intrado
Informed Response.

Corporate Headquarters
6285 Lookout Road
Boulder, CO 80301-3343
phone 303.581.5600
fax 303.581.0900

www.intrado.com

August 30, 2001

David Waddell
Executive Director
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

RE: Amended Application of SCC Communications Corp. for a Certificate of Public Convenience and Necessity as a Competing Telecommunications Service Provider. Docket No. 01-00050

Dear Mr. Waddell:

SCC Communications Corp. (now Intrado Inc.) and Intrado Communications Inc. hereby submits the enclosed Amended Application, seeking authority to operate as a provider of facilities-based and resold telecommunications services within the state of Tennessee. An original and thirteen (13) copies are provided.

Also enclosed is a check in the amount of $25.00 for filing fees. Notice of this filing has been served on interested parties.

Please date-stamp one copy of the Amended Application and return it to the undersigned in the postage-paid envelope provided.

If you have any questions concerning this matter, or if you require additional information, please give me a call at (303) 581-5789.

Very Truly Yours,

David A. Huberman
Regulatory Counsel
Intrado Inc.

BEFORE THE TENNESSEE REGULATORY AUTHORITY

IN RE:	)	
	)	
APPLICATION OF SCC COMMUNICATIONS	)	
CORP FOR A CERTIFICATE OF PUBLIC	)	**DOCKET NO. 01-00050**
CONVENIENCE AND NECESSITY TO	)	
PROVIDE COMPETING LOCAL	)	
TELECOMMUNICATIONS SERVICES	)	
WITHIN THE STATE OF TENNESSEE	)	

AMENDED APPLICATION FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO PROVIDE COMPETING TELECOMMUNICATIONS SERVICES WITHIN THE STATE OF TENNESSEE

On January 15, 2001, SCC Communications Corp. ("SCC") filed an Application for a Certificate of Public Convenience and Necessity to Provide Competing Local Telecommunications Services Within the State of Tennessee ("Original Application") with the Tennessee Regulatory Authority ("TRA" or "Authority"). On June 4, 2001, SCC changed its name to Intrado Inc. ("Intrado"). Separately, Intrado formed a wholly-owned subsidiary, Intrado Communications Inc. ("ICI"). ICI will now hold all state certificates of authority to provide telecommunications services. Pursuant to applicable Tennessee Statutes, the Rules and Regulations of the Authority, and Section 253 of the Communications Act of 1934, as amended by the Telecommunications Act of 1996 ("Act"), SCC (now Intrado) and ICI file this Amended Application for a Certificate of Public Convenience and Necessity to Provide Competing Telecommunications Services within the State of Tennessee Telecommunications Services ("Amended Application") to reflect the aforementioned internal corporate changes.[1]

I. INTRODUCTION

[1] SCC notified the Commission of these internal corporate changes by letter dated June 6, 2001. A true and correct copy of the aforementioned letter is attached hereto as **Exhibit 1** hereto.

ICI requests the same authority requested by SCC in the Original Application to provide facilities-based and resold local exchange and interexchange (interLATA and intraLATA) voice and data telecommunications services as a competitive telecommunications service provider within the State of Tennessee. Specifically, ICI requests authority to aggregate and transport, via switching, emergency calls with its 9-1-1 SafetyNet℠ services in the State of Tennessee. In order to provide such services, ICI requires the same sort of interconnection and collocation afforded to certified Competitive Local Exchange Carriers ("CLECs"). ICI respectfully requests, therefore, that the TRA find that ICI is entitled to the rights of interconnection, collocation, resale, and access to unbundled network elements enjoyed by CLECs under the Act.

ICI plans to commence offering service immediately upon filing its final tariff with the Tennessee Regulatory Authority and establishing the appropriate and necessary interconnection, collocation, and resale arrangements with the Incumbent Local Exchange Carriers ("ILECs").

In support of its Application, ICI submits the following:

II. DESCRIPTION OF THE APPLICANT

1. Applicant's legal name is Intrado Communications Inc. Applicant's principal place of business is:

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

2. All correspondence, notices, inquires or other communications pertaining to this Application should be addressed to:

   David A. Huberman
   Regulatory Counsel
   Intrado Inc.
   6285 Lookout Road
   Boulder, CO 80301

Telephone: (303) 581-5789
Facsimile: (303) 581-0900

With copies to:

Gary A. Klug
Director of State Regulatory Affairs
Intrado Inc.
6285 Lookout Road
Boulder, CO 80301
Telephone: (303) 581-6034
Facsimile: (303) 581-0900

3. Questions concerning the ongoing operations of ICI following certification should be directed to:

   Gary A. Klug
   Director of State Regulatory Affairs
   Intrado Inc.
   6285 Lookout Road
   Boulder, CO 80301
   Telephone: (303) 581-6034
   Facsimile: (303) 581-0900

4. The officers of ICI will be responsible for ICI's operations in Tennessee. ICI's principal officers are:

George Heinrichs	President
Michael Dingman, Jr.	Secretary/Treasurer

   Each of the individuals listed above can be reached at:

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

   An organization chart depicting ICI's Corporate structure is attached as **Exhibit 2.**

5. ICI does not have corporate offices in Tennessee at this time. If ICI opens a corporate office in Tennessee in the future, ICI will promptly advise the TRA.

6. ICI understands the importance of effective customer service for local service customers. Accordingly, ICI will maintain the following toll-free customer service telephone number: (877) 856-7504. Customer assistance will be available twenty-four hours per day, seven days per week. Customers may also contact the company in writing at the headquarters address provided above.

7. ICI, a Delaware corporation, is a direct, wholly-owned subsidiary of Intrado, a publicly traded corporation incorporated in the State of Delaware. True and correct copies of ICI's articles of incorporation and certificate of incorporation are provided in **Exhibit 3**. ICI has one direct, wholly-owned subsidiary – Intrado Communications of Virginia Inc. Neither ICI nor Intrado Communications of Virginia Inc. presently provides telecommunications services in Tennessee. A copy of ICI's authorization to do business in Tennessee, issued by the Secretary of State, is provided in **Exhibit 4** hereto.

8. ICI is financially qualified to provide the services described herein. ICI will rely on its parent company, Intrado, for financial support to provide the services described herein. Intrado has access to the financing and capital necessary to support ICI's operations, and Intrado is not relying on any third party to support its financial ability to fund the services to be offered by ICI. Attached hereto as **Exhibit 5** is a copy of Intrado's most recent Annual Report, which contains Intrado's most recent SEC Form 10-K, and Intrado's most recent SEC Form 10-Q.

9. ICI is managerially and technically qualified to provide the services described herein. ICI will rely on management and technical personnel of its parent company, Intrado, to provide the services described herein. Intrado currently employs more than 600 highly-qualified individuals that represent some of the sharpest and most proactive minds in the telecommunications industry. Gathered from the public safety, software development, and telecommunications industries, Intrado's team of professionals is at the forefront of industry debate and is uniquely qualified to formulate creative, reliable public safety communications solutions. Descriptions of Intrado's key management and technical personnel are attached hereto as **Exhibit 6**.

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

approval to transfer each of these certificates to the ICI. ICI has not been denied authority to provide telecommunications services in any state.

11. ICI is familiar with and will adhere to all applicable Authority rules, policies, and orders governing the provision of local exchange and interexchange telecommunications services in the State of Tennessee. To the extent required by Tennessee law and the Authority's regulations, ICI will provide: (1) consumer access to and support for the Tennessee Relay Center in the same manner as the incumbent local exchange carriers ("ILECs"); (2) free blocking for 900 and 976 type services; (3) Lifeline and Link-Up services to qualifying customers; (4) educational discounts; and (5) support for universal service. A copy of Intrado's Small and Minority Owned Telecommunications Business Participation Parity Plan is attached hereto as **Exhibit 7**.

12. Applicant has served notice of this Amended Application upon ILECs certificated in Tennessee, and a copy of the Certificate of Service is attached hereto as **Exhibit 8**.

III. <u>PROPOSED SERVICES</u>

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

14. 9-1-1 SafetyNet^{SM} services include LEC Emergency Call Support service, Wireless Service Provider ("WSP") Emergency Call Support service, and Telematics Emergency Call Support ("TECS") service. These services are provided over the Emergency Communications Network ("ECN"), which is a fully redundant,

physically diverse telecommunications network designed to accept traditional and non-traditional emergency calls, determine the appropriate PSAP, and forward the calls to the PSAP via the traditional 9-1-1 infrastructure.

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

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

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

18. Granting the Amended Application will serve the public interest. For more than 30 years, the existing 9-1-1 infrastructure has performed admirably. However, the introduction and proliferation of portable communications technologies such as wireless telephones, Internet Protocol telephony, personal data assistants, telematics devices in automobiles, and other portable devices places burdens on the existing 9-1-1 infrastructure that severely strain its capability to deliver emergency calls to the appropriate PSAP.

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

    TRA approval of the Amended Application will foster competition in the local exchange and interexchange telecommunications markets and generate significant benefits to Tennessee telecommunications services in the form of increased consumer choice, efficient use of existing communications resources, and increased diversification and reliability of the supply of communications services. The public will benefit directly through the use of the competitive services to be offered by ICI, and indirectly because ICI's presence will increase the incentives for other telecommunications providers to operate more efficiently, offer more innovative services, reduce their prices, and improve their quality of service. Grant of this Amended Application is therefore in the public interest because it will further enhance the service options available to Tennessee citizens.

19. ICI intends to offer its services throughout the State of Tennessee through the use of a combination of ICI's facilities, access to unbundled network elements, interconnection, and resale.

20. ICI's deposit requirements, termination policy, and late charge policy are set forth in ICI's tariff.

IV. CONCLUSION

WHEREFORE, SCC and ICI request that the Authority grant this Amended Application, grant ICI a Certificate of Public Convenience and Necessity authorizing ICI to provide facilities-based and resold local exchange and interexchange telecommunications services throughout the State of Tennessee, and grant any other such relief as the TRA deems appropriate.

Respectfully submitted this 31st day of August 2001.

Intrado Communications Inc.

By: David Huberman

David A. Huberman
Regulatory Counsel
Intrado Inc.
6285 Lookout Road
Boulder, CO 80301-3343
Facsimile: (303) 581-0090
Telephone: (303) 581-5600

EXHIBITS

Exhibit 1
Name Change Notification Letter
Consisting of 2 pages
August 31, 2001

RECEIVED
JUN 15 2001
Pat LGA

REC'D TN
REGULATORY AUTH.

