9?-5
15-?

HABEN & RICHMOND, P.A.

a Professional Association

ATTORNEYS AT LAW

Ralph H. Haben, Jr.
Ronald R. Richmond

2100 Centerville Road, Ste. A
Tallahassee, Florida 32308
Telephone (904) 422-1221
Facsimile (904) 422-0770

June 17, 1996

RECEIVED
JUN 17 1996
FPSC-RECORDS/REPORTING
960735-TI

Florida Public Service Commission
Division of Records and Reporting
2540 Shumard Oak Boulevard
Tallahassee, Florida 32317

To Whom It May Concern:

Enclosed are the original and twelve (12) copies of 360° Long Distance, Inc.'s application Form for Authority To Provide Interexchange Telecommunications Service Within The State of Florida. Please date-stamp and return the extra copy of the transmittal letter provided as proof of filing. An envelope with the return address and the appropriate postage is attached for this purpose.

Also enclosed is a check for $250.00 made payable to the Florida Public Service Commission to cover the filing fee.

Any preliminary questions regarding the application should be referred to the undersigned at the number and address of this firm who represents 360° Long Distance, Inc. Other questions should be referred to those parties listed in the application.

Your assistance in this matter is greatly appreciated. If there is further information or clarification needed on this matter, please advise so we can respond as soon as possible.

RECEIVED & FILED
Kay Flynn
FPSC BUREAU OF RECORDS

Sincerely,

Ken Easley

Kenneth E. Easley
For Haben & Richmond, P.A.

KEE/may

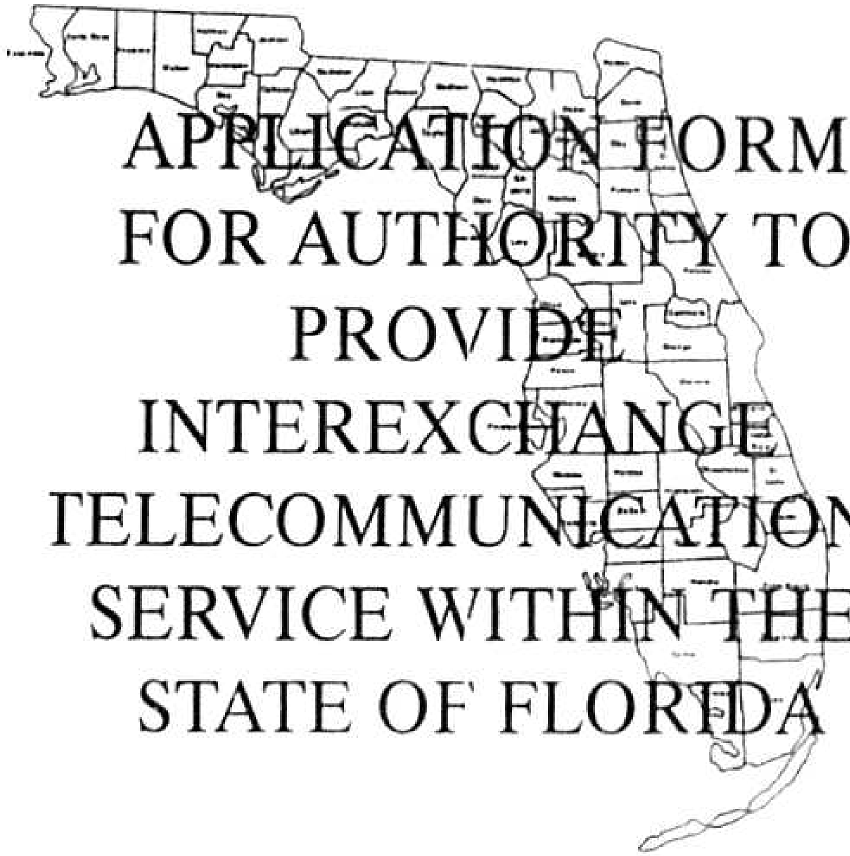
enclosures

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

Initials of person who forwarded check: Ajw

DOCUMENT NUMBER-DATE
06508 JUN 17 96
FPSC-RECORDS/REPORTING

Original



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

** FLORIDA PUBLIC SERVICE COMMISSION *

DIVISION OF COMMUNICATIONS
BUREAU OF SERVICE EVALUATION

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

Instructions

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

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

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

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

Florida Public Service Commission
Division of Communications
Bureau of Service Evaluation
2540 Shumard Oak Blvd.
Gunter Building
Tallahassee, Florida 32399-0850
(904) 413-6600

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

Florida Public Service Commission
Division of Administration
2540 Shumard Oak Blvd.
Gunter Building
Tallahassee, Florida 32399-0850
(904) 413-6251

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

   (X) **Original Authority** (New company).
   ( ) **Approval of Transfer** (To another certificated company).
   ( ) **Approval of Assignment of existing certificate** (To an uncertificated company).
   ( ) **Approval for transfer of control** (To another certificated company).

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

   ( ) **Facilities based carrier** - company owns and operates or plans to own and operate telecommunications switches and transmission facilities in Florida.

   ( ) **Operator Service Provider** - company provides or plans to provide alternative operator services for IXCs; or toll operator services to call aggregator locations; or clearinghouse services to bill such calls.

   (X) **Reseller** - company has or plans to have one or more switches but primarily leases the transmission facilities of other carriers. Bills its own customer base for services used.

   (X) **Switchless Rebiller** - company has no switch or transmission facilities but may have a billing computer. Aggregates traffic to obtain bulk discounts from underlying carrier. Rebills end users at a rate above its discount but generally below the rate end users would pay for unaggregated traffic.

   ( ) **Multi-Location Discount Aggregator** - company contracts with unaffiliated entities to obtain bulk/volume discounts under multi-location discount plans from certain underlying carriers. Then offers the resold service by enrolling unaffiliated customers.

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

360° Long Distance, Inc.

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

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

8725 West Higgins Road, Chicago, IL 60631

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

2100 Centerville Road, Suite A, Tallahassee, Florida 32302

7. Structure of organization;

( ) Individual
( ) Corporation
(X) Foreign Corporation
( ) Foreign Partnership
( ) General Partnership
( ) Limited Partnership
( ) Other, ____________________

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

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

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

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

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

9. If incorporated, please give:

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

Corporate charter number: F9600002581

(b) Name and address of the company's Florida registered agent. CT Corporation
1200 South Pine Island Road
Plantation, FL 33324

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

Fictitious name registration number: ________

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

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

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

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

(a) The application; Thomas Curran, External Affairs Director
8725 W. Higgins Road, Chicago, IL 60631 (312)399-2500

(b) Official Point of Contact for the ongoing operations of the company; Kevin Gallagher, Sr. V.P.
Same address as Thomas Curran

(c) Tariff;

Kevin Gallagher, Sr. V.P., General Counsel
Same address as Thomas Curran

(d) Complaints/Inquiries from customers;
Thomas Curran, External Affairs Director
8725 W. Higgins Road
Chicago, IL 60631 (312)39902500

11. List the states in which the applicant:

(a) Has operated as an interexchange carrier.

