

DIVIDER

STATE OF NORTH DAKOTA
INFORMATION TECHNOLOGY DEPARTMENT
SFN 2053 (4-2002)

PU-2598-01-511
Intrado Communications Inc.
Local/Interexchange
Public Convenience & Nece
Filed 9/21/2001 Closed 12/6/2001

01

DESCRIPTION

Scott, Sandi L.

From: Bauske, Shelly A.
Sent: Friday, December 21, 2001 9:52 AM
To: Geiger, Gloria A.; Scott, Sandi L.
Subject: Money Received.....

Case No. PU-2598-01-511
Intrado
\$259.93

19 **PU-2598-01-511**

Pages: 0

\$259.93 received

by Intrado Communications Inc.

12/21/2001

CC: Comm Legal Ilona Jerry

APPROVED

DATE: 12-05-01
KMF

MOTION

December 5, 2001

Intrado Communications Inc.
Local / Interexchange
Public Convenience & Necessity

Case No. PU-2598-01-511

I move the Commission bill Intrado Communications Inc. for costs incurred to date in Case No. PU-2598-01-511, Intrado Communications Inc., Local / Interexchange, Public Convenience & Necessity.



Public Service Commission

State of North Dakota

COMMISSIONERS

Susan E. Wefald, President
Leo M. Reinbold
Anthony T. Clark

Executive Secretary
Jon H. Mielke

600 E Boulevard Ave. Dept. 408
Bismarck, North Dakota 58505-0480
web: www.psc.state.nd.us
e-mail: sab@oracle.psc.state.nd.us
TDD 800-366-6888
Fax 701-328-2410
Phone 701-328-2400

December 5, 2001

David A Huberman
Intrado Communications Inc
6285 Lookout Rd
Boulder CO 80301

RE: Case No. PU-2598-01-511
Intrado Communications Inc.
Local / Interexchange
Public Convenience & Necessity

Enclosed is a copy of the statement approved at the December 5, 2001 Public Service Commission meeting for the expenses incurred to date in Case No. PU-2598-01-511.

Under N.D.C.C. 49-21-01.7, these expenses are billed through the Valuation Fund and must be paid for by the telecommunications company involved.

Please make your check payable to the *Public Service Commission*.

Sincerely,

Gloria Geiger
Admin Staff Officer
701-328-2401

Enc.

Billing Statement

December 5, 2001

Intrado Communications Inc.
Local / Interexchange
Public Convenience & Necessity

Case No. PU-2598-01-511

Bill To:

Intrado Communications Inc.\$259.93

Expenses Incurred to Date:

Advertising Costs\$259.93

Send Payment and a Copy of this Statement To:

Public Service Commission
600 E Boulevard Ave Dept 408
Bismarck ND 58505-0480

Federal Tax ID 45-0309764



Public Service Commission
State of North Dakota

COMMISSIONERS

Susan E. Wefald, President
Leo M. Reinbold
Anthony T. Clark

Executive Secretary
Jon H. Mielke

600 E Boulevard Ave. Dept. 408
Bismarck, North Dakota 58505-0480
web: www.psc.state.nd.us
e-mail: sab@oracle.psc.state.nd.us
TDD 800-366-6888
Fax 701-328-2410
Phone 701-328-2400

December 6, 2001

David A Huberman
Intrado Communications Inc
6285 Lookout Rd
Boulder CO 80301-3343

Dear Mr. Huberman:

On December 5, 2001, the Commission issued Certificate of Certificate of Public Convenience Nos. 4785 and 4786 to Intrado Communications Inc. to provide facilities-based interexchange and local exchange telecommunications services in North Dakota, Case No. PU-2598-01-511. The original certificates are enclosed.

If you have any questions, please contact us.

Sincerely,

Sharon Helbling
Public Utilities Division

sdh

Enclosure

C: Gary A Klug

17 PU-2598-01-511

Pages: 1

Letter re approval

by Public Service Commission

12/06/2001

CC: Comm Legal Ilona Jerry

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Intrado Communications Inc.
Local Exchange/Interexchange
Public Convenience & Necessity

Case No. PU-2598-01-511

AFFIDAVIT OF SERVICE BY CERTIFIED AND ORDINARY MAIL

STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH

Sharon Helbling deposes and says that:

she is over the age of 18 years and not a party to this action and, on the **6th day of December, 2001**, she deposited in the United States Mail, Bismarck, North Dakota, **one** envelopes with certified postage, return receipt requested, fully prepaid, securely sealed and each containing a photocopy of:

Order

The envelope was addressed as follows:

David A Huberman
Intrado Communications Inc
6285 Lookout Rd
Boulder CO 80301-3343
Cert. No. 7099 3220 0002 8482 7887

Sharon Helbling further deposes and says that on the **6th day of December, 2001**, she deposited in the United States Mail, Bismarck, North Dakota, **one** envelope by regular mail, with postage fully prepaid, securely sealed, each containing a photocopy of the same.

Gary A Klug
Intrado Communications Inc
6285 Lookout Rd
Boulder CO 80301-3343

Each address shown is the respective addressee's last reasonably ascertainable post office address.

Subscribed and sworn to before me
this **6th day of December, 2001**.

SEAL

Sharon Helbling

Sandra L Scott

Notary Public



APPROVED

MOTION

DATE: 12-5-01
KMF

December 5, 2001

**Intrado Communications Inc.
Local Exchange/Interexchange
Public Convenience and Necessity**

Case No. PU-2598-01-511

I move the Commission adopt the Order and issue Certificates of Public Convenience and Necessity to Intrado Communications Inc. to provide facilities-based competitive local exchange and interexchange telecommunications services throughout North Dakota, Case No. PU-2598-01-511.

JRL/sdh

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

**Intrado Communications Inc.
Local Exchange/Interexchange
Public Convenience & Necessity**

Case No. PU-2598-01-511

ORDER

December 5, 2001

On September 21, 2001, Intrado Communications Inc. of Boulder, Colorado filed an application for certificates of public convenience and necessity to provide facilities-based competitive local exchange and interexchange telecommunications services throughout North Dakota.

On October 3, 2001, the Commission issued a Notice of Opportunity for Hearing, which provided until November 9, 2001 for receiving comments or requests for hearing. No requests for hearing were received. The Commission's notice identified the following issues to be considered in this matter:

1. Fitness and ability of the applicant to provide service.
2. Adequacy of the proposed service.
3. The technical, financial and managerial ability of the applicant to provide service.

On October 3, 2001 the Public Service Commission's Director of Accounting filed a memorandum indicating that Intrado has the financial ability to provide telecommunications service in North Dakota.

On October 10, 2001, the Rural Telephone Company Group filed comments requesting that any order granting the application should include limitations included in previous cases to preserve the "rural safeguard" rights of rural telephone companies under 47 U.S.C. 251(f).

On November 21, 2001, the Commission conducted an informal hearing of Intrado's application.

Intrado is a Delaware Corporation with headquarters in Boulder, Colorado. Intrado is a newly-formed and wholly-owned subsidiary of Intrado, Inc., also a Delaware Corporation and f/k/a SCC Communications Corp. Intrado is in the process of obtaining authority to provide telecommunications services throughout the United States and is currently authorized to provide service in several states. Biographical information

14 PU-2598-01-511

Pages: 2

Order

by Public Service Commission

12/05/2001

CC: Comm Legal Ilona Jerry .

indicates that Intrado's management and key personnel have extensive telecommunications operational experience and technical expertise. The Commission finds Intrado is fit, able, and has the technical, financial and managerial ability to provide service.

Intrado intends to provide an aggregation and transportation service for emergency call traffic to selective routing tandems, thus reducing the number of facilities that must interconnect with ILEC selective routing tandems. The Commission finds Intrado's proposed service adequate.


In this Case, as in other cases in which statewide authority was requested, the Commission will adhere to the precedent established in the AT&T certificate case, Case No. PU-453-96-83. In AT&T, the Commission held that its determination of the public interest with regard to the service territories of rural telephone companies is subject to any future proceedings under Section 251(f)(1) or (2) of the Telecommunications Act of 1996 (47 U.S.C. §251(f)(1) or (2)). The Commission also held that granting the certificate on a statewide basis is not a ruling that affects the rights of specific rural telephone companies under 47 U.S.C. §251(f).

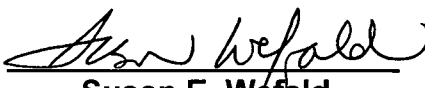
Order

The Commission Orders:

1. The application of Intrado Communications Inc. for certificates of public convenience and necessity to provide facilities-based competitive local exchange and interexchange telecommunications services throughout North Dakota is GRANTED.
2. Granting Intrado a certificate to provide local exchange service on a statewide basis does not affect the rights of rural telephone companies under 47 U.S.C. §251(f).

PUBLIC SERVICE COMMISSION


Anthony T. Clark
Commissioner


Susan E. Wefald
President


Leo M. Reinbold
Commissioner

STATE OF NORTH DAKOTA

Certificate of Public Convenience and Necessity

Certificate Number 4785

This is to certify that public convenience and necessity require, and permission is granted for Intrado Communications Inc., a telecommunications public utility, to provide statewide interexchange (toll) telecommunications services, with facilities, in North Dakota.

This certificate is issued in Case No. PU-2598-01-511 and is conditioned upon Intrado Communications Inc. securing the franchise or other authority of the proper municipal or other authority for the exercise of these rights and privileges.


Bismarck, North Dakota, December 5, 2001.

ATTEST:

PUBLIC SERVICE COMMISSION



Executive Secretary



Commissioner

STATE OF NORTH DAKOTA

Certificate of Public Convenience and Necessity

Certificate Number 4786

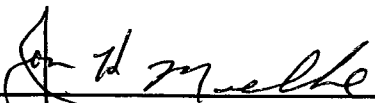
This is to certify that public convenience and necessity require, and permission is granted for Intrado Communications Inc., a telecommunications public utility, to provide statewide local exchange telecommunications services, with facilities, in North Dakota.

This certificate is issued in Case No. PU-2598-01-511 and is conditioned upon Intrado Communications Inc. securing the franchise or other authority of the proper municipal or other authority for the exercise of these rights and privileges.

Bismarck, North Dakota, December 5, 2001.

ATTEST:

PUBLIC SERVICE COMMISSION


Executive Secretary


Commissioner

INFORMAL AGENDA

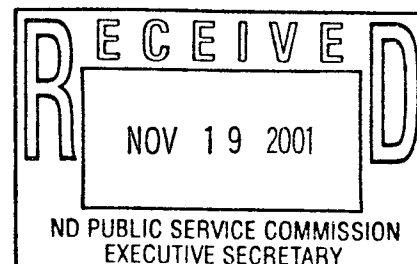
November 21, 2001

PU-2598-01-511

Intrado Communications Inc.
Local Exchange/Interexchange
Public Convenience and Necessity

November 16, 2001

Jon Mielke
Executive Secretary
North Dakota Public Service Commission
600 East Boulevard, Dept. 408
Bismarck, ND 58505



**RE: Case No. PU-2598-01-511
Amended Application of SCC Communications Corp. for a
Certificate of Public Convenience and Necessity to Provide Local
Exchange and Interexchange Telecommunications Services**

Dear Secretary Mielke:

Intrado Inc. (f/k/a SCC Communications Corp.) and Intrado Communications Inc. hereby submit the enclosed original and seven (7) copies of the Affidavit of Mr. Klug in support of the Amended Application of SCC Communications Corp. for a Certificate of Public Convenience and Necessity to Provide Local Exchange and Interexchange Telecommunications Services within the state of North Dakota.

Should you or anyone else at the Commission have any questions regarding this filing, please do not hesitate to contact me at (303) 581-5600

Sincerely,

A handwritten signature in cursive script that reads "Rebecca E. Boswell".

Rebecca E. Boswell
Regulatory Counsel
Intrado Inc.

cc. Mr. Michael A. Bosh, esq.

10 **PU-2598-01-511**

Pages: 12

Affidavit of Gary A Klug

by Intrado Communications Inc.

11/19/2001

CC: Comm Legal Ilona Jerry

Encl.

BEFORE THE NORTH DAKOTA PUBLIC SERVICE COMMISSION

**APPLICATION OF SCC)
COMMUNICATIONS CORP.)
FOR A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO)
PROVIDE LOCAL EXCHANGE AND)
INTEREXCHANGE)
TELECOMMUNICATIONS SERVICES IN)
STATE OF NORTH DAKOTA)**

Case No. PU-2598-01-511

AFFIDAVIT OF GARY A. KLUG

November 16, 2001

1 My name is Gary A. Klug. My business address is 6285 Lookout Road, Boulder,
2 Colorado 80301. I am employed by Intrado Inc. (“Intrado”) (formerly SCC
3 Communications Corp. (“SCC”)) as the Director of State Regulatory Affairs. I am the
4 person authorized by Intrado and its wholly-owned subsidiary, Intrado Communications
5 Inc. (“ICI”), to testify in this proceeding. A copy of my professional and educational
6 background is attached as Appendix A hereto.

7 I am offering this verified information to the North Dakota Public Service
8 Commission (“PSC” or “Commission”) regarding the internal corporate restructuring that
9 occurred after SCC filed its Application for a Certificate of Public Convenience and
10 Necessity to Provide Local exchange and Interexchange Telecommunications Services in
11 the State of North Dakota (“Original Application”) in support of the Original Application
12 and Amended Application filed in this proceeding.

13 On April 24, 2001, SCC filed its Original Application with the Commission. On
14 June 4, 2001, SCC changed its name to Intrado. Separately, Intrado formed a wholly-
15 owned subsidiary, Intrado Communications Inc. (“ICI”). ICI will now hold all state
16 certifications of authority to provide telecommunications services. On June 5, 2001, SCC
17 notified the Commission by letter of these internal corporate changes, a copy of which is
18 attached as Exhibit No. 1 to the Amended Application.

19 I intend to focus my comments on the following areas and provide a description
20 of:

- 21 • Intrado, ICI and their corporate structure;
- 22 • The purpose of ICI’s Amended Application;

- 1 • ICI’s technical, managerial, and financial qualifications to provide
- 2 telecommunications services in North Dakota;
- 3 • ICI’s proposed services, facilities and proposed service date; and
- 4 • How ICI’s proposed services will advance the public interest.

5

6 DESCRIPTION OF INTRADO, ICI AND THEIR CORPORATE STRUCTURE

7 Intrado is a publicly held corporation incorporated in the State of Delaware.
8 Intrado (f/k/a SCC Communications Corp., “SCC”) filed a Certificate of Incorporation
9 with the Secretary of State of Delaware on September 17, 1993. Intrado (f/k/a SCC) was
10 granted authority to transact business in North Dakota on August 21, 1996. On June 4,
11 2001, SCC changed its name to Intrado Inc.

12 Intrado is the leading provider of 9-1-1 data management services to incumbent
13 local exchange carriers, competitive local exchange carriers (“CLECs”), integrated
14 communications providers, and wireless carriers in the United States. Intrado also has
15 been selected by the Texas Commission on State Emergency Communication as the
16 state’s designated 9-1-1 management services provider.

17 ICI, a Delaware corporation, is a direct, wholly-owned subsidiary of Intrado. ICI
18 has one direct, wholly-owned subsidiary – Intrado Communications of Virginia Inc. ICI
19 is authorized to provide telecommunications services in Alabama, Colorado, Connecticut,
20 Florida, Idaho, Indiana, Kansas, Kentucky, Montana, South Carolina, Wyoming, the
21 District of Columbia, and as a reseller of exchange and interexchange services in North
22 Dakota. ICI is in the process of obtaining authority to provide telecommunications

1 services throughout the United States. A copy of ICI's articles of incorporation and
2 certificate of incorporation are provided in Exhibit No. 2 of the Amended Application.

3 ICI's parent company, Intrado, currently is authorized to provide
4 telecommunications services in California, Illinois, Massachusetts, Michigan, Minnesota,
5 New Mexico, New York, North Carolina, Oregon, Texas, and Washington. Intrado
6 currently is in the process of seeking regulatory approval to transfer each of these
7 authorizations to ICI.

8

9 DESCRIPTION OF THE PURPOSE OF ICI'S APPLICATION

10 ICI seeks a Certificate of Public Convenience and Necessity to provide facilities-
11 based local exchange and interexchange (interLATA and intraLATA) voice and data
12 telecommunications services as a competitive telecommunications service provider
13 throughout the State of North Dakota. Specifically, ICI requests authority to aggregate
14 and transport, via switching, emergency calls with its 9-1-1 SafetyNetSM services in the
15 State of North Dakota. 9-1-1 SafetyNetSM services are telecommunications services that
16 facilitate, enhance, and advance the provision of emergency services throughout the
17 United States for end users of wireline and wireless carriers, telematics services'
18 customers (*e.g.*, On Star), and other business and residential end users such as Private
19 Branch Exchanges ("PBX") customers. Specifically, ICI aggregates and transports
20 traditional and nontraditional emergency call traffic to appropriate selective routing
21 tandems for delivery to the appropriate Public Safety Answering Point ("PSAP").
22 Aggregating emergency call traffic reduces the number of facilities that must
23 interconnect with the ILECs' selective routing tandems, resulting in a more efficient use

1 of the telecommunications network. Such aggregation also reduces the ILEC's
2 administrative responsibilities. Rather than coordinate and interconnect with multiple
3 service providers individually, the ILEC need only coordinate and interconnect with ICI
4 in order to handle the emergency call traffic from multiple service providers. In addition,
5 ICI offers its customers and the interconnecting ILEC the assurance that emergency call
6 traffic will be passed to the ILEC's selective routing tandems through redundant, self-
7 healing facilities provided by ICI.

8 In order to aggregate and transport emergency local exchange telephone calls, ICI
9 will require the same sort of interconnection rights afforded to other telecommunications
10 carriers. ICI respectfully requests, therefore, that the Commission find that ICI is entitled
11 to the rights of interconnection, collocation, resale, and access to unbundled network
12 elements enjoyed by other telecommunications carriers under the Communications Act of
13 1934, as amended by the Telecommunications Act of 1996.

14

15 MANAGERIAL AND TECHNICAL RESOURCES

16 ICI will rely on management and technical resources furnished by its parent,
17 Intrado, to provide the proposed services. The senior management of Intrado has
18 considerable experience in public safety and in the telecommunications industry. ICI will
19 rely on this same management team to provide the proposed services. Moreover, Intrado
20 currently employs over 600 highly-qualified individuals that represent some of the
21 sharpest and most proactive minds in the telecommunications industry. Gathered from
22 the public safety, software development, and telecommunications industries, Intrado's
23 team of professionals is at the forefront of industry debate and is uniquely qualified to

1 formulate creative, reliable public safety communications solutions. The managerial and
2 technical expertise of Intrado’s key personnel are described in Exhibit No. 3 of the
3 Amended Application.

4

5 FINANCIAL RESOURCES

6 ICI will rely on its parent company, Intrado for financial support to provide the
7 proposed services. Intrado has access to adequate financing and capital, and Intrado is
8 not relying on any third party to support its financial ability to fund ICI’s operations.
9 Copies of Intrado’s most recent financial statements are attached as Exhibit No. 4 of the
10 Amended Application.

11 Furthermore, in a memo from Mr. Michael Diller of the North Dakota
12 Commission Staff dated October 4, 2001, filed in the instant proceeding, he states,
13 “According to the financial information provided, the applicant through its parent
14 company has sufficient equity to provide service in North Dakota.” Mr. Diller further
15 states, “I see no reason to deny the applicant’s request.”

16

17 DESCRIPTION OF SERVICES

18 ICI proposes to provide resold and facilities-based local exchange and
19 interexchange services throughout the entire State of North Dakota and, therefore, seeks
20 statewide authority. Specifically, ICI proposes to aggregate and transport 9-1-1 and
21 emergency calls with its 9-1-1 SafetyNetSM services throughout the State of North
22 Dakota.9-1-1.

1 9-1-1 SafetyNetSM services include LEC Emergency Call Support service,
2 Wireless Service Provider (“WSP”) Emergency Call Support service, and Telematics
3 Emergency Call Support (“TECS”) service. These services are provided over the
4 Emergency Communications Network (“ECN”), which is a fully redundant, physically
5 diverse telecommunications network designed to accept traditional and non-traditional
6 emergency calls, determine the appropriate PSAP, and forward the calls to the PSAP via
7 the traditional 9-1-1 infrastructure.

8 LEC Emergency Call Support service allows a LEC to connect emergency call
9 traffic to redundant ICI switches with the standard interfaces of CCSS7 ISUP, Feature
10 Group D, Enhanced Multi-frequency, and Centralized Automated Message Accounting
11 (“CAMA”) 9-1-1 trunks. The Automatic Number Identification (“ANI”) associated with
12 the originating caller is utilized by ECN and a call management system to route calls to
13 the appropriate selective routing tandem. The ECN delivers the voice call with ANI to
14 the selective routing tandem for delivery to the appropriate PSAP. Default routing also is
15 provided through the ECN.

16 WSP Emergency Call Support service allows a wireless provider to deliver all
17 emergency call traffic to the appropriate selective routing tandem via the ECN.

18 TECS service can accommodate voice only, data only, or voice and data
19 combined. The telematics service provider will receive the initial emergency call and
20 extend it to the ECN, which will route and transport the call to the appropriate selective
21 routing tandem. The unique call-processing configuration utilized by the telematics
22 service provider will determine the combination of 9-1-1 TECS services necessary for
23 call delivery to the appropriate PSAP.

1 ICI intends to offer its services throughout North Dakota, and ICI requests
2 authority to terminate local exchange emergency calls to all exchanges in North Dakota,
3 including those served by small ILECs. ICI does not intend to provide basic local dial
4 tone services or long distance toll services within the exchange areas served by small
5 Independent Local Exchange Companies. ICI's local exchange telephone service
6 offerings provide transport and switching to deliver 9-1-1 and emergency calls to a PSAP
7 in a manner similar to that utilized by Qwest to transport and switch such emergency call
8 traffic.

9
10 DESCRIPTION OF FACILITIES

11 ICI's service offerings will be provided through the use of purchased and leased
12 assets, facilities and services obtained from exchange and interexchange providers,
13 interconnection arrangements, and from access to unbundled network elements and
14 collocation with the incumbent local exchange providers. Specifically, ICI will
15 interconnect its network to incumbent 9-1-1 selective routing tandems of Qwest. At this
16 time, ICI does not intend to install or construct facilities within the State of North Dakota
17 to deliver ICI's proposed services, other than those facilities that may be necessary to
18 interconnect ICI's network with incumbent 9-1-1 selective routing tandems.

19
20 PROPOSED SERVICE DATE

21 Before ICI can offer the proposed services in the State of North Dakota, several
22 important things must occur. Among these are the issuance of a Certificate of Public
23 Convenience and Necessity by the Commission, successful negotiation of interconnection

1 agreements with the incumbent carriers, successful installation of any facilities ICI needs
2 in order to offer the services described herein, and completion and filing of a final tariff
3 with the Commission. Each of these activities may be subject to delay and difficulties
4 beyond ICI's control.

5

6 PUBLIC INTEREST

7 For more than thirty years, the existing 9-1-1 infrastructure has performed
8 admirably. However, the introduction and proliferation of portable communications
9 technologies such as wireless telephones, Internet Protocol telephony, personal data
10 assistants, telematics devices in automobiles, and other portable devices place burdens on
11 the existing 9-1-1 infrastructure that severely strain its capability to deliver emergency calls
12 to the appropriate PSAP.

13 9-1-1- SafetyNetSM services are designed to accommodate traditional and non-
14 traditional emergency calls that originate from a plethora of platforms, access networks, and
15 service providers. 9-1-1 SafetyNetSM augments the existing 9-1-1 infrastructure to enhance
16 9-1-1 service for North Dakota consumers and to enable North Dakota's 9-1-1 infrastructure
17 to adapt to and accommodate next-generation communications devices and technologies. 9-
18 1-1 SafetyNetSM is a solution that will benefit telecommunications providers, the public
19 safety community, and consumers who rely on 9-1-1.

20 In addition, approval of the Amended Application will foster competition in the
21 local exchange and interexchange telecommunications markets and generate significant
22 benefits to North Dakota telecommunications services in the form of increased consumer
23 choice; more efficient use of existing communications resources; and increased

1 diversification and reliability of the supply of communications services. The public will
2 benefit from both directly, through the use of the competitive services to be offered by
3 ICI, and indirectly because ICI's presence will increase the incentives for other
4 telecommunications providers to operate more efficiently, offer more innovative services,
5 reduce their prices, and improve their quality of service. Granting the Amended
6 Application, therefore, is in the public interest because it will further enhance the service
7 options available to North Dakota citizens.

8

9 ADDITIONAL INFORMATION

10 As the Director of State Regulatory Affairs for Intrado, I have been designated to
11 address information requests from the Commission and its Staff regarding the Original
12 application and the Amended Application. Such requests should be directed to me, and I
13 will oversee the collection and transmittal of responsive information. Where permitted,
14 e-mail responses will be provided and, as necessary, ICI will send information and
15 responses to the Commission and its Staff via overnight delivery.

16

17 CONCLUSION

18 As described by the information provided in this Affidavit, ICI demonstrates it
19 possesses the requisite technical, financial and managerial fitness and ability to provide
20 the proposed services, and such services further the public interest.

Appendix A

Key Personnel

KEY MEMBER NAME/TITLE:	Gary A. Klug Director of State Regulatory Affairs	
DEPARTMENT:	Legal and Government Affairs	
CURRENT RESPONSIBILITIES/DUTIES AT ICI: Ensures compliance with rules and regulations of federal and state agencies, including management of compliance filings with state agencies. Evaluates federal and state regulations and sets regulatory policy and strategic direction. Acts as subject-matter expert and participates in local, state and national public safety and 9-1-1 forums.		
KEY MEMBER EMPLOYMENT HISTORY		
SUMMARY OF EMPLOYMENT HISTORY: Mr. Klug has an extensive background in the telecommunications and regulatory fields, holding a variety of positions with several telecommunications providers and also the Colorado PUC. Degrees: BS & MS – Physics		
COMPANY NAME	POSITION HELD	RELATED EXPERIENCE
Colorado PUC	Senior Professional Engineer III (12 years)	Testified in numerous dockets before the PUC; developed the Colorado Rules Prescribing The Provision of Emergency 9-1-1 Services For Emergency Telecommunications Service Providers and Basis Local Exchange Carriers; established the Colorado 9-1-1 Task Force; responsible for membership selections for the 9-1-1 Task Force. Facilitated Colorado 9-1-1 Task Force meetings. Developed Colorado Rules on Interconnection. Advisor to the Colorado Commissioners including dockets on interconnection and collocation.
US West	Staff Manager (3 years)	Responsible for the development of interstate switched access rates and tariffs and repricing of access services.
AT&T	Staff Manager (3 years)	Responsible for development of intrastate private line rates and tariffs and the rate witness for AT&T for the Mountain States Region.
Mountain Bell	Staff Manager/Manager/ Planner/Equipment Engineer (11 years)	Held various positions responsible for basic local exchange service rates and tariffs, rural area service rates and tariffs, measured service rate development, measured service computer model development, as a Planning Engineer developed the plans for the first 4ESS switch in Mountain Bell. Held the position as an Equipment Engineer for the engineering, installation and testing of Step, X-BAR, and ESS switching equipment, test center equipment, power systems, and carrier systems.

BEFORE THE NORTH DAKOTA PUBLIC SERVICE COMMISSION

APPLICATION OF SCC)
COMMUNICATIONS CORP.)
FOR A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO)
PROVIDE LOCAL EXCHANGE AND)
INTEREXCHANGE)
TELECOMMUNICATIONS SERVICES IN)
STATE OF NORTH DAKOTA)

Case No. PU-2598-01-511

AFFIDAVIT OF GARY A. KLUG

STATE OF COLORADO)
)ss
BOULDER COUNTY)

I, Gary A. Klug, being duly sworn depose and state:

1. I am the Director of State Regulatory Affairs for Intrado Inc. ("Intrado"). I am authorized to testify in the above-referenced proceeding.

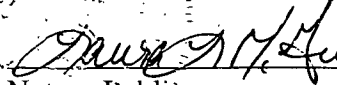
2. I am familiar with the Original Application and the Amended Application for a Certificate of Public Convenience and Necessity to Provide Local Exchange and Interexchange Telecommunications Services within the State of North Dakota, and corresponding exhibits, filed in the above-referenced proceeding.

3. Being duly sworn, I state that the attached information and exhibits were prepared by me or under my supervision, control, and direction; that the information and exhibits are true and correct to the best of my information, knowledge, and belief; and that I would give the same orally and would present the same exhibits if asked under oath.



Gary A. Klug
Director of State Regulatory Affairs
Intrado Inc.

Subscribed and sworn before me this 16th day of November, 2001.

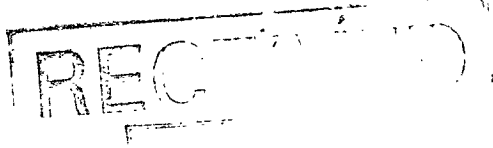


Notary Public

My Commission Expires on 2/10/04

Affidavit of Publication

State of North Dakota)
)
County of Burleigh)



10 - 8 2001

Laurie Thiel, being duly sworn, state as follows:

1. I am the designated agent, under the provisions and for the purposes of, Section 31-04-06, NDCC, for the newspapers listed on the attached exhibits.
2. The newspapers listed on the exhibits published the advertisement of:
Intrado Communications, 1 time(s)
as required by law or ordinance.
3. All of the listed newspapers are legal newspapers in the State of North Dakota and, under the provisions of Section 46-05-01, NDCC, are qualified to publish any public notice or any matter required by law or ordinance to be printed or published in a newspaper in North Dakota.

Signed Laurie Thiel

Subscribed and sworn to before me this 29th day of October A.D. 2001.

Laurie Schaffer

LAURIE SCHAFFER
Notary Public, STATE OF NORTH DAKOTA
My Commission Expires DEC. 1, 2005

North Dakota Advertising Service, Inc.

1435 Interstate Loop • Bismarck, ND 58501-0567 • PHONE (701) 223-6397 • FAX (701) 223-8185 • www.ndna.com

INVOICE

Date: 11/06/2001

Page: 1

To:

JON H. MIELKE
PUBLIC SERVICE COMMISSION
STATE CAPITOL
BISMARCK ND 58505

- 8 2001

Client: Public Service Commission

Order: 01103PF2

Newspaper	Date	Inches	Page#	Rate	Amount
Bismarck Tribune	Intrado Co 10/10/2001	45.00	SPR2	0.61	27.45
Devils Lake Daily Journal	Intrado Co 10/10/2001	44.00	SPR2	0.57	25.08
Dickinson Press	Intrado Co 10/10/2001	49.00	SPR2	0.52	25.48
Fargo, The Forum	Intrado Co 10/15/2001	45.00	SPR2	0.73	32.85
Grand Forks Herald	Intrado Co 10/11/2001	43.00	SPR2	0.61	26.23
Jamestown Sun	Intrado Co 10/10/2001	51.00	SPR2	0.50	25.50
Minot Daily News	Intrado Co 10/10/2001	50.00	SPR2	0.42	21.00
Valley City Times-Record	Intrado Co 10/10/2001	49.00	SPR2	0.52	25.48
Wahpeton Daily News	Intrado Co 10/12/2001	49.00	SPR2	0.52	25.48
Williston Herald	Intrado Co 10/10/2001	47.00	SPR2	0.54	25.38
*** ADVERTISING TOTAL					259.93
*** TOTAL DUE					259.93

This invoice is due and payable upon receipt. Unpaid items over 30 days from invoice date are subject to a finance charge. The finance charge is computed by a periodic rate of 1 3/4 percent per month (or a minimum charge of 50 cents for balances of under \$50), which is an annual percentage rate of 21 percent. Total unpaid balance may be paid at any time.

Please pay from this invoice — No statement will be sent. Return duplicate with remittance to North Dakota Advertising Service, Inc.

Notice Of Opportunity For Hearing
October 3, 2001

Case No. PU-2598-01-511

Bismarck	10-10
Devils Lake	10-10
Dickinson	10-10
Fargo	10-15
Grand Forks	10-11
Jamestown	10-10
Minot	10-10
Valley City	10-10
Wahpeton	10-12
Williston	10-10



LAW OFFICES OF

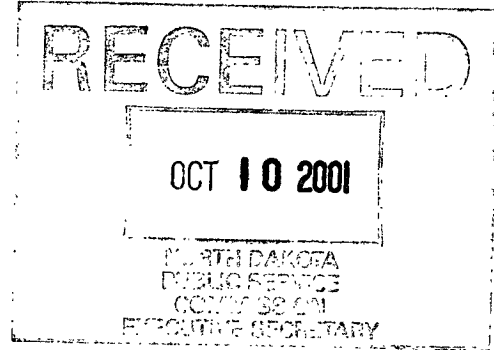
PRINGLE & HERIGSTAD, P.C.

BREMER BANK BUILDING
20 SW 1ST STREET
POST OFFICE BOX 1000
MINOT, NORTH DAKOTA 58702
(701) 852-0381
FAX (701) 857-1361
E-mail: pringle@ndak.net

ROGER O. HERIGSTAD
MARK F. PURDY
DONALD A. NEGAARD
JAMES E. NOSTDAHL
CAROL K. LARSON
DAVID J. HOGUE
REED A. SODERSTROM
MARK R. HAYS

MICHAEL A. BOSH
BRENT M. OLSON
DENISE C. HAYS
DEBRA L. HOFFARTH
OF COUNSEL
HERBERT L. MESCHKE
JAN M. SEBBY
RETIRED
THOMAS A. WENTZ

October 9, 2001



Jon Mielke, Executive Secretary
Public Service Commission
600 E. Boulevard Ave.
Bismarck, ND 58505-0480

INTRADO COMMUNICATIONS INC./CASE NO. PU-2598-01-511 - PC&N APPLICATION

On behalf of the "Rural Telephone Company Group," we file the enclosed comments (original plus seven copies) regarding the above-named application for a certificate of public convenience and necessity to provide facilities-based competitive local exchange and interexchange telecommunications services "throughout North Dakota."

Very truly yours,

Michael A. Bosh
Pringle & Herigstad, P.C.

jb
enc.
cc/enc: David A. Huberman

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

**Intrado Communications Inc.
Local Exchange/Interexchange
Public Convenience & Necessity**

Case No. PU-2598-01-511

**COMMENTS
OF
RURAL TELEPHONE COMPANY GROUP**

The Rural Telephone Company Group (RTCG) is a group of telecommunications carriers, each of which is an “incumbent local exchange carrier” and a “rural telephone company” under the federal Telecommunications Act of 1996 (the Act) and each has legal interests in this case under the Act.

The Rural Telephone Company Group includes:

BEK Communications Cooperative
Consolidated Telcom
Dakota Central Telecommunications Cooperative and Dakota Central Telecom I
Dickey Rural Telephone Cooperative and Dickey Rural Communications, Inc.
Inter-Community Telephone Company, LLC and Inter-Community Telephone
Company II, LLC
Midstate Telephone Company and Midstate Communications, Inc.
North Dakota Telephone Company
Northwest Communications Cooperative
Polar Communications Mutual Aid Corporation and Polar Telecommunications, Inc.
Red River Rural Telephone Association and Red River Telecom, Inc.
Reservation Telephone Cooperative
SRT Communications, Inc.
United Telephone Mutual Aid Corporation and Turtle Mountain Communications
West River Telecommunications Cooperative

In PSC Case No. PU-453-96-83, AT&T applied for and was granted a certificate of public convenience and necessity to provide local telecommunications service throughout the State of North Dakota, subject to limitations in the Commission's Order:

"8. Public convenience and necessity requires the granting of a statewide certificate to AT&T to provide local service. However, the Commission's determination of the public interest with regard to the service territories of rural telephone companies is subject to any future proceedings under §251(f)(1) or (2) of the Act.

9. Granting AT&T's application for a statewide certificate is not a ruling that affects the rights of specific rural telephone company pursuant to 47 U.S.C. §251(f)."

In PSC Case No. PU-987-96-390, Sprint applied for and was granted a certificate of public convenience and necessity to provide local telecommunications service throughout the State of North Dakota, subject to limitations based on the precedent established in the AT&T case:

"One issue which has been addressed in other Certificate of Public Convenience and Necessity cases was raised by the intervener, NDATEC. This issue concerns rural telephone companies and what effect the grant of a certificate would have on them. NDATEC identified its interest in this proceeding, and the interests of its members, as a concern that the grant of a certificate of public convenience and necessity not defeat the rural protections provided by the Telecommunications Act of 1996.

The Commission agrees with NDATEC that the question is important and must be addressed. This issue will apply to all certificate requests affecting any service area of any rural telephone company in North Dakota. It is the opinion of the Commission that in all such cases, any determination of public interest is subject to future proceedings regarding rural protections or exemptions.

In the instant case the Commission will adhere to the precedent established in the AT&T certificate case, Docket No. PU-453-96-83, on this issue. In AT&T, the Commission held that its determination of the public interest with regard to the service territories of rural telephone companies is subject to any future proceedings under Section 251(f)(1) or (2) of the Telecommunications Act of 1996 (47 U.S.C. §251(f)(1) or (2)). The Commission also held that granting the certificate on a statewide basis is not a ruling that affects the rights of specific rural telephone companies under 47 U.S.C. §251(f). Both Sprint and NDATEC agree that the qualifications

expressed in the AT&T case appropriately apply to Sprint's request for a statewide certificate of public convenience and necessity. The inclusion of these conditions satisfies NDATC's concerns, and is not objectionable to Sprint."

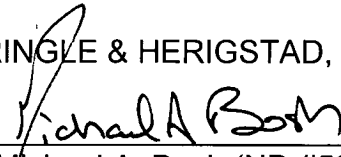
The AT&T precedent has been cited at least one time following the Sprint case, in Case No. PU-1693-97-269, where a statewide certificate was granted to Eclipse Communications Corp (a subsidiary of Western Wireless Corporation), subject to the rights of rural telephone companies under 47 U.S.C. 251(f).

In reliance on the precedent established by the Commission in the AT&T, Sprint and Eclipse/Western Wireless cases, the RTCG does not request intervention and does not request a hearing on the pending application. The RTCG does request that any order issued to grant the pending application should include limitations substantially the same as those in the AT&T, Sprint and Eclipse/Western Wireless cases, to preserve the "rural safeguard" rights of rural telephone companies under 47 U.S.C. 251(f).

Dated this 9th day of October, 2001.

PRINGLE & HERIGSTAD, P.C.

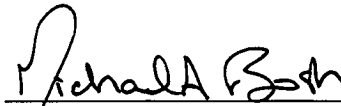
By


Michael A. Bosh (ND #5313)
Attorneys for RTCG
Bremer Bank Bldg., 2nd Floor
20 - 1st Street SW
P.O. Box 1000
Minot, ND 58702-1000

CERTIFICATE OF SERVICE

A true and correct copy of the foregoing Comments of Rural Telephone Company Group was, on the 9th day of October, 2001, mailed to:

David A. Huberman
Regulatory Counsel
Intrado Inc.
6825 Lookout Road
Boulder, CO 80301


Michael A. Bosh

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Intrado Communications, Inc.
Local/Interexchange
Public Convenience and Necessity

Case No. PU-2598-01-511

AFFIDAVIT OF SERVICE BY CERTIFIED AND ORDINARY MAIL

STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH

Sharon Helbling deposes and says that:

she is over the age of 18 years and not a party to this action and, on the **4th day of October, 2001**, she deposited in the United States Mail, Bismarck, North Dakota, **one** envelope with certified postage, return receipt requested, fully prepaid, securely sealed and each containing a photocopy of:

Staff Memorandum on Financial Ability

The envelopes were addressed as follows:


David A Huberman
Intrado Communications Inc
6285 Lookout Rd
Boulder CO 80301-
Cert. No. 7000 0520 0022 8655 3766

Sharon Helbling further deposes and says that on the **4th day of October, 2001**, she deposited in the United States Mail, Bismarck, North Dakota, **one** envelope by regular mail, with postage fully prepaid, securely sealed, each containing a photocopy of the same.

Gary A Klug
Intrado Communications Inc
6285 Lookout Rd
Boulder CO 80301-3343

Each address shown is the respective addressee's last reasonably ascertainable post office address.

Subscribed and sworn to before me
this **4th day of October, 2001**.


Notary Public

SEAL

SANDRA L. SCOTT
Notary Public, STATE OF NORTH DAKOTA
My Commission Expires JUNE 11, 2004

7

PU-2598-01-511

Pages: 1

Affidavit of Service

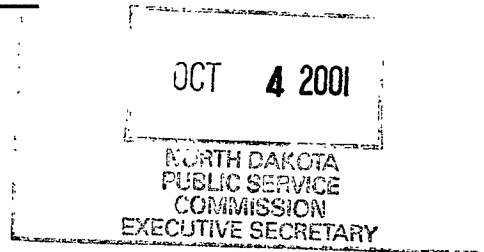
by Public Service Commission

10/04/2001

CC: Comm Legal Ilona Jerry

Memo

To: Jon Mielke
From: Mike Diller *Mike Diller*
Date: October 4, 2001
Re: **Intrado Communications, Inc.**
Local/Interexchange PC&N
Case No. PU-2598-01-511



The following is written to provide the commission with a very limited review of this case regarding the financial ability of the applicant to provide service in North Dakota.

Intrado, Inc. wholly owns Intrado Communications, Inc. In its application, Intrado Communications submitted Intrado, Inc.'s financial statements for the period ending June 30, 2001. According to the financial information provided, the applicant through its parent company has sufficient equity to provide service in North Dakota.

The Telecommunications Act of 1996 established a national policy to create a competitive environment for telephone service. The applicant is one of many companies responding to the Act.

I see no reason to deny the applicant's request.

In accordance with the Commission's wishes, I have served this document on the applicant.

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

**Intrado Communications Inc.
Local Exchange/Interexchange
Public Convenience & Necessity**

Case No. PU-2598-01-511

AFFIDAVIT OF SERVICE BY CERTIFIED AND ORDINARY MAIL

STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH

Sharon Helbling deposes and says that:

she is over the age of 18 years and not a party to this action and, on the **4th day of October, 2001**, she deposited in the United States Mail, Bismarck, North Dakota, **one** envelopes with certified postage, return receipt requested, fully prepaid, securely sealed and each containing a photocopy of:

Notice of Opportunity for Hearing

The envelope was addressed as follows:

David A Huberman
Intrado Communications Inc
6285 Lookout Rd
Boulder CO 80301-3343
Cert. No. 7099 3220 0002 8481 1954

Sharon Helbling further deposes and says that on the **4th day of October, 2001**, she deposited in the United States Mail, Bismarck, North Dakota, **one** envelope by regular mail, with postage fully prepaid, securely sealed, each containing a photocopy of the same.

Gary A Klug
Intrado Communications Inc
6285 Lookout Rd
Boulder CO 80301-3343

Each address shown is the respective addressee's last reasonably ascertainable post office address.

Subscribed and sworn to before me
this **4th day of October, 2001**.

Sharon Helbling

Sandra L. Scott

Notary Public

SEAL



STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

Intrado Communications, Inc.
Local Exchange/Interexchange
Public Convenience & Necessity

Case No. PU-2598-01-511

AFFIDAVIT OF SERVICE BY ORDINARY AND ELECTRONIC MAIL

STATE OF NORTH DAKOTA
COUNTY OF BURLEIGH

Sharon Helbling deposes and says that:

she is over the age of 18 years and not a party to this action and, on the **4th day of October, 2001**, she deposited in the United States Mail, Bismarck, North Dakota, envelopes by first class mail, fully prepaid, securely sealed, each containing a photocopy of:

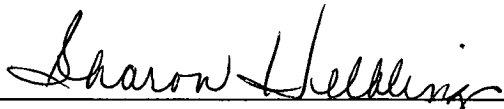
Notice of Opportunity for Hearing

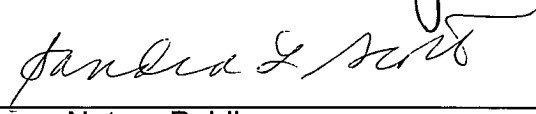
The envelopes were addressed as follows:

See Attached List

Each address shown is the respective addressee's last reasonably ascertainable post office address.

Subscribed and sworn to before me
this **4th day of October, 2001**.





Notary Public

SEAL

SANDRA L. SCOTT
Notary Public, STATE OF NORTH DAKOTA
My Commission Expires JUNE 11, 2004

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TotalTel Inc
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U S Geological Survey

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pihland@means.net
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Derrick Johnson
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3630 Phillips Pkwy
St Louis Park MN 55426

Ann Faught
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Absaraka ND 58002

Arch Paging
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Eden Prairie MN 55344

Jack Medaris
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484 Norristown Rd Ste 123
Blue Bell PA 19422

Jennifer Whitley
Business Discount Plan Inc
3780 Kilroy Arpt Wy
Long Beach CA 90806

Scott Geston
Cable One of Fargo
P O Box 10624
Fargo ND 58106-0624

Robert Fallan
Coast International
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Lenexa KS 66215-5210

Molli Harper
Commnet Cellular Inc
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Englewood CO 80111

Elaine McHale
Concert Communications Sales LLC
295 N Maple Ave Rm 3160A2
Basking Ridge NJ 07920

West River Coop Telephone Co
P O Box 39
Bison SD 57620-0039

Jennifer Sikes
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2500 Industrial Ave
Hubbard OR 97032

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Farmington Hills MI 48334

Leeann Brunnette
AT&T
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Clive IA 50325-0142

John Broten
Bell Atlantic Communications Inc
1320 N Court House Rd 9th Fl
Arlington VA 22201

John Session
Cable & Wireless Comm Inc
8219 Leesburg Pike
Vienna VA 22182

Choctaw Communications Inc
1600 Viceroy
Dallas TX 75235

Comcast Telecommunications
1500 Market St
Philadelphia PA 19102

Murray Barr
Competitive Strategies Group Inc
70 East Lake St 7th Fl
Chicago IL 80112

D D D Calling Inc
5120 Woodway Ste 7007
Houston TX 77056

Robert Hill
Dakota Central Tele Coop
PO Box 299
Carrington ND 58421-0299

Robert Hill
Dakota Central Telecom I
PO Box 299
Carrington ND 58421-0299

Dickey Rural Communications Inc
PO Box 69
Ellendale ND 58436-0069

DSLnet Communications LLC
545 Long Wharf Dr
New Haven CT 06511

Easton Telecom Services Inc
3046 Brecksville Rd #A
Richfield OH 44286-9399

Lawrence Freedman
Fleischman & Walsh
1400 16th ST NW
Washington DC 20036

Ronald Rodemerk
Frontier Comm International
180 S Clinton Ave
Rochester NY 14646-0500

Lucille Nilson
Griggs County Telephone Company
Cooperstown ND 58425

Group Long Distance Inc
400 E Atlantic Blvd
Pampano Beach FL 33060-6200

HJN Telecom Inc
3235 Satellite Blvd Bldg 400 Ste 300
Duluth GA 30096

IdeaOne Telecom Group LLC
3239 39th St SW
Fargo ND 58104

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Seattle WA 98119

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Rochester MI 48307-1837

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Sioux Falls SD 57104

Gordon Wilhelmi
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Minnesota Independent Equal Access
Corp
10300 6th Avenue N
Plymouth MN 55441

MVX Communications LLC
100 Rowland Way Ste 145
Novato CA 94945

Richard Thronson
Nemont Telephone Cooperative Inc
Scobey MT 59263

Net-tel Corporation
1023 31st St NW
Washington DC 20007

Nextel West Corp
2001 Edmund Halley Dr
Reston VA 20191-3436

Holly Sasscer
Operator Communications Inc
3530 Forest Ln Ste 200
Dallas TX 75234-7910

Jim Marchant
Maxcess Inc
100 W Lucerne Circle Ste 500
Orlando FL 32801

MCImetro Access Transmission Services
707 17th ST Ste 3600
Denver CO 80202

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P O Box 280
Circle MT 59215

Mark Wilhelmi
Midstate Telephone Co
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Stanley ND 58784-0400

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Helena MT 59604-5237

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NDATC
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Mandan ND 58554-1144

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Des Moines IA 50322

Dave Dircks
North Dakota Telephone Company
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Devils Lake ND 58301-0180

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McLean VA 22102

QuantumShift Communications Inc
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Arlington VA 22203

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Reservation Telephone Cooperative
Parshall ND 58770

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Helena MT 59604-5237

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Harris Saele
T P C Inc
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Blue Bell PA 19422

Tele-Tech Inc
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Pearl River NY 10965

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Giuseppe Vitale
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Kenneth Carlson
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Dennis Houston
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Orange CA 92867

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Hazen ND 58545-0467

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Norcross GA 30071

Christina Tygielski
Universal Access Inc
Sears Tower 233 S Wacker Dr Ste 600
Chicago IL 60606-6307

Val-Ed Joint Venture LLP
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Perham MN 56573

Doris Cooper
West River Long Distance Co
PO Box 467
Hazen ND 58545-0467

Western CLEC Corporation
3650 131st Ave SE #400
Bellevue WA 98006

Z-Tel Communications Inc
601 S Harbour Island Blvd Ste 220
Tampa FL 33602-5925

Helbling, Sharon D.

From: Helbling, Sharon D.
Sent: Thursday, October 04, 2001 8:06 AM
To: ndna (E-mail)
Subject: Attached Notices

**Colleen
North Dakota Newspaper Association**

Colleen,

Please have the attached Notice of Filing, Notice of Intervention Deadline, and Notice of Opportunity to File Written Comments (Case No. PU-2342-01-296) and the attached Notice of Opportunity for Hearing (Case No. PU-2598-01-511) published as legal publications in the next issue of the ten North Dakota daily newspapers.

