TECHNOLOGIES MANAGEMENT INC

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Winter Park, FL
32789

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Winter Park, FL
32790-0200

Tel: 407-740-8575
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REC'D TN
REGULATORY AUTH.

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OFFICE OF THE
EXECUTIVE SECRETARY

February 21, 2001
Overnight

Mr. David Waddell
Executive Secretary
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, TN 37219-0412

RE: Essex Communications, Inc. d/b/a eLEC Communications
Docket No. 00 - 00693

Dear Mr. Waddell:

Enclosed for filing are the original and thirteen (13) copies of the above-referenced data request on behalf of Essex Communications, Inc. d/b/a eLEC Communications for Authority to Resell Local Telecommunications Service in Tennessee.

Please acknowledge receipt of this filing by returning, date-stamped, the extra copy of this cover letter in the self-addressed stamped envelope enclosed for this purpose.

Any questions you may have regarding this filing should be directed to myself at (407) 740-3001. Thank you for your assistance.

Sincerely,

Thomas M. Forte
Consultant to Essex Communications, Inc.

Enclosure

TMF/ks

cc: Patrick Freeman - Essex
file: Essex - TN Local
tms: TNL0000b

Essex Communications, Inc.
d/b/a eLEC Communications

Financial:

1. Please provide proposed financial statements for the first three years of operations. If the proposed financial statements indicate losses for the first three years, please provide an explanation as to how the losses will be covered.

   Response: Essex Communications, Inc. was incorporated in December of 1997, therefore, has not yet been in operation for three years. The Applicant offered a Form 10K for the fiscal year ended November 30, 1999 and a Form 10Q for the quarterly period ended February 29, 2000. These documents are attached for your convenience as Exhibit I. The company anticipates a positive net income by the end of the first quarter of 2003.

Numbering Issues:

1. What is your company's expected demand for NXXs per NPA within a year of approval of your application?

   Response: The company will be utilizing BellSouth's Unbundled Network Elements Platform and will not be requesting it's own NPA/NXXs.

2. How many NXXs do you estimate that you will request from NANPA when you establish your service footprint?

   Response: The company will be utilizing BellSouth's Unbundled Network Elements Platform and will not be requesting it's own NPA/NXXs.

3. When and in what NPA do you expect to establish your service footprint?

   Response: The company will be utilizing BellSouth's Unbundled Network Elements Platform and will not be requesting it's own NPA/NXXs. The company will request full line numbers from BellSouth on an as needed basis throughout the state of Tennessee.

4. Will the company sequentially assign telephone numbers within NXXs?

   Response: The company will be utilizing BellSouth's Unbundled Network Elements Platform and will not be requesting it's own NPA/NXXs. The company will request full line numbers from BellSouth on an as needed basis throughout the state of Tennessee.

5. What measures does the company intend to take to conserve Tennessee numbering resources?

   Response: The company will be utilizing BellSouth's Unbundled Network Elements Platform and will not be requesting it's own NPA/NXXs. The company will request full line numbers from BellSouth on an as needed basis throughout the state of Tennessee.

6. When ordering new NXXs for growth, what percentage fill of an existing NXX does the company use to determine when a request for a new NXX will be initiated?

   Response: The company will be utilizing BellSouth's Unbundled Network Elements Platform and will not be requesting it's own NPA/NXXs.

Essex Communications, Inc.
d/b/a eLEC Communications

Tennessee Specific Operational Issues

1. How does the company intend to comply with TCA §65-21-114? In its description, please explain technically how the company will not bill for countywide calls within Tennessee.

   Response: The company will utilize call records provided by BellSouth via their Unbundled Network Elements Platform along with the Tennessee County Wide database to unsure that countywide calls within Tennessee are not billed for.

2. Is the company aware of the Tennessee County Wide database maintained by BellSouth and the procedures to enter your telephone numbers on the database?

   Response: The company is aware for the Tennessee County Wide database maintained by BellSouth and the procedures to enter numbers into it.

3. Is your company aware of the local calling areas provided by the Incumbent Local Exchange Carriers in your proposed service areas?

   Response: The company is aware of the local calling areas provided by the LECs in the areas in which service is proposed.

4. Explain the procedures that will be implemented to assure that your customers will not be billed long distance charges for calls within the metro area.

   Response: The company is aware of the local calling areas provided by the LECs in the areas in which service is proposed and will utilize the same local calling areas to ensure it's customers are not billed long distance charges for calls within the metro area

5. Please provide the name and telephone number of an employee of your company that will be responsible to work with the TRA on resolving customer complaints.

   Response: Patrick Freeman
   Essex Communications, Inc.
   48 South Service Road, 3rd Floor
   Melville, New York 11747
   Telephone: (516) 293-2700
   Facsimile: (516) 777-7679
   Toll Free: (888) 389-1400

6. Does the company intend to telemarket its services in Tennessee? If yes, is the company aware of the telemarketing statutes and regulations found in TCA §65-4-401 *et seq.* And Chapter 1220-4-11?

   Response: The company does not intend to telemarket its services in Tennessee.

Essex Communications, Inc.
d/b/a eLEC Communications

Surety Bond:

1. TCA §65-4-125 amendment states that by September 1, 2000, all telecommunications service providers subject to the control and jurisdiction of the authority, except those owners or operators of public telephone service who pay annual inspection and supervision fees pursuant to Tennessee Code Annotated , §65-4-301(b), or any telecommunications service provider that owns and operates equipment facilities in Tennessee with a value of more than five million ($5,000,000), shall file with the authority a corporate surety bond or irrevocable letter of credit in the amount of twenty thousand dollars ($20,000) to secure the payment of any monetary sanction imposed in any enforcement proceeding, brought under this title or the Consumer telemarketing Protection Act of 1990, by or on behalf of the authority. Please submit the surety bond to the Tennessee Regulatory Authority.

   Response: A Surety Bond has been filed with the commission on January 11, 2001.

Small and minority-owned telecommunications business plan:

1. TCA §65-5-212 requires that each telecommunications service provider file a small and minority-owned business plan. This plan was omitted in the application. Please submit the small and minority-owned business plan.

   Response: Attached as Exhibit II is Essex's small and minority-owned telecommunications business plan.

Other Issues:

1. Please submit a statement describing complaints the applicant has received in other states. List and describe the number of complaints received, the type of complaint, how the complaint was resolved, and how long it took to resolve the complaint.

   Response: To date, Essex has not received complaints in other states.

Essex Communications, Inc.
d/b/a eLEC Communications

Exhibit I

Form 10K for the fiscal year ended November 30, 1999
Form 10Q for the quarter ending August 31, 2000.

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, D.C. 20549

FORM 10-Q

(Mark One)
[X] QUARTERLY REPORT PURSUANT TO SECTION 13 OR 15(D) OF THE SECURITIES EXCHANGE ACT OF 1934.

For the quarterly period ended August 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 0-4465

eLEC Communications Corp.
(Exact Name of Registrant as Specified in Its Charter)

New York	13-2511270
(State or Other Jurisdiction of Incorporation or Organization)	(I.R.S. Employer Identification No.)
509 Westport Avenue, Norwalk, Connecticut	06851
(Address of Principal Executive Offices)	(Zip Code)
Registrant's Telephone Number, Including Area Code	203-229-2400

(Former Name, Former Address and Former Fiscal Year, 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 ___.

Indicate the number of shares outstanding of each of the registrant's classes of common stock, as of the latest practicable date: 13,827,921 shares of common stock, par value $.10 per share, as of October 1, 2000.

PART 1. FINANCIAL INFORMATION

Item 1. Financial Statements

eLEC Communications Corp. and Subsidiaries
Condensed Consolidated Balance Sheets

	Aug. 31, 2000 (Unaudited)	Nov. 30, 1999 (See note)
Assets		
Current assets:		
Cash and cash equivalents	$ 1,119,010	$ 591,299
Marketable securities	13,490,298	-
Accounts receivable	3,249,225	1,245,078
Inventory	496,688	876,460
Prepaid expenses	61,747	52,636
Other current assets	65,181	177,680
Land and building held for sale	587,133	596,304
Total current assets	19,069,282	3,539,457
Property and equipment at cost	1,279,204	322,734
Less accumulated depreciation	225,345	111,036
Net property and equipment	1,053,859	211,698
Other assets	332,081	97,108
Investment in and advances to subsidiary	380,913	424,575
Investments under the equity method	1,019,896	-
Investments under cost method	194,929	1,469,929
Goodwill	3,126,842	1,554,370
	5,054,661	3,545,982
Total assets	$25,177,802	$ 7,297,137
Liabilities and stockholders' equity		
Current liabilities:		
Loans payable to financial institutions and current maturities of long-term debt	$1,361,704	$ 523,695
Due to related parties	-	34,725
Accounts payable	1,467,834	1,302,714
Accrued expenses and taxes	1,638,571	1,779,704
Total current liabilities	4,468,109	3,640,838
Long-term debt, less current maturities	119,970	197,772
Stockholders' equity:		
Preferred stock, $.10 par value, 1,000,000 shares authorized Series B issued, 116 issued in 2000 and 196 issued in 1999	12	20
Common stock $.10 par value, 50,000,000 shares authorized, 13,825,249 issued (2000), 11,287,164 issued (1999)	1,382,525	1,128,715
Capital in excess of par value	24,340,574	18,808,397
Retained earnings (deficit)	(18,511,235)	(16,370,088)
Treasury stock at cost	(27,500)	(27,500)
Accumulated other comprehensive income	13,405,347	(81,017)
Total stockholders' equity	20,589,723	3,458,527
Total liabilities and stockholders' equity	$25,177,802	$7,297,137

See notes to the condensed financial statements

Note: The balance sheet at November 30, 1999 has been derived from audited financial statements at that date but does not include all the information and footnotes required by generally accepted accounting principles.

eLEC Communications Corp. and Subsidiaries
Condensed Consolidated Statements of Operations and Comprehensive Income
(Unaudited)

	For the Nine Months Ended		For the Three Months Ended	
	Aug. 31, 2000	Aug. 31, 1999	Aug. 31, 2000	Aug. 31, 1999
Revenues	$9,460,940	$2,696,745	$4,078,312	$1,029,455
Cost of revenues	6,678,187	1,845,654	2,917,494	713,846
Gross profit	2,782,753	851,091	1,160,818	315,609
Costs and expenses:				
Selling and general and administrative	5,619,125	1,592,304	2,383,157	685,433
Depreciation and amortization	509,909	222,906	209,641	72,907
Equity in loss of investee	255,104	1,463,472	92,135	419,122
Total costs and expenses	6,384,138	3,278,682	2,684,933	1,177,462
Loss from operations	(3,601,385)	(2,427,591)	(1,524,115)	(861,853)
Other (income) expense:				
Interest expense	59,713	11,476	32,839	8,394
Interest income	(33,583)	(173)	(7,601)	-
Miscellaneous income, net	(1,305,013)	-	(1,237,734)	-
	(1,278,883)	11,303	(1,212,496)	8,394
Loss from continuing operations	(2,322,502)	(2,438,894)	(311,619)	(870,247)
Loss from discontinued operations	-	(3,259,999)	-	(1,614,579)
Gain (loss) on disposal of discontinued operations	181,355	(720,230)	181,355	(720,230)
	181,355	(3,980,229)	181,355	(2,334,809)
Net loss	(2,141,147)	(6,419,123)	(130,264)	(3,205,056)
Other comprehensive income, principally unrealized gain on marketable securities	13,486,364	-	13,494,721	-
Comprehensive income	$11,345,217	($6,419,123)	$13,364,457	($3,205,056)
Basic and diluted income (loss) per share				
Continuing operations	($0.18)	($0.28)	($0.02)	($0.09)
Discontinued operations	0.01	(0.45)	$0.01	(0.22)
Net loss	($0.17)	($0.73)	($0.01)	($0.31)
Weighted average number of common shares outstanding	12,919,425	8,740,979	13,590,597	10,209,134

See notes to the condensed consolidated financial statements.

eLEC Communications Corp. and Subsidiaries
Condensed Consolidated Statements of Cash Flows
(Unaudited)

	For the Nine Months Ended Aug. 31, 2000	Aug. 31, 1999
Net cash (used in) provided by operating activities:	($4,362,372)	$248,169
Cash flows from investing activities:		
Purchase of property and equipment	(637,796)	(68,896)
Proceeds from sale of marketable securities	1,305,013	
Other	35,944	30,968
Net cash provided by (used in) investing activities	703,161	(37,928)
Cash flows from financing activities:		
Increase (decrease) in loans payable to financial institutions and related parties	356,060	(1,284,814)
Proceeds from exercise of warrants	1,751,609	
Proceeds from private placement of common stock	1,829,500	364,100
Proceeds from private placement of preferred stock	-	196,000
Proceeds from exercise of stock options	238,918	291,000
Net cash provided by (used in) financing activities	4,176,087	(433,714)
Effect of exchange rate changes on cash	10,835	54,611
Increase (decrease) in cash and cash equivalents	527,711	(168,862)
Cash and cash equivalents at beginning of period	591,299	352,489
Cash and cash equivalents at the end of period	$1,119,010	$ 183,627
Supplemental disclosures of cash flow information		
Cash paid during the period for:		
Interest	$ 63,505	$243,997

See Part II, Item 2., Changes in Securities, for non-cash financing activities during the nine-month period ending August 31, 2000.

See notes to the condensed consolidated financial statements.

eLEC COMMUNICATIONS CORP.

Notes To Condensed Consolidated Financial Statements (Unaudited)

Note 1-Basis of Presentation

The accompanying unaudited condensed consolidated financial statements have been prepared in accordance with generally accepted accounting principles for interim financial information and with the instructions to Form 10-Q and Article 10 of Regulation S-X. Accordingly, they do not include all of the information and footnotes required by generally accepted accounting principles for complete financial statements. In the opinion of management, all adjustments (consisting of normal recurring accruals) considered necessary for a fair presentation have been included. Operating results for the nine-month period ended August 31, 2000 are not necessarily indicative of the results that may be expected for the year ended November 30, 2000. For further information, refer to the consolidated financial statements and footnotes thereto included in our Annual Report on Form 10-K for the year ended November 30, 1999.

Note 2-Financing Arrangements

On March 3, 1999, our subsidiary, Essex Communications, Inc. ("Essex"), entered into a receivable sale agreement with Receivables Funding Corp. ("RFC") that provides for Essex to sell up to $500,000 of its eligible receivables to RFC on a periodic basis and to grant RFC a security interest in the receivables purchased by RFC. The agreement was amended in December 1999 to increase to $1,000,000, and again in August 2000, to increase to $2,000,000 the amount of eligible receivables Essex could sell to RFC. The agreement does not transfer the risk of loss to RFC, and has been treated by us as a financing for financial statement purposes. As of August 31, 2000, Essex had borrowings of approximately $917,000 under the agreement.

Our subsidiary, Telecarrier Services Inc. ("Telecarrier"), has a $150,000 line of credit with a bank. Amounts drawn on the line of credit bear interest at the rate of 9.75% per annum. The line is payable on demand subject to sixty (60) days written notice. At August 31, 2000, the entire line was utilized.

Our Canadian subsidiary, Sirco International (Canada) Ltd., has a real property mortgage loan with its bank, National Bank of Canada. The mortgage loan was payable in monthly installments of approximately $3,300, including interest at 10.25% per annum, with a balloon payment of approximately $295,000 due in July 2000. We have informed the National Bank of Canada of our intention to sell this property and the bank has agreed to continue the mortgage loan under a demand note until the property is sold. We are actively pursuing potential buyers for this property and intend to sell the property upon receiving an acceptable offer. At August 31, 2000, the mortgage loan was approximately $295,000.

Note 3- Marketable Securities

On August 9, 2000, pursuant to an agreement between the shareholders of Access One Communications Corp. ("Access One") and Talk.Com Inc. ("Talk"), we exchanged all of our remaining ownership interest in Access One (3,284,598 shares of Access One) for 1,876,911 shares of Talk, a company whose shares are publicly traded. As of August 31, 2000, we held 1,876,911 shares of Talk and a warrant to purchase an additional 285,714 shares. On August 31, 2000, Talk shares closed at $ 7.19 per share. In accordance with Statement of Financial Accounting Standards No. 115, we have accounted for this investment in Talk shares as available-for-sale securities, and reported such securities at fair value, with unrealized gains and losses excluded from earnings and reported in other comprehensive income. Our investment in Talk is subject to potentially significant market fluctuations. Pursuant to the agreement, sale of any of the Talk shares is restricted until October 31, 2000. Further, 187,691 of our Talk shares (10%) have been placed in escrow for a period of one year ending on August 9, 2001 to secure certain representations and warranties made by the shareholders of Access One in connection with the transaction.

During the quarter ended August 31, 2000, prior to the aforementioned exchange, we sold 745,042 shares of Access One. Since our investment in Access One had already been reduced to zero value (accounted for on the equity method), the sale resulted in a net gain of $ 1,237,107, which is included in miscellaneous income, net. Included in the above were 99,640 shares sold on behalf on a related party for which no gain has been recorded.

Note 4-Discontinued Operations

On August 11, 1999, we sold certain assets and assigned certain licenses of our former domestic luggage division to Interbrand L.L.C., an unaffiliated accessory company, and subsequently discontinued operations of our wholesale luggage segment.

The operating results of our former wholesale luggage segment have been accounted for as a discontinued operation and the results of operations have been excluded from continuing operations in the condensed consolidated statements of operations for all periods presented, including the prior period financial statements in which we have restated the operating results of our former wholesale luggage segment as a discontinued operation. Interest expense relating to borrowings by our former wholesale luggage segment is included as operating expenses of such discontinued segment. Operating results of the discontinued operation for the three and nine-month periods ending August 31, 2000 and August 31, 1999 are as follows:

	For the Nine Months Ended		For the Three Months Ended	
	Aug.31, 2000	Aug. 31, 1999	Aug. 31, 2000	Aug. 31, 1999
Revenues	$ -	$6,267,355	$ -	$2,360,489
Cost of revenues	-	5,618,226	-	2,139,178
Operating expenses	-	3,909,128	-	1,835,890
Loss from discontinued operations	$ -	($3,259,999)	$ -	($1,614,579)

Note 5 – Operating Segment Information

We are organized into two operating segments, a full-service telecommunications segment and a specialty retail segment. A discussion of segment results is presented in "Item 2." Management's Analysis and Discussion of Financial Condition and Results of Operations.

Segment information is summarized as follows:

	For the Nine Months Ended		For the Three Months Ended	
	Aug.31, 2000	Aug. 31, 1999	Aug. 31, 2000	Aug. 31, 1999
Telecommunications				
Revenues	$7,965,728	$1,331,310	$3,560,374	$532,105
Loss from continuing operations	($2,413,654)	($2,390,672)	($373,784)	($866,408)
Specialty retail				
Revenues	$1,495,212	$1,365,435	$517,938	$497,350
Income (loss) from continuing operations	$91,152	($48,222)	$62,165	($3,839)
Total				
Revenue	$9,460,940	$2,696,745	$4,078,312	$1,029,455
Loss from continuing operations	($2,322,502)	($2,438,894)	($311,619)	($870,247)

Note 6- Major Customer

During the nine months and three months ended August 31, 2000, we had telecommunications revenue from one customer that accounted for 19.3% and 27.2% of telecommunications revenue.

Note 7 - Income Taxes

At November 30, 1999, we had net operating loss carryforwards for Federal income tax purposes of approximately $15,000,000 expiring in the years 2001 through 2019. There is an annual limitation of approximately $187,000 on the utilization of approximately $2,300,000 of such net operating loss carryforwards under the provisions of Internal Revenue Code Section 382.

As of August 31, 2000, we had an unrealized gain on our ownership of Talk of approximately $13,490,000. Upon the sale of the Talk stock, the net operating loss will be reduced to the extent of any realized gain on the sale. Accordingly, deferred taxes have not been provided on the unrealized gain.

