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Arizona Corporation Commission
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Phoenix, Arizona 85007

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**Re: Updated Financial Information
Tel-Save, Inc. d/b/a The Phone Company
Originally Assigned Docket No. U-3342-97-129**

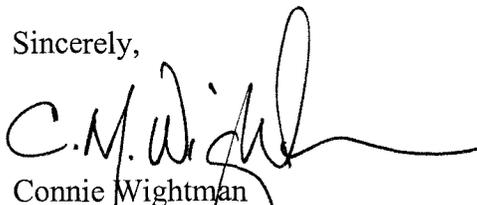
Tel: 407-740-8575
Fax: 407-740-0613
tmi@tminc.com

Dear Sir/Madam:

Pursuant to Staff's request, dated April 12, 1999, enclosed for filing please find one original and six (6) copies of the updated financials for Tel-Save, Inc. currently pending certification in the above referenced docket number.

Please acknowledge receipt of this mailing by returning, date-stamped, the extra copy of this cover letter in the enclosed self-addressed stamped envelope which is provided for that purpose. Questions regarding this filing may be directed to my attention at (407) 740-8575.

Sincerely,


Connie Wightman
Consultant to Tel-Save, Inc.

CW/ig.

cc: Lynn J. Garrett
Tina Tecce, Tel-Save
File: Tel-Save - AZ
TMS: AZI990X

Arizona Corporation Commission
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PJT

Tel-Save Holdings, Inc. and Subsidiaries
 Statements of Operations
 Year Ended December 31, 1998 and 1997
 (Unaudited)

	Year Ended 12/31/98	Year Ended 12/31/97	Difference	% Change
Sales	\$448,600,210	\$304,767,676	143,832,534	47.2%
Cost of sales	<u>361,957,280</u>	<u>294,483,920</u>	67,473,360	22.9%
Gross profit	86,642,930	10,283,756	76,359,174	742.5%
Gross profit margin	19.3%	3.4%		
General & administrative	41,939,214	34,650,232	7,288,982	21.0%
Marketing & advertising	210,552,294	60,684,995	149,867,299	247.0%
Restructuring charges	<u>91,024,935</u>	<u>0</u>	91,024,935	ERR
Operating income	(256,873,512)	(85,051,471)	(171,822,041)	202.0%
Operating margin	-57.3%	-27.9%		
Investment and other income, net	<u>(11,174,852)</u>	<u>50,714,872</u>	(61,889,724)	-122.0%
Income before taxes	(268,048,364)	(34,336,599)	(233,711,765)	680.6%
Pre-tax margin	-59.8%	-11.3%		
Provision for income taxes	<u>40,388,281</u>	<u>(13,391,273)</u>	53,779,554	-401.6%
Income before extraordinary gain	(308,436,645)	(20,945,326)	(287,491,319)	1372.6%
Extraordinary gain	<u>87,110,210</u>	<u>0</u>	87,110,210	ERR
Net income	<u><u>(\$221,326,435)</u></u>	<u><u>(\$20,945,326)</u></u>	(200,381,109)	956.7%
Basic Weighted-Average Shares	59,282,634	64,168,000	(4,885,366)	-7.6%
Basic Earnings Per Share:				
Income before extraordinary gain	(5.20)	(0.33)	(4.88)	1493.9%
Extraordinary gain	<u>1.47</u>	<u>0.00</u>	1.47	ERR
Net income	<u><u>(3.73)</u></u>	<u><u>(0.33)</u></u>	(3.41)	1043.8%
Diluted Weighted-Average Shares	59,282,634	64,168,000	(4,885,366)	-7.6%
Diluted Earnings Per Share:				
Income before extraordinary gain	(5.20)	(0.33)	(4.88)	1493.9%
Extraordinary gain	<u>1.47</u>	<u>0.00</u>	1.47	ERR
Net income	<u><u>(3.73)</u></u>	<u><u>(0.33)</u></u>	(3.41)	1043.8%

Tel-Save Holdings, Inc. and Subsidiaries
 Balance Sheet
 December 31, 1998

ASSETS	12/31/98	12/31/97	Difference
Current assets			
Cash and cash equivalents	3,062,651	316,729,516	(313,666,865)
Marketable securities	89,649,118	212,268,628	(122,619,510)
Accounts receivable, trade	46,586,777	44,586,944	1,999,832
Partition advances and note receivables	1,869,610	26,110,622	(24,241,012)
Prepaid AOL marketing costs - current	0	30,856,654	(30,856,654)
Deferred taxes - current	0	30,916,022	(30,916,022)
Due from related entity	0	0	0
Due from broker	0	21,086,563	(21,086,563)
Prepaid expenses and other current assets	8,600,364	8,495,487	104,878
Total current assets	149,768,519	691,050,435	(541,281,916)
Furniture and equipment, net	61,202,944	55,834,795	5,368,149
Intangibles	1,150,000	10,590,000	(9,440,000)
Prepaid AOL marketing costs	0	32,722,732	(32,722,732)
Other assets	64,938,048	24,693,192	40,244,857
Total assets	277,059,511	814,891,153	(537,831,642)