Please run it as a "News Item Only" article as well, and send the bill directly to the Public Service Commission along with a tear sheet for billing purposes.

If you have any questions, please call me at 701-328-4076.

Thanks.

**Sharon Helbling
Public Utilities Division**



1.doc



Notice of
filing.doc

4 **PU-2598-01-511**

Pages: 1

Notice e-mailed to NDNA requesting
publication
by Public Service Commission

10/04/2001

CC: Comm Legal Ilona Jerry

APPROVED

MOTION

DATE: 10-3-01
KME

October 3, 2001

**Intrada Communications Inc.
Local Exchange/Interexchange
Public Convenience & Necessity**

Case No. PU-2598-01-511

I move the Commission issue a Notice of Opportunity for Hearing in the application of Intrado Communications Inc. for Certificates of Public Convenience and Necessity to provide facilities-based competitive local exchange and interexchange telecommunications services throughout North Dakota, Case No. PU-2598-01-511.

JRL/sdh

STATE OF NORTH DAKOTA
PUBLIC SERVICE COMMISSION

**Intrado Communications Inc.
Local Exchange/Interexchange
Public Convenience & Necessity**

Case No. PU-2598-01-511

NOTICE OF OPPORTUNITY FOR HEARING

October 3, 2001

On September 21, 2001, Intrado Communications Inc. of Boulder, Colorado filed an application for a certificate of public convenience and necessity to provide facilities-based competitive local exchange and interexchange telecommunications services throughout North Dakota.


The issues to be considered in these matters are:

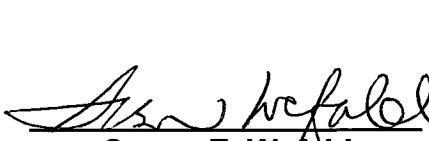
1. Fitness and ability of the applicant to provide service.
2. Adequacy of the proposed service.
3. The technical, financial and managerial ability of the applicant to provide service.

Those interested are invited to comment on these applications in writing. Persons desiring a hearing must file a written request identifying their interest in the proceeding and the reasons for requesting a hearing. Comments and requests for hearings must be received by **November 9, 2000**. If deemed appropriate, the Commission can determine these matters without hearings.

For more information contact the Public Service Commission, State Capitol, Bismarck, North Dakota 58505, 701-328-2400; or Relay North Dakota 1-800-366-6888 TTY. If you require any auxiliary aids or services, such as readers, signers, or Braille materials please notify Jon Mielke, Executive Secretary.

PUBLIC SERVICE COMMISSION

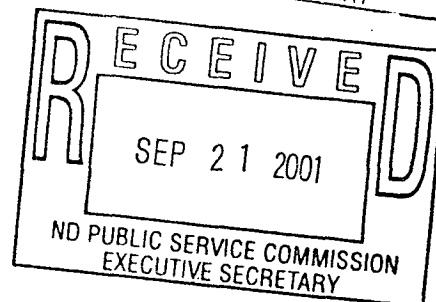
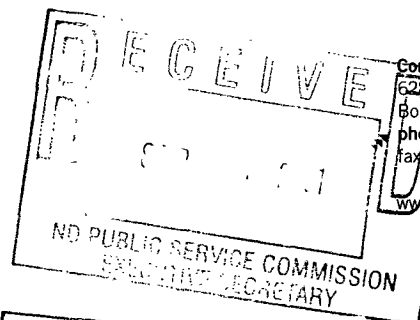

Anthony T. Clark
Commissioner


Susan E. Wefald
President


Leo M. Reinbold
Commissioner

Corporate Headquarters
6285 Lookout Road
Boulder, CO 80301-3343
phone 303.581.5600
fax 303.581.0900
www.intrado.com

September 21, 2001



Jon Mielke
Executive Secretary
North Dakota Public Service Commission
600 East Boulevard, Dept. 408
Bismarck, ND 58505

RE: Amended Application of SCC Communications Corp. for a certificate of Public Convenience and Necessity to Provide Local Exchange and Interexchange Telecommunications Services

Dear Secretary Mielke:

SCC Communications Corp. (now Intrado Inc.) and Intrado Communications Inc. hereby submits the enclosed Amended Application with an original and seven (7) copies, and an Application for Certificate of Registration, seeking authority to operate as a provider of facilities-based and resold telecommunications services within the state of North Dakota.

Please date-stamp the enclosed extra copy of this filing and return it in the self-addressed postage-paid envelope provided. Should you or anyone else at the Commission have any questions regarding this filing, please do not hesitate to contact me at (303) 581-5789.

Sincerely,

David A. Huberman
Regulatory Counsel
Intrado Inc.

1 **PU-2598-01-511**

Pages: 192

Local/Interexchange filing

by Intrado Communications Inc.

09/21/2001

CC: Comm Legal Ilona Jerry .

Encl.

**NORTH DAKOTA
EXCHANGE &
INTEREXCHANGE**

BEFORE THE NORTH DAKOTA PUBLIC SERVICE COMMISSION

APPLICATION OF SCC) **DOCKET NO. _____**
COMMUNICATIONS CORP. FOR A)
CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO)
PROVIDE LOCAL EXCHANGE AND)
INTEREXCHANGE)
TELECOMMUNICATIONS SERVICES IN) **September 17, 2001**
THE STATE OF NORTH DAKOTA)

**AMENDED APPLICATION FOR A CERTIFICATE OF PUBLIC CONVENIENCE
AND NECESSITY TO PROVIDE LOCAL EXCHANGE AND INTEREXCHANGE
TELECOMMUNICATIONS SERVICES**

On April 24, 2001, SCC Communications Corp. (“SCC”) filed an Application for a Certificate of Public Convenience and Necessity to Provide Local Exchange and Interexchange Telecommunications Services in the State of North Dakota with the North Dakota Public Service Commission (“PUC” or “Commission”) (“Original Application”). On June 4, 2001, SCC changed its name to Intrado Inc. (“Intrado”). Separately, Intrado formed a wholly-owned subsidiary, Intrado Communications Inc. (“ICI”). ICI will now hold all state certificates of authority to provide telecommunications services. Pursuant to the provisions of Chapter 49-03.1 of the North Dakota Century Code, the Commission’s Rules of Practice and Procedure, and Section 253 of the Communications Act of 1934, as amended by the Telecommunications Act of 1996 (“Act”), SCC (now Intrado) and ICI file this Amended Application for a Certificate of Public Convenience and Necessity to Provide Local Exchange and Interexchange Telecommunications Services in the State of North Dakota (“Amended Application”) to reflect the aforementioned internal corporate changes.¹

¹ SCC notified the Commission of these internal corporate changes by letter dated June 5, 2001. A true and correct copy of the aforementioned letter is attached hereto as **Exhibit No. 1** hereto.

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A. Name, address and telephone number of the applicant:

Intrado Communications Inc.
6285 Lookout Road
Boulder, CO 80301
Telephone: (303) 581-5600
Facsimile: (303) 581-0900

B. Name, address and telephone number of the person responsible for regulatory contacts and customer dispute resolution on behalf of the applicant:

Gary A. Klug
Director State Regulatory Affairs
Intrado Inc.
6285 Lookout Road
Boulder, CO 80301
Telephone: (303) 581-5600
Facsimile: (303) 581-0900

C. Description of applicant's existing operations and general service:

ICI is a direct, wholly-owned subsidiary of Intrado Inc., a publicly traded corporation incorporated in the State of Delaware. True and correct copies of ICI's articles of incorporation and certificate of incorporation are provided in **Exhibit No. 2** hereto. ICI has one direct, wholly-owned subsidiary – Intrado Communications of Virginia Inc. Neither ICI nor Intrado Communications of Virginia Inc. presently provides telecommunications services in North Dakota.

ICI is in the process of obtaining authority to provide telecommunications services throughout the United States. ICI currently is authorized to provide telecommunications services in Alabama, Colorado, Connecticut, Idaho, Kansas, and Kentucky. Applicant's parent company, Intrado, currently is authorized to provide telecommunications services in Florida, Texas, Illinois, Indiana, Massachusetts, Michigan, Minnesota, Montana, New Mexico, New York, North Carolina, Oregon, South Carolina, Washington, and the District of

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Columbia. Intrado currently is in the process of seeking regulatory approval to transfer each of these authorizations to ICI. In addition to North Dakota, Intrado also currently has applications for certification pending in the following states: Arizona, California, Georgia, Maryland, Missouri, New Jersey, Pennsylvania, Tennessee, Utah, Virginia, and Wyoming. Intrado currently is in the process of amending such applications to substitute ICI as the Applicant.

D. ICI is a direct, wholly-owned subsidiary of Intrado Inc. ICI has one direct, wholly-owned subsidiary – Intrado Communications of Virginia Inc. Neither ICI nor Intrado Communications of Virginia Inc. presently provides telecommunications services in North Dakota.

E. General description of the facilities and equipment that will be used to provide services including whether the service will be offered on a facilities basis, a resale basis, or a combination of both:

ICI requests the same authority requested by SCC in the Original Application to provide facilities-based and resold local exchange and interexchange (interLATA and intraLATA) voice and data telecommunications services as a competitive telecommunications service provider within the State of North Dakota. Specifically, ICI requests authority to aggregate and transport, via switching, emergency calls with its 9-1-1 SafetyNetSM services in the State of North Dakota. In order to provide such services, ICI requires the same sort of rights afforded to other telecommunications carriers under the Act. ICI respectfully requests, therefore, that the Commission find that ICI is entitled to the rights of interconnection,

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collocation, resale, and access to unbundled network elements enjoyed by telecommunications carriers under the Act.

ICI plans to commence offering service immediately upon filing its final tariff with the Commission, establishing the appropriate and necessary interconnection, collocation, and resale arrangements with the Incumbent Local Exchange Carriers (“ILECs”), and obtaining Commission approval of ICI’s tariff.

F. Evidence of the applicant’s managerial and technical resources and ability to provide services:

ICI is managerially and technically qualified to provide the services described herein. ICI will rely on management and technical personnel of its parent company, Intrado, to provide the services described herein. Intrado currently employs more than 600 highly-qualified individuals that represent some of the sharpest and most proactive minds in the telecommunications industry. Gathered from the public safety, software development, and telecommunications industries, Intrado’s team of professionals is at the forefront of industry debate and uniquely qualified to formulate creative, reliable public safety communications solutions. Descriptions of Intrado’s key management and technical personnel are attached hereto as **Exhibit No. 3**.

G. ICI’s most current income statement and balance sheet or other appropriate documentation of applicant’s financial resources and ability to provide service:

ICI is financially qualified to provide the services described herein. ICI will rely on its parent company, Intrado, for financial support to provide the services described herein.

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Intrado has access to adequate financing and capital, and Intrado is not relying on any third party to support its financial ability to fund the services to be offered by ICI. Attached hereto as **Exhibit No. 4** is a copy of Intrado's most recent Annual Report, which contains Intrado's most recent SEC Form 10-K, and a copy of Intrado's most current SEC Form 10-Q.

H. ICI is aware of the North Dakota Commission rules governing the provision of basic local exchange service by a CLEC in North Dakota. By this application, and by participating in all proceedings necessary to effect certification, ICI hereby asserts its willingness and ability to comply with all rules and regulations that the North Dakota law is now or hereafter enacted.

I. ICI affirms that it has no formal action against it by any court or state or federal regulatory agency that has resulted in any type of penalty or sanction.

J. A copy of ICI's authorization to do business in North Dakota, issued by the Secretary of State, a copy of the application for the Certificate of Authority, and a Certificate of Good Standing issued by the Secretary of State. are provided in **Exhibit No. 5** hereto.

K. ICI submits that its proposed service area is the entire state of North Dakota and requests a waiver of the requirements that it file a map of the area to be served.

L. ICI's initial tariff is provided in **Exhibit No. 6**. ICI proposes to provide the following services:

Service Descriptions

9-1-1 SafetyNetSM services are telecommunications services that facilitate, enhance, and advance the provision of emergency services throughout the United States for end users of wireline and wireless carriers, telematics services' customers (*e.g.*, On Star), and other business and residential end users such as Private Branch Exchanges ("PBX") customers. Specifically, ICI aggregates and transports traditional and nontraditional emergency call traffic to appropriate selective routing tandems for delivery to the appropriate PSAP. Aggregating emergency call traffic reduces the number of facilities that must interconnect with the ILECs' selective routing tandems, resulting in a more efficient use of the telecommunications network. Such aggregation also reduces the ILEC's administrative responsibilities: rather than coordinate and interconnect with multiple service providers individually, the ILEC need only coordinate and interconnect with ICI in order to handle the emergency call traffic from multiple service providers. In addition, ICI offers its customers and the interconnecting ILEC the assurance that emergency call traffic will be passed to the ILEC's selective routing tandems through redundant, self-healing facilities provided by ICI.

9-1-1 SafetyNetSM services include LEC Emergency Call Support service, Wireless Service Provider ("WSP") Emergency Call Support service, and Telematics Emergency Call Support ("TECS") service. These services are provided over the Emergency Communications Network ("ECN"), which is a fully redundant, physically diverse telecommunications network designed to accept traditional and non-traditional emergency calls, determine the appropriate PSAP, and forward the calls to the PSAPs via the traditional 9-1-1 infrastructure.

LEC Emergency Call Support service allows a LEC to connect all emergency call traffic to redundant ICI switches with the standard interfaces of CCSS7 ISUP, Feature Group D,

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Enhanced Multi-frequency, and Centralized Automated Message Accounting (“CAMA”) 9-1-1 trunks. The Automatic Number Identification (“ANI”) associated with the originating caller is utilized by the ECN and a call management system to route calls to the appropriate selective routing tandem. The ECN delivers the voice call with ANI to the 9-1-1 selective routing tandem for delivery to the appropriate PSAP. Default routing also is provided through the ECN.

WSP Emergency Call Support service allows a wireless provider to deliver all emergency call traffic to the appropriate selective routing tandem via the ECN.

TECS service can accommodate voice only, data only, or voice and data combined. The telematics service provider will receive the initial emergency call and extend it to the ECN, which will route and transport the call to the appropriate 9-1-1 selective routing tandem. The unique call-processing configuration utilized by the telematics service provider will determine the combination of 9-1-1 TECS services necessary for call delivery to the appropriate PSAP.

ICI proposes to offer the aforementioned services throughout the State of North Dakota. At this time, however, ICI does not intend to install or construct facilities within the State of North Dakota to deliver ICI’s proposed services. ICI’s service offerings will be provided through the use of purchased and leased assets, facilities obtained from interexchange providers, access to unbundled network elements, and interconnection and collocation with the incumbent local exchange providers. Specifically, ICI will interconnect its network to incumbent 9-1-1 routing selective routing tandems.

M. ICI does not draw from the federal or state universal service funds or other explicit support funds. ICI does not at this time seek Commission designation as an eligible carrier.

N. ICI herein states that there are no reports of any penalty or sanction entered in any other jurisdiction that could adversely affect the ICI's ability to provide telecommunications services in North Dakota.

O. Additional Information:

1. ICI's customer service representatives are available to assist its customers, 24 hours per day, seven days per week. ICI customer service is staffed by a team of qualified representatives. ICI's customer service representatives can respond to a broad range of service matters, including billing, maintenance and repair issues. Customers may contact ICI at the toll-free number 1-877-856-7504. Alternatively, customers wishing to communicate with ICI may send written correspondence to.:

Intrado Communications Inc.
Attn: Gary A. Klug
6285 Lookout Road
Boulder, CO 80301
Telephone: (303) 581-5600
Facsimile: (303) 581-0900

2. ICI requests that it be allowed to maintain its books of account in accordance with Generally Accepted Accounting Principles ("GAAP"). ICI does not possess the detailed cost data required by USOA, nor does ICI maintain detailed records on a state-specific basis. As a competitive provider, ICI's network operations are integrated to achieve maximum efficiency and are nationally deployed. Having to maintain records pertaining specifically to its North Dakota service operations would be very burdensome to ICI.
3. ICI requests that it be allowed to maintain its books and records outside of the State of North Dakota.

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4. ICI submits that the public interest will be served by approval of this Amended Application. For more than thirty years, the existing 9-1-1 infrastructure has performed admirably. However, the introduction and proliferation of portable communications technologies such as wireless telephones, Internet Protocol telephony, personal digital assistants, telematics devices in automobiles, and other portable devices place burdens on the existing 9-1-1 infrastructure that severely strain its capability to deliver emergency calls to the appropriate PSAP.

9-1-1- SafetyNetSM services are designed to accommodate traditional and non-traditional emergency calls that originate from a plethora of platforms, access networks, and service providers. 9-1-1- SafetyNetSM augments the existing 9-1-1 infrastructure to enhance 9-1-1 service for North Dakota consumers and to enable North Dakota's 9-1-1 infrastructure to adapt to and accommodate next-generation communications devices and technologies. 9-1-1- SafetyNetSM is a solution that will benefit telecommunications providers, the public safety community, and consumers who rely on 9-1-1.

In addition, by granting this application, the Commission will build upon its well-established policy of promoting competition in the telecommunications marketplace. The Commission has recognized that increased competition in the telecommunications marketplace will further the public interest by increasing efficiency, stimulating technological innovation, and increasing the range, variety, and utility of services offered to users. ICI's proposed services will create and enhance competition and expand customer service options consistent with the legislative goals set forth in the Act. Prompt approval of this application also will expand the availability of

innovative, high-quality, and reliable telecommunications services within the State of North Dakota.

5. All correspondence, notices, inquiries and other communications regarding this

Application should be directed to:

Regulatory Counsel:

David A. Huberman
Intrado Communications Inc.
6285 Lookout Road
Boulder, CO 80301
Telephone: (303) 581-5600
Facsimile: (303) 581-0900

Director of State Regulatory Affairs:

Gary A. Klug
Intrado Communications Inc.
6285 Lookout Road
Boulder, CO 80301
Telephone: (303) 581-5600
Facsimile: (303) 581-0900

CONCLUSION

Wherefore, Intrado Communications Inc. and SCC Communications Corp. respectfully petition this Commission to grant ICI a Certificate of Public Convenience and Necessity to provide local exchange and interexchange telecommunications services in the State of North Dakota and in accordance with the Amended Application, grant ICI such other relief as the Commission deems necessary and appropriate.

Respectfully submitted this 20th day of September, 2001.

INTRADO INC. (f/k/a SCC COMMUNICATIONS CORP.)
Intrado Communications Inc.

By: David Huberman
David A. Huberman
Regulatory Counsel
Intrado Inc.
6285 Lookout Road
Boulder, CO 80301
Facsimile: 303-581-0090
Phone: 303-581-5600
e-mail: dhuberman@intrado.com

STATE OF NORTH DAKOTA

BEFORE THE NORTH DAKOTA PUBLIC SERVICE COMMISSION

APPLICATION OF SCC COMMUNICATIONS) DOCKET NO. _____
CORP. FOR A CERTIFICATE OF PUBLIC)
CONVENIENCE AND NECESSITY TO)
PROVIDE LOCAL EXCHANGE AND)
INTEREXCHANGE)
TELECOMMUNICATIONS SERVICES IN)
THE STATE OF NORTH DAKOTA) September 17, 2001

AMENDED APPLICATION FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND
NECESSITY TO PROVIDE LOCAL EXCHANGE AND INTEREXCHANGE
TELECOMMUNICATIONS SERVICES

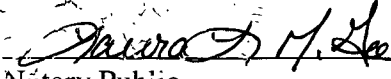
VERIFICATION

The undersigned attests that he has reviewed the Amended Application For a Certificate of Public Convenience and Necessity to Provide Local Exchange and Interexchange Telecommunications Services, (Amended Application) filed in the above mentioned proceeding; that it appears to be true and correct; that he is authorized to bind Intrado Inc. (f/k/a SCC Communications Corp.) and Intrado Communications Inc. in the above-captioned proceeding; and that the Amended Application is hereby adopted on behalf of Intrado Inc. (f/k/a SCC Communications Corp.) and Intrado Communications Inc. By this application, and participating in all proceedings necessary to effect certification, ICI hereby asserts its willingness and ability to comply with all rules and regulations that the North Dakota law is now or hereafter enacted.

**INTRADO INC. (f/k/a SCC COMMUNICATIONS CORP.)
INTRADO COMMUNICATIONS INC.**



Gary A. Klug
Director – State Regulatory Affairs
Intrado Inc.

Subscribed and sworn to before me, this 17th day
of September, 2001.


Notary Public

My Commission expires on 2/10/04.

Exhibit No.1
Name Change Notification Letter
Consisting of 1 page
September 13, 2001

June 5, 2001

Jon Mielke
Executive Secretary
North Dakota Public Service Commission
600 E. Boulevard Ave. Dept. 408
Bismark, North Dakota 58505-0480

RE: Application of SCC Communications Corp. for a Certificate of
Public Convenience and Necessity to Provide Local Exchange and
Interexchange Telecommunications Services in North Dakota

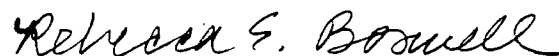
Dear Mr. Mielke:

SCC Communications Corp. herein notifies the North Dakota Public Service Commission ("Commission") of certain changes to SCC's corporate structure that affect SCC's Application filed in the above-captioned proceeding on April 24, 2001. On Monday, June 4, 2001, SCC filed the necessary documents with the Delaware Secretary of State's office to become Intrado Inc. ("Intrado"). Separately, Intrado filed Articles of Incorporation with the Delaware Secretary of State's office to form a wholly-owned subsidiary, Intrado Communications Inc. ("Intrado Communications"). Thus, Intrado now serves as the parent company to Intrado Communications. Intrado Communications will now hold all state certificates of authority to provide telecommunications services.

Intrado Communications will amend the aforementioned Application to substitute Intrado Communications for SCC as the Applicant. This amendment, and the internal corporate reorganization it reflects, does not affect Intrado Communications' ability to meet the requisite financial, managerial, and technical qualifications to provide intrastate telecommunications services in North Dakota.

Please date-stamp the enclosed extra copy of this letter and return it in the self-addressed postage-paid envelope provided. Should you or anyone else at the Commission have any questions regarding this filing, please do not hesitate to contact me at (303) 581-6076.

Sincerely,



Rebecca E. Boswell
Regulatory Counsel

Exhibit No. 2
Articles of Incorporation and
Certificate of Incorporation
Consisting of 7 pages
September 13, 2001

State of Delaware
Office of the Secretary of State

PAGE 1

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY THE ATTACHED IS A TRUE AND CORRECT COPY OF THE CERTIFICATE OF INCORPORATION OF "INTRADO COMMUNICATIONS INC.", FILED IN THIS OFFICE ON THE FOURTH DAY OF JUNE, A.D. 2001, AT 2:15 O'CLOCK P.M.

A FILED COPY OF THIS CERTIFICATE HAS BEEN FORWARDED TO THE NEW CASTLE COUNTY RECORDER OF DEEDS.



3399282 8100

010266425

Harriet Smith Windsor
Harriet Smith Windsor, Secretary of State

AUTHENTICATION: 1169139

DATE: 06-04-01

STATE OF DELAWARE
SECRETARY OF STATE
DIVISION OF CORPORATIONS
FILED 02:15 PM 06/04/2001
010266425 - 3399282

CERTIFICATE OF INCORPORATION

OF

INTRADO COMMUNICATIONS INC.

FIRST: The name of this corporation (the "Corporation") is Intrado Communications Inc.

SECOND: The address of the registered office of the Corporation in the State of Delaware is 1209 Orange Street, Wilmington, Delaware 19801, County of New Castle, and the name of its registered agent at such address is The Corporation Trust Company.

THIRD: The purpose for which the Corporation is organized is to engage in any lawful act or activity for which corporations may be organized under the General Corporation Law of the State of Delaware.

FOURTH: The Corporation is authorized to issue a single class of capital stock designated Common Stock. The Corporation is further authorized to issue a total of 1,000 shares of Common Stock, each of which shall have a par value of \$0.01.

FIFTH: No director of the Corporation shall be personally liable to the Corporation or to any of its stockholders for monetary damages arising out of such director's breach of fiduciary duty as a director of the Corporation, except to the extent that the elimination or limitation of such liability is not permitted by the General Corporation Law of the State of Delaware, as the same exists or may hereafter be amended. No amendment to or repeal of the provisions of this Article FIFTH will deprive any director of the Corporation of the benefit hereof with respect to any act or failure to act of such director occurring prior to such amendment or repeal.

SIXTH: The following provisions shall apply with respect to the indemnification of, and advancement of expenses to, certain parties as set forth below:

(a) Indemnification

(1) *Proceedings Other than by or in the Right of the Corporation.* The Corporation shall indemnify each person who was or is a party or is threatened to be made a party to any threatened, pending or completed action, suit or proceeding, whether civil, criminal, administrative or investigative (other than an action by or in the right of the Corporation), by reason of the fact that such person is or was, or has agreed to become, a director or officer of the Corporation, or is or was serving or has agreed to serve, at the request of the Corporation, as a director, officer or trustee of, or in a similar capacity with, another corporation (including any partially or wholly owned subsidiary of the Corporation), partnership, joint venture, trust or other enterprise (including any employee benefit plan) (each of such persons being referred to as an "Indemnitee"), or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees), judgments, fines and amounts paid in settlement actually and reasonably incurred by the Indemnitee or on the Indemnitee's behalf in connection with such action, suit or proceeding and any appeal therefrom, if (A) the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in, or not opposed to, the best interests of the Corporation and (B) with respect to any criminal action or proceeding, the Indemnitee had no reasonable cause to believe the Indemnitee's conduct was unlawful. The termination of any action, suit or proceeding by judgment, order, settlement, conviction or upon a plea of *nolo contendere* or its equivalent, shall not, of itself, create a presumption that the Indemnitee did not act in good faith, did not

act in a manner that the Indemnitee reasonably believed to be in, or not opposed to, the best interests of the Corporation or, with respect to any criminal action or proceeding, did not have reasonable cause to believe that the Indemnitee's conduct was unlawful. Notwithstanding anything to the contrary in this Article SIXTH, except as set forth in Section (c)(2) of this Article SIXTH, the Corporation shall not indemnify an Indemnitee seeking indemnification in connection with a proceeding (or part thereof) initiated by the Indemnitee unless the initiation thereof was approved by the board of directors of the Corporation.

(2) *Proceedings by or in the Rights of the Corporation.* The Corporation shall indemnify any Indemnitee who was or is a party or is threatened to be made a party to any threatened, pending or completed action or suit by or in the right of the Corporation to procure a judgment in the Corporation's favor by reason of the fact that the Indemnitee is or was, or has agreed to become, a director or officer of the Corporation, or is or was serving as a director, officer or trustee of, or in a similar capacity with, another corporation (including any partially or wholly owned subsidiary of the Corporation), partnership, joint venture, trust or other enterprise (including any employee benefit plan), or by reason of any action alleged to have been taken or omitted in such capacity, against all expenses (including attorneys' fees) and amounts paid in settlement actually and reasonably incurred by the Indemnitee or on the Indemnitee's behalf in connection with such action, suit or proceeding and any appeal therefrom, if the Indemnitee acted in good faith and in a manner the Indemnitee reasonably believed to be in, or not opposed to, the best interests of the Corporation, except that no indemnification shall be made in respect of any claim, issue or matter as to which the Indemnitee shall have been adjudged to be liable to the Corporation unless and only to the extent that the Court of Chancery of Delaware shall determine upon application that, despite the adjudication of such liability but in view of all the circumstances of the case, the Indemnitee is fairly and reasonably entitled to indemnity for such expenses (including attorneys' fees) that the Court of Chancery of the State of Delaware shall deem proper.

(3) *Expenses of Successful Indemnitee.* Notwithstanding any other provision of this Article SIXTH, to the extent that an Indemnitee has been successful, on the merits or otherwise (including a disposition without prejudice), in defense of any action, suit or proceeding referred to in Section (a)(1) or (2) of this Article SIXTH, or in defense of any claim, issue or matter therein, or on appeal from any such action, suit or proceeding, the Indemnitee shall be indemnified against all expenses (including attorneys' fees) actually and reasonably incurred by the Indemnitee or on the Indemnitee's behalf in connection therewith. Without limiting the foregoing, if any action, suit or proceeding is disposed of, on the merits or otherwise (including a disposition without prejudice), without (A) the disposition being adverse to the Indemnitee, (B) an adjudication that the Indemnitee was liable to the Corporation, (C) a plea of guilty or *nolo contendere* by the Indemnitee, (D) an adjudication that the Indemnitee did not act in good faith and in a manner the Indemnitee reasonably believed to be in, or not opposed to, the best interests of the Corporation, and (E) with respect to any criminal proceeding, an adjudication that the Indemnitee had reasonable cause to believe the Indemnitee's conduct was unlawful, the Indemnitee shall be considered for the purposes hereof to have been wholly successful with respect thereto.

(4) *Partial Indemnification.* If any Indemnitee is entitled under any provision of this Section (a) to indemnification by the Corporation for a portion, but not all, of the expenses (including attorneys' fees), judgments, fines or amounts paid in settlement actually and reasonably incurred by the Indemnitee or on the Indemnitee's behalf in any appeal therefrom, the Corporation shall indemnify the Indemnitee for the portion of such expenses (including attorneys' fees), judgments, fines or amounts paid in settlement to which the Indemnitee is entitled.

(b) Advancement of Expenses

Subject to Section (c)(2) of this Article SIXTH, in the event that the Corporation does not assume a defense pursuant to Section (c)(1) of this Article SIXTH of any action, suit, proceeding or investigation of which the Corporation receives notice under this Article SIXTH, any expenses (including attorneys' fees) incurred by an Indemnitee in defending a civil or criminal action, suit, proceeding or investigation or any appeal therefrom shall be paid by the Corporation in advance of the final disposition of such matter; *provided, however*, that the payment of such expenses incurred by an Indemnitee in advance of the final disposition of such matter shall be made only upon receipt of an undertaking by or on behalf of the Indemnitee to repay all amounts so advanced in the event that it shall ultimately be determined that the Indemnitee is not entitled to be indemnified by the Corporation as authorized in this Article SIXTH. Any such undertaking by an Indemnitee shall be accepted without reference to the financial ability of the Indemnitee to make such repayment.

(c) Procedures

(1) *Notification and Defense of Claim.* As a condition precedent to any Indemnitee's right to be indemnified, the Indemnitee must promptly notify the Corporation in writing of any action, suit, proceeding or investigation involving the Indemnitee for which indemnity will or may be sought. With respect to any action, suit, proceeding or investigation of which the Corporation is so notified, the Corporation will be entitled to participate therein at its own expense and/or to assume the defense thereof at its own expense, with legal counsel reasonably acceptable to the Indemnitee; *provided* that the Corporation shall not be entitled, without the consent of the Indemnitee, to assume the defense of any claim brought by or in the right of the Corporation or as to which counsel for the Indemnitee shall have reasonably concluded that there may be a conflict of interest or position on any significant issue between the Corporation and the Indemnitee in the conduct of the defense of such claim. After notice from the Corporation to the Indemnitee of its election so to assume such defense, the Corporation shall not be liable to the Indemnitee for any legal or other expenses subsequently incurred by the Indemnitee in connection with such claim, other than as provided in this Paragraph (1). The Indemnitee shall have the right to employ the Indemnitee's own counsel in connection with such claim, but the fees and expenses of such counsel incurred after notice from the Corporation of its assumption of the defense thereof shall be at the expense of the Indemnitee unless (A) the employment of counsel by the Indemnitee has been authorized by the Corporation, (B) counsel to the Indemnitee has reasonably concluded that there may be a conflict of interest or position on any significant issue between the Corporation and the Indemnitee in the conduct of the defense of such action or (C) the Corporation has not in fact employed counsel to assume the defense of such action, in each of which cases the fees and expenses of counsel for the Indemnitee shall be at the expense of the Corporation except as otherwise expressly provided by this Article SIXTH.

(2) *Requests and Payment.* In order to obtain indemnification or advancement of expenses pursuant to this Article SIXTH, an Indemnitee shall submit to the Corporation a written request therefor, which request shall include documentation and information as is reasonably available to the Indemnitee and is reasonably necessary to determine whether and to what extent the Indemnitee is entitled to indemnification or advancement of expenses. Any such indemnification or advancement of expenses shall be made promptly, and in any event within sixty days after receipt by the Corporation of the written request of the Indemnitee, unless with respect to requests under Section (a)(1), (a)(2) or (b) of this Article SIXTH, the Corporation determines, by clear and convincing evidence, within such sixty-day period, that any Indemnitee did not meet the applicable standard of conduct set forth in Section (a)(1) or (a)(2) of this Article SIXTH. Such determination shall be made in each instance by (A) a majority vote of the directors of the Corporation consisting of persons who are not at that time parties to the

action, suit or proceeding in question ("disinterested directors"), even though less than a quorum. (B) a majority vote of a quorum of the outstanding shares of capital stock of all classes entitled to vote for directors, which quorum shall consist of stockholders who are not at that time parties to the action, suit, proceeding or investigation in question. (C) independent legal counsel (who may be regular legal counsel to the Corporation), or (D) a court of competent jurisdiction.

(3) *Remedies.* The right of an Indemnitee to indemnification or advancement of expenses pursuant to this Article SIXTH shall be enforceable by the Indemnitee in any court of competent jurisdiction if the Corporation denies, in whole or in part, a request of an Indemnitee in accordance with the preceding Paragraph (2) or if no disposition thereof is made within the sixty-day period referred to in the preceding Paragraph (2). Unless otherwise provided by law, the burden of proving that an Indemnitee is not entitled to indemnification or advancement of expenses pursuant to this Article SIXTH shall be on the Corporation. Neither the failure of the Corporation to have made a determination prior to the commencement of such action that indemnification is proper in the circumstances because the Indemnitee has met any applicable standard of conduct, nor an actual determination by the Corporation pursuant to the preceding Section (c)(2) that the Indemnitee has not met such applicable standard of conduct, shall be a defense to the action or create a presumption that the Indemnitee has not met the applicable standard of conduct. The Indemnitee's expenses (including attorneys' fees) incurred in connection with successfully establishing the Indemnitee's right to indemnification, in whole or in part, in any such proceeding shall also be indemnified by the Corporation.

(d) *Rights Not Exclusive*

The right of an Indemnitee to indemnification and advancement of expenses pursuant to this Article SIXTH shall not be deemed exclusive of any other rights to which the Indemnitee may be entitled under any law (common or statutory), agreement, vote of stockholders or disinterested directors, or otherwise, both as to action in the Indemnitee's official capacity and as to action in any other capacity while holding office for the Corporation, and shall continue as to an Indemnitee who has ceased to serve in the capacity with respect to which the Indemnitee's right to indemnification or advancement of expenses accrued, and shall inure to the benefit of the estate, heirs, executors and administrators of the Indemnitee. Nothing contained in this Article SIXTH shall be deemed to prohibit, and the Corporation is specifically authorized to enter into, agreements with officers and directors providing indemnification rights and procedures supplemental to those set forth in this Article SIXTH. The Corporation may, to the extent authorized from time to time by its board of directors, grant indemnification rights to other employees or agents of the Corporation or other persons serving the Corporation and such rights may be equivalent to, or greater or less than, those set forth in this Article SIXTH. In addition, the Corporation may purchase and maintain insurance, at its expense, to protect itself and any director, officer, employee or agent of the Corporation or another corporation (including any partially or wholly owned subsidiary of the Corporation), partnership, joint venture, trust or other enterprise (including any employee benefit plan) against any expense, liability or loss incurred by such a person in any such capacity, or arising out of such person's status as such, whether or not the Corporation would have the power to indemnify such person against such expense, liability or loss under the General Corporation Law of the State of Delaware.

(e) Subsequent Events

(1) *Amendments of Article or Law.* No amendment, termination or repeal of this Article SIXTH or of any relevant provisions of the General Corporation Law of the State of Delaware or any other applicable law shall affect or diminish in any way the rights of any Indemnitee to indemnification under the provisions of this Article SIXTH with respect to any action, suit, proceeding or investigation arising out of or relating to any actions, transactions or facts occurring prior to the effective date of such amendment, termination or repeal. If the General Corporation Law of the State of Delaware is amended after adoption of this Article SIXTH to expand further the indemnification permitted to any Indemnitee, then the Corporation shall indemnify the Indemnitee to the fullest extent permitted by the General Corporation Law of the State of Delaware, as so amended, without the need for any further action with respect to this Article SIXTH.

(2) *Merger or Consolidation.* If the Corporation is merged into or consolidated with another corporation and the Corporation is not the surviving corporation, the surviving corporation shall assume the obligations of the Corporation under this Article SIXTH with respect to any action, suit, proceeding or investigation arising out of or relating to any actions, transactions or factors occurring prior to the date of such merger or consolidation.

(f) Invalidation

If any or all of the provisions of this Article SIXTH shall be invalidated on any ground by any court of competent jurisdiction, then the Corporation shall nevertheless indemnify each Indemnitee as to any expenses (including attorneys' fees), judgments, fines and amounts paid in settlement in connection with any action, suit, proceeding or investigation, whether civil, criminal or administrative, including an action by or in the right of the Corporation, to the fullest extent permitted by any applicable provision of this Article SIXTH that shall not have been invalidated and to the fullest extent permitted by the General Corporation Law of the State of Delaware or any other applicable law.

(g) Definitions

Unless defined elsewhere in this Certificate of Incorporation, any term used in this Article SIXTH and defined in Section 145(h) or (i) of the General Corporation Law of the State of Delaware shall have the meaning ascribed to such term in such Section.

SEVENTH: In furtherance of and not in limitation of powers conferred by statute, it is further provided that:

(a) Election of Directors

Elections of directors of the Corporation need not be by written ballot unless otherwise provided in the by-laws of the Corporation.

(b) Amendment of By-Laws

Subject to the limitations and exceptions, if any, contained in the by-laws of the Corporation, such by-laws may be adopted, amended or repealed by the board of directors of the Corporation.

(c) Location of Corporate Books

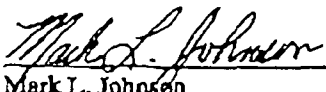
Subject to any applicable requirements of the General Corporation Law of the State of Delaware, the books of the Corporation may be kept outside the State of Delaware at such location or locations as may be designated from time to time by the board of directors or in the by-laws of the Corporation.

EIGHTH: Whenever a compromise or arrangement is proposed between the Corporation and its creditors or any class of them or between the Corporation and its stockholders or any class of them, any court of equitable jurisdiction within the State of Delaware may, on the application in a summary way of the Corporation or of any creditor or stockholder thereof or on the application of any receiver or receivers appointed for the Corporation under Section 291 of Title 8 of the Delaware Code or on the application of trustees in dissolution or of any receiver or receivers appointed for the Corporation under Section 279 of Title 8 of the Delaware Code, order a meeting of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, to be summoned in such manner as the said court directs. If a majority in number representing three-fourths in value of the creditors or class of creditors, and/or of the stockholders or class of stockholders of the Corporation, as the case may be, agree to any compromise or arrangement and to any reorganization of the Corporation as a consequence of such compromise or arrangement, the said compromise or arrangement and the said reorganization shall, if sanctioned by the court to which the said application has been made, be binding on all the creditors or class of creditors, and/or on all the stockholders or class of stockholders, of the Corporation, as the case may be, and also on the Corporation.

NINTH: The Corporation reserves the right to amend, alter, change or repeal any provision contained in this Certificate of Incorporation in the manner now or hereafter prescribed by the General Corporation Law of the State of Delaware and this Certificate of Incorporation, and all rights conferred upon stockholders herein are granted subject to this reservation.

TENTH: The name of the sole incorporator of the Corporation is Mark L. Johnson, and his mailing address is Halo and Dorr LLP, 60 State Street, Boston, Massachusetts 02109.

IN WITNESS WHEREOF, I have hereunto set my hand as of June 4, 2001.



Mark L. Johnson
Sole Incorporator

Exhibit No. 3
Key Personnel
Consisting of 15 pages
September 13, 2001

Key Personnel

KEY MEMBER NAME/TITLE:	George Heinrichs President & Chief Executive Officer
DEPARTMENT:	Executive
CURRENT RESPONSIBILITIES/DUTIES AT INTRADO: George Heinrichs has been the President and a Director of the company since he co-founded it in 1979. Mr. Heinrichs has also served as Chief Executive Officer since February 1995.	
KEY MEMBER EMPLOYMENT HISTORY	
SUMMARY OF EMPLOYMENT HISTORY: Mr. Heinrichs has worked the public safety field for over 10 years. This included active involvement in state and national advisory boards for law enforcement information systems. He left the public safety field to found Intrado. Prior to founding the company, Mr. Heinrichs has served in a variety of public safety and criminal justice positions. Mr. Heinrichs formal education was in the field of computer science. His professional affiliations include National Emergency Number Association (NENA), National Sheriff's Association, Association for Public Safety Communications Professionals (APCO), Cellular Telephone Industry Association, and the Association for Computing Machinery. In addition to his CEO duties at Intrado, he also serves on the Advisory Board for the University of Colorado Center for Entrepreneurship and is a member of a local school board.	

Key Personnel

KEY MEMBER NAME/TITLE:	Stephen Meer Vice President & Chief Technology Officer
DEPARTMENT:	Executive
<p>CURRENT RESPONSIBILITIES/DUTIES AT INTRADO:</p> <p>Mr. Meer is responsible for all network related product and services design, installation, and operations at Intrado. Additionally, he is responsible for identifying and implementing key strategic technology and technology service relationships with other organizations. This includes system level design and architecture of Intrado products involving computer telephony integration and design of data communications networks supporting the Intrado National Data Services Center.</p> <p>Mr. Meer has been responsible for the design, implementation, and operation of emergency voice, data, and radio communications networks that today support in excess of 100 million people's public safety.</p>	
<p>KEY MEMBER EMPLOYMENT HISTORY</p>	
<p>SUMMARY OF EMPLOYMENT HISTORY:</p> <p>One of the original founders and principals of Intrado for 17 years. Mr. Meer has over 20 years of telecommunications and RF experience, 10 of those years in public safety.</p> <p>Mr. Meer was principal architect of numerous integrated CAD/911/Selective Routing systems throughout North America, RF designer and implementer of STORRM, Boulder County's Flash Flood Early Warning System.</p> <p>As the past chairman of the Engineering and Research Committee of the Colorado chapter of the Associated Public Safety Communications Officers, Mr. Meer developed a program of technical assistance for Colorado agencies. This program has been adopted at the national level and is now available to virtually all government communications users in the country. He also developed the curriculum and organized the first technical communications seminar held for Colorado Public Safety Communications professionals. This seminar is now sponsored yearly by Colorado State University. Mr. Meer is also a contributing author to the national reference publication "Public Safety Communications Standard Operating Procedure Manual."</p> <p>Mr. Meer is also a former police officer and paramedic, having over 10 years experience working and teaching in the areas of advanced life support, law enforcement operations, and systems and public safety communications.</p> <p>Mr. Meer is certified by the State of Colorado Police Standards and Training Board to teach communications, communications system design, EMS Management, and Medical Practices. His honors include a Presidential Award of Excellence for the application of computer technology to environmental protection.</p>	

Key Personnel

KEY MEMBER NAME/TITLE:	Michael Dingman, Jr. Chief Financial Officer	
DEPARTMENT:	Executive	
CURRENT RESPONSIBILITIES/DUTIES AT INTRADO: Responsible for financial planning and corporate finance at Intrado.		
KEY MEMBER EMPLOYMENT HISTORY		
SUMMARY OF EMPLOYMENT HISTORY: Michael Dingman brings more than 17 years of diversified financial management experience to Intrado.		
<p>Prior to joining Intrado, Mr. Dingman served as CFO and treasurer of RMI.NET, Inc., an Internet business solutions provider. At RMI.NET, Inc., Mr. Dingman was responsible for corporate finance and management of investment banking relationships, budgeting, cash flow forecasting, acquisition valuation, and overall financial management.</p> <p>Mr. Dingman also has extensive experience in financial consulting as president and founder of an investment consulting firm. Early in his career he worked in mergers and acquisitions with Lazard Freres and Co.</p>		
Degrees: BS, MBA		
COMPANY NAME	POSITION HELD	RELATED EXPERIENCE
RMI.NET, Inc.	CFO/Treasurer	Responsible for all financial aspects and capital requirements of a public e-commerce solutions firm, with \$50MM in annual sales and 450 employees, providing products and services in both the software and connectivity segments of the Internet space.
Qwon Investment Consultants, Inc.	President/Founder	Responsible for overall aspects of business operation and management of a registered investment advisory firm and a fully disclosed non-clearing securities broker-dealer.
Owen-Joseph Companies	President	Responsible for overall aspects of business operation and management of a registered investment advisory firm (Owen-Joseph Asset Management) and a fully disclosed non-clearing securities broker-dealer (Owen-Joseph Securities).
Dingman Associates	President/Founder	Responsible for overall aspects of business origination and management of consulting and financial advisory engagements.
Lazard Freres & Co.	Associate/Mergers & Acquisitions	Responsible for preparation of selling documents, valuation analysis and financial modeling associated with the purchase or sale of U.S. and multinational businesses.

Key Personnel

KEY MEMBER NAME/TITLE:	Larry Jennings Sr. Vice President Business Operations	
DEPARTMENT:	Executive	
CURRENT RESPONSIBILITIES/DUTIES AT INTRADO:		
Mr. Jennings is responsible for the day-to-day operations of the entire company and acts as liaison to the business unit vice president/general managers. Serves as executive representative in customer relations as required.		
KEY MEMBER EMPLOYMENT HISTORY		
SUMMARY OF EMPLOYMENT HISTORY:		
Prior to joining Intrado in June 1999, Larry Jennings served as Vice President of Sales for Teletrac, Inc., a mobile data/location services company. At Teltrac, Mr. Jennings was responsible for building a national organization to market integrated software applications. He also gained extensive operations experience with Premiere Page, a regional paging and voicemail services company where he was Vice President of Operations, leading the company's field operations through seven acquisitions and an IPO.		
Degrees BA		
COMPANY NAME	POSITION HELD	RELATED EXPERIENCE
Intrado	Vice President/General Manager, ILEC Business Unit	Managed and directed the departments that are contained in the ILEC Business Unit (Sales, Product Management, Program Management, Data Operations)
	Vice President, Sales	Served as executive representative in customer relations.
Teletrac, Inc.	Vice President Sales	Responsible for building a national organization to market integrated software applications
Premiere Page	Vice President Operations	Led company's field operations through seven acquisitions and an IPO.
Centel Cellular	General Manager	

Key Personnel

KEY MEMBER NAME/TITLE:	Craig W. Donaldson Vice President and General Counsel
DEPARTMENT:	Executive
CURRENT RESPONSIBILITIES/DUTIES AT INTRADO: Craig W. Donaldson has provided legal counsel and representation to Intrado since August 1997. During that time, he has also overseen the development and implementation of external policies related to federal and state regulatory, legislative, and industry affairs and orchestrated the legal aspects related to the expansion of the company's products and services from those centered around information systems to those that now include deployment of its telecommunications business.	
KEY MEMBER EMPLOYMENT HISTORY	
SUMMARY OF EMPLOYMENT HISTORY: Prior to joining Intrado, Mr. Donaldson spent nine years in private legal practice specializing in the telecommunications and media industries; was employed for six years at AT&T, initially as a Communications Systems Consultant, and subsequently working in the legal department. As an "Executive on Loan" from AT&T, he served for one year on Colorado Governor Roy Romer's Commission on Government Productivity. Mr. Donaldson currently serves on an ongoing basis on the Advisory Board for the University of Colorado's Silicon Flatirons Telecommunications Program.	

Key Personnel

KEY MEMBER NAME/TITLE:	Ron Mathis / Director Network Operations	
DEPARTMENT:	Advanced Technology	
<p>CURRENT RESPONSIBILITIES/DUTIES AT INTRADO: Direct installation, maintenance and operations of Intrado's voice communications network. Responsible for switching system operations, trunk provisioning and maintenance, system alarm monitoring, system administration and system methods/procedures.</p>		
<p>KEY MEMBER EMPLOYMENT HISTORY</p>		
<p>SUMMARY OF EMPLOYMENT HISTORY: Extensive background in Central Office switching system operations, maintenance, staff support, technology deployment and public safety telecommunication network systems design and implementation.</p>		
COMPANY NAME	POSITION HELD	RELATED EXPERIENCE
Southwestern Bell Telephone Company	Technical Sales Manager- E911 Texas (4 years)	Supervised and directed personnel responsible for 911 ALI database platform maintenance, 911 project management implementation of 911 Integrated Work Station Customer Premise Equipment, and 911 switching based feature sales and service.
Southwestern Bell Telephone Company	Area Manager – Technical Support (10 years)	Project managed personnel responsible for implementation of ISDN and SS7 technologies in multiple central offices in the Southeast Texas area. Assisted GHQ in 800 number portability implementation for SWB region. Also performed technical sales support for Major Accounts in Houston and Dallas, Texas areas.
Southwestern Bell Telephone Company	Area Manager – Network Maintenance (8 years)	Supervised and directed personnel responsible for operations, administration and maintenance of various analog/digital switching systems, facilities transport equipment and central office power systems.
Southwestern Bell Telephone Company	Manager – Network Maintenance (7 years)	Performed staff support for all switching entities in Texas. Technical support, conformance reviews, system performance evaluations, system performance trending, etc.