Ohio and Virginia

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

Iowa

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

Ohio and Virginia

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

NO

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

NO

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

NO

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

( ) Facilities. ( ) Operators.
( ) Billing and Collection. ( ) Sales.
( ) Maintenance NONE
( ) Other: ____________________

13. Do you have a marketing program?

YES

14. Will your marketing program:
    (x) Pay commissions?
    ( ) Offer sales franchises?
    ( ) Offer multi-level sales incentives?
    ( ) Offer other sales incentives?

15. Explain any of the offers checked in question 14 (To whom, what amount, type of franchise, etc.).
    Has not been determined as yet. Consideration is being given to paying sales commissions to company sales representatives and other independent sales agents trained by the company.

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

    (X) Residential customers. (X) Business customers.
    ( ) PATS providers. ( ) PATS station end-users.
    ( ) Hotels & motels. ( ) Hotel & motel guests.
    ( ) Universities. ( ) Univ. dormitory residents.
    ( ) Other: (specify)________________.

17. Please provide the following (if applicable):

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

    360° Communications, Inc. (888)360-0360

    (b) Name and address of the firm who will bill for your service.
        Cincinnati Bell Information Systems
        287 International Parkway
        Lake Mary, FL 32746

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

    SEE EXHIBITS E AND F.

A. Financial capability.

Regarding the showing of financial capability, the following applies:

The application <u>should contain</u> the applicant's financial statements, including:

1. the balance sheet

2. income statement

3. statement of retained earnings for the most recent 3 years.

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

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

B. Managerial capability.

C. Technical capability.

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

SEE ATTACHED TARIFF.

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

___ **MTS with distance sensitive per minute rates**
____ Method of access is FGA
____ Method of access is FGB
____ Method of access is FGD
____ Method of access is 800

___ **MTS with route specific rates per minute**
____ Method of access is FGA
____ Method of access is FGB
____ Method of access is FGD
____ Method of access is 800

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

___ **MTS for pay telephone service providers**

_____ **Block-of-time calling plan (Reach out Florida, Ring America, etc.).**

X **800 Service (Toll free)**

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

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

X__ **Travel Service**

____ Method of access is 950

_X__ Method of access is 800

___ **900 service**

X__ **Operator Services**

X__ Available to presubscribed customers

____ Available to non presubscribed customers (for example to patrons of hotels, students in universities, patients in hospitals.

____ Available to inmates

Services included are:

___ Station assistance

___ Person to Person assistance

X__ Directory assistance

___ Operator verify and interrupt

___ Conference Calling

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

22. ___ Other:

Answer to 21 above:

To place an outbound long distance call,the end user dials 1 + the called number. 800 calls are completed by dialing 1 + 800 + the called number. To reach Directory Assistance outside of the end user's area code, the end user dials 1 + area code + 555-1212. Calling cards are completed by dialing 1 + a universal 800 number, the called number, and the calling card code.

**** APPLICANT ACKNOWLEDGEMENT STATEMENT ****

1. **REGULATORY ASSESSMENT FEE:** I understand that all telephone companies must pay a regulatory assessment fee in the amount of .15 of one percent of its gross operating revenue derived from intrastate business. Regardless of the gross operating revenue of a company, a minimum annual assessment fee of $50 is required.

2. **GROSS RECEIPTS TAX:** I understand that all telephone companies must pay a gross receipts tax of two and one-half percent on all intra and interstate business.

3. **SALES TAX:** I understand that a seven percent sales tax must be paid on intra and interstate revenues.

4. **APPLICATION FEE:** A non-refundable application fee of $250.00 must be submitted with the application.

5. **RECEIPT AND UNDERSTANDING OF RULES:** I acknowledge receipt and understanding of the Florida Public Service Commission's Rules and Orders relating to my provision of interexchange telephone service in Florida. I also understand that it is my responsibility to comply with all current and future Commission requirements regarding interexchange service.

6. **ACCURACY OF APPLICATION:** By my signature below, I the undersigned owner or officer of the named utility in the application, attest to the accuracy of the information contained in this application and associated attachments. I have read the foregoing and declare that to the best of my knowledge and belief, the information is a true and correct statement.

   Further, I am aware that pursuant to Chapter 837.06, Florida Statutes, "Whoever knowingly makes a false statement in writing with the intent to mislead a public servant in the performance of his official duty shall be guilty of a misdemeanor of the second degree, punishable as provided in s. 775.082 and s. 775.083".

UTILITY OFFICIAL: Kevin C. Gallagher (signature) — June 12, 1996

Signature — Date

Kevin C. Gallagher

Senior Vice President, Gen. Counsel — (312)399-2348

Title — Telephone No.

FORM PSC/CMU 31 (3/96)
Required by Commission Rule Nos. 25-24.471 and 25-24.473.

**** APPENDIX A ****

CERTIFICATE TRANSFER STATEMENT

NOT APPLICABLE

I, **(TYPE NAME)** ______________________________________,
(TITLE) ______________________________, of **(NAME OF COMPANY)**
____, and current
holder of certificate number ________________, have reviewed
this application and join in the petitioner's request for a
transfer of the above-mentioned certificate.

UTILITY OFFICIAL: ________________________ ____________
Signature Date

____

________________________ ______________
Title Telephone No.

FORM PSC/CMU 31 (3/96)
Required by Commission Rule Nos. 25-24.471 and 25-24.473.

**** APPENDIX B ****

CUSTOMER DEPOSITS AND ADVANCE PAYMENTS

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

(X) **The applicant will not collect deposits nor will it collect payments for service more than one month in advance.**

( ) **The applicant will file with the Commission and maintain a surety bond in an amount equal to the current balance of deposits and advance payments in excess of one month. (Bond must accompany application.)**

UTILITY OFFICIAL: Kevin C. Gallagher — June 12, 1996

Signature — Date

Kevin C. Gallagher

Senior Vice President-General Counsel — (312)399-2348

Title — Telephone No.