June 6, 2001 '01 JUN 12 AM 8 14

OFFICE OF THE
EXECUTIVE SECRETARY

intrado
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David Waddell
Executive Director
Tennessee Regulatory Authority
460 James Robertson Parkway
Nashville, Tennessee 37243-0505

RE: Docket No. 01-00050
Application of SCC Communications Corp. for a Certificate of Public Convenience and Necessity to Provide Competing Local Telecommunications Services Within the State of Tennessee.

Dear Mr. Waddell:

SCC Communications Corp. herein files with the Tennessee Regulatory Authority ("Authority") an original and thirteen (13) copies of this letter to inform the Authority of certain changes to SCC's corporate structure that affect SCC's Application filed in the above-captioned proceeding on January 16, 2001. On Monday, June 4, 2001, SCC filed documents with the Delaware Secretary of State's office to become Intrado Inc. ("Intrado"). Separately, Intrado filed Articles of Incorporation with the Delaware Secretary of State's office to form a wholly-owned subsidiary, Intrado Communications Inc. ("Intrado Communications"). Intrado Communications will hold state certificates of authority to provide telecommunications services.

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

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

Sincerely,

David Huberman

David A. Huberman
Regulatory Counsel

Exhibit 2
Organizational Chart
Consisting of 1 page
August 31, 2001

Organizational Chart

Intrado Inc.
(formerly SCC Communications Corp.)
A publicly traded Delaware corporation

100%

Intrado Communications Inc.
(a Delaware Corporation)

100%

Intrado Communications of Virginia Inc.
(a Virginia Corporation)

Exhibit 3
ICI's Certificate of Incorporation and
Articles of Incorporation
Consisting of 7 pages
August 31, 2001

State of Delaware

Office of the Secretary of State

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

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

Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

3399282 8100

010266425

AUTHENTICATION: 1169139

DATE: 06-04-01

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

CERTIFICATE OF INCORPORATION

OF

INTRADO COMMUNICATIONS INC.

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

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

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

FOURTH: The Corporation is authorized to issue a single class of capital stock designated Common Stock. The Corporation is further authorized to issue a total of 1,000 shares of Common Stock, each of which shall have a par value of \$.001.

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

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

(a) Indemnification

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

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

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

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

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

(b) **Advancement of Expenses**

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

(c) **Procedures**

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

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

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

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

(d) Rights Not Exclusive

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

(e) **Subsequent Events**

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

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

(f) **Invalidation**

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

(g) **Definitions**

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

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

(a) **Election of Directors**

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

(b) **Amendment of By-Laws**

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

(c) **Location of Corporate Books**

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

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

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

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

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

Mark L. Johnson

Mark L. Johnson
Sole Incorporator

Exhibit 4
ICI's Certificate of Authority
Consisting of 5 pages
August 31, 2001

Secretary of State
Division of Business Services
312 Eighth Avenue North
6th Floor, William R. Snodgrass Tower
Nashville, Tennessee 37243

DATE: 07/24/01
REQUEST NUMBER: 4257-0400
TELEPHONE CONTACT: (615) 741-2286
FILE DATE/TIME: 07/23/01 0854
EFFECTIVE DATE/TIME: 07/23/01 0854
CONTROL NUMBER: 0411581

TO:
HALE AND DORR, LLP
60 STATE STREET

BOSTON, MA 02109-9987

RE:
INTRADO COMMUNICATIONS, INC.
APPLICATION FOR CERTIFICATE OF AUTHORITY -
FOR PROFIT

WELCOME TO THE STATE OF TENNESSEE. THE ATTACHED CERTIFICATE OF AUTHORITY HAS BEEN FILED WITH AN EFFECTIVE DATE AS INDICATED ABOVE.

A CORPORATION ANNUAL REPORT MUST BE FILED WITH THE SECRETARY OF STATE ON OR BEFORE THE FIRST DATE OF THE FOURTH MONTH FOLLOWING THE CLOSE OF THE CORPORATION'S FISCAL YEAR. PLEASE PROVIDE THIS OFFICE WITH WRITTEN NOTIFICATION OF THE CORPORATION'S FISCAL YEAR. THIS OFFICE WILL MAIL THE REPORT DURING THE LAST MONTH OF SAID FISCAL YEAR TO THE CORPORATION AT THE ADDRESS OF ITS PRINCIPAL OFFICE OR TO A MAILING ADDRESS PROVIDED TO THIS OFFICE IN WRITING. FAILURE TO FILE THIS REPORT OR TO MAINTAIN A REGISTERED AGENT AND OFFICE WILL SUBJECT THE CORPORATION TO ADMINISTRATIVE REVOCATION OF ITS CERTIFICATE OF AUTHORITY.

WHEN CORRESPONDING WITH THIS OFFICE OR SUBMITTING DOCUMENTS FOR FILING, PLEASE REFER TO THE CORPORATION CONTROL NUMBER GIVEN ABOVE.

FOR: APPLICATION FOR CERTIFICATE OF AUTHORITY -
FOR PROFIT

ON DATE: 07/23/01

FROM:
HALE AND DORR
60 STATE STREET

BOSTON, MA 02109-0000

	FEES	
RECEIVED:	$600.00	$0.00
TOTAL PAYMENT RECEIVED:		$600.00

RECEIPT NUMBER: 00002912254
ACCOUNT NUMBER: 00215103

Riley C Darnell

RILEY C. DARNELL
SECRETARY OF STATE

SS-4458

4256 13400

State of Tennessee

Department of State
Corporate Filings
312 Eighth Avenue North
6th Floor, William R. Snodgrass Tower
Nashville, TN 37243

APPLICATION FOR CERTIFICATE OF AUTHORITY (FOR PROFIT)

For Office Use Only

FILED

RECEIVED
STATE OF TENNESSEE
2001 JUL 23 AM 8:52
RILEY DARNELL
SECRETARY OF STATE

Pursuant to the provisions of Section 48-25-103 of the Tennessee Business Corporation Act, the undersigned corporation hereby applies for a certificate of authority to transact business in the State of Tennessee, and for that purpose sets forth:

1. The name of the corporation is Intrado Communications Inc.
*If different, the name under which the certificate of authority is to be obtained is ______

[NOTES: The Secretary of State of the State of Tennessee may not issue a certificate of authority to a foreign corporation for profit if its name does not comply with the requirements of Section 48-14-101 of the Tennessee Business Corporation Act. *If obtaining a certificate of authority under a different corporate name, an application for registration of an assumed corporate name must be filed pursuant to Section 48-14-101(d) with an additional $20.00 fee.]

2. The state or country under whose law it is incorporated is Delaware

3. The date of its incorporation is 6/4/01 (must be month, day, and year), and the period of duration, if other than perpetual, is ______.

4. The complete street address (including zip code) of its principal office is

Street	City	State/Country	Zip Code
6285 Lookout Rd.	Boulder	CO	80301

5. The complete street address (including the county and the zip code) of its registered office in Tennessee and the name of its registered agent is

Street	City	State/Country	Zip Code
530 Gay Street,	Knoxville,	Tennessee (Knox County)	37902

Registered Agent C T Corporation System

6. The names and complete business addresses (including zip code) of its current officers are: (Attach separate sheet if necessary.)
See Attachment A

7. The names and complete business addresses (including zip code) of its current board of directors are: (Attach separate sheet if necessary.) See Attachment A

8. If the corporation commenced doing business in Tennessee prior to the approval of this application, the date of commencement (month, day and year) ______.

9. The corporation is a corporation for profit.

10. If the document is not to be effective upon filing by the Secretary of State, the delayed effective date/time is ______, ______ (date), ______ (time).

[NOTE: A delayed effective date shall not be later than the 90th day after the date this document is filed by the Secretary of State.]

[NOTE: This application must be accompanied by a certificate of existence (or a document of similar import) duly authenticated by the Secretary of State or other official having custody of corporate records in the state or country under whose law it is incorporated. The certificate shall not bear a date of more than two (2) months prior to the date the application is filed in this state.]

6/24/01
Signature Date

Secretary and Treasurer
Signer's Capacity

Intrado Communications Inc.
Name of Corporation

[signature]
Signature

Michael D. Dingman, Jr.
Name (typed or printed)

SS-4431 (Rev. 7/00)

RDA 1678

TN021 - 8/04/00 C T System Online

ATTACHMENT A

OFFICERS & DIRECTOR OF
INTRADO COMMUNICATIONS INC.

OFFICERS:

George K. Heinrichs
President
Intrado Communications Inc.
6285 Lookout Rd.
Boulder, CO 80301

Michael D. Dingman, Jr.
Secretary/Treasurer
Intrado Communications Inc.
6285 Lookout Rd.
Boulder, CO 80301

SOLE DIRECTOR:

George K. Heinrichs
Intrado Communications Inc.
6285 Lookout Rd.
Boulder, CO 80301

State of Delaware

Office of the Secretary of State

I, HARRIET SMITH WINDSOR, SECRETARY OF STATE OF THE STATE OF DELAWARE, DO HEREBY CERTIFY "INTRADO COMMUNICATIONS INC." IS DULY INCORPORATED UNDER THE LAWS OF THE STATE OF DELAWARE AND IS IN GOOD STANDING AND HAS A LEGAL CORPORATE EXISTENCE SO FAR AS THE RECORDS OF THIS OFFICE SHOW, AS OF THE SIXTEENTH DAY OF JULY, A.D. 2001.

AND I DO HEREBY FURTHER CERTIFY THAT THE FRANCHISE TAXES HAVE NOT BEEN ASSESSED TO DATE.

SECRETARY'S OFFICE 1793 DELAWARE 1874

Harriet Smith Windsor

Harriet Smith Windsor, Secretary of State

3399282 8300

AUTHENTICATION: 1243022

010340456

DATE: 07-16-01

4257 0413

INTRADO INC.
6285 Lookout Rd.
Boulder, CO 80301

July 6, 2001

Intrado Inc. (f/k/a SCC Communications Corp.), a Delaware corporation, hereby consents to the use of the name "Intrado Communications Inc." in the State of Tennessee by Intrado Communications Inc., a Delaware corporation.

Sincerely yours,

INTRADO INC.