Key Personnel

KEY MEMBER NAME/TITLE:	Timothy J. Jenkins Vice President/General Manager ILEC Business Unit	
DEPARTMENT:	Executive	
CURRENT RESPONSIBILITIES/DUTIES AT INTRADO: Mr. Jenkins manages and directs the departments in the ILEC Business Unit (Sales, Product Management, Program Management, Data Operations).		
KEY MEMBER EMPLOYMENT HISTORY		
SUMMARY OF EMPLOYMENT HISTORY: Prior to joining Intrado in July 2000, Mr. Jenkins had a 15-year career with Ameritech. At Ameritech Mr. Jenkins served as Director of Ameritech's 9-1-1 Operations, a large organization with responsibility for systems planning, development, implementation and ongoing customer service for 860 PSAPs in the five-state Ameritech region. He also managed the planning and implementation of Ameritech's relationship with Intrado. Degrees: BSEE, MBA		
COMPANY NAME	POSITION HELD	RELATED EXPERIENCE
Ameritech	Director 9-1-1 Operations	Managed operations for 5-state Ameritech region. Managed creation, planning and implementation of Ameritech's work relationship with Intrado 9-1-1 database service center. Worked extensively with Ameritech and SBC public safety services products on development of new products and services.
	Manager, Customer Accessed Systems Administration	Duties included personnel management of 70 employees and capital and expense budgets exceeding \$13 million annually.
Ohio Bell Telephone Company	Manager, Network Systems Administration	Managed a team of Minicomputer System Administrators responsible for the operation and support of multiple systems impacting telecommunications network operations and service.
	Engineer, Distribution Services Rehabilitation Engineering	Managed a team responsible for identifying and engineering new cable facilities to replace or upgrade deteriorating existing telephone cable facilities.

Key Personnel

KEY MEMBER NAME/TITLE:	Mark R. Scott Vice President/General Manager CLEC Business Unit	
DEPARTMENT:	CLEC	
CURRENT RESPONSIBILITIES/DUTIES AT INTRADO: Vice President and General Manager of the CLEC Business Unit.		
KEY MEMBER EMPLOYMENT HISTORY		
SUMMARY OF EMPLOYMENT HISTORY: Mark Scott joined Intrado from Motient™ Mobile Internet Corporation. While at Motient, Mr. Scott managed overall aspects of the terrestrial wireless data and satellite voice communications sale and implementation for a variety of commercial and government applications including emergency management, disaster recovery, wireless internet access and transportation for the Western United States. Prior to Motient, Mr. Scott held senior management positions at Qwest Communications and at LEXIS/NEXIS. Mr. Scott began his career with the Xerox Corporation where he held various positions in sales and management over an 8-year period.		
Degrees: BS & BA		
COMPANY NAME	POSITION HELD	RELATED EXPERIENCE
Motient, formally known as American Mobile Satellite Corporation and ARDIS.	Western Region Director (3 years)	Motient provides satellite voice and wireless data applications to a variety of commercial and government entities. Mr. Scott's organization implemented a variety of emergency satellite voice and/or wireless data communications to entities including the Port of Seattle (SeaTac), San Bernardino National Forest, FEMA, and the LA County Sheriff's Department.
Qwest	Director-Commercial (3 years)	Managed the Qwest 4 commercial sales channels (Direct, Indirect, Agent, and Affinity) in addition to the order provisioning, commercial marketing functions and business operations at Qwest.
Lexis/Nexis, formally known as Mead Data Central	Western Region Director (7 years)	Managed a multi-state/multi-channel organization for Mead Data Central, providers of the Lexis/Nexis® databases for legal applications. Commercial entities, state and local governmental agencies, law firms and State Bar Associations both made use of, and/or resold the database, in a variety of legal, investigative and law enforcement applications.

Key Personnel

KEY MEMBER NAME/TITLE:		Teri L. DePuy Vice President & General Manager, Direct Business Unit
DEPARTMENT:		Executive
CURRENT RESPONSIBILITIES/DUTIES AT INTRADO:		
As Vice President & General Manager, Direct Business Unit, Ms. DePuy is responsible for managing and directing the departments in the Direct Business Unit (Sales, Product Management, Program Management, and Data Operations).		
KEY MEMBER EMPLOYMENT HISTORY		
SUMMARY OF EMPLOYMENT HISTORY:		
Twenty years of public safety and telecommunications experience in a variety of operational, managerial and director level positions within the public and private sector.		
COMPANY NAME	POSITION HELD	RELATED EXPERIENCE
Intrado	Vice President & General Manager, CLEC Business Unit	Managed and directed CLEC Business Unit.
Intrado	Director Data Operations	Responsible for the day to day business operations and budget for several functional groups charged with provisioning of 9-1-1 data management services for large telecommunications service providers. Manage 70+ million records for three major Local Exchange Carriers. Development and management of a multimillion dollar operating budget, and organizational staff of 90+ employees and supervisors.
Intrado	Director System Engineering & Integration (CAD Group)	Directly responsible for the management of all systems integration resource organizations (Engineering, Systems Integration, Quality Assurance, Training and Support). Accountable for the development and adherence for achieving revenue and cash collection goals for the business unit.
Intrado	Customer Service Manager Trainer	Development and management of multimillion dollar operating budget and project revenue. Directed and managed a wide range of complex integration projects requiring interaction and coordination with multiple-vendors, contract management and administration duties, pricing and proposal development and the creation and management of implementation schedules and project cost controls.

<p>Boulder Regional Communications Center</p>	<p>Communications Supervisor</p>	<p>Responsible for the day to day operations for a multi-agency public safety communications center serving a population of 250,000 people in 1,000 square miles.</p>
	<p>Trainer</p>	<p>Developed a comprehensive dispatcher's training program, modeled after a nationally renowned field training officer's program established in San Jose, California. This program included the definition and development of course materials, a dispatcher's training manual, evaluation standards, instructor training, and the implementation of the ongoing processes for review and assessment of course content, evaluation tools and program administration.</p>
	<p>Dispatcher</p>	<p>Served as committee chair for a task force responsible for the revision and publication of national Standard Operating Procedures for a national dispatchers organization.</p>

Key Personnel

KEY MEMBER NAME/TITLE:		Gary A. Klug Director – State Regulatory Affairs
DEPARTMENT:		Legal and Government Affairs
CURRENT RESPONSIBILITIES/DUTIES AT INTRADO:		
Ensures compliance with rules and regulations of federal and state agencies, including management of compliance filings with state agencies. Evaluates federal and state regulations and sets regulatory policy and strategic direction. Acts as subject-matter expert and participates in local, state and national public safety and 911 forums.		
KEY MEMBER EMPLOYMENT HISTORY		
SUMMARY OF EMPLOYMENT HISTORY:		
Mr. Klug has an extensive background in the telecommunications and regulatory fields, holding a variety of positions with several telecommunications providers and the Colorado PUC.		
Degrees: BS & MS		
COMPANY NAME	POSITION HELD	RELATED EXPERIENCE
Colorado PUC	Senior Professional Engineer III (12 years)	Testified in numerous dockets before the PUC; developed the Colorado Rules Prescribing The Provision of Emergency 9-1-1 Services For Emergency Telecommunications Service Providers and Basis Local Exchange Carriers; established the Colorado 9-1-1 Task Force; responsible for membership selections for the 9-1-1 Task Force. Facilitated Colorado 9-1-1 Task Force meetings. Developed Colorado Rules on Interconnection. Advisor to the Colorado Commissioners including dockets on interconnection and collocation.
US West	Staff Manager (3 years)	Responsible for the development of interstate switched access rates and tariffs and repricing of access services for US West.
AT&T	Staff Manager (3 years)	Responsible for development of intrastate private line rates and tariffs and the rate witness for AT&T for the Mountain States Region.
Mountain Bell	Staff Manager/Manager/Planner/Equipment Engineer (11 years)	Held various positions responsible for basic local exchange service rates and tariffs, rural area service rates and tariffs, measured service rate development, measured service computer model development, as a Planning Engineer developed the plans for the first 4ESS switch in Mountain Bell. Held the position as an Equipment Engineer for the engineering, installation and testing of Step, X-BAR, and ESS switching equipment, test center equipment, power systems, and carrier systems.

Key Personnel

KEY MEMBER NAME/TITLE:	Cynthia A. Clugy Director External Affairs-SME	
DEPARTMENT:	Executive	
CURRENT RESPONSIBILITIES/DUTIES AT INTRADO: Provides subject matter and technical support for Intrado's Legal and Government Affairs department and business units. These duties include providing subject matter and technical support in state and federal regulatory proceedings, as well as testifying in such proceedings on Intrado's behalf.		
KEY MEMBER EMPLOYMENT HISTORY		
SUMMARY OF EMPLOYMENT HISTORY: Ms. Clugy has an extensive background in the telecommunications industry and 911 in particular. Prior to joining Intrado, Ms. Clugy was employed by Southwestern Bell Telephone Company for 18 years in various sales, service, and technical support positions. Ms. Clugy has been certified as an Emergency Number Professional by the National Emergency Number Association.		
COMPANY NAME	POSITION HELD	RELATED EXPERIENCE
Intrado	Account Manager	Account Manager for database management contract between Intrado and the State of Texas.
Southwestern Bell Telephone Company	9-1-1 Account Manager	Responsible for overseeing the deployment and maintenance of approximately twenty 911 systems serving in excess of four million subscribers in Southeast Texas. Served as the primary contact for 911 administrative entities for all matters regarding their 911 systems.

Key Personnel

KEY MEMBER NAME/TITLE:	Robert Oliver/ Senior Vice President, Technical Operations	
DEPARTMENT:	Executive	
CURRENT RESPONSIBILITIES/DUTIES AT INTRADO: Mr. Oliver manages Intrado's Engineering Division and network operations.		
KEY MEMBER EMPLOYMENT HISTORY		
SUMMARY OF EMPLOYMENT HISTORY: Before joining Intrado, Mr. Oliver had 32 years of general management and R&D experience in the telecommunications industry at Lucent, NCR, AT&T, and Bell Labs. He managed Lucent Public Safety Systems (LPSS) as President and CEO from May 1995 until its recent acquisition by Intrado. Under his leadership, LPSS expanded its product lines, added distribution channels, and tripled its business revenue. Since 1985, Mr. Oliver has managed early-stage and mature businesses, introduced numerous new products, and been tasked with phasing-out aging product lines. Prior to 1985, Mr. Oliver held several software and semiconductor positions with Bell Labs. Degrees: BSEE, MSEE		
COMPANY NAME	POSITION HELD	RELATED EXPERIENCE
Lucent Public Safety Systems	President and CEO	Managed product line expansion and distribution channel update and growth.
Lucent Public Safety Systems	General Manager	Managed Network Systems 5ESS adjunct switch products.
Bell Labs	Manager	Development of software and semiconductor products.

Key Personnel

KEY MEMBER NAME/TITLE:	Paulette McDermott Vice President, Product Development	
DEPARTMENT:	Product Development	
CURRENT RESPONSIBILITIES/DUTIES AT INTRADO:		
Ms. McDermott is responsible for the software design and development (including systems engineering, design, coding, testing, quality processes and support of national standards bodies) of a full suite of public safety software applications including PSAP call handling, mapping, database management systems, network routing and ALI database applications, and mobile location software.		
KEY MEMBER EMPLOYMENT HISTORY		
COMPANY NAME	POSITION HELD	RELATED EXPERIENCE
Lucent Public Safety Systems	Vice President, Product Development	Managed and directed software development and design for Lucent Technologies public safety products.
AT&T Local Services	District Manager	Responsible for the product management of resold services needed to enter the local services market in the Central States (Illinois, Michigan, Wisconsin, Indiana and Ohio) with AT&T products. Directed product strategy, planning, cost targets, and product operations activities and financial analysis of the Fixed Wireless platform for the Central Region.
	Technical Manager	Directed forward looking architecture strategy and planning, established a life cycle management and resource planning process for the embedded base of Network Systems 4ESS Toll Switches. Teamed with the customer to identify areas of concern on switch and network capacity, aligning priorities, and developing action plans to resolve issues. Directed the team designing architectural alternatives for 4ESS Switch customers.
AT&T Network Systems	Distinguished Member of Technical Staff	Created and implemented product, pricing, and marketing strategies to market Network Systems products to Competitive Access Providers, Interexchange Carriers and Wireless customers.
AT&T Network Systems	Member of Technical Staff	Developed software applications and delivered ISDN applied technology to customers and to the industry on ISDN applications. Managed a team in the development, testing, and documentation of 11 industry specific applications still being used by customers today. The team also developed applications and demonstrations, which were presented at Industry Events throughout the U.S. and Europe

Key Personnel

KEY MEMBER NAME/TITLE:	Larry Ciesla Vice President Advanced Technologies	
DEPARTMENT:	Executive	
CURRENT RESPONSIBILITIES/DUTIES AT INTRADO:		
Mr. Ciesla is responsible for forward looking work, systems architecture, systems engineering, and pre-sales technical support for Intrado products and services.		
KEY MEMBER EMPLOYMENT HISTORY		
SUMMARY OF EMPLOYMENT HISTORY:		
<p>Mr. Ciesla brings more than 30 years of software design and development experience to Intrado, including 10 years focused on E9-1-1 database and switching products.</p> <p>Prior to joining Intrado, Mr. Ciesla was Chief Architect for Lucent Public Safety Systems. In this role, he was responsible for systems engineering, architecture, and quality. In 1994, Mr. Ciesla was appointed "Distinguished Member of the Technical Staff" at AT&T Bell Laboratories. This appointment resulted from recognition by his peers, customers, and NENA, as an industry expert in most facets of E911 including database management, automatic location identification, wireless E911, and local number portability. Mr. Ciesla is credited with the invention of the Non-Call Associated (NCAS) method of delivering critical wireless E9-1-1 call data to a Public Safety Answering Point.</p> <p>Degrees: Electrical Engineering Engineering Science.</p>		
COMPANY	POSITION HELD	RELATED EXPERIENCE
Lucent Public Safety Systems	Chief Architect	Managed systems engineering, architecture, and quality.

Exhibit No. 4
Annual Report w/ SEC Form 10 K and
SEC Form 10 Q
Consisting of 84 pages
September 13, 2001

Annual Report w/Sec Form 10 K

SCC COMMUNICATIONS CORP. 2000 ANNUAL REPORT
Pioneering the Technology of Informed Response



“ While most of the technology sector is seeing significant declines in revenue growth and profitability, demand for SCC's products and services continues with little abatement. Our target customer base—both within and surrounding the telecommunications industry—looks to SCC for its expertise in accurate, high-volume, mission-critical data processing and real-time transaction services. ”

George Heinrichs
President and Chief Executive Officer



Dear Shareholders,

» Every day at SCC, we commit to providing our customers with extremely accurate, continuously available, mission-critical data delivered via the most cost-effective, technologically sophisticated pathway possible. This commitment enables us to fulfill the important responsibility we have to our investors and our shareholders.

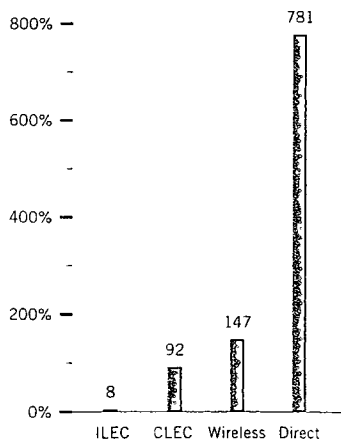
In February, I was proud to release a summary of the dramatic growth we achieved in 2000. Wireless revenue jumped 147 percent, CLEC revenue grew 92 percent, Direct saw an amazing 781 percent revenue increase, and ILEC, our foundational business unit, grew a solid 8 percent. While it was a challenging year for many technology and telecommunications businesses, SCC's extensive experience and innovative development of location-specific data applications positioned our company for growth—even in this difficult economic climate.

SCC places great value on creating high-quality products and services, providing outstanding customer service and maintaining exemplary standards of business integrity. Our employees, investors and customers tell me we are indeed meeting these requirements. However, we understand that meeting the current needs of our customers is simply not enough.

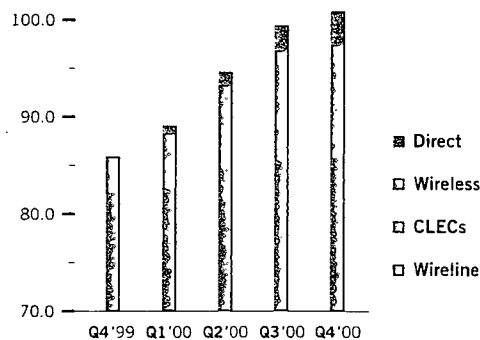
We are excited by our prospects as we apply our expertise and creativity to a growing array of opportunities and markets. While we remain firmly rooted in the business of managing 9-1-1, data processing and transaction services, we are exploring new ways to capitalize on changes in data and information technology to offer new solutions to our expanding customer and market base. We will continue to form alliances with partners who share our vision for the future and to make studied, sound financial business decisions, positioning SCC to continue its leadership role in complex data management, notification solutions and many new location-based services.

Thank you for continuing your support and your investment.

George K. Heinrichs
President and Chief Executive Officer



2000 Revenue Growth by Business Unit
(percent change)



Subscribers by Business Unit
(in millions)

Company Profile

As a leading provider of innovative solutions for data management and network transaction services, SCC Communications Corp. enables industry and government to enhance the safety of people who call 9-1-1 for emergency assistance. We maintain and provide the critical data that accompanies a 9-1-1 call, ensuring that the call is routed to the appropriate public safety agency and enabling the dispatcher to send help.

While 9-1-1 is almost taken for granted as a service by most of the American public today, managing the data that makes it work is very complex. As of March 31, 2001, we manage the records for 100 million telephone subscribers, served by 42 incumbent local exchange carriers (ILECs), competitive local exchange carriers (CLECs) and integrated communications providers (ICPs). Our 22 wireless customers represent 49.5 million subscribers.

Our role in the public safety industry is expanding as SCC develops the Emergency Communications Network (ECN) to provide a supplemental secure and reliable transport overlay mechanism for 9-1-1 calls, adding new capabilities and increasing reliability for communications providers. Our customers will soon be able to rely on SCC's Coordinate Routing Database (CRDB) as the most comprehensive, up-to-date, accurate database in existence for correlating the latitude and longitude of every residence, business and other geographic landmark to the public safety agency that covers the location.

Our range of customer solutions is growing as we incorporate innovative telephony and data management solutions to develop turnkey applications, notification systems and Web-based communications software for a variety of markets and customers. We are teaming up with other industry leaders to comply with standards for 9-1-1 access from non-traditional communication devices and location-based information services that are exploding in popularity, allowing us to work with a wide variety of protocols and infrastructures.

Wireless

The Wireless unit provides solutions to a market sector now implementing systems to meet Phase I and Phase II E9-1-1 wireless service mandates set by the Federal Communications Commission (FCC). Those mandates require wireless carriers to provide accurate, specific caller-location information. In 2000, the Wireless unit accelerated Phase I deployment, launched Phase II services and initiated development of innovative products to support and enhance wireless 9-1-1 services. This includes a valuable IP network enhancement to enable Public Safety Answering Points (PSAPs) that have on-premise Automatic Location Information (ALI) systems to comply with Phase II requirements economically and quickly. These outstanding efforts resulted in year 2000 revenue growth to \$4.2 million, an increase of 147 percent from 1999. We provide services to 22 leading wireless carriers and, as of March 31, 2001, manage the records for 5.9 million of their subscribers, with 32.2 million more subscribers awaiting E9-1-1 deployment—a tremendous revenue potential for SCC.

Incumbent Local Exchange Carrier (ILEC)

The ILEC unit is a solid contributor to SCC's success, providing 9-1-1 data maintenance and network transaction services to ILECs, including some of the Regional Bell Operating Companies. In 2000, the ILEC unit realized an 8 percent increase in revenues over the previous year to \$28.7 million. Strengthening SCC's competitive stance in the market and driving additional revenue, the value-added products the ILEC unit rolled out were well received by customers. SCC continues to be on the leading edge of Number Porting and Number Pooling processes, removing obstacles to the complex requirements associated with local number portability order changes and assisting ILECs in virtually eliminating a tremendous data-change backlog. Last year, we reached a major milestone—providing data for 85.8 million telephone subscribers while maintaining the highest level of quality and keeping service order errors at an all-time low. In addition, we continued to enhance our 9-1-1Net® service to strengthen our connection to our customers.

Competitive Local Exchange Carrier (CLEC)

The CLEC unit gives its customers a critical edge in a fiercely competitive business, offering 9-1-1 services that are fast to deploy and economical to maintain. In 2000, CLEC continued to be one of our fastest growing business units, with revenue increasing 92 percent to \$7.3 million and garnered 5.4 million subscribers. As a result of signing new contracts and renewing existing ones, as of March 31, 2001, the CLEC unit manages over 6.4 million records with more than 39 CLEC customers including McLeodUSA, WorldCom, Time Warner and others. In 2000, the CLEC unit launched several new product initiatives, including e-bonding, enhanced local number portability (LNP) error correction and specialized consulting services to help CLECs meet the complex requirements of enhanced 9-1-1 (E9-1-1).

Direct

The Direct business unit, charged with providing database management and notification services to government agencies, has been working extensively with the state of Texas to manage the Texas E9-1-1 database. In 2000, SCC assumed management of the data for 6.9 million revenue-generating, wireline Texas telephone subscribers, which contributed to a 781 percent jump in revenue to \$2.9 million. Another development, which is enabling local governments to provide improved public safety management, is the successful rollout of the enhanced Emergency Warning and Evacuation SystemSM (EWESM). This service allows county and city agencies to rapidly identify, notify and instruct geographically targeted citizens about impending dangers through a high-capacity, outbound-calling telephone system. In 2000, the EWE subscriber base for this service increased to 700,000. We anticipate growing opportunities for Direct to work with many local and state governments to improve data quality, 9-1-1 service levels and notification systems that ultimately affect the lives of their residents.

Looking Forward

Today SCC manages more emergency response data records than any other company in the world, with exceptionally accurate data and extremely high system availability. So where do we go from here? We are already putting our extensive experience in 9-1-1 services to work to anticipate and capitalize on new and exciting trends in the public safety and communications industries. Our technology is the standard that defines "mission critical" for the industries we serve.

Now we are leveraging our expertise and expanding our role beyond communications and public safety to meet the increasing marketplace demand for location-based information services. We will carry our unequaled ability to provide accurate, real-time access to critical information—regardless of location, device or protocol—and move forward, pioneering the technology of informed response and embracing the opportunities of the future.



Informed Response
The Market Opportunity

Selected Financial Highlights

(amount in thousands, except per share data)

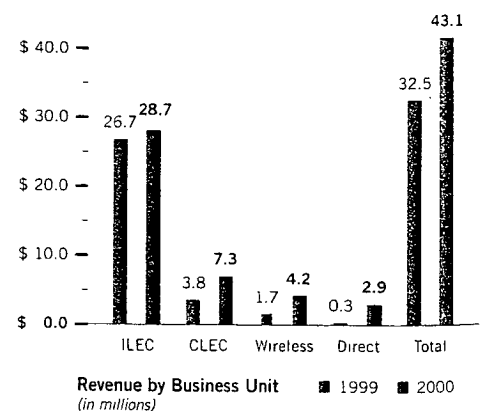
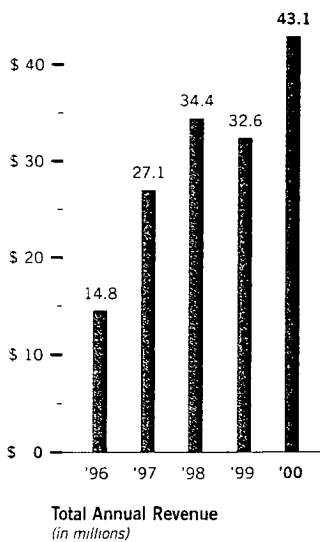
Statement of Operations Data

	December 31				
	2000	1999	1998	1997	1996
Total revenue	\$ 43,122	\$ 32,554	\$ 34,449	\$ 27,072	\$ 14,802
Net income (loss) from continuing operations before extraordinary item and cumulative effect of change in accounting principle	(6,418)	(1,062)	3,880	4,783	937
Net earnings (loss) per share from continuing operations before extraordinary item and cumulative effect of change in accounting principle					
Basic	\$ (0.57)	\$ (0.10)	\$ 0.53	\$ 2.17	\$ 10.15
Diluted	\$ (0.57)	\$ (0.10)	\$ 0.38	\$ 0.54	\$ 0.11

(amount in thousands)

Balance Sheet Data

	December 31				
	2000	1999	1998	1997	1996
Cash and cash equivalents	\$ 5,036	\$ 8,354	\$ 10,266	\$ 2,503	\$ 32
Short and long-term investments in marketable securities	6,939	13,158	9,815		
Working capital (deficit)	12,743	18,014	17,678	(2,670)	(7,345)
Total assets	24,669	41,780	45,095	21,109	18,482
Long-term debt	1,571	2,038	2,791	6,891	3,318
Total stockholders' equity (deficit)	24,967	32,935	33,591	(11,867)	(13,068)



UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 10-K

ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT
OF 1934 FOR THE FISCAL YEAR ENDED DECEMBER 31, 2000

OR

TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE
ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO

COMMISSION FILE NUMBER: 000-29678

SCC COMMUNICATIONS CORP.

(Exact Name of Registrant as Specified in Its Charter)

DELAWARE
(State or Other Jurisdiction of
Incorporation or Organization)

84-0796285
(I.R.S. Employer
Identification Number)

6285 LOOKOUT ROAD
BOULDER, COLORADO
(Address of Principal Executive Offices)

80301
(Zip Code)

Registrant's Telephone Number, Including Area Code: (303) 581-5600

Securities registered pursuant to Section 12 (b) of the Act: None

Securities registered pursuant to Section 12 (g) of the Act: Common stock, par value \$.001 per share
(Title of Class)

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes No

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of Registrant's knowledge, in definitive proxy or information statements incorporated by reference in Part III of this Form 10-K or any amendment to this Form 10-K.

The aggregate market value of the voting stock held by non-affiliates of the Registrant, based upon the closing sale price of the common stock on February 28, 2001 as reported on the Nasdaq National Market, was approximately \$75,575,000.

As of February 28, 2001, the Registrant had outstanding 11,507,016 shares of common stock.

DOCUMENTS INCORPORATED BY REFERENCE

Portions of the registrant's preliminary proxy statement, which will be issued to stockholders in conjunction with the 2001 Annual Meeting of Stockholders, are incorporated by reference in Part III of this Annual Report on Form 10-K.

CAUTIONARY NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Annual Report on Form 10-K and the information incorporated by reference contains "forward-looking statements" within the meaning of Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. In particular, we direct your attention to Item 1. Business, Item 3. Legal Proceedings, Item 7. Management's Discussion and Analysis of Financial Condition and Results of Operation, Item 7A. Quantitative and Qualitative Disclosures About Market Risk, and Item 8. Financial Statements and Supplementary Data. We intend the forward-looking statements throughout the Annual Report on Form 10-K and the information incorporated by reference to be covered by the safe harbor provisions for forward-looking statements. All projections and statements regarding our expected financial position and operating results, our business strategy, our financing plans and the outcome of any contingencies are forward-looking statements. These statements can sometimes be identified by our use of forward-looking words such as "may," "believe," "plan," "will," "anticipate," "estimate," "expect," "intend", and other phrases of similar meaning. Known and unknown risks, uncertainties and other factors could cause the actual results to differ materially from those contemplated by the statements. The forward-looking information is based on numerous assumptions and developments that are not within our control. Although we believe that our expectations that are expressed in these forward-looking statements are reasonable, we cannot promise that our expectations will turn out to be correct. Our actual results could be materially different from our expectations due to a variety of factors, including the following:

- our planned investments in research, development and marketing to expand our service offerings;
- the length of our sales cycle;
- price competition from entities with substantially greater resources than us;
- the size, timing and duration of significant customer contracts;
- the number of subscriber records under our management;
- the unpredictable rate of adoption of wireless services by public safety answering points;
- the introduction and market acceptance of our and our competitors' new products and services;
- developments in telecommunications legislation and regulations, including new interpretations of existing laws;
- the amount and timing of expenditures to expand our infrastructure and to meet our customers' demands;
- the success or failure of our Alliance Program;
- technical difficulties and network downtime, including that caused by unauthorized access to our systems; and
- our ability to integrate new customers and assets acquired in acquisitions.

This list is intended to identify some of the principal factors that could cause actual results to differ materially from those described in the forward-looking statements included elsewhere in this report. These factors are not intended to represent a complete list of all risks and uncertainties inherent in our business, and should be read in conjunction with the more detailed cautionary statements included in this Annual Report on Form 10-K under the caption "Item 1. Business – Risk Factors", our other Securities and Exchange Commission filings, and our press releases.

SCC COMMUNICATIONS CORP.
2000 ANNUAL REPORT ON FORM 10-K
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ITEM 1. BUSINESS

Overview

SCC Communications Corp. is the leading provider of 9-1-1 operations support system ("OSS") services to telecommunications carriers. Our customers include incumbent local exchange carriers ("ILECs"), competitive local exchange carriers ("CLECs"), wireless carriers, and state and local governments in North America. We have redefined the market for 9-1-1 OSS by creating the first and largest 9-1-1 service bureau, with over 101 million subscriber data records under management throughout North America.

We manage the data that enables a 9-1-1 call to be routed to the appropriate public safety answering point ("PSAP") with accurate and timely information about the caller's identification, call-back number and location. Each day, we receive subscriber and coverage updates from our telecommunications carrier customers, as well as public safety jurisdiction boundary changes from PSAPs. Records identified as potentially having problems are separated automatically and reviewed and analyzed by our data integrity team. The clean data is then inserted into the 9-1-1 system, so that the call may be routed to the appropriate PSAP with the correct location and call-back number. This complex and detailed process allows our customers to comply with regulatory mandates and to provide additional value-added services.

Our solution is comprehensive and cost-effective, as well as highly reliable and secure. Our customers may outsource virtually all of their 9-1-1 data management operations, including system activation, routine data administration, event transaction processing and performance management. Our customers include, among others, Ameritech, AT&T Wireless Services, BellSouth, Worldcom, Sprint PCS, the General Services Commission of the State of Texas and Qwest. In addition, we license our 9-1-1 OSS software to carriers that wish to manage their 9-1-1 data systems in-house.

We incorporated in July 1979 in the State of Colorado under the name Systems Concepts of Colorado, Inc. and reincorporated in September 1993 in the State of Delaware under the name SCC Communications Corp.

Industry Background

Historically, telecommunications carriers in the United States operated in a highly regulated environment, with both local and long-distance service providers operating as monopolies. The desire for long-distance competition in the 1970s led the government to force the breakup of AT&T in 1984. AT&T split into a competitive long-distance company and seven independent Regional Bell Operating Companies ("RBOCs"), which offered local service and local access to long-distance service providers. The Telecommunications Act of 1996 increased competition and encouraged CLECs, long-distance carriers, wireless carriers and other communications providers to enter local exchange markets. The Telecommunications Act of 1996 also required each RBOC to modify its systems to allow for fair and equal access by competitive carriers. Competition caused telecommunications carriers to differentiate their service offerings, improve service quality, decrease time to market, introduce new services and increase cost efficiencies. In addition to updating their systems to remain competitive, some carriers began to outsource selected functions, such as 9-1-1 OSS services.

Previously, carriers used closed and proprietary systems to operate their networks. These systems were often mainframe-based and were not compatible with new software and technologies, such as new advanced switching capabilities and other technologies that would allow the carrier to offer value-added services. Today, carriers need more advanced systems to improve the reliability of their networks, offer more advanced services and comply with the regulatory requirements of the Telecommunications Act of 1996. New technologies have emerged that improve the carriers' ability to provide telecommunications services, manage operations, take and bill customer orders and plan and engineer their systems. 9-1-1 is another essential OSS service that requires close coordination of data and network elements, because changes in customer service information usually require changes in the data needed for 9-1-1 service.

9-1-1 service includes the routing of emergency calls to the appropriate PSAP responsible for dispatching police, fire and other emergency services. Most jurisdictions in the United States now provide enhanced 9-1-1 service ("E9-1-1") which provides the wireline caller's telephone number and location to the call taker at the PSAP. When a caller dials 9-1-1, the call is routed through the network and queries the 9-1-1 data servers. The 9-1-1 data servers attach the caller's location and telephone number to the call and identify the PSAP to which the call should be routed. The information in the data servers must be current and accurate for 9-1-1 calls to receive prompt response.

Each time a telephone subscriber modifies its data, such as an added telephone line or change of address, the data must be changed in the 9-1-1 database. Changes in PSAP boundaries, such as the addition of a street or a change in the name of a street, also must be changed in the 9-1-1 database. If these changes to the 9-1-1 database are not made accurately and in a timely manner, the response to a 9-1-1 call could be affected. The complicated and critical process of 9-1-1 service delivery requires coordination of data from multiple sources, review and processing of the data, resolution of data errors and conflicts, and insertion of the data into network and mission-critical data servers.

Today, local exchange carriers must provide 9-1-1 service. According to the National Emergency Number Association, nearly 93% of the current wireline telephone subscribers in the United States are covered by some type of 9-1-1 service and approximately 95% of that coverage is E9-1-1 service.

The growth of the wireless telecommunications industry introduces significant new challenges to 9-1-1 service delivery. Since a wireless caller's location is constantly changing, the location of the caller is not as easily identified as the fixed locations of wireline calls. The Cellular Telephone Information Association estimates that approximately 119,000 9-1-1 calls are made each day from wireless phones. We estimate that approximately 25% of wireless callers cannot identify the location from which they are calling. Most wireless networks must be modified to route calls accurately to the appropriate PSAP and to provide location information.

Recognizing the public safety need for improved wireless E9-1-1 services, the Federal Communications Commission, or FCC, in docket number 94-102 issued a Report and Order on June 12, 1996 that mandates wireless E9-1-1 to be accomplished in two phases. Phase I requires wireless carriers to provide the PSAP receiving the call with the 9-1-1 caller's telephone number and the location of the cell sector from where the call was made. Phase I allows the call to be routed to the PSAP that is near the caller and would be assigned to handle that area. Since April 1998, wireless carriers have been required to comply with the Phase I mandate within six months after a PSAP request. Except in states which have passed specific cost recovery legislation, carrier cost recovery is no longer a prerequisite to their obligation to provide Phase I services. Implementation of Phase I services has been slowed for the industry as a whole by a number of issues, including carrier cost recovery, liability protection and technology issues. This delay has affected our ability to deploy our services on our customers' behalf.

Phase II requires wireless carriers to locate wireless 9-1-1 callers within more precise location parameters specified in the FCC guidelines. Under the FCC rules, wireless carriers were required to declare by October 2000 whether they will use technology in the wireless telephone handset or a network-based solution to locate wireless 9-1-1 callers. The FCC rules include a timeline for implementation that requires Phase II service to be substantially available to requesting PSAPs by October 1, 2001. In addition to the requirements of Report and Order 94-102, wireless carriers are motivated to implement wireless 9-1-1 services because of their desire to improve emergency services and the increasing pressure from public safety agencies. The technology required for Phase II service can also be used by wireless carriers to provide other value-added location services to their customers, including location-based traffic reporting, emergency roadside assistance or other services that require the location of the caller.

New technologies have expanded the demand for public safety services. Phase II of Report and Order 94-102 require that 9-1-1 service be provided to wireless phone users. The expansion of the internet into homes and wireless internet devices introduces new vehicles to reach the public and the potential for increased public safety activity. Telematics devices, which are communication devices in automobiles that can be used for location-based services such as traffic reporting and emergency roadside assistance, are also entering the market at a rapid pace. The Strategis Group, a Washington D.C. research firm, estimates that annual telematics revenue may be more than \$2.8 billion per year by 2005. In addition, telephony products and services based on internet protocols are becoming common elements of telecommunications infrastructure. Each of these technologies introduces public safety challenges that are not addressed in a significant manner today.

Today carriers and other service providers, including state and local government entities, may deliver 9-1-1 data management solutions by using their own proprietary solutions, licensing the software and managing the delivery of public safety products and services themselves, or outsourcing their 9-1-1 OSS needs.

Our Solution

We redefined the U.S. market for 9-1-1 OSS by creating the first and largest 9-1-1 service bureau, with over 101 million subscriber data records under management throughout North America. We offer a cost-effective outsourcing solution that covers virtually all aspects of 9-1-1 data management, including system activation, routine

data administration, event transaction processing and performance management. Our services are also extremely secure and reliable and can interface with each carrier's proprietary or open systems. In addition, we license our 9-1-1 OSS software to carriers that wish to control the delivery of 9-1-1 services in-house. We believe that our solution offers the following principal features and benefits:

Focus on Data Integrity. The accuracy of subscriber records that identify and provide caller location information is an essential element of 9-1-1 service. Our systems conduct more than 60 logical tests to prepare data for use in 9-1-1 operations. Our data integrity team researches and resolves transactions identified by the system as requiring further analysis. Our data integrity team also creates and maintains boundary information. Live 9-1-1 calls access our database to route the call to the proper PSAP and to provide timely and accurate subscriber location information to the 9-1-1 call taker.

Survivability and Reliability. We process a large volume of mission-critical transactions using highly reliable and scalable operating platforms. We have more than 20 servers that are built with multiple layers of redundancy and are located in diverse locations to ensure continued service. The 9-1-1 network that connects our systems to our customers is monitored continuously. Since we launched our 9-1-1 data management services in 1994, our systems for 9-1-1 service delivery have provided uninterrupted service to our customers. We also have a comprehensive disaster recovery program for our central data administration operations.

Leading-Edge Technology. We believe we are the technological leader in the 9-1-1 data management services industry based on our advances in the areas of systems architecture, spatial data management and advanced network integration. Our products and services are updated regularly to comply with regulatory and industry requirements, as well as to implement innovative solutions. Our innovations include advanced intelligent call routing support, local number portability data transaction support, technologies that improve 9-1-1 availability, a transaction-based map maintenance system, a spatial coordinate-based E9-1-1 management system and large-scale internet applications for E9-1-1. In June 1996, we were the first to demonstrate data management support for wireless systems that complied with both Phase I and Phase II of Report and Order 94-102. We also have developed systems for the use of spatial coordinate data for use in managing and routing non-address specific 9-1-1 calls.

Flexible Business Model. PSAPs generally pay carriers a fixed rate based on the number of subscribers located in a particular PSAP's jurisdiction. Our outsourcing solution allows customers to avoid costly capital expenditures and fix their expenses for 9-1-1 services on a per subscriber basis. Additionally, we may customize their service packages both to meet the needs of their subscribers and to comply with regulatory mandates. Alternatively, carriers may elect to license 9-1-1 OSS software directly from us and manage the 9-1-1 data themselves.

Neutral Solution Providing Equal Access. We are able to act as a neutral third party to carriers who must access their competitors' systems to provide 9-1-1 service. Where state or local governments choose to control 9-1-1 data management, we can provide equal access to all carriers in the region. As local exchange competition increases, a neutral solution that provides equal access becomes increasingly important.

Our Strategy

Our objective is to be the leading national provider of 9-1-1 OSS and other complementary and synergistic services. We focus on developing innovative and automated solutions that provide customers with a comprehensive system for managing large amounts of dynamic subscriber information. Key elements of our strategy are to:

Maintain and Extend Our Leadership Position in the Wireline 9-1-1 Data Management Market. We currently manage more than 101 million wireline subscriber data records out of an estimated 170 million total wireline telephone subscriber records in the United States. We intend to maintain and extend our market leadership in the wireline 9-1-1 OSS systems market by adding new service and license customers, increasing the number of subscriber data records under management, enhancing our existing 9-1-1 services and supporting the evolving telecommunications infrastructure.

Capitalize on Emerging Wireless Carrier Opportunities. We have contracts to provide Phase I wireless 9-1-1 services to 21 wireless carriers which have approximately 35 million subscribers. As of December 31, 2000, we have 3.7 million live subscribers on our wireless 9-1-1 services. We believe there is a significant opportunity to increase our wireless 9-1-1 services by implementing a larger portion of the subscribers we have under contract

and signing contracts with more wireless carriers. We also intend to provide Phase II wireless services. The significant growth in wireless telephone users, the FCC mandate and the increased demand for enhanced wireless service offerings present opportunities for growth in our wireless 9-1-1 services.

Maintain and Extend Leadership Position in TelConnect^(SM) Services. We have 38 contracts to provide 9-1-1 clearinghouse services to CLECs. Under our TelConnect^(SM) services, we process updates to our CLEC customers' 9-1-1 databases, prepare the data to conform to the ILEC's network requirements and insert the data into the appropriate ILEC's 9-1-1 system. Our TelConnect^(SM) services allow CLECs to grow their subscriber bases while minimizing their investment in OSS technology infrastructure and personnel. CLECs receive the benefit of our 9-1-1 service delivery expertise and relationships with PSAPs and others necessary to provide 9-1-1 services. We plan to build upon our position as a neutral, carrier-independent service provider by working cooperatively with newly emerging dial tone providers, including CLECs, fixed-position wireless carriers and cable television carriers, to increase our sales of 9-1-1 TelConnect^(SM) services. In addition to our base TelConnect^(SM) solution, we provide other value-added products and services, such as local number portability solutions. Local number portability refers to the transfer of a telephone number from one carrier to another when a telephone subscriber chooses to change its local exchange carrier. We initiated our Alliance Program in 1999 to partner with OSS providers that provide complementary products, such as billing and customer care solutions, to CLECs. We may jointly market our products and services with our alliance partners.

Provide Additional Services. ILECs, CLECs and wireless carriers, as well as state and local governmental entities, all seek to apply emerging technologies in response to competitive pressures and regulatory mandates. For example, we have developed off-switch routing capabilities for carriers that have deployed the advanced intelligent network and created local number portability transaction sets in response to the local number portability mandates of the Telecommunications Act of 1996. We have also invested significantly in our 9-1-1 SafetyNet^(SM) offerings which are designed as next generation products and services to address the industry's growing needs to accommodate new technologies. By using the experience and economies of scale we have obtained in managing the 9-1-1 OSS infrastructure for multiple carriers, we are well-positioned to continue to develop and offer flexible, scalable solutions that allow carriers to cost-effectively support new technological developments and regulatory mandates.

Develop Applications for New Commercial Products. By leveraging our core competency of managing dynamic subscriber location information, we believe that we are well-positioned to expand into additional markets outside of traditional 9-1-1 OSS services. The rapid introduction of the Internet and wireless devices into the market presents public safety challenges that are not addressed in a significant manner today. In addition, the use of internet protocol-based telephony is rapidly expanding and increasing the complexity of public safety services. We believe we can leverage our wireline and wireless call routing, large volume transaction processing and mission critical networks to provide solutions for these emerging technologies. Continuing change in the telecommunications market introduces substantial opportunities for growth. In response, we plan to deliver new products and services to the dynamic markets that we serve.

Expand International Operations. We believe that a significant opportunity to generate additional long-term revenue may be created by partnering or finding other ways to interconnect telecommunications carriers with systems integration firms to design, implement, maintain and operate effective, reliable emergency communications systems in countries other than the United States and Canada. We intend to expand internationally to address the needs of this market for telecommunications emergency services.

There can be no assurances that we will achieve our objective or any of the key elements of our strategy. See "Risk Factors."

Our Services and Products

Our 9-1-1 OSS solution enables a 9-1-1 call to be routed to the appropriate PSAP along with accurate and timely information about the caller's identification, call-back number and location. We receive daily service order updates from our telecommunications carrier customers, which are changes to subscriber data such as address changes, telephone number changes and other changes to subscriber data that can affect 9-1-1 call processing. We also receive updates to boundary and routing data needed to route 9-1-1 calls to the appropriate PSAP. We screen this data for accuracy and analyze and resolve data discrepancies. Certain discrepancies are referred back to the customer for resolution. Screened data is inserted into the 9-1-1 databases. When a 9-1-1 call occurs, it is routed to the 9-1-1 voice switch, which queries our databases. Our databases route the call to the appropriate PSAP and

simultaneously send the caller's location and call back number with the call. The data that is delivered allows PSAPs to dispatch personnel and equipment to the emergency.

Base Services

Our base services include the following:

Systems Preparation and Administration. To begin providing 9-1-1 data management services to our customers, we must collect, organize, review and analyze the data necessary to prepare our systems. Data preparation includes collecting information on PSAP jurisdictional boundaries, performing a full inventory of addresses located in an area and loading the subscriber information into our systems. To improve data quality and, consequently, 9-1-1 service, our systems run the data through over 60 automated integrity checks. We employ over 100 data integrity analysts who resolve any data discrepancies and update the databases based on information received from customers and related sources.

Routine Data Administration. We receive and automatically process service order updates from telecommunications carriers on a regular basis to maintain current data in the 9-1-1 databases. Service order updates include address changes, telephone number changes and other changes that may affect 9-1-1 call processing. We usually receive between 200,000 and 250,000 service orders per day. We also frequently receive boundary updates from PSAPs reflecting changes in jurisdiction boundaries for PSAP responses. Boundary updates may include the addition of streets, changes in street names, or other changes that may affect the proper routing of a 9-1-1 call. When we receive a service order update or jurisdiction change, the information received is checked for complete and appropriate data, and then distributed throughout our network of geographically dispersed servers.

Event Transaction Processing. When a caller dials 9-1-1 in an area served by us, the call is routed through one of our data servers with a request for information. The server rapidly responds and delivers the caller's location and call-back number to the 9-1-1 dispatcher at the PSAP. Our data servers also control the switch to route the call to the appropriate PSAP.

Performance Management. We monitor and report the performance of our service operations by measuring response time, systems availability, data accuracy and error resolution intervals, among other performance measurements. Using these measurements as a basis, we design and implement programs to improve our services continuously.

Mapping Services. Traditional mapping services do not provide updates to geographic information often enough to ensure the accuracy of data in an emergency situation. Thus we maintain a team of geographic information system experts, who work with carriers and public safety officials to document, review and analyze call routing boundaries and specific address information. The mapping services department uses advanced tools to improve existing mapping information with new and more detailed geographical information for optimal management of 9-1-1 call records. The mapping services department also assists in system preparation and quality control programs to ensure that geographical information is current.

TelConnect^(SM) Services (previously Clearinghouse Services). Our TelConnect^(SM) services provide a single point of contact to process and format 9-1-1 data for CLECs and independent telephone companies. CLECs and independent telephone companies may be located in multiple communities that have diverse requirements for delivery of 9-1-1 information. We have the processes and systems in place to deliver the data in all communities throughout the United States. CLECs and independent telephone companies electronically transmit subscriber information to SCC. We then reformat the data to comply with the destination community's local standards, test for detectable errors and deliver the data to the 9-1-1 data systems that serve that community. The receiving data systems may be operated by us or by a carrier that does not use our services or products. Our TelConnect^(SM) services also include measurement of certain performance criteria, which allow us and our customers to continually improve service. To provide added value to customers, we launched LNP 2000, a program designed to assist customers with complications in 9-1-1 processing caused by local number portability ("LNP"). Local number portability resulted from competition in local exchange service and refers to the need to transfer, or port, a telephone number from one telephone carrier to another where the telephone subscriber chooses to change carriers. We also launched our Alliance Program in 1999, in which we are partnering with OSS providers that provide complementary service offerings to CLECs and independent telephone companies, such as billing and customer care software.

We offer enhancements to our 9-1-1 OSS services that provide additional features and functions through our Public SafetyNet Operations Center. These services are targeted to specific markets and are sold either directly by us or through our customers.

9-1-1Net®. 9-1-1Net® is an online tool that allows instant communication and makes important information available to our customers and PSAPs. Through 9-1-1Net®, users can view live address routing rules, send address updates, review inbound call load, error statistics and Automatic Location Information (“ALI”) discrepancy reports, and receive new product updates.

Private Switch ALI. Private telephone switches (“PBXs”) create a challenge for E9-1-1 operations. When a call is placed from within a PBX, the location of the PBX itself is generally displayed to a 9-1-1 dispatcher at a PSAP rather than the location of the specific PBX extension. In the case of large facilities such as campuses, hotels and hospitals, emergency response personnel may not have adequate information to determine the location of the caller quickly. Private Switch ALI allows PBX or CENTREX system managers to create and transmit appropriate data records that identify a caller’s extension location within a facility for 9-1-1 response.

9-1-1Connect^(SM). We provide wireless carriers with 9-1-1 services similar to those provided to wireline customers and that fully comply with the FCC’s Phase I mandate. Once a wireless carrier receives an activation request from a PSAP, our program managers develop a plan with the wireless carrier to activate service. This plan includes development of ILEC network interconnections for both data and voice specific to the local wireless network configuration and interface requirements. The program managers develop graphic coverage area maps that are superimposed on current maps of public safety agency boundaries. Routing recommendations can then be made and coordinated with the appropriate PSAP. The result is that 9-1-1 calls are routed to the appropriate PSAP with the callback number and cell location of the caller. We have also developed a solution to address the FCC’s Phase II mandate.

Emergency Warning and Evacuation System^(SM). In 1999, we began selling our Emergency Warning and Evacuation System^(SM) (“EWE^(SM)”) to initiate outbound calls to selected areas in the event of potential disasters such as floods, hazardous materials incidents, industrial accidents and localized weather events. EWE^(SM) uses spatially classified location information and up-to-date telephone subscriber data to deliver voice, fax and TDD warnings to geographically targeted populations.

License Products

We offer 9-1-1 software to ILECs that elect to manage their own 9-1-1 data records rather than outsourcing such operations to SCC. We also provide custom software development services to customers with specific or local requirements through our engineering department. The engineering department develops, customizes and enhances the software using a structured approach to perform requirements analysis, software development and quality assurance.