FORM PSC/CMU 31 (3/96)
Required by Commission Rule Nos. 25-24.471 and 25-24.473.

** APPENDIX C **

INTRASTATE NETWORK

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

    1) 2)

    NOT APPLICABLE

    3) 4)

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

    1) 2)

    NOT APPLICABLE

    3) 4)

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

    1) POP-to-POP TYPE OWNERSHIP

    2) NOT APPLICABLE

4. **ORIGINATING SERVICE:** Please provide the list of exchanges where you are proposing to provide originating service within thirty (30) days after the effective date of the certificate (Appendix D).
    Service may be provided from any exchange in the State of Florida.

5. **TRAFFIC RESTRICTIONS:** Please explain how the applicant will comply with the EAEA requirements contained in Commission Rule 25-24.471 (4) (a) (copy enclosed).
It is our understanding of this rule that the LEC or underlying carrier will handle these matters and not pass them on to our service.

6. **CURRENT FLORIDA INTRASTATE SERVICES:** Applicant has ( ) or has not (X) previously provided intrastate telecommunications in Florida. If the answer is <u>has</u>, fully describe the following:

   a) What services have been provided and when did these services begin?

   b) If the services are not currently offered, when were they discontinued?

UTILITY OFFICIAL: Kevin C. Gallagher (signature) June 12, 1996

Signature — Date

Kevin C. Gallagher

Senior Vice President-General Counsel — (312)399-2348

Title — Telephone No.

FORM PSC/CMU 31 (3/96)
Required by Commission Rule Nos. 25-24.471 and 25-24.473.

** APPENDIX D **

FLORIDA TELEPHONE EXCHANGES

AND

EAS ROUTES

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

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

** FLORIDA EAS FOR MAJOR EXCHANGES **

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

	Forest Lady Lake (B21,, McIntosh, Oklawaha, Orange Springs, Salt Springs and Silver Springs Shores.
DAYTONA BEACH:	New Smyrna Beach.
TAMPA:	Central None East Plant City North Zephyrhills South Palmetto West Clearwater
CLEARWATER:	St. Petersburg, Tampa-West and Tarpon Springs.
ST. PETERSBURG:	Clearwater.
LAKELAND:	Bartow, Mulberry, Plant City, Polk City and Winter Haven.
ORLANDO:	Apopka, East Orange, Lake Buena Vista, Oviedo, Windermere, Winter Garden, Winter Park, Montverde, Reedy Creek, and Oviedo-Winter Springs.
WINTER PARK:	Apopka, East Orange, Lake Buena Vista, Orlando, Oviedo, Sanford, Windermere, Winter Garden, Oviedo-Winter Springs Reedy Creek, Geneva and Montverde.
TITUSVILLE:	Cocoa and Cocoa Beach.
COCOA:	Cocoa Beach, Eau Gallie, Melbourne and Titusville.
MELBOURNE:	Cocoa, Cocoa Beach, Eau Gallie and Sebastian.
SARASOTA:	Bradenton, Myakka and Venice.
FT. MYERS:	Cape Coral, Ft. Myers Beach, North Cape Coral, North Ft. Myers, Pine Island, Lehigh Acres and Sanibel-Captiva Islands.
NAPLES:	Marco Island and North Naples.
WEST PALM BEACH:	Boynton Beach and Jupiter.

POMPANO BEACH:	Boca Raton, Coral Springs, Deerfield Beach and Ft. Lauderdale.
FT. LAUDERDALE:	Coral Springs, Deerfield Beach, Hollywood and Pompano Beach.
HOLLYWOOD:	Ft. Lauderdale and North Dade.
NORTH DADE:	Hollywood, Miami and Perrine.
MIAMI:	Homestead, North Dade and Perrine

ATTACHMENTS:

A - CERTIFICATE TRANSFER STATEMENT
B - CUSTOMER DEPOSITS AND ADVANCE PAYMENTS
C - INTRASTATE NETWORK
D - FLORIDA TELEPHONE EXCHANGES and EAS ROUTES
E - FINANCIAL, MANAGERIAL AND TECHNICAL CAPACILITY
F - OFFICERS AND DIRECTORS
G - TARIFF

APPENDIX E

FINANCIAL CAPABILITY

The applicant, 360° Long Distance, Inc. was formed as a wholly owned subsidiary of 360° Communications Company and filed for corporation status in the State of Iowa in May, 1996. To the present, no financial statements have been prepared. However, to represent the financial capability of the parent corporation, 360° Communications Company, the former Sprint Cellular corporation, attached is a copy of the audited financial statements of that company which includes the past three years ending December 31, 1995. (Form 10K, filed with the Securities and Exchange Commission.)

Managerial and Technical Capability

360° Long Distance is a wholly owned subsidiary of Chicago-based 360° Communications Company, which provides wireless voice and data service to more than 1.6 million customers in nearly 100 markets across 14 states.

In May 1996, 360° began test marketing residential long distance service to its existing cellular customers in Norfolk, Virginia, and in Mansfield, Ohio. The long distance market tests will help 360° determine how it can leverage its local customer service and distribution channels to enhance revenue opportunities. Lester Buczek, formerly vice president of strategic planning for 360° Communications, is vice president and general manager of 360° Long Distance, Inc.

360° Communications is the second largest stand-alone wireless communications company in the country. 360° recently reported record earnings for the first quarter of 1996, with revenue of $239.7 million and operating income of $46.4 million. The company's customer base has grown at a rate of about 40 percent a year since 1992, making 360° one of the fastest growing cellular carriers in the country.

The company was originally founded in 1984 as Centel Cellular, a division of Centel Corporation. In 1993, Centel merged with Sprint and the cellular division became Sprint Cellular. 360° became an independent company and began trading on the New York, Pacific and Chicago stock exchanges in March 1996 after its spinoff from Sprint Corporation.

15-D
1-5

SECURITIES AND EXCHANGE COMMISSION
WASHINGTON, DC 20549

FORM 10-K

(Mark One)

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

For the fiscal year ended December 31, 1995

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 1-14108

360° COMMUNICATIONS COMPANY

(Exact name of registrant as specified in its charter)

Delaware	**47-0649117**
(State or other jurisdiction of incorporation)	(I.R.S. Employer Identification No.)