By: ______________________
Craig W. Donaldson
Vice President & General Counsel

Exhibit 5
Financial Qualifications
Consisting of 84 pages
August 31, 2001

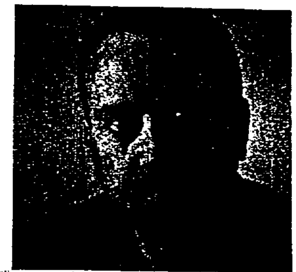
Annual Report w/Sec Form 10 K

SCC COMMUNICATIONS CORP. 2000 ANNUAL REPORT

Pioneering the Technology of Informed Response

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

George Heinrichs
President and Chief Executive Officer



Dear Shareholders,

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

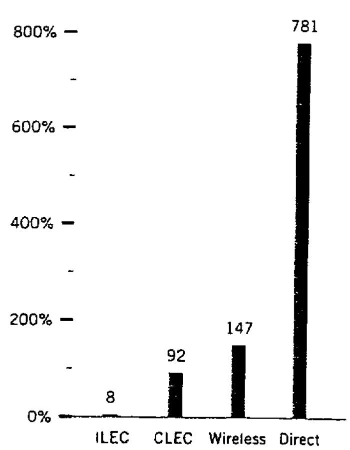
In February, I was proud to release a summary of the dramatic growth we achieved in 2000. Wireless revenue jumped 147 percent, CLEC revenue grew 92 percent, Direct saw an amazing 781 percent revenue increase and ILEC, our foundational business unit, grew a solid 8 percent. While it was a challenging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

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

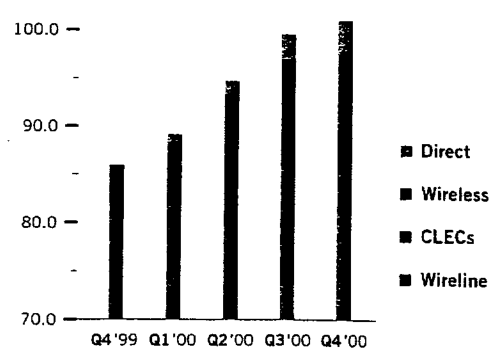
We are excited by our prospects as we apply our expertise and creativity to a growing array of opportunities and markets. While we remain firmly rooted in the business of managing 9-1-1 data processing and transaction services, we are exploring new ways to capitalize on changes in data and information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

Thank you for continuing your support and your investment.

George K. Heinrichs
President and Chief Executive Officer



2000 Revenue Growth by Business Unit
(percent change)



Subscribers by Business Unit
(in millions)

Company Profile

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

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

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

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

Wireless

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

Incumbent Local Exchange Carrier (ILEC)

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

Competitive Local Exchange Carrier (CLEC)

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

Direct

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

Looking Forward

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

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

Informed Response
The Market Opportunity

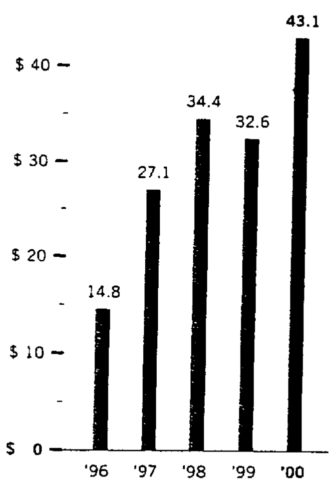
Selected Financial Highlights

(amount in thousands, except per share data)

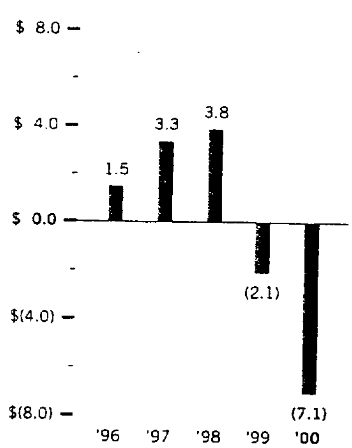
December 31,	2000	1999	1998	1997	1996
Statement of Operations Data:					
Total revenue	$ 43,124	$ 32,584	$ 34,449	$ 27,072	$ 14,802
Net income (loss) from continuing operations before extraordinary item and cumulative effect of change in accounting principle	(6,418)	(1,062)	3,880	4,783	937
Net earnings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

(amount in thousands)

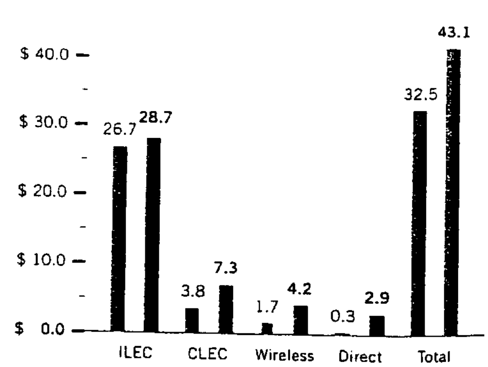
December 31,	2000	1999	1998	1997	1996
Balance Sheet Data:					
Cash and cash equivalents	$ 5,036	$ 8,354	$ 10,266	$ 2,503	$ 32
Short and long-term investments in marketable securities	6,939	13,158	9,815	—	—
Working capital (deficit)	12,743	18,014	17,678	(2,670)	(7,345)
Total assets	44,669	41,780	45,095	21,106	18,482
Long-term debt	1,511	2,038	2,791	6,891	3,318
Total stockholders equity (deficit)	24,967	32,998	33,591	(11,867)	(13,068)



Total Annual Revenue
(in millions)



Annual Operating Income (Loss)
(in millions)



Revenue by Business Unit ■ 1999 ■ 2000
(in millions)

UNITED STATES SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 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 DECEMBER 31, 2000

OR

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

COMMISSION FILE NUMBER: 000-29678

SCC COMMUNICATIONS CORP.

(Exact Name of Registrant as Specified in Its Charter)

DELAWARE (State or Other Jurisdiction of Incorporation or Organization)	**84-0796285** (I.R.S. Employer Identification Number)
6285 LOOKOUT ROAD **BOULDER, COLORADO** (Address of Principal Executive Offices)	**80301** (Zip Code)

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

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

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

Indicate by check mark whether the Registrant (1) has filed all reports required to be filed by Section 13 or 15(d) of the Securities Exchange Act of 1934 during the preceding 12 months (or for such shorter period that the Registrant was required to file such reports), and (2) has been subject to such filing requirements for the past 90 days. Yes [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. [ ]

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

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

DOCUMENTS INCORPORATED BY REFERENCE

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

CAUTIONARY NOTE ABOUT FORWARD-LOOKING STATEMENTS

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

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

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

SCC COMMUNICATIONS CORP.
2000 ANNUAL REPORT ON FORM 10-K
TABLE OF CONTENTS

PART I

PART II

PART III

PART IV

ITEM 1. BUSINESS

Overview

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

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

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

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

Industry Background

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

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

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

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

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

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

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

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

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

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

Our Solution

We redefined the U.S. market for 9-1-1 OSS by creating the first and largest 9-1-1 service bureau, with over 101 million subscriber data records under management throughout North America. We offer a cost-effective outsourcing solution that covers virtually all aspects of 9-1-1 data management, including system activation, routine data administration, event transaction processing and performance management. Our services are also extremely secure and reliable and can interface with each carrier's proprietary or open systems. In addition, we license our 9-1-1 OSS software to carriers that wish to control the delivery of 9-1-1 services in-house. We believe that our solution offers the following principal features and benefits:

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

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

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

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

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

Our Strategy

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

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

Capitalize on Emerging Wireless Carrier Opportunities. We have contracts to provide Phase I wireless 9-1-1 services to 21 wireless carriers which have approximately 35 million subscribers. As of December 31, 2000, we have 3.7 million live subscribers on our wireless 9-1-1 services. We believe there is a significant opportunity to increase our wireless 9-1-1 services by implementing a larger portion of the subscribers we have under contract and signing contracts with more wireless carriers. We also intend to provide Phase II wireless services. The significant growth in wireless telephone users, the FCC mandate and the increased demand for enhanced wireless service offerings present opportunities for growth in our wireless 9-1-1 services.

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

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

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

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

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

Our Services and Products

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

Base Services

Our base services include the following:

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

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

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

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

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

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

Enhanced Services of SCC Public SafetyNet Operations Center –

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

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

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

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

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

License Products

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

Commercial Services

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

Service and Product Pricing

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

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

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

Service Infrastructure and Architecture

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

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

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

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

Customers

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

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

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

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

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

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

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

Sales and Marketing

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

Research and Development

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

Competition

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

Our principal competitors fall generally within one of three categories:

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

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

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

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

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

Proprietary Rights

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

Employees

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

Facilities

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

RISK FACTORS

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

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

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

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

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

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

We historically have depended on, and expect to continue to depend on, large contracts from a limited number of significant customers. We provide our services to a range of customers, including ILECs, CLECs, wireless carriers and state and local government agencies. We also license our software and provide 9-1-1 data clearinghouse services directly and indirectly to over 750 independent telephone companies. During the year ended December 31, 2000, we recognized approximately 66% of total revenue from continuing operations from Ameritech, BellSouth Inc. and Qwest, each of which accounted for greater than 10% of our revenue. During the year ended December 31, 1999, we recognized approximately 81% of total revenue from Ameritech, BellSouth Inc. and Qwest, each of which accounted for greater than 10% of our revenue. During the year ended December 31, 1998, we recognized approximately 73% of total revenue from Ameritech, BellSouth Inc. and Qwest. No other customers accounted for more than 10% of our total revenue during those periods. We believe that these customers may continue to represent a substantial portion of our total revenue in the future. Certain contracts with these customers allow them to cancel their contracts with us in the event of changes in regulatory, legal, labor or business conditions. Our contracts with these customers expire in 2005. The loss of any of these customers would have a material adverse effect on our business, financial condition and results of operations.

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

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

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

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

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

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

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

Therefore, any changes to such legal requirements, the adoption of new regulations by federal or state regulatory authorities under these laws and regulations or any legal challenges to them could have a material adverse effect upon the market for our services and products. Although these laws and regulations were designed or modified in some respects to expand competition in the telecommunications industry, the realization of the objectives of these laws and regulations is subject to many uncertainties, including renewed Congressional interest and judicial and administrative proceedings designed to define rights and obligations, actions or inactions by ILECs and other carriers that affect the pace at which changes contemplated by these laws and regulations occur, resolution of questions concerning which parties may finance such changes, and other regulatory, economic and political factors.

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

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

In the last five years, the general health of the economy has been relatively strong. Growing companies have spent unprecedented amounts of capital to keep pace with rapid technological advances. In late 2000, the economy started to slow down. To the extent the general economic health of the United States declines from recent historically high levels, or to the extent individuals or companies fear a decline is imminent, these individuals and companies may reduce expenditures such as those for our services. Any decline or concern about an imminent decline could delay decisions among certain customers to roll out our services or could delay decisions by prospective customers to make initial evaluations of our services. Any delays would have a material and adverse effect on our business.

