The fair value of each option grant is estimated on the date of grant using the Black-Scholes option pricing model with the following weighted-average assumptions used for grants in 1997 and 1996, respectively:

(Amounts expressed in percentages)	1997	1996
Interest rate	6.60%	6.98%
Dividend yield	-	-
Expected volatility	40.27%	39.88%

The weighted average fair value of options granted using the Black-Scholes option pricing model was \$71.42 for 1997 and \$64.84 for 1996.

9. TAXES:

Provision (benefit) for income taxes for the years ended December 31, 1997, 1996 and 1995, were as follows:

	1997	1996	1995
Federal income taxes-			
Current	\$ -	\$ (45,000)	\$ 394,000
Deferred	(2,730,000)	(280,000)	245,000
Deferred investment tax credits amortized	(39,000)	(48,000)	(48,000)
State income taxes (current and deferred)	<u>(519,000)</u>	<u>(38,000)</u>	<u>147,000</u>
Total income tax provision (benefit)	<u>\$ (3,288,000)</u>	<u>\$ (411,000)</u>	<u>\$ 738,000</u>

The provisions for income taxes for the years ended December 31, 1997, 1996 and 1995, differ from amounts computed at the statutory rate as follows:

	1997	1996	1995
Income taxes at statutory rate (34%)	\$ (6,241,000)	\$ (444,000)	\$ 625,000
Deferred investment credits amortized	(39,000)	(48,000)	(48,000)
Amortization of excess of cost over original cost of assets acquired	32,000	32,000	32,000
State income taxes, net of Federal income tax effect	(734,000)	(52,000)	71,000
Loss on redemption of executive life insurance policy	-	-	48,000
Purchase price adjustment	3,747,000	-	-
Other, net	<u>(53,000)</u>	<u>101,000</u>	<u>10,000</u>
	<u>\$ (3,288,000)</u>	<u>\$ (411,000)</u>	<u>\$ 738,000</u>

The tax effects of the temporary differences which gave rise to deferred tax assets and liabilities at December 31, 1997 and 1996, were as follows:

	<u>1997</u>	<u>1996</u>
Current deferred income taxes:		
Allowance for doubtful accounts receivable	\$ 152,000	\$ 92,000
Accrued liabilities	45,000	-
Deferred expenses	<u>17,000</u>	<u>298,000</u>
Net current deferred income tax asset	<u>214,000</u>	<u>390,000</u>
Noncurrent deferred income taxes:		
Fixed assets	(3,266,000)	(1,710,000)
Intangible assets	(9,859,000)	-
Tax credits and carryforwards	<u>10,386,000</u>	<u>794,000</u>
Net noncurrent deferred income tax asset (liability)	<u>(2,739,000)</u>	<u>(916,000)</u>
Total deferred income taxes	<u>\$ (2,525,000)</u>	<u>\$ (526,000)</u>

The investment tax credits previously recorded by the Company for book purposes have been deferred and are being amortized over the average lives of the property giving rise to the credits. The investment tax credit amortization used to offset income tax expense was \$39,000 in 1997 and \$48,000 for each of the years ended December 31, 1996 and 1995.

At December 31, 1997, the Company had investment tax credit carryforwards for tax purposes of \$134,000, which may be utilized to reduce future Federal income taxes payable. Unless utilized, the remaining investment tax credit carryforwards will expire in 1999.

At December 31, 1997, the Company had alternative minimum tax credit carryforwards of \$659,000 that may be utilized to reduce future regular Federal income taxes payable.

At December 31, 1997, the Company had NOL carryforwards of \$23,600,000, which may be utilized to reduce future Federal income taxes payable.

10. RELATED PARTY TRANSACTIONS:

At December 31, 1997 and 1996, the Company had notes and interest receivable of \$5,888,054 and \$3,308,438, respectively, of which \$5,852,282 and \$3,266,765 was due from related parties, including \$295,612 and \$2,253,892 at December 31, 1997 and 1996, respectively, from the Company's directors and officers. The notes bear interest at various interest rates ranging from 4% to 14.5% at December 31, 1997.

The Company leases its corporate office space from a related party, as discussed in Note 13.

During 1995, the Company purchased 75,000 shares of common stock of Zenex Communications, Inc. ("Zenex") a long distance carrier serving customers primarily in Oklahoma, for \$75,000 and purchased 400,000 shares of Zenex Class B preferred stock for \$400,000. In 1996, the Company purchased an additional 275,000 shares of Zenex Class B preferred stock for \$275,000.

On October 28, 1996, the Company sold its 675,000 shares of Zenex Class B preferred stock and 30,000 of its shares of Zenex common stock for approximately \$817,000. In addition, the Company sold its option to purchase additional stock for \$150,000. The Company recognized a \$262,000 gain on these transactions.

In July 1997, the Company purchased 30,000 shares of Zenex common stock for \$150,000 and resold the shares in November 1997 to the Company's chairman of the board of directors, president and chief executive officer at a price equal to the Company's cost.

In September 1997, the Company purchased a loan for \$263,882 made by a bank to Zenex and resold such loan to the Company's chairman of the board of directors, president and chief executive officer in November 1997 at a price equal to the Company's cost.