8725 W. Higgins Road
Chicago, Illinois
60631-2702
(312) 399-2500
(Address and telephone number of principal executive offices)

Securities registered pursuant to Section 12(b) of the Act:

Title of each class	Name of each exchange on which registered
Common Stock, $0.01 par value Preferred Stock Purchase Rights	New York Stock Exchange Chicago Stock Exchange Pacific Stock Exchange

Securities registered pursuant to Section 12(g) of the Act: NONE

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

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

On March 7, 1996, 116,736,348 shares of the registrant's Common Stock were outstanding. The aggregate market value on March 7, 1996 of the registrant's Common Stock held by non-affiliates of the registrant was $2,743,304,178.

This report omits Item 1 through Item 7 and Item 9 through Item 13 of Form 10-K.

Item 8. Financial Statements and Supplementary Data.

REPORT OF INDEPENDENT AUDITORS

Board of Directors and Shareholder
360° Communications Company

We have audited the accompanying consolidated balance sheets of 360° Communications Company (formerly Sprint Cellular Company) and Subsidiaries as of December 31, 1995 and 1994, and the related consolidated statements of operations, shareholder's equity, and cash flows for each of the three years in the period ended December 31, 1995. Our audits also included the financial statement schedule listed in the index at Item 14 (a). 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 did not audit the financial statements of GTE Mobilnet of South Texas Limited Partnership and New York SMSA Limited Partnership, equity investees of the Company, for which the Company's investment in these partnerships is $64,792,000 and $55,914,000 at December 31, 1995 and 1994, respectively, and the Company's equity in the net income of these partnership is $24,919,000, $18,197,000 and $15,173,000 for the years ended December 31, 1995, 1994 and 1993, respectively. Those financial statements were audited by other auditors whose reports have been furnished to us and our opinion, insofar as it relates to data included for such partnerships, is based solely on the reports of the other auditors.

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

In our opinion, based on our audits and the reports of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of 360° Communications Company and Subsidiaries at December 31, 1995 and 1994, and the consolidated results of their operations and their cash flows for each of the three years in the period ended December 31, 1995, in conformity with generally accepted accounting principles. Also, in our opinion, the related financial statement schedule, when considered in relation to the basic financial statements taken as a whole, presents fairly in all material respects the information set forth therein.

As discussed in Note 1 to the consolidated financial statements, in 1993 the Company changed its methods of accounting for postretirement and postemployment benefits.

We have also audited the Selected Proportionate Operating Results for the years ended December 31, 1995, 1994 and 1993 presented in Exhibit 99.2, certain of which data includes amounts derived from financial statements audited by other auditors as stated above. As described in Exhibit 99.2, the Selected Proportionate Operating Results have been prepared by management to present relevant financial information that is not provided by the consolidated financial statements and is not intended to be a presentation in accordance with generally accepted accounting principles. In our opinion, the Selected Proportionate Operating Results referred to above presents fairly, in all material respects, the information set forth therein on the basis of accounting described in Exhibit 99.2.

Ernst & Young LLP

Chicago, Illinois
March 29, 1996

360° COMMUNICATIONS COMPANY AND SUBSIDIARIES

CONSOLIDATED BALANCE SHEETS

(Thousands of Dollars)

	December 31, 1995	December 31, 1994
ASSETS		
Current Assets		
Cash	$ 19,023	$ 5,527
Accounts Receivable, less allowances of $2,370 and $2,043, respectively	68,087	49,103
Other Receivables	19,686	21,005
Unbilled Revenue	23,481	21,855
Inventory	19,576	28,661
Other	6,604	3,792
Total Current Assets	156,457	129,943
Property, Plant and Equipment	1,151,157	836,387
Less: Accumulated Depreciation	300,703	216,600
Property, Plant and Equipment, net	850,454	619,787
Investments in Unconsolidated Entities	318,287	304,669
Intangibles, net	632,756	648,920
Receivables From Affiliates	10,113	21,716
Other Assets	5,179	3,309
Total Assets	$1,973,246	$1,728,344
LIABILITIES AND SHAREHOLDER'S EQUITY		
Current Liabilities		
Accounts Payable	$ 77,757	$ 74,337
Negative Cash Balances	34,013	38,826
Advance Billings	20,559	14,297
Accrued Taxes	19,690	20,180
Accrued Agent Commissions	15,417	15,435
Other	27,092	21,668
Total Current Liabilities	194,528	184,743
Advances From and Notes to Affiliates	1,517,729	1,354,116
Deferred Credits and Other Liabilities		
Deferred Income Taxes	99,168	62,901
Postretirement and Other Benefit Obligations	12,859	10,585
Total Deferred Credits and Other Liabilities	112,027	73,486
Minority Interests in Consolidated Entities	146,894	112,236
Shareholder's Equity		
Common Stock (no par value; 10 shares authorized; 10 shares issued; 10 shares outstanding)	11,541	11,541
Additional Paid-In Capital	360,978	360,978
Accumulated Deficit	(370,451)	(368,756)
Total Shareholder's Equity	2,068	3,763
Total Liabilities and Shareholder's Equity	$1,973,246	$1,728,344

The accompanying Notes are an integral part of the Consolidated Financial Statements.

360° COMMUNICATIONS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF OPERATIONS

(Thousands of Dollars)

	For the Year Ended December 31,		
	1995	1994	1993
OPERATING REVENUES			
Cellular Service Revenues	$789,459	$569,793	$ 372,674
Equipment Sales	44,956	56,682	37,806
Total Operating Revenues	834,415	626,475	410,480
OPERATING EXPENSES			
Cost of Service	68,223	51,071	37,912
Cost of Equipment Sales	93,561	76,913	42,635
Other Operations Expenses	40,591	30,905	20,767
Selling, General, Administrative and Other Expenses	371,921	289,573	214,355
Depreciation and Amortization	114,731	92,435	75,009
Total Operating Expenses	689,027	540,897	390,678
OPERATING INCOME	145,388	85,578	19,802
Interest Expense	(127,240)	(98,437)	(85,409)
Minority Interests in Net Income of Consolidated Entities	(34,269)	(22,110)	(9,697)
Equity in Net Income of Unconsolidated Entities	40,016	26,390	19,646
Other Expenses, net	(185)	(5,481)	(1,351)
Income (Loss) Before Income Taxes and Cumulative Effects of Changes in Accounting Principles	23,710	(14,060)	(57,009)
Income Tax Expense (Benefit)	25,405	5,697	(7,112)
Loss Before Cumulative Effects of Changes in Accounting Principles	(1,695)	(19,757)	(49,897)
Cumulative Effects of Changes in Accounting Principles, net	—	—	(1,587)
Net Loss	$ (1,695)	$ (19,757)	$ (51,484)

The accompanying Notes are an integral part of the Consolidated Financial Statements.