Tel-Save Holdings, Inc. and Subsidiaries
 Balance Sheet
 December 31, 1998

LIABILITIES AND STOCKHOLDERS' EQUITY	12/31/98	12/31/97	Difference
Current liabilities			
Margin account indebtedness	49,620,975	0	49,620,975
Accounts payable and accrued expenses:			
Trade	64,793,753	15,348,079	49,445,675
Partitions	4,379,550	7,740,596	(3,361,046)
Sales, use and excise taxes	6,880,265	1,509,676	5,370,589
Interest & Other	15,533,133	10,578,335	4,954,799
Deferred revenue	0	0	0
Due to related entity	0	(0)	0
Securities sold but not yet purchased, at market	0	21,086,563	(21,086,563)
Income taxes payable	0	0	0
Note payable to stockholder - current	0	0	0
Total current liabilities	141,207,677	56,263,247	84,944,430
Convertible bonds	242,387,000	500,000,000	(257,613,000)
Deferred revenue	28,400,000	35,800,000	(7,400,000)
Other Liabilities	1,850,000	0	1,850,000
Total liabilities	413,844,677	592,063,247	(178,218,570)
Commitments and contingent liabilities			
Stockholders' equity			
Preferred stock	0	0	0
Common stock	669,346	672,496	(3,150)
Additional paid-in capital	265,324,970	291,951,318	(26,626,348)
Treasury stock	(184,550,000)	(72,892,862)	(111,657,138)
Unrealized loss on marketable securities	0	0	0
Retained earnings	(218,229,481)	3,096,954	(221,326,435)
Total stockholders' equity	(136,785,165)	222,827,906	(359,613,072)
Total liabilities and stockholders' equity	277,059,511	814,891,153	(537,831,642)

Tel-Save Holdings, Inc. and Subsidiaries
 Statements of Stockholders' Equity
 December 31, 1998

	Shares of Common Stock	Common Stock	APIC	Shares of Treasury Stock	Treasury Stock	Unrealized Loss Mkt Securities	Retained Earnings	Total
Balance at 1/1/98	67,249,635	672,496	291,951,318	(3,607,413)	(72,892,862)	0	3,096,954	222,827,906
Net Income/(Loss)	0	0	0	0	0	0	(221,326,435)	(221,326,435)
Warrants Exercised	0	0	(3,620,000)	250,000	5,052,500	0	0	1,432,500
Buy Back of AOL Warrants	0	0	0	(380,624)	(8,849,508)	0	0	(8,849,508)
Buy Back of Network Plus Warrants	0	0	0	(450,000)	(8,030,000)	0	0	(8,030,000)
Buy Back of Common Stock	0	0	0	(16,696,100)	(223,012,736)	0	0	(223,012,736)
Buy Back of Common Stock from Employees, Officers & Directors	0	0	0	(1,282,141)	(25,162,018)	0	0	(25,162,018)
Issuance of AOL Warrants	0	0	33,085,987	0	0	0	0	33,085,987
AOL Warrants Exercised	0	0	(7,692,411)	380,824	7,692,411	0	0	0
Options Exercised	0	0	(41,492,833)	2,853,178	55,549,654	0	0	14,056,821
97 Bonus Stock Issued	0	0	(257,431)	96,790	1,956,126	0	0	1,698,695
98 Bonus Stock Issued	0	0	(933,714)	168,006	2,372,245	0	0	1,438,531
Compensation Charge - Battista	0	0	2,234,375	0	0	0	0	2,234,375
Arzacca Bonus Stock	0	0	(722,475)	130,000	1,835,600	0	0	1,113,125
Menachem/Avroham Stock	0	0	(3,443,750)	500,000	7,060,000	0	0	3,616,250
Rescission of Network Plus Stock	(315,000)	(3,150)	(1,466,850)	0	0	0	0	(1,470,000)
Induced Conversion 4.5% Debt	0	0	(3,758,991)	4,072,338	57,501,413	0	0	53,742,422
Induced Conversion (4.5%) - Premium Shar	0	0	1,994,484	758,359	10,708,029	0	0	12,702,513
Induced Conversion 5.0% Debt	0	0	(569,051)	253,786	3,583,458	0	0	3,014,407
Conversion of Convertible Debt	0	0	16,312	4,140	85,688	0	0	102,000
Balance at 12/31/98	66,934,635	669,346	265,324,970	(12,949,057)	(184,550,000)	0	(218,229,481)	(136,785,165)