Item 2. Management's Analysis and Discussion of Financial Condition and Results of Operations

The statements contained in this Report that are not historical facts are "forward-looking statements" that can be identified by the use of forward-looking terminology, such as "estimates," "projects," "plans," "believes," "expects," "anticipates," "intends," or the negative thereof or other variations thereon, or by discussions of strategy that involve risks and uncertainties. We wish to caution the reader of the forward-looking statements, that such statements, which are contained in this Report, reflect our current beliefs with respect to future events and involve known and unknown risks, uncertainties and other factors, including, but not limited to, economic, competitive, regulatory, technological, key employee and general business factors affecting our operations, markets, growth, services, products and other factors discussed in our other filings with the Securities and Exchange Commission, and that these statements are only estimates or predictions. No assurances can be given regarding the achievement of future results, as actual results may differ materially as a result of risks facing us, and actual events may differ from the assumptions underlying statements that have been made regarding anticipated events. Factors that may cause our actual results, performance or achievements, or industry results, to differ materially from those contemplated by such forward-looking statements include, without limitation: (1) the availability of additional funds to successfully pursue our business plan; (2) our ability to maintain, attract and integrate internal management, technical information and management information systems; (3) the time and expense to construct our planned network operating center and digital subscriber line network; (4) the cooperation of incumbent carriers in implementing the unbundled network elements platform required by the Federal Communications Commission; (5) our ability to market our services to current and new customers and to generate customer demand for our products and services in the geographical areas in which we can operate; (6) our success in gaining regulatory approval to access new markets; (7) our ability to negotiate and maintain suitable interconnection agreements with incumbent carriers; (8) the availability and maintenance of suitable vendor relationships, in a timely manner, at reasonable cost; (9) the impact of changes in telecommunication laws and regulations; (10) the intensity of competition; and (11) general economic conditions. All written and oral forward-looking statements made in connection with this Report that are attributable to us or persons acting on our behalf are expressly qualified in their entirety by these cautionary statements. Given the uncertainties that surround such statements, prospective investors are cautioned not to place undue reliance on such forward-looking statements.

Overview

eLEC Communications Corp. is a full-service telecommunications company that focuses on developing integrated telephone service in the emerging competitive local exchange carrier ("CLEC") industry. We offer an integrated set of telecommunications products and services, including local exchange, local access, domestic and international long distance telephone, calling cards, paging, Internet access, dedicated access, Web site design, Web site hosting, Internet-based yellow-pages directory listings and other enhanced and value-added telecommunications services tailored to meet the needs of our customers and the growing marketplace demand from small- and medium-sized businesses for reliability and speed.

The nature of our telecommunications business is rapidly evolving and has a limited operating history. It has rapidly grown and is now substantially larger in revenues than a specialty retail business we also own, which sells products over the Internet and in three retail stores. As a result, we believe period-to-period comparisons of our revenues and operating results, including our network operations and other operating expenses as a percentage of total revenue, are not meaningful and should not be relied upon as indicators of future performance. We also believe our historical growth rates are not indicative of future growth rates.

We primarily utilize the Unbundled Network Elements Platform ("UNE-P") to provide local telephone service to our customers. The UNE-P service offering allows us to lease, on an as-needed basis, multiple unbundled network elements and combine them into our own full service platform. The major categories of network elements include loops, local circuit-switching facilities, operations support systems, network interface devices, transport between central offices, and signaling and call-related databases. We have chosen this platform to grow our customer base because it allows us to rapidly enter new markets with minimal capital expenditures. For example, we can build a customer base without deploying either a local switch or last-mile infrastructure. Instead of buying and maintaining our own equipment in the field, we utilize the reliable equipment owned by the Regional Bell Operating Companies and focus our resources on building a customer base.

We are in the process of applying for certification in 48 states to operate as a facilities-based CLEC so that we can operate under the UNE-P service offering in the entire continental United States. We are also building a network operations center in Norwalk, Connecticut to provide us with surveillance and deployment capabilities for high-speed Internet access via Digital Subscriber Lines ("DSL"). We plan to build our own packet-switched data network, initially to be offered to our existing voice customer base, and utilizing the packet-switched technology to route local and long distance voice traffic over the Internet.

Building and expanding our business has required and will continue to require us to make significant expenditures in excess of the amounts of cash that our business is generating. As part of our "smart build" network strategy, we defer the purchase of equipment in the field and focus first on building our customer base. We believe our strategy of leasing the circuit-switched networks and building our own packet-switched network, will help our operations to generate positive cash flow much sooner than the strategy used by other CLECs of building a circuit-switched network before a customer base has been established.

We have experienced operating losses and generated negative cash flow since we began operating as a CLEC and we expect to continue to generate negative cash flow for a period of time while we continue to expand our network and develop product offerings and our customer base. We cannot assure you that our revenue or customer base will increase or that we will be able to achieve or sustain positive cash flow.

Three and Nine Months Ended August 31, 2000 vs. August 31, 1999

Continuing operations

Our net revenues for the three and nine-month periods ended August 31, 2000 increased by approximately $3,049,000 and $6,764,000, respectively, or approximately 296% and 251%, respectively, to approximately $4,078,000 and $9,461,000, respectively, as compared to approximately $1,029,000 and $2,697,000, respectively, reported for the same periods in fiscal 1999.

Net revenues of our telecommunications division increased by approximately $3,028,000 and $6,635,000, respectively, or approximately 569% and 498%, respectively, to approximately $3,560,000 and $7,966,000, respectively, for the three and nine-month periods ending August 31, 2000 from approximately $532,000 and $1,331,000, respectively, reported for the same periods in fiscal 1999. The increase was attributable to the rapid growth in the number of installed access lines that we provisioned during the twelve months ended August 31, 2000 from approximately 4,200 installed access lines as of August 31, 1999 to approximately 31,000 installed access lines as of August 31, 2000.

Net revenues of our specialty retail division, consisting of the operations of Airline Ventures, Inc. ("AVI"), increased by approximately $21,000 and $130,000, respectively, for the three and nine-month periods ending August 31, 2000 to approximately $518,000 and $1,495,000, respectively, from approximately $497,000 and $1,365,000, respectively, reported in the same fiscal periods in 1999. AVI operates three retail stores in Texas for professional airline flight-crew members and sells pilot uniforms, study guides and travel products. Its products are sold on the E-commerce site, www.avishop.com.

Our gross profit for the three and nine-month periods ending August 31, 2000 increased by approximately $845,000 and $1,932,000, respectively, to approximately $1,161,000 and $2,783,000, respectively, from approximately $316,000 and $851,000, respectively, reported in the same fiscal periods in 1999, and the gross profit percentage decreased to 28.5% from 30.7% and to 29.4% from 31.6% for the three and nine months ended August 31, 2000 as compared to the prior fiscal periods. The decrease in gross profit percentage is attributable to the significant increase in telecommunications revenue during the fiscal 2000 periods. Although gross margins for the telecommunications division have increased in the fiscal 2000 periods, they remain lower than the gross margins of the specialty retail division. The telecommunications division recorded gross margins of approximately 26.1% and 26.8% for the three and nine-month periods ending August 31, 2000, as compared to gross margins of approximately 25.9% and 21.5% for the three and nine-month periods ending August 31, 1999. We anticipate that the gross margins in our telecommunications division will increase somewhat in the fourth quarter as we are able to switch more of our customer base to the UNE-P service offering. Approximately 66% of our customers were on the UNE-P service offering as of August 31, 2000. Our specialty retail division has recorded gross margins of approximately 44.6% and 43.2% for the three and nine-month periods ending August 31, 2000, as compared to approximately 35.7% and 41.4% in the comparable periods in 1999. We expect the gross margin of our specialty retail segment to continue at its current level of over 40%.

Selling, general and administrative expenses increased by approximately $1,698,000 and $4,027,000, respectively, to approximately $2,383,000 and $5,619,000, respectively, for the three and nine months ending August 31, 2000 from approximately $685,000 and $1,592,000, respectively, reported in prior fiscal periods. A major portion of this increase was attributable to the costs of our expanded marketing efforts and to the labor and facility expenses incurred by our telecommunications division. This increase in operating expenses is directly related to the significant increase in telecommunications revenues in the three and nine months ending August 31, 2000 as compared to the prior fiscal period in 1999.

At August 31, 2000, we owned approximately 27% of the capital stock of RiderPoint, Inc. ("RiderPoint"). RiderPoint specializes in the development of comparative rating insurance software and sells motorcycle insurance through its wholly owned subsidiary. As our investment in RiderPoint is accounted for under the equity method of accounting, we are required to include a portion of RiderPoint's net loss in our results of operations. For the three and nine months ending August 31, 2000, we have recorded a loss of approximately $92,000 and $255,000, respectively, relating to our investment in RiderPoint. As of August 31, 1999, we owned 19% of RiderPoint, which was at such date accounted for under the cost method of accounting.

At August 31, 1999, we were the largest shareholder of Access One, owning approximately 39% of Access One' capital stock. As our investment in Access One was accounted for under the equity method of accounting, we were required to include a portion of Access One's net loss in our results of operations. For the three and nine months ending August 31, 1999, we recorded losses of approximately $419,000 and $1,463,000, respectively, relating to our investment in Access One. As of November 30, 1999, our investment in Access One was recorded at zero. Subsequent to that date, we no longer recognized any operating losses generated by Access One. We sold approximately 16% of our investment in Access One during the quarter ended August 31, 2000 and recorded a net gain on the sale of approximately $1,237,000. On August 9, 2000, pursuant to an agreement between the shareholders of Access One and Talk, a company whose shares are publicly traded, we exchanged all of our remaining ownership interest in Access One for 1,876,911 shares of Talk and a warrant to purchase 285,714 additional shares of Talk.

Interest expense for the three and nine-month periods ending August 31, 2000 increased by approximately $24,000 and $48,000, respectively, from the amount reported in the three and nine-month periods ending August 31, 1999 primarily due to increased average borrowings.

Miscellaneous income of approximately $1,305,000 for the nine-month period ending August 31, 2000 resulted from the sale of shares of Access One common stock.

Discontinued operations

On August 11, 1999, we sold certain assets and assigned certain licenses of our former domestic luggage division to Interbrand L.L.C., an unaffiliated accessory company, and subsequently discontinued operations of our wholesale luggage segment.

The operating results of our wholesale luggage segment have been accounted for as a discontinued operation and the results of operations have been excluded from continuing operations in the condensed consolidated statements of operations for all periods presented, including the prior period financial statements in which we have restated the operating results of our former wholesale luggage segment as a discontinued operation. Interest expense relating to borrowings by our former wholesale luggage segment is included as operating expenses of such discontinued segment.

We reported no results from discontinued operations for the three and nine-month periods ending August 31, 2000 as compared to losses of approximately $1,615,000 and $3,260,000, respectively, for the three and nine-month periods ending August 31, 1999.

For the three and nine-month periods ending August 31, 2000, we reported gains on disposal of discontinued operations of approximately $181,000, as compared to losses on disposal of discontinued operations of approximately $720,000 reported in prior fiscal periods. The gains were a result of the liquidation of certain liabilities at a discount from the amount originally incurred.

Liquidity and Capital Resources

At August 31, 2000, we had cash and cash equivalents available of approximately $1,119,000, and working capital of approximately $14,601,000 as compared to cash and cash equivalents available of approximately of $591,000, and negative working capital of approximately $101,000 at November 30, 1999.

Net cash (used in) provided by operating activities (including discontinued operations) aggregated approximately ($4,362,000) and $248,000 in the nine months ended August 31, 2000 and 1999, respectively. The increase in net cash used in operating activities in fiscal 2000 was primarily the result of an increase of approximately $2,300,000 in accounts receivable, resulting from the significant increase in revenues recorded by our telecommunications division and the operating loss for the period.

Net cash provided by (used in) investing activities aggregated approximately $703,000 and ($38,000) in the nine months ended August 31, 2000 and 1999, respectively. The source of cash provided from investing activities in fiscal 2000 was the proceeds from the sale of marketable securities offset by the purchase of property and equipment.

Net cash provided by (used in) financing activities aggregated approximately $4,176,000 and ($434,000) in the nine months ended August 31, 2000 and 1999, respectively. For the period ended August 31, 2000, net cash provided by financing activities resulted primarily from the proceeds of short-term borrowings of approximately $356,000; the proceeds from the exercise of warrants of approximately $1,752,000; the proceeds from a private placement of common stock of approximately $1,830,000; and the proceeds from the exercise of stock options of approximately $239,000.

On March 3, 1999, our subsidiary, Essex, entered into a receivable sale agreement with Receivables Funding Corp. ("RFC") that provides for Essex to sell up to $500,000 of its eligible receivables to RFC on a periodic basis and to grant RFC a security interest in the receivables purchased by RFC. The agreement was amended in December 1999 to increase to$1,000,000, and again in August 2000, to increase to $2,000,000 the amount of eligible receivables Essex could sell RFC. The agreement does not transfer the risk of loss to RFC, and has been treated by us as a financing for financial statement purposes. As of August 31, 2000, Essex had borrowings of approximately $917,000 under the agreement.

Our subsidiary, Telecarrier, has a $150,000 line of credit with a bank. Amounts drawn on the line of credit bear interest at the rate of 9.75% per annum. The line is payable on demand subject to sixty (60) days written notice. At August 31, 2000, the entire line was utilized.

Our Canadian subsidiary, Sirco International (Canada) Ltd., has a real property mortgage loan with its bank, National Bank of Canada. The mortgage loan was payable in monthly installments of approximately $3,300, including interest at 10.25% per annum, with a balloon payment of approximately $295,000 due in July 2000. We have informed the National Bank of Canada of our intention to sell this property and the bank has agreed to extend the monthly payments on the mortgage loan under a demand note until the property is sold. We are actively pursuing potential buyers for this property and intend to sell the property upon receipt of an acceptable offer. At August 31, 2000, the mortgage loan was approximately $295,000.

For the nine months ended August 31, 2000, we added approximately $956,000 in capital expenditures. We plan to make an additional $300,000 in capital expenditures in fiscal 2000 in conjunction with the establishment of a network operations center in Norwalk, Connecticut and with the planned expansion to become a nationwide CLEC. We anticipate financing these expenditures through equipment leases and by using our existing working capital.

On August 9, 2000, Talk.Com Inc. ("Talk"), an integrated communications provider, merged with Access One. As a result of the merger, we own approximately 1.9 million shares of Talk's common stock and have warrants for approximately 286,000 additional shares. The stock becomes freely tradable after October 31, 2000. At August 31, 2000, our investment in Talk was valued at approximately $13,490,000.

Although our operating activities may provide a source of cash in certain periods, to the extent we continue to experience rapid growth in the future, we anticipate that our operating and investing activities will use large amounts of cash in excess of the cash generated from operating activities. Consequently, future rapid growth will require us to liquidate from time to time, a portion of our investment in Talk, or obtain additional equity or debt financing that may not be available on attractive terms, or at all, or may be dilutive. Although we believe we have negotiated an appropriate debt facility to fund some of our anticipated growth, and we believe we can monetize portions of the Talk stock to fund our remaining growth capital needs, changes in the value or liquidity of the Talk stock may require us to modify, delay or abandon our current business plan, which is likely to materially and adversely affect our business.

eLEC COMMUNICATIONS CORP.
PART II. OTHER INFORMATION

Item 2. Changes in Securities

In August 2000, we issued an aggregate of 225,000 shares of our common stock in conjunction with a private equity placement. Such transaction was effected pursuant to Section 4(2) of the Securities Act of 1933, as amended.

Item 6. **Exhibits and Reports on Form 8-K**

(a) Exhibits.

(1) Audit Committee Charter, approved and adopted by the Board of Directors, on May 24, 2000

27-- Financial Data Schedule.

(b) Reports on Form 8-K

None.

Signatures

Pursuant to the requirements of the Securities Exchange Act of 1934, the Registrant has duly caused this report to be signed on its behalf by the undersigned hereunto duly authorized.

eLEC Communications Corp.

October 16, 2000
Date

By: /s/ Paul H. Riss
Paul H. Riss
Chief Executive Officer
(Principal Financial and
Accounting Officer)

EXHIBIT INDEX

No.	Description	Page No.
27	Financial Data Schedule.	18

eLEC Communications Corp.

Item No.	Item Description	August 31, 2000
5-02(1)	Cash and cash items	$1,119,010
5-02(2)	Marketable securities	13,490,298
5-02(3)(a)(1)	Notes and accounts receivable-trade	3,539,587
5-02(4)	Allowances for doubtful accounts	290,362
5-02(6)	Inventory	496,688
5-02(9)	Total current assets	19,069,282
5-02(13)	Property, plant and equipment	1,279,204
5-02(14)	Accumulated depreciation	225,345
5-02(18)	Total assets	25,177,802
5-02(21)	Total current liabilities	4,468,109
5-02(22)	Bonds, mortgages and similar debt	-
5-02(28)	Preferred stock-mandatory redemption	-
5-02(29)	Preferred stock-no mandatory redemption	12
5-02(30)	Common stock	1,382,525
5-02(31)	Other stockholder's equity	19,207,186
5-02(32)	Total liabilities and stockholder's equity	25,177,802
5-03(b)1(a)	Net sales of tangible products	9,460,940
5-03(b)1	Total revenue	10,765,953
5-03(b)2(a)	Cost of tangible goods sold	6,678,187
5-03(b)2	Total costs and expenses applicable to sales and revenue	6,129,034
5-03(b)3	Other costs and expenses	255,104
5-03(b)5	Provision for doubtful accounts and notes	-
5-03(b)(8)	Interest and amortization of debt discount	59,713
5-03(b)(10)	Income/loss before taxes and other items	(2,322,502)
5-03(b)(11)	Income tax expense	-
5-03(b)(14)	Income/loss continuing operations	(2,322,502)
5-03(b)(15)	Discontinued operations	181,355
03(b)(17)	Extraordinary items	-
5-03(b)(18)	Cumulative effect-change in accounting principles	-
5-03(b)(19)	Net income or loss	(2,141,147)
5-03(b)(20)	Earnings per share-basic	(.17)
5-03(b)(20)	Earnings per share-diluted	(.17)

"This schedule contains summary financial information extracted from the Balance Sheet and Income Statement and is qualified in its entirety by reference to such financial statements."

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UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, DC 20549

FORM 10-K

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

For the fiscal year ended November 30, 1999

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

For the transition period from to .

Commission File No. 0-4465

eLEC COMMUNICATIONS CORP.

(Exact name of Registrant as specified in its charter)

New York	13-2511270
(State or other jurisdiction of incorporation or organization)	(IRS employer identification no.)
509 Westport Avenue, Norwalk, Connecticut	06851
(Address of principal executive offices)	(zip code)

Registrant's telephone number, including area code: (203) 750-1000.

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 $.10 per share

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 [ ].

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. ____

As of February 15, 2000, the aggregate market value of the voting stock held by non-affiliates of the Registrant was $46,098,656.

As of February 15, 2000, there were 11,524,664 shares outstanding of the Registrant's Common Stock.

Documents Incorporated by Reference

Portions of the Registrant's definitive proxy statement to be filed with the Securities and Exchange Commission in connection with the Registrant's 2000 Annual Meeting of Stockholders are incorporated by reference into Part III.

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The statements contained in this Report that are not historical facts are "forward-looking statements" which can be identified by the use of forward-looking terminology, such as "estimates," "projects," "plans," "believes," "expects," "anticipates," "intends," or the negative thereof or other variations thereon, or by discussions of strategy that involve risks and uncertainties. Management wishes to caution the reader of the forward-looking statements, that such statements, which are contained in this Report, reflect our current beliefs with respect to future events and involve known and unknown risks, uncertainties and other factors, including, but not limited to, economic, competitive, regulatory, technological, key employee, and general business factors affecting the Company's operations, markets, growth, services, products, licenses and other factors discussed in the Company's other filings with the Securities and Exchange Commission, and that these statements are only estimates or predictions. No assurances can be given regarding the achievement of future results, as actual results may differ materially as a result of risks facing the Company, and actual events may differ from the assumptions underlying the statements that have been made regarding anticipated events. Factors that may cause actual results, performance or achievements of the Company, or industry results, to differ materially from those contemplated by such forward-looking statements include, without limitation: (1) the availability of additional funds to successfully pursue the Company's business plan; (2) the Company's ability to maintain, attract and integrate internal management, technical information and management information systems; (3) the time and expense to construct the Company's planned network operating center and digital subscriber line network; (4) the cooperation of incumbent carriers in implementing the unbundled network elements platform required by the Federal Communications Commission; (5) the Company's ability to market its services to current and new customers and generate customer demand for its products and services in the geographical areas in which the Company can operate; (6) the Company's success in gaining regulatory approval to access new markets; (7) the Company's ability to negotiate and maintain suitable interconnection agreements with the incumbent carriers; (8) the availability and maintenance of suitable vendor relationships, in a timely manner, at reasonable cost; (9) the impact of changes in telecommunication laws and regulations; (10) the intensity of competition; and (10) general economic conditions. All written and oral forward looking statements made in connection with this Report that are attributable to the Company or persons acting on its behalf are expressly qualified in their entirety by these cautionary statements. Given the uncertainties that surround such statements, prospective investors are cautioned not to place undue reliance on such forward-looking statements.

Part I

In this Annual Report on Form 10-K, we will refer to eLEC Communications Corp., a New York Corporation, as "eLEC," the "Company," "we," "us," and "our."

Item 1. - Business

Overview

eLEC Communications Corp. is a full-service telecommunications company that focuses on developing integrated telephone service in the emerging competitive local exchange carrier industry. We offer an integrated set of telecommunications products and services, including local exchange, local access, domestic and international long distance telephone, calling cards, paging, Internet access, dedicated access, Web site design, Web site hosting, Internet-based yellow-pages directory listings and other enhanced and value-added telecommunications services tailored to meet the needs of our

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customers and the growing marketplace demand from small- and medium-sized businesses for reliability and speed. As part of our nationwide expansion plan, we have completed the deployment of our first network node in a planned 18-node build-out to provide high speed Internet access via digital subscriber lines ("DSL"), and for the anticipated provisioning of Voice over DSL.