ITEM 2. PROPERTIES

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

ITEM 3. LEGAL PROCEEDINGS

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

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

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

PART II

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

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

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

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

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

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

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

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

ITEM 6. SELECTED FINANCIAL DATA

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

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

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

PRO FORMA EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE:

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

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

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

Overview

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

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

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

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

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

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

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

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

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

Results of Operations

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

Total Company

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

ILEC Business Unit

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

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

CLEC Business Unit

CLEC revenue increased 92%, from $3.8 million in 1999 to $7.3 million in 2000 due to an increase in the number of records under management for new and existing customers and additional revenue recognized on new customers signed in 2000. As of December 31, 2000, we had 38 CLEC contracts representing 5.4 million subscribers. CLEC direct costs increased 30%, from $2.0 million in 1999 to $2.6 million in 2000, representing 53% and 36% of CLEC revenue for such periods, respectively. The dollar increase in CLEC costs was due to the hiring of additional CLEC operations staff to assist with the continued growth in records under management. The percentage decrease in costs was due mainly to volume efficiencies gained by the growth in records managed. The net impact of the SAB 101 adjustments on CLEC 2000 revenue and direct costs was a net decrease of approximately $453,000. CLEC sales and marketing expenses increased 140%, from $355,000 in 1999 to $851,000 in 2000, representing 9% and 12% of CLEC revenue for such periods, respectively. The increase in CLEC sales and marketing expenses was due to the hiring of additional sales and marketing personnel to accommodate the growth in the CLEC Business Unit and increased direct marketing campaign costs. CLEC research and development costs increased 49%, from $167,000 in 1999 to $248,000 in 2000, representing 4% and 3% of CLEC revenue for such periods respectively, due to the development of Local Number Portability ("LNP") software applications.

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

Wireless Business Unit

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

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

Direct Business Unit

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

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

Corporate Business Unit

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

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

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

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

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

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

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

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

Total Company

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

ILEC Business Unit

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

CLEC Business Unit

CLEC revenue increased 153%, from $1.5 million in 1998 to $3.8 million in 1999 due to an increase in the number of records under management for new and existing customers and additional non-recurring revenue recognized on new customers signed in 1999. CLEC direct costs increased 54% from $1.3 million in 1998 to $2.0 million in 1999, representing 87% and 53% of CLEC revenue for such periods, respectively, due to the hiring of additional CLEC operations staff to assist with the continued growth in records under management. CLEC sales and marketing expenses decreased 26% from $479,000 in 1998 to $355,000 in 1999, representing 32% and 9% of CLEC revenue for such periods, respectively. The decrease in CLEC sales and marketing expenses was due partially to the termination of a sales person in 1999, a decrease in travel costs and a decrease in direct marketing campaign costs. CLEC research and development costs increased 37%, from $122,000 in 1998 to $167,000 in 1999, representing 8% and 4% of CLEC revenue for such periods, respectively, due to the development of LNP software applications.

Wireless Business Unit

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

Direct Business Unit

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

Corporate Business Unit

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

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

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

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

Liquidity and Capital Resources

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

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

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

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

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

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

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

Recently Issued Accounting Pronouncements

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

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

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

Statement of Financial Accounting Standards No. 140

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

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

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

Interest Rate Risk

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

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

SCC COMMUNICATIONS CORP.

INDEX TO FINANCIAL STATEMENTS

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

To SCC Communications Corp.:

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

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

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

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

/s/ ARTHUR ANDERSEN LLP

Denver, Colorado,
January 26, 2001.

SCC COMMUNICATIONS CORP.

BALANCE SHEETS
(dollars in thousands)

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

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

SCC COMMUNICATIONS CORP.

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

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

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

SCC COMMUNICATIONS CORP.

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

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

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

SCC COMMUNICATIONS CORP.

STATEMENTS OF CASH FLOWS
(dollars in thousands)

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

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

SCC COMMUNICATIONS CORP.

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2000

(1) ORGANIZATION, BUSINESS AND LIQUIDITY

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

(2) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Cash and Cash Equivalents

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

Investments in Marketable Securities

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

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

Property and Equipment

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

Deferred Acquisition Costs

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

Software Development Costs

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

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

Revenue and Cost Recognition

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

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

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

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

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

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

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

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

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

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

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

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

2001	$ 913,000
2002	738,000
2003	657,000
2004	500,000
2005	254,000
Total	$ 3,062,000

Research and Development

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

Advertising Costs

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

Income Taxes

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

Concentration of Credit Risk

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

Use of Estimates

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

Fair Value of Financial Instruments

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

Stock Based Compensation Plans

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

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

Impairment of Long-Lived Assets

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

Comprehensive Income

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

Earnings Per Share

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

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

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

(3) RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

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

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

Statement of Financial Accounting Standards No. 140

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

(4) DISCONTINUED OPERATIONS

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

(5) STOCKHOLDERS' EQUITY (DEFICIT)

Common Stock and Preferred Stock

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

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

Mandatorily Redeemable, Convertible Preferred Stock

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

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

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

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

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

Stock Subscriptions Receivable

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

Warrants

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

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

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

	2000
Risk-free interest rate	6.00%
Expected dividend yield	0.00%
Expected lives outstanding	2 years
Expected volatility	78.00%

Director Compensation

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

Accelerated Options

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

Stock Option Plan

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

Employee Stock Purchase Plan

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

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

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

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

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

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

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

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

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

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

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

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

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

(6) CAPITALIZED LEASE OBLIGATIONS

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

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

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

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

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

(7) INCOME TAXES

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

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

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

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

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

	December 31, 2000	1999	1998
Current provision	$ —	$ —	$ —
Deferred benefit, federal and state	—	(468,000)	(912,000)
Income tax benefit	$ —	$ (468,000)	$ (912,000)

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

	December 31, 2000	1999	1998
Deferred benefit —			
Federal	$ —	$ (100,000)	$ —

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

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

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

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

(8) REPORTABLE SEGMENTS

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

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

For the year ended December 31, 2000:

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

For the year ended December 31, 1999:

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

For the year ended December 31, 1998:

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

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

(9) COMMITMENTS

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

2001	$ 2,231,000
2002	1,809,000
2003	160,000
2004	104,000
Total	$ 4,304,000

(10) EMPLOYEE BENEFIT PLAN

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

(11) RELATED PARTY TRANSACTION

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

(12) MAJOR CUSTOMERS

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

(13) LEGAL MATTERS

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

(14) QUARTERLY INFORMATION

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

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

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

None.

PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

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

ITEM 11. EXECUTIVE COMPENSATION

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

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

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

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

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

PART IV

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

(a) (1) Financial Statements

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

(2) Financial Statement Schedules

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

(3) Exhibits

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

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

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

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

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

Corporate Information

Board of Directors

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

Stephen O. James
Independent Executive Business Consultant

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

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

Mary Beth Vitale
Former President and Chief Executive Officer
Westwind Media

Winston J. Wade
Former Chief Executive Officer
Media One Malaysia

Darrell A. Williams
Chief Investment Officer
Telecommunications Development Fund

Executive Officers

George K. Heinrichs
President and Chief Executive Officer

Michael D. Dingman
Chief Financial Officer

Larry Jennings
Vice President of Business Operations

Transfer Agent and Register

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

Independent Auditors

Arthur Andersen LLP
Denver, Colorado

Legal Counsel

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

Corporate Headquarters

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

Investor Relations

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

Investor Relations
SCC Communications Corp.
6285 Lookout Road
Boulder, CO 80301-3343
Tel: 303.581.5600
Fax: 303.581.0900
Email: mdingman@sccx.com

SCC Communications Corp.'s common stock trades on the Nasdaq Stock Market® under the symbol SCCX.

SCC

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

www.scc911.com

SEC Form 10 Q

UNITED STATES SECURITIES AND EXCHANGE COMMISSION

Washington, D.C. 20549

FORM 10-Q

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

FOR THE QUARTERLY PERIOD ENDED JUNE 30, 2001

OR

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

COMMISSION FILE NUMBER: 000-29678

INTRADO INC.

(Exact Name of Registrant as Specified in Its Charter)

DELAWARE (State or Other Jurisdiction of Incorporation or Organization)	84-0796285 (I.R.S. Employer Identification Number)
6285 LOOKOUT ROAD BOULDER, COLORADO (Address of Principal Executive Offices)	80301 (Zip Code)

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

SCC Communications Corp.

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

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

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

CAUTIONARY NOTE ABOUT FORWARD-LOOKING STATEMENTS

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

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

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

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

INDEX

PART 1 - FINANCIAL INFORMATION

INTRADO INC.

CONSOLIDATED BALANCE SHEETS
(DOLLARS IN THOUSANDS)

ASSETS

	JUNE 30, 2001 (UNAUDITED)	DECEMBER 31, 2000
CURRENT ASSETS:		
Cash and cash equivalents, including restricted cash of $750 and $0, respectively	$ 7,235	$ 5,036
Short-term investments in marketable securities	1,997	6,939
Accounts receivable, net of allowance for doubtful accounts of approximately $337 and $184, respectively	8,441	7,166
Unbilled revenue	2,786	574
Inventory	4,149	--
Prepaids and other	1,064	892
Deferred acquisition costs	--	1,054
Deferred income taxes	869	869
Total current assets	26,541	22,530
PROPERTY AND EQUIPMENT, at cost:		
Computer hardware and equipment	32,534	30,259
Furniture and fixtures	2,022	1,987
Leasehold improvements	1,070	1,049
	35,626	33,295
Less--Accumulated depreciation	(23,291)	(20,820)
Total property and equipment, net	12,335	12,475

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

LIABILITIES AND STOCKHOLDERS' EQUITY

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

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

INTRADO INC.

CONSOLIDATED STATEMENTS OF OPERATIONS

(DOLLARS IN THOUSANDS, EXCEPT SHARE DATA)

(UNAUDITED)

	THREE MONTHS ENDED JUN			
		2001		2C
TOTAL REVENUE	$	18,318	$	1
COSTS AND EXPENSES:				
Direct costs		12,679		
Sales and marketing		3,382		
General and administrative		3,759		
Research and development		823		
Total costs and expenses		20,643		1
LOSS FROM OPERATIONS		(2,325)		(
OTHER INCOME (EXPENSE):				
Interest and other income		128		
Interest and other expense		(118)		
NET LOSS BEFORE CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE		(2,315)		(
CUMULATIVE EFFECT OF CHANGE IN ACCOUNTING PRINCIPLE, net of tax of $0		--		
NET LOSS	$	(2,315)	$	(
BASIC AND DILUTED NET LOSS PER SHARE:				
Loss per share before cumulative effect of change in accounting principle	$	(0.18)	$	
Cumulative effect of change in accounting principle		--		
Net loss per share	$	(0.18)	$	
SHARES USED IN COMPUTING NET LOSS PER SHARE:				
Basic and diluted		13,075,444		11,2C

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

INTRADO INC.