Commercial Services

We believe we can leverage our 9-1-1 expertise to provide other data management products and services. The new technologies entering the market, such as wireless location services, the Internet, wireless internet devices, telematics in automobiles and internet protocol-based telephony, present public safety challenges that are not comprehensively addressed today. We believe our expertise in managing large volumes of data, managing geographic call boundaries and operating mission-critical networks puts SCC in a unique position to address this evolving market. SCC’s 9-1-1 SafetyNet^(SM) product provides wireless carriers and other non-traditional telecommunications service providers with the ability to properly route and deliver 9-1-1 calls throughout the United States -- a service that is available today only on a regional or local level. Key components of 9-1-1 SafetyNet^(SM) include a national voice and data network overlay to rapidly and accurately deliver emergency calls throughout North America and a nationwide 9-1-1 coordinate routing data server that provides high-speed spatial routing determination to enable the delivery of emergency calls to the correct jurisdiction. SCC’s 9-1-1 SafetyNet^(SM) complements but does not replace the existing 9-1-1 infrastructure.

Service and Product Pricing

Our revenue is derived from up-front non-recurring engineering ("NRE") services and monthly data management services. Prior to 1998 we also generated revenue from software license agreements. We typically enter into two- to ten-year agreements.

The NRE service consists primarily of the clean up of the customers' 9-1-1 data records, engineering services to enable the customers' legacy system to interface with SCC's platform, building the network that will route calls, public safety boundary mapping, customer training and testing. The charges for these services are nonrefundable if the contract is cancelled after the services are performed. After the initial NRE, customers often buy components of these services, such as additional software engineering to modify the system functionality or network services to make their network more effective and enhance their solution ("Enhancement Services"). The fees received for NRE services and Enhancement Services are deferred and recognized as revenue ratably over the remaining contractual term of the arrangement.

Under outsourcing solution contracts we receive a monthly service fee for providing ongoing data management services which are required to keep the records current for all subscribers, maintain and monitor the network and support and maintain the software and systems required to provide the services. The fees received for these monthly services are recognized as revenue in the period in which the services are rendered.

Service Infrastructure and Architecture

Our operations include central data administration and distributed systems for real-time 9-1-1 transaction support. Based on large scale, fault-tolerant Compaq Tandem computers, our major processing systems are configured to provide high reliability. They are also designed to provide significant capacity for continued growth using the Tandem NSK scalable message-based architecture.

Our central data administration systems, located in Boulder, Colorado, are a key element of our 9-1-1 OSS, and are used to perform routine data maintenance and to support new customer transition and initial system loads. We also maintain a central monitoring facility in Boulder that operates 24 hours a day, seven days a week.

Data networks interconnecting our facility and systems in Boulder, SCC operated remote systems and SCC client systems are based on traditional T-1 and frame relay links provided by separate, redundant carriers. To improve reliability and survivability, the primary links are designed to have three or more backup paths to access our distributed networks, including VSAT satellite links. A "hot-site" emergency business recovery facility has been established in Sterling Forest, New York and can be activated to continue routine operations in the event of a disaster at the Boulder site. Electronic processing necessary to handle actual 9-1-1 calls is geographically distributed and remains a local service for each region, so our central data administration systems are not in the actual 9-1-1 call path.

Distributed throughout the United States, our real-time 9-1-1 servers are located in shared, hardened computer facilities. The systems are deployed in pairs or quads. System pairs are intentionally distributed to different geographic locations to provide an additional level of reliability. These systems provide data displays for thousands of public safety agencies throughout the service areas of our customers. Direct interface to telephone control switches is also supported on these platforms, providing the information necessary to route calls to the jurisdictionally appropriate PSAP. We also use a number of Microsoft NT servers and various Unix servers for internal administrative processing and extranet support.

Customers

We provide our services to a range of customers, including ILECs, CLECs, wireless carriers and state and local government agencies. We also license our software to ILECs and provide 9-1-1 data management services indirectly to over 750 independent telephone companies. We intend to include an expanded set of customers that would be the recipients of the telecommunications-related products and services associated with growth opportunities discussed above. During the year ended December 31, 2000, we recognized approximately 66% of total revenue from continuing operations from Ameritech, BellSouth Inc. and Qwest, each of which accounted for greater than 10% of our revenue. During the year ended December 31, 1999, we recognized approximately 81% of total revenue from Ameritech, BellSouth Inc. and Qwest, each of which accounted for greater than 10% of our revenue. During the year ended December 31, 1998, we recognized approximately 73% of total revenue from continuing operations from Ameritech, BellSouth Inc. and Qwest, each of which accounted for greater than 10% of our revenue. No other customers accounted for more than 10% of our total revenue during those years.

Historically, we have typically entered into contracts with carriers and their affiliates to provide services to some or all of the carrier's operating entities, and we have a contract that governs the licensing of our proprietary software. We currently have four revenue generating segments. Set forth below is a partial list of carriers utilizing our services or products, which we believe are representative of our overall customer base at this time.

ILEC: Our customers include Ameritech, BellSouth Inc. and Qwest.

CLEC: Our customers include Worldcom, TriVergent Communications Inc. and Nextlink Communications Inc.

Wireless: Our customers include CommNet Cellular Inc., AT&T Wireless Services, Sprint PCS, Qwest Wireless, Nextel and Nextel Partners

Direct: We have a contract with the General Services Commission of the State of Texas, which was assigned, to the Texas Commission for State Emergency Communications.

See Note 8 of our financial statements for further information regarding our reportable segments.

Sales and Marketing

Our marketing efforts target key carriers, government bodies, and PSAPs in each geographical market through advertising in telecommunications industry publications, participation in trade shows, presentations at technical conferences and other initiatives. Additionally, SCC employees serve as the chairpersons and members of key standards committees related to emergency communications services. Our sales strategy relies primarily on direct channels of distribution for our services, although we initiated an Alliance Program in 1999 to jointly market our TelConnect^(SM) services with OSS companies who sell complementary products. We have dedicated account teams to work with each existing and potential customer. Our account teams develop relationships with 9-1-1 service providers through a consultative, problem-solving sales process and work closely with customers and potential customers to determine how their needs can be fulfilled by our services. As of February 28, 2001, we employed 60 people in our sales and marketing organization. Sales cycles range from one month to over two years.

Research and Development

We direct our research and development efforts toward providing highly scalable, fault tolerant applications to the public safety, telecommunications and wireless industries. Development efforts in process are focused on integrating internet technology, spatial data mapping systems, advanced switching and transport elements capable of interfacing with existing networks, and enabling the more efficient E9-1-1 OSS processes that improve data quality. Research and development expenses totaled approximately \$4,174,000, \$1,740,000 and \$1,376,000 for December 31, 2000, 1999, and 1998, respectively. The 2000 costs include a portion of the costs incurred on our 9-1-1 SafetyNet^(SM) initiative. As of February 28, 2001, we employed 46 people in our research and development organization.

Competition

The market for 9-1-1 OSS solutions is intensely competitive and we expect competition to increase in the future. We believe that the principal competitive factors affecting the market for 9-1-1 OSS solutions include effectiveness of existing infrastructure, reliability, manageability, technical features, wireless support, performance, ease of use, price, scope of product offerings, and customer service and support. Although we believe that our solution competes favorably with respect to such factors, we may not be able to maintain our competitive position against current and potential competitors, especially those with significantly greater financial, marketing, service support, technical and other competitive resources.

Our principal competitors fall generally within one of three categories:

- internal development departments of major carriers or consulting firms that support such departments;
- companies that offer applications featuring portions of our comprehensive set of E9-1-1 solutions; and
- larger companies that are either in the process of entering our market or have the potential to develop products and services that compete with our service offerings.

Potential customers sometimes rely on their own internal development teams to formulate 9-1-1 OSS systems or retain consultants to undertake such a project. We believe that our 9-1-1 OSS solution competes favorably with internally developed systems, which may be expensive to develop and maintain, may not provide a comprehensive, reliable approach to 9-1-1 OSS services, and may not provide the flexibility to adapt readily to regulatory, technological and market changes.

In addition, a number of companies currently market or have under development software products and services to provide 9-1-1 administration. We compete with a few relatively smaller companies, including Telecommunications Systems, Inc., for the provision of 9-1-1 OSS services to wireless carriers. We also compete with a few relatively smaller companies for CLEC 9-1-1 services, such as HBF Group, Inc. Although we expect more significant competition to emerge in the future, we believe that, to date, none of these companies offer products or services that are as robust in features or as comprehensive in scope as our products and services. While it is likely that the product development efforts of these companies may eventually enable them to offer a line of products or services to compete with our current service offerings, we intend to continue to dedicate significant resources for product and service development to expand our capabilities and stay ahead of these competitors. Nonetheless, we expect additional competition from these established competitors and from other emerging companies. Mergers or consolidations among these competitors or acquisitions of these companies by larger competitors would make them more formidable competitors to us. Our current and potential competitors may develop products and services that may be more effective than our current or future 9-1-1 data management solutions and our technologies and offerings may be rendered obsolete by these developments.

Finally, there are a number of competitors that currently market and sell various products and services to telecommunications carriers, such as billing software and advanced telecommunications equipment, that have been successfully marketed to our customers and potential customers. In addition, vendors of telecommunications software and hardware in the future may enhance their products to include functionality that is currently provided by our solutions. The widespread inclusion of the functionality of our service offerings as standard features of other telecommunications software or hardware could render our services obsolete and unmarketable, particularly if the quality of such functionality were comparable to that of our services. Furthermore, even if the 9-1-1 functionality provided as standard features by telecommunications software or networking hardware is more limited than that of our services, a significant number of customers may elect to accept more limited functionality in lieu of purchasing additional products or services. For example, Lucent Technologies offers carriers software systems with functionality similar to our services. Many of these larger companies have longer operating histories, greater name recognition, access to larger customer bases and significantly greater financial, technical and marketing resources than we do. As a result, they may be able to adapt more quickly to new or emerging technologies and changes in customer requirements, or to devote greater resources to the promotion and sale of their products and services, than we may. We believe that the entry of these larger companies into our market may require them to undertake operations that are currently not within their core areas of expertise, and thus expose them to significant uncertainties in the product development process or in providing a range of products and services to comprehensively address the 9-1-1 requirements which our services address. However, if these companies were to introduce products or services that effectively compete with our service offerings, they could be in a position to substantially lower the price of their 9-1-1 products and services or to bundle such products and services with their other product and service offerings.

For the foregoing reasons, we may not be able to compete successfully against our current and future competitors. Increased competition may result in price reductions, reduced gross margins and loss of market share, any of which would materially and adversely affect our business, financial condition and results of operations.

Proprietary Rights

We currently have one patent application pending at the U.S. Patent and Trademark Office, which is in the confidential approval process but has not yet been issued. We are the owner of the following registered trademarks and service marks: 9-1-1Net®, 9-1-1 Extended Architecture®, 9-1-1 National Reference Center®, 9-1-1XA®, 9-1-1NRC® and SCC™ (stylized). We are the owner, and are seeking federal registration, of the following marks: 9-1-1Connect^(SM), 911.com^(SM), EWE^(SM), Emergency Warning and Evacuation^(SM), 911.net^(SM), LNP2000^(SM), TelConnect^(SM), CallMachine^(SM), 9-1-1 SafetyNet^(SM), Personal SafetyNet^(SM), RealWorld9-1-1^(SM), SCC™, Intrado™, and informed response™.

Employees

As of February 28, 2001, we employed 531 full-time employees in eleven states. Of these employees, 46 were involved in research and development, 60 in sales and marketing, 344 in technical support and operations and 81 in administration and finance. No employees are covered by any collective bargaining agreements. We believe that our relationships with our employees are good.

Facilities

Our principal administrative, sales and marketing, research and development and support facilities consist of approximately 80,000 square feet of office space in Boulder, Colorado. We occupy these premises under a lease that expires December 31, 2002. As of February 28, 2001, the annual base rent for this facility was approximately \$914,000; however, the lease agreement provides for periodic defined increases in rent throughout the lease term. In December 1999, we leased an additional 2,100 square feet of office space in Austin, Texas to supplement and serve as a back up to our Boulder, Colorado facility. We occupy these premises under a lease that expires November 30, 2003. As of February 28, 2001, the annual base rent for this facility was approximately \$38,000; however, the lease agreement provides for periodic defined increases in rent through the lease term. In October 2000, we leased an additional 35,000 square feet of office space in Longmont, Colorado. We occupy these premises under a lease expiring March 31, 2002. As of February 28, 2001, the annual base rent for this facility was approximately \$391,000.

RISK FACTORS

In evaluating our business, you should carefully consider the risks and uncertainties discussed in this section, in addition to the other information presented in this Annual Report on Form 10-K. The risks and uncertainties described below may not be the only risks that we face. If any of these risks or uncertainties actually occurs, our business, operating results or financial condition could be materially adversely affected and the market price of our common stock may decline.

Our operating results may fluctuate, causing our stock price to decline.

Our quarterly revenue and operating results are difficult to predict and may fluctuate significantly from quarter to quarter. We experienced a profit in 1998, but had a net loss of approximately \$1.3 million in 1999 and a net loss of \$9.5 million for the year ended December 31, 2000. Therefore, you should not rely on period-to-period comparisons of revenue or operating results as an indication of our future performance. If our quarterly revenue or operating results fall below the expectations of the investors or securities analysts, the price of our common stock could fall substantially.

Our operating results may continue to fluctuate as a result of many factors, including:

- our planned investments in research, development and marketing to expand our service offerings;
- the length of our sales cycle;
- price competition from entities with substantially greater resources than us;
- the size, timing and duration of significant customer contracts;
- the number of subscriber records under our management;
- the unpredictable rate of adoption of wireless services by PSAPs;
- the introduction and market acceptance of our and our competitors' new products and services;
- developments in telecommunications legislation and regulations, including new interpretations of existing law;
- the amount and timing of expenditures to expand our infrastructure and to meet our customers' demands;
- the success or failure of our Alliance Program;
- technical difficulties and network downtime, including that caused by unauthorized access to our systems;
- our ability to integrate new customers and assets acquired in acquisitions.

We depend on large contracts from a limited number of significant customers and the loss of any of those contracts would adversely affect our operating results.

We historically have depended on, and expect to continue to depend on, large contracts from a limited number of significant customers. We provide our services to a range of customers, including ILECs, CLECs, wireless carriers and state and local government agencies. We also license our software and provide 9-1-1 data clearinghouse services

directly and indirectly to over 750 independent telephone companies. During the year ended December 31, 2000, we recognized approximately 66% of total revenue from continuing operations from Ameritech, BellSouth Inc. and Qwest, each of which accounted for greater than 10% of our revenue. During the year ended December 31, 1999, we recognized approximately 81% of total revenue from Ameritech, BellSouth Inc. and Qwest, each of which accounted for greater than 10% of our revenue. During the year ended December 31, 1998, we recognized approximately 73% of total revenue from Ameritech, BellSouth Inc. and Qwest. No other customers accounted for more than 10% of our total revenue during those periods. We believe that these customers may continue to represent a substantial portion of our total revenue in the future. Certain contracts with these customers allow them to cancel their contracts with us in the event of changes in regulatory, legal, labor or business conditions. Our contracts with these customers expire in 2005. The loss of any of these customers would have a material adverse effect on our business, financial condition and results of operations.

If we succeed in acquiring Lucent Public Safety Systems, we may experience financial or operational problems and your ownership interest may be significantly diluted.

In October 2000, we entered into an agreement to acquire specified assets and assume specified liabilities associated with the business of Lucent Public Safety Systems, an internal venture of Lucent Technologies Inc. Delays in closing the transaction have necessitated the renegotiations of several deal terms. Although we have not reached agreement on these revised terms, we are negotiating in good faith to attain that goal. However, there is a possibility that the transaction may not be completed.

If we succeed in acquiring Lucent Public Safety Systems, the acquisition may not produce the revenues, earnings or business synergies that we anticipate. If we decide to issue shares of our common stock to complete the acquisition, your stock ownership may be diluted. Furthermore, we may encounter significant difficulties and incur substantial expenses in integrating the operations and personnel of the acquired business into our operations while preserving the goodwill of the acquired business. In particular, we may lose the services of key employees of the acquired business and the separation of the business from Lucent Technologies may impair relationships between the acquired business and its employees and customers. Because our management has limited experience in acquisitions and in integrating acquired companies or technologies into our operations, we may not be able to manage the proposed acquisition successfully. Moreover, we may spend a significant amount of time and effort in completing the acquisition and integrating the acquired business, which may divert our time and attention from existing operations.

Lucent Public Safety Systems has not previously been accounted for as a separate reporting entity within Lucent Technologies, and we are not attempting to acquire all of the assets currently used in operating the Lucent Public Safety Systems business. As a result, we may encounter unexpected financial or operational difficulties if we succeed in acquiring Lucent Public Safety Systems. If we issue common stock or securities convertible into common stock to complete the acquisition, the ownership interest of existing stockholders may be diluted significantly. Any of these outcomes could prevent us from realizing the anticipated benefits of the acquisition and cause the market value of our common stock to decline.

Our business is subject to government regulation and other legal uncertainties, which could adversely affect our operations.

The market for our services and products has been influenced by various laws and regulations, including:

- the adoption of regulations under the Telecommunications Act of 1996;
- the duties imposed on ILECs by the Telecommunications Act to open the local telephone markets to competition;
- the LECs' ("Local Exchange Carrier") responsibility to provide subscriber records to emergency service providers under the Wireless Communications and Public Safety Act of 1999;
- various state and local requirements; including but not limited to jurisdictions in which we are a regulated utility and may be a party to various regulatory actions, and
- the requirements imposed on carriers by the FCC in Docket 94-102.

Therefore, any changes to such legal requirements, the adoption of new regulations by federal or state regulatory authorities under these laws and regulations or any legal challenges to them could have a material adverse effect upon the market for our services and products. Although these laws and regulations were designed or modified in some respects to expand competition in the telecommunications industry, the realization of the objectives of these

laws and regulations is subject to many uncertainties, including renewed Congressional interest and judicial and administrative proceedings designed to define rights and obligations, actions or inactions by ILECs and other carriers that affect the pace at which changes contemplated by these laws and regulations occur, resolution of questions concerning which parties may finance such changes, and other regulatory, economic and political factors.

We are aware of litigation challenging various aspects of the Telecommunications Act and local telephone competition and other rules adopted by the FCC to implement the Telecommunications Act, as well as certain administrative rule makings either underway or anticipated with respect to other laws and regulations. The final impact of the application of these laws and rules is not yet known. Litigation, regulatory and legislative activity may serve to delay full implementation of these laws and regulations, which could adversely affect demand for our services and products. Any invalidation, repeal, modification or delay in the requirements imposed by the FCC or any of the state utility commissions could have a material adverse effect on our business, financial condition and results of operations. Moreover, customers may require, or we otherwise may deem it necessary or advisable, that we modify our services and products to address actual or anticipated changes in the regulatory environment. Any other delays in implementation of these laws and regulations, or other regulatory changes or similar developments, could materially adversely affect our business, financial condition and results of operations.

As part of our new initiatives to market and sell our 9-1-1 SafetyNet^(SM) products and services, we are in the process of obtaining certificates of operating authority in most if not all states across the United States to operate as a telecommunications provider and to become a bona fide beneficiary of the Telecommunications Act of 1996, including the right to interconnect with certain incumbent 9-1-1 network providers. It is our belief that these efforts and their relation to the provision of telecommunications services are contemplated by the Act, and we anticipate that we may be successful in those areas where third parties may challenge this kind of expansion of the Act's provisions. We have requested interconnection under sections 251 and 252 of the Telecommunications Act from five ILECs. In addition, we have requested arbitration assistance from state Commissions in Illinois, Texas and California, in relation to one of those ILECs, and we are pursuing the other requests through negotiation. Our new initiatives depend largely on the success of these legal and regulatory initiatives. Thus, the same kinds of delays or problems outlined above regarding matters pending in the State of Texas may occur in other states and could have substantial and material impacts on the success of our business.

9-1-1 services generally are funded by a locally imposed monthly subscriber fee. A portion of this fee is paid to the local carrier providing the 9-1-1 services. We generally receive a monthly fee per subscriber from our customers for management of 9-1-1 data records, allowing the carrier to match our fixed revenue stream for 9-1-1 services with a fixed cost for record management. Changes by local governments in the funding mechanism for 9-1-1 services or the parties responsible for the provision of such services could have a material adverse effect on our business, financial condition and results of operations.

Our market is characterized by rapid technological change, and we could lose our competitive position and fail to grow our business if we do not develop and offer new products and services.

The market for our services is characterized by rapid technological change, frequent new product or service introductions, evolving industry standards and changing customer needs. If we are unable to develop and introduce new services and products to these new markets in a timely manner, or if a new release of a product or service to such new markets does not achieve market acceptance, our business, financial condition and results of operations could be materially adversely affected.

Substantially all of our revenue is derived from our 9-1-1 data management solution and our operating results may depend upon our ability to continue to sell this solution.

We currently derive substantially all of our revenue from the provisioning of our 9-1-1 data management solution to ILECs, CLECs, wireless carriers and state and local government agencies. Accordingly, we are susceptible to adverse trends affecting this market segment, including government regulation, technological obsolescence and the entry of new competition. We expect that this market may continue to account for substantially all of our revenue in the near future. As a result, our future success depends on our ability to continue to sell our 9-1-1 solution, maintain and increase our market share by providing other value-added services to the market, and successfully adapt our technology and services to other related markets. Markets for our existing services and products may not continue to expand and we may not be successful in our efforts to penetrate new markets.

Our operating results could be adversely affected if we underestimate costs on our fixed price contracts.

During the year ended December 31, 2000, approximately 89% of our revenue was generated on a fixed price per subscriber basis. We generally enter into contracts with two- to ten-year terms and we generally receive a fixed monthly fee based upon the number of subscribers and upon the services selected by the customer. Therefore, our failure to estimate accurately the resources required for a fixed price per subscriber contract could have a material adverse effect on our business, financial condition and results of operations.

We could incur substantial costs from product liability claims relating to our software.

Because our services and products are utilized by our customers to provide critical 9-1-1 services, the provisioning of services and licensing of software is at risk of product liability and related claims. Our agreements with our customers typically require us to indemnify our customers for our own acts of negligence. Product liability insurance is expensive and may not be available in the future. We cannot be sure that we will be able to maintain or obtain insurance coverage at acceptable costs or in a sufficient amount, that our insurer may not disclaim coverage as to a future claim or that a product liability claim would not otherwise adversely affect our business, operating results or financial condition.

Our operating results could be adversely affected by any interruption of our services or system failure.

Our operations depend on our ability to maintain our computer and telecommunications equipment and systems in effective working order, and to protect our systems against damage from fire, natural disaster, power loss, telecommunications failure, sabotage, unauthorized access to our system or similar events. Although all of our mission-critical systems and equipment are designed with built-in redundancy and security, any unanticipated interruption or delay in our operations could have a material adverse effect on our business, financial condition and results of operations. Furthermore, any addition or expansion of our facilities to increase capacity could increase our exposure to damage from fire, natural disaster, power loss, telecommunications failure or similar events. Our property and business interruption insurance may not be adequate to compensate us for any losses that may occur in the event of a system failure. Furthermore, insurance may not be available to us at all or, if available, may not be commercially reasonable.

Our failure to manage our growth effectively could adversely affect our ability to increase our revenue and could increase our operating expenses.

We have expanded our operations rapidly over the past several years, placing significant demands on our administrative, operational and financial personnel and systems. Additional expansion by us may further strain our management, operational, financial reporting, and other systems and resources. Our systems, resources, procedures, controls and existing space may not be adequate to support such expansion of our operations. Our future operating results depend substantially on the ability of our officers and key employees to manage changing business conditions and to implement and improve our management, operational, financial control and other reporting systems. In addition, our future operating results depend on our ability to attract, train and retain qualified consulting, technical, sales, financial, marketing and management personnel. If our marketing strategy is successful, we may experience difficulties responding to customer demand for services and technical support and in pace with the development of products and services. To manage our growth, if any, we must:

- improve and enhance management information and reporting systems;
- standardize implementation methodologies of our operations;
- further develop and upgrade our infrastructure;
- continue to maintain customer satisfaction; and
- hire, train and manage qualified personnel.

If we are unable to respond to and manage changing business conditions, the quality of our products and services, our ability to retain key personnel, our business, financial condition and results of operation could be materially adversely affected.

The market for 9-1-1 data management solutions is highly competitive, and we could lose our market position if we fail to compete effectively.

The market for 9-1-1 data management solutions is intensely competitive and we expect competition to increase in the future. We believe that the principal competitive factors affecting the market for 9-1-1 data management

services include flexibility, reliability, manageability, technical features, wireless support, performance, ease of use, price, scope of product offerings, and customer service and support. We may not be able to maintain our competitive position against current and potential competitors, especially those with significantly greater financial, marketing, support service, technical and other competitive resources.

Claims by other companies that our products infringe their proprietary rights could adversely affect our financial condition.

As the number of entrants to our markets increases and the functionality of our services and products increases and overlaps with the products and services of other companies, we may become subject to claims of infringement or misappropriation of the intellectual property rights of others. In certain customer agreements, we agree to indemnify our customers for any expenses or liabilities resulting from claimed infringements of patents, trademarks or copyrights of third parties. In some instances, the amount of the indemnities may be greater than the revenue we received from the customer. Any claims or litigation, with or without merit, could be time consuming, result in costly litigation or require us to enter into royalty or licensing arrangements. Any royalty or licensing arrangements, if required, may not be available on terms acceptable to us, if at all, and could have a material adverse effect on our business, financial condition and results of operations.

The market price of our common stock may experience price fluctuations for reasons over which we have no control.

The stock market has from time to time experienced, and is likely to continue to experience, extreme price and volume fluctuations. Recently, prices of securities of high technology companies have been especially volatile and have often fluctuated for reasons that are unrelated to the operating performance of the affected companies. The market price of shares of our common stock has fluctuated greatly since our initial public offering and could continue to fluctuate due to a variety of factors, some of which are not within our control. In the past, companies that have experienced volatility in the market price of their stock have been the objects of securities class action litigation. If we were the object of securities class action litigation, it could result in substantial costs and a diversion of our management's attention and resources.

Our corporate documents and Delaware law make a takeover of our company more difficult, which may limit the market price of the common stock.

Our charter and by-laws and Section 203 of the Delaware General Corporation Law contain provisions that might enable our management to resist a takeover of our company. Among other things, the board of directors has the ability to issue "blank check" preferred stock without further stockholder approval. These provisions may discourage, delay or prevent a change in control or a change in our management. These provisions also could discourage proxy contests and make it more difficult for you to elect directors and take other corporate actions. The existence of these provisions could limit the price that investors are willing to pay for shares of common stock and prevent you from realizing the premium return that stockholders may receive in conjunction with a corporate takeover.

Our officers and directors have significant voting power and may substantially influence the outcome of any stockholder vote.

As of February 28, 2001, members of our board of directors and our executive officers, together with members of their families and entities that may be deemed affiliates of or related to such persons or entities, beneficially own approximately 19.4% of the outstanding shares of our common stock. Accordingly, these stockholders are able to influence election of our board of directors and the outcome of corporate actions requiring stockholder approval, such as mergers and acquisitions. This level of ownership by such persons and entities may have a significant effect in delaying, deferring or preventing a change in control and may adversely affect the voting and other rights of other holders of common stock.

A general economic downturn could adversely affect our sales and product development.

In the last five years, the general health of the economy has been relatively strong. Growing companies have spent unprecedented amounts of capital to keep pace with rapid technological advances. In late 2000, the economy started to slow down. To the extent the general economic health of the United States declines from recent historically high levels, or to the extent individuals or companies fear a decline is imminent, these individuals and

companies may reduce expenditures such as those for our services. Any decline or concern about an imminent decline could delay decisions among certain customers to roll out our services or could delay decisions by prospective customers to make initial evaluations of our services. Any delays would have a material and adverse effect on our business.

ITEM 2. PROPERTIES

Refer to the disclosure under the caption “Item 1. Business – Facilities.”

ITEM 3. LEGAL PROCEEDINGS

We are not a party to any litigation that we believe could have a material adverse effect on our business or us.

ITEM 4. SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS

No matters were submitted for a vote of security holders during the fourth quarter of the fiscal year covered by this report.

PART II

ITEM 5. MARKET FOR THE REGISTRANT'S COMMON EQUITY AND RELATED STOCKHOLDER MATTERS

Our common stock is traded on the Nasdaq National Market under the symbol "SCCX." We commenced our initial public offering of the common stock on June 24, 1998 at a price of \$12 per share. Prior to such date, there was no public market for the common stock. The following table sets forth the high and low closing market prices for each full quarterly period within the last two fiscal years and from January 1, 2001 through February 28, 2001.

	<u>Stock Price</u>	
	<u>High</u>	<u>Low</u>
<u>2001</u>		
January 1, 2001– February 28, 2001	\$ 9.75	\$ 4.00
<u>2000</u>		
Fourth Quarter	\$ 8.19	\$ 4.06
Third Quarter	\$ 8.63	\$ 5.25
Second Quarter	\$ 9.25	\$ 5.06
First Quarter	\$ 15.31	\$ 5.44
<u>1999</u>		
Fourth Quarter	\$ 7.09	\$ 5.00
Third Quarter	\$ 7.13	\$ 4.00
Second Quarter	\$ 5.00	\$ 3.00
First Quarter	\$ 6.38	\$ 3.00

As of February 28, 2001, there were approximately 168 direct holders of record, not including shares held in street name.

We have not paid any cash dividends on our capital stock since our inception, and do not expect to pay cash dividends on our common stock in the foreseeable future. Certain covenants contained in our line of credit agreement restrict the payment of dividends without the lender's prior consent. Payment of future dividends, if any, may be declared at the discretion of our board of directors, subject to the restrictions discussed above, after taking into account various factors, including our financial condition, operating results, cash needs and expansion plans.

On June 24, 1998, we consummated our initial public offering of our common stock. The estimated net offering proceeds to us after deducting the foregoing discounts, commissions, fees and expenses were \$25,988,400, of which \$3,510,400 relates to the exercise of the underwriters' over-allotment option on July 22, 1998. Through December 31, 2000, the proceeds of the offering have been applied as follows:

Aggregate offering price	\$28,980,000
Direct and indirect payment to others for:	
Underwriting discounts and commissions	2,028,600
Other offering expenses	963,000
Construction of building and facilities	300,000
Capital lease payment to receive discount	2,878,500
Repayment of indebtedness	4,610,000
9-1-1 SafetyNet ^(SM) Initiative	4,800,000
Working capital	13,399,900

None of such payments were direct or indirect payments to our directors, officers, general partners or their associates or to persons owning 10% or more of any class of our equity securities or to our affiliates.

ITEM 6. SELECTED FINANCIAL DATA

The following selected financial data is qualified by reference to and should be read in conjunction with our financial statements and notes thereto and "Management's Discussion and Analysis of Financial Condition and Results of Operations" included in Item 7. The statement of operations data for the years ended December 31, 2000, 1999 and 1998 and the balance sheet data at December 31, 2000 and 1999 are derived from, and are qualified by reference to, the audited financial statements and notes included in Item 8. The statement of operations data for the years ended December 31, 1997 and 1996 and the balance sheet data at December 31, 1998, 1997 and 1996 are derived from audited financial statements not included in this Annual Report on Form 10-K. Pro forma information reflects results from operations as if SAB 101 had been adopted prior to January 1996.

(amounts in thousands, except per share data)	December 31,				
	2000	1999	1998	1997	1996
Statement of Operations Data:					
Total revenue.....	\$ 43,124	\$ 32,584	\$ 34,449	\$ 27,072	\$ 14,802
Net income (loss) from continuing operations before extraordinary item and cumulative effect of change in accounting principle.....	(6,418)	(1,062)	3,880	4,783	937
Net earnings (loss) per share from continuing operations before extraordinary item and cumulative effect of change in accounting principle:					
Basic.....	<u>\$ (0.57)</u>	<u>\$ (0.10)</u>	<u>\$ 0.53</u>	<u>\$ 2.17</u>	<u>\$ 0.15</u>
Diluted.....	<u>\$ (0.57)</u>	<u>\$ (0.10)</u>	<u>\$ 0.38</u>	<u>\$ 0.54</u>	<u>\$ 0.11</u>

(amounts in thousands)	December 31,				
	2000	1999	1998	1997	1996
Balance Sheet Data:					
Cash and cash equivalents.....	\$ 5,036	\$ 8,354	\$ 10,266	\$ 2,503	\$ 32
Short and long-term investments in marketable securities.....	6,939	13,158	9,815	—	—
Working capital (deficit).....	12,743	18,014	17,678	(2,670)	(7,345)
Total assets.....	44,669	41,780	45,095	21,106	18,482
Long-term capital lease obligation.....	1,511	2,038	2,791	6,891	3,318
Total stockholders' equity (deficit).....	24,967	32,935	33,591	(11,867)	(13,068)

PRO FORMA EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE:

(amounts in thousands, except per share data)	December 31,				
	2000	1999	1998	1997	1996
PRO FORMA NET INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE EXTRAORDINARY ITEM AND CHANGE IN ACCOUNTING PRINCIPLE.....	<u>\$ (6,418)</u>	<u>\$ (1,139)</u>	<u>\$ 3,205</u>	<u>\$ 4,012</u>	<u>\$ (252)</u>
PRO FORMA NET INCOME (LOSS) APPLICABLE TO COMMON STOCK.....	<u>\$ (9,500)</u>	<u>\$ (1,365)</u>	<u>\$ 2,296</u>	<u>\$ 1,104</u>	<u>\$ (814)</u>
PRO FORMA NET EARNINGS (LOSS) PER SHARE FROM CONTINUING OPERATIONS BEFORE EXTRAORDINARY ITEM AND CHANGE IN ACCOUNTING PRINCIPLE (Note 2):					
Basic.....	<u>\$ (0.57)</u>	<u>\$ (0.10)</u>	<u>\$ 0.50</u>	<u>\$ 2.16</u>	<u>\$ (0.14)</u>
Diluted.....	<u>\$ (0.57)</u>	<u>\$ (0.10)</u>	<u>\$ 0.31</u>	<u>\$ 0.46</u>	<u>\$ (0.03)</u>
PRO FORMA NET EARNINGS (LOSS) PER SHARE (Note 2):					
Basic.....	<u>\$ (0.84)</u>	<u>\$ (0.12)</u>	<u>\$ 0.36</u>	<u>\$ 0.59</u>	<u>\$ (0.45)</u>
Diluted.....	<u>\$ (0.84)</u>	<u>\$ (0.12)</u>	<u>\$ 0.22</u>	<u>\$ 0.13</u>	<u>\$ (0.10)</u>
SHARES USED IN COMPUTING PRO FORMA NET EARNINGS (LOSS) PER SHARE (Note 2):					
Basic.....	<u>11,257,718</u>	<u>10,989,091</u>	<u>6,433,564</u>	<u>1,857,413</u>	<u>1,790,230</u>
Diluted.....	<u>11,257,718</u>	<u>10,989,091</u>	<u>10,334,556</u>	<u>8,788,816</u>	<u>8,299,362</u>

See Note 2 of notes to financial statements for an explanation of the determination of the shares used in computing net income (loss) per share.

ITEM 7. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

Overview

We are the leading provider of 9-1-1 data management services to ILECs, CLECs and wireless carriers in the United States. We manage the data that enables a 9-1-1 call to be routed to the appropriate public safety agency with accurate and timely information about the caller's identification and location. We were incorporated in July 1979 in the State of Colorado under the name Systems Concepts of Colorado, Inc. and were reincorporated in September 1993 in the State of Delaware under the name SCC Communications Corp. Prior to 1995, substantially all of our revenue was derived from the sale of software licenses and related implementation services to ILECs and public safety agencies. During 1994, we began investing in infrastructure to provide our 9-1-1 OSS solution to telephone operating companies seeking to outsource such operations. We signed our first 9-1-1 data management services contract in August 1994 and continue to add to the number of records under management. We began to recognize revenue from wireless carriers in the third quarter of 1997, and continue to increase the number of live wireless subscribers managed. In addition, we signed a contract with the General Services Commission of the State of Texas in November 1998, representing the first time that a state agency has endeavored to centralize 9-1-1 OSS and data management services with a neutral third party.

Each of our four Business Units provides an outsourcing solution for its respective customer bases. Revenue generally includes a non-recurring initial fee ("NRE") for the design and implementation of the solution, conversion of the customer's data to our systems, hiring and training of personnel, and other costs required to prepare for the processing of customer data. Non-recurring fees and the associated costs are recognized ratably over the life of the contract. Our contracts also separately allow for a monthly service fee based on the number of subscriber records under management, which is recognized in the period in which the services are rendered. Related costs are expensed as they are incurred. We may also offer our customers enhanced products or services for which revenue is recognized over the life of the contract. Our revenue breaks down as a percent of total revenue as follows:

	Year Ended December 31,					
	Revenue			Percent		
	2000	1999	1998	2000	1999	1998
ILEC Business Unit	\$28,757	\$26,723	\$28,874	67%	82%	84%
CLEC Business Unit	7,280	3,793	1,492	17%	12%	4%
Wireless Business Unit	4,172	1,739	3,867	10%	5%	11%
Direct Business Unit	2,915	329	306	6%	1%	1%

During 2000, we changed our revenue recognition policies to comply with SAB 101. Specifically, SAB 101 requires that we defer the up-front NRE fee, certain enhancement fees and related incremental costs and recognize them over the lives of our contracts. The adoption of SAB 101 required us to reflect a cumulative effect of change in accounting principle as if SAB 101 had been implemented on January 1, 2000 and to restate all of our reported 2000 quarterly results.

During the years ended December 31, 2000 and 1999, we recognized approximately 66% and 81%, respectively, of total revenue from Ameritech, BellSouth Inc. and Qwest, each of which accounted for greater than 10% of our total revenue in such periods.

Historically, substantially all of our revenue has been generated from sales to customers in the United States. However, we have generated revenue in Canada and intend to enter additional international markets, which may require significant management attention and financial resources. International sales are subject to a variety of risks.

As of December 31, 2000, we had net operating loss carryforwards of approximately \$16.9 million available to offset future net income for U.S. federal income tax purposes. Since we expect to incur losses in the near term related to development costs for new commercial products, future taxable income may not be sufficient to realize additional deferred tax assets that may be created by the projected net operating losses.

Our quarterly and annual operating results have varied significantly in the past. The variation in operating results may likely continue and may intensify. We believe that period to period comparisons of results of operations are not necessarily meaningful and should not be relied upon as indications of future performance. Our operating results may continue to fluctuate as a result of many factors, including the length of the sales cycles for new or

existing customers, the size, timing or duration of significant customer contracts, fluctuations in number of subscriber records under management, timing or duration of service offerings, rate of adoption of wireless services by PSAPs, efforts expended to accelerate the introduction of certain new products, our ability to hire, train and retain qualified personnel, increased competition, changes in operating expenses, changes in our strategy, the financial performance of our customers, changes in telecommunications legislation and regulations that may affect the competitive environment for our services, and general economic factors.

Our expense levels are based in significant part on our expectations regarding future revenue. Our revenue is difficult to forecast because the market for our services is evolving rapidly and the length of our sales cycle and the size and timing of significant customer contracts vary substantially. Accordingly, we may be unable to adjust spending in a timely manner to compensate for any unexpected changes in operations. As of December 31, 2000, we had incurred expenses of approximately \$4.0 million in marketing, legal and research and development to expand our product offerings with our 9-1-1 SafetyNet^(SM) initiative. We may spend up to an additional \$5 million on this initiative in 2001. In addition, we hired additional employees in 2000, and expect to continue hiring additional employees during 2001. We also began leasing office space in Texas in December 1999, from which we are performing some of our operations. In October 2000, we also leased additional office space in Colorado to accommodate our increased personnel.

Results of Operations

Year Ended December 31, 2000 Compared to Year Ended December 31, 1999

Total Company

Total revenue increased 32%, from \$32.6 million in 1999 to \$43.1 million in 2000. Total direct costs increased 27%, from \$22.7 million in 1999 to \$28.9 million in 2000, representing 70% and 67% of total revenue, respectively. Our lack of profitability during 2000 was primarily due to operating losses in our direct and wireless business units as well as due to our significant investment in our 9-1-1 SafetyNet^(SM) initiative. The net impact of the SAB 101 adjustments on 2000 revenue and direct costs was a net decrease of approximately \$233,000. We expect that operating profitability may be attainable by the fourth quarter of 2001.

ILEC Business Unit

ILEC revenue increased 7%, from \$26.7 million in 1999 to \$28.8 million in 2000 due to an increase in the number of records under management and from the sale of enhancements to our existing customer base. The number of ILEC subscribers under management grew to 85.8 million, an increase of 5% from December 31, 1999. ILEC direct costs increased 12.9%, from \$14.7 million in 1999 to \$16.6 million in 2000, representing 55% and 58% of ILEC revenue for such periods, respectively. Costs increased due to the hiring of additional systems operations staff and increased systems maintenance costs to accommodate growth. The net impact of the SAB 101 adjustments on 2000 ILEC revenue and direct costs was not material. ILEC sales and marketing expenses increased 6% from \$1.7 million in 1999 to \$1.8 million in 2000, representing 6% of ILEC revenue for both periods, due to an increase in marketing projects in 2000. ILEC research and development costs increased 7%, from \$355,000 in 1999 to \$379,000 in 2000, representing 1% of ILEC revenue for both periods, due to increased focus by our software engineering staff on projects for the ILEC Business Unit.

We expect ILEC revenue in 2001 to grow at a rate consistent with our historical 2000 ILEC results. We expect ILEC operating expenses to increase at a slower rate in 2001 than ILEC revenues as we plan to gain incremental operating efficiencies and increase productivity.

CLEC Business Unit

CLEC revenue increased 92%, from \$3.8 million in 1999 to \$7.3 million in 2000 due to an increase in the number of records under management for new and existing customers and additional revenue recognized on new customers signed in 2000. As of December 31, 2000, we had 38 CLEC contracts representing 5.4 million subscribers. CLEC direct costs increased 30%, from \$2.0 million in 1999 to \$2.6 million in 2000, representing 53% and 36% of CLEC revenue for such periods, respectively. The dollar increase in CLEC costs was due to the hiring of additional CLEC operations staff to assist with the continued growth in records under management. The percentage decrease in costs was due mainly to volume efficiencies gained by the growth in records managed. The net impact of the SAB 101 adjustments on CLEC 2000 revenue and direct costs was a net decrease of approximately \$453,000. CLEC sales

and marketing expenses increased 140%, from \$355,000 in 1999 to \$851,000 in 2000, representing 9% and 12% of CLEC revenue for such periods, respectively. The increase in CLEC sales and marketing expenses was due to the hiring of additional sales and marketing personnel to accommodate the growth in the CLEC Business Unit and increased direct marketing campaign costs. CLEC research and development costs increased 49%, from \$167,000 in 1999 to \$248,000 in 2000, representing 4% and 3% of CLEC revenue for such periods respectively, due to the development of Local Number Portability ("LNP") software applications.

We expect CLEC revenue to continue to increase by approximately 50% in 2001 although we do not believe our past margins are sustainable due to volume pricing discounts. We expect CLEC costs may increase in 2001 at a faster rate than revenues but the margins should stabilize by the end of the year.

Wireless Business Unit

Wireless revenue increased 147%, from \$1.7 million in 1999 to \$4.2 million in 2000, due to an increase in the number of records under management and services provided relating to system capacity expansion to accommodate wireless carriers. Wireless direct costs increased 10%, from \$4.1 million in 1999 to \$4.5 million in 2000, due to the hiring of additional systems operations staff and increased systems maintenance and telephone line costs to accommodate growth. Wireless direct costs as a percentage of Wireless revenue decreased because the increase in subscribers managed covered more of our Wireless infrastructure costs. The net impact of the SAB 101 adjustments on Wireless 2000 revenue and direct costs was a net increase of approximately \$170,000. Wireless sales and marketing expenses increased 114%, from \$560,000 in 1999 to \$1.2 million in 2000, representing 32% and 29% of Wireless revenue for such periods, respectively. The increase in Wireless sales and marketing expenses was due to the hiring of additional sales personnel in 2000 and increased direct marketing campaign costs. Wireless research and development costs increased 38% from \$409,000 in 1999 to \$563,000 in 2000, representing 24% and 13% of Wireless revenue for such periods, respectively, due to the cost of improvements to our general wireless database application in 2000.

We expect Wireless revenue to increase by over 100% in 2001 as we continue to work through our backlog of deployment of Phase I and II. Direct costs may be significantly greater in 2001 than the increase in revenue in the first half of the year; however, we expect that the business unit may generate positive operating income in the final quarter of 2001. At December 31, 2000, approximately 12% of our subscribers under contract were live. We expect that we will have approximately 50% of our subscribers under contract live by December 31, 2001.

Direct Business Unit

Direct revenue increased from \$329,000 in 1999 to \$2.9 million in 2000. Direct revenue increased due to the transition of records in the State of Texas beginning in 2000 and delivery of the Emergency Warning and Evacuation^(SM) (EWE^(SM)) product offering. The Direct Business Unit continued to successfully execute its strategic plan, increasing the subscriber base in Texas to 6.9 million in 2000. The EWE^(SM) subscriber base was 700,000 as of year-end and 1.4 million as of February 28, 2001. Direct costs increased from \$1.9 million in 1999 to \$5.1 million in 2000. Costs increased due to the opening of our Texas office, hiring of additional personnel and development of system infrastructure necessary to implement the State of Texas contract and to manage records that have been transitioned. The net impact of the SAB 101 adjustments on 2000 Direct revenue and direct costs was not material. Direct sales and marketing expenses increased from \$483,000 in 1999 to \$1.4 million in 2000, representing 147% and 48% of Direct revenue for such periods, respectively. The increase in sales and marketing costs was due to the hiring of additional sales personnel to support the State of Texas contract and our EWE^(SM) product. Direct research and development costs increased from \$809,000 in 1999 to \$834,000 in 2000 due to improvements in EWE^(SM) application development in 2000 after the product was launched.

We expect Direct revenue growth to slow down and we do not expect direct costs to increase in 2001. Management is attempting to reduce direct costs and we expect that the business unit may provide positive gross margins and break-even operating income in the final quarter of 2001.

Corporate Business Unit

Corporate general and administrative expenses increased 69%, from \$4.9 million in 1999 to \$8.3 million in 2000, representing 15% and 19% of total revenue for such periods, respectively. Corporate general and administrative expenses increased due to the addition of corporate legal personnel and outside legal fees to address legislative and regulatory issues, the hiring of additional human resources and finance staff to accommodate headcount growth in

2000, including growth related to 9-1-1 SafetyNet^(SM), and corporate consulting costs. Corporate sales and marketing expenses increased 64%, from \$2.2 million in 1999 to \$3.6 million in 2000, representing 7% and 8% in total revenue for such periods, respectively. Corporate sales and marketing expenses increased due to national tradeshow costs, direct marketing related to 9-1-1 SafetyNet^(SM), and public relations charges. The increase was partially offset by the reallocation of certain resources from marketing-related activities to legislative and regulatory affairs activities and the reduction in headcount for general corporate product marketing. Corporate research and development of \$2.2 million in 2000 represented labor and associated travel and consulting costs related to the network architecture of the 9-1-1 SafetyNet^(SM) product offering.

We expect our corporate general and administrative expenses and corporate sales and marketing costs in 2001 may remain at or close to our current levels. We also expect that our 9-1-1 SafetyNet^(SM) research and development costs may be consistent with or below our 2000 expenses. Our corporate expenses may increase but may be a smaller percentage of revenue in 2001.

Net other income increased 17%, from \$607,000 in 1999 to \$712,000 in 2000. Other income increased due to interest income earned from investments and the reduction in interest expense related to the repayment of certain capital leases.

The benefit for income taxes decreased from \$468,000 in 1999 to zero in 2000. We expect to incur losses in the near term in order to finance new commercial products. Future taxable income may not be sufficient to realize additional deferred tax assets that may be created by the projected net operating losses. Consequently, our statement of operations does not reflect tax benefits for operating losses incurred during 2000.

The loss from operations of discontinued division, net of tax, for the year ended December 31, 1999 of \$226,000 represents the costs related to the final closeout of unassigned contracts related to our Premise Products Division, which was sold in 1997, and the transition of customers to the company that acquired this division.

The cumulative effect from change in accounting principle of approximately \$3.1 million in 2000 represents the change associated with adopting SAB 101 effective January 1, 2000. This change reflects the amount of income that had been recognized under the Company's previously existing revenue recognition methods that would have been deferred as of December 31, 1999 had the Company been under the guidelines of SAB 101. The income deferred as a result of adopting SAB 101 will be recognized on varying dates through 2005. During 2000, we recognized approximately \$628,000 of this amount.

Year Ended December 31, 1999 Compared to Year Ended December 31, 1998

Total Company

Total revenue decreased 5% from \$34.4 million in 1998 to \$32.6 million in 1999. Total direct costs increased 12% from \$20.2 million in 1998 to \$22.7 million in 1999, representing 59% and 70% of total revenue, respectively.

ILEC Business Unit

ILEC revenue decreased 7%, from \$28.8 million in 1998 to \$26.7 million in 1999 due to a decrease in sales of enhancements to our existing customer base. ILEC direct costs decreased 9% from \$16.2 million in 1998 to \$14.7 million in 1999, representing 56% and 55% of ILEC revenue for such periods, respectively, due to a reduction in contract labor. ILEC sales and marketing expenses remained constant at \$1.7 in 1998 and 1999, representing 6% of ILEC revenue for both periods. ILEC research and development costs decreased 51%, from \$727,000 in 1998 to \$355,000 in 1999, representing 3% and 1% of ILEC revenue for such periods, respectively, due to increased focus by our software engineering staff on projects for other business units.