We believe that the Telecommunications Act of 1996 (the "Telecommunications Act"), which opened the local exchange market to competition, has created an attractive opportunity for competitive local exchange carriers ("CLECs"), such as eLEC. Like most CLECs, our entry in this industry was dependent upon the provisions of the Telecommunications Act that allow CLECs to lease various elements of the networks of the incumbent local exchange carriers ("ILECs") that are necessary to provide local telephone service in a cost-effective manner. This aspect of the Telecommunications Act is referred to as "unbundling" the ILEC networks, and allows us to lease unbundled network elements on an as-needed basis and provide such elements to our customers at a lower cost than that which the ILEC is charging.

The majority of our installed access lines are provisioned on the unbundled network elements platform ("UNE-P"). We believe that the use of this platform is the most cost-effective manner in which we can provide voice service. Other CLECs have invested a substantial amount of capital to buy switches and rollout fiber, only to find that their equipment is severely underutilized and that there is a significant shortfall in their revenue stream when compared to their capital investment. We refer to this strategy as a "facilities-first" strategy, because the CLEC has invested in its equipment and placed the equipment in service before the CLEC has developed a customer base. Our strategy is a "customer-first," or a "deferred-build" strategy. We therefore lease facilities on an as-needed basis from ILECs while we build our customer base. After we have a substantial geographical concentration of customers, we make decisions regarding the purchase and installation of our own network equipment. This strategy allows us to be very flexible with our customer base as we grow our business. We can move our customer base to alternative access, if appropriate, and we do not become a captive of our own underutilized equipment, as can happen with a "facilities-first" CLEC. The technological advances in equipment and the lowering of equipment prices have validated our deferred-build strategy and have enabled us to preserve our capital.

Our strategy for building our data network is similar to our strategy for building our voice network. We currently provide dial-up access and dedicated access on our own network in Connecticut, where we have a geographical concentration of customers, and we lease facilities from another Internet service provider to provide our customers with nation-wide dial-up access. As of February 15, 2000, we have installed one Point of Presence ("POP") in Miami, Florida for high-speed Internet access via DSL and for Voice over DSL. We chose the Miami location because we have, through an affiliated company, an established customer base in the Miami area of approximately 2,000 customers. We are planning to build out an 18-node data network throughout the East coast to carry DSL and Voice over DSL to our customer base.

We believe we can provide competitive service in every state in which we can utilize UNE-P and we plan a nationwide rollout to take advantage of a recent Federal Communications Commission ("FCC") ruling mandating the UNE-P service offering. Our marketing and expansion efforts are focused primarily on states that have quickly adopted the UNE-P service offerings, which initially included the nine states served by BellSouth Corporation ("BellSouth"), plus New York and Massachusetts. Under UNE-P, we can provide service with significantly lower capital requirements than either fiber-based or wireless CLECs, and offer our services to a broader customer base faster and at a lower cost. The ability to quickly provision accounts and to deliver reliable service at a lower cost than offered by the ILECs should provide us with certain competitive advantages as we market our services to small- and medium-sized businesses.

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Development of Business

The Company was incorporated in the state of New York under the name Sirco Products Co. Inc. in 1964, and we subsequently changed our name to Sirco International Corp. We initially developed a line of high quality handbags, totes, luggage and sport bags to be sold at competitive prices. In 1995, we divested our handbag operations, which had experienced several years of operating losses. Although we were profitable in fiscal 1996, declining revenues in our next two fiscal years, combined with operating losses, forced us to analyze other business opportunities. In August 1997, to help bolster luggage division sales and to provide a channel of distribution to a mobile customer base that would be a potential target for online Internet sales, we acquired a retail operation, Airline Ventures, Inc. ("AVI"), which sells travel and aviation related products to professional airline crew members.

In October 1997, we made our first investment in a CLEC, Access One Communications, Inc. ("Access One"), when we purchased approximately 28% of Access One's outstanding capital stock. Access One was a newly-formed CLEC with approximately 2,000 installed local access lines that looked to us for growth capital to meet its business plan. Our Board of Directors believed that Access One's "customer-first" growth strategy of obtaining a customer base first and later building an equipment network around a geographically concentrated customer base was a compelling strategy that would utilize capital wisely and yield high valuations in the future. At February 15, 2000, we were the largest shareholder of Access One, owning approximately 21% of Access One's capital stock. Access One has advised us that, at February 15, 2000, they had approximately 60,000 installed local access lines.

We commenced operations in the telecommunications industry in fiscal 1998 by acquiring on February 27, 1998, Essex Communications, Inc. ("Essex"), a newly-formed CLEC formed to attract and retain a geographically concentrated customer base in the metropolitan New York region, primarily through the resale of products and services of incumbent and alternative facilities-based local providers. We provisioned our first line in May 1998 and, including lines for which we have contracts to install, we had over 20,000 lines as of February 15, 2000. Essex has customers in Florida, Massachusetts, New York, New Jersey and Virginia.

In furtherance of our telecommunications strategy, on August 14, 1998, we acquired WebQuill Internet Services, LLC ("WebQuill"), an Internet service provider ("ISP") based in Connecticut. WebQuill is a full-service, value-added ISP providing national dial-up access, dedicated access, high-speed DSL access, Web site design, Web site hosting, Internet-based yellow-pages directory listing, and E-commerce sites.

Due to our increased focus on E-commerce sites, Internet access and telecommunications services, and the significant decrease in luggage division sales in recent fiscal years, our Board of Directors decided in July 1999 to divest the Company's luggage division, and we sold a substantial portion of the assets of our U.S. luggage operations in August 1999. Since such time, we have liquidated the remaining operating assets of our U.S. and Canadian luggage businesses. Our luggage segment has been classified as a discontinued operation in our income statement, and this segment has reported significant net operating losses for each of the last three fiscal years. See Note 8 of the Notes to Consolidated Financial Statements.

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To signify our new business focus, we recommended, and in November 1999 our shareholders approved, a name change to eLEC Communications Corp. Our main business focus had changed to the local exchange market, which is estimated to be more than $50 billion in annual revenues and one of the most profitable segments in the communications industry. With this new focus, we wanted our company name to include the letters LEC, representing our focus on being a local exchange carrier. However, in this electronic age and with our wholly-owned ISP to provide Internet access, DSL services and Web site design and hosting, we believed the term "e" LEC more appropriately described our new business operations. We consequently changed our name to eLEC Communications Corp., our ticker symbol to ELEC and our domain name to www.elec.net.

In January 2000, we acquired a New Jersey-based CLEC, Telecarrier Services, Inc. ("Telecarrier"). Telecarrier currently operates as a CLEC in the states of Massachusetts, New Jersey, New York and Rhode Island. It also resells long distance service in 13 states. The addition of Telecarrier is an important step in creating an additional marketing channel for eLEC. See "Sales and Marketing Strategies."

Information concerning sales, business segment operations and identifiable assets attributable to each of our reportable industry segments can be found in Note 9 of the Notes to Consolidated Financial Statements and is incorporated herein by reference.

eLEC's Telecommunications Services

We tailor our service offerings to meet the specific needs of small businesses, not-for-profit organizations, governmental agencies and other institutional customers in our target markets. We primarily market our services through three different distribution channels. We use third-party telemarketers to attract small-business accounts (typically two to ten lines in size), we use third-party agents and interconnect companies to attract medium-sized business accounts (typically ten to 100 lines in size), and we use our own management team to attract wholesale accounts (typically 100 lines or more in size). Based upon feedback received from our customers and analysis of the types of services the entities in each of these groups need, we tailor a basic telecommunications service package, which can be promptly adjusted to the specific needs of individual customers. We creatively package our services to provide "one-stop shopping" solutions for our customers, so they can purchase all their communications services directly from us. Listed below are the basic categories of services that we offer:

o Local Exchange Services. We offer local exchange services, starting with local dial tone, plus numerous features, the most common of which are call waiting, call forwarding, caller ID and dial back features. By offering local dial tone, we also receive originating and terminating access charges for interexchange calls placed or received by our subscribers.

o Long Distance. In addition to our local telephone service, we offer long distance services as part of a bundled product to customers through agreements we have with a national long distance carrier. The long distance services include domestic service, such as interLATA, which are calls that pass from one "Local Access and Transport Area" or "LATA" to another LATA, and intraLATA, which are calls that stay within the LATA in which they originated, but are beyond the distance limits of the local calling plan. Our services also include international calling, toll-free services (800, 888, 877), calling card and other enhanced services.

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o Internet and Data Services. We offer dedicated and dial-up Internet access services via conventional modem connections, integrated services digital networks, T-1s and higher speed dedicated connections. In addition, we have installed our first node to carry DSL services, and we plan to offer Voice over DSL before the end of fiscal year 2000.

o Web Site Design and Hosting Services. We offer Web site design services and Web site hosting on our own computer servers to provide customers with a complete, user-friendly product for presence on the World Wide Web. We have built and are currently providing for our customers E-commerce sites, an interactive comparative insurance rater site, and an interactive auction site.

o Yellow Pages Directory Services. Our local telephone service customers are given a free Web page for six months in our Internet yellow pages directory. This page is also sold for $24.95 per month to non-telephone customers. The site is accessed by more than 80% of Internet search engines, and offers links to other sites and the ability for our customers to receive a fax or email message directly from the user who has found the site. In the second quarter of fiscal 2000, we intend to market this product on a wholesale basis for business-to-business applications.

o Facilities and System Integration Services. We offer individual customer consultation services with regard to the design and implementation of complete telecommunications systems to meet customers' specific needs, including the selection of customer premises equipment, interconnection of local area networks and wide area networks, and implementation of virtual private networks.

o Hosted Applications. We plan to offer hosted applications to our customers, especially to small-sized businesses that do not have the resources to hire their own management information services director. We anticipate that such application hosting will be important to entities that use high-speed Internet access services, such as DSL, and will help differentiate us from other DSL providers that only provide access services.

Business Strategy

Our goal is to be a premier facilities-based integrated communications provider to small- and medium-sized businesses. We are taking the following action steps in order to achieve this goal:

o Target Small- and Medium-sized Businesses. We focus our telecommunications sales efforts for local and long distance services on small- and medium-sized businesses having two to 100 business lines in any one location. We believe that these customers prefer a single source for all their telecommunications services. We have chosen to focus on this segment based on our ability to obtain ample gross margins on UNE-P for the services provided to these customers. We also believe that, as compared to larger businesses, the ILECs and facilities-first CLECs may be less likely to apply significant resources to obtaining or retaining these customers. We expect to attract and retain these customers through telemarketers and agents, by offering bundled local and long distance services at competitive rates, as well as enhanced telecommunication services, by responsive customer service and support and by offering new and innovative products, such as our yellow pages directory Web sites known as QuillPages.

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o Achieve Market Share with Competitive Pricing. We always price our services at a discount to the exact same services provided by an ILEC. We believe we know what the ILECs charge because we have access to the rates they have filed with the various state public service commissions, and we typically review the telephone bill of a potential customer before we switch them to our network so that we are aware of the prices they were paying and of any contractual obligations. We anticipate that some ILECs may reduce their prices as increased competition begins to erode their market share. We believe, however, that we will be able to compete as prices decrease, because of our low network costs and because we will be providing a variety of bundled telecommunications services and will not have to rely on price alone to maintain our core customer base.

o Develop Brand Awareness. With the change of our name to eLEC Communications Corp., we are applying for the right to do business under the brand name eLEC Communications in all of the states in which we operate. We want to invoice the customers of our wholly-owned subsidiaries, Essex, WebQuill and Telecarrier, under the eLEC Communications name, and use the eLEC name to create and develop a brand awareness in the territories in which we operate. We are positioning eLEC as a high quality, service-orientated company that provides reliable telecommunications quality, service and advice at competitive prices.

o Rapidly Deploy New Customers. We intend to take advantage of our ability to rapidly provision new accounts in our existing service areas, and to rapidly enter new service areas because of our low capital requirements to enter new states. Our choice of states on which to focus will depend on when the particular state adopts the use of UNE-P. We anticipate that Pennsylvania and Texas will be the next two major states that we target. We typically provision a new account within two or three days after we have received a letter of authorization to place a new customer on our network. We know of no facilities-first carrier that can provision lines this quickly.

o Provide our Customers More than Local Telephone Services. Although our focus is on the more than $50 billion local exchange market, and we anticipate that the sales growth and margins associated with this market will represent our core business, the additional products and services we offer, including Internet access, email addresses, Web site design and Web site hosting, yellow pages directory listing, DSL access, applications hosting and virtual private networks, will be an important attraction to our customers. We believe the more services we can provide, the more integral we will become to our customers.

Sales and Marketing Strategies

We offer an integrated package of local exchange, local access, domestic and international long distance, and calling cards and a full suite of Internet access, Web site design and Web site hosting to small- and medium-sized businesses. Virtually all of our customers have no telecommunications manager and look to us to suggest an appropriate telecommunications solution. Each account is assigned a customer service representative and we answer the telephone during business hours with a live person instead of sending our customers through several voice mail loops before reaching a person to whom they can speak. We have a three-tiered sales and marketing strategy to sell to our target market.

o Telemarketing Programs. We use third-party telemarketing firms to sell our smaller accounts. Most accounts in this group choose our telephone service because they do not like the customer service they receive from their ILEC and because they will save money using our services. We have proven that this strategy works for us, as almost all of our first 10,000 customer lines

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came from the telemarketing channel, and most of the organic growth at our affiliate, Access One, came from third-party telemarketers. This method allows us to keep our marketing costs variable-based and minimizes the need to have fixed overhead committed to our sales force.

o Agent and Interconnect Company Programs. We also use agents and interconnect companies to generate leads for new customers. We pay a success fee to the agents and interconnect companies for recommending our services. Most of these referrals are current equipment customers or long distance customers of the agent or interconnect company. Therefore, it is important that the agents and interconnect companies understand the benefits of the services that we offer because they do not want to tarnish an existing customer relationship by inappropriately recommending us. We find that our pricing and the flexibility of our services, combined with our special customer service group for the interconnect companies, allows us to satisfy the needs of the referrals we receive in this distribution channel. Two executives from our recently acquired subsidiary, Telecarrier, have extensive established business relationships with interconnect companies. Many of their current accounts were referrals from established business relationships, and we believe our Telecarrier employees will continue to develop for us this market segment.

o Wholesale Programs. We offer special wholesale pricing for accounts with several hundred local access lines. One such customer has agreed to provide us with a minimum of 9,000 local access lines, and we anticipate that during fiscal 2000 we will be able to attract other wholesale customers who will bring us thousands of new lines. We use a direct sales effort to sell in this market. Separate customer service representatives are assigned to support this customer base.

This sales and marketing strategy minimizes the need for us to invest in fixed sales and marketing overhead. Unlike the facilities-first CLECs, who need to rapidly attract customers for their underutilized telecommunications equipment, and who invest substantial amounts of salary and rent expense to open sales offices in their targeted markets, we do not have the same pressure to find qualified leads for our facilities. Furthermore, under UNE-P, our reach is ubiquitous, as we can serve any customer that is being served by the ILEC. A facilities-first CLEC typically searches only for customers that it can provision on the switches and fiber that it has installed in the hope of finding customers to utilize such equipment. Consequently, we believe our deferred-build strategy not only saves us from unnecessarily building a network without customers, it also allows us to more wisely expend our sales and marketing dollars by limiting the amount of fixed overhead that is required to rapidly grow our business.

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Competition in the Telecommunications Industry

Local Telecommunications Market

The local telecommunications market is a highly competitive environment and is dominated by the Regional Bell Operating Companies ("RBOCs") and other ILECs. Based upon the geographical locations in which we currently sell services, Bell Atlantic Corporation ("Bell Atlantic") and BellSouth are our largest competitors. Both entities have "win-back" programs through which they approach former customers lost to a CLEC or other competitor in an attempt to have the former customers switch back to the RBOC. Most of our actual and potential competitors, including most of the facilities-first CLECs, have substantially greater financial, technical, marketing and other resources (including brand name recognition) than we do. Furthermore, the continuing trend toward business alliances in the telecommunications industry and the lack of substantial barriers to entry in the data and Internet services markets could help to generate substantial new competition. We anticipate that we will be able to compete based upon our pricing, reliability, customer service and rapid ability to provision accounts and respond to customer requests. Our established competitors, such as the RBOCs, are able to compete effectively because they have long-term existing relationships with their customers, strong name recognition, abundant financial resources, and the ability to cut prices of certain services by subsidizing such services with revenues generated from other products. Although the Telecommunications Act reduced barriers to entry into the local market, future regulatory decisions could provide RBOCs with more pricing flexibility, which would result in increased price competition.

We also face competition in the local market from new entrants to the fixed wireless market, such as Winstar Communications, Inc., Teligent, Inc. and NextLink Communications, Inc. Many of these entrants have the strategy of bypassing the RBOCs in order to provide local access to their customers. By not having to rely on the RBOC for local service connections, the fixed wireless companies are able to keep more of their sales dollar for themselves. However, if this access method becomes more price competitive and reliable, we believe we will have the flexibility, with our current local customer base, to switch all or a portion of our customer base to the wireless facilities by negotiating appropriate terms with one or more wireless carriers.

In addition to competition from RBOCs, other CLECs and wireless entities, several other entities currently offer or are capable of offering local service, such as long distance carriers, cable television companies, electric utilities and microwave carriers. These entities, upon entering into appropriate interconnection agreements or resale agreements with ILECs, can offer single source local and long distance services like those we offer. For example, long distance carriers, such as AT&T Corp., MCI WorldCom and Sprint Corporation, among other carriers, have each begun to offer local telecommunications services in major U.S. markets using the unbundled network elements platform or by reselling the ILECs' services.

Long Distance Telecommunications Market

The long distance market, in comparison to the local market, has relatively insignificant barriers to entry and has been populated by numerous entities that compete for the same customers by frequently offering promotional incentives and lower rates. We compete with numerous such companies who do not offer any service other than long distance, and we compete with established major carriers such as AT&T and MCI WorldCom. We believe our bundled package of local services and a variety of data services will help us compete in this

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market. We will also have to maintain high quality and low cost services to compete effectively. In many instances, we must be in a position to reduce our rates to remain competitive. Such reduction could be harmful to us if we do not also provide other services to our long distance customers. With the advent of long distance voice services over the Internet, and our launch of Voice over DSL during fiscal year 2000, we anticipate substantial price reductions in long distance services for those customers who purchase a bundled package from us that includes routing the long distance voice traffic over the Internet.

Internet and Other Data Services

The Internet and data service industry is intensely competitive. We receive significant competition in the delivery of Internet services to small-and medium-sized businesses, our target market. Other ISPs, ILECs and CLECs are attempting to provide various dial-up, dedicated and high-speed Internet access services. We believe we can remain competitive to a certain niche because we also provide Web site design, Web site hosting, E-commerce sites, auction sites, yellow-pages service directory, DSL services and hosted applications, in addition to being a local telecommunications company. We anticipate that this diverse product range will help us attract new customers and reduce customer churn.

Government Regulation

Local and long distance telecommunications services are subject to regulation by the FCC and by state regulatory authorities. Among other things, these regulatory authorities impose regulations governing the rates, terms and conditions for interstate and intrastate telecommunications services and require us to file tariffs for interstate and international service with the FCC and obtain approval for intrastate service provided in the states in which we currently market our services. We must obtain and maintain certificates of public convenience and necessity from regulatory authorities in the states in which we operate. We are also required to file and obtain prior regulatory approval for tariffs and intrastate services. In addition, we must update or amend the tariffs and, in some cases, the certificates of public convenience and necessity, when rates are adjusted or new products are added to the local and long distance services we offer. Changes in existing laws and regulations, particularly regulations resulting in increased price competition, may have a significant impact on our business activities and on our future operating results. We are also subject to Federal Trade Commission regulation and other federal and state laws relating to the promotion, advertising and direct marketing of our products and services. Certain marketing practices, including the means to convert a customer's long distance telephone service from one carrier to another, have recently been subject to increased regulatory review of both federal and state authorities. Even though we have implemented procedures to comply with applicable regulations, increased regulatory scrutiny could adversely affect the transitioning of customers and the acquisition of new customer bases. Amendments to existing statutes and regulations, adoption of new statutes and regulations and expansion of our operations into new geographic areas and new services could require us to alter our methods of operation or obtain additional approvals, at costs which could be substantial. There can be no assurance that we will be able to comply with applicable laws, regulations and licensing requirements. Failure to comply with applicable laws, regulations and licensing requirements could result in civil penalties, including substantial fines, as well as possible criminal sanctions.