11. ACCRUED EXPENSES:

Accrued expenses consist of the following at December 31:

	<u>1997</u>	<u>1996</u>
Interest	\$ 6,006,257	\$ 179,682
Property tax	55,660	472,914
Vacation, wages and other	<u>1,783,484</u>	<u>981,238</u>
Total accrued expenses	<u>\$ 7,845,401</u>	<u>\$ 1,633,834</u>

12. REPORT OF BUSINESS SEGMENTS:

The Company operates in two reportable segments: Wireless Telecommunications and Wireline Telecommunications. These segments are strategic business units that offer different products and services. They are managed separately because each business requires different technology and marketing strategies. The accounting policies of the segments are the same as those described in the summary of significant accounting policies in Note 2. The Company evaluates and measures performance of each segment based on operating cash flow (2). The Company accounts for intersegment sales and transfers as if the sales or transfers were to third parties, that is, at current market prices. The Company allocates corporate overhead, income taxes and amortization of deferred financing cost to each segment. Not all segments have significant noncash items other than depreciation and amortization in reported profit or loss. A summary of the Company's operations by segment is as follows:

OPERATING INFORMATION:	<u>1997</u>	<u>1996</u>	<u>1995</u>
Operating revenue-			
Wireless Telecommunications			
External	\$66,127,721	\$26,107,481	\$18,989,791
Wireline Telecommunications			
External	18,455,210	16,286,190	14,765,620
Intersegment	1,721,500	1,609,901	1,499,023
Other (1)			
External	586,206	831,802	693,411
Intersegment	4,189,815	7,547,421	4,061,098
Intersegment revenue	<u>(5,911,315)</u>	<u>(9,157,322)</u>	<u>(5,560,121)</u>
Total operating revenue	<u>85,169,137</u>	<u>43,225,473</u>	<u>34,448,822</u>
OPERATING INFORMATION:			
Operating income-			
Wireless Telecommunications	5,395,846	1,947,026	3,045,258
Wireline Telecommunications	3,242,129	2,790,850	3,137,466
Other	<u>1,819,358</u>	<u>2,696,688</u>	<u>1,304,030</u>
Total operating income	<u>10,457,333</u>	<u>7,434,564</u>	<u>7,486,754</u>

Operating cash flow- (2)			
Wireless Telecommunications	21,976,600	7,005,374	5,438,764
Wireline Telecommunications	8,173,444	7,269,783	7,261,512
Other	<u>2,036,384</u>	<u>2,879,786</u>	<u>1,439,270</u>
Total operating cash flow	<u>32,186,428</u>	<u>17,154,943</u>	<u>14,139,546</u>
Interest, net- (3)			
Wireless Telecommunications	21,065,157	3,743,736	1,229,821
Wireline Telecommunications	2,443,914	2,194,170	1,975,071
Other	<u>3,748,723</u>	<u>538,670</u>	<u>618,413</u>
Total interest, net	<u>27,257,794</u>	<u>6,476,576</u>	<u>3,823,305</u>
Income (loss) before income taxes and extraordinary items			
Wireless Telecommunications	(17,168,160)	(3,908,951)	266,107
Wireline Telecommunications	886,499	438,355	890,692
Other	<u>(2,173,017)</u>	<u>2,166,524</u>	<u>685,616</u>
Total income (loss) before income taxes and extraordinary items	<u>(18,454,678)</u>	<u>(1,304,072)</u>	<u>1,842,415</u>
INVESTMENT INFORMATION:			
Segment assets-			
Wireless Telecommunications	299,223,415	60,858,579	19,749,045
Wireline Telecommunications	56,905,807	54,651,888	53,128,878
Other unallocated assets (4)	333,055,938	87,563,393	17,731,407
Intersegment receivables	<u>(305,970,900)</u>	<u>(86,125,835)</u>	<u>(17,119,231)</u>
Total segment assets	<u>383,214,260</u>	<u>116,948,025</u>	<u>73,490,099</u>
OTHER INFORMATION:			
Depreciation and amortization-			
Wireless Telecommunications	16,580,754	5,058,348	2,393,506
Wireline Telecommunications	4,931,315	4,478,933	4,124,046
Other	<u>217,026</u>	<u>183,098</u>	<u>135,240</u>
Total depreciation and amortization	<u>21,729,095</u>	<u>9,720,379</u>	<u>6,652,792</u>
Capital expenditures-			
Wireless Telecommunications	16,231,189	12,619,701	1,412,033
Wireline Telecommunications	5,463,631	3,544,133	2,357,483
Other	<u>1,520,715</u>	<u>1,273,940</u>	<u>155,445</u>
Total capital expenditures	<u>23,215,535</u>	<u>17,437,774</u>	<u>3,924,961</u>
Other significant noncash items- (6)			
Wireless Telecommunications	1,693,372	675,098	1,334,155
Wireline Telecommunications	-	-	-
Other	-	-	-

- 1) Revenue from segments below the quantitative thresholds are attributable to two entities of the Company. Those entities include a small finance and leasing company and a corporate holding company.

- 2) Operating cash flow is operating income excluding the charge for depreciation and amortization expense.
- 3) Included in interest expense is amortization expense of deferred financing cost discussed in (4) below. The amortization expense is allocated to the wireless and wireline segments based on the segments pro rata portion of total debt on the date of debt issuance.
- 4) Other unallocated assets primarily consist of corporate receivables from subsidiaries, restricted cash and investments (see Note 5) and deferred financing cost.
- 5) The intersegment eliminations were included to reconcile reportable segment activities to the Company's consolidated totals.
- 6) Other significant noncash items consist of minority interest in income of subsidiaries included in income (loss) before income taxes and extraordinary items.

13. COMMITMENTS:

Effective December 6, 1995 (amended December 20, 1995 and June 24, 1997), the Company entered into an equipment supply agreement in which the Company agreed to purchase approximately \$30 million of cell site and switching equipment between June 24, 1997 and June 23, 2001, to update the cellular systems for the newly acquired and existing MSAs and RSAs. Of the commitment, approximately \$13.8 million remained at December 31, 1997.

The Company entered into an additional equipment supply agreement with a second vendor on January 13, 1998. The Company agreed to purchase approximately \$81 million of cell sites and switching equipment between January 13, 1998 and January 12, 2002, to update the cellular systems for the newly acquired and existing MSAs and RSAs.