CONSOLIDATED STATEMENTS OF CASH FLOWS
(DOLLARS IN THOUSANDS)

(UNAUDITED)

	SIX M ENDED J 2001
CASH FLOWS FROM OPERATING ACTIVITIES:	
Net loss	$ (5,490)
Adjustments to reconcile net loss to net cash provided by (used in) operating activities--	
Amortization and depreciation	3,630
Cumulative effect of change in accounting principle	--
Accretion of and interest accrued on investments	(58)
Loss on disposal of assets	15
Provision for doubtful accounts	225
Change in--	
Accounts receivable	(1,500)
Unbilled revenue	(2,212)
Prepaids and other	(172)
Deferred costs	(1,270)
Accounts payable and accrued liabilities	2,358
Deferred contract revenue	(408)
Net cash used in operating activities	(4,882)
CASH FLOWS FROM INVESTING ACTIVITIES:	
Acquisition of property and equipment	(1,808)
Purchase of investments in marketable securities	--
Sale of investments in marketable securities	5,000
Software development costs	(132)
Net cash provided by investing activities	3,060
CASH FLOWS FROM FINANCING ACTIVITIES:	
Principal payments on capital lease obligations	(1,180)
Proceeds from equipment financing	--
Proceeds from private placement	5,000
Costs from private placement	(253)
Proceeds from exercise of stock options	290
Proceeds received from employee stock purchase plan	164
Net cash provided by financing activities	4,021
NET INCREASE IN CASH AND CASH EQUIVALENTS	2,199
CASH AND CASH EQUIVALENTS, beginning of period	5,036
CASH AND CASH EQUIVALENTS, end of period	$ 7,235
SUPPLEMENTAL DISCLOSURE OF CASH FLOW INFORMATION:	
Cash paid during the period for interest	$ 114
Cash paid during the period for taxes	$ 270

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

NOTES TO FINANCIAL STATEMENTS
(UNAUDITED)

NOTE 1 - BASIS OF PRESENTATION

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

RECLASSIFICATIONS

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

REVENUE RECOGNITION

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

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

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

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

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

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

NOTE 2 - NAME CHANGE

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

NOTE 3 - ACQUISITION

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

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

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

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

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

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

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

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

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

NOTE 4 - PRIVATE PLACEMENT

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

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

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

	2001
Risk-free interest rate.............	5.00%
Expected dividend yield.............	0.00%
Expected lives outstanding..........	5 years
Expected volatility.................	94.00%

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

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

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

NOTE 5 - ADOPTION OF SAB 101

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

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

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

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

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

NOTE 6 - EARNINGS PER SHARE

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

NOTE 7 - REPORTABLE SEGMENTS

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

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

For the Three Months Ending June 30:

(dollars in thousands)

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

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

For the Six Months Ending June 30:

(dollars in thousands)

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

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

DIRECT CORPORATE TOTAL

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

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

NOTE 8 - Stock Subscriptions Receivable

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

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

NOTE 9 - RELATED PARTY TRANSACTIONS

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

NOTE 10 - Recently Issued Accounting Pronouncements

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

NOTE 11 - SUBSEQUENT EVENTS

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

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

OVERVIEW

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

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

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

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

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

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

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

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

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

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

	Three Months Ended June 30,				Six M	
	Revenue		Percent		Revenue	
	2001	2000	2001	2000	2001	200C
ILEC Business Unit	$10,480	$ 7,143	57%	70%	$17,732	$13,9
CLEC Business Unit	3,404	1,622	19	16	6,494	2,9
Wireless Business Unit	2,653	789	14	8	4,441	1,3
Direct Business Unit	1,781	695	10	6	2,840	9
	$18,318	$10,249	100%	100%	$31,507	$19,2

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

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

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

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

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

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

TOTAL COMPANY

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

ILEC BUSINESS UNIT

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

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

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

June 30, 2001.

CLEC BUSINESS UNIT

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

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

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

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

WIRELESS BUSINESS UNIT

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

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

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

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

DIRECT BUSINESS UNIT

Direct revenue increased 159% from $695,000 in the second quarter of 2000 to $1.8 million in the second quarter of 2001. Direct revenue increased due to the transition of records in the State of Texas, fees recognized for enhanced services, revenues related to our Emergency Warning and Evacuation (EWE) system and maintenance revenue related to the call handling division acquired as part of the LPSS transaction. Included in this increase is approximately $208,000 of revenue related to the call handling division acquired as part of the LPSS acquisition during the period from May 12, 2001 through June 30, 2001. The subscriber base in Texas increased to 7.0 million and EWE increased to 1.8 million.

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

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

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

CORPORATE BUSINESS UNIT

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

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

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

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

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

TOTAL COMPANY

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

ILEC BUSINESS UNIT

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

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

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

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

CLEC BUSINESS UNIT

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

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

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

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

WIRELESS BUSINESS UNIT

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

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

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

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

DIRECT BUSINESS UNIT

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

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

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

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

CORPORATE BUSINESS UNIT

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

Corporate sales and marketing expenses increased 25%, from $1.6 million in the six months ended June 30, 2000 to $2.0 million in the six months ended June 30, 2001, representing 8% and 6% in total revenue for such periods, respectively. Corporate sales and marketing expenses increased due to increased personnel and public relations charges.

Corporate research and development increased 149% from $722,000 in the six months ended June 30, 2000 to $1.8 million in the six months ended June 30, 2001 representing labor and associated travel and consulting costs related to the research and development of new product offerings.

Net other income decreased 81%, from $426,000 in the six months ended June 30, 2000 to $79,000 in the six months ended June 30, 2001, representing 2% and 0% of total revenue for such periods, respectively. Other income decreased due to less interest income earned from investments.

The cumulative effect from change in accounting principle of approximately $3.1 million in 2000 represents the change associated with adopting SAB 101 effective January 1, 2000. This change reflects the amount of income that had been recognized under our previously existing revenue recognition methods that would have been deferred as of

December 31, 1999 had we been under the guidelines of SAB 101. The income deferred as a result of adopting SAB 101 will be recognized on varying dates through 2005.

LIQUIDITY AND CAPITAL RESOURCES

Since our inception we have funded our operations with cash provided by operations, supplemented by equity and debt financing and leases on capital equipment. As of June 30, 2001, we had $9.2 million in cash and cash equivalents and investments in marketable securities. We expect our operating cash flows to turn positive in the second half of 2001 as we begin generating revenue from our increased subscriber base as a result of our wireless deployment efforts.

We repaid $1.2 million and $1.0 million of capital lease obligations during the six months ended June 30, 2001 and 2000, respectively. Additionally, we used $1.9 million and $2.1 million in the six months ended June 30, 2001 and 2000, respectively, for the purchase of capital assets and software development. We currently have no material commitments for capital expenditures other than the following. On May 7, 2001, we signed an eight-year lease to occupy approximately 210,000 square feet of office space in Longmont, Colorado. We expect to move our corporate headquarters to Longmont beginning in the latter half of 2001, with full occupancy anticipated in the first or second quarter of 2002. We expect to incur approximately $2 million in leasehold improvements during the last half of fiscal 2001 in order to prepare for the move.

In addition, we incurred an obligation to purchase approximately $4.1 million of computers in conjunction with the LPSS acquisition. We may purchase additional systems in an effort to attain incremental operating efficiencies, especially in our ILEC and CLEC business units and to incur additional costs and expenses in connection with our acquisition of certain net assets of LPSS.

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

We also have access to a maximum of $7.5 million through capital lease lines with two entities. The interest rate is equal to the entities' cost of funds at the time of each lease. Each lease schedule is collateralized by the assets that are being leased and is subject to review and approval by the lessor at the time of the Company's application. Each lease has its own termination date, typically 36 months. As of June 30, 2001, $2.0 million available under the capital lease lines has been utilized.

PRIVATE PLACEMENT

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

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

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

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

FUTURE CAPITAL NEEDS AND RESOURCES

We anticipate that, for the foreseeable future, significant amounts of available cash flows will be utilized for:

- capital expenditures for the expansion and enhancement of our networks and the continued development of new or enhanced products and services;
- operating expense to support the continued implementation of existing customer contracts, particularly in the wireless business unit; - potential acquisitions;
- debt service requirements; and - other general corporate expenditures.

We anticipate that our cash utilization for capital expenditures and other operating and financing activities will continue to exceed our positive cash flows from operating activities through the third quarter of 2001 as we continue to expand and enhance our networks, invest in the development of enhanced products and services, and implement existing customer contracts. We expect cash inflows from operating activities to exceed outflows by the end of 2001. However, our success depends on the execution of our strategies, including the following factors:

- effectively integrate the operations of LPSS with our historic business;
- develop business and pricing models that realize benefits from economies of scale;
- develop new and better products that we can competitively price and sell; and
- implement more cost effective internal processes.

However, we cannot be sure that our actions will be successful in decreasing our overall operating costs or increasing operating profits.

If we are not successful in implementing these initiatives and realizing positive cash flows from operations, and we are unable to raise additional funds or obtain funds from other sources on acceptable terms and in a timely manner, we may be required to conserve available cash for use in funding existing business activities, thereby slowing enhancement and implementation of existing contracts and services.

Based on available cash resources and the anticipated cash needs of our operations for capital expenditures and acquisitions and the combined anticipated operating cash flow of our business units, we believe that we will be able to fully fund our operations through calendar year 2001. In making this assessment, we have considered:

- consolidated cash, cash equivalents and short-term investments (net of restrictive cash of $750,000) of $8.5 million as of June 30, 2001; - the anticipated availability of up to $15 million of funding related to our recent agreement to establish a revolving credit facility; - the anticipated level of capital expenditures during the remainder of 2001;
- presently scheduled debt service requirements during the remainder of 2001; and
- our expectation of realizing positive cash flow from operations during the fourth quarter of 2001.

If our business plans change, or if economic conditions or competitive practices in the telecommunications industry change materially, our cash flow, profitability and anticipated cash needs could change significantly. Any acquisition or new business opportunity could involve significant additional funding needs in excess of the identified currently available sources, and could require us to raise additional equity or debt funding to meet those needs.

The availability of borrowings under our credit facility and lease line of credit is subject to certain conditions and limitations, and we cannot be sure that those conditions will be met. The instruments relating to our financing arrangements contain provisions that limit the amount of borrowings that we may incur. The terms of the credit facility and lease line of credit also require us to maintain compliance with specified operating and financial covenants or ratios, including specified covenants and ratios related to leverage, which become more stringent over time.

In addition, our capital needs, and our ability to adequately address those needs through debt or equity funding sources, are subject to a variety of factors that we cannot presently predict, including:

- the commercial success of our products and services; - the amount and timing of our capital expenditures and operating income or losses;
- the volatility and demand of the equity and debt markets; and

- the market price of our common stock.