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Backlog

When we invoice our customers for our telecommunications services, we invoice features and services in advance and usage in arrears. Due to the nature of our contractual agreements with the RBOCs, there is typically only an immaterial amount of backlog of unprovisioned customers at any given time, as a customer is typically switched from the RBOC to our network within two days of processing the provisioning order. As of February 15, 2000, we had orders from two customers for approximately 14,000 lines for which we were waiting to receive the provisioning information. Such lines may take up to one month to provision because of the large quantity of lines requested to be provisioned from just two customers. We are working with our customers to provision blocks of lines at a time so that there is an orderly transition of lines to our network.

eLEC's Retail Services

Our retail division is operated by our wholly-owned subsidiary, AVI, which is headquartered in Dallas, Texas. The objective of our retail division is to be a leading supplier of travel-related and telecommunications products to pilots and flight attendants. We operate in three retail stores that sell travel-related products primarily to American Airline employees, including the official pilot uniform and study guides for pilots. The stores also sell identification cards, uniform supplies and travel needs to flight attendants. In addition, the stores rent pagers to flight attendants who are on reserve duty and offer Internet access services and local and long distance telephone services. We plan to use the knowledge and experience gained with American Airlines to provide similar products and services to employees of other airlines and to develop effective E-commerce sites.

We believe professional airline crew members are excellent targets for online retail purchases, as they are constantly mobile and frequently stay in touch with family and job-related duties via the Internet. We have developed and will continue to develop E-commerce sites to augment our in-store sales with sales to these and other online purchasers. We currently market our travel related products through the E-commerce sites, www.avishop.com and www.800bags.com.

The target market for the retail division is professional airline crew members. Currently, we sell to pilots and flight attendants from American, Delta and Southwest Airlines. The business with American Airlines is the largest, as it includes selling the American Airlines pilot uniform and various approved apparel for both pilots and flight attendants. Two of the three retail locations we utilize are leased from American Airlines. Retail sales employees service walk-in customers and phone orders, and warehouse personnel process Internet orders.

The sale of product to crew members has not demonstrated any seasonality, as the customers are using the products on a daily basis as part of their normal work routine.

Our retail division operates without a backlog, as Internet orders and catalog orders are typically shipped within one day of receipt.

We purchase products for our retail division from various domestic suppliers who have license agreements to sell product displaying the American Airlines, Inc. logo or trade name. We also buy non-logo product from a variety of domestic sources.

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The competition for retail sales to professional airline crew members is highly fragmented and has few barriers to entry. Our ability to compete effectively is directly related to the level of cooperation and publicity that airlines generate for our retail outlets. Currently, we enjoy an advantage with American Airlines because we are allowed to sell certain products to American Airlines' employees on a payroll deduct program and we are allowed to sell pilot uniforms. These agreements, in addition to two leases from American Airlines for retail sites in Dallas, Texas, help to limit the extent of competition in the Dallas area. However, we compete nationwide against several online retailers and against retail stores in various cities that are important airline hubs.

Intellectual Property

We rely on a combination of copyright, trademark and trade secret laws and contractual restrictions to establish and protect our intellectual property. We do not currently have any registered copyrights or trademarks. All key employees have signed confidentiality agreements and we intend to require each newly hired employee to execute a confidentiality agreement. These agreements provide that confidential information developed by or with an employee or consultant, or disclosed to such person during his or her relationship with us, may not be disclosed to any third party except in certain specified circumstances. These agreements also require our employees to assign their rights to any inventions to us. The steps taken by us may not, however, be adequate to prevent misappropriation of our proprietary rights or technology.

We use several service marks in our business and intend to apply to register such service marks to protect our usage of such marks. There can be no assurance that we will be able to secure significant protection for all or any of our service marks. Our competitors or others could adopt product or service marks similar to our marks, or try to prevent us from using our marks, thereby impeding our ability to build brand identity and possibly lead to customer confusion.

We have received correspondence from an unrelated third party claiming that our use of the mark "Essex" in connection with telephone services infringes one of the company's United States registered trademarks and requesting that we cease and desist from using the Essex mark. We have responded by denying any infringement and no legal proceedings have been commenced against us with respect to this matter.

We are also aware of several other parties that use marks that are the same or similar to marks that we use, though in most instances, to the best of our knowledge, these parties are not in the same business as we are. There can be no assurance that others with marks similar to our marks will not bring suit to prevent us from using a particular mark. Defending or losing any litigation relating to intellectual property rights could materially adversely affect our business, results of operations and financial condition.

Other Affiliates

In addition to our investment in Access One, we have made investments in other entities for which we have performed Web site design services and may have future strategic relationships. At February 15, 2000, we had investments in the following entities: (See Note 14 of Notes to Financial Statements).

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RiderPoint, Inc. RiderPoint specializes in the development of comparative rating insurance software and sells motorcycle insurance through its wholly-owned subsidiary, RP Insurance Agency, Inc. RiderPoint provides fully integrated insurance solutions for carriers, agents, dealers and consumers through its innovative integration of the insurance process with Internet technology. Through its comparison rating insurance Web site, www.riderpoint.com, consumers are able to receive instant online motorcycle insurance quotes from top-rated insurance carriers, which gives the consumer the ability to comparatively shop for and purchase motorcycle insurance at one location.

SkyClub Communications Holding Corp. SkyClub offers digital satellite systems for the reception of direct television (over 200 channels of programming) and high speed Internet services. SkyClub features direct to home (DTH) satellite products from Hughes Network Systems, RCA, Sony and other licensed DIRECTV manufacturers. SkyClub markets satellite services that include DirecTV and DirecPC's Turbo Internet, which provides customers with high-speed (up to 400 Kbps) Internet services. SkyClub also recently began offering DIRECTV PARA TODOS(TM) to Spanish speaking communities.

Employees

At February 15, 2000, we employed 63 employees, of which 59 were employed on a full-time basis and five were employed on a part-time basis. At such date, 17 of our employees were employed in our executive offices in Norwalk, Connecticut; 28 were employed in Melville, New York, at our wholly-owned subsidiary, Essex; 12 were employed in our retail division stores in Dallas, Texas; five were employed in Edison, New Jersey, at our telecommunications subsidiary, Telecarrier; and one was employed in Mississauga, Canada. We are not subject to any collective bargaining agreement and believe that our relationship with our employees is good.

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Item 2. - Properties

The following table sets forth pertinent facts concerning our material properties at February 15, 2000, all of which are owned or leased by us or one of our subsidiaries:

<TABLE>
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Property Owned:

Location	Use	Approximate Square Feet
1321 Blundell Road Mississauga Ontario, Canada L4Y 1M6	Rental property (2)	35,000 (leases out 35,000 SF)

<CAPTION>
Properties Leased:

Location	Use	Approximate Square Feet	Lease Expires	Annual Rent (1)
509 Westport Ave Norwalk, CT 06851	Executive Office	14,000	2/28/05	$132,000
48 South Service Road Melville, NY 11747	Office	5,486	4/30/03	$ 93,000
1090 King Georges Post Rd Edison, NJ 08837	Sales Office	2,500	10/31/01	$ 40,000
24 Richmond Hill Avenue Stamford, CT 06901	Office	3,000	4/06/00	$ 42,000
1930 W. Airfield Drive DFW Airport, TX 75261	Warehouse	2,000	7/31/00	$ 39,000
Terminal C DFW Airport, TX 75261	Retail	1,700	8/24/00	$ 30,000
8412 Sterling Suite B Irving, TX 75063	Warehouse	2,470	9/30/00	$ 15,000
37 North Avenue Norwalk, CT 06851	Office	2,400	expired	$ 38,400

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(1) We are required to pay our proportionate share of any increase during the term of the lease in real estate taxes and expenses of maintaining the premises computed on the basis of the percentage of the total square footage of the premises occupied by us.

(2) The property owned in Mississauga, Canada was formerly used as a warehouse for our luggage operations that have been discontinued. It is fully rented to two tenants.

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Our owned and leased space is fully utilized for the purposes set forth in the table above under the caption "Use," except for the new space in Norwalk, Connecticut which is currently being developed as our new executive offices and a network operating center. We believe the existing properties are suitable and adequate for our existing business.

Item 3. - Legal Proceedings

Other than the license and regulatory proceedings that routinely occur for telecommunication entities, as described under "Government Regulation," we are not currently a party to any legal proceeding that we believe will have a material adverse effect on our financial condition or results of operations.

Item 4 - Submission of Matters to a Vote of Security Holders

We held our 1999 Annual Meeting of Shareholders on November 10, 1999. The following are descriptions of the matters voted on and the results of such meeting:

	Number of Shares		
Matter Voted On	For	Against	Abstain
1. Election of Directors			
Joel Dupre	9,895,868		44,496
Eric M. Hellige	9,897,968		42,396
Paul H. Riss	9,896,978		43,386
Anthony Scalice	9,896,978		43,386
2. Proposal to change the name of the Company to eLEC Communications Corp.	9,907,332	30,332	2,700
3. Approval of an amendment to the Sirco International Corp. 1995 Employee Stock Option Plan to increase the number of shares of Common Stock reserved for issuance thereunder by 1,200,000 shares.	5,581,798	242,234	9,200

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Part II

Item 5. - Market for the Company's Common Equity and Related Stockholder Matters

Our common stock trades on The Nasdaq Small Cap Stock Market(R)under the symbol ELEC. The high and low sales price for each quarterly period of our last two fiscal years are listed below:

		High	Low
Fiscal 1998			
	1st Quarter	$5.750	$1.563
	2nd Quarter	7.188	3.563
	3rd Quarter	6.750	1.000
	4th Quarter	1.969	0.656
Fiscal 1999			
	1st Quarter	$4.000	$0.750
	2nd Quarter	6.000	1.250
	3rd Quarter	2.594	1.313
	4th Quarter	3.219	1.250

As of February 15, 2000, there were 215 holders of record of the common stock and approximately 3,200 beneficial holders.

We have not declared any cash dividends during the past fiscal year with respect to the common stock. The declaration by our Board of Directors of any cash dividends in the future will depend upon the determination of as to whether, in light of our earnings, financial position, cash requirements and other relevant factors existing at the time, it appears advisable to do so. We do not plan to declare any dividends on our common stock in the foreseeable future.

During the fourth quarter of fiscal 1999, we acquired from RiderPoint, Inc. 500,000 shares of common stock of RiderPoint, Inc., in consideration of the issuance by us of 300,000 shares of our common stock; we issued 1,255,555 shares of our common stock, in conjunction with a private placement to raise $1,412,500; we issued 100,000 shares of our common stock to the former shareholders of Essex in conjunction with the attainment of certain performance objectives agreed to in connection with the acquisition of Essex; We issued 272,000 shares of our common stock to Joel Dupre, the Chairman of the Board to cancel indebtedness to Mr. Dupre and others; and we issued 69,000 shares of our common stock in conjunction with the acquisition of Peconic Telco, Inc. Such transactions were effected pursuant to Section 4(2) of the Securities Act of 1933, as amended.

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Item 6. - Selected Financial Data

The following selected financial information has been taken from our consolidated financial statements. The information set forth below should be read in conjunction with "Management's Discussion and Analysis of Financial Condition and Results of Operations" and the financial statements and related notes included elsewhere in this report.

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	Fiscal Years Ended November 30,				
	1999	1998	1997	1996	1995
<S>	<C>	<C>	<C>	<C>	<C>
Earnings Statement:					
Net Sales	$ 4,170	$ 1,485	$ 276	$ --	$ --
Gross Profit	1,167	541	92	--	--
Income(Loss) From C ontinuing Operations Before Provision for Income Taxes	(3,562)	(2,204)	(105)	--	--
Income(Loss) From Discontinued Operations	(3,943)	(2,772)	(2,763)	622	(996)
Net Income (Loss)	(7,506)	(4,977)	(2,868)	622	(996)
Net Income (Loss) From Continuing Operations per Common Share:					
Basic	(0.41)	(0.43)	(0.03)	--	--
Diluted	(0.41)	(0.43)	(0.03)	--	--
Cash Dividends	--	--	--	--	--
Balance Sheet:					
Working Capital	$ (101)	$ 334	$ 5,107	$ 1,553	$ 1,142
Property, Plant, Equipment	212	835	827	888	650
Total Assets	7,297	11,029	14,042	9,577	10,013
Long-Term Debt(Less Current Maturities)	198	291	4,522	348	590
Stockholders' Equity	3,458	3,754	3,216	2,780	1,897

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Item 7. - Management's Discussions and Analysis of Financial Condition and Results of Operations

Certain statements set forth below under this caption constitute "forward-looking statements" within the meaning of the Private Securities Litigation Reform Act of 1995. Please refer to page 3 of this Annual Report on Form 10-K for additional factors relating to such statements.

Item 7. Management's Analysis and Discussion of Financial Condition and Results of Operations

Fiscal Year 1999 Compared to Fiscal Year 1998

Continuing operations

Net sales for fiscal 1999 increased by approximately $2,686,000 or approximately 181%, to approximately $4,170,000 as compared to approximately $1,484,000 reported in fiscal 1998. The following table presents our net sales by industry segment for the fiscal years ended November 30, 1999 and 1998:

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Industry segment	Fiscal years ended November 30, 1999	1998	Increase
<S>	<C>	<C>	<C>
Retail sales	$1,895,000	$1,111,000	$ 784,000
Telecommunications	2,275,000	373,000	1,902,000
Total	$4,170,000	$1,484,000	$2,686,000

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Net sales of our telecommunications division, which consisted of the operations of Essex and WebQuill, increased by approximately $1,902,000, or approximately 510%, to approximately $2,275,000 in fiscal 1999 as compared to approximately $373,000 in fiscal 1998. This increase was attributable to the rapid growth in the number of installed access lines provisioned by us during the third and fourth quarters of fiscal 1999. Installed access lines amounted to approximately 2,400 on August 1, 1999 and grew to approximately 9,100 lines on November 30, 1999. Revenue for each installed access line averages approximately $50 per month.

Net sales of our retail division, consisting of the operations of Airline Venture, Inc. ("AVI"), increased by approximately $784,000, or approximately 71%, to approximately $1,895,000 in fiscal 1999 as compared to approximately $1,111,000 in fiscal 1998. The increase was partially attributable to the acquisition in January 1999 of Tag Air and partially attributable to increased product offerings. AVI operates three retail stores in Texas for professional airline flight crew members and sells pilot uniforms, study guides and travel products. Its products are also sold on the E-commerce sites www.avishop.com and www.800bags.com.

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The Company's gross profit increased by approximately $626,000, to approximately $1,167,000 reported in fiscal 1999 from approximately $540,000 reported in fiscal 1998, and the gross profit percentage decreased to 28% in fiscal 1999 from 36% reported in fiscal 1998. The decrease in gross profit percentage was primarily attributable to the significant increase in sales of our telecommunications division, which has lower margins than our retail sales division. Gross profit percentages amounted to 41% for the retail division and 17% for the telecommunications division, respectively, for fiscal 1999. We expect the retail division's gross margin to continue at its current level and the telecommunication division's gross margin to increase as Essex converts its customer base from a resale service offering to the Unbundled Network Elements Platform ("UNE-P") service offering that is now available through Bell Atlantic Corporation in the States of New York and Massachusetts. Approximately 56% of our customer lines were converted from resale to UNE-P as of November 30, 1999. Furthermore, effective February 17, 2000, the FCC has mandated that the UNE-P service offering be offered in every state. This ruling should help us convert more of our installed access lines to UNE-P and obtain higher gross margins in our telecommunications division. We estimate that in most states, the gross profit achieved from the UNE-P service offering should be approximately 40%, as compared to a resold line, which generates a gross margin of approximately 9%.

Selling, general and administrative expenses increased by approximately $1,559,000, or approximately 132%, to approximately $2,741,000 in fiscal 1999 as compared to approximately $1,182,000 in fiscal 1998. A major portion of the increase was directly attributable to increased labor and facility expenses incurred by our telecommunications division. This increase in expense is directly related to the significant increase in sales in fiscal 1999 as compared to fiscal 1998.

Interest expense from continuing operations amounted to approximately $15,000 in fiscal 1999. There was less than $1,000 of interest expense from our continuing operations during fiscal 1998.

At November 30, 1999, we were the largest shareholder of Access One Communications Corp. ("Access One"), owning approximately 21% of Access One's capital stock. As our investment in Access One is accounted for under the equity method of accounting, we are required to include our portion of Access One's net loss, up to the amount of our investment in Access One, in our results of operations. In fiscal 1999, we have recorded a loss of approximately $1,662,000 as compared to a loss of approximately $1,423,000 in fiscal 1998. We have been advised by Access One that their losses related to funding aggressive customer growth and the related costs associated with hiring employees to provision lines and provide customer service. As a result of the losses, our investment is now carried at $0.

Discontinued operations

On August 11, 1999, we sold certain assets and assigned certain licenses of our domestic luggage division to Interbrand L.L.C., an unrelated accessories company, in furtherance of our previously announced plans to discontinue the operations of our wholesale luggage segment. In addition to purchasing inventory, equipment and other assets, Interbrand also hired certain of our employees, including our current Chairman of the Board, Joel Dupre. Upon being hired by Interbrand, Mr. Dupre resigned his position as our Chief Executive Officer, and we no longer employ him.

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The operating results of our wholesale luggage segment have been accounted for as a discontinued operation and the results of operations have been excluded from continuing operations in our consolidated statements of operations for all periods presented, including the prior period financial statements in which we have restated the operating results of our wholesale luggage segment as a discontinued operation. Interest expense relating to borrowings by our former wholesale luggage segment is included as operating expenses of such discontinued segment. For fiscal 1999, we reported a loss from discontinued operations of approximately $3,179,000 and a loss on disposal of discontinued operations of approximately $764,000. A cumulative loss on foreign currency translation adjustment of approximately $572,000, which formerly was presented as a separate component of shareholder's equity, is now reflected as a loss related solely to the discontinued segment.

Fiscal Year 1998 Compared to Fiscal Year 1997

Net sales for fiscal 1998 increased by approximately $1,209,000 to approximately $1,485,000 as compared to approximately $276,000 reported in fiscal 1997. Net sales of our retail division, consisting of the operations of AVI, increased by approximately $835,000 in fiscal 1998 to approximately $1,111,000 from approximately $276,000 in fiscal 1997 as we reported a full year of retail operations in fiscal 1998 as compared to only three months in fiscal 1997.

Net sales of our telecommunications division amounted to approximately $374,000 in fiscal 1998, its first year of operation. Essex operated as a reseller of local telephone services and value-added products in the states of Connecticut, Massachusetts, New Jersey, New York and Virginia. WebQuill, which was acquired in August 1998, provided dial-up and dedicated Internet access, Web design, hosting and E-commerce development to small-and medium-sized businesses.

Our gross margin increased in fiscal 1998 by approximately $448,000 to approximately $540,000 from approximately $92,000 in fiscal 1997. The gross margin percentage increased to 36% in fiscal 1998, as compared to 33% in fiscal 1997. The increase in gross margin percentage is primarily due to the 44% gross margin from the retail division in fiscal 1998 as compared to 33% in fiscal 1997. The increases both in gross margin and gross margin percentage of the retail division are attributable to the operation of that business for a full year in fiscal 1998, as compared to a partial year of operations in fiscal 1997, which included start-up costs and operational expenses related to establishing appropriate vendor relationships and product offerings. The telecommunications division reported a gross margin of 14% in its first year of operations.

Selling general and administrative expenses increased in fiscal 1998 by approximately $993,000, or approximately 525%, to approximately $1,182,000 from approximately $189,000 reported in fiscal 1997. This increase in expenses was primarily attributable to our telecommunications operations, which were not in operation in fiscal 1997, and to our retail division, which was only in operation for three months in fiscal 1997.

Interest expense amounted to less than $1,000 in fiscal 1998 as compared to no interest expense in fiscal 1997. Both divisions operated without requiring a lending facility.

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At the end of fiscal 1998, we were the largest shareholder of Access One, owning approximately 31%. As our investment in Access One is accounted for under the equity method of accounting, we were required to include our portion of Access One's net loss in our results of operations. For fiscal 1998, we recorded a loss of approximately $1,423,000 relating to our investment in Access One. We have been advised by Access One that Access One's losses in fiscal 1998 were primarily the result of funding aggressive customer growth and the related costs associated with hiring employees to verify and provision lines, to staff a customer service operation and to develop a management information system. In addition, in fiscal 1998, Access One purchased local telephone service from BellSouth at a wholesale discount of 16.8% and passed on almost half of its discount to its customer base. The gross profit on this business was not large enough to cover the selling, general and administrative expenses associated with operating a local telephone company.

Liquidity and Capital Resources

At November 30, 1999, the Company had cash and cash equivalents of approximately $591,000 and a working capital deficit of approximately $101,000, an increase of approximately $239,000 and a decrease of approximately $435,000, respectively, over amounts reported at November 30, 1998. The decrease in working capital resulted primarily from the losses incurred from our former luggage segment and the costs associated with disposing of that segment.