Future minimum lease payments required under operating leases that have an initial or remaining noncancellable lease term in excess of one year at December 31, 1997, are as follows:

1998	\$2,108,059
1999	1,951,368
2000	1,784,527
2001	1,601,699
2002	1,320,225
2003 and thereafter	5,798,631

Included in the annual lease commitments is approximately \$277,000, payable annually to an affiliated entity through July 2005. Lease expense under the above leases was approximately \$1,106,000, \$425,000 and \$300,000 for the years ended December 31, 1997, 1996 and 1995, respectively.

14. LITIGATION SETTLEMENT:

On February 16, 1994, a judgment was entered against Dobson Cellular Systems, Inc. ("Dobson Cellular") in a lawsuit initiated by a competitor for violation of the Federal Communications Act in connection with pricing of various services in the Texas RSA 2 market area in the amount of \$742,318, and post-judgment interest at a rate of 3.74% from the date of the judgment until the amount was to be paid in full.

Management of the Texas Partnership agreed to reimburse Dobson Cellular for any and all costs related to these actions. A provision of \$150,000 was charged to the Texas Partnership's operations in 1993, for anticipated costs of appealing the judgment. During 1995, this case was settled at a total cost to the Texas Partnership of approximately \$430,000, net of insurance proceeds. A provision for \$280,000 was charged to the Texas Partnership's operations in 1995, and is included in other expenses in the accompanying consolidated statement of operations for the year ended December 31, 1995.

15. FAIR VALUE OF FINANCIAL INSTRUMENTS:

Unless otherwise noted, the carrying value of the Company's financial instruments approximates fair value. The Company estimates the fair value of its long-term debt based on quoted market prices for publicly traded debt or on the current rates available to the Company for debt with similar terms and remaining maturation.

Indicated below are the carrying amounts and estimated fair values of the Company's financial instruments as of December 31:

	1997		1996	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
Revolving credit facility	\$ 171,513,855	\$171,513,855	\$ 75,750,000	\$75,750,000
Senior notes	160,000,000	169,200,000	-	-
Mortgage notes payable	28,639,359	26,969,543	29,744,726	24,855,656
Other notes payable	4,056,204	4,200,695	-	-
Interest rate hedge	-	(2,644,414)	-	-

16. SUBSEQUENT EVENTS:

Preferred Stock

In January 1998, the Company issued 175,000 shares of 12.25% senior exchangeable preferred stock mandatorily redeemable in 2008 for \$1,000 per share. Holders of the preferred stock are entitled to cumulative dividends from the date of issuance and a liquidation preference over the other classes of capital stock. Additionally, the preferred stock is redeemable at the option of the Company on or after January 15, 2003. Holders of the preferred stock have no voting rights. The preferred stock is not registered under the Securities Act of 1933 and may not be offered or sold in the United States without registration or absent an applicable exemption from registration requirements. The Company must make an offer to exchange substantially identical shares registered under the Securities Act of 1933 for the shares outstanding within six months of the issuance, or the stated dividend rate will increase by .5%.

Reorganization

In conjunction with the issuance of the preferred stock discussed above, the Company formed three new subsidiaries: Dobson Cellular Operating Company ("DCOC"), DOC Cellular Subsidiary Company ("DOC Cellular Subsidiary") and Dobson Wireline Company ("DWC"). DCOC was created as the holding company for subsidiaries formed to effect cellular acquisitions. DCOC has been designated an unrestricted subsidiary under the senior note indenture which covers the senior notes discussed in Note 4. DOC Cellular Subsidiary was created as the holding company for the then existing cellular subsidiaries. DWC was created as the holding company for the Company's wireline, fiber and resale operations. DWC was designated an unrestricted subsidiary under the senior note indenture and the certificate of designation establishing the preferred stock.

Pending Wireline Acquisitions

On March 26, 1998, a subsidiary of the Company entered into a definitive agreement to purchase the stock of ATI for approximately \$130 million, subject to adjustment. ATI is based in Houston, Texas and provides resale services to primarily commercial customers in five major Texas markets, including Houston, Dallas, Ft. Worth, San Antonio and Austin. At the time of the agreement, the Company placed \$5 million into an escrow account pending closing. The Company plans to finance the acquisition through the wireline bridge facility discussed below.

On January 6, 1998, a subsidiary of the Company purchased from Zenex contractual rights, information data and other rights with respect to certain of Zenex's long distance customers located in areas served by Dobson Telephone for \$105,000. In addition, on January 6, 1998, the Company entered into a non-binding letter of intent with Zenex to purchase contractual rights, information data and other rights with respect to Zenex's commercial long distance resale customers in Oklahoma for \$5.8 million, subject to adjustment. Even though the letter of intent with respect to the Zenex purchase has expired, negotiations are continuing.

Wireline Bridge Facility

On March 24, 1998, DWC obtained a commitment letter for a \$155 million bridge facility ("Bridge Notes"). The Bridge Notes will be used to finance the ATI acquisition, to fund the Zenex purchase, and to provide additional operating capital. The facility will bear interest at 13%, increasing by 1% after six months from the issuance date and increasing by an additional 0.5% at the end of each subsequent three-month period. Interest is payable quarterly in arrears and the Bridge Notes mature one year from the date of issuance. In addition, DWC must pay a commitment fee equal to 1.25% of the principal amount and a takedown fee of 1.5% of the principal amount of the Bridge Notes. The Bridge Notes are secured by substantially all of the assets of DWC, including the Pending Wireline Acquisitions. The Bridge Notes are expected to be extinguished with proceeds from either a private debt offering to be completed during 1998 or through the issuance of senior rollover notes (the "Rollover Notes"). The Rollover Notes would be used in their entirety to redeem 100% of the outstanding principal amount of the Bridge Notes. The Rollover Notes would bear interest at a variable rate and mature ten years after the date of issuance. The Rollover Notes would be secured with the same assets secured under the Bridge Notes.