CLEC Business Unit

CLEC revenue increased 153%, from \$1.5 million in 1998 to \$3.8 million in 1999 due to an increase in the number of records under management for new and existing customers and additional non-recurring revenue recognized on new customers signed in 1999. CLEC direct costs increased 54% from \$1.3 million in 1998 to \$2.0 million in 1999, representing 87% and 53% of CLEC revenue for such periods, respectively, due to the hiring of additional CLEC operations staff to assist with the continued growth in records under management. CLEC sales and marketing expenses decreased 26% from \$479,000 in 1998 to \$355,000 in 1999, representing 32% and 9% of CLEC

revenue for such periods, respectively. The decrease in CLEC sales and marketing expenses was due partially to the termination of a sales person in 1999, a decrease in travel costs and a decrease in direct marketing campaign costs. CLEC research and development costs increased 37%, from \$122,000 in 1998 to \$167,000 in 1999, representing 8% and 4% of CLEC revenue for such periods, respectively, due to the development of LNP software applications.

Wireless Business Unit

Total revenue decreased 56% from \$3.9 million in 1998 to \$1.7 million in 1999, due to the receipt of monthly minimum fees that expired at the end of 1998. Wireless direct costs increased 71%, from \$2.4 million in 1998 to \$4.1 million in 1999. Costs increased due to the hiring of additional systems operations staff and increased systems maintenance and telephone line costs to accommodate growth. Wireless sales and marketing expenses increased 41%, from \$398,000 in 1998 to \$560,000 in 1999, representing 10% and 32% of Wireless revenue for such periods, respectively, due to the hiring of additional sales personnel in 1999. Wireless research and development costs increased 7%, from \$381,000 in 1998 to \$409,000 in 1999, representing 10% and 24% of Wireless revenue for such periods, respectively, due to the development of improvements to our general wireless database application in 1999.

Direct Business Unit

Direct revenue increased from \$306,000 in 1998 to \$329,000 in 1999 due to completion of the State of Texas implementation. Direct costs increased from \$266,000 in 1998 to \$1.9 million in 1999. Costs increased due to the opening of our Texas office, hiring of additional personnel and development of system infrastructure necessary to implement the State of Texas contract. Direct sales and marketing expenses increased from \$249,000 in 1998 to \$483,000 in 1999, representing 81% and 147% of direct revenue for such periods, respectively. The increase in sales and marketing costs was due to the hiring of additional sales personnel to support the State of Texas contract and our EWE^(SM) product. Direct research and development costs increased from \$146,000 in 1998 to \$809,000 in 1999. Direct research and development costs increased due to the increased development efforts for the EWE^(SM) application in 1999 before the product was launched.

Corporate Business Unit

Corporate general and administrative expenses decreased 2%, from \$5.0 million in 1998 to \$4.9 million in 1999, representing 15% of total revenue for both periods. Corporate general and administrative expenses decreased due to temporarily operating without a Chief Operating Officer and Chief Financial Officer during a change in officers in 1999, offset partially by increased legal fees associated with legislative and regulatory issues. Corporate sales and marketing expenses increased 69% from \$1.3 million in 1998 to \$2.2 million in 1999 representing 4% and 7% in total revenue for such periods, respectively due to national tradeshow costs and public relations charges. The increase was partially offset by the reallocation of certain resources from marketing-related activities to legislative and regulatory affairs activities and the reduction in headcount for general corporate product marketing.

Net other income increased from an expense of \$294,000 in 1998 to income of \$607,000 in 1999. Other income increased due to interest income earned from investments and the reduction in interest expense related to the repayment of certain capital leases.

The benefit for income taxes increased from \$379,000 in 1998 to \$468,000 in 1999. Benefits were recorded in these years as we believed the increase in deferred tax assets would be realizable in the future.

The loss from operations of discontinued division, net of tax of \$226,000 represents the costs related to the final closeout of unassigned contracts related to our Premise Products Division, which was sold in 1997, and the transition of customer to the company that acquired this division.

Liquidity and Capital Resources

Since our inception we have funded our operations with cash provided by operations, supplemented by equity and debt financing and leases on capital equipment. As of December 31, 2000, we had \$12.0 million in cash and cash equivalents and investments in marketable securities. We expect our operating cash flows to be negative during the first half of 2001 but we expect them to turn positive in the second half of 2001 due to increased subscriber counts as a result of our wireless deployment efforts.

We borrowed approximately \$1.1 million under our capital lease line secured by capital equipment in 2000, and repaid \$1.5 million and \$1.9 million of capital lease obligations during 2000 and 1999, respectively. Additionally, we used \$6.1 million and \$2.0 million in 2000 and 1999, respectively, for the purchase of capital assets and software development. This significant increase was due to capital expenditures related to our 9-1-1 SafetyNet^(SM) initiative as well as due to capital needs created by our significant increase in headcount during 2000. We anticipate that our level of spending for capital expenditures may be slightly less in 2001. We currently have no material commitments for capital expenditures; however, we may purchase additional systems in an effort to attain incremental operating efficiencies, especially in our ILEC and CLEC business units and to incur additional costs and expenses in connection with our proposed acquisition of Lucent Public Safety Systems.

We have a line of credit with a bank equal to \$2.0 million, which is available to meet operating needs. The interest rate on amounts borrowed under the line of credit is equal to the bank's prime rate or the one, two or three month Libor rate plus 2.25% per annum. The line of credit matures April 15, 2001 and is collateralized by certain assets. As of December 31, 2000, no borrowings were outstanding under the line of credit. We are currently negotiating the renewal of this line of credit.

We also have a \$2.0 million capital lease line with a bank, which is available to meet capital acquisition needs that arise from normal business operations. The interest rate is equal to the bank's cost of funds at the time of each lease. Separate lease schedules are signed from time to time. Each lease schedule is collateralized by the assets that are being leased. Each lease has its own termination date, typically 36 months. As of December 31, 2000, the entire \$2.0 million available under the capital lease line had been utilized.

During the year ended December 31, 2000, we incurred research, development and marketing expenses of approximately \$4.0 million on our 9-1-1 SafetyNet^(SM) initiative. We may spend up to an additional \$5 million in 2001. Our primary focus will be in our Wireless business unit. We plan to accelerate our wireless deployments and development of our Coordinate Routing Database ("CRDB"). We may continue the 9-1-1 SafetyNet^(SM) initiative over the next several years as long as we find the customer demand meaningful enough to make the investment worthwhile.

Although we believe that our current cash and investments, cash generated from operations and lease financing will be sufficient to fund our anticipated working capital needs, research and development initiative and capital expenditures for our core operations, we may seek to raise additional capital to fund our 9-1-1 SafetyNet^(SM) product initiative. We may seek a new capital lease line or other sources of debt or equity financing to fund this initiative. In the event our plans or assumptions for our core operations change or prove to be inaccurate, or if we consummate any unplanned acquisitions of businesses or assets, we may be required to seek additional sources of capital, which may include public and private equity and debt financings, sales of nonstrategic assets and other financing arrangements.

In October 2000, we entered into an agreement to acquire specified assets and assume specified liabilities associated with the business of Lucent Public Safety Systems, an internal venture of Lucent Technologies Inc. Delays in closing the transaction have necessitated the renegotiation of several deal terms. Although we have not reached agreement on these revised terms, we are negotiating in good faith to attain that goal. However, there is a possibility that the transaction may not be completed. If we reach an agreement to acquire Lucent Public Safety Systems, it may not produce the revenues, earnings or business synergies that we anticipate, especially in the near term. Regardless, we must pay cash for the legal, accounting and other transactions costs associated with the negotiation of the acquisition. As of December 31, 2000, we had deferred approximately \$1 million of transaction related costs on our balance sheet. If the transaction closes, these costs will form a part of the purchase price. If we do not complete the acquisition, these costs will be expensed. We expect to incur additional transaction costs in 2001 in an attempt to complete the acquisition.

Recently Issued Accounting Pronouncements

Statement of Financial Accounting Standards No. 133 and No. 137

In June 1998, the Financial Accounting Standards Board, or FASB, issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS 133 establishes accounting and reporting standards for derivative financial instruments and hedging activities related to those instruments as well as other hedging activities. It requires an entity to recognize all derivatives as either assets or liabilities in the statement of financial position and measures those instruments at fair value. In June 1999, the

FASB issued Statement of Financial Accounting Standards No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133 - An amendment of FASB Statement No. 133." SFAS No. 137 delays the effective date of SFAS No. 133 to financial quarters and financial years beginning after June 15, 2000. We do not typically enter into arrangements that would fall under the scope of Statement No. 133 and thus, management believes that Statement No. 133 will not significantly affect our financial condition and results of operations.

Statement of Financial Accounting Standards No. 140

In September 2000, the FASB issued SFAS No. 140, "Accounting for Transfers and Servicing of Financial Asset and Extinguishments of Liabilities." SFAS No. 140 provides accounting and reporting standards for transfers and servicing of financial assets and extinguishments of liabilities. It is effective for transfers and servicing of financial assets and extinguishments of liabilities occurring after March 31, 2001 and is effective for recognition and reclassification of collateral and for disclosures relating to securitization transactions and collateral for fiscal years ending after December 15, 2000. We do not believe that this statement will materially impact our results of operations.

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk represents the risk of loss that may impact our financial position, results of operations or cash flows due to adverse changes in financial and commodity market prices and rates. We are exposed to market risk in the areas of changes in United States interest rates. These exposures are directly related to our normal operating and funding activities. Historically and as of December 31, 2000, we have not used derivative instruments or engaged in hedging activities.

Interest Rate Risk

The interest payable on our line of credit is variable and is determined based on the lender's prime rate or the one, two, or three month Libor rate plus 2.25% per annum, and, therefore, is affected by changes in market interest rates. At December 31, 2000, no amounts were outstanding under our line of credit, however, we may borrow up to 80% of qualified accounts receivable, not to exceed \$2,000,000. Rates on our capital lease line are also dependent on interest rates in effect at the time the lease line is drawn upon. In addition, we invest excess funds in high-grade treasury bonds and commercial paper on which we monitor interest rates frequently and as the investments mature. Based on amounts invested in treasury bonds and commercial paper at December 31, 2000, if the markets were to experience a decline in rates of 1%, we would have a resulting decline in future earnings, fair values and cash flows of approximately \$70,000.

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

SCC COMMUNICATIONS CORP.

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REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To SCC Communications Corp.:

We have audited the accompanying balance sheets of SCC Communications Corp. (a Delaware corporation) as of December 31, 2000 and 1999, and the related statements of operations, stockholders' equity (deficit) and cash flows for each of the three years in the period ended December 31, 2000. These financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. 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 financial statements referred to above present fairly, in all material respects, the financial position of SCC Communications Corp. as of December 31, 2000 and 1999, and the results of its operations and its cash flows for each of the three years in the period ended December 31, 2000, in conformity with accounting principles generally accepted in the United States.

As discussed in the Summary of Significant Accounting Policies footnote to the financial statements, in 2000 the Company changed its method of accounting for revenue recognition.

/s/ ARTHUR ANDERSEN LLP

Denver, Colorado,
January 26, 2001.

SCC COMMUNICATIONS CORP.

BALANCE SHEETS
(dollars in thousands)

ASSETS	December 31,	
	2000	1999
CURRENT ASSETS:		
Cash and cash equivalents	\$ 5,036	\$ 8,354
Short-term investments in marketable securities	6,939	12,165
Accounts receivable, net of allowance for doubtful accounts of approximately \$184 and \$58, respectively	7,166	2,255
Unbilled revenue	574	846
Prepays and other	892	548
Deferred acquisition costs	1,054	—
Deferred income taxes	869	653
Total current assets	22,530	24,821
PROPERTY AND EQUIPMENT, at cost:		
Computer hardware and equipment	30,259	25,411
Furniture and fixtures	1,987	933
Leasehold improvements	1,049	915
	33,295	27,259
Less — Accumulated depreciation	(20,820)	(15,753)
Total property and equipment, net	12,475	11,506
OTHER ASSETS		
LONG-TERM INVESTMENTS in marketable securities	107	86
DEFERRED INCOME TAXES	—	993
DEFERRED COSTS	3,206	3,423
SOFTWARE DEVELOPMENT COSTS, net of accumulated amortization of \$864 and \$575, respectively	5,363	—
	988	951
	\$ 44,669	\$ 41,780
LIABILITIES AND STOCKHOLDERS' EQUITY		
CURRENT LIABILITIES:		
Accounts payable	\$ 1,226	\$ 752
Payroll-related accruals	1,144	786
Other accrued liabilities	2,688	1,641
Property and other taxes	1,026	792
Current portion of capital lease obligations (Note 6)	2,107	1,971
Deferred revenue	1,596	865
Total current liabilities	9,787	6,807
CAPITAL LEASE OBLIGATIONS, NET OF CURRENT PORTION (Note 6)	1,511	2,038
DEFERRED REVENUE	8,674	—
Total liabilities	19,972	8,845
COMMITMENTS AND CONTINGENCIES (Notes 9 and 13)		
STOCKHOLDERS' EQUITY (Note 5):		
Preferred stock, \$.001 par value; 15,000,000 shares authorized; none issued or outstanding	—	—
Common stock, \$.001 par value; 30,000,000 shares authorized; 11,488,040 and 11,104,111 shares issued and outstanding, respectively	11	11
Additional paid-in capital	44,814	43,925
Common stock warrants	373	(33)
Stock subscriptions receivable	(33)	—
Accumulated deficit	(20,468)	(10,968)
Total stockholders' equity	24,697	32,935
	\$ 44,669	\$ 41,780

The accompanying notes to financial statements are an integral part of these balance sheets.

SCC COMMUNICATIONS CORP.

STATEMENTS OF OPERATIONS
(dollars in thousands, except per share data)

	Year Ended December 31,		
	2000	1999	1998
TOTAL REVENUE	\$ 43,124	\$ 32,584	\$ 34,449
COSTS AND EXPENSES:			
Direct costs	28,868	22,736	20,200
Sales and marketing	8,869	5,314	4,119
General and administrative	8,343	4,931	4,959
Research and development	4,174	1,740	1,376
Total costs and expenses	50,254	34,721	30,654
INCOME (LOSS) FROM OPERATIONS	(7,130)	(2,137)	3,795
OTHER INCOME (EXPENSE):			
Interest and other income	1,147	1,095	654
Interest and other expense	(435)	(488)	(948)
INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE INCOME TAXES, EXTRAORDINARY ITEM AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(6,418)	(1,530)	3,501
BENEFIT FOR INCOME TAXES (Note 7)	—	468	379
NET INCOME (LOSS) FROM CONTINUING OPERATIONS BEFORE EXTRAORDINARY ITEM AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(6,418)	(1,062)	3,880
DISCONTINUED OPERATIONS (Note 4):			
Loss from operations of discontinued division, net of tax benefit of \$100	—	(226)	—
NET INCOME (LOSS) BEFORE EXTRAORDINARY ITEM AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(6,418)	(1,288)	3,880
EXTRAORDINARY LOSS FROM EARLY EXTINGUISHMENT OF DEBT, net of tax benefit of \$533	—	—	(909)
NET INCOME (LOSS) BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(6,418)	(1,288)	2,971
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE, net of tax of \$0	(3,082)	—	—
NET INCOME (LOSS)	(9,500)	(1,288)	2,971
Dividends accrued on Series D, E and F mandatorily, redeemable convertible preferred stock	—	—	(355)
Common stock warrant put price adjustment	—	—	(77)
NET INCOME (LOSS) APPLICABLE TO COMMON STOCKHOLDERS	\$ (9,500)	\$ (1,288)	\$ 2,539
BASIC INCOME (LOSS) PER SHARE:			
Earnings (loss) per share from continuing operations before extraordinary item and cumulative effect of change in accounting principle	\$ (0.57)	\$ (0.10)	\$ 0.53
Loss per share from discontinued operations	—	(0.02)	—
Loss per share from extraordinary item	—	—	(0.14)
Loss per share from change in accounting principle	(0.27)	—	—
Basic earnings (loss) per share	\$ (0.84)	\$ (0.12)	\$ 0.39
DILUTED INCOME (LOSS) PER SHARE:			
Earnings (loss) per share from continuing operations before extraordinary item and cumulative effect of change in accounting principle	\$ (0.57)	\$ (0.10)	\$ 0.38
Loss per share from discontinued operations	—	(0.02)	—
Loss per share from extraordinary item	—	—	(0.09)
Loss per share from change in accounting principle	(0.27)	—	—
Diluted earnings (loss) per share	\$ (0.84)	\$ (0.12)	\$ 0.29
SHARES USED IN COMPUTING NET INCOME (LOSS) PER SHARE:			
Basic	11,257,718	10,989,091	6,433,564
Diluted	11,257,718	10,989,091	10,334,556
PRO FORMA EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE (Note 2):			
PRO FORMA NET EARNINGS (LOSS) FROM CONTINUING OPERATIONS BEFORE EXTRAORDINARY ITEM AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	\$ (6,418)	\$ (1,139)	\$ 3,205
PRO FORMA NET EARNINGS (LOSS) APPLICABLE TO COMMON STOCKHOLDERS	\$ (9,500)	\$ (1,365)	\$ 2,296
PRO FORMA NET EARNINGS (LOSS) PER SHARE FROM CONTINUING OPERATIONS BEFORE EXTRAORDINARY ITEM AND CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE:			
Basic	\$ (0.57)	\$ (0.10)	\$ 0.50
Diluted	\$ (0.57)	\$ (0.10)	\$ 0.31
PRO FORMA NET EARNINGS (LOSS) PER SHARE:			
Basic	\$ (0.84)	\$ (0.12)	\$ 0.36
Diluted	\$ (0.84)	\$ (0.12)	\$ 0.22

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

SCC COMMUNICATIONS CORP.

**STATEMENTS OF STOCKHOLDERS' EQUITY (DEFICIT)
FOR THE YEARS ENDED DECEMBER 31, 2000, 1999 AND 1998
(dollars in thousands, except share data)**

	<u>Common Stock</u>		<u>Additional Paid-in Capital</u>	<u>Common Stock Warrants</u>	<u>Stock Subscriptions Receivable</u>	<u>Treasury Stock</u>		<u>Accumulated Deficit</u>	<u>Total Stockholders' Equity (Deficit)</u>
	<u>Shares</u>	<u>Amount</u>				<u>Shares</u>	<u>Amount</u>		
BALANCES, at December 31, 1997	1,994,281	\$ 2	\$ 452	\$ —	\$ (99)	(36,250)	\$ (3)	\$ (12,219)	\$ (11,867)
Dividends accrued on Series D, E and F Convertible Preferred Stock	—	—	—	—	—	—	—	(355)	(355)
Issuance of common stock through Initial Public Offering, net of issuance costs of \$964	2,415,000	2	25,985	—	—	—	—	—	25,987
Conversion of preferred stock into common stock	6,188,575	6	14,938	—	—	—	—	—	14,944
Issuance of common stock upon exercise of warrants	195,148	—	1,549	—	—	—	—	—	1,549
Issuance of common stock under Employee Stock Purchase Plan	61,105	—	243	—	—	—	—	—	243
Issuance of common stock upon exercise of options	68,494	—	39	—	—	—	—	—	39
Common stock warrant put price adjustment	—	—	—	—	—	—	—	(77)	(77)
Stock subscription payments received	—	—	—	—	40	—	—	—	40
Tax benefit related to disqualifying dispositions of common stock	—	—	117	—	—	—	—	—	117
Retirement of treasury stock	(36,250)	—	(3)	—	—	36,250	3	—	—
Net income	—	—	—	—	—	—	—	2,971	2,971
BALANCES, at December 31, 1998	10,886,353	10	43,320	—	(59)	—	—	(9,680)	33,591
Issuance of common stock under Employee Stock Purchase Plan	38,679	—	145	—	—	—	—	—	145
Issuance of common stock upon exercise of options	179,079	1	460	—	—	—	—	—	461
Stock subscription payments received	—	—	—	—	26	—	—	—	26
Net loss	—	—	—	—	—	—	—	(1,288)	(1,288)
BALANCES, at December 31, 1999	11,104,111	11	43,925	—	(33)	—	—	(10,968)	32,935
Issuance of common stock under Employee Stock Purchase Plan	54,386	—	216	—	—	—	—	—	216
Issuance of common stock upon exercise of options	323,626	—	625	—	—	—	—	—	625
Issuance of common stock for Board compensation	5,917	—	37	—	—	—	—	—	37
Issuance of common stock warrants	—	—	—	373	—	—	—	—	373
Accelerated options	—	—	11	—	—	—	—	—	11
Net loss	—	—	—	—	—	—	—	(9,500)	(9,500)
BALANCES, at December 31, 2000	11,488,040	\$ 11	\$ 44,814	\$ 373	\$ (33)	—	\$ —	\$ (20,468)	\$ 24,697

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

SCC COMMUNICATIONS CORP.

STATEMENTS OF CASH FLOWS
(dollars in thousands)

	Year Ended December 31,		
	2000	1999	1998
CASH FLOWS FROM OPERATING ACTIVITIES:			
Net income (loss).....	\$ (9,500)	\$ (1,288)	\$ 2,971
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities —			
Amortization and depreciation.....	5,408	5,117	4,315
Stock-based compensation expense.....	373	—	—
Cumulative effect of change in accounting principle.....	3,082	—	—
Amortization and write-off of note payable discount.....	—	—	1,430
Accretion of investments in marketable securities.....	(267)	(284)	(316)
Loss on disposal of assets.....	20	53	—
Provision for estimated losses on contracts.....	—	—	7
Provision for doubtful accounts.....	126	8	—
Deferred income tax benefit.....	—	(547)	(912)
Change in —			
Accounts receivable.....	(5,037)	2,557	(2,492)
Unbilled revenue.....	272	189	(39)
Prepays and other.....	(364)	(38)	(286)
Deferred costs.....	(5,363)	—	—
Accrued liabilities.....	2,113	(462)	396
Deferred revenue.....	6,323	(1,043)	(705)
Net cash provided by (used in) operating activities.....	(2,814)	4,262	4,369
CASH FLOWS FROM INVESTING ACTIVITIES:			
Acquisition of property and equipment.....	(6,097)	(1,961)	(2,995)
Purchase of investments in marketable securities.....	(10,764)	(14,559)	(14,446)
Sale of investments in marketable securities.....	17,250	11,500	4,947
Deferred acquisition costs.....	(1,054)	—	—
Software development costs.....	(327)	(497)	(397)
Net cash used in investing activities.....	(992)	(5,517)	(12,891)
CASH FLOWS FROM FINANCING ACTIVITIES:			
Principal payments on notes payable.....	—	—	(4,986)
Principal payments on capital lease obligations.....	(1,522)	(1,870)	(5,038)
Proceeds from equipment financing.....	1,121	581	—
Proceeds from exercise of stock options.....	673	461	39
Stock subscription payments received.....	—	26	40
Proceeds from issuance of common stock through employee stock purchase plan.....	216	145	243
Proceeds from initial public offering and over-allotment, net of underwriters' discount.....	—	—	26,951
Costs related to initial public offering.....	—	—	(964)
Net cash provided by (used in) financing activities.....	488	(657)	16,285
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS.....	(3,318)	(1,912)	7,763
CASH AND CASH EQUIVALENTS, beginning of period.....	8,354	10,266	2,503
CASH AND CASH EQUIVALENTS, end of period.....	<u>\$ 5,036</u>	<u>\$ 8,354</u>	<u>\$ 10,266</u>
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:			
Cash paid during the period for interest.....	\$ 370	\$ 439	\$ 801
Cash paid during the period for taxes.....	\$ 289	\$ 459	\$ 95
SUPPLEMENTAL SCHEDULE OF NONCASH FINANCING AND INVESTING ACTIVITIES:			
Property acquired with capital leases.....	\$ 11	\$ 889	\$ 3,488
Issuance of warrants.....	\$ 373	\$ —	\$ —

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

SCC COMMUNICATIONS CORP.
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2000

(1) ORGANIZATION, BUSINESS AND LIQUIDITY

SCC Communications Corp. (the "Company") is a Delaware corporation. The Company is the leading provider of 9-1-1 operations support system services to incumbent local exchange carriers ("ILECs"), competitive local exchange carriers ("CLECs"), wireless carriers and state and local governments in the United States. The Company manages the data which enables 9-1-1 calls to be routed to the appropriate public safety agency with accurate and timely information about the caller's identification and location. In addition, the Company licenses its 9-1-1 software to carriers that wish to manage the delivery of 9-1-1 data management services in-house.

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

For purposes of reporting cash flows, cash and cash equivalents include highly liquid investments with original maturities of 90 days or less.

Investments in Marketable Securities

The Company's investments in corporate debt securities are classified as held-to-maturity and stated at cost, adjusted for amortization of premiums and accretion of discounts. The investments had the following values at December 31, 2000 and 1999, respectively:

	<u>Amortized/ Accreted Cost</u>	<u>Accrued Interest</u>	<u>Gross Unrealized Holding Gains</u>	<u>Gross Unrealized Holding Losses</u>	<u>Fair Value</u>
Corporate Debt Securities, maturing within one year	\$12,165,000	\$ —	\$ —	\$ (10,000)	\$ 12,155,000
Corporate Debt Securities, maturing after one year through five years	<u>993,000</u>	<u>—</u>	<u>—</u>	<u>(2,000)</u>	<u>991,000</u>
Balances at December 31, 1999	<u>\$13,158,000</u>	<u>\$ —</u>	<u>\$ —</u>	<u>\$ (12,000)</u>	<u>\$13,146,000</u>
Corporate Debt Securities, maturing within one year	\$6,939,000	\$ —	\$ 5,000	\$ —	\$ 6,944,000
Corporate Debt Securities, maturing after one year through five years	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>	<u>—</u>
Balances at December 31, 2000	<u>\$6,939,000</u>	<u>\$ —</u>	<u>\$ 5,000</u>	<u>\$ —</u>	<u>\$ 6,944,000</u>

Property and Equipment

Depreciation of property and equipment is computed using the straight-line method over estimated useful lives of three to five years for computer hardware and equipment, seven years for furniture and fixtures and the lesser of the asset life or the life of the lease for leasehold improvements. The costs of repairs and maintenance are expensed while enhancements to existing assets are capitalized. Depreciation expense totaled approximately \$5,118,000, \$4,888,000 and \$4,174,000 for the years ended December 31, 2000, 1999 and 1998, respectively.

Deferred Acquisition Costs

Deferred acquisition costs represent direct third party costs incurred with the attempted acquisition of Lucent Public Safety Systems. If the Company is successful, these costs will be included as a cost of the acquisition. If the transaction is not completed, these costs will be expensed in the period that the Company abandons the transaction.

Software Development Costs

The Company expenses the costs of developing computer software until technological feasibility is established and capitalizes all costs incurred from that time until the software is available for general customer release. Technological feasibility for the Company's computer software products is based upon the earlier of the achievement of (a) a detailed program design free of high-risk development issues or (b) completion of a working model. Costs of major enhancements to existing products with a wide market are capitalized while routine maintenance of existing products is charged to expense as incurred. The establishment of technological feasibility and the ongoing assessment of the recoverability of capitalized computer software development costs requires considerable judgment by management with respect to certain external factors, including, but not limited to, technological feasibility, anticipated future gross revenue, estimated economic life and changes in software and hardware technology.

Capitalized software costs are amortized on a product-by-product basis. The annual amortization is the greater of the amount computed using (a) the ratio that current gross revenue for a product compares to the total of current and anticipated future gross revenue for that product, or (b) the straight-line method over the remaining estimated economic life of the product which is typically five years. Amortization expense related to capitalized software costs totaled approximately \$290,000, \$229,000 and \$145,000 for the years ended December 31, 2000, 1999 and 1998, respectively.

Revenue and Cost Recognition

The Company generates revenue from four of its segments, or "business units": ILEC, CLEC, Wireless and Direct. The revenue from these business units is derived from two sources: up-front non-recurring engineering ("NRE") services and monthly data management services. Prior to 1998 the Company also generated revenue from software license agreements.

The NRE service consists primarily of the clean up of the customer's 9-1-1 data records, engineering services to enable the customer's legacy system to interface with SCC's platform, building the network that will route the calls, public safety boundary mapping, customer training and testing. The charges for these services are nonrefundable if the contract is cancelled after the services are performed. After the initial NRE, customers often buy components of these services, such as additional software engineering to modify the system functionality or network services to make their network more effective and enhance their solution ("Enhancement Services"). The fees received for NRE services and Enhancement Services are deferred and recognized as revenue ratably over the remaining contractual term of the arrangement.

Under outsourcing solution contracts, the Company receives a monthly service fee for providing ongoing data management services that are required to keep the records current for all subscribers, maintain and monitor the network and support and maintain the software and systems required to provide the services. The fees received for these monthly services are recognized as revenue in the period in which the services are rendered.

The fees received from software license agreements have been deferred and are recognized as revenue ratably over the contractual term of the arrangements.

The Company defers incremental costs incurred in providing the NRE and Enhancement Services for which the revenues are deferred. The deferred costs are recognized ratably over the remaining contractual term of the arrangement. All other costs associated with generating revenue are recognized in the period incurred.

In December 1999, the Securities and Exchange Commission staff released Staff Accounting Bulletin No. 101, "Revenue Recognition" ("SAB 101"). SAB 101 provides interpretive guidance on the recognition, presentation and disclosure of revenue in financial statements. The Company concluded that the current revenue recognition policies had to change to be in accordance with SAB 101. Specifically, the guidance provided by SAB 101 requires the Company to defer the up-front NRE fee, certain enhancement fees and related incremental costs and recognize them over the life of each contract. Prior to the adoption of SAB 101, the Company recognized revenue from the NRE Services and Enhancement Services on the percentage of completion method over the period in which the services were performed. The Company adopted SAB 101 during the quarter ending December 31, 2000. The adoption of SAB 101 required the Company to reflect a cumulative effect of change in accounting principles of \$3.1 million as if SAB 101 had been implemented on January 1, 2000 and to restate all of the previously reported 2000 quarterly results.

The cumulative effect of change in accounting principle reflects the amount of income that had been recognized under the Company's previously existing revenue recognition methods that would have been deferred as of December 31, 1999 had the Company been under the guidelines of SAB 101. The pro forma effect of change in accounting principle is presented in the Statement of Operations to present the income from operations as if the SAB 101 had been applied during all periods presented.

The following table illustrates what periods the Company originally recognized the revenue and incremental costs which have, as a result of SAB 101, been deferred and included in the cumulative effect of change in accounting principle.

(amounts in thousands)	1994	1995	1996	1997	1998	1999	Total
Revenue	\$ 170	\$ 1,091	\$ 2,269	\$ 1,892	\$ 1,618	\$ 507	\$ 7,547
Direct Costs	170	721	1,080	1,121	943	430	4,465
Cumulative Effect	\$ —	\$ 370	\$ 1,189	\$ 771	\$ 675	\$ 77	\$ 3,082

The restatement of the previously reported 2000 quarterly results reflects the net difference of fees received and incremental costs incurred that were deferred from previous periods and recognized in the current quarter and the fees received and incremental costs incurred in the current quarter that are deferred into future periods. The table below illustrates the restatement of previously filed unaudited quarterly information.

(amounts in thousands)	For the Three Months Ended,								
	March 31, 2000			June 30, 2000			September 30, 2000		
	As Reported	SAB 101 Adjustment	Restated	As Reported	SAB 101 Adjustment	Restated	As Reported	SAB 101 Adjustment	Restated
Revenue	\$ 9,325	\$ (292)	\$ 9,033	\$ 10,556	\$ (307)	\$ 10,249	\$ 11,775	\$ (248)	\$ 11,527
Direct Costs	6,427	(142)	6,285	7,275	(289)	6,986	7,657	(271)	7,386
Net income before cumulative effect of change in accounting principle	(415)	(150)	(565)	(1,742)	(18)	(1,760)	(1,321)	23	(1,298)
Cumulative effect of change in accounting principle	—	(3,082)	(3,082)	—	—	—	—	—	—
Net income	\$ (415)	\$ (3,232)	\$ (3,647)	\$ (1,742)	\$ (18)	\$ (1,760)	\$ (1,321)	\$ 23	\$ (1,298)
Income (loss) per share (basic and diluted)	\$ (0.04)	\$ (0.29)	\$ (0.33)	\$ (0.16)	\$ (0.00)	\$ (0.16)	\$ (0.12)	\$ (0.00)	\$ (0.12)

As of December 31, 2000, the Company has deferred revenue of \$10,270,000 and deferred costs of \$5,363,000. A portion of these amounts relates to contracts for which the start of the contract period has not yet been established. As a result, the exact periods for which these amounts will be recognized is not yet known. The amount of deferred revenue, net of deferred costs, relating to these contracts is approximately \$1,845,000. These amounts will be fully recognized by December 31, 2005. The remaining deferred revenue, net of deferred costs will be recognized as follows:

2001	\$ 913,000
2002	738,000
2003	657,000
2004	500,000
2005	254,000
Total	<u>\$ 3,062,000</u>

Research and Development

Research and development efforts consist of salaries, supplies and other related costs. These costs are expensed as incurred and totaled approximately \$4,174,000, \$1,740,000 and \$1,376,000 for the years ended December 31, 2000, 1999 and 1998, respectively. These costs are included in the accompanying statements of operations.

Advertising Costs

The Company expenses advertising costs as incurred. The Company had advertising expenses of \$68,000, \$27,000 and \$57,000 for the years ending 2000, 1999 and 1998, respectively.

Income Taxes

The Company follows Statement of Financial Accounting Standards No. 109 ("SFAS 109"), which requires recognition of deferred income tax assets and liabilities for the expected future income tax consequences, based on enacted tax laws, of temporary differences between the financial reporting and tax basis of assets and liabilities. SFAS 109 also requires recognition of deferred tax assets for the expected future tax effects of loss carryforwards and tax credit carryforwards. Deferred tax assets are then reduced, if deemed necessary, by a valuation allowance for the amount of any tax benefits which, on a more likely than not basis, are not expected to be realized.

Concentration of Credit Risk

Financial instruments which potentially subject the Company to concentrations of credit risk are primarily cash and cash equivalents, accounts receivable and investments in high-grade treasury bonds and commercial paper. The Company maintains its cash balances in the form of bank demand deposits, money market accounts, treasury bonds and commercial paper with original maturities of less than ninety days. The Company's deposits and investments are with financial institutions that management believes are creditworthy and investments that are high-grade. The Company's accounts receivable are from customers that are generally telecommunications service providers; accordingly, the Company's accounts receivable are concentrated in the telecommunications industry. The Company's principal customers (Note 12) accounted for 50% and 71% of the Company's accounts receivable as of December 31, 2000 and 1999, respectively. The Company has no significant financial instruments with off-balance sheet risk of accounting loss, such as foreign exchange contracts, option contracts or other foreign currency hedging arrangements.

Use of Estimates

The preparation of financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions. These estimates affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

Fair Value of Financial Instruments

Financial instruments include cash and cash equivalents, corporate debt securities, accounts receivable and debt obligations. The carrying amounts for cash and cash equivalents and accounts receivable approximate fair market value because of the short maturity of these instruments. The fair value of notes are estimated based on current rates available for debt with similar maturities and securities, and at December 31, 2000 and 1999, approximates the carrying value.

Stock Based Compensation Plans

The Company applies APB Opinion No. 25, "Accounting for Stock Issued to Employees," ("APB Opinion No. 25") in accounting for its stock option and other stock-based compensation plans for employees and directors. The Company has adopted the disclosure provisions of Statement of Financial Accounting Standards No. 123 ("SFAS 123"), "Accounting for Stock-Based Compensation," for such options and stock-based plans for employees and directors.

The Company accounts for equity instruments issued to non-employees in accordance with Statement of Financial Accounting Standards No. 123 and Emerging Issues Task Force No. 96-18, "Accounting for equity instruments that are issued to other than employees for acquiring, or in conjunction with selling goods and services."

Impairment of Long-Lived Assets

The Company reviews its long-lived assets for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable from future undiscounted cash flows. Impairment losses are recorded for the excess, if any, of the carrying value over the fair value of the long-lived assets.

Comprehensive Income

Comprehensive income (loss) includes all changes in equity (net assets) during a period from nonowner sources. Since inception, comprehensive income (loss) has been the same as net income (loss).

Earnings Per Share

The Company presents basic and diluted earnings or loss per share in accordance with Statement of Financial Accounting Standards No. 128 "Earnings Per Share" ("SFAS 128"), which establishes standards for computing and presenting basic and diluted earnings per share. Under this statement, basic earnings (loss) per share is determined by dividing net income (loss) available to common stockholders by the weighted average number of common shares outstanding during each period. Diluted income (loss) per share includes the effects of potentially issuable common stock, but only if dilutive (i.e., a loss per share is never reduced). The treasury stock method, using the average price of the Company's common stock for the period, is applied to determine dilution from options and warrants. The as if-converted method is used for convertible securities. Potentially dilutive common stock options that were excluded from the calculation of diluted income per share because their effect is antidilutive totaled 858,984, 1,085,747 and 51,000 in 2000, 1999 and 1998, respectively.

A reconciliation of the numerators and denominators used in computing per share net earnings (loss) from continuing operations is as follows:

	Year Ended December 31,		
	2000	1999	1998
Numerator:			
Net earnings (loss) from continuing operations before extraordinary item and change in accounting principle	\$ (6,418,000)	\$ (1,062,000)	\$ 3,880,000
Dividends on convertible preferred stock	—	—	(355,000)
Common stock warrant put price adjustment	—	—	(77,000)
Numerator for basic earnings (loss) per share from continuing operations before extraordinary item	<u>\$ (6,418,000)</u>	<u>\$ (1,062,000)</u>	<u>\$ 3,448,000</u>
Denominator for basic earnings (loss) per share:			
Weighted-average common shares outstanding	<u>11,257,718</u>	<u>10,989,091</u>	<u>6,433,564</u>
Denominator for diluted earnings (loss) per share:			
Convertible preferred stock	—	—	3,051,900
Weighted-average common shares outstanding	11,257,718	10,989,091	6,433,564
Options issued to employees	—	—	752,863
Putable common stock warrant	—	—	96,229
Denominator for diluted earnings (loss) per share	<u>11,257,718</u>	<u>10,989,091</u>	<u>10,334,556</u>

(3) RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

Statement of Financial Accounting Standards No. 133 and No. 137

In June 1998, the Financial Accounting Standards Board, or FASB, issued Statement of Financial Accounting Standards No. 133, "Accounting for Derivative Instruments and Hedging Activities." SFAS 133 establishes accounting and reporting standards for derivative financial instruments and hedging activities related to those instruments as well as other hedging activities. It requires an entity to recognize all derivatives as either assets or liabilities in the statement of financial position and measures those instruments at fair value. In June 1999, the FASB issued Statement of Financial Accounting Standards No. 137, "Accounting for Derivative Instruments and Hedging Activities - Deferral of the Effective Date of FASB Statement No. 133 - An amendment of FASB Statement No. 133." SFAS No. 137 delays the effective date of SFAS No. 133 to financial quarters and financial years beginning after June 15, 2000. The Company does not typically enter into arrangements that would fall under the scope of Statement No. 133 and thus, management believes that Statement No. 133 will not significantly affect the Company's financial condition and results of operations.

Statement of Financial Accounting Standards No. 140

In September 2000, the FASB issued SFAS No. 140, "Accounting for Transfers and Servicing of Financial Asset and Extinguishments of Liabilities." SFAS No. 140 provides accounting and reporting standards for transfers and servicing of financial assets and extinguishments of liabilities. It is effective for transfers and servicing of financial assets and extinguishments of liabilities occurring after March 31, 2001 and is effective for recognition and reclassification of collateral and for disclosures relating to securitization transactions and collateral for fiscal years ending after December 15, 2000. The Company does not believe that this statement will materially impact its results of operations.

(4) DISCONTINUED OPERATIONS

On June 30, 1997, the Company sold the net assets of its Premise Products Division. The sale resulted in a net loss of \$2,032,000. Net losses from operations of this division totaled \$226,000 in 1999 resulting from final closeout of unassigned contracts and the transition of customers to the company that acquired this division.

(5) STOCKHOLDERS' EQUITY (DEFICIT)

Common Stock and Preferred Stock

The Company is authorized to issue up to 30,000,000 shares of common stock and 15,000,000 shares of undesignated preferred stock. In 1998 the Company retired 36,250 shares of treasury stock with a carrying value of \$3,000.

In June 1998, the Company completed its initial public offering. In this offering the Company issued 2,415,000 shares of its common stock and received proceeds of approximately \$25,897,000, net of issuance costs of approximately \$964,000.

Mandatorily Redeemable, Convertible Preferred Stock

In connection with the Company's initial public offering in June 1998, the Company's mandatorily redeemable convertible preferred stock was converted on a one-for-one basis to common stock. Activity for 1998, 1999 and 2000 is as follows:

	Shares Issued and Outstanding						Total
	Series A	Series B	Series C	Series D	Series E	Series F	
BALANCES, at December 31, 1997	1,515,152	1,010,101	442,328	912,123	1,083,381	1,225,490	6,188,575
Conversion of preferred stock to common stock	(1,515,152)	(1,010,101)	(442,328)	(912,123)	(1,083,381)	(1,225,490)	(6,188,575)
BALANCES, at December 31, 1998, 1999 and 2000	—	—	—	—	—	—	—

The activity related to the liquidation or redemption value of Series A through Series F Convertible Preferred Stock for the periods ended December 31, 1998, 1999 and 2000 is as follows:

	Liquidation or Redemption Value						Total
	Series A	Series B	Series C	Series D	Series E	Series F	
BALANCES, at December 31, 1997	\$ 1,500,000	\$ 1,000,000	\$ 730,000	\$ 2,371,000	\$ 3,255,000	\$ 5,733,000	\$ 14,589,000
Dividends accrued on Series D, E and F Convertible Preferred Stock	—	—	—	62,000	101,000	192,000	355,000
Conversion of Series A-F Convertible Preferred Stock to Common Stock	(1,500,000)	(1,000,000)	(730,000)	(2,433,000)	(3,356,000)	(5,925,000)	(14,944,000)
BALANCES, at December 31, 1998, 1999 and 2000	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —	\$ —

Until the mandatorily redeemable, convertible preferred stock was converted, dividends of 8% per year were accrued that would be due upon liquidation or redemption.

Stock Subscriptions Receivable

In September 1997, in connection with the sale of the Company's Premise Products Division, several former employees of the Company signed full recourse promissory notes to the Company to exercise their vested stock options. The notes accrue interest at 6.07% per annum although no accrual had been recorded as of December 31, 2000. The Company extended the due date on the notes to March 20, 1999 and is pursuing collection of the note that remains unpaid.

Warrants

During the second quarter of 2000, the Company issued a warrant to purchase 100,000 shares of the Company's common stock to an investor relations consulting firm for services to be provided over one year. Management estimated the fair value of the warrant to be \$273,000 using the Black-Scholes option pricing model. The fair value of the warrant was recorded as a prepaid expense and is being amortized as general and administrative expense over the one-year service period on a straight-line basis. The warrant has an exercise price of \$6.031 per share and expires in April 2002.

The Company issued another warrant during the second quarter of 2000 to purchase 36,590 shares of the Company's common stock to a marketing firm. Management estimated the fair value of the warrant to be \$100,000 using the Black-Scholes option model. The fair value of the warrant was expensed as marketing costs as services were provided during the three months ended September 30, 2000. The warrant has an exercise price of \$6.031 per share and expires in April 2002.

The Company computed the fair value of these warrants using the Black-Scholes option pricing model and the following weighted average assumptions:

	<u>2000</u>
Risk-free interest rate	6.00%
Expected dividend yield	0.00%
Expected lives outstanding	2 years
Expected volatility.....	78.00%

Director Compensation

The Company reimburses its directors for all reasonable and necessary travel and other incidental expenses incurred in connection with their attendance at meetings of the board and committees of the board. In addition, all board members are eligible for compensation equal to \$1,000 for each board meeting attended in person and \$500 for each telephonic board meeting. Such compensation is payable in cash or stock at the director's discretion. Board members may be paid additional amounts for consulting services that extend beyond their normal board duties, although no such payments were made to date. During 2000, the Company issued 5,917 shares of common stock for board compensation totaling approximately \$37,000.

Accelerated Options

During 2000, the Company entered into a severance agreement with an employee. As part of this agreement, the Company accelerated the vesting of some of the employee's stock options and charged \$11,000 to additional paid-in capital for this transaction. The employee did not exercise the options and the options expired in December 2000.

Stock Option Plan

The Company adopted the 1998 Stock Incentive Plan ("1998 Plan") effective June 23, 1998, which is a successor to the Company's 1990 Option Plan. As of December 31, 2000, a total of 4,010,330 shares have been authorized for issuance under the 1998 Plan, including shares authorized under the 1990 Option Plan. The shares reserved for issuance will increase automatically on the first trading day of each calendar year, beginning with the 1999 calendar year, by 3% of the number of shares of common stock outstanding on the last trading day of the immediately preceding calendar year. The share reserve was increased by 333,123 and 325,590 shares under this provision in 2000 and 1999 respectively. The 1998 Plan allows for issuances of options to officers, non-employee Board members and consultants.

Employee Stock Purchase Plan

On March 18, 1998, the Company adopted an employee stock purchase plan ("ESPP") under which eligible employees may contribute up to 10% of their salaries through payroll deductions to purchase shares of the Company's common stock. The first offering period of the ESPP began March 1, 1998 and ended on December 31, 1998. Thereafter, offering periods will be successive six month periods. At the end of each offering period, amounts contributed by employees will be used to purchase shares of the Company's common stock at a price equal to 85% of the lower of the closing price of the common stock on the first day or last day of the offering period. The Company's board of directors has authorized the issuance of up to 200,000 shares under the ESPP and may terminate the ESPP at any time. At March 1 of each year, the shares available under the ESPP will be restored to 200,000, although the Company's board of directors may elect to restore a lesser number of shares. The Company issued 54,386, 38,679 and 61,105 shares under the ESPP in 2000, 1999 and 1998, respectively.

Statement of Financial Accounting Standards No. 123 ("SFAS 123")

SFAS 123, "Accounting for Stock-Based Compensation," defines a fair value based method of accounting for employee stock options or similar equity instruments. However, SFAS 123 allows the continued measurement of compensation cost for such plans using the intrinsic value based method prescribed by APB Opinion No. 25, provided that pro forma disclosures are made of net income or loss assuming the fair value based method of SFAS 123 had been applied. The Company has elected to account for its stock-based compensation plans under APB 25; accordingly, for purposes of the pro forma disclosures presented below, the Company has computed the fair values of all options granted under the 1998 Plan during 2000, 1999 and 1998, using the Black-Scholes option pricing model and the following weighted average assumptions:

	2000	1999	1998
Risk-free interest rate.....	6.07%	5.40%	4.71%
Expected dividend yield.....	0.00%	0.00%	0.00%
Expected lives outstanding	4.2 years	4.8 years	4.4 years
Expected volatility.....	107.900%	78.614%	66.004%

To estimate lives of options for this valuation, it was assumed options will be exercised upon becoming fully vested and all options will eventually become fully vested. Cumulative compensation costs recognized in pro forma net income or loss with respect to options that are forfeited prior to vesting is adjusted as a reduction of pro forma compensation expense in the period of forfeiture. The expected volatility refers to the volatility of the Company's common stock over the expected life of a given option. In 1998 and 1999, the Company's common stock was not yet traded for an extended period of time, thus the expected market volatility was based on the stock prices of companies whose operations are similar to the Company's. In 2000, the Company used the actual volatility of its common stock over a one year period to estimate the volatility of options issued. Actual volatility of the Company's common stock may vary. Fair value computations are highly sensitive to the volatility factor assumed; the greater the volatility, the higher the computed fair value of options granted.

The total fair value of options granted under the 1998 Option Plan was computed to be approximately \$6,769,000, \$2,630,000 and \$1,406,000 for the years ended December 31, 2000, 1999 and 1998, respectively. These amounts are amortized ratably over the vesting periods of the options or recognized at date of grant if no vesting period is required. Pro forma stock-based compensation, net of the effect of forfeitures, was \$1,271,000, \$496,000 and \$417,000 for 2000, 1999 and 1998, respectively.