Net cash provided by (used in) operating activities (including discontinued operations) aggregated approximately $610,000, $1,783,000 and ($6,627,000) in fiscal 1999, 1998 and 1997, respectively. The decrease in the net cash provided by operating activities in fiscal 1999 as compared to fiscal 1998 is primarily due to our ability to reduce our accounts receivable balances in fiscal 1998 by approximately $1,289,000, as compared to a reduction in fiscal 1999 of approximately $213,000. Although we disposed of a substantial portion of the assets of our luggage division in August 1999, by November 30, 1999, we were successful in increasing the sales of our telecommunications division and consequently created new accounts receivable balances. The increase in net cash provided by operating activities (which primarily reflected the operations of our discontinued luggage division) in fiscal 1998 as compared to fiscal 1997, primarily reflected a decrease in inventory and accounts receivable offset by the increase in our net loss from operations. The reduction in inventory levels was primarily due to our ability to better manage purchases relative to sales forecasts and the lack of import quota purchase constraints in fiscal 1998 that existed in fiscal 1997. The reduction in accounts receivable primarily reflects tighter credit and collection policies.

Net cash used in investing activities aggregated approximately $95,000, $158,000 and $58,000 in fiscal 1999, 1998 and 1997, respectively. The principal uses of cash from investing activities in fiscal 1999, 1998 and 1997 were for the purchase of fixed assets. In addition, we used approximately $24,000 for the 1999 acquisition of Peconic Telco, Inc. and $150,000 for the 1998 payment of certain obligations in conjunction with the acquisition of WebQuill. In fiscal 1999, 1998 and 1997, the principal sources of net cash provided by investing activities were proceeds from the sale of a subsidiary.

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Net cash (used in) provided by financing activities aggregated approximately ($270,000), ($1,399,000) and $6,391,000 in fiscal 1999, 1998 and 1997, respectively. In fiscal 1999, net cash used in financing activities resulted in the repayment of a revolving credit line of approximately $2,769,000, which was partially offset by the proceeds from a private placement of common stock of approximately $2,026,000, a loan from an officer in the net amount of approximately $227,000, the proceeds from the issuance of preferred stock in the amount of approximately $196,000 and the proceeds from the exercise of stock options of approximately $44,000. In fiscal 1998, net cash used in financing activities resulted from a repayment of a revolving credit line of approximately $2,528,000, which was partially offset by proceeds of approximately $18,000 from the exercise of stock options, proceeds of approximately $651,000 from a private equity placement and proceeds of approximately $468,000 from the exercise of stock warrants. In fiscal 1997, repayments of short-term debt of approximately $1,601,000 were offset by an increase of approximately $5,714,000 in net cash provided by a revolving credit facility. This increase was the result of a working capital agreement (see below) under which we were able to borrow up to 80% of the dollar amount of our eligible accounts receivable and 50% of our eligible inventory. During fiscal 1997, we also received approximately $166,000 in proceeds from the exercise of stock options; approximately $609,000 in proceeds from a private equity placement; and approximately $1,509,000 in proceeds from the exercise of stock warrants.

On December 17, 1996, we entered into a financing agreement with Coast Business Credit ("Coast"), a division of Southern Pacific Thrift and Loan Association, pursuant to which Coast made available to us a line of credit of $7,000,000 with advances based on 80% of our eligible accounts receivable and 50% of our eligible inventory. This loan was scheduled to mature on December 31, 1999, and was paid in full on December 29, 1999.

On March 3, 1999, our subsidiary, Essex, entered into a Receivable Sale Agreement with Receivables Funding Corp. ("RFC") that provides for Essex to sell up to $500,000 of its eligible receivables to RFC on a periodic basis and to grant RFC a security interest in the receivables purchased by RFC. The Receivables Sale Agreement does not transfer the risk of loss to RFC, and has been treated by us as a financing for financial statement purposes. As of November 30, 1999, Essex was indebted to RFC for the principal amount of approximately $198,000. Essex borrows from RFC at approximately five percentage points above the prime rate, which was 8.5% per annum at November 30, 1999. In December 1999, Essex increased the amount of eligible receivables it can sell to RFC to $1,000,000.

Our Canadian subsidiary has a mortgage on its real property in the amount of $304,000. The mortgage is payable in monthly installments of approximately $3,000, which includes interest at the rate of 10.25% per annum, with a balloon payment of approximately $291,000 in the year 2000. We have received an appraisal of the building of approximately $1,000,000, and we intend to sell the building in an orderly manner during fiscal 2000. The rental income from the current tenants covers the debt service and maintenance requirements of the building.

In fiscal 1999, our capital expenditures amounted to approximately $121,000. We expect to make additional capital expenditures of approximately $350,000 for equipment for our telecommunications division over the next 12 months. Such expenditures will be made in conjunction with the establishment of a network operating center in Norwalk, Connecticut and with the planned expansion to become a nationwide CLEC. We anticipate we will be able to finance equipment purchases through equipment leases or with working capital.

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At February 15, 2000 we owned approximately 21% of Access One, which had at such date approximately 60,000 installed access lines and revenues of approximately $3,000,000 per month. Although Access One has approximately 750 shareholders, it is not publicly traded, there is no readily ascertainable market for its stock, and the shares held by us bear a restrictive legend stating that the shares have not been registered under the Securities Act of 1933. Despite the trading restriction, we have received offers to purchase a portion of our Access One stock for amounts ranging from $4.00 to $5.00 per share and subsequent to November 30, 1999, we sold 17,000 shares of stock in this price range. At February 15, 2000 we owned 3,918,500 shares of Access One and warrants to purchase 500,000 additional shares at $1.20 per share. Our investment in Access One is recorded on our books by the equity method of accounting and is carried at $0 as of November 30, 1999.

We believe that the retail division's working capital and cash flow from operations will be sufficient to meet the cash and capital requirements for our retail division for the next 12 months. Our plan for the growth of our telecommunications division includes an aggressive strategy to finish fiscal 2000 with more than 65,000 installed access lines. Although we anticipate that we will have reached profitability on a monthly basis at this level of operation, we will need to expend cash and we expect to incur additional losses before we are able to grow our business to a profitable level. Subsequent to November 30, 1999, we received net proceeds of approximately $2,000,000 from the exercise of warrants and from a private placement of our common stock. We believe our cash and cash equivalents at February 28, 2000 provide us with enough liquidity to carry out our fiscal 2000 growth plans. The inability to carry out our plans may result in the continuance of unprofitable operations, which would adversely affect our financial condition and results of operations.

Impact of Year 2000

The Year 2000 ("Y2K") issue is the result of computer-controlled systems using two digits rather than four to define the applicable year. For example, computer programs that have time sensitive software may recognize a date using "00" as the year 1900 instead of the year 2000. This reading could result in a system failure or miscalculations and cause a disruption in operations, including, among other things, a temporary inability to process transactions, send invoices or engage in similar normal business activity.

Since 1998, we have devoted significant efforts to address Y2K issues. We have developed a comprehensive, company-wide plan to identify, evaluate and remediate Y2K issues. In addition to the planning and testing that occurred throughout fiscal 1999, our technical support team reevaluated all our equipment during the month of December 1999, to assure the maintenance of uninterrupted service to our customers. In addition, our plan included a review of the Y2K readiness of our vendors and suppliers who have material relationships with us. The major phases of the plan with respect to each of these categories included an inventory of all hardware and software components with possible date implications, an assessment of the Y2K readiness of all Web sites and E-commerce sites, the remediation of all Y2K issues which have been identified in the assessment phase, and validation testing and certification as to Y2K compliance.

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Our estimate of the total cost of our Y2K compliance efforts, based on amounts expended to date, plus estimated amounts of additional remediation costs, if any, is immaterial to the operations of the Company. The estimated Y2K costs have not been independently verified and may vary in the event of unforeseen Y2K remediation costs or costs related to the unanticipated costs from a third party vendor. Certain costs budgeted for the procurement of upgrades or replacements of servers and business information systems have not been included in this amount since these upgrades or replacements were being made by us independent of Y2K readiness. The estimated Y2K costs did not include our internal costs, such as compensation and benefits of employees delegated Y2K responsibilities, related to our Y2K plan since such costs are not internally allocated by us. We expect to fund any additional Y2K compliance efforts with cash flows from operations.

We have contacted various mission-critical external parties and have conducted testing procedures with certain of these external parties in order to confirm Y2K readiness. Some of our internal data networks are interconnected with, or dependent upon, systems operated by third parties, including telecommunications/data service providers and public utilities. Since external parties are responsible for addressing their own Y2K readiness, we are only able to determine at this time an estimate as to the extent to which any such conditions exist, and if they do exist, the extent to which they may have a material impact on our results of operations, financial condition or liquidity. Subsequent to December 31, 1999, we experienced no significant events, nor received any significant reports indicating any material Y2K issues. We are unaware of any uncorrected problems regarding the Y2K issue at this time, but will continue to monitor for any potential problems throughout 2000.

New Accounting Standards

In 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standard 130, "Reporting Comprehensive Income" ("Statement 130"). Statement 130 establishes standards for the reporting and display of comprehensive income and its components in financial statements. Comprehensive income, as defined, is the change in equity of a business enterprise during a period from transactions and other events and circumstances from non-owner sources. The provisions of Statement 130 are effective for periods beginning after December 15, 1997. Accordingly, we adopted this standard for our fiscal year ending November 30, 1999.

In 1997, the Financial Accounting Standards Board issued Statement of Financial Accounting Standards 131, "Disclosures about Segments of an Enterprise and Related Information" ("Statement 131"), which establishes standards for segment reporting and disclosure of additional information on products and services, geographic areas and major customers. The provisions of Statement 131 are effective for periods beginning after December 15, 1997. Accordingly, we adopted this standard for our fiscal year ending November 30, 1999.

Item 7A. - Quantitative and Qualitative Disclosure About Market Risk

Our debt is currently limited to $1,000,000 under our current borrowing arrangements and such borrowings are at an effective rate of five percent over the prime rate. We currently do not use interest rate derivative instruments to manage our exposure to interest rate changes.

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Item 8. - Financial Statements and Supplementary Data

The financial statements and supplementary data to be provided pursuant to this Item 8 are included under Item 14 of this Report.

Item 9. - Changes in and Disagreements with Accountants on Accounting and Financial Disclosure

Not applicable.

Part III

Item 10. - Directors and Executive Officers of the Company

The information required by this Item is incorporated here by reference to our definitive proxy statement for our 2000 Annual Meeting of Stockholders.

Item 11. - Executive Compensation

The information required by this Item is incorporated here by reference to our definitive proxy statement for our 2000 Annual Meeting of Stockholders.

Item 12. - Security Ownership of Certain Beneficial Owners and Management

The information required by this Item is incorporated here by reference to our definitive proxy statement for our 2000 Annual Meeting of Stockholders.

Item 13. - Certain Relationships and Related Transactions

The information required by this Item is incorporated here by reference to our definitive proxy statement for our 2000 Annual Meeting of Stockholders.

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PART IV

Item 14. - Exhibits, Financial Statement Schedules, and Reports on Form 8-K

(a) 1. Financial Statements
2. Financial Statement schedules
3. Exhibits
(3) Articles of Incorporation and By-laws
(a) Certificate of Incorporation, as amended, incorporated by reference to the Company's Registration Statement on Form S-1 filed with the Securities and Exchange Commission on August 27, 1969 under Registration Number 2-34436.
(b) Certificate of Amendment of the Certificate of Incorporation, incorporated by reference to the Company's definitive proxy statement filed with the Securities and Exchange Commission in connection with the Company's Annual Meeting of Shareholders held in May, 1984.
(c) Certificate of Amendment to the Certificate of Incorporation, incorporated by reference to Exhibit 3(b) to the Company's Annual Report on Form 10-K for the year ended November 30, 1988.
(d) Certificate of Amendment to the Certificate of Incorporation, incorporated by reference to Exhibit 3(e) to the Company's Annual Report on Form 10-K for the year ended November 30, 1994, as amended.
(e) Certificate of Amendment of the Certificate of Incorporation, incorporated by reference to Exhibit 3 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 31, 1995.
(f) Certificate of Amendment of the Certificate of Incorporation, incorporated by reference to Exhibit 3.1 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 31, 1998.
(g) Certificate of Amendment of the Certificate of Incorporation, incorporated by reference to Exhibit 3.2 to the Company's Quarterly Report on Form 10-Q for the quarter ended August 31, 1998.
(h) Certificate of Amendment of the Certificate of Incorporation, incorporated by reference to Exhibit 3(1) to the Company's Current Report on Form 8-K dated November 16, 1999.
(i) By-laws, amended and restated as of December 1996, incorporated by reference to Exhibit 3(e) to the Company's Annual Report on Form 10-K for the year ended November 30, 1996.
(10) Material Contracts
(a) 1995 Stock Option Plan, incorporated by reference to Exhibit 10(I) to the Company's Annual Report on Form 10-K for the year ended November 30, 1995, as amended.
(b) 1996 Restricted Stock Award Plan, incorporated by reference to Exhibit A to the Company's Proxy Statement dated October 24, 1996.

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(c) Employment Agreement, dated November 5, 1996 between the Company and Paul Riss, incorporated by reference to Exhibit 10(f) to the Company's Annual Report on Form 10-K for the year ended November 30, 1996. (d) Agreement and Plan of Merger dated January 21, 2000 between eLEC Communications Corp., eLEC Communications Sub I, Inc., and Telecarrier Services, Inc., Michael Lagana and Zina Hassel, incorporated by reference to Exhibit 2.1 to the Company's Current Report on Form 8-K, dated January 21, 2000.

(22) Subsidiaries of Company - The significant subsidiaries of Company, all of which are wholly-owned by Company and included in its consolidated financial statements, are as follows:

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Name	Jurisdiction of Organization
<S>	<C>
American Telecom LLC	Connecticut
Airline Ventures, Inc.	Texas
Essex Communications, Inc.	New York
Peconic Telco, Inc.	New York
Sirco Industries, Limited	Hong Kong
Sirco International (Canada) Limited	Canada
Telecarrier Services, Inc.	Delaware
WebQuill Internet Services LLC	Connecticut

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(23) Consent of Nussbaum Yates & Wolpow, P.C.
(27) Financial Data Schedule

(b) Reports on Form 8-K.

We filed a Current Report on Form 8-K dated August 11, 1999 reporting the approval by our Board of Directors of a corporate name change to eLEC Communications Corp., subject to shareholder approval, and providing the pro forma financial information with respect to the previously reported sale of certain assets of our former luggage division pursuant to the asset purchase agreement with Interbrand L.L.C. (Items 2 and 7).

We filed a Current Report on Form 8-K dated November 16, 1999 reporting the change of our corporate name from Sirco International Corp. to eLEC Communications Corp. (Item 5).

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We filed a Current Report on Form 8-K dated January 21, 2000 reporting our acquisition of Telecarrier Services, Inc. At the time of the filing it was impracticable for us to provide the required pro forma financial information, if any, with respect to such transaction. We intend to file such information, if required, by amendment to the Form 8-K as soon as practicable, but in any event within 60 days of the filing of the initial Form 8-K.

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SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the Company has duly caused this Report to be signed on its behalf by the undersigned, thereunto duly authorized on the 28th day of February 2000.

eLEC COMMUNICATIONS CORP.
(Company)

By: /s/ Paul H. Riss

Paul H. Riss
Chief Executive Officer

Pursuant to the requirements of the Securities Exchange Act of 1934, this Report has been signed below by the following persons on behalf of the Company and in the capacities and on the dates indicated.

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Signature	Title	Date
<S>	<C>	<C>
/s/ Paul H. Riss ---------------- Paul H. Riss	Chief Executive Officer Chief Financial Officer (Principal Accounting Officer) Director	February 28, 2000
/s/ Joel Dupre -------------- Joel Dupre	Chairman of the Board of Directors	February 28, 2000
/s/ Eric M. Hellige ------------------- Eric M. Hellige	Director	February 28, 2000
/s/ Anthony Scalice ------------------- Anthony Scalice	Director	February 28, 2000

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FORM 10-K

ITEM 14(a)(1) AND (2)

eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES

LIST OF FINANCIAL STATEMENTS AND FINANCIAL STATEMENT SCHEDULES

The following consolidated financial statements of eLEC Communications, Inc. and Subsidiaries are included in Item 8:

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All other schedules are omitted because they are not required, are inapplicable, or the information is included in the financial statements or notes thereto.

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Report of Independent Auditors

The Board of Directors and Shareholders
eLEC Communications, Inc.
Norwalk, Connecticut

We have audited the accompanying consolidated balance sheets of eLEC Communications, Inc. (formerly known as Sirco International Corp.) and Subsidiaries as of November 30, 1999 and 1998, and the related consolidated statements of operations, stockholders' equity, and cash flows for the years ended November 30, 1999, 1998 and 1997. 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 generally accepted auditing standards. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, based on our audits, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of eLEC Communications, Inc. and its subsidiaries as of November 30, 1999 and 1998, and the consolidated results of their operations and their consolidated cash flows for the years ended November 30, 1999, 1998 and 1997, in conformity with generally accepted accounting principles.

We have also audited Schedule II for each of the years in the period ended November 30, 1999. In our opinion, this schedule presents fairly, in all material respects, the information required to be set forth therein.

/s/NUSSBAUM YATES & WOLPOW, P.C.

NUSSBAUM YATES & WOLPOW, P.C.

Melville, New York
February 21, 2000 (February 25, 2000 as
to the last paragraph of Note 15)

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS
NOVEMBER 30, 1999 AND 1998

ASSETS

<S>	1999 <C>	1998 <C>
Current assets:		
Cash and cash equivalents	$ 591,299	$ 352,489
Accounts receivable, principally trade - net of allowance of $424,000 and $337,000 in 1999 and 1998	1,245,078	1,565,727
Inventories	876,460	4,397,635
Prepaid expenses	52,636	199,805
Other current assets	177,680	36,791
Land and building held for sale	596,304	--
Recoverable income taxes	--	149,902
Total current assets	3,539,457	6,702,349
Property, plant and equipment - at cost:		
Land	--	185,279
Building	--	459,788
Machinery and equipment	322,734	941,127
Leasehold improvements	--	320,132
	322,734	1,906,326
Less accumulated depreciation and amortization	111,036	1,070,852
	211,698	835,474
Other assets:		
Investment in and advances to subsidiary	424,575	464,573
Goodwill, net of accumulated amortization of $352,966 and $110,302 in 1999 and 1998	1,554,370	1,377,958
Investment in affiliate under equity method	0	1,476,434
Investments under cast method	1,469,929	---
Other	97,108	172,254
	3,545,982	3,491,219
Total assets	$7,297,137	$11,029,042

</TABLE>

See accompanying notes to consolidated financial statements.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED BALANCE SHEETS (CONTINUED)
NOVEMBER 30, 1999 AND 1998

LIABILITIES AND STOCKHOLDERS' EQUITY

<S>	1999 <C>	1998 <C>
Current liabilities:		
Loans payable to financial institutions and current maturities of long-term debt	$ 523,695	$ 3,193,344
Due to related parties	34,725	519,596
Accounts payable	1,302,714	993,779
Accrued expenses and taxes	1,779,704	1,661,420
Total current liabilities	3,640,838	6,368,139
Long-term debt, less current maturities	197,772	290,994
Due to related parties and accounts payable refinanced	--	615,829

Commitments and contingencies
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<S>	<C>	<C>
Stockholders' equity:		
Preferred stock, Series A, $.10 par value; 1,000,000 shares authorized, 700 shares issued in 1998 (none in 1999), liquidation preference $1,000 per share	--	70
Preferred stock, Series B, $.10 par value; 1,300 shares authorized, 196 shares issued in 1999, liquidation preference $1,000 per share	20	--
Common stock, $.10 par value; 20,000,000 shares authorized in 1999 and 1998, 11,287,164 and 6,343,316 shares issued in 1999 and 1998	1,128,715	634,331
Capital in excess of par value	18,808,397	12,851,015
Deficit	(16,370,088)	(8,864,535)
Treasury stock at cost, 11,000 shares	(27,500)	(27,500)
Treasury stock held by equity investee	--	(159,396)
Accumulated other comprehensive income (loss), accumulated foreign currency translation adjustment	(81,017)	(679,905)
	------------	-----------
Total stockholders' equity	3,458,527	3,754,080
	------------	-----------
Total liabilities and stockholders' equity	$ 7,297,137	$11,029,042
	------------	-----------

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See accompanying notes to consolidated financial statements.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF OPERATIONS
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