360° COMMUNICATIONS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF SHAREHOLDER'S EQUITY

(Thousands of Dollars)

	Common Stock	Additional Paid-In Capital	Accumulated Deficit	Total
Balance at December 31, 1992	$11,541	$360,978	$(297,515)	$ 75,004
Net loss	—	—	(51,484)	(51,484)
Balance at December 31, 1993	11,541	360,978	(348,999)	23,520
Net loss	—	—	(19,757)	(19,757)
Balance at December 31, 1994	11,541	360,978	(368,756)	3,763
Net loss	—	—	(1,695)	(1,695)
Balance at December 31, 1995	$11,541	$360,978	$(370,451)	$ 2,068

The accompanying Notes are an integral part of the Consolidated Financial Statements.

360° COMMUNICATIONS COMPANY AND SUBSIDIARIES

CONSOLIDATED STATEMENTS OF CASH FLOWS

(Thousands of Dollars)

	For the Year Ended December 31,		
	1995	1994	1993
Operating Activities			
Net Loss	$ (1,695)	$ (19,757)	$ (51,484)
Cumulative Effect of Changes in Accounting Principles, net	—	—	1,587
Adjustments to Reconcile Net Loss to Net Cash Provided by Operating Activities			
Depreciation and Amortization	114,731	92,435	75,009
Deferred Income Taxes	36,267	20,646	7,420
Loss on the Sale of Cellular Property	—	4,352	—
Equity in Net Income of Unconsolidated Entities, net of distributions	(7,206)	(10,899)	(10,466)
Minority Interests in Net Income of Consolidated Entities	34,269	22,110	9,697
Changes in Operating Assets and Liabilities			
Receivables, net	(20,610)	(23,111)	(15,494)
Other Current Assets	7,592	(18,225)	(7,672)
Accounts Payable	3,420	38,293	1,408
Accrued Expenses and Other Current Liabilities	6,365	36,590	25,748
Noncurrent Assets and Liabilities, net	12,007	(1,455)	(13,800)
Other, net	(1,847)	834	1,873
Net Cash Provided by Operating Activities	183,293	141,813	23,826
Investing Activities			
Capital Expenditures	(323,651)	(264,333)	(165,684)
Acquisition of Additional Interests in Consolidated Entities	(1,142)	—	—
Investment in Unconsolidated Entities	(3,743)	(8,009)	(4,621)
Proceeds from Sale of Cellular Property	—	9,920	—
Net Cash Used by Investing Activities	(328,536)	(262,422)	(170,305)
Financing Activities			
Increase in Advances from Affiliates	158,482	107,294	130,409
Contributions from Minority Investors	7,228	17,742	19,906
Distributions to Minority Investors	(6,971)	(4,405)	(1,250)
Net Cash Provided by Financing Activities	158,739	120,631	149,065
Increase in Cash	13,496	22	2,586
Cash at Beginning of Year	5,527	5,505	2,919
Cash at End of Year	$ 19,023	$ 5,527	$ 5,505

The accompanying Notes are an integral part of the Consolidated Financial Statements.

360° COMMUNICATIONS COMPANY AND SUBSIDIARIES

NOTES TO CONSOLIDATED FINANCIAL STATEMENTS

1. Summary of Significant Accounting Policies

Basis of Consolidation and Presentation

360° Communications Company (formerly Sprint Cellular Company) and its subsidiaries (the "Company") provide wireless voice and data telecommunications services. The Company operates as a general and limited partner and majority owner of cellular systems in various metropolitan and rural service areas and as a limited minority partner or manager in other cellular systems. The company operates in five regions in the United States: Mid-Atlantic, Midwest, North Carolina, Southeast and West.

The Company was a wholly-owned subsidiary of Centel Corporation, a wholly-owned subsidiary of Sprint Corporation ("Sprint"). On March 7, 1996, Sprint completed the spin-off of the Company to Sprint shareholders through a pro rata distribution of all of the Common Stock of the Company (the "Spin-Off"). For further discussion of the Spin-off, see Note 2.

The accompanying consolidated financial statements include the accounts of the Company and its wholly-owned and majority owned subsidiaries. The assets, liabilities and results of operations of entities (both corporations and partnerships) in which the Company has a controlling interest have been consolidated. The ownership interests of noncontrolling owners in such entities are reflected as minority interests. The Company accounts for all other investees using the equity method of accounting. All significant intercompany accounts and transactions have been eliminated.

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

Per Share Information

Note 2 describes the restructuring of the Company as a result of the Spin-off. The Spin-off effectively separated the cellular operations from Sprint's other telecommunications businesses. As part of the restructuring, Sprint's management changed the capital structure of the Company. For these reasons and others, per share information is not presented within the consolidated financial statements.

Revenue Recognition

The Company earns revenues by providing access to its cellular system (access revenue), for usage of its cellular system (airtime revenue), for long-distance calls placed by the Company's customers and those of other carriers within the Company's service area (long-distance), and for providing service to customers from other cellular systems who are traveling through the service area (roaming revenue). Access revenue is billed one month in advance and is recognized when earned. Airtime revenue, roaming revenue and long distance revenue are recognized when the service is rendered. Other service revenues are recognized after services are performed and include connection and installation revenues. Equipment sales are recognized on delivery of the equipment to the customer.

1. Summary of Significant Accounting Policies (continued)

Advertising Costs

The Company expenses the costs of advertising as incurred. Advertising expense for the year ended December 31, 1995 was $27,337,000.

Cash

As part of its cash management program, the Company utilizes controlled disbursement banking arrangements. Outstanding checks in excess of cash balances are classified as Negative Cash Balances in the accompanying Consolidated Balance Sheets. Sufficient funds were available to fund these outstanding checks when they were presented for payment.

Inventory

Inventory consists of cellular telephone and certain accessory equipment held for resale and is stated at the lower of cost (principally first in, first out method) or market.

Property, Plant and Equipment

Property, plant and equipment are stated at cost, including labor and overhead expenses associated with construction. Construction work in progress represents costs incurred to construct and enhance cell sites. Repairs and maintenance costs are expensed as incurred. When property, plant and equipment are sold, or otherwise disposed of, any resulting gains or losses are included in the determination of results of operations.

Depreciation

Depreciation is computed by applying the straight-line method over the estimated service lives for depreciable plant and equipment. Effective January 1, 1994, the estimated service life for tools and test equipment was changed from 5 to 3 years. In addition, the estimated service lives for certain switching and analog microwave equipment was reduced to reflect the remaining service periods. These changes in depreciable lives resulted in additional depreciation expense in 1994 of $2,403,000.