Credit Facility

In March 1998, the Company's subsidiary DCOC established a \$200 million senior secured credit facility (the "DCOC Credit Facility"). DCOC's obligations under the DCOC Credit Facility are secured by all current and future assets of DCOC, including the Texas 16 assets and assets acquired in future wireless acquisitions. The Company's subsidiary DOC also established a \$250 million senior secured credit facility (the "Amended Bank Facility") to replace the existing revolving credit facility discussed in Note 4. The Amended Bank Facility continues to be secured by all of DOC's stock and the stock or partnership interests of its restricted subsidiaries and all assets of DOC and its restricted subsidiaries. The DCOC Credit Facility and the Amended Bank Facility requires the Company to maintain certain financial ratios. The failure to maintain such ratios would constitute an event of default, notwithstanding the Company's ability to meet its debt service obligations. The credit facilities will be used primarily to refinance existing indebtedness, finance capital expenditures, consummate acquisitions, finance interest payments on the Company's 11.75% senior notes, and fund general corporate operations. The facilities will terminate in 2006.

In connection with the closing of the Amended Bank Facility, the Company extinguished its then existing credit facility and recognized a pretax loss of approximately \$3.3 million as a result of writing off previously capitalized financing costs associated with the revolving credit facility. Such amount is included in deferred costs in the accompanying consolidated balance sheets at December 31, 1997.



FLORIDA DEPARTMENT OF STATE

Sandra B. Mortham

Secretary of State

February 26, 1998

C T CORP

Qualification documents for DOBSON WIRELESS, INC. were filed on February 26, 1998 and assigned document number F98000001105. Please refer to this number whenever corresponding with this office.

Your corporation is now qualified and authorized to transact business in Florida as of the file date.

A corporation annual report will be due this office between January 1 and May 1 of the year following the calendar year of the file date. A Federal Employer Identification (FEI) number will be required before this report can be filed. If you do not already have an FEI number, please apply NOW with the Internal Revenue by calling 1-800-829-3676 and requesting form SS-4.

Please be aware if the corporate address changes, it is the responsibility of the corporation to notify this office.

Should you have any questions regarding this matter, please telephone (850) 487-6091, the Foreign Qualification/Tax Lien Section.

Michael Mays
Document Specialist
Division of Corporations

Letter Number: 998A00010956

**APPLICATION BY FOREIGN CORPORATION FOR AUTHORIZATION
TO TRANSACT BUSINESS IN FLORIDA**

IN COMPLIANCE WITH SECTION 607.1503, FLORIDA STATUTES, THE FOLLOWING IS
SUBMITTED TO REGISTER A FOREIGN CORPORATION TO TRANSACT BUSINESS IN THE
STATE OF FLORIDA:

1. Dobson Wireless, Inc.
(Name of corporation: must include the word "INCORPORATED", "COMPANY", "CORPORATION", or words or abbreviations of like import in language as will clearly indicate that it is a corporation instead of a natural person or partnership if not so contained in the name at present.)

2. Oklahoma 3. 73-1502633
(State or country under the law of which it is incorporated) (FEI number, if applicable)

4. June 7, 1996 5. Perpetual
(Date of incorporation) (Duration: Year corp. will cease to exist or "perpetual")

6. Upon Qualification
(Date first transacted business in Florida. (See sections 607.1501, 607.1502, and 817.156, F.S.))

7. PO Box 1907, Oklahoma City, Oklahoma 73101
(Current mailing address)

8. See attached purpose clause
(Purpose(s) of corporation authorized in home state or country to be carried out in the state of Florida)


9. Name and street address of Florida registered agent:

Name: C T Corporation System
Office Address: c/o C T Corporation System, 1200 South Pine
Island Road
Plantation, Florida, 33324
(Zip Code)

10. Registered agent acceptance:

Having been named as registered agent and to accept service of process for the above stated corporation at the place designated in this application, I hereby accept the appointment as registered agent and agree to act in this capacity. I further agree to comply with the provisions of all statutes relative to the proper and complete performance of my duties, and I am familiar with and accept the obligation of my position as registered agent.

C T Corporation System


(Registered agent's signature) (Officer)

John J Linnihan, Asst. Vice President
(Type Name and Title of Officer)

FILED
SECRETARY OF STATE
90 FEB 26 PM 12:50

11. Attached is a certificate of existence duly authenticated, not more than 90 days prior to delivery of this application to the Department of State, by the Secretary of State or other official having custody of corporate records in the jurisdiction under the law of which it is incorporated.

12. Names and addresses of officers and/or directors:

A. DIRECTORS

Chairman: _____

Address: _____

Vice Chairman: _____

Address: _____

Director: See attached list of directors

Address: _____

Director: _____

Address: _____

B. OFFICERS

President: Stephen T. Dobson

Address: 13439 North Broadway Extension
Oklahoma City, Oklahoma 73114

Vice President: Bruce R. Knooihuizen

Address: 13439 North Broadway Extension
Oklahoma City, Oklahoma 73114

Secretary: Everett R. Dobson

Address: 13439 North Broadway Extension
Oklahoma City, Oklahoma 73114

98 FEB 26 PM 12:50

FILED
SECRETARY OF STATE
DIVISION OF CORPORATE RECORDS

Appendix to Florida
Application by Fgn. Corp. for Authorization to Transact Business in Florida

**Purpose Clause of
Dobson Wireless, Inc.**

Provide telecommunications services.

FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS AND BUSINESSES
98 FEB 26 PM 12:50

Appendix to Florida
Application by Fgn. Corp. for Authorization to Transact Business in Florida

**Directors of
Dobson Wireless, Inc.**

1. Russell L. Dobson
13439 North Broadway Extension
Oklahoma City, Oklahoma 73114
2. Stephen T. Dobson
13439 North Broadway Extension
Oklahoma City, Oklahoma 73114
3. Everett R. Dobson
13439 North Broadway Extension
Oklahoma City, Oklahoma 73114
4. Thadeus MocarSKI
13439 North Broadway Extension
Oklahoma City, Oklahoma 73114
5. Justin L Jaschke
13439 North Broadway Extension
Oklahoma City, Oklahoma 73114


FILED
SECRETARY OF STATE
DIVISION OF CORPORATIONS
98 FEB 26 PM 12:50

Treasurer: Everett R. Dobaon

Address: 13439 North Broadway Extension

Oklahoma City, Oklahoma 73114

NOTE: If necessary, you may attach an addendum to the application listing additional officers and/or directors.

13. 
(Signature of Chairman, Vice Chairman, or any officer listed in number 12 of the application)

14. Stephen T. Dobaon, President
(Typed or printed name and capacity of person signing application)

FILED
SECRETARY OF STATE
98 FEB 26 PM 12:50

Tariff

TITLE SHEET

FLORIDA TELECOMMUNICATIONS TARIFF

This tariff contains the descriptions, regulations, and rates applicable to the furnishing of service and facilities for telecommunications services provided by Logix Communications Corporation, with principal offices at 13439 N. Broadway Extension, Oklahoma City, OK 73114. This tariff applies for services furnished within the state of Florida. This tariff is on file with the Florida Public Service Commission, and copies may be inspected, during normal business hours, at the Company's principal place of business.

ISSUED: June 5, 1998

EFFECTIVE:

By:

Stephen Dobson, President
13439 N. Broadway Extension
Oklahoma City, OK 73114

CHECK SHEET

The sheets listed below, which are inclusive of this tariff, are effective as of the date shown at the bottom of the respective sheet-(s) . Original and revised sheets as named below comprise, all changes from the original tariff and are currently in effect as of the date of the bottom of this page.

SHEET	REVISION
1	Original
2	Original
3	Original
4	Original
5	Original
6	Original
7	Original
8	Original
9	Original
10	Original
11	Original
12	Original
13	Original
14	Original
15	Original
16	Original
17	Original
18	Original

ISSUED: June 5, 1998.

EFFECTIVE:

By:

Stephen Dobson, President
13439 N. Broadway Extension
Oklahoma City, OK 73114

TABLE OF CONTENTS

Title Sheet	1
Check Sheet	2
Table of Contents	3
Symbols Sheet	4
Tariff Format Sheets	5
Section 1 - Technical Terms and Abbreviations	6
Section 2 - Rules and Regulations	7
Section 3 - Description of Service	12
Section 4 - Rates	16

ISSUED: June 5, 1998

EFFECTIVE:

By:

Stephen Dobson, President
13439 N. Broadway Extension
Oklahoma City, OK 73114

SYMBOLS SHEET

The following are the only symbols used for the purposes indicated below:

D - Delete Or Discontinue

I - Change Resulting In An Increase To A Customer's Bill

M - Moved From Another Tariff Location

N - New

R - Change Resulting In A Reduction To A Customer's Bill

T - Change in Text Or Regulation But No Change In Rate Or Charge

ISSUED: June 5, 1998

EFFECTIVE:

By:

Stephen Dobson, President
13439 N. Broadway Extension
Oklahoma City, OK 73114

TARIFF FORMAT SHEETS

A. **Sheet Numbering** - Sheet numbers appear in the upper right corner of the page. Sheets are numbered sequentially. However, new sheets are occasionally added to the tariff. When a new sheet is added between sheets' already in effect, a decimal is added. For example, a new sheet added between sheets 14 and 15 would be 14.1.

B. **Sheet Revision Numbers** - Revision numbers also appear in the upper right corner of each page. These numbers are used to determine the most current sheet version on file with the FPSC. For example, the 4th revised Sheet 14 cancels the 3rd revised Sheet 14. Because of various suspension periods, deferrals, etc., the FPSC follows in their tariff approval process, the most current sheet number on file with the Commission is not always the tariff page in effect. Consult the Check Sheet for the sheet currently in effect.

C. **Paragraph Numbering Sequence** - There are nine levels of paragraph coding. Each level of coding is subservient to its next higher level:

2.

2.1.

2.1.1.

2. 1. 1. A.

2.1.1.A.1.

2. 1. 1. A. 1.

(a)

D. **Check Sheets** - When a tariff filing is made with the FPSC, an updated check sheet accompanies the tariff filing. The check sheet lists the sheets contained in the tariff, with a cross reference to the current revision number. When new pages are added, the check sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (*). There will be no other symbols used on this page if these are the only changes made to it (i.e., the format, etc. remains the same ' just revised revision levels on some pages). The tariff user should refer to the latest check sheet to find out if a particular sheet is the most current on file with the FPSC.

ISSUED: June 5, 1998

EFFECTIVE:

By: Stephen Dobson, President
13439 N. Broadway Extension
Oklahoma City, OK 73114

SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

Access Line - An arrangement which connects the customer's location to the Company's network switching center.

Authorization Code - A numerical code, one or more of which are available to a customer to enable him/her to access the carrier, and which are used by the carrier both to prevent unauthorized access to its facilities and to identify the customer for billing purposes.