The following table summarizes information about the options outstanding at December 31, 2000:

Range of Exercise Prices	Options Outstanding			Options Exercisable	
	Number Outstanding at 12/31/00	Weighted Average Remaining Contractual Life	Weighted Average Exercise Price	Number Exercisable at 12/31/00	Weighted Average Exercise Price
\$0.30 — 3.00	296,081	3.83 years	\$ 1.73	296,081	\$ 1.73
\$3.63 — 4.50	118,256	8.13 years	3.85	54,946	3.78
\$4.94 — 4.94	234,612	8.58 years	4.94	79,043	4.94
\$5.00 — 6.06	186,795	9.18 years	5.79	12,961	5.39
\$6.13 — 6.13	298,500	9.05 years	6.13	46,440	6.13
\$6.28 — 6.63	83,000	9.55 years	6.42	160	6.50
\$6.75 — 6.75	785,145	9.78 years	6.75	—	—
\$7.50 — 10.25	172,749	8.07 years	7.90	68,029	7.66

\$12.00—12.00	7,431	7.08 years	12.00	5,531	12.00
\$12.75—12.75	<u>8,165</u>	<u>7.32 years</u>	<u>12.75</u>	<u>5,151</u>	<u>12.75</u>
	<u>2,190,734</u>	<u>8.45 years</u>	<u>\$ 5.67</u>	<u>568,342</u>	<u>\$ 3.73</u>

A summary of stock options under the 1998 Plan as of December 31, 2000, 1999 and 1998 and changes during the years then ended are presented below:

	2000		1999		1998	
	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price	Shares	Weighted Average Exercise Price
Outstanding at beginning of year	1,655,864	\$ 4.15	1,339,880	\$ 3.62	1,106,610	\$ 3.03
Granted	1,338,306	6.64	740,364	5.15	379,211	5.81
Exercised	(323,626)	1.92	(179,079)	2.56	(68,494)	0.54
Canceled	(479,810)	5.65	(245,301)	5.43	(77,447)	8.64
Outstanding at end of year	<u>2,190,734</u>	<u>\$ 5.67</u>	<u>1,655,864</u>	<u>\$ 4.15</u>	<u>1,339,880</u>	<u>\$ 3.62</u>
Weighted average fair value of options granted	<u>\$ 5.06</u>		<u>\$ 3.38</u>		<u>\$ 3.19</u>	

If the Company had accounted for its stock-based compensation plan in accordance with SFAS 123, the Company's net income (loss) from continuing operations would have been reported as follows:

	2000	1999	1998
Net income (loss) from continuing operations before extraordinary item and change in accounting principle:			
As reported	\$ (6,418,000)	\$(1,062,000)	\$ 3,880,000
Pro forma	\$ (7,689,000)	\$(1,373,000)	\$ 3,619,000
Basic net income (loss) per share from continuing operations before extraordinary item and change in accounting principle:			
As reported	\$ (0.57)	\$ (0.10)	\$ 0.53
Pro forma	\$ (0.68)	\$ (0.12)	\$ 0.50
Diluted net income (loss) per share from continuing operations before extraordinary item and change in accounting principle:			
As reported	\$ (0.57)	\$ (0.10)	\$ 0.38
Pro forma	\$ (0.68)	\$ (0.12)	\$ 0.35

(6) CAPITALIZED LEASE OBLIGATIONS

At December 31, 2000 and 1999, capital lease obligations consisted of the following:

	December 31,	
	2000	1999
Capitalized lease obligations for equipment due on various dates through November 1, 2003, minimum monthly payments in varying amounts, currently approximately \$235,000 including imputed interest ranging from 7.75% to 9.50% per annum, collateralized by the related assets with a net book value of \$3,646,000 and \$3,838,000, respectively	\$ 3,618,000	\$ 4,009,000

The Company prepaid its \$4,000,000 note payable to Banc One Capital Partners II, LLC on June 30, 1998 and incurred a prepayment premium equal to 4% of the amount, totaling \$160,000. In addition, the Company wrote-off the remaining debt discount related to the note payable of \$1,282,000. The prepayment penalty and write-off of the debt discount totaling \$1,442,000 were recorded as an extraordinary item, net of the related income tax benefit of \$533,000.

Maturities of capital lease obligations as of December 31, 2000, are as follows:

2001	\$ 2,338,000
2002	1,242,000
2003	359,000
Total minimum lease payments	3,939,000
Less — Amount related to interest	(321,000)
Principal portion of future obligations	3,618,000
Less — Current portion	(2,107,000)
	<u>\$ 1,511,000</u>

(7) INCOME TAXES

The Company has operated in three countries, the United States, Canada and Australia. For income tax return reporting purposes, the Company has approximately \$16,923,000 of net operating loss carryforwards and approximately \$801,000 of tax credit carryforwards available to offset future federal taxable income or federal tax liabilities in the United States. The research and development credit and net operating loss carryforwards expire at various dates through 2020.

Deferred income tax assets and liabilities at December 31, 2000 and 1999, were as follows:

	December 31,	
	2000	1999
Current -		
Accrued liabilities and other.....	\$ 844,000	\$ 640,000
Deferred revenue.....	26,000	70,000
Less - Valuation allowance.....	<u>—</u>	<u>(57,000)</u>
	<u>870,000</u>	<u>653,000</u>
Noncurrent -		
Depreciation differences.....	(943,000)	(1,057,000)
Net operating loss carryforwards.....	6,261,000	4,150,000
Tax credit carryforwards.....	801,000	723,000
Deferred revenue.....	1,135,000	—
Less — Valuation allowance.....	<u>(4,048,000)</u>	<u>(393,000)</u>
	<u>3,206,000</u>	<u>3,423,000</u>
	<u>\$ 4,076,000</u>	<u>\$ 4,076,000</u>

During the year ended December 31, 2000, the Company did not record an income tax benefit for any currently generated net operating loss carryforwards or net increases in deferred tax assets as the Company believes the criteria for recognition was not met. This was affected by increasing the valuation allowance to completely offset the increase in the Company's net deferred tax assets. As of December 31, 1999 and 1998, the Company believed it was more likely than not that its net deferred tax assets at those dates would be realized. During the year ended December 31, 1998, the Company reversed \$1,689,000 of the deferred tax asset valuation allowance as the Company believed the criteria for recognition of its net deferred tax assets had been met. However, the Company continued to record a valuation allowance of \$393,000 as of December 31, 1999 related to certain foreign tax credits the Company did not feel were realizable.

The components of the benefit for income taxes attributable to income from operations as of December 31, 2000, 1999 and 1998, were as follows:

	December 31,		
	2000	1999	1998
Current provision.....	\$ —	\$ —	\$ —
Deferred benefit, federal and state.....	<u>—</u>	<u>(468,000)</u>	<u>(912,000)</u>
Income tax benefit.....	<u>\$ —</u>	<u>\$ (468,000)</u>	<u>\$ (912,000)</u>

The components of the provision (benefit) for income taxes attributable to income from discontinued operations as of December 31, 2000, 1999 and 1998, were as follows:

	December 31,		
	2000	1999	1998
Deferred benefit —			
Federal.....	<u>\$ —</u>	<u>\$ (100,000)</u>	<u>\$ —</u>

A reconciliation of income tax benefit computed by applying the federal income tax rate of 34% to income from continuing operations before income taxes as of December 31, 2000, 1999 and 1998, is as follows:

	December 31,		
	2000	1999	1998
Computed normal tax (benefit) provision.....	\$ (3,230,000)	\$ (631,000)	\$ 700,000
Tax effect of permanent differences and other.....	(83,000)	124,000	9,000
State tax, net of federal tax impact.....	(285,000)	(61,000)	68,000
Change in valuation allowance attributable to continuing operations.....	<u>3,598,000</u>	<u>—</u>	<u>(1,689,000)</u>
Income tax benefit.....	<u>\$ —</u>	<u>\$ (568,000)</u>	<u>\$ (912,000)</u>

The benefit for income taxes is attributable to continuing operations and discontinued operations in 2000, 1999 and 1998 is as follows.

	December 31,		
	2000	1999	1998
Provision (benefit) attributable to continuing operations.....	\$ —	\$ (468,000)	\$ 777,000
Change in valuation allowance attributable to continuing operations..	—	—	(1,689,000)
Net benefit attributable to continuing operations.....	—	(468,000)	(912,000)
Benefit attributable to discontinued operations.....	—	(100,000)	—
Change in valuation allowance attributable to discontinued operations	—	—	—
Net provision attributable to discontinued operations.....	—	(100,000)	—
Total income tax benefit.....	<u>\$ —</u>	<u>\$ (568,000)</u>	<u>\$ (912,000)</u>

(8) REPORTABLE SEGMENTS

The Company has five reportable segments, or “business units”: ILEC, CLEC, Wireless, Direct, and Corporate. The Company measures its reportable business units based on revenue and costs directly related to each business unit. Substantially all of the Company’s customers are in the United States. The Company’s business units are segmented based on the type of customer each business unit serves. The ILEC, CLEC and Wireless Business Units address ILEC, CLEC and wireless carriers, respectively. The Direct Business Unit addresses sales, either directly or indirectly, to state and local government entities. The Corporate Business Unit captures costs that are not directly related to a specific business unit. These segments are managed separately because the nature of and resources used for each segment is unique.

Revenue and costs are segregated in the Statement of Operations for the reportable segments. The Company does not segregate assets between the segments as it is impractical to do so.

For the year ended December 31, 2000:

(dollars in thousands)	ILEC	CLEC	WIRELFSS	DIRECT	CORPORATE	TOTAL
Revenue	\$ 28,757	\$ 7,280	\$ 4,172	\$ 2,915	\$ —	\$ 43,124
Direct costs	16,607	2,620	4,525	5,116	—	28,868
Sales and marketing	1,830	851	1,153	1,406	3,629	8,869
General and administrative	—	—	—	—	8,343	8,343
Research and development	379	248	563	834	2,150	4,174
Total	18,816	3,719	6,241	7,356	14,122	50,254
Operating income (loss)	9,941	3,561	(2,069)	(4,441)	(14,122)	(7,130)
Other income, net	—	—	—	—	712	712
Income (loss) before income taxes	9,941	3,561	(2,069)	(4,441)	(13,410)	(6,418)
Income taxes	—	—	—	—	—	—
Net income (loss) from operations before cumulative effect of change in accounting principle	9,941	3,561	(2,069)	(4,441)	(13,410)	(6,418)
Cumulative effect of change in accounting principle	(1,663)	(413)	(887)	(119)	—	(3,082)
Net income (loss)	\$ 8,278	\$ 3,148	\$ (2,956)	\$ (4,560)	\$ (13,410)	\$ (9,500)

For the year ended December 31, 1999:

(dollars in thousands)	ILEC	CLEC	WIRELESS	DIRECT	CORPORATE	TOTAL
Revenue	\$ 26,723	\$ 3,793	\$ 1,739	\$ 329	\$ —	\$ 32,584
Direct costs	14,745	2,031	4,069	1,891	—	22,736
Sales and marketing	1,696	355	560	483	2,220	5,314
General and administrative	—	—	—	—	4,931	4,931
Research and development	355	167	409	809	—	1,740
Total	16,796	2,553	5,038	3,183	7,151	34,721
Operating income (loss)	9,927	1,240	(3,299)	(2,854)	(7,151)	(2,137)
Other income, net	—	—	—	—	607	607
Income (loss) before income taxes	9,927	1,240	(3,299)	(2,854)	(6,544)	(1,530)
Income taxes	—	—	—	—	468	468
Net income (loss) from continuing operations	9,927	1,240	(3,299)	(2,854)	(6,076)	(1,062)
Loss from operations of discontinued division, net of tax	—	—	—	—	(226)	(226)
Net income (loss)	\$ 9,927	\$ 1,240	\$ (3,299)	\$ (2,854)	\$ (6,302)	\$ (1,288)

For the year ended December 31, 1998:

(dollars in thousands)	ILEC	CLEC	WIRELESS	DIRECT	CORPORATE	TOTAL
Revenue	\$ 28,784	\$ 1,492	\$ 3,867	\$ 306	\$ —	\$ 34,449
Direct costs	16,240	1,299	2,395	266	—	20,200
Sales and marketing	1,659	479	398	249	1,334	4,119
General and administrative	—	—	—	—	4,959	4,959
Research and development	727	122	381	146	—	1,376
Total	18,626	1,900	3,174	661	6,293	30,654
Operating income (loss)	10,158	(408)	693	(355)	(6,293)	3,795
Other expenses, net	—	—	—	—	(294)	(294)
Income (loss) before income taxes	10,158	(408)	693	(355)	(6,587)	3,501
Income tax benefit	—	—	—	—	379	379
Net income (loss) from continuing operations before extraordinary item	10,158	(408)	693	(355)	(6,208)	3,880
Extraordinary loss from early extinguishment of debt	—	—	—	—	(909)	(909)
Net income (loss)	\$ 10,158	\$ (408)	\$ 693	\$ (355)	\$ (7,117)	\$ 2,971

Information for 1999 and 1998 has been reclassified to reflect the realignment of various business units. Licenses and implementation services are now included in the ILEC Business Unit. ILEC, CLEC, Wireless and Direct were formerly included in Data Management Services.

(9) COMMITMENTS

The Company leases its office and research facilities and certain equipment under operating lease agreements which expire through November 2004. Rent expense for the years ended December 31, 2000, 1999 and 1998 was approximately \$1,553,000, \$1,370,000 and \$1,030,000, respectively. Future minimum lease obligations under these agreements are as follows:

2001	\$ 2,231,000
2002	1,809,000
2003	160,000
2004	104,000
Total	<u>\$ 4,304,000</u>

(10) EMPLOYEE BENEFIT PLAN

The Company has a 401(k) plan under which eligible employees may defer up to 15% of their compensation. The Company may make matching contributions and discretionary contributions if approved by the board of directors. For 1998, no employer matching or discretionary contributions were made to the 401(k) plan. However, in February 1999, the Company's board of directors approved a matching contribution for employees, which was effective April 1, 1999. The Company matches 50% of employee contributions up to 6% of the employee's salary, not to exceed \$1,000. Matching contributions will vest 35%, 70% and 100% for one, two and three years of service, respectively.

(11) RELATED PARTY TRANSACTION

The Company provides data management and certain consulting services to and leases equipment from entities in which a stockholder of the Company had an ownership interest. A member of the Company's Board of Directors

was also a representative of the former stockholder until December 2, 1999. The Company received net proceeds of approximately \$7,797,000, \$6,979,000 and \$6,735,000 in 2000, 1999 and 1998 respectively, pursuant to these agreements. Amounts due to the former stockholder under the capital lease agreements net of amounts due to the Company for services rendered as of December 31, 2000, 1999 and 1998 were (\$66,000), \$3,262,000 and \$3,962,000, respectively. The leases have interest rates ranging from 7.75% to 9.50%, require monthly payments and have expiration dates varying through October 2002.

(12) MAJOR CUSTOMERS

Revenue from certain customers exceeded 10% of total revenue for the respective year as follows: 23%, 22% and 21% in 2000; 27%, 27% and 26% in 1999 and 27%, 25% and 21% in 1998. Contracts with certain of these customers have a ten-year duration through 2005, and provide for fixed monthly fees based upon the number of subscriber records managed and upon the services selected by the customer. All of these customers are in the Company's ILEC segment.

(13) LEGAL MATTERS

The Company is subject to various claims and business disputes in the ordinary course of business.

(14) QUARTERLY INFORMATION

The following summarizes selected unaudited quarterly financial information for each of the two years in the period ended December 31, 2000.

(amounts in thousands)	Three months ended							
	March 31,		June 30,		September 30,		December 31,	
	2000	1999	2000	1999	2000	1999	2000	1999
Revenue.....	\$ 9,033	\$ 7,616	\$10,249	\$ 8,189	\$11,527	\$ 8,297	\$12,315	\$ 8,482
Direct Costs.....	6,285	5,309	6,986	5,790	7,386	5,750	8,211	5,887
Net income from continuing operations before extraordinary item and cumulative effect of change in accounting principle	(565)	(257)	(1,760)	(319)	(1,298)	(138)	(2,795)	(348)
Net income.....	<u>\$ (3,647)</u>	<u>\$ (366)</u>	<u>\$ (1,760)</u>	<u>\$ (334)</u>	<u>\$ (1,298)</u>	<u>\$ (163)</u>	<u>\$ (2,795)</u>	<u>\$ (425)</u>
Net income from continuing operations before extraordinary item and cumulative effect of change in accounting principle per share	\$ (0.05)	\$ (0.02)	\$ (0.16)	\$ (0.03)	\$ (0.12)	\$ (0.01)	\$ (0.25)	\$ (0.03)
Income (loss) per share (basic and diluted)	<u>\$ (0.33)</u>	<u>\$ (0.03)</u>	<u>\$ (0.16)</u>	<u>\$ (0.03)</u>	<u>\$ (0.12)</u>	<u>\$ (0.01)</u>	<u>\$ (0.25)</u>	<u>\$ (0.04)</u>

ITEM 9. CHANGES IN AND DISAGREEMENTS WITH ACCOUNTANTS ON ACCOUNTING AND FINANCIAL DISCLOSURE

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information required by this item, will be contained in the definitive Proxy Statement with respect to the Company's 2001 Annual Meeting of Stockholders (the "2001 Proxy Statement") and is hereby incorporated by reference thereto.

ITEM 11. EXECUTIVE COMPENSATION

Information required by this item will be contained in the 2001 Proxy Statement and is hereby incorporated by reference thereto.

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information required by this item will be contained in the 2000 Proxy Statement and is hereby incorporated by reference thereto.

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information required by this item will be contained in the 2000 Proxy Statement and is hereby incorporated by reference thereto.

PART IV

ITEM 14. EXHIBITS, FINANCIAL STATEMENT SCHEDULES & REPORTS ON FORM 8-K

(a) (1) Financial Statements

The financial statements filed as part of this report are listed on the index to financial statements on page 30.

(2) Financial Statement Schedules

All financial statement schedules have been omitted because they are not required, are not applicable or the information is included in the Financial Statements or Notes thereto.

(3) Exhibits

<u>Exhibit Number</u>	<u>Description</u>
3.1*	— Amended and Restated Certificate of Incorporation of the Company
3.2*	— Restated Bylaws of the Company to be effective upon the closing of the offering.
4.1*	— Form of Certificate for Common Stock.
4.2*	— Reference is made to Exhibits 3.1 and 3.2.
10.1*	— Fourth Amended and Restated Registration Rights Agreement, dated March 5, 1996.
10.2*	— 1990 Stock Option Plan.
10.3*	— 1998 Stock Incentive Plan.
10.4*	— 1998 Employee Stock Purchase Plan, as amended.
10.5*	— Form of Directors' and Officers' Indemnification Agreement.
10.6*†	— 9-1-1 Services Agreement between Ameritech Information Systems, Inc. and SCC Communications Corp., signed August 31, 1994.
10.7*†	— Agreement for Services between SCC Communications Corp. and U S West Communications, Inc. dated December 28, 1995.
10.8*†	— Services Agreement No. PR-9026-L between SCC Communications Corp. and BellSouth Telecommunications, Inc. dated October 13, 1995.
10.9*†	— Wireless E9-1-1 Agreement between SCC Communications Corp. and Ameritech Mobile Communications, Inc. dated April 1998
10.10*†	— Asset Purchase Agreement between SCC Communications Corp. and Printrak International, Inc., dated July 18, 1997.
10.11*	— Amendment One to Asset Purchase Agreement between SCC Communications Corp. and Printrak International, Inc.
10.12*	— Bank One Loan Agreement dated April 15, 1997, effective as of July 1, 1996.
10.13*	— Banc One Capital Partners and SCC Communications Corp. Senior Subordinated Note and Warrant Purchase Agreement, dated November 20, 1997.
10.14*	— Banc One Senior Subordinated Note due November 30, 2003.
10.15*	— Banc One Warrant Certificate.
10.16*	— Banc One and SCC Communications Corp. Option Agreement, dated November 20, 1997.
10.17*	— Banc One and SCC Communications Corp. Registration Rights Agreement, dated November 20, 1997.
10.18*	— Co-Sale Agreement, dated November 20, 1997, between SCC Communications Corp., George Heinrichs, John Sims, Nancy Hamilton, The Hill Partnership III, Ameritech Development Corporation, Boston Capital Ventures Limited Partnership and Banc One Capital Partners.
10.19*	— Preemptive Rights Agreement between Banc One Capital Partners and SCC Communications Corp.
10.20*	— Master Lease Agreement Between Ameritech Credit Corporation and SCC Communications Corp., dated March 11, 1996.
10.21*†	— Consulting Agreement Between SCC Communications Corp. and Ameritech Mobile Communications, Inc. dated October 27, 1997.
10.22*	— Bank One Loan Change in Terms Agreement effective as of April 15, 1998.
10.23#	— Employment Agreement between Nancy Hamilton and SCC Communications Corp.
10.24 □	— Genesis Select Corporation and SCC Communications Corp. Common Stock Purchase Warrant Agreement, dated April 19, 2000 □
10.25 □	— Leopard Communications and SCC Communications Corp. Common Stock Purchase Warrant Agreement, dated April 19, 2000
10.26 □	— Employment Agreement between Carol Nelson and SCC Communications Corp. □
23.1	— Consent of Arthur Andersen LLP, Independent Public Accountants.

* Incorporated by reference to identically numbered exhibits included in the Registrant's Registration Statement on Form S-1 (File No. 333-49767), as amended.

† Confidential treatment has been requested for a portion of these Exhibits.

Incorporated by reference to identically numbered exhibits included in the Registrant's Form 10-K for the fiscal year ended December 31, 1998.

□ Incorporated by reference to identically numbered exhibits included in the Registrant's Form 10-Q for the Quarter ended June 30, 2000.

Corporate Information

Board of Directors

George K. Heinrichs
President, Chairman, and Chief Executive Officer
SCC Communications Corp.

Stephen O. James
Independent Executive Business Consultant

David Kronfeld
Manager
JK&B Management L.L.C.

Philip B. Livingston
President and Chief Executive Officer
Financial Executives International

Mary Beth Vitale
Former President and Chief Executive Officer
Westwind Media

Winston J. Wade
Former Chief Executive Officer
Media One Malaysia

Darrell A. Williams
Chief Investment Officer
Telecommunications Development Fund

Executive Officers

George K. Heinrichs
President and Chief Executive Officer

Michael D. Dingman
Chief Financial Officer

Larry Jennings
Vice President of Business Operations

Transfer Agent and Register

Wells Fargo Bank Minnesota, N.A.
Shareowner Services
161 North Concord Exchange
South St. Paul 55075
Tel: 800.468.9716
Fax: 651.450.4033

Independent Auditors

Arthur Andersen LLP
Denver, Colorado

Legal Counsel

Brownstein Hyatt & Farber, P.C.
Denver, Colorado

Corporate Headquarters

SCC Communications Corp.
6285 Lookout Road
Boulder, CO 80301-3343
Tel: 303.581.5600
Fax: 303.581.0900
Web: www.scc911.com

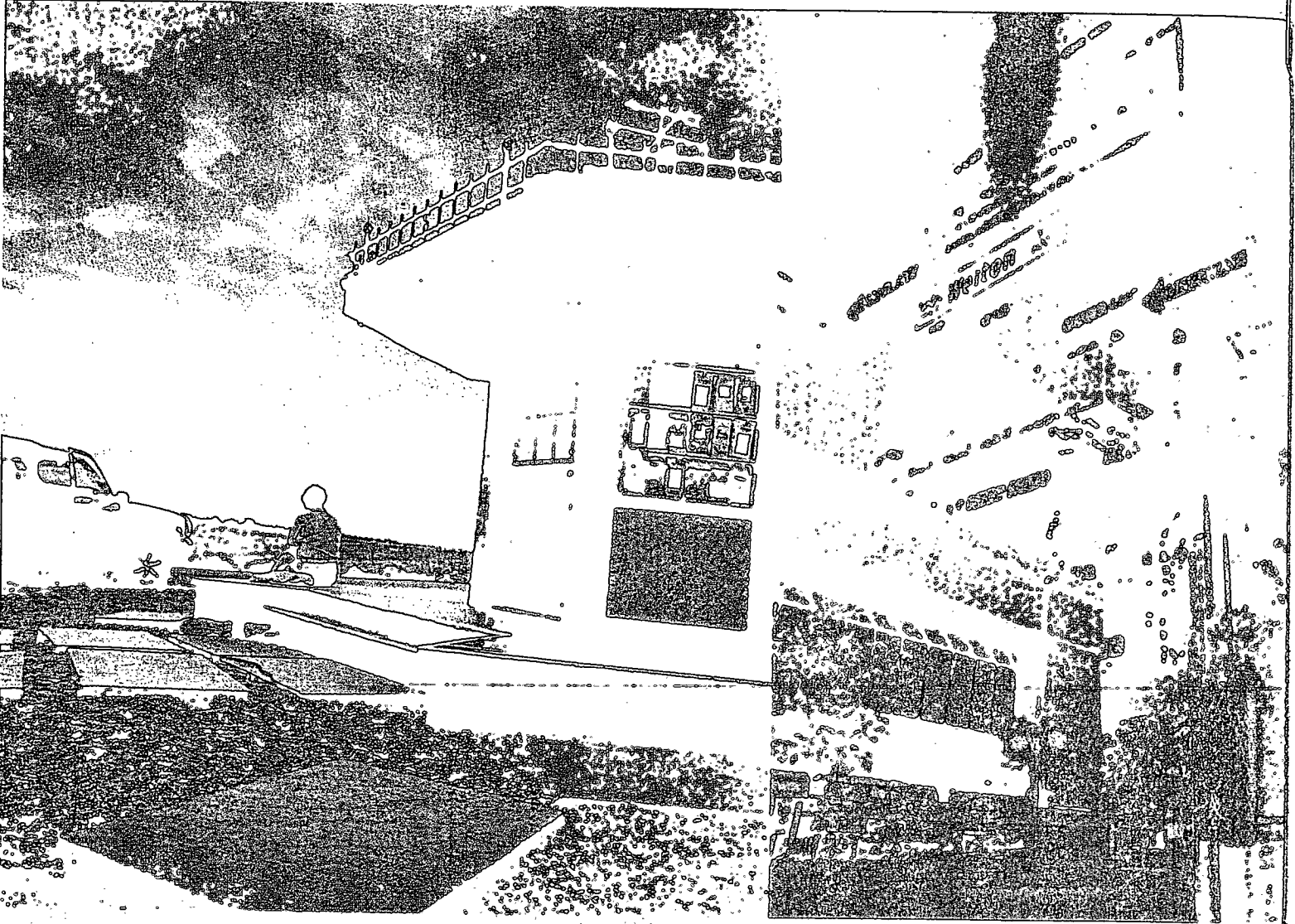
Investor Relations

For further information on SCC,
additional copies of this report or
other financial information filed
with the Securities and Exchange
Commission, please contact:

Investor Relations

SCC Communications Corp.
6285 Lookout Road
Boulder, CO 80301-3343
Tel: 303.581.5600
Fax: 303.581.0900
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SCC Communications Corp.'s
common stock trades on the
Nasdaq Stock Market® under
the symbol SCCX.



SCC Communications Corp.
6285 Lookout Road
Boulder, Colorado 80301-3343

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SEC Form 10 Q

**UNITED STATES SECURITIES AND EXCHANGE
COMMISSION**

Washington, D.C. 20549

FORM 10-Q

**[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934**

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2001

OR

**[] TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES
EXCHANGE ACT OF 1934 FOR THE TRANSITION PERIOD FROM TO .**

COMMISSION FILE NUMBER: 000-29678

INTRADO INC.

(Exact Name of Registrant as Specified in Its Charter)

DELAWARE
(State or Other Jurisdiction of
Incorporation or Organization)

84-0796285
(I.R.S. Employer
Identification Number)

6285 LOOKOUT ROAD
BOULDER, COLORADO
(Address of Principal Executive Offices)

80301
(Zip Code)

Registrant's Telephone Number, Including Area Code: (303) 581-5600

SCC Communications Corp.

(Former name or former address, if changed since last report)

Indicate by check mark whether the registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [X] No []

As of August 8, 2001, there were 14,493,142 shares of the Registrant's Common Stock outstanding.

CAUTIONARY NOTE ABOUT FORWARD-LOOKING STATEMENTS

This Quarterly Report on Form 10-Q contains "forward-looking statements" within the meaning of

Section 27A of the Securities Act of 1933 and Section 21E of the Securities Exchange Act of 1934. In particular, we direct your attention to Part I Item 1. Financial Statements, Item 2. Management's Discussion and Analysis of Financial Condition and Results of Operation and Item 3. Quantitative and Qualitative Disclosures About Market Risk. We intend the forward-looking statements throughout the Quarterly Report on Form 10-Q and the information incorporated by reference to be covered by the safe harbor provisions for forward-looking statements. All projections and statements regarding our expected financial position and operating results, our business strategy, our financing plans and the outcome of any contingencies are forward-looking statements. These statements can sometimes be identified by our use of forward-looking words such as "may," "believe," "plan," "will," "anticipate," "estimate," "expect," "intend", and other phrases of similar meaning. Known and unknown risks, uncertainties and other factors could cause the actual results to differ materially from those contemplated by the statements. The forward-looking information is based on numerous assumptions and developments that are not within our control. Although we believe that our expectations that are expressed in these forward-looking statements are reasonable, we cannot promise that our expectations will turn out to be correct. Our actual results could be materially different from our expectations due to a variety of factors, including the following:

- our planned investments in research, development and marketing to expand our service offerings;
- the size, timing and duration of significant customer contracts;
- our ability to integrate new customers and assets acquired in acquisitions, such as our May 2001 acquisition of Lucent Public Safety Systems;
- the number of subscriber records under our management;
- the unpredictable rate of adoption of wireless services by public service answering points;
- the introduction and market acceptance of our and our competitors' new products and services;
- price competition from entities with substantially greater resources than us;
- the amount of up-front expenditures required to meet our customers' demands and to expand our infrastructure, combined with the length of our sales cycle;
- sales channel constraints;
- constraints on our sales and marketing efforts due to conflicts of interest and the fact that many of our customers compete with each other;
- the success or failure of our Alliance Program, which we initiated in 1999 to partner with companies that provide support systems to competitive local exchange carriers that are complementary with our 9-1-1 support systems, such as billing and customer care services;
- technical difficulties and network downtime, including that caused by unauthorized access to our systems; and
- new developments in telecommunications legislation and regulations.

This list is intended to identify some of the principal factors that could cause actual results to differ materially from those described in the forward-looking statements included elsewhere in this report. These factors are not intended to represent a complete list of all risks and uncertainties inherent in our business, and should be read in conjunction with the more detailed cautionary statements included in our Annual Report on Form 10-K under the caption "Item 1. Business - Risk Factors", our other Securities and Exchange Commission filings, and our press releases.

Item 1 - Financial Statements

Consolidated Balance Sheets as of June 30, 2001 (Unaudited) and December 31, 2000	
Consolidated Statements of Operations for the three months ended June 30, 2001 and the six months ended June 30, 2001 and 2000 (Unaudited).....	
Consolidated Statements of Cash Flows for the six months ended June 30, 2001 and 2000 (Unaudited).....	
Notes to Consolidated Financial Statements (Unaudited).....	
Item 2 - Management's Discussion and Analysis of Financial Condition and Results of Operations.....	
Item 3 - Quantitative and Qualitative Disclosures About Market Risk.....	

PART II - OTHER INFORMATION

Item 2 - Changes in Securities and Use of Proceeds.....	
Item 4 - Submission of Matters to a Vote of Security Holders.....	
Item 6 - Exhibits and Reports on Form 8-K.....	
Signatures.....	

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INTRADO INC.

**CONSOLIDATED
BALANCE SHEETS
(DOLLARS IN THOUSANDS)**

JUNE 30, DECEMBER 31,
2001 2000

(UNAUDITED)

ASSETS**CURRENT ASSETS:**

Cash and cash equivalents, including restricted cash of \$750 and \$0, respectively	\$ 7,235	\$ 5,036
Short-term investments in marketable securities	1,997	6,939
Accounts receivable, net of allowance for doubtful accounts of approximately \$337 and \$184, respectively..	8,441	7,166
Unbilled revenue	2,786	574
Inventory	4,149	--
Prepays and other	1,064	892
Deferred acquisition costs	--	1,054
Deferred income taxes	869	869
	-----	-----
Total current assets	26,541	22,530
	-----	-----
PROPERTY AND EQUIPMENT, at cost:		
Computer hardware and equipment	32,534	30,259
Furniture and fixtures	2,022	1,987
Leasehold improvements	1,070	1,049
	-----	-----
	35,626	33,295
Less--Accumulated depreciation	(23,291)	(20,820)
	-----	-----
Total property and equipment, net	12,335	12,475

GOODWILL AND OTHER INTANGIBLES, net of accumulated amortization of \$588 and \$0, respectively	24,430	--
OTHER ASSETS	107	107
DEFERRED INCOME TAXES	3,206	3,206
DEFERRED CONTRACT COSTS	5,043	5,363
SOFTWARE DEVELOPMENT COSTS, net of accumulated Amortization of \$1,040 and \$864, respectively	957	988
Total assets	\$ 72,619	\$ 44,669

LIABILITIES AND STOCKHOLDERS' EQUITY

CURRENT LIABILITIES:

Accounts payable	\$ 2,254	\$ 1,226
Payroll-related accruals	1,870	1,144
Other accrued liabilities	4,260	2,688
Property and other taxes	1,032	1,026
Current portion of capital lease obligations	1,621	2,107
Payable to Lucent	4,200	--
Deferred contract revenue-current portion	503	200
Total current liabilities	15,740	8,391
CAPITAL LEASE OBLIGATIONS, net of current portion	817	1,511
DEFERRED CONTRACT REVENUE-non-current portion	9,359	10,070
Total liabilities	25,916	19,972
COMMITMENTS AND CONTINGENCIES		
STOCKHOLDERS' EQUITY:		
Preferred stock, \$.001 par value; 15,000,000 shares authorized; none issued or outstanding	--	--
Common stock, \$.001 par value; 30,000,000 shares authorized; 14,490,813 and 11,488,040 shares issued and outstanding, respectively	15	11
Additional paid-in capital	72,147	44,814
Common stock warrants	538	373
Stock subscriptions receivable	--	(33)
Treasury stock, 4,738 and 0 shares, respectively, at cost	(39)	--
Accumulated deficit	(25,958)	(20,468)
Total stockholders' equity	46,703	24,697
Total liabilities and stockholders' equity	\$ 72,619	\$ 44,669

The accompanying notes to financial statements are an integral part of these balance sheets.

INTRADO INC.

CONSOLIDATED STATEMENTS OF OPERATIONS (DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(UNAUDITED)

	THREE MONTHS ENDED JUN	
	2001	2000
	-----	-----
TOTAL REVENUE	\$ 18,318	\$ 11,200
COSTS AND EXPENSES:		
Direct costs	12,679	11,200
Sales and marketing	3,382	3,382
General and administrative	3,759	3,759
Research and development	823	823
Total costs and expenses	20,643	19,964
LOSS FROM OPERATIONS	(2,325)	(864)
OTHER INCOME (EXPENSE):		
Interest and other income	128	128
Interest and other expense	(118)	(118)
NET LOSS BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE	(2,315)	(854)
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE, net of tax of \$0	--	--
NET LOSS	\$ (2,315)	\$ (854)
BASIC AND DILUTED NET LOSS PER SHARE:		
Loss per share before cumulative effect of change in accounting principle	\$ (0.18)	\$ (0.18)
Cumulative effect of change in accounting principle	--	--
Net loss per share	\$ (0.18)	\$ (0.18)
SHARES USED IN COMPUTING NET LOSS PER SHARE:		
Basic and diluted	13,075,444	11,200,000

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

INTRADO INC.
**CONSOLIDATED
STATEMENTS OF CASH FLOWS
(DOLLARS IN THOUSANDS)**
(UNAUDITED)

SIX M
ENDED J

	2001 -----
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	\$ (5,490)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities--	
Amortization and depreciation	3,630
Cumulative effect of change in accounting principle	--
Accretion of and interest accrued on investments	(58)
Loss on disposal of assets	15
Provision for doubtful accounts	225
Change in--	
Accounts receivable	(1,500)
Unbilled revenue	(2,212)
Prepays and other	(172)
Deferred costs	(1,270)
Accounts payable and accrued liabilities	2,358
Deferred contract revenue	(408)

Net cash used in operating activities	(4,882)

CASH FLOWS FROM INVESTING ACTIVITIES:	
Acquisition of property and equipment	(1,808)
Purchase of investments in marketable securities	--
Sale of investments in marketable securities	5,000
Software development costs	(132)

Net cash provided by investing activities	3,060

CASH FLOWS FROM FINANCING ACTIVITIES:	
Principal payments on capital lease obligations	(1,180)
Proceeds from equipment financing	--
Proceeds from private placement	5,000
Costs from private placement	(253)
Proceeds from exercise of stock options	290
Proceeds received from employee stock purchase plan	164

Net cash provided by financing activities	4,021

NET INCREASE IN CASH AND CASH EQUIVALENTS	2,199
CASH AND CASH EQUIVALENTS, beginning of period	5,036

CASH AND CASH EQUIVALENTS, end of period	\$ 7,235
	=====
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid during the period for interest	\$ 114
	=====
Cash paid during the period for taxes	\$ 270
	=====

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

NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 - BASIS OF PRESENTATION

The unaudited financial statements included herein reflect all adjustments, consisting only of normal recurring adjustments, which in the opinion of management are necessary to fairly present the financial position, results of operations and cash flows of Intrado Inc. (the "Company") for the periods presented. Certain information and footnote disclosures normally included in audited financial information prepared in accordance with generally accepted accounting principles have been condensed or omitted pursuant to the Securities and Exchange Commission's rules and regulations. The results of operations for the three and six months ended June 30, 2001 are not necessarily indicative of the results to be expected for any subsequent quarter or for the entire fiscal year ending December 31, 2001. These financial statements should be read in conjunction with the financial statements and notes thereto, which are included in the Company's Annual Report on Form 10-K for the year ended December 31, 2000.

RECLASSIFICATIONS

Certain prior year amounts have been re-classified to conform with the current year's presentation.

REVENUE RECOGNITION

The Company generates revenue from four of its segments, or "business units": ILEC, CLEC, Wireless and Direct. The revenue from these business units is derived from monthly data management services, maintenance, systems and new products, and professional services.

The monthly data management services include revenue from up-front non-recurring engineering fees ("NREs") and monthly service fees. The NRE service consists primarily of the clean up of the customer's 9-1-1 data records, engineering services to enable the customer's legacy system to interface with Intrado's platform, building the network that will route the calls, public safety boundary mapping, customer training and testing. The charges for these services are nonrefundable if the contract is cancelled after the services are performed. After the initial NRE, customers often buy components of these services, such as additional software engineering to modify the system functionality or network services to make their network more effective and enhance their solution ("Enhancement Services"). The fees received for NRE services and Enhancement Services are deferred and recognized as revenue ratably over the remaining contractual term of the arrangement.

Under outsourcing solution contracts, the Company receives a monthly service fee for providing ongoing data management services that are required to keep the records current for all subscribers, maintain and monitor the network and support and maintain the software and systems required to provide the services. The fees received for these monthly services are recognized as revenue in the period in which the services are rendered.

Maintenance contracts are sold to customers that purchase database and call handling systems. These contracts designate a specified amount that is to be paid in advance that relates to the support and maintenance services. The fees received for maintenance are deferred and recognized as revenue ratably over the contractual term of the arrangement.

Systems and new products revenue represents revenue recognized from the sales of new database and call handling systems as well as enhancements sold to existing customers. Software license revenue and related hardware sales are recognized upon execution of a contract and completion of delivery

obligations, provided that no uncertainties exist regarding customer acceptance and that collection of the related receivable is reasonably assured.

Professional services revenue is generated by providing consulting services to CLECs and is recognized in the period in which the services are rendered.

NOTE 2 - NAME CHANGE

On June 4, 2001, the Company changed its name from SCC Communications Corp. to Intrado Inc. The Company's common stock trades on the Nasdaq National Market under the symbol "TRDO".

NOTE 3 - ACQUISITION

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On May 11, 2001, the Company acquired certain assets, and assumed certain liabilities, associated with the call handling and database divisions of Lucent Public Safety Systems ("LPSS"), an internal venture of Lucent Technologies Inc. ("Lucent"). The Company filed details of this transaction in a Current Report on its Form 8-K (filed on May 14, 2001) and in another Current Report on Form 8-K (filed on July 26, 2001). The results of operations for LPSS prior to May 11, 2001 are not included in this report on Form 10-Q.

The Company uses the assets acquired from LPSS to provide 9-1-1 supporting hardware and software technology, including the Palladium(TM) call center and data-management systems. A number of telecommunications companies manage their 9-1-1 infrastructure with our newly acquired hardware and software systems. In addition, the systems are used by public safety call centers across the nation to receive and respond to wireline and wireless E9-1-1 calls. As with other companies that sell hardware and software licenses and systems, revenues are variable and include a combination of monthly recurring revenues and one-time sales of very large systems. The Company is utilizing the assets acquired from LPSS in the same manner that LPSS utilized the assets.

As part of the acquisition, the Company issued 2,250,000 shares of its common stock to Lucent, issued an obligation to pay approximately \$4.8 million in cash to Lucent for inventory either as the inventory is sold or at a specified future date, and agreed to issue, 24 months from the date of closing, up to \$32.9 million of mandatorily redeemable, non-voting, preferred stock ("Preferred Stock") to Lucent, subject to the attainment of specific total combined revenue ("Total Revenue") targets. No dividends will be paid on the Preferred Stock.

The obligation of approximately \$4.8 million is payable in four equal installments beginning in August 2002 and ending in May 2003 and therefore, was discounted and recorded at \$4.1 million (as of the date of the acquisition). If the inventory is sold prior to May 2002, that portion of the obligation would be due and payable immediately.

The actual amount of the Preferred Stock is subject to a 24-month contingency period, which commences on June 1, 2001, whereby if Total Revenue meets or exceeds \$258 million for that period, then Lucent is entitled to the full issuance of \$32.9 million in Preferred Stock. If Total Revenue is greater than \$179 million, but less than \$258 million, Lucent will be entitled to a pro rata issuance of Preferred Stock at a rate of \$0.417 for each dollar of Total Revenue in excess of \$179 million. If the Company sells the call handling division to a third-party during the contingency period, then the minimum issuance threshold is reduced from \$179 million to \$161 million; the maximum issuance threshold is reduced to \$210 million; and the pro rata issuance of Preferred Stock is raised from \$0.417 for each dollar of Total Revenue in excess of \$179 million to \$0.67 for each dollar of Total Revenue in excess of \$161 million. This commitment will not be recorded until the targets are met, if at all, and will be treated as an increase in the purchase price by increasing goodwill. The Preferred Stock will be recorded at its face value over the redemption period. The

accretion will be treated as a dividend, reducing the income available to common stockholders.

The mandatory redemption of the then issued Preferred Stock, if any, commences 30 days from initial issuance with 33% due, followed by an additional 33% due on June 1, 2004 and the remaining 34% due on June 1, 2005. Early redemption is available at the option of the Company. The Company must redeem shares of Preferred Stock with 25% of the gross proceeds of any underwritten public offering.

Exclusive of future contingent consideration, the recorded purchase price of the gross assets acquired in this transaction was approximately \$30.1 million. The purchase price is comprised of 2,250,000 shares of common stock valued at \$9.91 per share, issuance of a commitment to purchase inventory from Lucent with a fair value of approximately \$4.1 million, approximately \$0.9 million of liabilities recognized in connection with the acquisition, acquisition fees of approximately \$1.5 million paid to investment bankers and other transaction costs of approximately \$1.2 million. The approximately \$25.0 million excess of the purchase price over the estimated fair value of net tangible assets acquired was allocated to the following identifiable intangible assets with the following amortization lives:

	Original Allocated Cost	Accumulated Amortization as of June 30, 2001	Net Bal of June
Workforce	\$1,689,000	\$72,000	\$1,617,
Customer contracts assumed	3,507,000	151,000	3,356,
Intellectual Property	8,251,000	152,000	8,099,
Goodwill	11,571,000	213,000	11,358,
	-----	-----	-----
Total goodwill and other intangibles	\$25,018,000	\$588,000	\$24,430,
	=====	=====	=====

The allocation of the purchase price to assets acquired and liabilities assumed is based on preliminary estimates and certain assumptions that the Company believes are reasonable under the circumstances. The Company will amortize the goodwill and other intangibles using the straight-line method of amortization over the lives stated above.

NOTE 4 - PRIVATE PLACEMENT

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On May 2, 2001, the Company entered into an agreement to sell 632,111 shares of its common stock to an institutional investor in a private offering exempt from registration under the federal securities laws under Rule 506 of Regulation D and Section 4(2) of the Securities Act of 1933. The sale closed on May 10, 2001. The common stock was purchased at a negotiated price per share of \$7.91, reflecting the arithmetic average of the closing price of the Company's common stock on the Nasdaq National Market for the twenty consecutive trading days prior to the offering date. The Company paid a finder's fee of \$250,000 to the broker and issued a warrant to the broker to purchase 31,605 shares with an exercise price of \$7.91 per share and an expiration date of May 2006. Other than the finder's fee, the Company did not pay any other compensation or fees in conjunction with this offering of common stock. Pursuant to this offering, the Company registered the shares held by the institutional investor and the finder in July 2001.

Management estimated the fair value of the warrant to be \$168,000 using the Black-Scholes option pricing model. The Company recorded a value of \$165,000, which was calculated using the relative fair value allocation of the proceeds received between the stock and warrants issued. The issuance of the warrants and fees paid were treated as costs associated with raising capital.

The Company computed the fair value of the warrant using the following assumptions:

	2001

Risk-free interest rate.....	5.00%
Expected dividend yield.....	0.00%
Expected lives outstanding.....	5 years
Expected volatility.....	94.00%

The net proceeds from this offering were \$4,750,000. The Company plans to use the net proceeds for general corporate purposes, including:

- repaying its obligations as they become due; - financing capital expenditures, including acceleration of the Company's wireless deployments and development of the Company's coordinate routing database; and - working capital.

Pending use of the net proceeds for any of these purposes, the Company may invest the net proceeds in short-term investment grade instruments, interest-bearing bank accounts, certificates of deposit, money market securities, U.S. government securities or mortgage-backed securities guaranteed by federal agencies.

NOTE 5 - ADOPTION OF SAB 101

In December 1999, the Securities and Exchange Commission staff released Staff Accounting Bulletin No. 101, "Revenue Recognition" ("SAB 101"). SAB 101 provides interpretive guidance on the recognition, presentation and disclosure of revenue in financial statements. The Company concluded that its then current revenue recognition policies had to change to be in accordance with SAB 101. Specifically, the guidance provided by SAB 101 required the Company to defer the up-front non-recurring engineering ("NRE") fee, certain enhancement fees and related incremental costs and recognize them over the life of each contract. Prior to the adoption of SAB 101, the Company recognized revenue from the NRE Services and Enhancement Services on the percentage of completion method over the period in which the services were performed.

The Company adopted SAB 101 during the quarter ended December 31, 2000. The adoption of SAB 101 required the Company to reflect a cumulative effect of change in accounting principles of \$3.1 million as if SAB 101 had been implemented on January 1, 2000 and to restate all of the previously reported 2000 quarterly results.

The cumulative effect of change in accounting principle reflects the amount of income from operations that had been recognized under the Company's previously existing revenue recognition methods that would have been deferred as of December 31, 1999 had the Company been under the guidelines of SAB 101.

The restatement of the previously reported 2000 quarterly results reflects the net difference of fees received and incremental costs incurred in prior periods that were retroactively deferred and recognized in the periods ended June 30, 2000, and the fees received and incremental costs incurred during those periods that were deferred into future periods. The table below illustrates the restatement of previously filed unaudited information for the three and six months ended June 30, 2000.

(amounts in thousands)	For the Three Months Ended June 30, 2000			For the
	AS	SAB 101	AS	AS
	REPORTED	ADJUSTMENT	RESTATED	REPORTED
Revenue	\$ 10,556	\$ (307)	\$ 10,249	\$ 19,
Direct Costs	\$ 7,275	\$ (289)	\$ 6,986	\$ 13,
Net loss before cumulative effect of change in accounting principle	\$ (1,742)	\$ (18)	\$ (1,760)	\$ (2,
Cumulative effect of change in accounting principle	\$ --	\$ --	\$ --	\$
Net loss	\$ (1,742)	\$ (18)	\$ (1,760)	\$ (2,
Net loss per share (basic and diluted)	\$ (0.16)	\$ (0.00)	\$ (0.16)	\$ (C

NOTE 6 - EARNINGS PER SHARE

The Company presents basic and diluted earnings or loss per share in accordance with Statement of Financial Accounting Standards No. 128 "Earnings Per Share" ("SFAS 128"), which establishes standards for computing and presenting basic and diluted earnings per share. Under this statement, basic earnings (loss) per share is determined by dividing net income (loss) available to common stockholders by the weighted average number of common shares outstanding during each period. Diluted income (loss) per share includes the effects of potentially issuable common stock, but only if dilutive (i.e., a loss per share is never reduced). The treasury stock method, using the average price of the Company's common stock for the period, is applied to determine dilution from options and warrants. The as-if-converted method is used for convertible securities. Potentially dilutive common stock options that were excluded from the calculation of diluted income per share because their effect is antidilutive totaled 1,231,228 and 861,213 for the three months ended June 30, 2001 and 2000, respectively, and 1,130,702 and 824,380 for the six months ended June 30, 2001 and 2000, respectively.

NOTE 7 - REPORTABLE SEGMENTS

The Company has five reportable business units: Incumbent Local Exchange Carrier ("ILEC"), Competitive Local Exchange Carrier ("CLEC"), Wireless, Direct, and Corporate. The Company measures its reportable business units based on revenue and costs directly related to each business unit. Substantially all of the Company's customers are in the United States. The Company's business units are segmented based on the type of customer each business unit serves. The ILEC, CLEC and Wireless business units address ILEC, CLEC and wireless carriers, respectively. The ILEC business unit includes the database division acquired as a result of the LPSS acquisition. The Direct business unit addresses sales, either directly or indirectly, to state and local government entities and includes the call handling division acquired as a result of the LPSS acquisition. The Corporate business unit captures costs that are not directly related to a specific business unit. These segments are managed separately because the nature of and resources used for each segment is unique.

The Company does not segregate assets between the segments, as it is impractical to do so.