Investments in Unconsolidated Entities

Minority partnership investments include the excess of the purchase price over the underlying net book value of cellular partnerships of $229,812,000 as of December 31, 1995 and 1994. Such excess, which generally relates to Federal Communications Commission ("FCC") licenses, is being amortized on a straight-line basis over 40 years; accumulated amortization aggregated $40,498,000 and $34,728,000 as of December 31, 1995 and 1994, respectively.

Amortization expense for the years ended December 31, 1995, 1994 and 1993 was $5,770,000, $5,769,000 and $5,855,000, respectively, and is included in Equity in Net Income of Unconsolidated Entities in the accompanying Consolidated Statements of Operations.

Intangibles

The Company has acquired identifiable intangible assets, as well as goodwill, through its acquisitions of interests in various cellular systems. The cost of acquired entities is allocated to such assets at the date of the acquisition and the excess of the total purchase price over the amounts assigned to identifiable assets is recorded as goodwill. Intangible assets related to the acquisition of entities in which the Company does not have a controlling interest are included in Investments in Unconsolidated Entities.

1. Summary of Significant Accounting Policies (continued)

The FCC issues licenses that enable cellular carriers to provide service in specific cellular geographic service areas. The FCC grants licenses for terms of up to ten years, and generally grants renewals if the licensee has complied with its obligations under the Communications Act of 1934. In 1993, the FCC adopted specific standards to apply to cellular renewals, concluding it will award a renewal expectancy to a cellular licensee that meets certain standards of past performance. Historically the FCC has granted license renewals routinely. The Company believes that it has and will continue to meet all requirements necessary to secure renewal of its cellular licenses.

Intangible assets are being amortized over 40 years. Accumulated amortization related to acquisitions of controlling interests in cellular systems aggregated $131,091,000 and $111,900,000 as of December 31, 1995 and 1994, respectively. Amortization expense for the years ended December 31, 1995, 1994 and 1993 was $19,191,000, $19,381,000 and $19,429,000, respectively.

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

Supplemental Cash Flow Information

The Company paid interest of $127,240,000, $98,437,000 and $85,409,000 for the years ended December 31, 1995, 1994 and 1993, respectively. Income taxes of $(5,500,000), $(13,915,000) and $2,114,000 were paid (received) by the Company in 1995, 1994 and 1993, respectively. In 1993, a noncash financing activity of $132,756,000 resulted due to the reduction in Advances from Affiliates to reflect a reduction in Receivables from Affiliates.

Income Taxes and Tax Sharing Arrangement

Deferred income taxes are provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes. The Company is included in the consolidated Federal income tax return of Sprint through March 7, 1996 (see Note 10). Under a tax sharing arrangement in effect prior to the Spin-off, the Company was paid for the utilization of net operating losses included in the consolidated tax return, even if such losses and credits could not have been used if the Company were to have filed on a separate return basis. At December 31, 1995, the Company had been credited for all net operating losses incurred. Amounts not yet included in the consolidated tax return are classified as Receivables from Affiliates in the Consolidated Balance Sheets.

Changes in Accounting Principles

Effective January 1, 1993, the Company modified its accrual method of accounting for postretirement benefits by adopting Statement of Financial Accounting Standards (SFAS) No. 106, "Employers' Accounting for Postretirement Benefits Other Than Pensions." The resulting nonrecurring, noncash charge of $1,341,000, net of related income tax benefits, is reflected in the 1993 Consolidated Statement of Operations as a cumulative effect of a change in accounting principle.

Effective January 1, 1993, the Company adopted SFAS No. 112, "Employers' Accounting for Postemployment Benefits." Upon adoption, the Company recognized certain previously unrecorded obligations for benefits being provided to former or inactive employees and their dependents, after employment but before retirement. The resulting nonrecurring, noncash charge of $246,000, net of related income tax benefits, is reflected in the 1993 Consolidated Statement of Operations as a cumulative effect of a change in accounting principle.

1. Summary of Significant Accounting Policies (continued)

Impact of Recently Issued Accounting Pronouncements

In March 1995, the Financial Accounting Standards Board (FASB) issued SFAS No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed Of," which is effective for fiscal years beginning after December 15, 1995. SFAS No. 121 requires that assets to be held and used be reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. The Company does not anticipate that the requirements of SFAS No. 121 will have a material affect on its 1996 consolidated financial statements and operating results.

In October 1995, the FASB issued SFAS No. 123, "Accounting for Stock-Based Compensation," which is effective for fiscal years beginning after December 15, 1995. SFAS No. 123 encourages companies to account for stock compensation awards under a fair value based method, whereby compensation cost is measured at the grant date based on the value of the award and is recognized over a service period. Companies may choose not to apply the new accounting method and may continue to apply current accounting requirements, which generally result in no recognition of compensation cost for most fixed stock option plans. Those that so choose, however, will be required to disclose in the notes to the financial statements what net income and earnings per share would have been if they had followed the FASB's new accounting method. The Company has elected to continue to apply the current accounting requirements for stock-based compensation and will comply with the disclosure requirements in the notes to its 1996 consolidated financial statements.

2. Spin-off

On July 26, 1995, Sprint announced that its Board of Directors decided to pursue a tax-free Spin-off of the Company to Sprint shareholders. In the recent FCC auction of wireless Personal Communications Services ("PCS") licenses, Sprint Spectrum LP won the rights to several markets which overlap service territories operated by the Company. Under FCC rules, Sprint was required to divest or reduce its cellular holdings in certain markets to clear conflicts with the PCS licenses awarded to Sprint Spectrum LP. For these reasons, Sprint and its Board of Directors decided to pursue a Spin-off of the cellular operations of Sprint.

On March 7, 1996, the Spin-off was consummated. In conjunction with the Spin-off, the Company repaid $1.4 billion of intercompany debt to Sprint. The remaining intercompany debt, net of Receivables from Affiliates, was contributed to the Company as Additional Paid-In Capital. Funding for the repayment was derived from the proceeds of $900 million of Senior Notes issued under an indenture ("Indenture") and approximately $500 million of initial borrowings under a $800 million five-year revolving credit facility ("Credit Facility") with a number of banks and institutional lenders. In addition, a recapitalization of the Company's Common Stock was effected pursuant to which the Company split the 10 shares of issued and outstanding Common Stock into 116,733,983 new shares of Common Stock to allow for the pro rata distribution of such stock to the common shareholders of Sprint. This distribution was effected as a tax-free dividend.