We have had and may in the future have discussions with third parties regarding potential equity investments and debt financing arrangements to satisfy actual or anticipated financing needs. At present, other than the existing equity or debt financing arrangements that have been consummated or are described in this quarterly report, we have no legally binding commitments or understandings with any third parties to obtain any material amount of equity or debt financing.

RECENTLY ISSUED ACCOUNTING PRONOUNCEMENTS

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

ITEM 3. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Market risk represents the risk of loss that may impact our financial position, results of operations or cash flows due to adverse changes in financial and commodity market prices and rates. We are exposed to market risk in the areas of changes in United States interest rates. These exposures are directly related to our normal operating and funding activities. Historically, and as of June 30, 2001, we have not used derivative instruments or engaged in hedging activities.

INTEREST RATE RISK

The interest payable on our new line of credit is variable and is determined based on the prime rate plus 2.00% per annum, and, therefore, is affected by changes in market interest rates. At June 30, 2001, no amounts were outstanding under our line of credit, however, we may borrow up to 85% of qualified accounts receivable, not to exceed $15,000,000. Rates on our capital lease line are also dependent on interest rates in effect at the time the lease line is drawn upon. In addition, we invest excess funds in high-grade treasury bonds and commercial paper on which we monitor interest rates frequently and as the investments mature. Based on amounts invested in treasury bonds and commercial paper at June 30, 2001, if the markets were to experience a decline in rates of 1%, we would have a resulting decline in future quarterly earnings, fair values and cash flows of approximately $5,000 per quarter.

PART II - OTHER INFORMATION

ITEM 2 - CHANGES IN SECURITIES AND USE OF PROCEEDS.

During the three months ended June 30, 2001, we issued the following unregistered securities:

- On May 2, 2001, we entered into an agreement to issue 632,111 shares of its common stock to an institutional investor for consideration of $4,750,000, net of a $250,000 finder's fee (the "May 2001 Private Placement"). The transaction closed on May 10, 2001. The common stock was purchased at a negotiated price per share of $7.91, reflecting the arithmetic average of the closing price of the Company's common stock on the Nasdaq National Market for the twenty consecutive trading days prior to May 2, 2001.

- As a finder's fee for the May 2001 Private Placement, the Company issued a warrant to purchase 31,605 shares (5% of the shares issued to the institutional investor) to a broker. The warrant carries an exercise price of $7.91 per share.

Each of the above transactions was exempt from registration under Rule 506 of Regulation D and Section 4(2) of the Securities Act of 1933.

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

The following two matters were submitted to a vote of security holders at the Annual Meeting of Stockholders held on June 26, 2001.

1. Election of two directors, each for a term of three years. The following votes were cast:

Director Nominee	For	Withheld
Stephen O. James	9,691,223	19,125
Mary Beth Vitale	9,693,566	16,782

2. Ratification of Arthur Andersen LLP as independent accounts for the 2001 fiscal year. The following votes were cast:

For	9,649,359
Against	8,567
Abstain	2,422

ITEM 6 - EXHIBITS AND REPORTS ON FORM 8-K.

(a) Exhibits.
None.

(b) Reports on Form 8-K.

On May 11, 2001, we filed a Current Report on Form 8-K to announce the $5 million private placement with an institutional investor.

On May 14, 2001, we filed a Current Report on Form 8-K to announce the acquisition certain assets and assumption of certain liabilities associated with the database and call handling divisions of LPSS. This Current Report on Form 8-K also included proforma financial statements for the year ended December 31, 2000.

SIGNATURES

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

INTRADO INC.
(Registrant)

August 14, 2001	\s\ George K. Heinrichs
Date	George K. Heinrichs, President and Chief Executive Officer
August 14, 2001	\s\ Michael D. Dingman, Jr.
Date	Michael D. Dingman, Jr. Financial Officer

End of Filing

Exhibit 6
Managerial Qualifications
Consisting of 15 pages
August 31, 2001

Key Personnel

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

Key Personnel

KEY MEMBER NAME/TITLE:	Stephen Meer Vice President & Chief Technology Officer
DEPARTMENT:	Executive

CURRENT RESPONSIBILITIES/DUTIES AT INTRADO:
Mr. Meer is responsible for all network related product and services design, installation, and operations at Intrado. Additionally, he is responsible for identifying and implementing key strategic technology and technology service relationships with other organizations. This includes system level design and architecture of Intrado products involving computer telephony integration and design of data communications networks supporting the Intrado National Data Services Center.

Mr. Meer has been responsible for the design, implementation, and operation of emergency voice, data, and radio communications networks that today support in excess of 100 million people's public safety.

KEY MEMBER EMPLOYMENT HISTORY

SUMMARY OF EMPLOYMENT HISTORY:
One of the original founders and principals of Intrado for 17 years. Mr. Meer has over 20 years of telecommunications and RF experience, 10 of those years in public safety.

Mr. Meer was principal architect of numerous integrated CAD/911/Selective Routing systems throughout North America, RF designer and implementer of STORRM, Boulder County's Flash Flood Early Warning System.

As the past chairman of the Engineering and Research Committee of the Colorado chapter of the Associated Public Safety Communications Officers, Mr. Meer developed a program of technical assistance for Colorado agencies. This program has been adopted at the national level and is now available to virtually all government communications users in the country. He also developed the curriculum and organized the first technical communications seminar held for Colorado Public Safety Communications professionals. This seminar is now sponsored yearly by Colorado State University. Mr. Meer is also a contributing author to the national reference publication "Public Safety Communications Standard Operating Procedure Manual."

Mr. Meer is also a former police officer and paramedic, having over 10 years experience working and teaching in the areas of advanced life support, law enforcement operations, and systems and public safety communications.

Mr. Meer is certified by the State of Colorado Police Standards and Training Board to teach communications, communications system design, EMS Management, and Medical Practices. His honors include a Presidential Award of Excellence for the application of computer technology to environmental protection.

Key Personnel

KEY MEMBER NAME/TITLE:	Michael Dingman, Jr. Chief Financial Officer
DEPARTMENT:	Executive

CURRENT RESPONSIBILITIES/DUTIES AT INTRADO:
Responsible for financial planning and corporate finance at Intrado.

KEY MEMBER EMPLOYMENT HISTORY

SUMMARY OF EMPLOYMENT HISTORY:

Michael Dingman brings more than 17 years of diversified financial management experience to Intrado.

Prior to joining Intrado, Mr. Dingman served as CFO and treasurer of RMI.NET, Inc., an Internet business solutions provider. At RMI.NET, Inc., Mr. Dingman was responsible for corporate finance and management of investment banking relationships, budgeting, cash flow forecasting, acquisition valuation, and overall financial management.

Mr. Dingman also has extensive experience in financial consulting as president and founder of an investment consulting firm. Early in his career he worked in mergers and acquisitions with Lazard Freres and Co.

Degrees: BS, MBA

COMPANY NAME	POSITION HELD	RELATED EXPERIENCE
RMI.NET, Inc.	CFO/Treasurer	Responsible for all financial aspects and capital requirements of a public e-commerce solutions firm, with $50MM in annual sales and 450 employees, providing products and services in both the software and connectivity segments of the Internet space.
Qwon Investment Consultants, Inc.	President/Founder	Responsible for overall aspects of business operation and management of a registered investment advisory firm and a fully disclosed non-clearing securities broker-dealer.
Owen-Joseph Companies	President	Responsible for overall aspects of business operation and management of a registered investment advisory firm (Owen-Joseph Asset Management) and a fully disclosed non-clearing securities broker-dealer (Owen-Joseph Securities).
Dingman Associates	President/Founder	Responsible for overall aspects of business origination and management of consulting and financial advisory engagements.
Lazard Freres & Co.	Associate/Mergers & Acquisitions	Responsible for preparation of selling documents, valuation analysis and financial modeling associated with the purchase or sale of U.S. and multinational businesses.

Key Personnel

KEY MEMBER NAME/TITLE:	Larry Jennings Sr. Vice President Business Operations
DEPARTMENT:	Executive

CURRENT RESPONSIBILITIES/DUTIES AT INTRADO:
Mr. Jennings is responsible for the day-to-day operations of the entire company and acts as liaison to the business unit vice president/general managers. Serves as executive representative in customer relations as required.

KEY MEMBER EMPLOYMENT HISTORY

SUMMARY OF EMPLOYMENT HISTORY:

Prior to joining Intrado in June 1999, Larry Jennings served as Vice President of Sales for Teletrac, Inc., a mobile data/location services company. At Teltrac, Mr. Jennings was responsible for building a national organization to market integrated software applications. He also gained extensive operations experience with Premiere Page, a regional paging and voicemail services company where he was Vice President of Operations, leading the company's field operations through seven acquisitions and an IPO.

Degrees BA

COMPANY NAME	POSITION HELD	RELATED EXPERIENCE
Intrado	Vice President/General Manager, ILEC Business Unit	Managed and directed the departments that are contained in the ILEC Business Unit (Sales, Product Management, Program Management, Data Operations)
	Vice President, Sales	Served as executive representative in customer relations.
Teletrac, Inc.	Vice President Sales	Responsible for building a national organization to market integrated software applications
Premiere Page	Vice President Operations	Led company's field operations through seven acquisitions and an IPO.
Centel Cellular	General Manager	

Key Personnel

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

Key Personnel

KEY MEMBER NAME/TITLE:	Ron Mathis / Director Network Operations
DEPARTMENT:	Advanced Technology

CURRENT RESPONSIBILITIES/DUTIES AT INTRADO:
Direct installation, maintenance and operations of Intrado's voice communications network. Responsible for switching system operations, trunk provisioning and maintenance, system alarm monitoring, system administration and system methods/procedures.

KEY MEMBER EMPLOYMENT HISTORY

SUMMARY OF EMPLOYMENT HISTORY:

Extensive background in Central Office switching system operations, maintenance, staff support, technology deployment and public safety telecommunication network systems design and implementation.

COMPANY NAME	POSITION HELD	RELATED EXPERIENCE
Southwestern Bell Telephone Company	Technical Sales Manager- E911 Texas (4 years)	Supervised and directed personnel responsible for 911 ALI database platform maintenance, 911 project management implementation of 911 Integrated Work Station Customer Premise Equipment, and 911 switching based feature sales and service.
Southwestern Bell Telephone Company	Area Manager – Technical Support (10 years)	Project managed personnel responsible for implementation of ISDN and SS7 technologies in multiple central offices in the Southeast Texas area. Assisted GHQ in 800 number portability implementation for SWB region. Also performed technical sales support for Major Accounts in Houston and Dallas, Texas areas.
Southwestern Bell Telephone Company	Area Manager – Network Maintenance (8 years)	Supervised and directed personnel responsible for operations, administration and maintenance of various analog/digital switching systems, facilities transport equipment and central office power systems.
Southwestern Bell Telephone Company	Manager – Network Maintenance (7 years)	Performed staff support for all switching entities in Texas. Technical support, conformance reviews, system performance evaluations, system performance trending, etc.