Company or Carrier - Logix Communications Corporation

Customer - the person, firm, corporation or other entity which orders service and is responsible for payment of charges due and compliance with the Company's tariff regulations.

Day - From 8:00 AM up to but not including 5:00 PM local time Sunday through Friday.

Evening From 5: 00 PM up to but not including 11: 00 PM local time Sunday through Friday.

Holidays The Company's recognized holidays are New Year's Day, Martin Luther King, Jr. Day, Presidents Day, Ground Hog Day, St. Patrick's Day, Memorial Day, July 4th, Labor Day, Thanksgiving Day, Christmas Day.

Night/Weekend - From 11:00 PM up to but not including 8:00 AM Sunday through Friday, and 8:00 AM Saturday up to but not including 5:00 PM Sunday.

ISSUED: June 5, 1998

EFFECTIVE:

By:

Stephen Dobson, President
13439 N. Broadway Extension
Oklahoma City, OK 73114

SECTION 2 - RULES AND REGULATIONS2.1 Undertaking of the Company.

The Company's services and facilities are furnished for communications originating at specified points within the state of Florida under terms of this tariff.

The Company's installs, operates, and maintains the communications services provided herein in accordance with the terms and conditions set forth under this tariff. It may act as the customer's agent for ordering access connection facilities provided by other carriers or entities when authorized by the customer, to allow connection of a customer's location to the Company's network. The customer shall be responsible for all charges due for such service arrangement.

The Company's services and facilities are provided on a monthly basis unless ordered on a longer term basis, and are available twenty-four hours per day, seven days per week.

The selling of IXC telecommunication service to uncertificated IXC resellers is prohibited.

2.2 Limitations.

2.2.1 Service is offered subject to the availability of facilities and provisions of this tariff.

2.2.2 The Company's reserves the right to discontinue furnishing service, or limit the use of service necessitated by conditions beyond its control; or when the customer is using service in violation of the law or the provisions of this tariff.

ISSUED: June 5, 1998

EFFECTIVE:

By:

Stephen Dobson, President
13439 N. Broadway Extension
Oklahoma City, OK 73114

SECTION 2 - RULES AND REGULATIONS continued2.2 Limitations (Cont.)

- 2.2.3 All facilities **Provided** under this tariff are directly controlled by the Company and the customer may not transfer or
assign the use of service or facilities, except with the express written consent of the Company. Such transfer or assignment shall only apply where there is no interruption of the use or location of the service or facilities.
- 2.2.4 Prior written permission from the Company is required before any assignment or transfer. All regulations and conditions contained in this tariff shall apply to all such permitted assignees or transferees, as well as all conditions for service.
- 2.2.5 Customers reselling or rebilling services must have a Certificate of Public Convenience and Necessity as an interexchange carrier for the Florida Public Service Commission.

2.3 Liabilities of the Company.

- 2.3.1 The Company's liability for damages arising out of mistakes, interruptions, omissions, delays,* errors, or defects in the transmission occurring in the course of furnishing service or facilities, and not caused by the negligence of its employees or its agents, in no event shall exceed an amount equivalent to the proportionate charge to the customer for the period during which the aforementioned faults in transmission occur.
- 2.3.2 The Company shall be indemnified and held harmless by the customer against:
- (A) Claims for libel, slander, or infringement of copyright arising out of the material, data, information, or other content transmitted over the Company's facilities.
 - (B) All other claims arising out of any act or omission of the customer in connection with any service or facility provided by the Company.

ISSUED: June 5, 1998

EFFECTIVE:

By:

Stephen Dobson, President
13439 N. Broadway Extension
Oklahoma City, OK 73114

SECTION 2 - RULES AND REGULATIONS continued2.4 Interruption of Service.

- 2.4.1 Credit allowance for the interruption of service which is not due to The company's testing or adjusting, negligence or the customer, or to the failure of channels or equipment provided by the customer, are. subject to the general liability provisions set forth in 2.3.1 herein. It shall be the customer's obligation to notify the Company immediately of any service interruption for which a credit allowance is desired. Before giving such notice, the customer shall ascertain that the trouble is not being caused by any action or omission by the customer within his control, if any, furnished by the customer and connected to the Company's facilities. No refund or credit will be made for the time that the Company stands ready to repair the service and the subscriber does not provide access to the Company for such restoration work.
- 2.4.2 No credit shall be allowed for an interruption of a continuous duration of less than twenty-four hours after the subscriber notifies the Company.
- 2.4.3 The customer shall be credited for an interruption of more than twenty-four hours as follows:
Credit Formula:
Credit = A/B x C
"All - outage time in hours
"B" - total days in month
"C" - total monthly charge for affected facility

ISSUED: January 1, 1998

EFFECTIVE:

By:

Stephen Dobson, President
13439 N. Broadway Extension
Oklahoma City, OK 73114

SECTION 2 - RULES AND REGULATIONS continued2.5 Disconnection of Service by Carrier.

The company (carrier), upon 5 working days written notice to the customer, may discontinue service or cancel an application for service without incurring any liability for any of the following reasons:

- 2.5.1 Non-payment of any sum due to carrier for regulated service for more than thirty days beyond the date of rendition of the bill for such service.
- 2.5.2 A violation of any regulation governing the service under this tariff.
- 2.5.3 A violation of any law, rule, or regulation of any government authority having jurisdiction over such service.
- 2.5.4 The company has given the customer notice and has allowed a reasonable time to comply with any rule, or remedy, and deficiency as stated in Rule 25-4.113, F.A.C., Refusal or Discontinuance of Service by Company.