For the Three Months Ending June 30:

(dollars in
thousands)

	ILEC		CLEC		WIRELESS		I
	2001	2000	2001	2000	2001	2000	2001
REVENUE:							
Data Management	\$ 7,384	\$ 6,543	\$ 2,966	\$ 1,398	\$ 2,653	\$ 382	\$ 1,079
Maintenance	1,434	--	--	--	--	--	169
Systems and New							
Products	1,662	600	--	224	--	407	533
Professional							
Services	--	--	438	--	--	--	--
Total	10,480	7,143	3,404	1,622	2,653	789	1,781
Direct costs	6,267	3,979	1,451	535	2,725	898	2,236
Sales and							
marketing	779	400	527	184	548	191	384
General and							
administrative	--	--	--	--	--	--	--
Research and							
development	(27)	43	13	77	--	225	13
Total	7,019	4,422	1,991	796	3,273	1,314	2,633
Operating income							
(loss)	3,461	2,721	1,413	826	(620)	(525)	(852)
Other income, net	--	--	--	--	--	--	--

Net income (loss) \$ 3,461 \$ 2,721 \$ 1,413 \$ 826 (\$ 620) (\$ 525) (\$ 852) (\$ 1,456) (\$ 5,717) (\$ 3,326)
(\$2,315) (\$1,760)

For the Six Months Ending June 30:

(dollars in thousands)

	ILEC		CLEC		WIRELESS	
	2001	2000	2001	2000	2001	2000
REVENUE:						
Data Management	\$ 14,636	\$13,140	\$ 5,442	\$ 2,335	\$ 4,441	\$ 616
Maintenance	1,434	--	11	--	--	--
Systems and New						
Product	1,662	841	--	658	--	699
Professional						
Services	--	--	1,041	--	--	--
Total	17,732	13,981	6,494	2,993	4,441	1,315
Direct costs	10,658	7,957	2,822	1,008	5,131	1,786
Sales and						

marketing	1,435	751	949	306	976	299
General and administrative	--	--	--	--	--	--
Research and development	162	164	30	163	1	364
Total	12,255	8,872	3,801	1,477	6,108	2,449
Operating income (loss)	5,477	5,109	2,693	1,516	(1,667)	(1,134)
Other income, net	--	--	--	--	--	--
Income (loss) before cumulative effect of change in accounting principle	5,477	5,109	2,693	1,516	(1,667)	(1,134)
Cumulative effect of change in accounting principle	--	(1,663)	--	(413)	--	(887)
Net income (loss)	\$ 5,477	\$ 3,446	\$ 2,693	\$ 1,103	(\$1,667)	(\$2,021)

DIRECT CORPORATE TOTAL

	2001	2000	2001	2000	2001	2000
	-----	-----	-----	-----	-----	-----
REVENUE:						
Data Management	\$ 2,138	\$ 866	\$ --	\$ --	\$26,657	\$16,957
Maintenance	169	--	--	--	1,614	--
Systems and New Product	533	127	--	--	2,195	2,325
Professional Services	--	--	--	--	1,041	--
Total	2,840	993	--	--	31,507	19,282
Direct costs	3,933	2,520	--	--	22,544	13,271
Sales and marketing	771	683	1,983	1,609	6,114	3,648
General and administrative	--	--	6,369	3,308	6,369	3,308
Research and development	82	393	1,774	722	2,049	1,806
Total	4,786	3,596	10,126	5,639	37,076	22,033
Operating income (loss)	(1,946)	(2,603)	(10,126)	(5,639)	(5,569)	(2,751)
Other income, net	--	--	79	426	79	426
Income (loss) before cumulative effect of change in accounting principle	(1,946)	(2,603)	(10,047)	(5,213)	(5,490)	(2,325)

Cumulative effect of change in accounting principle	--	(119)	--	--	--	(3,082)
Net income (loss)	(\$ 1,946)	(\$2,722)	(\$10,047)	(\$ 5,213)	(\$ 5,490)	(\$5,407)

NOTE 8 - Stock Subscriptions Receivable

In September 1997, in connection with the sale of the Company's Premise Products Division, several former employees of the Company signed full recourse promissory notes to the Company to exercise their vested stock options. The notes accrue interest at 6.07% per annum although no accrual had been recorded as of December 31,

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2000. In April 2001, the remaining note was paid by returning 4,738 shares of common stock to the Company. The market value of the stock on that date was approximately \$39,000, which covered the note receivable as well as accrued interest. These shares are reflected as treasury stock.

NOTE 9 - RELATED PARTY TRANSACTIONS

As part of the LPSS acquisition, the Company now provides subcontracted maintenance services to Lucent on database and call handling contracts that were not assigned directly to the Company. Approximately \$2.5 million of unbilled revenue at June 30, 2001, represents services provided to Lucent that have not yet been invoiced. The note payable to Lucent of approximately \$4.2 million at June 30, 2001, represents the obligation incurred to pay for the fair value of the inventory as part of the acquisition, including interest.

NOTE 10 - Recently Issued Accounting Pronouncements

In June 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 141, "Business Combinations" and SFAS No. 142 "Goodwill and Other Intangible Assets". These statements prohibit pooling-of-interests accounting for transactions initiated after June 30, 2001, require the use of the purchase method of accounting for all combinations after June 30, 2001 and establish a new accounting standard for goodwill acquired in a business combination. SFAS Nos. 141 and 142 continue to require recognition of goodwill as an asset, but do not permit amortization of goodwill as previously required by APB Opinion No. 17 "Intangible Assets." Furthermore, certain intangible assets that are not separable from goodwill will not be amortized. However, goodwill and other intangible assets will be subject to periodic (at least annual) tests for impairment and recognition of impairment losses in the future could be required based on a new methodology for measuring impairments prescribed by these pronouncements. The revised standards include transition rules and requirements for identification, valuation and recognition of a much broader list of intangibles as part of business combinations than prior practice, most of which will continue to be amortized. The potential prospective impact of these pronouncements on the Company's financial statements may significantly affect the results of future periodic tests for impairment. The amount and timing of non-cash charges related to intangibles acquired in business combinations will change significantly from prior practice.

NOTE 11 - SUBSEQUENT EVENTS

On July 31, 2001, the Company entered into an agreement to establish a revolving line of credit that is available to meet operating needs. Borrowing availability is not to exceed \$15 million and is further limited to 85% of the Company's eligible accounts receivable, as defined. The interest rate on amounts borrowed under the line of credit is equal to the prime rate plus 2.00% per annum. The line of credit matures on July 31, 2004 and is collateralized by certain assets.

ITEM 2. MANAGEMENT'S DISCUSSION AND ANALYSIS OF FINANCIAL CONDITION AND RESULTS OF OPERATIONS

OVERVIEW

We are the leading provider of 9-1-1 data management products and services to ILECs, CLECs and wireless carriers in the United States. We manage the data that enables a 9-1-1 call to be routed to the appropriate public safety agency with accurate and timely information about the caller's identification and location. We were incorporated in July 1979 in the State of Colorado under the name Systems Concepts of Colorado, Inc. and were reincorporated in September 1993 in the State of Delaware under the name SCC Communications Corp. In June 2001, we changed our name to Intrado Inc.

Prior to 1995, substantially all of our revenue was derived from the sale of software licenses and related implementation services to ILECs and public safety agencies. During 1994, we began investing in infrastructure to provide our 9-1-1 operations support system ("OSS") solution to telephone operating companies seeking to outsource operations. We signed our first 9-1-1 data management services contract in August 1994 and continue to add to the number of records under management. We began to recognize revenue from wireless carriers in the third quarter of 1997, and continue to increase the number of live wireless subscribers managed. In addition, we signed a contract with the General Services Commission of the State of Texas in November 1998, representing the first time that a state agency has endeavored to centralize 9-1-1 OSS and data management services with a neutral third party. On May 11, 2001, we acquired certain assets, and assumed certain liabilities, associated with the call handling and database divisions of Lucent Public Safety Systems ("LPSS"), an internal venture of Lucent Technologies Inc. ("Lucent").

With the addition of LPSS, we now provide 9-1-1 supporting hardware and software technology, including the Palladium(TM) call center and data-management systems. A number of telecommunications companies manage their 9-1-1 infrastructure with these hardware and software systems. In addition, these systems are used by public safety call centers across the nation to receive and respond to wireline and wireless E9-1-1 calls.

We generate revenue from four of our segments, or "business units": ILEC, CLEC, Wireless and Direct. The revenue from these business units is derived from monthly data management services, maintenance, systems and new products, and professional services.

The monthly data management services includes revenue from up-front non-recurring engineering fees ("NREs") and monthly service fees. The NRE service consists primarily of the clean up of the customer's 9-1-1 data records, engineering services to enable the customer's legacy system to interface with Intrado's platform, building the network that will route the calls, public safety boundary mapping, customer training and testing. The charges for these services are nonrefundable if the contract is cancelled after the services are performed. After the initial NRE, customers often buy components of these services, such as additional software engineering to modify the system functionality or network services to make their network more effective and enhance their solution ("Enhancement Services"). The fees received for NRE services and Enhancement Services are deferred and recognized as revenue ratably over the remaining contractual term of the arrangement.

Under outsourcing solution contracts, we receive a monthly service fee for providing ongoing data management services that are required to keep the records current for all subscribers, maintain and monitor the network and support and maintain the software and systems required to provide the services. The fees received for these monthly services are recognized as revenue in the period in which the services are rendered.

Maintenance contracts are sold to customers that purchase database and call handling systems. These contracts designate a specified amount that is to be paid over future periods that relates to the support and maintenance services. The fees received for maintenance are deferred and recognized as revenue ratably over the contractual term of the arrangement.

Systems and new products revenue represents revenue recognized from the sales of new database and call handling systems as well as enhancements sold to existing customers. Software license revenue and related hardware sales are recognized upon execution of a contract and completion of delivery obligations, provided that no uncertainties exist regarding customer acceptance and that collection of the related receivable is reasonably assured.

Professional services revenue is generated by providing consulting services to CLECs and is recognized in the period in which the services are rendered.

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Our revenue breaks down as a percent of total revenue as follows:

	Three Months Ended June 30,				Six M	
	Revenue		Percent		Revenue	
	2001	2000	2001	2000	2001	2000
ILEC Business Unit	\$10,480	\$ 7,143	57%	70%	\$17,732	\$13,9
CLEC Business Unit	3,404	1,622	19	16	6,494	2,9
Wireless Business Unit	2,653	789	14	8	4,441	1,3
Direct Business Unit	1,781	695	10	6	2,840	9
	-----	-----	-----	-----	-----	-----
	\$18,318	\$10,249	100%	100%	\$31,507	\$19,2

During 2000, we changed our revenue recognition policies to comply with SAB 101. Specifically, SAB 101 requires that we defer the up-front NRE fee, certain enhancement fees and related incremental costs and recognize them over the lives of our contracts. The adoption of SAB 101 required us to reflect a cumulative effect of change in accounting principle as if SAB 101 had been implemented on January 1, 2000 and to restate all of our reported 2000 quarterly results.

During the six months ended June 30, 2001 and 2000, we recognized approximately 44% and 69%, respectively, of total revenue from Ameritech, BellSouth Inc. and Qwest, each of which accounted for greater than 10% of our total revenue in such periods.

Historically, substantially all of our revenue has been generated from sales to customers in the United States. However, we have generated revenue in Canada and intend to enter additional international markets, which may require significant management attention and financial resources. International sales are subject to a variety of risks.

As of December 31, 2000, we had net operating loss carryforwards of approximately \$16.9 million available to offset future net income for U.S. federal income tax purposes. Future taxable income may not be sufficient to realize additional deferred tax assets that may be created by the projected net

operating losses. Consequently, we have provided a valuation allowance to fully offset our net deferred tax assets.

Our quarterly and annual operating results have varied significantly in the past. The variation in operating results may continue and may intensify. We believe that period-to-period comparisons of results of operations are not necessarily meaningful and should not be relied upon as indications of future performance. Our operating results may continue to fluctuate as a result of many factors, including the length of the sales cycles for new or existing customers, the size, timing or duration of significant customer contracts, our ability to integrate new customers and assets acquired in acquisitions, rate of adoption of wireless services by public safety answering points ("PSAPs"), efforts expended to accelerate the introduction of certain new products, our ability to hire, train and retain qualified personnel, increased competition, changes in operating expenses, changes in our strategy, the financial performance of our customers, changes in telecommunications legislation and regulations that may affect the competitive environment for our services, and general economic factors.

THREE MONTHS ENDED JUNE 30, 2001 COMPARED TO THREE MONTHS ENDED JUNE 30, 2000

TOTAL COMPANY

Total revenue increased 79%, from \$10.2 million in the second quarter of 2000 to \$18.3 million in the second quarter of 2001. Included in this increase is revenue related to the LPSS acquisition of approximately \$2.9 million during the period from May 12, 2001 through June 30, 2001. Total direct costs increased 81%, from \$7 million in the second quarter of 2000 to \$12.7 million in the second quarter of 2001, representing 69% of total revenue for both periods. Included in this increase are direct costs related to the LPSS acquisition of approximately \$1.9 million during the period from May 12, 2001 through June 30, 2001.

ILEC BUSINESS UNIT

ILEC revenue increased 48%, from \$7.1 million in the second quarter of 2000 to \$10.5 million in the second quarter of 2001. ILEC revenue increased due to an increase in the number of records under management, recurring systems and new product and maintenance revenue related to the database division acquired as part of the LPSS acquisition. Included in this increase is revenue related to LPSS's database systems representing approximately \$2.7 million during the period from May 12, 2001 through June 30, 2001. ILEC subscribers under management grew 3% from 84.4 million subscribers as of June 30, 2000, to 87.3 million as of June 30, 2001.

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ILEC direct costs increased 58%, from \$4.0 million in the second quarter of 2000 to \$6.3 million in the second quarter of 2001, representing 56% and 60% of ILEC revenue for such periods, respectively. Costs increased due to the addition of staff as a result of the LPSS acquisition as well as an increase in the amount of ILEC work performed by our software development group on ILEC enhancements during the second quarter of 2001. Included in this increase are direct costs related to LPSS's database division representing approximately \$1.0 million during the period from May 12, 2001 through June 30, 2001.

ILEC sales and marketing expenses increased 100% from \$400,000 in the second quarter of 2000, to \$799,000 in the second quarter of 2001, representing 6% and 8% of ILEC revenue for each period, respectively. ILEC sales and marketing expenses increased as a result of additional headcount acquired as part of the LPSS acquisition as well as in other ILEC sales and marketing departments to accommodate growth. Included in this increase are sales and marketing costs related to LPSS's database division representing approximately \$43,000 during the period from May 12, 2001 through

June 30, 2001.

CLEC BUSINESS UNIT

CLEC revenue increased 113%, from \$1.6 million in the second quarter of 2000 to \$3.4 million in the second quarter of 2001. CLEC revenue increased due to an increase in the number of records under management for new and existing customers and additional services recognized on new customers. We now have 41 CLEC contracts, representing 7.1 million subscribers.

CLEC direct costs increased 180%, from \$535,000 in the second quarter of 2000 to \$1.5 million in the second quarter of 2001, representing 33% and 44% of CLEC revenue for such periods, respectively. The increase in CLEC direct costs is due to the hiring of additional CLEC operations staff to assist with the continued growth in records under management.

CLEC sales and marketing expenses increased 186%, from \$184,000 in the second quarter of 2000 to \$527,000 in the second quarter of 2001, representing 12% and 16% of CLEC revenue for such periods, respectively. The increase in CLEC sales and marketing expenses is due to the hiring of additional sales and marketing personnel to accommodate growth and increased direct marketing campaign costs as well as write offs for uncollectible accounts receivable.

CLEC research and development costs decreased 83%, from \$77,000 in the second quarter of 2000 to \$13,000 in the second quarter of 2001, representing 5% and 0% of CLEC revenue for such periods, respectively. CLEC research and development costs decreased due to the increased focus by our software engineering staff on projects in other business units.

WIRELESS BUSINESS UNIT

Wireless revenue increased 242%, from \$789,000 in the second quarter of 2000 to \$2.7 million in the second quarter of 2001. Wireless revenue increased due to an increase in the number of records under management. Wireless subscribers grew 388% from 1.6 million at June 30, 2000, to 7.8 million at June 30, 2001.

Wireless direct costs increased 201%, from \$898,000 in the second quarter of 2000 to \$2.7 million in the second quarter of 2001, representing 114% and 100% of Wireless revenue for such periods, respectively. Costs increased due to the hiring of additional systems operations staff and increased systems maintenance and telephone line costs to accommodate growth. Also included in this increase is approximately \$230,000 of costs incurred as a result of the LPSS acquisition during the period May 12, 2001 through June 30, 2001. Wireless direct cost as a percentage of Wireless revenue decreased as the increase in subscribers managed covered more of the infrastructure costs.

Wireless sales and marketing expenses increased 187%, from \$191,000 in the second quarter of 2000 to \$548,000 in the second quarter of 2001, representing 24% and 20% of Wireless revenue for such periods, respectively. The increase in Wireless sales and marketing expenses is due to the creation of a product management department and the hiring of additional sales personnel in 2001.

Wireless research and development costs decreased from \$225,000 in the second quarter of 2000 to \$0 in the second quarter of 2001, representing 29% and 0% of Wireless revenue for such periods, respectively. Wireless research and development costs decreased due to the increased focus by our software engineering staff on projects in other business units.

DIRECT BUSINESS UNIT

Direct revenue increased 159% from \$695,000 in the second quarter of 2000 to \$1.8 million in the

second quarter of 2001. Direct revenue increased due to the transition of records in the State of Texas, fees recognized for enhanced services, revenues related to our Emergency Warning and Evacuation (EWE) system and maintenance revenue related to the call handling division acquired as part of the LPSS transaction. Included in this increase is approximately \$208,000 of revenue related to the call handling division acquired as part of the LPSS acquisition during the period from May 12, 2001 through June 30, 2001. The subscriber base in Texas increased to 7.0 million and EWE increased to 1.8 million.

Direct costs increased 38% from \$1.6 million in the second quarter of 2000 to \$2.2 million in the second quarter of 2001. Costs increased due to the additional personnel and system infrastructure needed to implement the State of Texas contract and to manage records that have been transitioned as well as additional personnel acquired as part of the LPSS transaction. Included in this increase is approximately \$776,000 of direct costs related to the call handling division during the period from May 12, 2001 through June 30, 2001.

Direct sales and marketing expenses increased 4% from \$369,000 in the second quarter of 2000 to \$384,000 in the second quarter of 2001, representing 23% and 17% of Direct revenue for such periods, respectively. The increase in sales and marketing costs is due to the addition of personnel acquired as part of the LPSS transaction. This increase is partially offset by a reduction in sales personnel and sales collateral expense in the second quarter of 2001. Included in this increase is approximately \$125,000 of sales and marketing costs related to the call handling division during the period from May 12, 2001 through June 30, 2001.

Direct research and development costs decreased 94%, from \$208,000 in the second quarter of 2000 to \$13,000 in the second quarter of 2001. Direct research and development costs decreased due to the increased focus by our software engineering staff on projects in other business units.

CORPORATE BUSINESS UNIT

Corporate general and administrative expenses increased 90%, from \$2.0 million in the second quarter of 2000 to \$3.8 million in the second quarter of 2001. Corporate general and administrative expenses increased due to the amortization of intangibles acquired as a result of the LPSS transaction, increased headcount to accommodate growth in the finance and legal departments and personnel acquired from the LPSS transaction. Costs related to the acquisition, including amortization of intangibles, were approximately \$685,000 during the period from May 12, 2001 through June 30, 2001.

Corporate sales and marketing expenses increased 14%, from \$961,000 in the second quarter of 2000 to \$1.1 million in the second quarter of 2001, representing 9% and 6% in total revenue for such periods, respectively. Included in corporate sales and marketing are costs associated with public relations. Corporate sales and marketing expenses increased due to increased personnel and public relations charges.

Corporate research and development increased 32% from \$624,000 in the second quarter of 2000 to \$824,000 in the second quarter of 2001, representing labor and associated travel and consulting costs related to the research and development of new product offerings.

Net other income decreased 95%, from \$215,000 in the second quarter of 2000 to \$10,000 in the second quarter of 2001, representing 2% and 0% of total revenue for such periods, respectively. Other income decreased due to less interest income earned from investments.

SIX MONTHS ENDED JUNE 30, 2001 COMPARED TO SIX MONTHS ENDED JUNE 30, 2000

TOTAL COMPANY

Total revenue increased 63%, from \$19.3 million in the six months ended June 30, 2000 to \$31.5 million in the six months ended June 30, 2001. Included in this increase is revenue related to the LPSS acquisition of approximately \$2.9 million during the period from May 12, 2001 through June 30, 2001. Total direct costs increased 69%, from \$13.3 million in the six months ended June 30, 2000 to \$22.5 million in the six months ended June 30, 2001, representing 69% and 71% of total revenue, respectively. Included in this increase are direct costs related to the LPSS acquisition of approximately \$1.9 million during the period from May 12, 2001 through June 30, 2001.

ILEC BUSINESS UNIT

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ILEC revenue increased 27%, from \$14.0 million in the six months ended June 30, 2000 to \$17.7 million in the six months ended June 30, 2001. ILEC revenue increased due to an increase in the number of records under management, recurring systems and new product and maintenance revenue related to the database division acquired as part of the LPSS acquisition. Included in this increase is revenue related to LPSS's database systems representing approximately \$2.7 million during the period from May 12, 2001 through June 30, 2001.

ILEC direct costs increased 34%, from \$8.0 million in the six months ended June 30, 2000 to \$10.7 million in the six months ended June 30, 2001, representing 57% and 60% of ILEC revenue for such periods, respectively. Costs increased due to the addition of staff as a result of the LPSS acquisition as well as an increase in the amount of ILEC work performed by our software development group on ILEC enhancements during the second quarter of 2001. Included in this increase are direct costs related to LPSS's database division representing approximately \$1.0 million during the period from May 12, 2001 through June 30, 2001.

ILEC sales and marketing expenses increased 86%, from \$751,000 in the six months ended June 30, 2000 to \$1.4 million in the six months ended June 30, 2001, representing 5% and 8% of ILEC revenue for such periods, respectively. ILEC sales and marketing expenses increased as a result of additional headcount acquired as part of the LPSS acquisition as well as in other ILEC sales and marketing departments to accommodate growth. Included in this increase are sales and marketing costs related to LPSS's database division representing approximately \$43,000 during the period from May 12, 2001 through June 30, 2001.

ILEC research and development costs decreased 1%, from \$164,000 in the six months ended June 30, 2000 to \$162,000 in the six months ended June 30, 2001, representing 1% of ILEC revenue for both periods. ILEC research and development costs decreased due to increased focus by our software engineering staff on projects for other business units.

CLEC BUSINESS UNIT

CLEC revenue increased 117%, from \$3.0 million in the six months ended June 30, 2000 to \$6.5 million in the six months ended June 30, 2001. CLEC revenue increased due to an increase in the number of records under management for new and existing customers and additional services recognized on new customers.

CLEC direct costs increased 180%, from \$1.0 million in the six months ended June 30, 2000 to \$2.8 million in the six months ended June 30, 2001, representing 37% and 43% of CLEC revenue for such periods, respectively. The increase in CLEC direct costs is due to the hiring of additional CLEC operations staff to assist with the continued growth in records under management.

CLEC sales and marketing expenses increased 210%, from \$306,000 in the six months ended June 30, 2000 to \$949,000 in the six months ended June 30, 2001, representing 10% and 15% of CLEC revenue for such periods, respectively. The increase in CLEC sales and marketing expenses is due to the hiring of additional sales and marketing personnel to accommodate growth and increased direct marketing campaign costs as well as write offs for uncollectible accounts receivable.

CLEC research and development costs decreased 82%, from \$163,000 in the six months ended June 30, 2000 to \$30,000 in the six months ended June 30, 2001, representing 5% and 0% of CLEC revenue for such periods, respectively. CLEC research and development costs decreased due to the increased focus by our software engineering staff on projects in other business units.

WIRELESS BUSINESS UNIT

Wireless revenue increased 238%, from \$1.3 million in the six months ended June 30, 2000 to \$4.4 million in the six months ended June 30, 2001. Wireless revenue increased due to an increase in the number of records under management.

Wireless costs increased 183%, from \$1.8 million in the six months ended June 30, 2000 to \$5.1 million in the six months ended June 30, 2001. Costs increased due to the hiring of additional systems operations staff and increased systems maintenance and telephone line costs to accommodate growth. Wireless direct cost as a percentage of Wireless revenue decreased as the increase in subscribers managed grows to cover more of the infrastructure costs. Also included in this increase is approximately \$230,000 of costs incurred as a result of the LPSS acquisition during the period from May 12, 2001 through June 30, 2001.

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Wireless sales and marketing expenses increased 226%, from \$299,000 in the six months ended June 30, 2000 to \$976,000 in the six months ended June 30, 2001, representing 23% and 22% of Wireless revenue for such periods, respectively. The increase in Wireless sales and marketing expenses is due to the creation of a product management department and the hiring of additional sales personnel in 2001.

Wireless research and development costs decreased 100% from \$364,000 in the six months ended June 30, 2000 to \$1,000 in the six months ended June 30, 2001, representing 28% and 0% of Wireless revenue for such periods, respectively. Wireless research and development costs decreased due to the increased focus by our software engineering staff on projects in other business units.

DIRECT BUSINESS UNIT

Direct revenue increased 182% from \$993,000 in the six months ended June 30, 2000 to \$2.8 million in the six months ended June 30, 2001. Direct revenue increased due to the transition of records in the State of Texas, fees recognized for enhanced services, revenues related to our Emergency Warning and Evacuation (EWE) systems and maintenance revenue related to the call handling division acquired as part of the LPSS transaction. Included in this increase is approximately \$208,000 of revenue related to the call handling division acquired as part of the LPSS acquisition during the period from May 12, 2001 through June 30, 2001.

Direct costs increased from \$2.5 million in the six months ended June 30, 2000 to \$3.9 million in the six months ended June 30, 2001. Costs increased due to the additional personnel and system infrastructure needed to implement the State of Texas contract and to manage records that have been transitioned as well as additional personnel acquired as part of the LPSS transaction. Included in this increase is approximately \$776,000 of direct costs related to the call handling division during the period from May 12, 2001 through June 30, 2001.

Direct sales and marketing expenses increased 13% from \$683,000 in the six months ended June 30, 2000 to \$771,000 in the six months ended June 30, 2001, representing 69% and 28% of Direct revenue for such periods, respectively. The increase in sales and marketing costs is due to the addition of personnel acquired as part of the LPSS transaction. Included in this increase is approximately \$125,000 of sales and marketing costs related to the call handling division during the period from May 12, 2001 through June 30, 2001.

Direct research and development costs decreased 79%, from \$393,000 in the six months ended June 30, 2000 to \$82,000 in the six months ended June 30, 2001. Direct research and development costs decreased due to the increased focus by our software engineering staff on projects in other business units.

CORPORATE BUSINESS UNIT

Corporate general and administrative expenses increased 93%, from \$3.3 million in the six months ended June 30, 2000 to \$6.4 million in the six months ended June 30, 2001, representing 17% and 20% of total revenue for such period, respectively. Corporate general and administrative expenses increased due to the amortization of intangibles acquired as a result of the LPSS transaction, increased headcount to accommodate growth in the finance and legal departments and personnel acquired from the LPSS transaction. Costs related to the acquisition, including amortization of intangibles, were approximately \$685,000 during the period from May 12, 2001 through June 30, 2001.

Corporate sales and marketing expenses increased 25%, from \$1.6 million in the six months ended June 30, 2000 to \$2.0 million in the six months ended June 30, 2001, representing 8% and 6% in total revenue for such periods, respectively. Corporate sales and marketing expenses increased due to increased personnel and public relations charges.

Corporate research and development increased 149% from \$722,000 in the six months ended June 30, 2000 to \$1.8 million in the six months ended June 30, 2001 representing labor and associated travel and consulting costs related to the research and development of new product offerings.

Net other income decreased 81%, from \$426,000 in the six months ended June 30, 2000 to \$79,000 in the six months ended June 30, 2001, representing 2% and 0% of total revenue for such periods, respectively. Other income decreased due to less interest income earned from investments.

The cumulative effect from change in accounting principle of approximately \$3.1 million in 2000 represents the change associated with adopting SAB 101 effective January 1, 2000. This change reflects the amount of income that had been recognized under our previously existing revenue recognition methods that would have been deferred as of

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December 31, 1999 had we been under the guidelines of SAB 101. The income deferred as a result of adopting SAB 101 will be recognized on varying dates through 2005.

LIQUIDITY AND CAPITAL RESOURCES

Since our inception we have funded our operations with cash provided by operations, supplemented by equity and debt financing and leases on capital equipment. As of June 30, 2001, we had \$9.2 million in cash and cash equivalents and investments in marketable securities. We expect our operating cash flows to turn positive in the second half of 2001 as we begin generating revenue from our increased subscriber base as a result of our wireless deployment efforts.

We repaid \$1.2 million and \$1.0 million of capital lease obligations during the six months ended June 30, 2001 and 2000, respectively. Additionally, we used \$1.9 million and \$2.1 million in the six months ended June 30, 2001 and 2000, respectively, for the purchase of capital assets and software development. We currently have no material commitments for capital expenditures other than the following. On May 7, 2001, we signed an eight-year lease to occupy approximately 210,000 square feet of office space in Longmont, Colorado. We expect to move our corporate headquarters to Longmont beginning in the latter half of 2001, with full occupancy anticipated in the first or second quarter of 2002. We expect to incur approximately \$2 million in leasehold improvements during the last half of fiscal 2001 in order to prepare for the move.

In addition, we incurred an obligation to purchase approximately \$4.1 million of computers in conjunction with the LPSS acquisition. We may purchase additional systems in an effort to attain incremental operating efficiencies, especially in our ILEC and CLEC business units and to incur additional costs and expenses in connection with our acquisition of certain net assets of LPSS.

On July 31, 2001, we entered into an agreement to establish a revolving line of credit, which is available to meet operating needs. Borrowing availability is not to exceed \$15 million and is further limited to 85% of our eligible accounts receivable, as defined. The interest rate on amounts borrowed under the line of credit is equal to the prime rate plus 2.00% per annum. The line of credit matures on July 31, 2004 and is collateralized by accounts receivable and certain other assets.

We also have access to a maximum of \$7.5 million through capital lease lines with two entities. The interest rate is equal to the entities' cost of funds at the time of each lease. Each lease schedule is collateralized by the assets that are being leased and is subject to review and approval by the lessor at the time of the Company's application. Each lease has its own termination date, typically 36 months. As of June 30, 2001, \$2.0 million available under the capital lease lines has been utilized.

PRIVATE PLACEMENT

On May 2, 2001, we entered into an agreement to sell 632,111 shares of our common stock to an institutional investor in a private offering exempt from registration under the federal securities laws under Rule 506 of Regulation D and Section 4(2) of the Securities Act of 1933. The sale closed on May 10, 2001. The common stock was purchased at a negotiated price per share of \$7.91, reflecting the arithmetic average of the closing price of the Company's common stock on the Nasdaq National Market for the twenty consecutive trading days prior to the offering date. We paid a finder's fee of \$250,000 to the broker and issued a warrant to the broker to purchase 31,605 shares with an exercise price of \$7.91 per share and an expiration date of May 2006. Other than the finder's fee, we did not pay any other compensation or fees in conjunction with this offering of common stock. Pursuant to this offering, we registered the shares held by the institutional investor and the finder in July 2001.

The net proceeds from this offering were \$4,750,000. We plan to use the net proceeds for general corporate purposes, including:

- repaying our obligations as they become due;
- financing capital expenditures, including acceleration of our wireless deployments and development of our coordinate routing database; and
- working capital.

Pending use of the net proceeds for any of these purposes, we may invest the net proceeds in short-term investment grade instruments, interest-bearing bank accounts, certificates of deposit, money market securities, U.S. government securities or mortgage-backed securities guaranteed by federal agencies.

FUTURE CAPITAL NEEDS AND RESOURCES

We anticipate that, for the foreseeable future, significant amounts of available cash flows will be utilized for:

- capital expenditures for the expansion and enhancement of our networks and the continued development of new or enhanced products and services;
- operating expense to support the continued implementation of existing customer contracts, particularly in the wireless business unit; - potential acquisitions;
- debt service requirements; and - other general corporate expenditures.

We anticipate that our cash utilization for capital expenditures and other operating and financing activities will continue to exceed our positive cash flows from operating activities through the third quarter of 2001 as we continue to expand and enhance our networks, invest in the development of enhanced products and services, and implement existing customer contracts. We expect cash inflows from operating activities to exceed outflows by the end of 2001. However, our success depends on the execution of our strategies, including the following factors:

- effectively integrate the operations of LPSS with our historic business;
- develop business and pricing models that realize benefits from economies of scale;
- develop new and better products that we can competitively price and sell; and
- implement more cost effective internal processes.

However, we cannot be sure that our actions will be successful in decreasing our overall operating costs or increasing operating profits.

If we are not successful in implementing these initiatives and realizing positive cash flows from operations, and we are unable to raise additional funds or obtain funds from other sources on acceptable terms and in a timely manner, we may be required to conserve available cash for use in funding existing business activities, thereby slowing enhancement and implementation of existing contracts and services.

Based on available cash resources and the anticipated cash needs of our operations for capital expenditures and acquisitions and the combined anticipated operating cash flow of our business units, we believe that we will be able to fully fund our operations through calendar year 2001. In making this assessment, we have considered:

- consolidated cash, cash equivalents and short-term investments (net of restrictive cash of \$750,000) of \$8.5 million as of June 30, 2001; - the anticipated availability of up to \$15 million of funding related to our recent agreement to establish a revolving credit facility; - the anticipated level of capital expenditures during the remainder of 2001;
- presently scheduled debt service requirements during the remainder of 2001; and
- our expectation of realizing positive cash flow from operations during the fourth quarter of 2001.

If our business plans change, or if economic conditions or competitive practices in the telecommunications industry change materially, our cash flow, profitability and anticipated cash needs could change significantly. Any acquisition or new business opportunity could involve significant additional funding needs in excess of the identified currently available sources, and could require us to raise additional equity or debt funding to meet those needs.

The availability of borrowings under our credit facility and lease line of credit is subject to certain conditions and limitations, and we cannot be sure that those conditions will be met. The instruments relating to our financing arrangements contain provisions that limit the amount of borrowings that we may incur. The terms of the credit facility and lease line of credit also require us to maintain

compliance with specified operating and financial covenants or ratios, including specified covenants and ratios related to leverage, which become more stringent over time.

In addition, our capital needs, and our ability to adequately address those needs through debt or equity funding sources, are subject to a variety of factors that we cannot presently predict, including:

- the commercial success of our products and services; - the amount and timing of our capital expenditures and operating income or losses;
- the volatility and demand of the equity and debt markets; and

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- the market price of our common stock.

We have had and may in the future have discussions with third parties regarding potential equity investments and debt financing arrangements to satisfy actual or anticipated financing needs. At present, other than the existing equity or debt financing arrangements that have been consummated or are described in this quarterly report, we have no legally binding commitments or understandings with any third parties to obtain any material amount of equity or debt financing.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

In June 2001, the Financial Accounting Standards Board ("FASB") issued SFAS No. 141, "Business Combinations" and SFAS No. 142 "Goodwill and Other Intangible Assets". These statements prohibit pooling-of-interests accounting for transactions initiated after June 30, 2001, require the use of the purchase method of accounting for all combinations after June 30, 2001 and establish a new accounting standard for goodwill acquired in a business combination. SFAS Nos. 141 and 142 continue to require recognition of goodwill as an asset, but do not permit amortization of goodwill as previously required by APB Opinion No. 17 "Intangible Assets." Furthermore, certain intangible assets that are not separable from goodwill will not be amortized. However, goodwill and other intangible assets will be subject to periodic (at least annual) tests for impairment and recognition of impairment losses in the future could be required based on a new methodology for measuring impairments prescribed by these pronouncements. The revised standards include transition rules and requirements for identification, valuation and recognition of a much broader list of intangibles as part of business combinations than prior practice, most of which will continue to be amortized. The potential prospective impact of these pronouncements on our financial statements may significantly affect the results of future periodic tests for impairment. The amount and timing of non-cash charges related to intangibles acquired in business combinations will change significantly from prior practice.

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ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk represents the risk of loss that may impact our financial position, results of operations or cash flows due to adverse changes in financial and commodity market prices and rates. We are exposed to market risk in the areas of changes in United States interest rates. These exposures are directly related to our normal operating and funding activities. Historically, and as of June 30, 2001, we have not used derivative instruments or engaged in hedging activities.

INTEREST RATE RISK

The interest payable on our new line of credit is variable and is determined based on the prime rate plus 2.00% per annum, and, therefore, is affected by changes in market interest rates. At June 30, 2001, no amounts were outstanding under our line of credit, however, we may borrow up to 85% of qualified accounts receivable, not to exceed \$15,000,000. Rates on our capital lease line are also

dependent on interest rates in effect at the time the lease line is drawn upon. In addition, we invest excess funds in high-grade treasury bonds and commercial paper on which we monitor interest rates frequently and as the investments mature. Based on amounts invested in treasury bonds and commercial paper at June 30, 2001, if the markets were to experience a decline in rates of 1%, we would have a resulting decline in future quarterly earnings, fair values and cash flows of approximately \$5,000 per quarter.

PART II - OTHER INFORMATION

ITEM 2 - CHANGES IN SECURITIES AND USE OF PROCEEDS.

During the three months ended June 30, 2001, we issued the following unregistered securities:

- On May 2, 2001, we entered into an agreement to issue 632,111 shares of its common stock to an institutional investor for consideration of \$4,750,000, net of a \$250,000 finder's fee (the "May 2001 Private Placement"). The transaction closed on May 10, 2001. The common stock was purchased at a negotiated price per share of \$7.91, reflecting the arithmetic average of the closing price of the Company's common stock on the Nasdaq National Market for the twenty consecutive trading days prior to May 2, 2001.

- As a finder's fee for the May 2001 Private Placement, the Company issued a warrant to purchase 31,605 shares (5% of the shares issued to the institutional investor) to a broker. The warrant carries an exercise price of \$7.91 per share.

Each of the above transactions was exempt from registration under Rule 506 of Regulation D and Section 4(2) of the Securities Act of 1933.

ITEM 4 - SUBMISSION OF MATTERS TO A VOTE OF SECURITY HOLDERS.

The following two matters were submitted to a vote of security holders at the Annual Meeting of Stockholders held on June 26, 2001.

1. Election of two directors, each for a term of three years. The following votes were cast:

Director Nominee	For	Withheld
Stephen O. James	9,691,223	19,125
Mary Beth Vitale	9,693,566	16,782

2. Ratification of Arthur Andersen LLP as independent accounts for the 2001 fiscal year. The following votes were cast:

For	9,649,359
Against	8,567
Abstain	2,422

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits.
None.

(b) Reports on Form 8-K.

On May 11, 2001, we filed a Current Report on Form 8-K to announce the \$5 million private placement with an institutional investor.

On May 14, 2001, we filed a Current Report on Form 8-K to announce the acquisition certain assets and assumption of certain liabilities associated with the database and call handling divisions of LPSS. This Current Report on Form 8-K also included proforma financial statements for the year ended December 31, 2000.

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SIGNATURES

Pursuant to the requirements of the Securities Exchange Act of 1934 as amended, the Registrant has duly caused this report to be signed on its behalf by the undersigned thereunto duly authorized.

INTRADO INC.
(Registrant)

August 14, 2001

Date

\s\ George K. Heinrichs

*George K. Heinrichs, President
and Chief Executive Officer*

August 14, 2001

Date

\s\ Michael D. Dingman, Jr.

*Michael D. Dingman, Jr.
Financial Officer*

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End of Filing

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Exhibit No. 5
Application for Certificate of Authority,
ICI's Authority To Do Business in North Dakota, and
Certificate of Good Standing
Consisting of 5 page
September 13, 2001

APPLICATION FOR CERTIFICATE OF AUTHORITY



**CERTIFICATE OF AUTHORITY
FOREIGN CORPORATION
APPLICATION**
SECRETARY OF STATE
SFN 13100A (13100 + 7974) (7-99)

COPY

FOR OFFICE USE ONLY

ID #	17,248,300A
WO #	886036
Filed	8-22-01
By	MOK

SEE REVERSE SIDE FOR FEES, FILING AND MAILING INSTRUCTIONS

- 1.A. The application **MUST** be accompanied by ALL of the following:
- Filing fee of \$125 if a **Foreign Business or Professional Corporation**
 - Filing fee of \$40 if a **Foreign Nonprofit Corporation**
 - Signed Consent of Registered Agent and fee of \$10
 - **Current, ORIGINAL CERTIFICATE OF GOOD STANDING OR CERTIFICATE OF EXISTENCE** verifying corporate existence certified by the incorporating officer of the state or country of incorporation.
- B. The following **MAY** be required:
- Certification of professional license from the North Dakota licensing board for the profession
 - Signed consent to use of name and fee of \$10
 - Trade Name Registration and fee of \$25

RECEIVED
AUG 09 2001
SEC. OF STATE

TYPE OR PRINT LEGIBLY For reference, see North Dakota Century Code, Section 10-19.1-135 or 10-33-125.

2. Type of corporation applying for Certificate of Authority: (check one)

Foreign Business Foreign Professional Foreign Nonprofit

3.A. Name of corporation **EXACTLY** as it appears on Certificate of Good Standing from state of origin
Intrado Communications Inc.

B. Federal ID #
84-1597202

C. If the corporation chooses to use a name other than its corporate name, that name is a trade name and **must** be registered with the North Dakota Secretary of State. (SEE INSTRUCTION 3.C.) If applicable, provide the trade name below and complete the Trade Name Registration form if the selected trade name is not already registered in North Dakota.

- D. If the corporation has been notified by the North Dakota Secretary of State that its corporate name is the same as, or deceptively similar to a name already registered, this application for Certificate of Authority **must** be accompanied by one of the following: (check one)
- Consent to use of name from the conflicting name holder(s)
- An application for registration of a trade name for use in transacting business in North Dakota. The trade name adopted is:

Certified copy of a final decree of a court of competent jurisdiction establishing prior right of this corporation to use of the name in North Dakota

4. **Complete** mailing address of principal executive office which **may not** only be a post office box (Street/RR, and PO Box if applicable, city, state, zip +4) 6285 Lookout Rd., Boulder CO 80301

5.A. STATE or country where incorporated <u>Delaware</u>	B. EXACT date incorporated (Month, day, AND year) <u>6/4/01</u>	C. Duration of corporation <input checked="" type="checkbox"/> Perpetual <input type="checkbox"/> Other (Specify)	D. Telephone # <u>(303) 581-5600</u>
			E. Toll-free telephone #

6.A. Name of required registered agent in **NORTH DAKOTA** (SEE INSTRUCTION 6.A.)
C T Corporation System

B. Federal ID/social security # of registered agent
51-0006522

C. Address of registered agent in **NORTH DAKOTA** which may not only be a post office box number (Street/RR, and PO Box if applicable, city, state, zip +4) 314 Thayer Avenue, Bismarck, North Dakota 58501-4018

7. Nature of business or activities the corporation intends to conduct in the State of North Dakota

To provide telecommunications services.

8. OFFICERS AND DIRECTORS OF THE CORPORATION							
OFFICE	Check box if officer also serves as director	NAME	COMPLETE MAILING ADDRESS				
			Street/RR	PO Box	City	State	Zip + 4
PRESIDENT	<input type="checkbox"/>	<u>See Attachment A</u>					
VICE PRESIDENT	<input type="checkbox"/>						
SECRETARY	<input type="checkbox"/>						
TREASURER	<input type="checkbox"/>						
DIRECTOR							
DIRECTOR							

9. The undersigned, a person authorized by the corporation to sign this application, knows the contents thereof, and believes the statements made to be true.

[Signature]
Original signature

16/29/01
Date

(303) 581-5600

10. Name of person to contact about this application
Michael D. Dingman, Jr.

Daytime telephone #
(303) 581-5600

ATTACHMENT A

OFFICERS & DIRECTOR OF
INTRADO COMMUNICATIONS INC.

OFFICERS:

George K. Heinrichs
President
Intrado Communications Inc.
6285 Lookout Rd.
Boulder, CO 80301

Michael D. Dingman, Jr.
Secretary/Treasurer
Intrado Communications Inc.
6285 Lookout Rd.
Boulder, CO 80301

SOLE DIRECTOR:

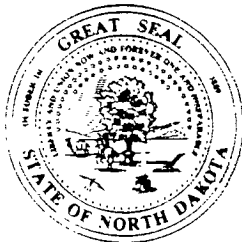
George K. Heinrichs
Intrado Communications Inc.
6285 Lookout Rd.
Boulder, CO 80301



CERTIFICATE OF AUTHORITY

State of North Dakota

SECRETARY OF STATE



CERTIFICATE OF AUTHORITY

OF

INTRADO COMMUNICATIONS INC.

The undersigned, as Secretary of State of the State of North Dakota, hereby certifies that an application of

INTRADO COMMUNICATIONS INC.
for a Certificate of Authority to transact business in this State, duly signed and verified pursuant to the provisions of the North Dakota Century Code, have been received in this office and are found to conform to law.

ACCORDINGLY the undersigned, as such Secretary of State, and by virtue of the authority vested in him by law, hereby issues this Certificate of Authority to

INTRADO COMMUNICATIONS INC.
to transact business in this State under the name of

INTRADO COMMUNICATIONS INC.

Issued: August 22, 2001

A handwritten signature in cursive script, reading "Alvin A. Jaeger".

Alvin A. Jaeger
Secretary of State



CERTIFICATE OF GOOD STANDING

State of North Dakota

SECRETARY OF STATE



CERTIFICATE OF GOOD STANDING

OF

INTRADO COMMUNICATIONS INC.

The undersigned, as Secretary of State of the State of North Dakota, hereby certifies that INTRADO COMMUNICATIONS INC., a Delaware corporation, authorized to transact business in the State of North Dakota on August 22, 2001, and according to the records of this office as of this date, has paid all fees due this office as required by North Dakota statutes governing foreign corporations.

ACCORDINGLY the undersigned, as such Secretary of State, and by virtue of the authority vested in him by law, hereby issues this Certificate of Good Standing to

INTRADO COMMUNICATIONS INC.

Issued: September 18, 2001

A handwritten signature in cursive script, reading "Alvin A. Jaeger".

Alvin A. Jaeger
Secretary of State



Exhibit No. 6
ICI's Proposed Tariff
Consisting of 56 pages
September 13, 2001

INTRADO COMMUNICATIONS INC.
TELECOMMUNICATIONS SERVICES TARIFF
NORTH DAKOTA PUBLIC SERVICE COMMISSION NO. 1

TITLE SHEET
Original Title Sheet

TERMS, CONDITIONS, RATES AND CHARGES

Applying to the provision of Intrastate

TELECOMMUNICATIONS SERVICES

Within the operating territory of

INTRADO COMMUNICATIONS INC.

IN THE STATE OF

NORTH DAKOTA

Issued:

Effective:

By Craig W. Donaldson, Acting General Counsel
6285 Lookout Road, Boulder, Colorado 80301

Advice Letter No.

Decision No.



INTRADO COMMUNICATIONS INC.
TELECOMMUNICATIONS SERVICES TARIFF
NORTH DAKOTA PUBLIC SERVICE COMMISSION NO. 1

CHECK SHEET
Original Sheet 1

CHECK-SHEET

The sheets 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 on the bottom of this page.

<u>SHEET</u>	<u>REVISION</u>	<u>SHEET</u>	<u>REVISION</u>	<u>SHEET</u>	<u>REVISION</u>
Title Sheet	Original	SECTION 2	Cont'd		
Check Sheet	Original	14	Original		
Table of Contents	Original	15	Original	SECTION 3	
SECTION 1		16	Original	1	Original
1	Original	17	Original		
2	Original	18	Original	SECTION 4	
3	Original	19	Original	1	Original
4	Original	20	Original		
5	Original	21	Original		
6	Original	22	Original		
7	Original	23	Original	SECTION 5	
8	Original	24	Original	1	Original
SECTION 2		25	Original	2	Original
1	Original	26	Original	3	Original
2	Original	27	Original	4	Original
3	Original	28	Original	5	Original
4	Original	29	Original		
5	Original	30	Original		
6	Original	31	Original		
7	Original	32	Original		
8	Original	33	Original		
9	Original	34	Original		
10	Original	35	Original		
11	Original	36	Original		
12	Original	37	Original		
13	Original	38	Original		

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By Craig W. Donaldson, Acting General Counsel 6285 Lookout Road, Boulder, Colorado 80301	
Advice Letter No.	Decision No.



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1. APPLICATION AND REFERENCE

SUBJECT	SHEET
Application of Tariff	2
Check Sheets	4
Explanation of Abbreviations	6
Explanation of Change Symbols	5
Location of Material	3
Outline Structure	3
Rate Tables	4
Sheet Numbering	3
Sheet Revision Numbers	4
Trademarks, Service Marks and Trade Names	8

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INTRADO COMMUNICATIONS INC.
TELECOMMUNICATIONS SERVICES TARIFF
NORTH DAKOTA PUBLIC SERVICE COMMISSION NO. 1

SECTION 1
Original Sheet 2

1.1 APPLICATION OF TARIFF

- 1.1.1 This Tariff contains the regulations, terms, conditions, and maximum rates and charges applicable to intrastate exchange and networks services and equipment furnished by Intrado Communications Inc., hereinafter referred to as ICI or the Company.
- 1.1.2 The Company's services are available to Business Customers, Public Agencies, Local Exchange Carriers, Wireless Service Providers and Telematics Service Providers.
- 1.1.3 The Company's North Dakota service territory is statewide.
- 1.1.4 Service is available where facilities permit.

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By Craig W. Donaldson, Acting General Counsel 6285 Lookout Road, Boulder, Colorado 80301	
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1.2 TARIFF FORMAT

1.2.1 LOCATION OF MATERIAL

1.2.1.1 Section 1 provides the following sections in this Tariff.

- Subject Index – an alphabetical listing to find the desired section.
- Table of Contents – a numerical listing to find the desired section and page.

1.2.1.2 Each individual section in the Tariff provides a Subject Index for the material located within that section.

1.2.1.3 **Obsolete Service Offerings**

Obsolete service offerings are identified in the Tariff by adding 100 to the current section number, i.e., obsolete items from Section 5, will be found in Section 105. This section is then filed behind Section 5.

1.2.2 OUTLINE STRUCTURE

Paragraph Numbering Sequence - There are various levels of alphanumeric coding. Each level of coding is subservient to its next higher level. The following is an example of the numbering sequence suggested for use in tariffs.