<S>	1999 <C>	1998 <C>	1997 <C>
Revenues:			
Telecommunications services	$ 2,275,474	$ 373,885	$ --
Specialty retail travel products	1,894,557	1,111,339	275,871
Total revenues	4,170,031	1,485,224	275,871
Costs and expenses:			
Costs of telecommunication services	1,884,949	321,430	--
Cost of specialty retail travel product sales	1,117,749	623,242	183,505
Selling, general and administrativ	2,741,264	1,181,873	188,860
Depreciation and amortization	330,054	139,451	8,678
Equity in loss of Access One Communications Corp	1,661,630	1,423,300	--
Total costs and expenses	7,735,646	3,689,296	381,043
Loss from operations	(3,565,615)	(2,204,072)	(105,172)
Other income (expense):			
Interest expense	(15,419)	(467)	--
Interest income	18,546	--	--
Loss from continuing operations	(3,562,488)	(2,204,539)	(105,172)
Discontinued operations:			
Loss from discontinued operations	(3,179,361)	(2,772,464)	(2,762,993)
Estimated loss on disposal of discontinued operations	(763,704)	--	--
Loss from discontinued operations	(3,943,065)	(2,772,464)	(2,762,993)
Net loss	($7,505,553)	($4,977,003)	($2,868,165)

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<S>	<C>	<C>	<C>
Basic and diluted loss per share:			
Continuing operations	($ .41)	($ .43)	($ .03)
Discontinued operations	($ .45)	($ .53)	($ .85)
Net loss	($ .86)	($ .96)	($ .88)
Weighted-average number of common shares outstanding	8,717,554	5,184,748	3,243,392

</TABLE>

See accompanying notes to consolidated financial statements.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

	Preferred Stock		Common Stock		Capital In Excess of		
	Shares	Amount	Shares	Amount	Par Value	Deficit	Stock
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, November 30, 1996	--	$--	2,630,400	$ 263,040	$ 4,136,014	($1,019,367)	($27,500)
Net loss	--	--	--	--	--	(2,868,165)	--
Translation adjustment	--	--	--	--	--	--	--
Comprehensive income (loss)	--	--	--	--	--	--	--
Exercise of stock options	--	--	145,000	14,500	151,750	--	--
Issuance of common stock in private placement	--	--	400,000	40,000	569,000	--	--
Exercise of warrants	--	--	700,000	70,000	1,439,104	--	--
Stock issued for equity investment in Access One Communications Corp.	--	--	425,000	42,500	1,457,500	--	--
Treasury stock acquired by equity investee	--	--	--	--	--	--	--
Balance, November 30, 1997	--	--	4,300,400	430,040	7,753,368	(3,887,532)	(27,500)
Net loss	--	--	--	--	--	(4,977,003)	--
Translation adjustment	--	--	--	--	--	--	--
Comprehensive income (loss)	--	--	--	--	--	--	--
Exercise of stock options	--	--	15,000	1,500	16,688	--	--
Stock issued for debt retirement	--	--	260,000	26,000	1,144,000	--	--
Exercise of warrants	--	--	212,000	21,200	446,704	--	--
Stock issued for acquisition of Essex Communications, Inc.	--	--	350,000	35,000	702,820	--	--
Stock issued for acquisition of Webquill Internet Services, LLC	--	--	375,000	37,500	637,500	--	--
Issuance of preferred stock	700	70	--	--	651,315	--	--
Stock issued for services	--	--	30,916	3,091	19,520	--	--
Stock issued for equity investment in Access One Communications	--	--	800,000	80,000	1,479,100	--	--
Reduction in treasury stock held by equity investee	--	--	--	--	--	--	--
Balance, November 30, 1998	700	70	6,343,316	634,331	12,851,015	(8,864,535)	(27,500)

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	Treasury Stock Held by Equity Investee	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
<S>	<C>	<C>	<C>
Balance, November 30, 1996	$ --	($571,691)	$ 2,780,496
Net loss	--	--	(2,868,165)
Translation adjustment	--	(61,060)	(61,060)
Comprehensive income (loss)	--	--	(2,929,225)
Exercise of stock options	--	--	166,250
Issuance of common stock in private placement	--	--	609,000
Exercise of warrants	--	--	1,509,104
Stock issued for equity investment in Access One Communications Corp.	--	--	1,500,000
Treasury stock acquired by equity investee	(420,000)	--	(420,000)
Balance, November 30, 1997	(420,000)	(632,751)	3,215,625
Net loss	--	--	(4,977,003)
Translation adjustment	--	(47,154)	(47,154)
Comprehensive income (loss)	--	--	(5,024,157)
Exercise of stock options	--	--	18,188
Stock issued for debt retirement	--	--	1,170,000
Exercise of warrants	--	--	467,904
Stock issued for acquisition of Essex Communications, Inc.	--	--	737,820
Stock issued for acquisition of Webquill Internet Services, LLC	--	--	675,000
Issuance of preferred stock	--	--	651,385
Stock issued for services	--	--	22,611
Stock issued for equity investment in Access One Communications	--	--	1,559,100
Reduction in treasury stock held by equity investee	260,604	--	260,604
Balance, November 30, 1998	(159,396)	(679,905)	3,754,080

(Continued)

</TABLE>

See accompanying notes to consolidated financial statements.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF STOCKHOLDERS' EQUITY (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

	Preferred Stock		Common Stock		Capital	
	Shares	Amount	Shares	Amount	In Excess of Par Value	Deficit
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Balance, November 30, 1998	700	70	6,343,316	634,331	12,851,015	(8,864,535)
Net loss						(7,505,553)
Translation adjustment, including a reclassification adjustment of $572,170 related to dissolution of Hong Kong subsidiary	--	--	--	--	--	--
Comprehensive income (loss)	--	--	--	--	--	--
Stock issued for services	--	--	25,000	2,500	35,000	--
Issuance of common stock	--	--	1,890,055	189,005	1,836,719	--
Exercise of stock options	--	--	37,000	3,700	40,050	--
Stock issued for debt retirement	--	--	1,484,780	148,478	1,945,953	--
Stock issued for acquisition of Tag Air, Inc.	--	--	149,210	14,921	158,014	--
Stock issued for acquisition of Peconic Telco, Inc.	--	--	69,000	6,900	113,850	--
Stock issued for investment in Riderpoint, Inc.	--	--	550,000	55,000	1,201,250	--
Stock issued for investment in Skyclub Communications	--	--	120,149	12,015	158,801	--
Stock issued for equity investment in Access One Communications Corp	--	--	1,420,000	142,000	1,689,800	--
Access One Communications Corp. put exercise	--	--	(1,400,000)	(140,000)	(1,666,000)	--
Reduction in treasury stock held by equity investee	--	--	--	--	--	--
Stock issued for performance conditions of Essex Communications	--	--	225,000	22,500	212,650	--
Conversion of Series A preferred stock to common stock	(700)	(70)	373,654	37,365	(37,295)	--
Issuance of Series B preferred stock	196	20	--	--	195,909	--
Adjustment of expenses incurred in raising equity	--	--	--	--	72,681	--
Balance, November 30, 1999	196	$ 20	11,287,164	$1,128,715	$ 18,808,397	($16,370,088)

</TABLE>

<PAGE>
<TABLE>
<CAPTION>

	Treasury Stock	Treasury Stock Held by Equity Investee	Accumulated Other Comprehensive Income (Loss)	Total Stockholders' Equity
Balance, November 30, 1998	(27,500)	(159,396)	(679,905)	3,754,080
Net loss				(7,505,553)
Translation adjustment, including a reclassification adjustment of $572,170 related to dissolution of Hong Kong subsidiary	--	--	598,888	598,888
Comprehensive income (loss)	--	--	--	(6,906,665)
Stock issued for services	--	--	--	37,500
Issuance of common stock	--	--	--	2,025,774
Exercise of stock options	--	--	--	43,750
Stock issued for debt retirement	--	--	--	2,094,431
Stock issued for acquisition of Tag Air, Inc.	--	--	--	172,935
Stock issued for acquisition of Peconic Telco, Inc.	--	--	--	120,750
Stock issued for investment in Riderpoint, Inc.	--	--	--	1,256,250
Stock issued for investment in Skyclub Communications	--	--	--	170,816
Stock issued for equity investment in Access One Communications Corp	--	--	--	1,831,800
Access One Communications Corp. put exercise	--	--	--	(1,806,000)
Reduction in treasury stock held by equity investee	--	159,396	--	159,396
Stock issued for performance conditions of Essex Communications	--	--	--	235,150
Conversion of Series A preferred stock to common stock	--	--	--	--
Issuance of Series B preferred stock	--	--	--	195,929
Adjustment of expenses incurred in raising equity	--	--	--	72,681
Balance, November 30, 1999	($27,500)	$ --	($ 81,017)	$ 3,458,527

</TABLE>

See accompanying notes to consolidated financial statements.

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<CAPTION>

eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

<S>	1999 <C>	1998 <C>	1997 <C>
Operating activities:			
Net loss	($7,505,553)	($4,977,003)	($2,868,165)
Adjustments to reconcile net income (loss) to net cash provided by (used in) operating activities:			
Depreciation and amortization	375,958	227,005	110,168
Abandonment of property plant and equipment	227,232	--	--
Translation adjustment related to liquidation of Hong Kong subsidiary	572,170	--	--
Loss on equity investment including goodwill amortization of $375,000 in 1999 and 1998	1,661,630	1,423,300	--
Stock issued for services	37,500	22,611	--
Provision for losses on accounts receivable and other assets	108,000	299,000	278,000
Loss on sale of property, plant and equipment	7,499	--	7,012
Estimated gain on sale of land and building of discontinued operations	(169,650)	--	--
Changes in operating assets and liabilities, net of effects of acquisitions and other transactions:			
Accounts receivable	213,107	1,289,333	(594,077)
Inventories	3,526,891	3,275,479	(3,325,876)
Prepaid expenses	146,827	42,988	12,926
Other current assets	(140,889)	6,595	79,014
Other assets	75,146	41,839	(60,538)
Accounts payable, related parties and accrued expenses	1,324,545	156,498	182,538
Income taxes	149,902	(24,930)	(448,240)
Net cash provided by (used in) operating activities	610,315	1,782,715	(6,627,238)
Investing activities, net of effects of acquisitions:			
Purchases of property, plant and equipment	(120,935)	(57,765)	(87,045)
Proceeds from sale of property, plant and equipment	9,840	--	3,607
Cash inflow from agreement to sell subsidiary	39,998	50,224	25,700
Payment of certain obligations of WebQuill Internet Services, LLC	--	(150,000)	--
Acquisition of Peconic Telco, Inc., net of cash acquired	(24,053)	--	--
Net cash used in investing activities	(95,150)	(157,541)	(57,738)

</TABLE>

(Continued)

See accompanying notes to consolidated financial statements.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
CONSOLIDATED STATEMENTS OF CASH FLOWS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

<S>	1999 <C>	1998 <C>	1997 <C>
Financing activities:			
Repayment of loans payable to financial institutions and short-term loans payable to related parties, net	$ --	$ --	($1,600,821)
Proceeds from (repayment of) revolving credit line, net	(2,768,944)	(2,527,977)	5,714,056
Repayment of long-term debt, net of exchange rate	6,073	(8,470)	(6,550)
Officer loan, net of repayment	227,000	--	--
Proceeds from exercise of stock options	43,750	18,188	166,250
Proceeds from private placement of common stock	2,025,774	--	609,000
Proceeds from exercise of warrants	--	467,904	1,509,104
Proceeds from issuance of preferred stock	195,929	651,385	--
Net cash provided by (used in) financing activities	(270,418)	(1,398,970)	6,391,039
Effect of exchange rate changes on cash	(5,937)	12,095	18,084
Increase (decrease) in cash and cash equivalents	238,810	238,299	(275,853)
Cash and cash equivalents at beginning of year	352,489	114,190	390,043
Cash and cash equivalents at end of year	$ 591,299	$ 352,489	$ 114,190
Cash paid during the year for:			
Interest	$ 297,209	$ 502,005	$ 510,869
Income taxes	$ --	$ --	$ 300,015

</TABLE>

Supplemental disclosure of non-cash investing and financing activities:

See Notes 2, 3, 7 and 8.

See accompanying notes to consolidated financial statements.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

1. Description of Business and Summary of Accounting Principles

Description of Business and Concentration of Credit Risk

eLEC Communications, Inc. ("eLEC" or the "Company") (formerly known as Sirco International Corp.) presently has two active business segments. The first active business segment, and the principal focus of the Company, is as a competitive local exchange carrier through its wholly-owned subsidiaries, Essex Communications, Inc. ("Essex") and WebQuill Internet Services LLC ("WebQuill"), to resell and provide low cost alternative telecommunication services and other bundled services, focusing on small and medium-sized business users. The second active business segment is as a specialty retail business through its wholly-owned subsidiary, Airline Ventures, Inc. ("AVI"), that sells travel products, uniforms and study guides via retail stores, E-commerce sites and a Web site primarily to professional airline crew members. Trade receivables potentially subject the Company to credit risk. The Company extends credit to its customers based upon an evaluation of the customer's financial condition and credit history and generally does not require collateral.

As part of its telecommunications strategy, the Company has acquired an ownership interest in Access One Communications, Inc. ("Access"), which is a competitive local exchange carrier and reseller of telecommunication services to businesses and residential customers in the southeastern United States. The Company's investment in Access is accounted for on the equity method.

During the fiscal year ended November 30, 1999, the Company discontinued the operations of its wholesale luggage business segment which, in prior years, had represented substantially all of the business operations of the Company (see "Discontinued Operations").

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries after elimination of significant intercompany balances and transactions. Investments in 20% to 50% owned affiliated companies are accounted for on the equity method. Investments of less than 20% in companies that do not have readily determinable fair values are carried at cost.

Inventories

Inventories, consisting primarily of finished goods purchased for resale, are stated at the lower of cost (first-in, first-out and average) or market.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

1. Description of Business and Summary of Accounting Principles (Continued)

Property, Plant and Equipment and Depreciation

Depreciation is computed primarily by use of accelerated and straight-line methods over the estimated useful lives of the assets. The estimated useful lives are 20 years for building, 5 to 10 years for machinery and equipment, and the life of lease for leasehold improvements.

Foreign Currency Translation

Assets and liabilities of the Company's foreign subsidiaries are translated at year-end exchange rates, and income and expenses are translated at average exchange rates prevailing during the year with the resulting adjustments accumulated in stockholders' equity.

Income Taxes

The Company accounts for income taxes according to the provisions of Statement of Financial Accounting Standards ("SFAS") No. 109, "Accounting for Income Taxes." Under the liability method specified by SFAS 109, deferred tax assets and liabilities are determined based on the difference between the financial statement and tax bases of assets and liabilities as measured by the enacted tax rates which will be in effect when these differences reverse and the effect of net operating loss carryforwards. Deferred tax expense is the result of changes in deferred tax assets and liabilities. A valuation allowance has been established to reduce the deferred tax assets as it is more likely than not that such portion of the deferred tax assets will not be realized.

Revenue Recognition

Revenue from providing telecommunication related services is recognized in the period related services are provided. Revenue from the Company's specialty retail business and from the Company's discontinued luggage business is recognized upon shipment or delivery of merchandise.

Earnings (Loss) Per Share

Basic earnings (loss) per share is computed by dividing net income by the weighted-average number of shares outstanding. Diluted earnings (loss) per share includes the dilutive effect of stock options, warrants and convertible preferred stock. Such options, warrants and convertible preferred stock have not been included in the computations as they were antidilutive in 1999, 1998 and 1997, but may become dilutive in the future.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

1. Description of Business and Summary of Accounting Principles (Continued)

Cash Equivalents

The Company considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents.

Goodwill and Other Intangible Assets

The excess cost over net assets acquired (goodwill) is being amortized on a straight-line basis over 7 years. Goodwill and other intangible assets are periodically reviewed for impairment based on an assessment of current and future levels of operating income and cash flows, as well as other factors.

Impairment of Long-Lived Assets

The Company reviews long-lived assets and certain identifiable intangibles for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. Recoverability of assets to be held and used is measured by a comparison of the carrying amount of an asset to future net cash flows expected to be generated by the asset. If such assets are considered to be impaired, the impairment to be recognized is measured by the amount by which the carrying amount of the assets exceeds the fair value. Assets to be disposed of are reported at the lower of the carrying amount or fair value less costs to sell.

Use of Estimates

In preparing financial statements in conformity with generally accepted accounting principles, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

1. Description of Business and Summary of Accounting Principles (Continued)

Advertising

Advertising costs are expensed as incurred. Advertising expense, principally related to discontinued operations, amounted to approximately $48,000 in 1999, $78,000 in 1998, and $55,000 in 1997.

Fair Value of Financial Instruments

The following methods and assumptions were used to estimate the fair value of each class of significant financial instruments:

o Cash and Cash Equivalents

The carrying amount approximates fair value because of the short maturity of those instruments.

o Investments in and Advances to Subsidiary

The fair value of investments in and advances to subsidiary is estimated based on discounted cash flow analyses using estimated interest rates and an appropriate allowance for uncollectibility. The carrying amount approximates its fair value.

o Long-Term Debt

The fair value of the Company's long-term debt is estimated based on current rates offered to the Company for debt of the same remaining maturities and approximates the carrying amount.

The Company has no instruments with significant off-balance-sheet risk.

Recent Accounting Pronouncements

Effective December 1, 1998 the Company adopted SFAS No. 130, "Reporting Comprehensive Income." SFAS 130 establishes standards for the display of comprehensive income and its components in a full set of financial statements. Comprehensive income (loss) includes all changes in equity during a period except those resulting from the issuance of shares of stock and distributions to shareholders.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

1. Description of Business and Summary of Accounting Principles (Continued)

Recent Accounting Pronouncements (Continued)

In June 1998, the FASB issued SFAS No. 133, "Accounting for Derivative Instruments and Hedging Activities," which established accounting and reporting standards for derivative instruments and for hedging activities. In June 1999, the FASB issued SFAS No. 137 which deferred the effective date of SFAS No. 133 for the Company to the beginning of its fiscal 2001. Presently, the Company has no use of derivative financial instruments and believes that SFAS No. 133 will not have a material impact on its results of operations.

Reclassifications

Certain amounts have been reclassified to conform to the 1999 presentation.

2. Acquisitions

On February 27, 1998, the Company acquired all of the outstanding shares of common stock of Essex in exchange for 250,000 shares of the Company's common stock and warrants to purchase up to 225,000 shares of the Company's common stock at $2.75 per share, of which warrants to purchase 75,000 shares vested immediately and warrants to purchase 150,000 shares will vest if certain performance conditions are met, of which 75,000 became vested during the fiscal year ended November 30, 1999. In addition, if certain performance conditions are met, up to 600,000 additional shares of common stock may be issued. As of November 30, 1999, 325,000 of such shares had been issued to the former shareholders of Essex as certain performance conditions were met. The transaction was accounted for as a purchase. The purchase price exceeded the fair value of net assets acquired by approximately $737,000, which is being amortized on a straight-line basis over 7 years. The results of operations of Essex are included in the accompanying financial statements from the date of acquisition.

On August 14, 1998, the Company acquired all of the membership interests of WebQuill in exchange for 525,000 shares of the Company's common stock (of which 375,000 shares were delivered to the sellers and 150,000 shares were deposited in an escrow account and will be delivered upon attainment of certain performance conditions) and the payment of $150,000 of Webquill's obligations. As of November 30, 1999, such conditions were not met. The transaction was accounted for as a purchase. The purchase price exceeded the fair value of net assets acquired by approximately $750,000, which is being amortized on a straight-line basis over 7 years. The results of operations of WebQuill are included in the accompanying financial statements from the date of acquisition.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)

YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

2. Acquisitions (Continued)

In January 1999, the Company acquired all of the outstanding shares of Tag Air, Inc. ("Tag Air") in exchange for 149,210 shares of the Company's common stock valued at approximately $173,000 in a transaction accounted for as a purchase. Tag Air is a retailer that sells name brand luggage, apparel and travel-related accessories to airline pilots and flight crews. This transaction was accounted for as a purchase. The purchase price exceeded the fair value of net assets acquired by approximately $47,000, which is being amortized on a straight-line basis over seven years. On November 17, 1999, the Company acquired all of the outstanding shares of common stock of Peconic Telco, Inc. ("Peconic") in exchange for 69,000 shares of its common stock, valued at $120,750, plus a cash payment of $28,000. Peconic is an installer of telephones and telephone equipment. The purchase price exceeded the fair value of net assets acquired by approximately $135,000, which is being amortized on a straight-line basis over seven years. Pro forma financial statements of the Tag Air and Peconic acquisitions as if they occurred as of December 1, 1997 have not been presented since the results were not material.

On April 6, 1999, the Company issued 250,000 shares of its common stock, valued at $412,500, in exchange for a 19% interest in RiderPoint Inc. ("RiderPoint"). On November 30, 1999, an additional 300,000 shares, valued at $862,500, were issued, thereby increasing its ownership in Riderpoint to 27% on such date. RiderPoint is a developer, marketer, and administrator of insurance and financial service programs. On May 25, 1999, the Company issued 120,149 shares of its common stock, valued at $170,816, in exchange for a 19% interest in Skyclub Communications Holding Corp. ("Skyclub"). Skyclub provides digital satellite systems for the reception of direct television and high-speed Internet services. The investment is carried at cost.