ISSUED: June 5, 1998

EFFECTIVE:

By:

Stephen Dobson, President
13439 N. Broadway Extension
Oklahoma City, OK 73114

SECTION 2 - RULES AND REGULATIONS continued

THE FOLLOWING SUBSECTIONS DEALING WITH DEPOSITS AND ADVANCE PAYMENTS WILL BE IN THIS SECTION. RULE 25-24.490(3) FORBIDS COLLECTION OF ANY DEPOSITS, AND ANY ADVANCE PAYMENTS IN EXCESS OF ONE MONTH'S ESTIMATED CHARGES WITHOUT POSTING AN APPROPRIATE BOND OR OBTAINING A WAIVER OF THIS RULE. IF YOU DO NOT HAVE A BOND OR WAIVER YOU MUST STATE IN THIS SECTION SOMETHING TO THE EFFECT OF THE FOLLOWING:.

2.6 Deposits

The Company does not require a deposit from the customer.

2.7 Advance Payments

For customers whom the Company feels an advance payment is necessary, the Company reserves the right to collect an amount not to exceed one (1) month's estimated charges as an advance payment for service. This will be applied against the next month's charges and if necessary a new advance payment will be collected for the next month.

2.8 Taxes

All state and local taxes (i.e., gross receipts tax, sales tax, municipal utilities tax) are listed as separate line items and are not included in the quoted rates.

2.9 Billing of Calls

All charges due by the subscriber are payable at any agency duly authorized to receive such payments. Any objection to billed charges should be promptly reported to the Company. Adjustments to customers, bills shall be made to the extent that records are available and/or circumstances exist which reasonably indicate that such charges are not in accordance with approved rates or that an adjustment may otherwise be appropriate.

ISSUED: June 5, 1998

EFFECTIVE:

By:

Stephen Dobson, President
13439 N. Broadway Extension
Oklahoma City, OK 73114

SECTION 3 - DESCRIPTION OF SERVICE3.1 Timing of Calls3.1.1 When Billing Charges Begin and End For Phone Calls

The customer's long distance usage charge is based on the actual usage of the Company's network. Usage begins when the called party picks up the receiver, (i.e. when 2 way communication, often referred to as "conversation time" is possible.) . When the called party picks up is determined by hardware answer supervision in which the local telephone company sends a signal to the switch or the software utilizing audio, tone detection. When software answer supervision is employed, up to 60 seconds of ringing is allowed before it is billed as usage of the network. A call is terminated when the calling or called party hangs up.

3.1.2 Billing Increments

The minimum call duration for billing purposes is thirty (30) seconds for a connected call and calls beyond thirty (30) seconds are billed in six (6) second increments.

3.1.3 Per Call Billing Charges

Billing will be rounded up to the nearest penny for each call.

3.1.4 Uncompleted Calls

There shall be no charges for uncompleted calls.

ISSUED: June 5, 1998

By:

Stephen Dobson, President
13439 N. Broadway Extension
Oklahoma City, OK 73114

EFFECTIVE:

SECTION 3 - DESCRIPTION OF SERVICE continued3.2 Calculation of Distance

Usage charges, for all mileage sensitive products are based on the airline distance between rate centers associated with the originating and terminating points of the call.

The airline, mileage between rate centers is determined by applying the formula below to the vertical and horizontal coordinates associated with the rate centers involved. The Company uses the rate centers that are produced by Bell Communications Research in the NPA-NXX V & H Coordinates Tape and Bell's NECA Tariff No. 4.

FORMULA:

The square
root of:
$$\frac{(V1 - V2)^2 + (H1 - H2)^2}{10}$$

3.3 Minimum Call Completion Rate

A customer can expect a call completion rate (number of calls completed / number of calls attempted) of not less than 90% during peak use periods for all FG D services dialing).

ISSUED: June 5, 1996

By:

Stephen Dobson, President
13439 N. Broadway Extension
Oklahoma City, OK 73114

EFFECTIVE:

SECTION 3 - DESCRIPTION OF SERVICE continued3.4 Service Offerings

3.4.1 Long Distance Service

Bogus Long Distance Service is offered to residential and business customers. The service permits direct dialed outbound calling at a single per minute rate. Service is provided from presubscribed, dedicated or shared use access lines. Calls are billed in one minute increments. Rate Plan One has a flat rate per minute and a monthly fee with no minimum monthly billing requirements. Plan two has a flat rate per minute with no monthly recurring charges or minimum monthly billing requirements.

3.4.2 800/888 (Inbound) Long Distance Service

800/888 (Inbound) Long Distance Service is offered to residential and business customers. The service permits inbound 800/888 calling at a single per minute rate. Service is provided from presubscribed, dedicated or shared use access lines. Calls are billed by the minute. A monthly recurring charge does apply. The flat rate varies based on customer usage for the month.

3.4.3 Travel Calling Card Service

The Company issues Logix Communications Corporation Travel Cards. Customers using the Carrier's calling card service access the service by dialing a 1-800 number followed by an account identification number and the number being called. This service permits subscribers utilizing the Carrier's calling card to make calls at a single per minute rate. Calls are billed in one (1) minute increments after the initial minimum period of one (1) minute. There are no nonrecurring or monthly recurring charges. No calling card surcharge applies.

3.4.4 Prepaid Calling Card

Prepaid Calling Cards permit calling from any touch tone phone; Customers purchase the cards in advance based on predetermined denominations. Prepaid cards are offered in denominations of \$10.00 increments.

ISSUED: June 5, 1998

By:

Stephen Dobson, President
13439 N. Broadway Extension
Oklahoma City, OK 73114

EFFECTIVE:

SECTION 3 - DESCRIPTION OF SERVICE continued

3.4.5 Operator Services

The Company's operator services are provided to residential and business customers who "presubscribe" to this service for intrastate-calling. Operator services include the completion of collect, station-to-station, person-to-person, third party billing and credit card calls with the assistance of a Carrier operator. Each completed operator assisted call consists of two charge elements (except as otherwise indicated herein) : (i) a fixed operator charge, which will be dependent on the type of billing selected (e.g., calling card, collect or other) and/or the completion restriction selected (e.g., station-to-station or person-to-person); and (ii) a measured usage charge dependent upon the duration, distance and/or time of day of the call.