2. Spin-off (continued)

The following table sets forth the capitalization of the Company as of December 31, 1995, giving pro forma effect to the consummation of the Spin-off as if it had occurred on that date (in thousands):

	December 31, 1995	
	Actual	Pro Forma
Receivables from Affiliates	$ 10,113	$ —
Long-Term Debt		
Advances From and Notes to Affiliates	$1,517,729	$ —
Credit Facility Borrowings	—	500,000
Senior Notes, due 2003, 7 1/8%	—	450,000
Senior Notes, due 2006, 7 1/2%	—	450,000
Total Long-Term Debt	1,517,729	1,400,000
Shareholders' Equity		
Common Stock, no par value; 10 shares authorized; 10 shares issued and outstanding	11,541	—
Common Stock, $.01 par value; 1,000,000,000 shares authorized; 116,388,116 shares issued and outstanding	—	1,164
Additional Paid-In Capital	360,978	478,971
Accumulated Deficit	(370,451)	(370,451)
Total Shareholders' Equity	2,068	109,684
Total Capitalization	$1,519,797	$1,509,684

The Indenture and Credit Facility have general and financial covenants which place certain restrictions on the Company. The Company is limited with respect to: the making of payments (dividends and distributions); the incurrence of certain liens; the sale of assets under certain circumstances; entering into or otherwise permitting any subsidiary distribution restrictions; certain transactions with affiliates; certain consolidations, mergers and transfers; and the use of loan proceeds. In addition, the Indenture and Credit Facility limit the aggregate amount of additional borrowings which can be incurred by the Company. At Spin-off, the Company had borrowing capacity under the Credit Facility of approximately $146 million under the most restrictive covenants.

3. Property, Plant and Equipment

Property, plant and equipment consisted of the following (in thousands):

	Depreciable Lives	December 31,	
		1995	1994
Switching, base site controller and radio frequency equipment	10 years	$ 639,170	$442,311
Cell site towers and shelters	5-20 years	319,673	220,238
Office furniture and other equipment	2-5 years	121,577	90,487
Plant in Service		1,080,420	753,036
Construction work in progress		70,737	83,351
		1,151,157	836,387
Less: Accumulated Depreciation		300,703	216,600
		$ 850,454	$619,787

Depreciation expense charged to operations for the years ended December 31, 1995, 1994 and 1993 was $95,540,000, $73,054,000 and $55,580,000, respectively.

4. Investments in Unconsolidated Entities

Interests Owned

Interests owned in cellular systems of unconsolidated entities at December 31, 1995 and 1994 were as follows:

Omaha Cellular General Partnership and Subsidiary	50.00%
Florida 9 RSA Limited Partnership	49.00%
Illinois Valley Cellular RSA 2-II Partnership	40.00%
Pennsylvania 4 Wireline Settlement Partnership	33.33%
Virginia 10 RSA Limited Partnership	33.00%
Iowa RSA No. 13 Limited Partnership	30.00%
Texas RSA #11B Limited Partnership	28.00%
Pennsylvania 3 Wireline Settlement Limited Partnership	27.78%
RCTC Wholesale Company (Richmond)	27.27%
GTE Mobilnet of Fort Wayne Limited Partnership	25.00%
Texas RSA 7B1 Limited Partnership	25.00%
Georgia RSA No. 1 Limited Partnership	20.00%
GTE Mobilnet of Indiana RSA #3 Limited Partnership	20.00%
St. Joseph SMSA Limited Partnership	20.00%
Missouri RSA 9B1 Limited Partnership	19.60%
Kansas City SMSA Limited Partnership	19.00%
Illinois Independent RSA No. 3 General Partnership	18.13%
Allentown SMSA Limited Partnership	16.77%
Orlando SMSA Limited Partnership	15.00%
Missouri 1—Atchison RSA Limited Partnership	14.28%
RSA 11 Limited Partnership (IA)	14.14%
Missouri RSA 4 Partnership	12.50%
New York SMSA Limited Partnership	10.00%
GTE Mobilnet of South Texas Limited Partnership	8.77%
Iowa 16—Lyon Limited Partnership	8.33%
Iowa RSA 5 Limited Partnership	7.14%
Iowa 15—Dickinson Limited Partnership	6.67%
Reading SMSA Limited Partnership	5.85%
Iowa RSA No. 14 Limited Partnership	5.56%
Chicago SMSA Limited Partnership	5.00%
RSA 1 Limited Partnership (IA)	3.90%
GTE Mobilnet of Ohio Limited Partnership	3.50%
Iowa 8—Monona Limited Partnership	2.30%
Cincinnati SMSA Limited Partnership	1.20%
GTE Mobilnet of Austin Limited Partnership	.82%

4. Investments in Unconsolidated Entities (continued)

Financial Information

Condensed combined financial information for investments in entities accounted for under the equity method follows (in thousands):

	For the Year Ended December 31,		
	1995	1994	1993
Results of Operations			
Cellular Service Revenues	$1,796,895	$1,357,945	$ 930,778
Equipment Sales	97,727	67,945	40,193
Total Operating Revenues	1,894,622	1,425,890	970,971
Cost of Equipment Sales	151,334	101,691	46,406
Operating, Selling, General, Administrative and Other Expenses	1,049,117	824,049	544,328
Depreciation and Amortization	201,459	165,010	123,856
Total Operating Expenses	1,401,910	1,090,750	714,590
Operating Income	492,712	335,140	256,381
Non-operating Income (Expenses)	(12,903)	(725)	1,990
Minority Interests in Net (Income) Loss of Consolidated Entities	(1,513)	1,958	(1,085)
Income before Cumulative Effects of Changes in Accounting Principles	478,296	336,373	257,286
Cummulative Effects of Changes in Accounting Principles, net	—	—	(263)
Net Income	$ 478,296	$ 336,373	$257,023

	December 31,	
	1995	1994
Assets		
Current Assets	$ 371,827	$ 349,078
Noncurrent Assets	1,487,159	1,174,475
	$1,858,986	$1,523,553
Liabilities and Equity		
Current Liabilities	$ 309,873	$ 238,682
Long-term Liabilities	71,818	56,017
Minority Interests	6,086	4,573
Equity	1,471,209	1,224,281
	$1,858,986	$1,523,553

Additional Disclosure:

Accumulated deficit at December 31, 1995, included $75,813,000 related to undistributed earnings of unconsolidated entities.

The Company has guaranteed 50% of a discounted note held by Omaha Cellular General Partnership and Subsidiary. At December 31, 1995, the carrying value of the note was $37,848,000.