3. Loans Payable to Financial Institutions and Long-Term Debt

In connection with the financing of its discontinued luggage business, the Company had entered into a financing agreement with Coast Business Credit, a division of Southern Pacific Thrift and Loan Association. As of November 30, 1999 and 1998, the Company had a loan outstanding of $219,363 and $3,186,079 under the agreement. The loan was repaid in full in December 1999. The loan, which was available to the Company based upon a portion of the eligible inventory and accounts receivable of the discontinued luggage business, had an interest rate of 2% above the prime rate, was collateralized by a security interest in substantially all assets of the Company, and contained various restrictions, including a restriction on the payment or declaration of any cash dividends.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

3. Loans Payable to Financial Institutions and Long-Term Debt (Continued)

On March 3, 1999, Essex entered into a Receivable Sales Agreement ("the Agreement") with Receivables Funding Corporation ("RFC"). The Agreement provides for Essex to sell up to $500,000 ($1,000,000 effective December 1999) of its eligible receivables (as defined) to RFC on a periodic basis and to grant RFC a security interest in the receivables purchased by RFC. As of November 30, 1999, approximately $198,000 was outstanding under the Agreement. The Agreement, in substance, does not transfer the risk of loss to RFC, and has been treated as a financing for financial statement purposes. In substance, Essex borrows under the Agreement at approximately five percentage points above the prime rate. The Agreement has a termination date of the earlier of (a) March 3, 2001; (b) a termination event as defined in the Agreement; (c) the occurrence of an event of seller default as defined in the Agreement; or (d) ninety days following the Company's delivery of written notice to RFC setting forth the Company's desire to terminate the Agreement and the payment of a termination fee (as defined).

The Company's Canadian subsidiary has a real property mortgage of approximately $368,000, payable in monthly installments of approximately $3,138 including interest at 10.25% with a balloon payment of approximately $291,000 in the year 2000. Substantially all of the assets of the Canadian subsidiary have been pledged as collateral for the above loans. The Canadian subsidiary has agreed to certain financial covenants (current ratio, debt-to-equity ratio, debt service coverage) and may not pay dividends to the parent.

Long-term debt consists of the following:

<TABLE>
<CAPTION>

<S>	1999 <C>	1998 <C>
Loan payable to Coast	$219,363	$3,186,079
Loan payable to RFC	197,772	-
Subsidiary mortgage payable	304,332	298,259
	721,467	3,484,338
Less current maturities	523,695	3,193,344
	$197,772	$ 290,994

</TABLE>

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

3. Loans Payable to Financial Institutions and Long-Term Debt (Continued)

Principal payments are due as follows:

Year ended November 30,

2000	$523,695
2001	197,772

	$721,467
	========

4. Income Taxes

At November 30, 1999, the Company had net operating loss carryforwards for Federal income tax purposes of approximately $15,000,000 expiring in the years 2001 through 2019. There is an annual limitation of approximately $187,000 on the utilization of approximately $2,300,000 of such net operating loss carryforwards under the provisions of Internal Revenue Code Section 382.

Deferred income taxes reflect the net tax effects of temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for income tax purposes. Significant components of the Company's deferred tax assets and liabilities as of November 30, 1999 and 1998 are as follows:

<TABLE>
<CAPTION>

	1999	1998
	----------	-----------
Deferred tax assets:		
<S>	<C>	<C>
Net operating loss carryforwards	$5,250,000	$ 3,250,000
Allowance for doubtful accounts and accruals	120,000	270,000
Inventory	10,000	230,000
Depreciation	80,000	100,000
	----------	-----------
	5,460,000	3,850,000
Deferred tax liabilities:		
Installment sale of investment	--	(50,000)
	----------	-----------
Valuation allowance	5,460,000	(3,800,000)
	----------	-----------
Net deferred tax assets	$ --	$ --
	----------	-----------

</TABLE>

The valuation allowance at November 30, 1997 was $3,040,000.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

4. Income Taxes (Continued)

The following is a reconciliation of the tax provisions for the three years ended November 30, 1999 with the statutory Federal income tax rates:

<TABLE>
<CAPTION>

	Percentage of Pre-Tax Income		
	1999	1998	1997
<S>	<C>	<C>	<C>
Statutory Federal income tax rate	(34.0%)	(34.0%)	(34.0%)
State and local income taxes, net of Federal income tax benefit		--	.1
Equity loss on investment in Access One	(7.5)	(9.7)	--
Utilization of foreign tax loss carryforwards/ carryback	--	(3.2)	(4.3)
Operating losses generating no current tax benefit, United States	41.5	43.7	34.0
Other items, net	--	--	.1
	--	(3.2%)	(4.1%)

</TABLE>

5. Pension Plans

The Company has a defined benefit plan covering substantially all of its domestic employees. The benefits provided are primarily based upon years of service and compensation, as defined. The Company's funding policy is to contribute annually the minimum amount required to cover the normal cost and to fund supplemental costs, if any, from the date each supplemental cost was incurred. Contributions were intended to provide not only for benefits attributed to service to date, but also for those expected to be earned in the future. Plan assets consist primarily of investments in money market funds.

Effective June 30, 1995, the plan was frozen, ceasing all benefit accruals and resulting in a plan curtailment.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

5. Pension Plans (Continued)

Net periodic pension cost (gain) included the following components:

<TABLE>
<CAPTION>

<S>	1999 <C>	1998 <C>	1997 <C>
Interest cost on projected benefit obligation	$ 57,734	$ 56,393	$ 57,257
Return on assets(	61,874)	(63,704)	(66,110)
Net amortization and deferral	(584)	(4,112)	(4,112)
	($ 4,724)	($11,423)	($12,965)

</TABLE>

Following is a summary of significant actuarial assumptions used:

<TABLE>
<CAPTION>

<S>	1999 <C>	1998 <C>	1997 <C>
Weighted-average discount rates	7.0%	7.0%	7.5%
Rates of increase in compensation levels	5.0%	5.0%	5.0%
Expected long-term rate of return on assets	8.0%	8.0%	8.0%

</TABLE>

The following table sets forth the Plan's funded status and amounts recognized in the Company's statement of financial position at:

<TABLE>
<CAPTION>

<S>	November 30, 1999 <C>	1998 <C>
Accumulated benefit obligation, including vested benefits of $835,772 and $820,734 at November 30, 1999 and 1998, respectively	($837,685)	($823,568)
Projected benefit obligation for service rendered to date	($869,592)	($823,568)
Plan assets at fair value, primarily money market funds	744,098	786,343
Plan assets in excess of (deficiency in) unfunded projected benefit obligation	(125,494)	(37,225)
Accrued pension cost	($125,494)	($ 37,225)

</TABLE>

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

6. Commitments

The Company conducts a substantial portion of its operations utilizing leased facilities. Rent expense, charged to operations, was $705,000, $825,000 and $704,000 in 1999, 1998 and 1997, respectively. In addition to the annual rent, the Company pays real estate taxes, insurance and other occupancy costs on its leased facilities.

The minimum annual rental commitments under all operating leases including a lease entered into on February 4, 2000 that have remaining non-cancelable terms in excess of one year are approximately as follows:

Year ended November 30,	
2000	$ 291,000
2001	275,000
2002	294,000
2003	229,000
2004	169,000
Thereafter	43,000
	$ 1,301,000

The Company had previously entered into various licensing agreements under which it had obtained the right to market children's bags, tote bags and related products with trade names. The terms of such agreements varied through 2001. The agreements provided for royalties based upon net sales with certain stated minimum annual amounts. In connection with the discontinued operation, the Company has negotiated releases on certain of these obligations and has accrued for the estimated liability remaining on those obligations for which the Company has not yet obtained a release. Royalty expense amounted to $208,000, $545,000 and $660,000 in fiscal 1999, 1998 and 1997, respectively. As of November 30, 1999 and 1998, approximately $447,000 and $560,000, respectively, had been accrued for unpaid royalties.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

7. Related Party Transactions

As of November 30, 1998, the Company owed its Chairman, Mr. Joel Dupre ("Dupre"), approximately $8,000. During 1999, the Company borrowed an additional $235,000 from Dupre, resulting in a balance due of approximately $243,000. On September 10, 1999, the Company issued 272,000 shares of common stock (with a market value of approximately $357,000) and Dupre agreed to cancel indebtedness of $204,000, and Dupre also agreed to repay certain luggage creditors approximately $153,000 of the Company's indebtedness to such creditors, relieving the Company of its obligations to such creditors. As of November 30, 1999, the Company owes Dupre approximately $35,000, which is payable upon demand, and bears interest at 8%.

The Company imported substantially all of its luggage segment inventory from foreign vendors. In May 1998, the Company issued 260,000 shares to foreign vendors valued at $1,700,000 or $4.50 per share in satisfaction of certain existing trade accounts payable to foreign vendors. Included in this amount were 155,556 shares issued to companies controlled by then existing shareholders. The agreement with such vendors provided that if the vendors were to sell such shares within one year at a price below $4.50 per share (subject to a $2.25 floor), up to an additional 260,000 shares would be issued to the vendors. Subsequent thereto, the Company incurred additional obligations to foreign vendors, and the price of the Company's common stock fell substantially below $4.50 per share. During fiscal 1999, the Company agreed to issue 1,152,780 shares of the Company's common stock in complete satisfaction of indebtedness to such vendors. In fiscal 1999, the Company recorded an increase in stockholders' equity of approximately $1,803,000 related to this issuance along with a related decrease in accounts payable.

During the years ended November 30, 1999, 1998 and 1997, the Company purchased approximately $809,000, $2,287,000 and $891,000, respectively, of luggage and backpack products from companies controlled by stockholders. During the years ended November 30, 1999, 1998 and 1997, the Company incurred buying commission of approximately $103,000, $312,000 and $208,000, respectively, to companies controlled by stockholders. As of November 30, 1999 and 1998, there was outstanding $11,312 and $926,205 to such related parties.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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8. Discontinued Operations

On July 19, 1999, the Board of Directors of the Company adopted a plan to discontinue the Company's luggage business as part of the Company's strategic focus on telecommunications and Internet services. The expected manner of disposal of the luggage business is by sale of assets. As of November 30, 1999, a substantial portion of the luggage business had already been disposed of, and the Company anticipates that the remainder of the luggage business will be fully disposed of by June 30, 2000. The luggage business segment has been accounted for as discontinued operations in accordance with Accounting Principles Board Opinion (APB) 30, which, among other provisions, requires the plan of disposal to be carried out within one year. The estimated loss on disposal of the luggage business included a charge of $572,170 applicable to a previously recorded foreign translation adjustment for the Company's Hong Kong subsidiary which was dissolved during 1999. Interest expense allocated to the discontinued operation is based on the direct borrowings of such operations and amounted to approximately $306,000 in 1999, $514,000 in 1998, and $574,000 in 1997.

The operating results and remaining assets of the discontinued operations are summarized as follows:

<TABLE>
<CAPTION>

<S>	1999 <C>	1998 <C>	1997 <C>
Sales	$ 6,774,265	$ 15,552,285	$ 15,732,112
Net loss	(3,943,065)	(2,772,464)	(2,762,993)
Net loss per share of common stock	(.45)	(.53)	(.85)

<CAPTION>

<S>	1999 <C>	1998 <C>
Current assets	$1,300,726	$6,156,872
Property and equipment net	426,654	686,662
Other assets	9,118	94,986
	$1,736,498	$6,938,520

</TABLE>

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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9. Segment Reporting

Effective for the fiscal year ended November 30, 1999, the Company adopted SFAS No. 131, "Disclosure about Segments of an Enterprise and Related Information." Prior period amounts have been restated to conform to the requirements of this statement. The accounting policies of the operating segments are the same as those described in the summary of accounting policies. The Company evaluates the performance of its operating segments based on the operating income of the respective business units. Geographical information is not presented, as the continuing operations of the Company operate solely within the United States. A summary of business data for the Company's reportable segments for the fiscal years 1999, 1998 and 1997 are as follows:

<TABLE>
<CAPTION>

<S>	<C>	Telecom-munications <C>	Retail Related Travel Products <C>	Investments Carried Under Cost Method <C>	Total of Continuing Operations <C>
Revenue (external customers)	1999	$ 2,275,474	$ 1,894,557	$ -	$ 4,170,031
	1998	373,885	1,111,339	-	1,485,224
	1997	-	275,871	-	275,871
Segment income (loss)	1999 (1)	($3,619,345)	$ 56,857	$ -	($ 3,562,488)
	1998 (1)	(2,116,530)	(88,009)	-	(2,204,539)
	1997	-	(105,172)	-	(105,172)
Segment assets	1999	$2,750,759	$ 915,376	$ 1,894,504	$ 5,560,639
	1998	3,239,015	386,934	464,573	4,090,522
	1997	1,080,000	-	514,797	1,594,797
Depreciation and amortization	1999 (2)	$ 667,667	$ 37,387	$ -	$ 705,054
	1998 (2)	504,370	11,790	-	516,160
	1997	-	5,145	-	5,145
Interest expense	1999	$ 15,419	$ -	$ -	$ 15,419
	1998	467	-	-	467
	1997	-	-	-	-
Segment capital expenditures	1999	$ 72,501	$ 48,434	$ -	$ 120,935
	1998	39,713	-	-	39,713
	1997	-	45,127	-	45,127

</TABLE>

(1) Losses from the investment in Access have been included in the Telecommunications business.

(2) Includes amortization of goodwill related to investment in Access of $375,000 in 1999 and 1998.

<PAGE>
<TABLE>
<CAPTION>

<S>	<C>	Discontinued Operations of Luggage Segment	Total Company
Revenue (external customers)	1999	$ 6,774,265	$ 10,944,296
	1998	15,552,245	17,037,469
	1997	15,732,112	16,007,983
Segment income (loss)	1999 (1)	($ 3,943,065)	($ 7,505,553)
	1998 (1)	(2,772,464)	(4,977,003)
	1997	(2,762,993)	(2,868,165)
Segment assets	1999	$ 1,736,498	$ 7,297,137
	1998	6,938,520	11,029,042
	1997	12,446,851	14,041,648
Depreciation and amortization	1999 (2)	$ 45,904	$ 750,958
	1998 (2)	85,845	602,005
	1997	105,023	110,168
Interest expense	1999	$ 305,518	$ 320,937
	1998	513,566	514,033
	1997	573,544	573,544
Segment capital expenditures	1999	$ -	$ 120,935
	1998	18,052	57,765
	1997	41,918	87,045

</TABLE>

(1) Losses from the investment in Access have been included in the Telecommunications business.

(2) Includes amortization of goodwill related to investment in Access of $375,000 in 1999 and 1998.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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9. Segment Reporting (Continued)

Major Customers of Discontinued Operations

Sales to one customer amounted to 31%, 23%, and 27% of net sales in fiscal 1999, 1998 and 1997, respectively. Sales to another customer amounted to 19%, 23% and 17% of net sales in fiscal 1999, 1998 and 1997, respectively. Sales to another customer amounted to 14% of net sales in fiscal 1997.

10. Investment In and Advances to Subsidiary

Effective July 15, 1992, the Company entered into an agreement to sell all of the stock of its then wholly-owned subsidiary, Sirco Leatherwares Limited (the "Subsidiary"). In exchange for the stock, the Company received a non-interest bearing $650,000 note. The note is guaranteed by an officer of the Subsidiary who is also an officer of the buyer and, until December 1996, served on the Board of Directors of the Company. The agreement also requires the Company to forgive a portion of the amounts due to it from the Subsidiary. The Company's ability to collect the note receivable and the balance of the receivable from the Subsidiary is dependent upon cash flows from the Subsidiary's operations and/or the buyer's ability to refinance the obligations. As the risks and other incidents of ownership have not transferred to the buyer with sufficient certainty, this transaction has not been accounted for as a sale for accounting purposes.

The Company recorded a loss on this transaction in fiscal 1992, as the present value of the amounts to be received under the note and the revised accounts receivable were less than (i) the carrying value of the Company's investment in the Subsidiary plus (ii) the amounts receivable from the Subsidiary.

The non-interest bearing $650,000 note received in exchange for stock in the Subsidiary ("the Stock Note") was due in thirty-two equal quarterly installments of $20,213 beginning in August 1992. During fiscal 1996, the parties agreed to a one-year payment moratorium as to the Stock Note. On February 6, 1997, the parties agreed to modify the remaining repayment terms and to resume payments. The note, as modified, is to be repaid as follows: $10,156 on February 7, 1997, $10,156 on March 10, 1997, four quarterly payments of $10,156 commencing on May 1, 1997 and ending on February 1, 1998, five quarterly payments of $20,313 commencing on May 1, 1998 and ending on May 1, 1999, and four quarterly payments of $50,781 commencing on August 1, 1999 and ending on May 1, 2000. Payments are being received on a current basis.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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10. Investment In and Advances to Subsidiary (Continued)

Also, pursuant to the agreement to sell the Company's investment in the Subsidiary, the Subsidiary agreed to pay interest quarterly at 8.5% per annum on a receivable of approximately $720,000. If the Subsidiary is not in default on the payment of interest, the Company will forgive a portion of the receivable, in amounts as defined, through May 1, 2000. An amount of $60,000 was forgiven in 1998, and $50,000 in each of 1997 and 1996. The total amount forgiven will be $420,000. The remaining receivable of approximately $300,000 is payable in ten equal quarterly installments commencing in August 2000. Amounts outstanding after May 1, 2000 will bear interest at the prime rate.

At November 30, 1998, the aggregate principal balance of $665,000 due on the above notes has been reduced for imputed interest of approximately $40,000 and an allowance of approximately $160,000 for uncollectibility, resulting in a net balance of $465,000 at November 30, 1998.

During the fiscal year ended November 30, 1999, the notes were consolidated into a new note. The new note requires quarterly payments ranging from $17,840 to $34,350 through November 1, 2005. The present value of the new note, with interest imputed at 7.25%, was approximately $500,000, which has a remaining balance of approximately $465,000 at November 30, 1999. An allowance of $40,000 has been established for potential uncollectibility, resulting in a net carrying value of approximately $425,000 at November 30, 1999.

11. Stockholders' Equity

The Company accounts for its stock option plans under APB Opinion No. 25, "Accounting for Stock Issued to Employees," under which no compensation expense is recognized. In fiscal 1997, the Company adopted Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (SFAS No. 123), for disclosure purposes; accordingly, no compensation expense has been recognized in the results of operations for its stock option plans as required by APB Opinion No. 25.

On August 17, 1995, the stockholders of the Company (i) approved an increase in the number of authorized shares of common stock from 3,000,000 shares to 10,000,000 shares; (ii) authorized the Company to issue 1,000,000 shares of preferred stock, par value $.10 per share, with rights and privileges to be determined by the Board of Directors; and (iii) approved the 1995 Stock Option Plan of the Company (the "Plan"). The Plan provides for the grant of incentive stock options, non-qualified stock options, tandem stock appreciation rights, and stock appreciation rights exercisable in conjunction with stock options to purchase a specified number of shares of common stock. During fiscal 1997, the stockholders of the Company approved an amendment to the Plan to increase the number of shares of common stock that may be issued to 1,200,000 shares. In 1999, the stockholders of the Company approved an amendment to the Plan to increase the number of shares of common stock that may be issued to 2,400,000 shares.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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11. Stockholders' Equity (Continued)

In June 1998, the Company issued 700 shares of Series A preferred stock "Series A shares" having a par value of $.10 per share. Each Series A share is convertible at the option of the holder into common shares at a conversion rate of 300 shares of common stock through May 31, 1999; after May 31, 1999, $1,000 divided by the lesser of $3.33 or the market price of the Company's common stock subject to a floor of $1.67. The Company may cause the conversion of the Series A shares at any time after May 31, 1999 based upon the above conversion formula. The preferred shares have the same voting and dividend rights as common shares based upon the number of shares of common stock into which the preferred stock is convertible to. The preferred shares have a liquidation preference of $1,000 per share. During 1999,at the election of the shareholders, all of the Series A shares were converted into common shares, resulting in the issuance of 373,654 shares of common stock.