Key Personnel

KEY MEMBER NAME/TITLE:	Timothy J. Jenkins Vice President/General Manager ILEC Business Unit
DEPARTMENT:	Executive

CURRENT RESPONSIBILITIES/DUTIES AT INTRADO:
Mr. Jenkins manages and directs the departments in the ILEC Business Unit (Sales, Product Management, Program Management, Data Operations).

KEY MEMBER EMPLOYMENT HISTORY

SUMMARY OF EMPLOYMENT HISTORY:

Prior to joining Intrado in July 2000, Mr. Jenkins had a 15-year career with Ameritech. At Ameritech Mr. Jenkins served as Director of Ameritech's 9-1-1 Operations, a large organization with responsibility for systems planning, development, implementation and ongoing customer service for 860 PSAPs in the five-state Ameritech region. He also managed the planning and implementation of Ameritech's relationship with Intrado.

Degrees: BSEE, MBA

COMPANY NAME	POSITION HELD	RELATED EXPERIENCE
Ameritech	Director 9-1-1 Operations	Managed operations for 5-state Ameritech region. Managed creation, planning and implementation of Ameritech's work relationship with Intrado 9-1-1 database service center. Worked extensively with Ameritech and SBC public safety services products on development of new products and services.
	Manager, Customer Accessed Systems Administration	Duties included personnel management of 70 employees and capital and expense budgets exceeding $13 million annually.
Ohio Bell Telephone Company	Manager, Network Systems Administration	Managed a team of Minicomputer System Administrators responsible for the operation and support of multiple systems impacting telecommunications network operations and service.
	Engineer, Distribution Services Rehabilitation Engineering	Managed a team responsible for identifying and engineering new cable facilities to replace or upgrade deteriorating existing telephone cable facilities.

Key Personnel

KEY MEMBER NAME/TITLE:	Mark R. Scott Vice President/General Manager CLEC Business Unit
DEPARTMENT:	CLEC

CURRENT RESPONSIBILITIES/DUTIES AT INTRADO:
Vice President and General Manager of the CLEC Business Unit.

KEY MEMBER EMPLOYMENT HISTORY

SUMMARY OF EMPLOYMENT HISTORY:
Mark Scott joined Intrado from Motient™ Mobile Internet Corporation. While at Motient, Mr. Scott managed overall aspects of the terrestrial wireless data and satellite voice communications sale and implementation for a variety of commercial and government applications including emergency management, disaster recovery, wireless internet access and transportation for the Western United States. Prior to Motient, Mr. Scott held senior management positions at Qwest Communications and at LEXIS/NEXIS. Mr. Scott began his career with the Xerox Corporation where he held various positions in sales and management over an 8-year period.

Degrees: BS & BA

COMPANY NAME	POSITION HELD	RELATED EXPERIENCE
Motient, formally known as American Mobile Satellite Corporation and ARDIS.	Western Region Director (3 years)	Motient provides satellite voice and wireless data applications to a variety of commercial and government entities. Mr. Scott's organization implemented a variety of emergency satellite voice and/or wireless data communications to entities including the Port of Seattle (SeaTac), San Bernardino National Forest, FEMA, and the LA County Sheriff's Department.
Qwest	Director-Commercial (3 years)	Managed the Qwest 4 commercial sales channels (Direct, Indirect, Agent, and Affinity) in addition to the order provisioning, commercial marketing functions and business operations at Qwest.
Lexis/Nexis, formally known as Mead Data Central	Western Region Director (7 years)	Managed a multi-state/multi-channel organization for Mead Data Central, providers of the Lexis/Nexis® databases for legal applications. Commercial entities, state and local governmental agencies, law firms and State Bar Associations both made use of, and/or resold the database, in a variety of legal, investigative and law enforcement applications.

Key Personnel

KEY MEMBER NAME/TITLE:	Teri L. DePuy Vice President & General Manager, Direct Business Unit
DEPARTMENT:	Executive

CURRENT RESPONSIBILITIES/DUTIES AT INTRADO:

As Vice President & General Manager, Direct Business Unit, Ms. DePuy is responsible for managing and directing the departments in the Direct Business Unit (Sales, Product Management, Program Management, and Data Operations).

KEY MEMBER EMPLOYMENT HISTORY

SUMMARY OF EMPLOYMENT HISTORY:
Twenty years of public safety and telecommunications experience in a variety of operational, managerial and director level positions within the public and private sector.

COMPANY NAME	POSITION HELD	RELATED EXPERIENCE
Intrado	Vice President & General Manager, CLEC Business Unit	Managed and directed CLEC Business Unit.
Intrado	Director Data Operations	Responsible for the day to day business operations and budget for several functional groups charged with provisioning of 9-1-1 data management services for large telecommunications service providers. Manage 70+ million records for three major Local Exchange Carriers. Development and management of a multimillion dollar operating budget, and organizational staff of 90+ employees and supervisors.
Intrado Intrado	Director System Engineering & Integration (CAD Group) Customer Service Manager Trainer	Directly responsible for the management of all systems integration resource organizations (Engineering, Systems Integration, Quality Assurance, Training and Support). Accountable for the development and adherence for achieving revenue and cash collection goals for the business unit. Development and management of multimillion dollar operating budget and project revenue. Directed and managed a wide range of complex integration projects requiring interaction and coordination with multiple-vendors, contract management and administration duties, pricing and proposal development and the creation and management of implementation schedules and project cost controls.

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

Key Personnel

KEY MEMBER NAME/TITLE:	Gary A. Klug Director – State Regulatory Affairs
DEPARTMENT:	Legal and Government Affairs

CURRENT RESPONSIBILITIES/DUTIES AT INTRADO:
Ensures compliance with rules and regulations of federal and state agencies, including management of compliance filings with state agencies. Evaluates federal and state regulations and sets regulatory policy and strategic direction. Acts as subject-matter expert and participates in local, state and national public safety and 911 forums.

KEY MEMBER EMPLOYMENT HISTORY

SUMMARY OF EMPLOYMENT HISTORY:
Mr. Klug has an extensive background in the telecommunications and regulatory fields, holding a variety of positions with several telecommunications providers and the Colorado PUC.

Degrees: BS & MS

COMPANY NAME	POSITION HELD	RELATED EXPERIENCE
Colorado PUC	Senior Professional Engineer III (12 years)	Testified in numerous dockets before the PUC; developed the Colorado Rules Prescribing The Provision of Emergency 9-1-1 Services For Emergency Telecommunications Service Providers and Basis Local Exchange Carriers; established the Colorado 9-1-1 Task Force; responsible for membership selections for the 9-1-1 Task Force. Facilitated Colorado 9-1-1 Task Force meetings. Developed Colorado Rules on Interconnection. Advisor to the Colorado Commissioners including dockets on interconnection and collocation.
US West	Staff Manager (3 years)	Responsible for the development of interstate switched access rates and tariffs and repricing of access services for US West.
AT&T	Staff Manager (3 years)	Responsible for development of intrastate private line rates and tariffs and the rate witness for AT&T for the Mountain States Region.
Mountain Bell	Staff Manager/Manager/ Planner/Equipment Engineer (11 years)	Held various positions responsible for basic local exchange service rates and tariffs, rural area service rates and tariffs, measured service rate development, measured service computer model development, as a Planning Engineer developed the plans for the first 4ESS switch in Mountain Bell. Held the position as an Equipment Engineer for the engineering, installation and testing of Step, X-BAR, and ESS switching equipment, test center equipment, power systems, and carrier systems.

Key Personnel

KEY MEMBER NAME/TITLE:	Cynthia A. Clugy Director External Affairs-SME
DEPARTMENT:	Executive

CURRENT RESPONSIBILITIES/DUTIES AT INTRADO:
Provides subject matter and technical support for Intrado's Legal and Government Affairs department and business units. These duties include providing subject matter and technical support in state and federal regulatory proceedings, as well as testifying in such proceedings on Intrado's behalf.

KEY MEMBER EMPLOYMENT HISTORY

SUMMARY OF EMPLOYMENT HISTORY:
Ms. Clugy has an extensive background in the telecommunications industry and 911 in particular. Prior to joining Intrado, Ms. Clugy was employed by Southwestern Bell Telephone Company for 18 years in various sales, service, and technical support positions. Ms. Clugy has been certified as an Emergency Number Professional by the National Emergency Number Association.

COMPANY NAME	POSITION HELD	RELATED EXPERIENCE
Intrado	Account Manager	Account Manager for database management contract between Intrado and the State of Texas.
Southwestern Bell Telephone Company	9-1-1 Account Manager	Responsible for overseeing the deployment and maintenance of approximately twenty 911 systems serving in excess of four million subscribers in Southeast Texas. Served as the primary contact for 911 administrative entities for all matters regarding their 911 systems.

Key Personnel

KEY MEMBER NAME/TITLE:	Robert Oliver/ Senior Vice President, Technical Operations
DEPARTMENT:	Executive

CURRENT RESPONSIBILITIES/DUTIES AT INTRADO:

Mr. Oliver manages Intrado's Engineering Division and network operations.

KEY MEMBER EMPLOYMENT HISTORY

SUMMARY OF EMPLOYMENT HISTORY:

Before joining Intrado, Mr. Oliver had 32 years of general management and R&D experience in the telecommunications industry at Lucent, NCR, AT&T, and Bell Labs. He managed Lucent Public Safety Systems (LPSS) as President and CEO from May 1995 until its recent acquisition by Intrado. Under his leadership, LPSS expanded its product lines, added distribution channels, and tripled its business revenue.

Since 1985, Mr. Oliver has managed early-stage and mature businesses, introduced numerous new products, and been tasked with phasing-out aging product lines.

Prior to 1985, Mr. Oliver held several software and semiconductor positions with Bell Labs.

Degrees: BSEE, MSEE

COMPANY NAME	POSITION HELD	RELATED EXPERIENCE
Lucent Public Safety Systems	President and CEO	Managed product line expansion and distribution channel update and growth.
Lucent Public Safety Systems	General Manager	Managed Network Systems 5ESS adjunct switch products.
Bell Labs	Manager	Development of software and semiconductor products.