3.4.4.A Operator Dialed Surcharge

This surcharge applies to Operator Station and Person-to-Person rated calls when the customer has the capability of dialing all the digits necessary to complete a call, but elects to dial only the appropriate operator code and requests the operator to dial the called station. The surcharge does not apply to:

- 1) Calls where a customer cannot otherwise dial the call due to defective equipment or trouble on the Bogus Communication, Inc. network; and
- 2) Calls in which a Company operator places a call for a calling party who is identified as being handicapped and unable to dial the call because of his/her handicap.

The Operator Dialed Surcharge applies in addition to any other applicable operator charges.

ISSUED: June 5, 1998
By: Stephen Dobson, President
13439 N. Broadway Extension
Oklahoma City, OK 73114

EFFECTIVE:

SECTION 4 - RATES

4.1 Long Distance Service

Rate Plan One

\$4.95 monthly fee
\$0.10 flat rate per minute

Rate Plan Two

\$0.14 flat rate per minute

4.2 800/888 (Inbound) Long Distance Service

Monthly Service Charge	\$4.95
Monthly 800/888 Usage Requirement	
1. \$25.00 + per month	\$0.12 per minute
2. \$25.00 or less per month	\$0.14 per minute

4.3 Travel Calling Card Service

1. Logix Communications Corporation Basic and	\$0.20 per minute \$0.35 per call
2. Logix Communications Corporation Enhanced and	\$0.22 per minute \$0.45 per minute

4.4 Prepaid Calling Card	\$0.25 per minute
--------------------------	-------------------

ISSUED: June 5, 1998

EFFECTIVE:

By:

Stephen Dobson, President
13439 N. Broadway Extension
Oklahoma City, OK 73114

SECTION 4 - RATES continued

4.5 Operator Services

Station-to-Station	\$1.20
Person-to-Person	\$2.70
Operator Dialed Surcharge	\$0.75

4.6 Directory Assistance \$0.50 per call

4.6 Determining Applicable Rate in Effect.

For the initial minute, the rate applicable at the start of chargeable time at the calling station applies. For additional minutes, the rate applicable is that rate which is in effect at the calling station when the additional minute(s) begin. That is, if chargeable time begins during the Day Period, the Day Rate applies to the initial minute and to any additional minutes that the call continues during the rate period. If the call continues into a different rate period, the appropriate rates from that period apply to any additional minutes occurring in that rate period. If an additional minute is split between two rate periods, the rate period applicable at the start of the minute applies to the entire minute.

4.7 Payment of Calls4.7.1 Late Payment Charges

Interest charges of 1.5% per month will be assessed on all unpaid balances more than thirty days old.

4.7.2 Return Check Charges

A return check charge of \$15.00 will be assessed for checks returned for insufficient funds.

4.7 Restoration of Service

A reconnection fee of \$25.00 per occurrence is charged when service is re-established for customers who had been disconnected for non-payment.

ISSUED: June 5, 1998

EFFECTIVE:

By:

Stephen Dobson, President
13439 N. Broadway Extension
Oklahoma City, OK 73114

SECTION 4 - RATES continued4.8 Special Promotions

The company will, from time to time, offer special promotions to its customers waiving certain charges. These promotions will be approved by the FPSC with specific starting and ending dates.

4.9 Special Rates For The Handicapped4.9.1. Directory Assistance

There shall be no charge for up to fifty calls per billing cycle from lines or trunks serving individuals with disabilities. The Company shall charge the prevailing tariff rates for every call in excess of 50 within a billing cycle.

4.9.2. Hearing and Speech Impaired Persons

Intrastate toll message rates for TDD users shall be evening rates for daytime calls and night rates for evening and night calls.

4.9.3. Telecommunications Relay Service

For intrastate toll calls received from the relay service, the Company will when billing relay calls discount relay service calls by 50 percent off of the otherwise applicable rate for a voice nonrelay call except that where either the calling or called party indicates that either party is both hearing and visually impaired, the call shall be discounted 60 percent off of the otherwise applicable rate for a voice nonrelay call. The above discounts apply only to time-sensitive elements of a charge for the call and shall not apply to per call charges such as a credit card surcharge.

ISSUED: June 5, 1998

By:

Stephen Dobson, President
13439 N. Broadway Extension
Oklahoma City, OK 73114

EFFECTIVE:

DEPOSIT

DATE

D7 94 ^{AM}

JUN 18 1998



THE BACK OF THIS DOCUMENT CONTAINS AN ARTIFICIAL WATERMARK - HOLD AT AN ANGLE TO VIEW

DOBSON COMMUNICATIONS CORP.
13438 N. BROADWAY EXT., SUITE 200
OKLAHOMA CITY, OK 73114
(405) 391-8500

NO. 12746

DATE 06/09/98

AMOUNT

\$ *****250.00

PAY TWO HUNDRED FIFTY AND 00/100-----

DOLLARS

NATIONSBANK, N.A.
OKLAHOMA CITY, OKLAHOMA

VOID IF NOT CASHED WITHIN 90 DAYS

TO
THE
ORDER
OF

FLORIDA PUBLIC SERVICE COMMISS
DIVISION OF ADMINISTRATION
2540 SHUMARD OAK BLVD
GENERAL GUNTER BLDG
TALLAHASSEE FL 32399-0850

Bill R. [Signature]
AUTHORIZED SIGNATURE