During 1999, the Company established a new series of stock, Series B Preferred stock, $.10 par value. The Company may issue up to 1,300 shares of the Series B Preferred stock, and such stock in entitled to receive dividends when as, and if dividends are declared by the Company on its common stock. Each holder of Series B preferred stock has the right, at the option of the holder, to convert each share of such stock into 1,000 shares of common stock. The Company has the right to convert each share of Series B preferred stock into common stock at the same conversion ratio. The conversion price of shares of Series B preferred stock is subject to adjustment in the event of any reclassification, subdivision or combination of the Company's outstanding common stock into a greater or smaller number of shares by a stock split, stock dividend or other similar event. In the event of a dissolution, liquidation or winding up of the Company, the holders of Series B preferred stock are entitled to receive, if available, prior and in preference to the holders of common stock, an amount equal to $1,000 per share. Thereafter, any remaining assets, if any, would be distributed ratably to the holders of common stock. The holders of shares of Series B preferred stock are entitled to that number of votes on all matters presented to shareholders equal to the number of shares of common stock then issuable upon conversion of such shares of preferred stock. Without the approval of the holders of at least a majority of the Series B preferred stock then outstanding voting separately as a class, the Company may not amend its Certificate of Incorporation in any way that adversely affects the rights and preferences of the holders of the Series B preferred stock as a class. During 1999, 196 shares of Preferred Series B were issued, resulting in net proceeds to the Company of $195,929.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

11. Stockholders' Equity (Continued)

The following is a summary of outstanding options:

<TABLE>
<CAPTION>

<S>	Number of Shares <C>	Exercise Price Per Share <C>	Weighted-Average Exercise Price <C>
Outstanding December 1, 1996	383,000	$1.00 - $1.6875	$ 1.26
Granted during year ended November 30, 1997	160,000	$1.94 - $2.13	$ 2.03
Exercised/canceled during year ended November 30, 1997	(148,000)	$1.00 - $1.6875	$ 1.12
Outstanding November 30, 1997	395,000	$1.00 - $2.13	$ 1.63
Granted during year ended November 30, 1998	299,500	$2.79 - $3.13	$ 2.96
Exercised/canceled during year ended November 30, 1998	(38,000)	$1.00 - $2.84	$ 2.20
Outstanding November 30, 1998	656,500	$1.00 - $3.13	$ 2.20
Granted during year ended November 30, 1999	1,013,500	$1.00 - $2.25	$ 1.49
Exercised/canceled during year ended November 30, 1999	(229,000)	$1.00 - $2.84	$ 2.46
Outstanding November 30, 1999	1,441,000		$ 1.63
Options exercisable, November 30, 1997	140,000	$1.00 - $1.44	$ 1.33
Options exercisable, November 30, 1998	322,500	$1.00 - $2.13	$ 1.70
Options exercisable, November 30, 1999	661,500	$1.00 - $2.84	$ 1.71

</TABLE>

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

11. Stockholders' Equity (Continued)

The following table summarizes information about the options outstanding at November 30, 1999:

<TABLE>
<CAPTION>

	Options Outstanding			Options Exercisable	
Range of Exercise Prices	Number Outstanding	Weighted-Average Remaining Contractual Life (Years)	Weighted-Average Exercise Price	Number Outstanding	Weighted-Average Exercise Price
$1.00 - $1.94	1,120,500	3.85	$1.42	492,500	$1.43
$2.13 - $2.84	320,500	3.72	$2.42	169,000	$2.50

</TABLE>

For disclosure purposes, the fair value of each stock option grant is estimated on the date of grant using the Black Scholes option-pricing model with the following weighted-average assumptions used for stock options granted: annual dividends of $0.00 for all years, expected volatility of 88% for 1997, 117% for 1998 and 126% for 1999, risk-free interest rate of 6.03% for 1997, 5.66% for 1998 and 5.53% for 1999, and expected life of five years for all grants. The weighted-average fair value of stock options granted in 1999, 1998 and 1997 was $.97, $2.36 and $.91, respectively.

Under the above model, the total value of stock options granted in 1999, 1998 and 1997 was $924,707, $652,976 and $146,041, respectively, which would be amortized ratably on a pro forma basis over the related vesting periods, which generally range from five to ten years. Had the Company determined compensation cost for these plans in accordance with SFAS No. 123, the Company's pro forma net loss would have been ($7,655,167) in 1999, ($5,131,886) in 1998, and ($2,906,052) in 1997, and the Company's pro forma loss per share would be ($.88) for 1999, ($.99) for 1998, and ($.90) for 1997.

In April 1997, the Company raised $609,000, net of placement agent fees, through the private placement issuance of 400,000 units at $1.75 per unit, with each unit consisting of one share of common stock, one common stock Class A warrant exercisable at $2.06 per share for one year, and one common stock Class B warrant exercisable at $2.56 per share for one year. Additionally, 120,000 Class A warrants were granted to the placement agent and a consulting firm in connection with the transaction. As of November 30, 1998, substantially all the warrants had been exercised and the remaining warrants expired.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

11. Stockholders' Equity (Continued)

On October 24, 1996, the shareholders of the Company adopted the eLEC Communications, Inc. 1996 Restricted Stock Award Plan (the "Restricted Stock Award Plan"). An aggregate of 400,000 shares of common stock of the Company has been reserved for issuance in connection with awards granted under the Restricted Stock Award Plan. Such shares may be awarded from either authorized and unissued shares or treasury shares. The maximum number of shares that may be awarded under the Restricted Stock Award Plan to any individual officer or key employee is 100,000. Approximately five employees of the Company and its subsidiaries are currently eligible to participate in the Restricted Stock Award Plan. No shares were awarded during 1999, 1998 and 1997.

12. Fourth Quarter Adjustment

During the fourth quarter of the year ended November 30, 1997, the Company recorded an adjustment of approximately $615,000 to write down certain inventory.

13. Investment in and Transactions with Affiliates

Access One Communications Corp.

On October 22, 1997, the Company acquired 3,000,000 common shares of Access One Communications Corp. and Subsidiaries ("Access"), formerly known as CLEC Holding Corp., in exchange for 375,000 shares of the Company's common stock, subject to certain price protection adjustments which required the Company to issue an additional 50,000 shares of common stock.

During fiscal 1998, there were two additional exchanges of shares with Access. The first exchange occurred on April 23, 1998 when the Company exchanged 350,000 shares of its common stock for 300,000 shares of Access common stock. This exchange was valued at $1,233,750. Additionally, Access agreed to reimburse the Company $150,000 for expenses. The second exchange occurred on September 10, 1998 when the Company exchanged 400,000 shares of its common stock for 400,000 shares of Access common stock. This exchange was valued at $221,280. In February 1998, the Company exchanged 50,000 shares of its common stock for 200,000 shares of Access common stock during 1998 with a private investor. This exchange was valued at $104,070.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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13. Investment in and Transactions with Affiliates (Continued)

Access One Communications Corp. (Continued)

In March 1999, the Company issued to Access 1,420,000 shares of common stock in consideration for the issuance by Access to the Company of 1,775,000 shares of its common stock. In connection with such transaction, Access was granted an option to put to the Company for repurchase at any time on or before December 1, 1999 at the original purchase price, all or a portion of the shares of common stock it purchased in March 1999. In connection with any such exercise of its put option, in whole or in part, Access was required to issue to the Company warrants to purchase 500,000 shares of Access One common stock at a purchase price of $1.00 per share, which are carried at no value. Prior to October 31, 1999, Access notifed the Company of its intention to exercise its option. On December 1, 1999, Access exercised its option with respect to 1,400,000 shares of our common stock, which has been reflected in the accompanying financial statements as of November 30, 1999.

The Company's investment in Access is carried on the equity method of accounting. At November 30, 1998, the cost of the investment in Access had been reduced by $159,396, attributable to the Company's portion (at cost) of the Company's common stock held by Access, with a corresponding charge to treasury stock. As of November 30, 1998, the Company owned approximately 28% of Access. The Company, for its fiscal year ended November 30, 1999 and 1998, included its share of Access' operations based on Access' year-end of October 31, 1998. All of the Company's investment at November 30, 1998 represents goodwill, which was being amortized over seven years, based on original cost. The Company recorded a loss of $1,661,630 and $1,423,000 (including goodwill amortization of $375,000 in 1999 and 1998) on its equity in the operations of Access for the years ended November 30, 1999 and 1998. As of November 30, 1999, the Company's investment in Access has been reduced to zero.

Access was formed in 1991 and was inactive until September 1997, when Access acquired 95% of the capital stock of The Other Phone Company, Inc. ("OPC"), an integrated telecommunications provider based in Florida. Substantially all of Access' revenues represent the resale of telephone services pursuant to a resale agreement with one supplier, BellSouth Corporation.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
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13. Investment in and Transactions with Affiliates (Continued)

Access One Communications Corp. (Continued)

The results of operations for the years ended October 31, 1999, 1998 and 1997 and financial position of Access as of October 31, 1999 and 1998 are summarized below:

<TABLE>
<CAPTION>

Condensed Income Statement Information

<S>	1999 <C>	1998 <C>	1997 <C>
Revenue	$15,412,640	$5,811,038	$ 479,516
Cost of service	12,177,793	5,045,514	366,243
Gross profit	3,234,847	765,524	113,273
Net loss	(4,994,124)	(4,761,333)	(158,098)

<CAPTION>

Condensed Balance Sheet Information

<S>	1999 <C>	1998 <C>
Current assets, including investment in eLEC Communications, Inc. common shares carried at $675,000 and $396,175 at October 31, 1999 and 1998	$3,111,715	$1,621,223
Non-current assets	852,680	630,394
Goodwill and other intangible assets	2,322,714	1,633,732
Current liabilities	4,806,419	4,200,705
Non-current liabilities	6,837,119	181,124
Stockholders' equity (deficiency)	(5,356,429)	(496,480)

</TABLE>

In addition, options have been granted by Access to purchase common shares of Access to the Chief Executive Officer of the Company (150,000 shares at $1.20 per share) and to another officer of the Company who serves on the Board of Directors of Access (100,000 shares at $1.00 per share).

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

13. Investment in and Transactions with Affiliates (Continued)

Riderpoint, Inc.

On April 15,1999, the Company purchased 600,000 shares of the voting stock (19%) of Riderpoint, Inc. ("Riderpoint") by issuing 250,000 shares of its common stock, in a transaction valued at $412,500. On November 30, 1999, the Company increased its ownership interest in Riderpoint by purchasing an additional 500,000 shares of the voting stock of Riderpoint by issuing 300,000 shares of its common stock, in a transaction valued at $862,500, thereby increasing its ownership interest in Riderpoint to 27% on such date. For the year ended November 30, 1999, the investment in Riderpoint was accounted for on the cost method. Commencing on December 1, 1999, the Company will begin to account for its investment in Riderpoint on the equity method of accounting. In 1999, the Company charged Riderpoint a $75,000 fee for assistance in developing Riderpoint's website.

Riderpoint was incorporated in 1997. Riderpoint has developed an Internet website which provides an online insurance rating program for, comparing, and buying motorcycle insurance.

The following summarizes the results of operations and net assets (unaudited) of Riderpoint.

Condensed Income Statement Information

	Year ended December 31, 1999	1998
Revenue	$251,244	$ 26,539
Costs and expenses	617,452	110,502
Net loss	($366,208)	($ 83,963)

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

13. Investment in and Transactions with Affiliates (Continued)

Riderpoint, Inc. (Continued)

Condensed Balance Sheet Information

<TABLE>
<CAPTION>

	December 31, 1999	December 31, 1998
<S>	<C>	<C>
Current assets	$ 34,319	$ 12,437
Non-current assets (1)	1,196,780	31,813
Current liabilities	198,581	-
Non-current liabilities	90,339	-
Stockholders' equity (2)	942,179	44,250

</TABLE>

(1) Including 400,000 shares of common stock of eLEC at December 31, 1999.

(2) Including, in 1999, $1,275,000 of capital in a capital transaction with eLEC common stock.

14. Risks and Uncertainties

The Company buys substantially all of the telecommunication services that it resells from one supplier, Bell Atlantic Corporation, and is, therefore, highly dependent upon Bell Atlantic Corporation. Management of the Company believes that its relationship with Bell Atlantic Corporation is good. Management of the Company believes that there are less desirable suppliers of telecommunication services in the geographical location in which the Company conducts business. In addition, the Company is at risk to regulatory agreements that govern the rates to be charged to the Company. In light of the foregoing, it is reasonably possible that the loss of the Company's relationship with Bell Atlantic Corporation or a significant unfavorable change in the regulatory agreements structure would have a severe near-term impact on the Company's ability to conduct its telecommunications business.

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eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
NOTES TO CONSOLIDATED FINANCIAL STATEMENTS (CONTINUED)
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

15. Subsequent Events

On January 21, 2000, the Company acquired Telecarrier Services, Inc. ("Telecarrier"), a competitive local exchange carrier located in New Jersey. The acquisition will be accounted for as a purchase and was effectuated by the Company issuing 500,000 shares of its common stock for all the issued and outstanding shares of Telecarrier, of which 400,000 shares were issued at the closing of the merger and 100,000 shares were reserved for issuance upon completion of an audit of Telecarrier's financial statements, and an additional 280,000 shares of the Company's common stock which will be issued in such amounts and at such times as set forth in the related merger agreement. In addition, the Company repaid certain promissory notes of Telecarrier by issuing a total of 32,000 shares of the Company's common stock and paying $14,200 in cash.

Subsequent to November 30, 1999 and through February 25, 2000, the Company received net proceeds of approximately $2,000,000 from the exercise of warrants for 345,750 shares and a private placement of 538,000 shares of common stock.

<PAGE>
<TABLE>
<CAPTION>

eLEC COMMUNICATIONS, INC. AND SUBSIDIARIES
SCHEDULE II
VALUATION AND QUALIFYING ACCOUNTS
YEARS ENDED NOVEMBER 30, 1999, 1998 AND 1997

Column A Description	Column B Balance at Beginning of Period	Column C Charged to Costs and Expenses*	Column D Additions Accounts Written Off	Column E Balance at End of Period
<S>	<C>	<C>	<C>	<C>
Year ended November 30, 1999:				
Allowance for doubtful accounts	$ 337,000	$ 205,000	$118,000	$ 424,000
Valuation allowance for deferred tax asset	$3,800,000	$1,650,000	$ --	$5,450,000
Year ended November 30, 1998:				
Allowance for doubtful accounts	$ 200,000	$ 299,000	$162,000	$ 337,000
Valuation allowance for deferred tax asset	$3,040,000	$ 760,000	--	$3,800,000
Year ended November 30, 1997:				
Allowance for doubtful accounts	$ 276,000	$ 278,000	$354,000	$ 200,000
Valuation allowance for deferred tax asset	$1,970,000	$1,070,000	--	$3,040,000

</TABLE>

* Net of recoveries

Essex Communications, Inc.
d/b/a eLEC Communications

Exhibit II

Small and minority-owned telecommunications business plan

ESSEX COMMUNICATIONS, INC.
d/b/a eLEC Communications

TENNESSEE
SMALL AND MINORITY-OWNED TELECOMMUNICATIONS BUSINESS PARTICIPATION PLAN

SUBMITTED TO
TENNESSEE REGULATORY AUTHORITY

Essex Communications, Inc.
d/b/a eLEC Communications

SMALL AND MINORITY-OWNED TELECOMMUNICATIONS BUSINESS PARTICIPATION PLAN

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Essex Communications, Inc.
d/b/a eLEC Communications

SMALL AND MINORITY-OWNED TELECOMMUNICATIONS BUSINESS PARTICIPATION PLAN

1.0 PURPOSE

1.1 This small and minority-owned telecommunications business participation plan ("Plan") is submitted by Essex Communications, Inc. d/b/a eLEC Communications ("Essex") as required by T.C.A. §65-5-212.

1.2 The administration of this Plan is the responsibility of Essex Communications, Inc.

2.0 DEFINITIONS

2.1 Essex Communications, Inc. is a private corporation who resells interexchange telecommunication services of in the state of Tennessee. They are based in Melville, NY and have no employees, property, or equipment in Tennessee at this time.

2.2 As a competitive vendor of telecommunications service, Essex is non-dominant in its industry. The nature of Essex's business limits their opportunity to support the use of Small and Minority Business in Tennessee. However, let the submission of this Plan evidence their desire to participate as practically possible.

2.3 Small and Minority Business - For the purpose of this Plan, "minority business" means a business that is solely owned, or at least fifty-one (51%) of the assets or outstanding stock of which is owned, by an individual who personally manages and controls the daily operations of such business and who is impeded from normal entry into the economic mainstream because of race, religion, sex or national origin and such business has annual gross receipts of less than four million dollars ($4,000,000) per T.C.A. §65-5-212.

SMALL AND MINORITY-OWNED TELECOMMUNICATIONS BUSINESS PARTICIPATION PLAN, (CONT'D.)

3.0 PLAN RESPONSIBILITY STATEMENT

Essex Communications, Inc. d/b/a eLEC Communications's responsibility for small and minority-owned telecommunications business participation plan and policy statement is as follows:

3.1 Essex intends to afford Small and Minority-Owned Telecommunications Businesses the maximum practicable opportunity to participate in the performance of contracts in accordance with T.C.A. §65-5-212.

3.2 Essex is a reseller of telecommunications service whose business operations include:

Sale and Marketing of Telecommunications Services and Customer Care

Essex uses vendors and suppliers to support their reseller business in the following areas:

* Telecommunications Service Providers
* Sales Agents of Telecommunications Services
* Telecommunications Billing and Collection Services

3.3 Patrick Freeman would coordinate Small and Minority-Owned Telecommunications Business referrals.

3.4 Initial Small and Minority-Owned Telecommunications Business contacts for Essex would be made through their Coordinator who will seek to identify and include firms in Tennessee through the Department of Economic and Community Development's office of Minority Business Enterprise and Small Business office.

SMALL AND MINORITY-OWNED TELECOMMUNICATIONS BUSINESS PARTICIPATION PLAN, (CONT'D.)

4.0 SMALL AND MINORITY-OWNED TELECOMMUNICATIONS BUSINESS PARTICIPATION PLAN PERIOD OF EFFECTIVENESS

4.1 Essex will maintain a proactive and continuous approach toward inclusion of such firms in their supplier in their supplier base. Consequently, their Plan and the associated duties and activities would not have a fixed time period for effective, but rather represent Essex's ongoing policies and procedures. Essex has no physical presence in Tennessee. When and if their business condition changes in Tennessee, the effectiveness of this Plan would be enhanced.

SMALL AND MINORITY-OWNED TELECOMMUNICATIONS BUSINESS PARTICIPATION PLAN, (CONT'D.)

5.0 PLAN ADMINISTRATION

5.1 Essex's Plan Administrator is:

Patrick Freeman
Essex Communications, Inc.
48 South Service Road, 3rd Floor
Melville, New York 11747
Telephone: (516) 293-2700
Facsimile: (516) 777-7679
Toll Free: (888) 389-1400

5.2 The Administrator manages the Plan, as described below in the Administrator's duties. The Administrator has direct interface with procurement personnel, contract administrators, and program and project personnel to ensure compliance with the provisions of the Plan.

5.3 The Administrator's specific job duties, as they relate to this Plan and Essex's business operations in the state of Tennessee, are as follows:

(a) Developing and maintaining the Essex's Supplier Master List which would include a listing of Small and Minority-Owned Telecommunications Businesses in Tennessee who are deemed eligible to be suppliers for Essex.

1. Reviewing Essex's policies and procedures in to ensure that Small and Minority-Owned Telecommunications Businesses in Tennessee have an equitable opportunity to be awarded contracts when possible.

2. Allowing for inclusion of Small and Minority-Owned Telecommunications Businesses in those solicitations for products or service which they are capable of providing.

3. Coordinating activities during the conduct of any compliance review by Tennessee state agencies.

4. Preparing and submitting periodic contracting reports as required.

6. PLAN TO ASSURE EQUITABLE OPPORTUNITY

6.1 The Administrator shall ensure that appropriate source listings and services are properly utilized in support of the Plan. Sources/listings include but are not limited to the following:

(a) The Essex approved Master Supplier List.

(b) Sourcing information received from the Department of Economic and Community Development's Office of Minority Business Enterprise and Small Business Office in Nashville.

6.2 Outreach efforts will be made as follows:

(a) The Administrator shall cultivate and maintain a relationship with the Community Development's Office of Minority Business Enterprise and Small Business Office in an effort to locate and qualify capable Small and Minority-Owned Telecommunications Businesses for participation in contracting opportunities.

(b) The Administrator shall ensure that Essex provides adequate and timely consideration of the potentialities of Small and Minority-Owned Telecommunications Businesses in "make-or-buy" decisions.

(c) The Administrator shall ensure that Essex counsels and discusses contracting opportunities with representatives of Small and Minority-Owned Telecommunications Businesses.

(d) The Administrator shall ensure that Essex offers assistance to Small and Minority-Owned Telecommunications Businesses to explain: requests for quotations, progress payments, technical and quality assurance programs, advice on types of business typically being contracted, and the mechanics of procurement requirements and quality expectations.

7. PLAN REPORTING

7.1 Essex will submit such periodic reports and cooperate in those studies or surveys as may be required to determine the extent of compliance with this Plan.

7.2 Essex's Supplier Master List will identify Small and Minority-Owned Telecommunications Businesses in Tennessee. The Supplier Master List shall be utilized in identifying potential contractors.