Key Personnel

KEY MEMBER NAME/TITLE:	Paulette McDermott Vice President, Product Development
DEPARTMENT:	Product Development

CURRENT RESPONSIBILITIES/DUTIES AT INTRADO:
Ms. McDermott is responsible for the software design and development (including systems engineering, design, coding, testing, quality processes and support of national standards bodies) of a full suite of public safety software applications including PSAP call handling, mapping, database management systems, network routing and ALI database applications, and mobile location software.

KEY MEMBER EMPLOYMENT HISTORY

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

Key Personnel

KEY MEMBER NAME/TITLE:	Larry Ciesla Vice President Advanced Technologies
DEPARTMENT:	Executive

CURRENT RESPONSIBILITIES/DUTIES AT INTRADO:
Mr. Ciesla is responsible for forward looking work, systems architecture, systems engineering, and pre-sales technical support for Intrado products and services.

KEY MEMBER EMPLOYMENT HISTORY

SUMMARY OF EMPLOYMENT HISTORY:

Mr. Ciesla brings more than 30 years of software design and development experience to Intrado, including 10 years focused on E9-1-1 database and switching products.

Prior to joining Intrado, Mr. Ciesla was Chief Architect for Lucent Public Safety Systems. In this role, he was responsible for systems engineering, architecture, and quality. In 1994, Mr. Ciesla was appointed "Distinguished Member of the Technical Staff" at AT&T Bell Laboratories. This appointment resulted from recognition by his peers, customers, and NENA, as an industry expert in most facets of E911 including database management, automatic location identification, wireless E911, and local number portability. Mr. Ciesla is credited with the invention of the Non-Call Associated (NCAS) method of delivering critical wireless E9-1-1 call data to a Public Safety Answering Point.

Degrees:
- Electrical Engineering
- Engineering Science.

COMPANY	POSITION HELD	RELATED EXPERIENCE
Lucent Public Safety Systems	Chief Architect	Managed systems engineering, architecture, and quality.

Exhibit 7
Small and Minority Owned Telecommunications
Business Participation Plan
Consisting of 3 pages
August 31, 2001

INTRADO INC.
SMALL AND MINORITY OWNED
TELECOMMUNICATIONS BUSINESS PARTICIPATION PLAN

Pursuant to the T.C.A. §65-5-212, as amended, Intrado Inc. ("Intrado") submits this proposed Small and Minority-Owned Telecommunications Business Participation Five Year Plan ("the Plan").

I. PURPOSE

The purpose of §65-5-212 is to provide opportunities for small and minority-owned businesses, meeting the definition or certified by the State as historically underutilized businesses (HUBs), who are impeded from normal entry into the economic mainstream because of race, religion, sex and national origin. Intrado is committed to complying with state requirements under §65-5-212 and hereby submits its Five Year Plan relating to underused business. Intrado will attempt to provide opportunities for HUBs to compete for contracts and subcontracts for goods and services. As part of its procurement process, Intrado will attempt to identify and inform such minority-owned and small businesses that are qualified and capable of providing goods and services to Intrado. Intrado will identify local organizations with small business membership emphasis and participate in or communicate through these local organizations and through the use of the State's Department of Economic and Community Development, the Administrator of the Small and Minority-owned Community Development, the Administrator of the Small and Minority-Owned Telecommunications Assistance Program, to promote business opportunities with Intrado.

II. DEFINITIONS

HUBs or Small and Minority-owned businesses as defined by §65-5-212, means a business that is 51% owned and controlled by U.S. citizens who are socially disadvantaged because of their identification as members of certain groups, including African-American, Hispanic, Native American, or Asian Pacific and Women, and such business has annual gross receipts of less than $4 million.

III. ADMINISTRATION

Intrado's Plan will be overseen and administered by the individual named below, hereinafter referred to as the Administrator, who will be responsible for carrying out and promoting Intrado's full efforts to provide equal opportunities for HUBs. The Administrator of the Plan will be:

Tonja Watkins
Intrado Inc.
6285 Lookout Road
Boulder, CO 80301

Telephone Number:
(303) 581-5600
FAX Number
(303) 581-0900

The Administrator's responsibilities will include:

1. Maintaining a Plan which complies with the requirements of §65-5-212 and the Rules and orders of the Tennessee Regulatory Authority;
2. Developing policies and procedures necessary for the successful implementation of the plan;
3. Submitting such forms as may be required by the Tennessee Regulatory Authority;
4. Serving as the primary contact with the Tennessee Regulatory Authority, other agencies of the State of Tennessee and small and minority-owned businesses to locate and use qualified HUBs as defined in §65-5-212;
5. Investigating the opportunity to use qualified HUBs;
6. Providing records and reports in cooperation with any authorized surveys as required by the Tennessee Regulatory Authority;
7. Maintaining adequate records to track qualifies HUBs which have attempted to obtain a contract with Intrado for the provision of technical assistance;
8. Provide information to Intrado's employees which will aid in the promotion of small and minority-owned business contracts for the provision of technical services.

The Administrator will use all necessary resources in the performance of the foregoing duties.

IV. RECORDS AND COMPLIANCE REPORTS

Intrado will attempt to maintain records of qualifies small and minority-owned businesses and its efforts to use the goods and services of such businesses. Intrado will also attempt to maintain records of educational activities conducted or attended by its employees.

Exhibit 8
Certificate of Service
Consisting of 4 pages
August 31, 2001

BEFORE THE TENNESSEE REGULATORY AUTHORITY

IN RE:	)	
	)	
APPLICATION OF	)	
SCC COMMUNICATIONS CORP.	)	
FOR A CERTIFICATE OF PUBLIC	)	
CONVENIENCE AND NECESSITY TO	)	**DOCKET NO. 01-00050**
PROVIDE COMPETING	)	
LOCAL TELECOMMUNICATIONS	)	
SERVICES WITHIN THE	)	
STATE OF TENNESSEE	)	

NOTICE OF AMENDED APPLICATION

Pursuant to applicable Tennessee Statutes and the Rules and Regulations of the Tennessee Regulatory Authority ("Authority") and Section 253 of the Federal Telecommunications Act of 1996 ("Act"), SCC Communications Corp. ("SCC") and Intrado Communications Inc. ("ICI") filed an Amended Application for a Certificate of Public Convenience and Necessity to Provide Competing Telecommunications Services within the State of Tennessee Telecommunications Services (Docket No. 01-00050). The Amended Application reflects internal corporate changes that have occurred since SCC filed its original application on January 15, 2001. The Amended Application respectfully requests, pursuant to applicable Tennessee Statutes, the Rules and Regulations of the Authority, and Section 253 of the Communications Act of 1934, as amended by the Telecommunications Act of 1996, that the Authority grant ICI authority to provide facilities-based and resold local exchange and interexchange (interLATA and intraLATA) voice and data telecommunications services as a competitive telecommunications service provider within the State of Tennessee.

This is to notify you that the above-referenced Amended Application was filed with the Tennessee Regulatory Authority ("Authority") on August 30, 2001. A copy of the Amended Application can be obtained from the Authority.

Intrado Communications Inc.

By: David Huberman

David A. Huberman
Regulatory Counsel
Intrado Inc.
6285 Lookout Road
Boulder, CO 80301
Facsimile: (303) 581-0090
Telephone: (303) 581-5600

Dated: August 30, 2001

CERTIFICATE OF SERVICE

I, Colleen Lockett, hereby certify that on this 31st day of August, 2001, a copy of the foregoing notice was served via first class U.S. Mail on the following:

Ardmore Telephone Company, Inc.
P. O. Box 549
517 Ardmore Avenue
Ardmore, TN 38449

BellSouth
333 Commerce Street
Nashville, TN 37201-3300

Century Telephone of Adamsville
P. O. Box 405
116 N. Oak Street
Adamsville, TN 38310

Century Telephone of Claiborne
P. O. Box 100
507 Main Street
New Tazewell, TN 37825

Century Telephone of Ooltewah-Collegedale, Inc.
P. O. Box 782
5616 Main Street
Ooltewah, TN 37363

Citizens Communications Company of Tennessee
P. O. Box 770
300 Bland Street
Bluefield, WV 24701

Citizens Communications Company of the
Volunteer State
P. O. Box 770
300 Bland Street
Bluefield, WV 24701

Loretto Telephone Company, Inc.
P. O. Box 130
Loretto, TN 38469

Millington Telephone Company, Inc.
4880 Navy Road
Millington, TN 38053

Sprint-United
112 Sixth Street
Bristol, TN 37620

TDS Telecom-Concord Telephone Exchange, Inc.
P. O. Box 22610
701 Concord Road
Knoxville, TN 37933-0610

TDS Telecom-Humphreys County Telephone Company
P. O. Box 552
203 Long Street
New Johnsonville, TN 37134-0552

TDS Telecom-Tellico Telephone Company, Inc.
P. O. Box 9
102 Spence Street
Tellico Plains, TN 37385-0009

TDS Telecom-Tennessee Telephone Company
P. O. Box 18139
Knoxville, TN 37928-2139

TEC-Crockett Telephone Company, Inc.
P. O. Box 7
Friendship, TN 38034

TEC-People's Telephone Company, Inc.
P. O. Box 310
Erin, TN 37061

TEC-West Tennessee Telephone Company, Inc.
P. O. Box 10
244 E. Main Street
Bradford, TN 38316

United Telephone Company
P. O. Box 38
120 Taylor Street
Chapel Hill, TN 37034

Colleen Lockett

Colleen Lockett

Subscribed and sworn to before me this
31st day of August, 2001.

Notary Public
State of Colorado

My Commission expires: 2/10/04

BEFORE THE TENNESSEE REGULATORY AUTHORITY

IN THE MATTER OF THE APPLICATION OF SCC COMMUNICATIONS CORP. FOR A CERTIFICATE OF PUBLIC CONVENIENCE AND NECESSITY TO PROVIDE COMPETING LOCAL TELECOMMUNICATION SERVICES WITHIN THE STATE OF TENNESSEE	)	**DOCKET No. 01-00050**

VERIFICATION

The undersigned attests that he has reviewed this filing on behalf of SCC Communications Corp. and Intrado Communications Inc. in the above-mentioned proceeding; that it appears to be true and correct; and that it is hereby adopted on behalf of Applicant. By this application, and participating in all proceedings necessary to effect certification, Applicant hereby asserts it willingness and ability to comply with all rules and regulations that the Tennessee law is now or hereafter enacted.

SCC COMMUNICATIONS CORP.
INTRADO COMMUNICATIONS INC.

Gary A. Klug
Director – State Regulatory
Intrado Inc.

Subscribed and sworn to before me, this 31st day of August, 2001.

Notary Public

My Commission expires on 2/10/04.