- 2.1
- 2.1.1.
- 2.1.1.1.1.
- 2.1.1.1.1.1.

1.2.3 SHEET NUMBERING

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.

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1.2.4 SHEET REVISION NUMBERS

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 Department. For example, the 4th revised Sheet 14 cancels the 3rd revised Sheet 14.

1.2.5 RATE TABLES

Within rate tables, four types of entries are allowed:

- Rate Amount

The rate amount indicated the dollar value associated with the service.

- A dash “-”

The dash indicates that there is no rate for the service or that a rate amount is not applicable under the specific column header.

- A footnote designator “[1]”

The footnote designator indicates that further information is contained in a footnote.

- ICB

The acronym “ICB” indicates that the product/service is rated on an individual case basis.

1.2.6 CHECK SHEETS

Check Sheets: When a tariff filing is made with the North Dakota Public Service Commission, an undated 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 the check sheet 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 North Dakota Public Service Commission.

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Advice Letter No.	

1.3 EXPLANATION OF CHANGE SYMBOLS

SYMBOL	EXPLANATION
(C)	To signify changed regulation, term or condition
(D)	To signify discontinued material
(I)	To signify rate increase
(M)	To signify material moved from or to another part of the Tariff with no change, unless there is another change symbol present
(N)	To signify new material
(R)	To signify rate reduction
(T)	To signify a change in text but no change in rate, regulation, term or condition

Issued:

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By Craig W. Donaldson, Acting General Counsel
6285 Lookout Road, Boulder, Colorado 80301

Advice Letter No.

Decision No.

INTRADO COMMUNICATIONS INC.
TELECOMMUNICATIONS SERVICES TARIFF
NORTH DAKOTA PUBLIC SERVICE COMMISSION NO. 1

SECTION 1
Original Sheet 6

1.4 EXPLANATION OF ABBREVIATIONS

AMA	Automatic Message Accounting
ANI	Automatic Number Identification
ALI	Automatic Location Identification
ASCII	American Standard Code for Information Interexchange
Bps	Bits per second
CAMA	Centralized Automated Message Accounting
CCITT	The International Telegraph and Telephone Consultative Committee
CCSA	Common Control Switching Arrangement
CNCC	Customer Network Control Center
CO	Central Office
Cont'd	Continued
cps	Cycles per second
CRT	Cathode Ray Tube
dB	Decibel
DC	Direct Current
DID	Direct-Inward-Dialing
ECN	Emergency Communications Network
ESS	Electronic Switching System
FCC	Federal Communications Commission
FGD	Feature Group D
GMT	Greenwich Mean Time
Hz	Hertz
IXC	Interexchange Carrier
Kbps	Kilobits per Second
kHz	Kilohertz
LEC	Local Exchange Carrier
MSAG	Master Street Address Guide
MHz	Megahertz
NPA	Numbering Plan Area
PBX	Private Branch Exchange
PSAP	Public Safety Answering Point
SRA	Selective Routing Arrangement

Issued:

Effective:

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6285 Lookout Road, Boulder, Colorado 80301

Advice Letter No.

Decision No.

**INTRADO COMMUNICATIONS INC.
TELECOMMUNICATIONS SERVICES TARIFF
NORTH DAKOTA PUBLIC SERVICE COMMISSION NO. 1**

**SECTION 1
Original Sheet 7**

1.4 EXPLANATION OF ABBREVIATIONS (CONT'd)

SS 7 Signaling System 7
WSP Wireless Service Provider

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1.5 TRADEMARKS, SERVICE MARKS AND TRADE NAMES

9-1-1 SafetyNetSM Service Mark of Intrado Inc.

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INTRADO COMMUNICATIONS INC.
TELECOMMUNICATIONS SERVICES TARIFF
NORTH DAKOTA PUBLIC SERVICE COMMISSION NO. 1

SECTION 2
Original Sheet 1

2. GENERAL REGULATIONS – CONDITIONS OF OFFERING

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INTRADO COMMUNICATIONS INC.
TELECOMMUNICATIONS SERVICES TARIFF
NORTH DAKOTA PUBLIC SERVICE COMMISSION NO. 1

SECTION 2
Original Sheet 2

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Issued:	Effective:
By Craig W. Donaldson, Acting General Counsel 6285 Lookout Road, Boulder, Colorado 80301	
Advice Letter No.	Decision No.

GENERAL REGULATIONS – CONDITIONS OF OFFERING

2.1. DEFINITION OF TERMS

9-1-1

A three-digit telephone number used to report an emergency situation requiring a response by a public agency such as a fire department or police department.

9-1-1 Call

For purposes of this tariff, the term “9-1-1 call” includes emergency calls originated by other communications devices including, but not limited to, Telematics devices.

9-1-1 Failure or Outage

A situation in which 9-1-1 calls cannot be transported from the end user to the Public Safety Answering Point (PSAP) responsible for answering the 9-1-1 emergency calls.

Access Line

An arrangement from a local exchange telephone company or other common carrier, using either dedicated or switched access, which connects a Customer's location to ICI's location or switching center.

Authorized User

A person, firm, or corporation which is authorized by the Customer or joint user to be connected to the service of the Customer or joint user, respectively. An authorized user must be specifically named in the application for service.

Automatic Numbering Identification (ANI)

A type of signaling provided by a local exchange telephone company that automatically identifies the local exchange line from which a call originates.

Automatic Location Identification (ALI)

The automatic display, on equipment at the PSAP, of the location of the caller's telephone number, the address for the telephone, including non-listed and non-published numbers and addresses, and other information about the caller's location.

Issued:	Effective:
By Craig W. Donaldson, Acting General Counsel 6285 Lookout Road, Boulder, Colorado 80301	
Advice Letter No.	Decision No.

INTRADO COMMUNICATIONS INC.
TELECOMMUNICATIONS SERVICES TARIFF
NORTH DAKOTA PUBLIC SERVICE COMMISSION NO. 1

SECTION 2
Original Sheet 4

Basic Local Exchange Carrier

Any person holding a Certificate of Public Convenience and Necessity issued pursuant to the North Dakota Commission Rules to provide basic local exchange service whether as a facility-based carrier or as a reseller.

Basic Local Exchange Service or Basic Service

The telecommunications service that provides a local dial tone line and local usage necessary to place or receive a call within an exchange area and any other services or features that may be added by the Commission.

Bit

The smallest unit of information in the binary system of notation.

Building

A structure occupied by one or more Customers.

Campus

A group of two or more buildings or spaces located on a single owned continuous or contiguous property.

Central Office (CO)

A switching unit providing telecommunication services to the general public, designed for terminating and interconnecting lines and trunks. More than one CO may be located in a building.

Central Office Line

See "Exchange Access Line."

Certified Telecommunications Provider

Providers of telecommunications local exchange service who are certified with the North Dakota Public Service Commission as a Local Exchange Services Provider.

Commission

Refers to the North Dakota Public Service Commission.

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Common Carrier

An authorized company or entity providing telecommunications services to the public.

Company

Refers to Intrado Communications Inc.

Customer

A person, firm, corporation, or governmental agency responsible for paying the telecommunication bills and for complying with the rules and regulations of the Company.

Dedicated

A facility or equipment system or subsystem set aside for the sole use of a specific Customer.

Demarcation Point

The point of interconnection between the Company's regulated telecommunications facilities and terminal equipment, protective apparatus or wiring at the premise. The demarcation point location will be within twelve inches (12) of the protector, or when there is no protector, within twelve inches (12) (or as close as practicable) of the point at which the cable/wire enters the Customer premises.

Duplex Service

Service which provides for simultaneous transmission in both directions.

E9-1-1 Features

The ANI, ALI database and selective routing capabilities and all other components of an E 9-1-1 system, not including the transport and switching facilities.

E9-1-1 Facilities

The facilities provided by the basic emergency service provider that interconnect to the wireless providers, certificated basic local exchange carriers, and other services that are used to transport E9-1-1 and other emergency calls to the PSAP. The facilities may include the use of E9-1-1 tandem switches or direct trunking of E9-1-1

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calls to the PSAPs.

E9-1-1 Tandem or 9-1-1 Selective Routing Tandem

The switch that receives E9-1-1 calls from the originating local exchange central offices, employs the ANI information associated with such calls from the originating central office, determines the correct destination of the call, and forwards the call and the ANI information to that destination.

E9-1-1 Trunks

The facilities that connect from the central office serving the individual telephone that originates a 9-1-1 call to the E 9-1-1 tandem and connect the tandem to the PSAP. These may include, but are not limited to, point-to-point private line facilities. Common or shared facilities also may be used subject to the provisions of these rules.

Emergency Communications Network (ECN)

A telephone network consisting of automated and manual call processing steps used to aggregate, transport and deliver emergency calling information to the appropriate 9-1-1 Selective Routing Tandem or PSAP.

Emergency Telephone Service

A telephone system using the three-digit number 9-1-1 to report police, fire, medical or other emergency situations.

End User

The term "End User" denotes any Customer of an intrastate telecommunications service that is not a carrier.

Enhanced 9-1-1 (E9-1-1)

An emergency telephone service that includes ANI, ALI (including non-listed and non-published numbers and addresses), and (optionally) selective routing, to facilitate public safety response.

Entrance Facilities

Those facilities from the property line to the point at which the cable enters the premises and terminates at the protector.

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Facilities

Central office equipment, supplemental equipment, apparatus, wiring, cables (outside plant) and other material and mechanisms necessary to or furnished in connection with the services of the Company.

Fiber Optic Cable

A thin filament of glass with a protective coating through which a light beam carrying communications signals may be transmitted by means of multiple internal reflections to a receiver, which translates the message.

Geographic Area

The area such as a city, county, municipality, multiple counties, or other areas defined by a governing body or other governmental entity for the purpose of providing public agency response to 9-1-1 calls.

Governing Body

A board of county commissioners of a county or the city council or other governing body of a city, city and county, or town or the board of directors of a special district.

Holiday

New Year's Day, Memorial Day, Independence Day, Labor Day, Thanksgiving Day, or Christmas Day.

Individual Case Basis (ICB)

A service arrangement in which the regulations, rates, charges and other terms and conditions are developed based on the specific circumstances of the case.

Inside Wire

Wiring located on the building owner's/Customer's side of the demarcation point. Such wiring is deregulated. Installation and maintenance of Inside Wiring is the responsibility of the Customer or premises owner.

Local Access and Transport Area (LATA)

A geographical area established by the U.S. District Court for the District of Columbia in Civil Action No. 82-0192, within which a local exchange company

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provides communications services.

Local Exchange Service

The furnishing of telecommunications services by a Local Exchange Provider to a Customer within an exchange for local calling. This service also provides access to and from the telecommunication network for long distance calling. The Company is not responsible for the provision of local exchange service to its Customers.

Master Street Address Guide (MSAG)

The file of street names and ranges defining emergency service agencies particular to a telephone number.

Maintenance of Service

Maintenance of Service (Trouble Isolation) denotes an occurrence of a visit to a Customer's premises in connection with a service difficulty when it is determined that the difficulty is due to a condition in Customer-provided facilities, terminal equipment, a communication system or for Customer-maintained premises wire. When a Maintenance of Service visit is made, Premises Work Charges will apply.

Mbps

Megabits, denotes millions of bits per second.

Minimum Point of Entry

The closest practicable point to where regulated facilities of the Company cross a property line or enter a building.

National Emergency Number Association (NENA)

An international not-for-profit organization whose purpose is to lead, assist, and provide for the development, availability, implementation and enhancement of a universal emergency telephone number or system common to all jurisdictions through research, planning, publications, training and education.

Network Control Signaling

Transmission of signals used in the telecommunications system which perform functions such as supervision (control, status, and charging signals), address signaling (e.g., dialing), calling and called number identification, audible tone

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signals (call process signals indicating reorder or busy conditions, alerting tones) to control the operating of switching equipment in the system.

Network Facilities

All Company facilities from the central office up to and including the Standard Network Interface at the demarcation point.

Non-listed service

Telephone numbers that are not published in the telephone directory but are available through directory assistance.

Non-published service

Telephone numbers that are neither published in the telephone directory nor available through directory assistance.

Nonrecurring Charge

A charge associated with a given service or item of equipment which applies on a per service and/or a per item basis each time the service or item of equipment is provided or changed.

Pseudo Automatic Number Identification (pANI)

The pseudo number associated with Non Call Path Associated wireless 9-1-1 call delivery and used for query into routing databases.

Person

Any individual, firm, partnership, copartnership, limited partnership, joint venture, association, cooperative organization, limited liability corporation, corporation (municipal or private and whether organized for profit or not), governmental agency, state, county, political subdivision, state department, commission, board, or bureau, fraternal organization, nonprofit organization, estate, trust, business or common law trust, receiver, assignee for the benefit of creditors, trustee, or trustee in bankruptcy or any other service user.

Premises

See "Same Premises."

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Premises Work Charge

A time-sensitive one-time charge that applies to Customer requested work done by the Company on the Customer's side of the Network Interface.

Private Branch Exchange (PBX) Service

An arrangement which comprises manual and/or automatic common equipment, wiring and station apparatus, and which provides for interconnection of main station lines associated with an attendant position and/or common equipment located on the Customer's premises or extended to another premises of the same Customer.

PBX Service

This service provides for centralized processing of exchange access by stations through groups of Central Office trunks, WATS lines, etc., or with other communication systems through voice circuits connected to the common equipment. Interconnection between stations through the common equipment is an inherent feature of the service.

Protector

An electrical device located in a central office, a Customer premises or any where along the telecommunications facility path. This device protects both the Company's and the Customer's property and facilities from high voltages and surges in current.

Public Agency

Any city, city and county, town, county, municipal corporation, public district, or public authority located in whole or in part within this state which provides or has the authority to provide fire fighting, law enforcement, ambulance, emergency medical, or other emergency services.

Public Safety Answering Point (PSAP)

A facility equipped and staffed to receive 9-1-1 calls from the basic emergency service provider. PSAPs operate under the direction of the governing body and are responsible to direct the disposition of 9-1-1 calls.

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Reseller of Basic Local Exchange Service (Resellers)

For the purpose of this Rule, a reseller of basic local exchange service is providing basic local exchange service.

Routing

The central office programming required to transport a 9-1-1 call to the correct 9-1-1 Tandem.

Same Premises

All the space in the same building in which a Customer has the right of occupancy to the exclusion of others or shares the right of occupancy with others; and all space in different buildings on continuous property, provided such buildings are occupied solely by one Customer. Foyers, hallways, and other space provided for the common use of all occupants of a building are considered the premises of the operator of the buildings.

Shared facility

A facility or equipment system or subsystem which can be used simultaneously by several Customers.

Selective Routing

The capability of routing an E9-1-1 call to a designated PSAP based upon the seven-digit or ten-digit telephone number of the subscriber dialing 9-1-1.

Selective Routing Tandem

A Central Office switch or other electronic switching device equipped with a software program allowing the switch to function as an E9-1-1 switching point with connections to PSAPs.

Standard Network Interface (SNI)

A standard Federal Communications Commission (FCC) registration jack or its equivalent, which is provided, installed, owned and maintained by the Company at the Customer's premises. The SNI is placed at the point on the Customer's premises where all premises services are connected to the telecommunication's network via Company or Customer owned facilities/wire.

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Supporting Structure

Consisting, of, but not limited to, pipes, conduits, risers, poles, trenches, backboards, plenum spaces, etc., as required for the physical placement, protection and support of telecommunications facilities. These structures are furnished, installed and maintained at the expense of the premises owner for use by the Company in terminating regulated facilities.

TDD/Text Phone

A telecommunications device for use by deaf persons that employs graphic communication in the transmission of coded signals through a wire or radio communication system.

Telecommunications Device for the Deaf (TDD)/Text Phone Emergency Access
Provides 9-1-1 access to individuals that use TDDs and computer modems.

Telecommunications Service Priority (TSP)

Denotes the regulatory, administrative, and operational system developed by the federal government to ensure priority provisioning and/or restoration of National Security Emergency Preparedness (NSEP) telecommunications services. The FCC defines NSEP telecommunications services as those services which are used to maintain a state of readiness or to respond to and manage any event or crisis, which causes or could cause harm to the population, damage to or loss of property, or degrades or threatens the NSEP posture of the United States.

Telecommunications Relay Services

These services provides the ability for hearing- or speech-impaired individuals to communicate, by wire or radio, with a hearing individual in a manner that is functionally equivalent to communication by an individual without a hearing or speech impairment. This definition includes telecommunication relay services that enable two-way communications between an individual who uses a TDD or other non-voice terminal device and an individual who does not use such a device.

Telematics

Personal safety devices utilizing a combination of electronic sensors, wireless communications technologies, and location determination technologies to signal or notify Telematics service providers when assistance is required. While

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Telematics devices are used for non-emergency purposes such as roadside assist or concierge services, navigation assistance, and vehicle tracking, the services described herein are specifically designed to facilitate the delivery of emergency Telematics calls to the appropriate responding agencies where facilities permit.

Wire Center

The building which houses the local switching equipment (central offices) from which exchange and private line services are furnished and where cable facilities are terminated which furnish telephone service within a designated wire center serving area.

Wire Center Serving Area

The area of the exchange served by a single wire center.

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2.2. ESTABLISHING AND FURNISHING SERVICE

These regulations are added to those pertaining to specific service items in other sections. Any change in rates, charges or regulations approved by appropriate governmental authority modifies all service terms and conditions unless otherwise specified in writing pursuant to an ICB agreement, the following terms and conditions will apply to the services.

2.2.1. APPLICATION FOR SERVICE

2.2.1.1. Applications for establishment of service must be made to the Company in writing. These applications become contracts upon approval by the Company and the customer or the establishment of the service, and shall be subject at all times to the lawful rates, charges and regulations of the Company.

2.2.1.2. Requests from Customers for additional service or equipment must be made in writing and, upon approval of installation of the service, become a part of the original contract, except that each additional item is subject to the appropriate Tariff rates, charges and initial contract period, if any.

2.2.1.3. Any change in rates, charges or regulations authorized by the legally constituted authorities will act as a modification of all contracts to that extent without further notice.

2.2.2. REFUSAL OF SERVICE

The Company reserves the right to refuse an application for service made by a present or former Customer who is indebted to the Company for service previously furnished, until the indebtedness is satisfied.

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2.2.3. CANCELLATIONS AND DEFERMENTS

When the Company advises a Customer that ordered services are available on the requested due date, and the Customer is unable or unwilling to accept service at that time, the facilities will be held available for the Customer for a 30 business day grace period. If after 30 business days the Customer has still not accepted service, regular monthly billing for the ordered services may begin, or the facilities will be released for other service order activity, and cancellation charges (non-recurring charges that would have applied had the service been installed) may be applied. These cancellation and deferment provisions apply to requests for all Company services.

2.2.4. USE OF SERVICE

2.2.4.1. Customer service will be furnished to business Customers for:

- The Customer;
- The Customer's employees and representatives;
- Customers who share the Company's service;
- Joint users of Company provided services.

2.2.4.2. ICI's services may be used for any lawful purpose consistent with the transmission and switching parameters of the telecommunications facilities utilized in the provision of ICI's services.

2.2.4.3. ICI's services are available for use twenty-four (24) hours per day.

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2.2.5. OBLIGATION TO FURNISH SERVICE

2.2.5.1. The Company's obligation to furnish service or to continue to furnish service is dependent on its ability to obtain, retain, and maintain with just and reasonable earnings, suitable rights and facilities, and to provide for the installation of those facilities required to the furnishing and maintenance of that service. At the option of the Company, in managing its facilities, certain regular service restrictions may be temporarily imposed at locations where new or additional facilities being constructed are not readily available to meet service demands.

2.2.5.2. When connections are requested and facilities to provide the required connections at the CO normally designated to serve the premises of the Customer are inadequate, facilities may be furnished from another CO to provide the requested interconnection. Under such circumstances additional monthly rates and installation charges will apply.

2.2.6. LIMITED COMMUNICATION

The Company reserves the right to limit use of its services when emergency conditions arise that cause a shortage of facilities.

2.2.7. RESALE/SHARING OF SERVICE

Service on Customers' premises furnished by the Company shall not be used for performing any part of the work of transmitting, delivering, or collecting any message where any toll or consideration has been or is to be paid any party other than the Company, without written consent of the Company.

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2.3. TERMINATION OF SERVICE – COMPANY INITIATED

The Company may terminate service, with notice, due to:

2.3.1. NONPAYMENT

2.3.1.1. The Company may, by notice in writing to the Customer, in accordance with paragraph 2.6.2.9, suspend or terminate the service for nonpayment of any sum due the Company greater than fifty (\$50) dollars.

2.3.1.2. Exception: The Company may not use its purchase of a Customer's indebtedness, i.e., the accounts receivable from another telecommunications service provider as a basis to deny or discontinue providing its services to that Customer.

2.3.2. ABANDONMENT

In the event of the abandonment of the service of the Company may terminate its service.

2.3.3. ABUSE

Use of service that interferes with another Customer's service or that is used for any purpose other than its express intended purpose, or if a Customer or user causes or permits any signals or voltages to be transmitted over ICI's network in such a manner as to cause a hazard or to interfere with services to other ICI Customers.

2.3.4. FRAUD

Abuse or fraudulent use of service includes the use of facilities of the Company to transmit a message or locate a person otherwise to give or obtain information, without the payment of a toll charge. The Company reserves the right to discontinue or refuse service because of fraudulent use of its service.

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2.3.5. UNLAWFUL USE OF SERVICE

The service is furnished subject to the condition that it will not be used for an unlawful purpose. Upon request of an order from a court, acting within its jurisdiction, advising that such service is being used or will be used in violation of law, service will be discontinued.

2.3.6. VIOLATION OF TARIFF

Any other violation of the regulations of the Company or this Tariff, the Company may in its sole discretion, without notice, either suspend service or terminate the service without suspension.

2.3.7. RESTRICTIONS ON TERMINATION OF LOCAL EXCHANGE SERVICE

2.3.7.1 Unless the customer affected has consented in writing, local exchange service shall not be terminated on any Friday after twelve noon or on any Saturday, Sunday, legal holidays recognized by the State of North Dakota, or after twelve noon on any day immediately before any legal holiday, or at any time when the Company's business offices are not open for business, except as authorized by North Dakota Commission. Local exchange services may be terminated only between the hours of 8:00 and 4:00 p.m.

2.3.7.2 For local exchange service, the Company shall have personnel available after the time of termination who are authorized to reconnect service if the conditions cited as grounds for termination are corrected to the Company's satisfaction. Customers may be asked to pay reconnection fees before restoration of service.

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- 2.3.7.3 Except as authorized by order of the Commission, local exchange service shall not be terminated for failure to pay amounts in dispute while a complaint over that local exchange service filed pursuant to Commission Rule is pending before the Commission or while a case placing at issue payment for that local exchange service is pending before a court in the State of North Dakota.
- 2.3.7.4 At least twenty-four (24) hours before actual termination, the Company will diligently attempt to contact the customer affected to apprise the customer of the proposed action and steps to take to avoid or delay termination.

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2.4. SPECIAL SERVICES

2.4.1. SPECIAL SERVICES - GENERAL

2.4.1.1. The rates and charges quoted in the Tariffs of the Company contemplate the use of service arrangements, equipment and facilities in quantities and types regularly furnished by the Company. Where equipment, facilities, or service arrangements are requested which are not provided for in the Company's applicable Tariffs, monthly rates and one-time charges, such as nonrecurring and construction charges, will apply based on the circumstances in each case.

2.4.1.2. These special equipment and service items will be provided whenever, in the judgment of the Company, there is a valid reason for providing the service requested. In such cases, the Company reserves the right to require an initial contract period commensurate with relevant circumstances.

2.4.1.3. The rates and charges specified contemplate that work will be performed during regular working hours and that work once begun will not be interrupted by the Customer. If, at the request of the Customer, work is performed outside of regular working hours, either to meet the Customer's convenience or because the time allowed is insufficient to permit completion during regular hours or if the Customer interrupts work which has begun, the Customer may be required to pay any additional costs incurred.

2.4.1.4. The rates and charges quoted in the Tariffs of the Company contemplate the use of standard procedures and practices for furnishing service, equipment and facilities. Where the Customer requests special procedures or practices, such as expedited material handling or shortened installation intervals through the use of overtime, etc., additional rates and charges will apply based on the circumstances in each case. These special practices or procedures will be provided at the discretion of the Company, depending upon each individual case.

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2.5. TERMINATION OF SERVICE – CUSTOMER INITIATED

2.5.1. INITIAL CONTRACT PERIOD

- 2.5.1.1. An initial contract period of one year will apply unless otherwise specified.
- 2.5.1.2. Where service is disconnected and subsequently reestablished at the same location for the same or a different Customer, a new initial contract period will apply, whether or not the equipment has been removed.
- 2.5.1.3. Where the provision of service requires unusual costs or involves special assemblies of equipment, or where the provision of service requires construction of facilities for possible short term use, the Company reserves the right to require an initial contract period longer than one year in addition to any construction charge that may be applicable.

2.5.2. CHARGES FOR TERMINATION OF SERVICE

- 2.5.2.1. Nonrecurring charges do not apply to disconnect service unless otherwise specified.
- 2.5.2.2. After the expiration of the initial contract period, service may be terminated upon reasonable advance notice to the Company and payment of all charges due to the date of termination of the services.
- 2.5.2.3. Prior to the expiration of the initial contract period, service may be terminated upon reasonable advance notice to the Company and upon payment of the termination charges hereinafter provided, in addition to all charges for the period service has been rendered.

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2.5.3. SERVICE INVOLVING UNUSUAL COST

Where the provision of service requires construction of facilities for possible short term use, or involves unusual costs or special assemblies of equipment, the initial contract period and termination charge base will be determined by the Company in each individual case.

2.5.4. TERMINATION LIABILITY

Services provided via service agreements will be subject to Termination Liability.

2.5.4.1. Definitions

Minimum Service Period

When services are provided under a service agreement, a Minimum Service Period may be established. This would be the period of time that the 100% factor of the Termination Liability Charge would apply.

2.5.4.2. Complete Disconnect

If the Customer chooses to completely discontinue service, at any time during the term of the agreement, a termination charge will apply. The termination charge will be determined on an individual case basis.

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2.6. PAYMENT FOR SERVICE

2.6.1. CUSTOMER RESPONSIBILITY

The Customer is responsible for payment of all charges for facilities and services furnished the Customer, including charges for services originated, or charges accepted, at such facilities.

2.6.2. PAYMENT OF BILLS

2.6.2.1. Customers will either be billed directly by the Company or its intermediary, or charges will be included in the Customer's regular bill pursuant to billing and collection agreements established by the Company or its intermediary with the applicable customer.

2.6.2.2. Unless otherwise specified, all charges for Company-provided services, equipment and facilities, exclusive of usage or transaction sensitive charges, start the day after service is installed, continue through the day service is disconnected and are payable monthly in advance. Charges for usage or transaction related services are payable monthly except the Company reserves the right to require payment of such charges at more frequent intervals.

2.6.2.3. When service does not begin on the first day of the month, or end on the last day of the month, the charge for the fraction of the month in which service was furnished will be calculated on a pro rata basis. For this purpose, every month is considered to have 30 days.

2.6.2.4. In the event a Customer is indebted to the Company for charges and services previously rendered in North Dakota, or for service under one or more accounts at the same location, and the Customer does not pay the charges or satisfy such indebtedness, the Company may charge and bill such indebtedness against other accounts of this Customer.

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- 2.6.2.5. In the event that payment from a Customer is less than the total amount of all charges owing to the Company and the Customer does not specifically designate the manner in which he wishes to apply said payment, then the Company may apply all or any part of the payments received to such accounts or indebtedness in any manner to jurisdictional services that the Company deems appropriate.
- 2.6.2.6. Except as otherwise specified, where the rate to be charged for a particular service is determined by applying a percentage of similar factor to a quoted rate, and such computation results in a fraction, the charge for the service shall be computed to the nearest cent, a half cent being increased to the next higher cent.
- 2.6.2.7. The furnishing of services, equipment and facilities and any indebtedness resulting therewith shall not result in a lien, mortgage or other security interest in any real or personal property of the Customer, unless such indebtedness has been reduced to judgment.
- 2.6.2.8. Service may be discontinued or refused to a Customer for the nonpayment of any sum for service furnished in the State of North Dakota or for the provision of facilities which also have been provided in North Dakota.

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2.6.2.9. Unless otherwise specified, in the event it becomes necessary for service to be discontinued to a Customer for nonpayment, a written notice of at least twelve days (measured from the date of mailing), and at least seven (7) calendar days before the propose date of termination, will be given to the Customer advising the Customer of the amount due and the date by which the same must be paid. At least twenty-four (24) hours before actual termination, the Company will diligently attempt to contact the customer affected to apprise the customer of the proposed action and steps to take to avoid or delay termination. If the Customer fails to pay or make suitable arrangements for payment by said due date, the Company may suspend the service or discontinue the service and remove any or all equipment from the Customer's premises. The written notice of intent to terminate exchange service will contain:

- The reason(s), citing North Dakota Commission Rules, why service will be terminated and the proposed date of termination;
- Actions the customer may take to avoid termination;
- That a certificate notifying the company of a serious illness or medical emergency in the household may delay termination under Commission Rule;
- That an informal or formal complaint concerning termination may be filed with the Company or the Commission, and that service will not be terminated on grounds relating to the dispute between the Customer and the Company before resolution of the complaint (the Commission's address and telephone number will be given to the customer);
- The Company is willing to make payment arrangements (in a written notice this statement will be in bold print); and
- That for purposes of disconnection, partial payments will be applied toward local exchange service charges first, unless the customer requests otherwise, and that charges for services other than local exchange services cannot be used as a basis for disconnection.

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2.6.2.10. Payment of bills for service may be made by any means mutually acceptable to the Customer and the Company. Payment that is not honored or paid by the payer's designated financial institution will be considered as nonpayment. A returned payment charge is applicable to the account for each occasion that a payment is returned to the Company for reason of insufficient funds or closed account.

	Maximum Charge
• Returned Payment Charge	\$20

2.6.2.11. Customers may have the following options as to the method of paying bills for Company provided service(s):

- At any Company payment depository location;
- At the office of any authorized payment agent of the Company;
- If by U.S. Mail, by check or money order only;
- Through an agent of the Customer;
- By any means acceptable to financial institutions and the Company.

2.6.2.12. Payments received by the Company on or before the due and payable date on the Customer's bill will be considered timely, provided the following billing information is remitted with payment and the payment is received within 30 days of the due date:

- Customer's name;
- Customer's telephone number
- Customer's address;
- Customer's Account Code (if applicable);
- Customer's account type;
- Amount of payment;
- Other information as required by the service agreement.

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- 2.6.2.13. Payments received by the Company after the due and payable date on the Customer's bill, but at least one day before the termination date on the suspension notice, may result in discontinuance of the Customer's service unless the following billing information is remitted with the payment:
- All of the items enumerated in 2.6.2.12., and
 - The final payment date before discontinuance for nonpayment.
- 2.6.2.14. The Company will not be responsible if a Customer's service is discontinued after payment has been remitted, unless the payment is timely, as set forth in 2.6.2.12. or, if the payment is not timely, the requirements of 2.6.2.13. have not been met.
- 2.6.2.15 The billing due date will be at least fifteen (15) days from the bill date (or twelve (12) days after mailing or delivery, if bills are mailed or delivered more than three (3) days after the billing date.)

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2.7. LATE PAYMENT CHARGES

- 2.7.1. A maximum late payment charge of 1.5% per month applies to all billed balances that are not paid by the billing date shown on the next bill unless the balance is \$50.00 or less.
- 2.7.2. Collection procedures, temporary disconnection of service, and the requirements for deposit are unaffected by the application of a late charge. The late payment charge does not extend the time for payment or otherwise enlarge or change the rights of a Customer. Notice of intention to pay late will not avoid this charge.
- 2.7.3. The late payment charge does not apply to the following:
- Bills mailed more than ten days after bill date.
 - Final bills.
 - One time miscellaneous bills.
 - Billed amounts under dispute that are resolved to the Company's satisfaction in the Customer's favor.
- 2.7.4 The Company is entitled to recover from the customer the Company's cost of collection including reasonable attorney fees.

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2.8. ADJUSTMENT OF CHARGES

2.8.1. INTERRUPTIONS

- 2.8.1.1. For the purpose of applying this provision, the word “interruption” shall mean the inability to complete calls either incoming or outgoing or both. Interruption does not include, and no credit allowance shall be given for, service difficulties such as busy circuits or other network and/or switching capacity shortages or as further defined.
- 2.8.1.2. The credit allowance will not apply where service is interrupted by the negligence or willful act of the Customer or the failure of facilities provided by the Customer, or where the Company, pursuant to the terms of the Tariff, suspends or terminates service because of unlawful or improper use of the facilities or services, or any other reason covered by the Tariff or as further defined.
- 2.8.1.3. No credit allowance shall be made for interruptions in service due to electric power failure where, by the provisions of this Tariff or as further defined, the Customer is responsible for providing electric power.
- 2.8.1.4. Should any such error, mistake, omission, interruption, failure, delay, defect or malfunction of equipment or facilities result in an interruption or failure of jurisdictional service to a Customer for more than eight hours during a continuous 24-hour period after being reported by the Customer or discovered by the Company, whichever occurs first, an appropriate adjustment shall be made automatically by the Company to the Customer’s bill. The adjustment, except for residence and small business local exchange service and unless further defined, shall be a credit allowance on the monthly bill of 1/30 of the tariff monthly rate for all jurisdictional services and facilities affected by such interruption or failure for each occurrence of more than eight hours in a continuous 24-hour time period after notice by the Customer or discovery by the Company, whichever occurs first. Credit allowances in any billing period shall not exceed the total charges for that period for the services and facilities that are affected by the interruption or failure. For residence and small business local exchange service, a full month’s service credit will be applied if service is not restored within 24 hours, but no credit shall apply if service is restored within 24 hours.

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- 2.8.1.5. In addition and not by way of limitation, in the event that there is a delay in installation of service, if any service date is promised, or any failure to service or properly maintain the items of service as provided for herein concerning maintenance or any failure to repair or replace the items of service as provided in 2.8.1.4, then the refunds provided in 2.8.1.4 shall be the exclusive remedy against the Company.
- 2.8.1.6. Under all circumstances set forth above, the Company shall not be liable to the Customer or any other persons for special, incidental, punitive or consequential damages, losses, expenses, or costs, if any.

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2.9. LIABILITY OF THE COMPANY

2.9.1. SERVICE LIABILITIES

THE COMPANY MAKES NO WARRANTIES OR REPRESENTATIONS, EXPRESS OR IMPLIED EITHER IN FACT OR BY OPERATION OF LAW, STATUTORY OR OTHERWISE, INCLUDING WARRANTIES OF MERCHANTABILITY AND FITNESS FOR A PARTICULAR PURPOSE, EXCEPT THOSE EXPRESSLY SET FORTH HEREIN.

The included tariff language does not constitute a determination by the Commission that a limitation of liability imposed by the Company should be upheld in a court of law. Acceptance for filing by the Commission recognizes that it is a court's responsibility to adjudicate negligence and consequential damage claims. It is also the court's responsibility to determine the validity of the exculpatory clause.

In view of the fact that the Customer has exclusive control of their communications over the facilities furnished them by the Company, and of the other uses for which facilities may be furnished them by the Company, and because of unavoidable errors incidental to the services and to the use of such facilities of the Company, the services and facilities furnished by the Company are subject to the following terms, conditions and limitations.

2.9.2. LIMITATIONS

2.9.2.1. Except as otherwise provided herein, no liability for direct, incidental punitive or consequential damages shall attach to the Company, its officers, directors, agents, servants or employees, for damages or costs arising from errors, mistakes, omissions, interruptions, failures, delays, or defects or malfunctions of equipment or facilities, in the course of establishing, furnishing, maintaining, rearranging, moving, terminating, or changing the service(s) or facilities (including the obtaining or furnishing of information in respect thereof or with respect to the Customer or users of the service or facilities) in the absence of willful and wanton conduct, whether a claim for such liability is premised upon breach of contract, breach of warranty, fulfillment of warranty, negligence, strict liability, misrepresentation, fraud, or any other theories of liability.

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2.9.2.2. The sole and exclusive remedy against the Company for an interruption or failure of service resulting from errors, mistakes, omissions, interruptions, failures, delays, or defects or malfunctions of equipment or facilities shall be as follows: The Company shall repair or replace any item of its facilities or defective part thereof at its expense. The Company shall have the option to decide whether to repair or to replace its facilities.

2.9.3. TRANSMISSION

2.9.3.1. The Company does not transmit messages but offers the use of its facilities, when available, for communications between parties, each of whom is present at a telephone or communications device.

2.9.3.2. The 9-1-1 emergency telephone number quickly summons emergency service in a crisis. When persons dial "9-1-1" to report an emergency, the telephone number (including non-published numbers) and address may be automatically displayed on a viewing screen located at the 9-1-1 answering centers and the call may also be automatically recorded for security, safety or the public interest. The display of the calling number and address enables the emergency agency to quickly locate the caller if the call is disrupted by the crisis.

2.9.3.3. The 9-1-1 caller forfeits the privacy afforded by non-listed and non-published service to the extent that the telephone number, the address and name associated with the originating station location are furnished to the PSAP. Telephone subscribers (published and non-published) consent to the storage and retention of the subscriber name, telephone number and address in the database management systems and also consent to access of this information by Public Agencies for the sole purpose of responding to emergency calls.

2.9.3.4. The Customer indemnifies and saves the Company harmless against claims for libel, slander, or infringement of copyright or trade secrets from the material transmitted over its facilities; against claims for infringement of patents arising from combining with, or using in connection with, facilities of the Company, apparatus and systems of the Customer, and against all other claims arising out of any act or omission of the Customer in connection with facilities provided by the Company.

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2.9.4. CONNECTIONS WITH OTHER TELECOMMUNICATIONS PROVIDERS
When the facilities or services of other companies are used in establishing connections to points or services provided to Customers not reached by the Company's facilities, the Company is not liable for any act or omission of the other company or companies and their agents, servants, or employees.

2.9.5. DEFAACEMENT OF PREMISES
The Company shall not be liable for any defacement of, or damage to, Customer's premises resulting from the existence of the Company's instruments, apparatus, or wiring, on such premises, or caused by the installation or removal, when such defacement or damage is not the result of the negligence of the Company.

2.9.6. 9-1-1
The Company shall not incur any liability, direct or indirect, to any person who dials or attempts to dial the digits "9-1-1" or to any other person affected by the dialing of the digits "9-1-1".

2.10. MAINTENANCE AND REPAIR

2.10.1. All ordinary expense of maintenance and repair in connection with services provided by the Company is borne by the Company unless otherwise specified.

2.10.2. Nonrecurring charges do not apply to repair services.

2.11. DATABASE ERRORS OR OMISSIONS

2.11.1. Notwithstanding any other provisions herein, the Company expressly denies any representation or warranty that database records, data, or other information created, utilized or furnished hereunder will be furnished without interruption or free of errors or omissions. In no event shall the Company, its officers, directors, agents, servants, or employees, be liable for direct, incidental, punitive, or consequential damages for damages, injuries or costs arising from any such interruptions, errors, or omissions, whether a claim for such liability is premised upon breach of contract, breach of warranty, fulfillment of warranty, negligence, strict liability, misrepresentation, fraud, or any other theories of liability.

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2.12. RESPONSIBILITIES OF THE CUSTOMER

2.12.1. LOST OR DAMAGED EQUIPMENT

2.12.1.1. In the case of damage to, or destruction of, any of the Company's equipment, instruments, apparatus, accessories or wiring due to the negligence or willful act of the Customer and not due to ordinary wear and tear, the Customer will be held responsible for the cost of restoring the equipment, instruments, apparatus, accessories or wiring to its original condition, or of replacing the equipment, instruments, apparatus, accessories or wiring destroyed.

2.12.1.2. The Customer is required to reimburse the Company for loss, through theft, or equipment, instruments, apparatus, accessories or wiring furnished to him.

2.13. BUILDING SPACE AND ELECTRIC POWER SUPPLY

2.13.1. All operations at the Customer's premises will be performed at the expense of the Customer and will be required to conform to whatever rules and regulations the Company may adopt as necessary in order to maintain a proper standard of service.

2.13.2. The Customer is required to provide adequate building space, lighting and atmospheric control for the proper installation, operation and maintenance of the equipment and facilities placed by the Company on his premises.

2.13.3. When Company equipment, installed on the Customer's premises, requires power for its operation, the Customer is required to provide such power. The Customer is required to provide adequate commercial power, wiring, electrical outlets, and environmentally appropriate conditions necessary for the proper operation of the Company's equipment on the Customer's premises.

2.13.4. The Customer is responsible for arranging access to its premises at times mutually agreeable to the Company and the Customer when required for the Company's personnel to install, repair, maintain, program, inspect or remove equipment with the provision of ICI's services.

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2.13.5. The Customer shall ensure that the equipment and/or system is properly interfaced with Company facilities or services, that the signals emitted into ICI's network are of the proper mode, bandwidth, power, and signal level for the intended use of the Customer and in compliance with the criteria set forth in this Tariff and that the signals do not damage equipment, injure personnel, or degrade service to other Customers. If the Federal Communications Commission or some other appropriate certifying body certifies terminal equipment as being technically acceptable for direct electrical connection with interstate communications service, the Company will permit such equipment to be connected with its channels without use of protective interface devices. If the Customer fails to maintain the equipment and/or the system properly, with resulting imminent harm to Company equipment, personnel, or the quality of service to other Customers, the Company may, upon written notice, require the use of protective equipment at the Customer's expense. If this fails to produce satisfactory quality and safety, the Company may, upon five (5) days written notice via first class U.S. mail, terminate the Customer's service.

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2.14. **SPECIAL TAXES, FEES, CHARGES**

2.14.1. Rate schedules of the Company in North Dakota do not include any municipal, license, franchise, or occupation tax, costs of furnishing service without charge, or similar taxes or impositions on the Company.

2.14.2. The amount paid by the Company to a municipality as a cost of doing business within that municipality under a franchise, or pursuant to a license or occupation tax levied by the municipality, will be added to the bill for service to the Company's Customers within such municipality for the privilege of employment within the municipality shall be so surcharged.

2.14.3. The Company shall surcharge municipal levies throughout the State in a uniform manner. Within the first fifteen days following the end of each quarter (i.e., January 15, April 15, July 15 and October 15), the Company will compute the amount of revenue billed for each municipality during the previous three months. The Company will then develop a surcharge factor by dividing the amount of the previous quarter's municipal levy by the previous quarter's service revenue. The resulting surcharge factor will then be applied uniformly to each Customer's service revenue in the next three months' billing periods, and the amount thus derived will constitute the portion of the total municipal levy surcharged to each individual Customer in that municipality.

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2.15. PROMOTIONAL OFFERINGS

2.15.1. Nonrecurring Charges

During specific promotional periods, the offer may be made to reduce nonrecurring charges on a non-discriminatory basis. Each such offer shall be briefly described in a sequentially numbered informational letter to the Commission on seven days notice.

2.15.2. Recurring Rates and Charges

For the purpose of encouraging Customers to try different telecommunications services, the Company may offer promotional programs. The purpose of these programs is to waive or reduce recurring rates or charges to introduce present or potential Customers to Intrado Communications Inc. product(s) or service(s) not currently being received by the Customer. The Company may also offer incentives or other benefits to Customers to encourage the purchase or retention of any such service or product. Any such offers will be made on a non-discriminatory basis but are subject to service and facility availability and are subject to Commission Rule requirements and state statutes.

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2.16 CUSTOMER BILLS

- 2.16.1 Customer bills will be issued on a regular basis. Bills will contain the following information:
- The billing date;
 - The time period covered by the bill;
 - The due date of the bill;
 - Any amounts transferred from another account;
 - Any amounts past due;
 - Any payments or credits applied to the customer's account since the last bill;
 - The total amount due;
 - Names of other telephone companies or entities that are not telephone companies whose services are also being billed, identification of the service(s) billed, and the amount(s) of those billings;
 - The mailing address(es) or toll-free telephone number(s) available to customers in the service territory for answering inquires about telephone services billed;
 - An itemization of all non-recurring charges; and
 - An itemization of recurring charges that include mileage, or zone charges, charges for optional features, equipment leases, governmentally imposed taxes, surcharges or subscriber line charges or other miscellaneous billing charges pursuant to Commission Rule.

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3. THIS SECTION IS RESERVED FOR FUTURE USE

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**SECTION 4
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4. THIS SECTION IS RESERVED FOR FUTURE USE

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5. 9-1-1 SafetyNetSM SERVICES

SUBJECT	SHEET
General Regulations	2
LEC Emergency Call Support Service	3
9-1-1 SafetyNet SM is offered subject to availability of facilities	2
9-1-1 SafetyNet SM Service Features	3
Telematics Emergency Call Support Service	5
WSP Emergency Call Support Service	4

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5.1 General Regulations

9-1-1 SafetyNetSM Services are telecommunications services that permit a Public Safety Answering Point (PSAP) to receive emergency calls placed by dialing the number 9-1-1 or emergency calls originated by personal safety devices. The services include the use of a call management system and the facilities required to transport and deliver the call to the appropriate 9-1-1 Selective Routing Tandem.

5.1.1 9-1-1 SafetyNetSM is offered subject to the availability of facilities.

5.1.2 9-1-1 SafetyNetSM Customer may be a Local Exchange Carrier (LEC), Wireless Services Provider (WSP), or a Telematics-type service provider.

5.1.3 Three types of 9-1-1 SafetyNetSM service are offered:

5.1.3.1 LEC Emergency Call Support;

5.1.3.2 WSP Emergency Call Support; and

5.1.3.3 Telematics Emergency Call Support.

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5.2 9-1-1 SafetyNetSM SERVICE FEATURES

5.2.1 LEC EMERGENCY CALL SUPPORT SERVICE

LEC Emergency Call Support Service allows a LEC to connect all emergency call traffic to redundant ICI switches with the standard interfaces of CCSS7 ISUP, Feature Group D (FGD), Enhanced Multi-Frequency (EMF), and Centralized Automated Message Accounting (CAMA) 9-1-1 trunks. The ANI associated with the originating caller is utilized by the ECN and a call management system to route calls to the appropriate 9-1-1 Selective Routing Tandem. The ECN subsequently delivers the voice call with the appropriate ANI to the 9-1-1 Selective Routing Tandem for ultimate call delivery to the appropriate PSAP. Default routing, as designated by the Customer and ICI on an individual case basis, is also provided via the ECN.

5.2.1.1 Rates and Charges

	Nonrecurring Charge	Monthly Charge
LEC Emergency Call Support Service	ICB	ICB

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5.2.2. WSP EMERGENCY CALL SUPPORT SERVICE

WSP Emergency Call Support Service allows a Wireless Service Provider to deliver all emergency call traffic to the appropriate 9-1-1 Selective Routing Tandem via ECN.

5.2.2.1 Rates and Charges for WSP Emergency Call Support Services:

	Nonrecurring Charge	Monthly Charge
WSP Emergency Call Support Service	ICB	ICB

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5.2.3. TELEMATICS EMERGENCY CALL SUPPORT SERVICE

5.2.3.1. Telematics Emergency Call Support (TECS) Service can accommodate voice only, data only, or voice and data combined. The Telematics service provider will receive the initial emergency call and extend the call to the ECN. The unique call-processing configuration utilized by the Telematics service provider will determine the combination of 911 TECS Services necessary for call delivery to the appropriate PSAP.

5.2.3.2. The Telematics service provider may: (1) use the ECN for the transport of voice calls extended from the Telematics service bureau to ICI for delivery to the appropriate 9-1-1 Selective Routing Tandem; and (2) forward, manually or electronically, a data message set or datagram with the location information to the ECN, which in turn will deliver the call to the appropriate 9-1-1 Selective Routing Tandem for delivery to the appropriate PSAP.

5.2.3.3. Data-only calls will be extended from the Telematics provider to the ECN. The Telematics provider will forward X-Y coordinates to be used by the ECN to determine the location of the appropriate PSAP. The ECN will deliver the data-only packet to the appropriately equipped PSAP.

5.2.3.4. Rates and Charges

	Nonrecurring Charge	Monthly Charge
Telematics Emergency Call Support Service	ICB	ICB

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PU-2598-01-511

SENDER: COMPLETE THIS SECTION

- Complete items 1, 2, and 3. Also complete item 4 if Restricted Delivery is desired.
- Print your name and address on the reverse so that we can return the card to you.
- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
 David A. Suberman
 Intrado Communications Inc
 6285 Lookout Rd
 Boulder Co 80301-3343

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) _____ B. Date of Delivery _____

C. Signature
 X *Richard [Signature]* Agent
 Addressee

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number (Copy from service label)
 7099 3220 0022 8482 7887

PU-2598-01-511

SENDER: COMPLETE THIS SECTION

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- Attach this card to the back of the mailpiece, or on the front if space permits.

1. Article Addressed to:
 David A. Suberman
 Intrado Communications Inc
 6285 Lookout Rd
 Boulder Co 80301-3343

COMPLETE THIS SECTION ON DELIVERY

A. Received by (Please Print Clearly) _____ B. Date of Delivery 10-9-01

C. Signature
 X *Paula Bennett* Agent
 Addressee

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number (Copy from service label)
 7000 0520 0022 8655 3766

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A. Received by (Please Print Clearly) _____ B. Date of Delivery 10-9-01

C. Signature
 X *Paula Bennett* Agent
 Addressee

D. Is delivery address different from item 1? Yes
 If YES, enter delivery address below: No

3. Service Type
 Certified Mail Express Mail
 Registered Return Receipt for Merchandise
 Insured Mail C.O.D.

4. Restricted Delivery? (Extra Fee) Yes

2. Article Number (Copy from service label)