5. Advances from and Notes to Affiliates

Advances from and Notes to Affiliates, which approximated fair value, consisted of the following (in thousands):

	December 31,	
	1995	1994
Advances from Affiliates, due on demand	$ 413,529	$ 249,916
Subordinated Note to Centel Capital Corporation, due 1996	950,000	950,000
Subordinated Note to Centel Corporation, due 1998	154,200	154,200
	$1,517,729	$1,354,116

The interest rate on the subordinated note due 1996 is based on prime plus 2 percent and for the year ended December 31, 1995 ranged from 10.5% to 11.0% The interest rate for the year ended December 31, 1994 ranged from 8.0% to 10.5%. The interest rate for the year ended December 31, 1993 remained a constant 8%.

Interest on advances from affiliates and the subordinated note due 1998 is based on a 30 day commercial paper rate. The interest rate for the year ended December 31, 1995 ranged from 5.7% to 6.2%. The interest rate on these borrowings for the year ended December 31, 1994 ranged from 3.1% to 6.1%. The interest rate for the year ended December 31, 1993 ranged from 3.1% to 3.4%.

As discussed in Note 2, in conjunction with the Spin-off, the Company repaid $1.4 billion of intercompany debt with proceeds from the issuance of long-term Senior Notes and borrowings under the Credit Facility, with the remaining intercompany debt contributed to the Company as Additional Paid-In Capital.

6. Employee Benefit Plans

Defined Benefit Pension Plan

Substantially all of the Company's employees are covered by a noncontributory defined benefit pension plan sponsored by Sprint which provides benefits based upon years of service and participants' compensation.

The cost to the Company of its employees' participation in this plan is actuarially determined by Sprint, and totaled $1,917,000, $1,656,000, and $1,307,000 in 1995, 1994 and 1993, respectively. The Company's accrued pension cost was $7,361,000 and $5,425,000 as of December 31, 1995 and 1994, respectively.

Effective with the Spin-off, the Company's employees no longer participate in Sprint's defined benefit pension plan and Sprint assumed the liability for benefits of the Company's employees under Sprint's plan. The Company will not recognize any significant curtailment gain or loss upon discontinuance of its employees' participation in Sprint's plan and does not currently plan to establish its own defined benefit pension plan.

Defined Contribution Plans

Substantially all employees of the Company were covered by defined contribution employee savings plans sponsored by Sprint. Participants may contribute portions of their compensation to the plans, and the Company makes matching contributions up to specified levels. The Company's matching contributions aggregated $2,030,000, $1,736,000 and $1,599,000 in 1995, 1994 and 1993, respectively.

Effective with the Spin-off, the Company discontinued its participation in Sprint's defined contribution employee savings plans. The Company has established its own defined contribution plan, the terms and conditions of which have been revised to reflect increased matching contribution levels. Balances held by Sprint's defined contribution 401(k) plan on the behalf of the Company's employees will be transfered to the Company's new defined contribution 401(k) plan.

6. Employee Benefit Plans (continued)

Postretirement Benefits

Sprint sponsors postretirement benefits (principally health care benefits) arrangements covering substantially all employees of the Company. Employees who retired before specified dates are eligible for these benefits at no cost to the retirees. Employees retiring after specified dates are eligible for these benefits on a shared cost basis. The Company funds the accrued costs as benefits are paid.

The components of the net postretirement benefits cost were as follows (in thousands):

	For the Year Ended December 31,		
	1995	1994	1993
Service cost—benefits earned	$ 206	$291	$421
Interest on accumulated benefit obligation	124	192	180
Net amortization and deferral	(154)	29	—
Net postretirement benefits cost	$ 176	$512	$601

For measurement purposes, a weighted average annual health care cost trend rate of 12 percent was assumed for 1995, gradually decreasing to 6 percent by 2001 and remaining constant thereafter. The effect of a 1 percent increase in the assumed trend rates would have increased the 1995 net postretirement benefits cost by approximately $85,000. The discount rates for 1995, 1994 and 1993 were 8.5 percent, 7.5 percent and 8.0 percent, respectively.

The amounts recognized in the consolidated balance sheets were as follows (in thousands):

	December 31,	
	1995	1994
Accumulated postretirement benefits obligation		
Retirees	$ 475	$ 363
Active plan participants—fully eligible	291	350
Active plan participants—other	1,433	1,660
	2,199	2,373
Unrecognized prior service costs	496	525
Unrecognized net gains	880	1,185
Accrued postretirement benefits cost	$3,575	$4,083

The accumulated benefits obligation as of December 31, 1995 and 1994 was determined using discount rates of 7.25 percent and 8.5 percent, respectively. A weighted average annual health care trend rate of 9.6 percent was assumed for 1996, gradually decreasing to 5 percent by 2001 and remaining constant thereafter. The effect of a 1 percent annual increase in the assumed health care cost trend rates would have increased the accumulated benefits obligation as of December 31, 1995 by approximately $407,000.

Effective with the Spin-off, the Company discontinued its participation in Sprint's postretirement benefits arrangements, and established its own arrangements. Terms and conditions of the Company's arrangements and related cost levels do not differ significantly from those under Sprint's arrangements.

6. Employee Benefit Plans (continued)

Postemployment Benefits

Postemployment benefits offered by the Company include severance, disability and workers compensation, including the continuation of other benefits such as health care and life insurance coverage. Effective with the Spin-off, the Company discontinued its participation in Sprint's postemployment benefits arrangements. Terms and conditions of the Company's arrangements and related cost levels do not differ significantly from those under Sprint's arrangements.

7. Stock Based Plans

Stock Options and Stock Appreciation Rights

Under various Sprint stock option plans, Company employees held options to purchase approximately 431,760 shares of Sprint Common Stock at December 31, 1995. All options were granted at a price equal to the market price of Sprint Common Stock at the date of grant. Approximately 6% of these options outstanding provided for the granting of stock appreciation rights ("SARs") as an alternate method of settlement upon exercise.

Following the Spin-off, outstanding options held by Company employees under Sprint plans as of the record date for the Spin-off were replaced by Company options (the "Replacement Options"). Replacement Options cover the same aggregate fair market values of stock underlying the options and continue the vesting schedules and other conditions for exercise of the Sprint options they replace. Aggregate fair market value has been maintained by adjusting the per share exercise price of options as well as the number of shares under option. The formula to determine per share exercise prices and the total number of Replacement Options is dependent on the respective market values of Sprint and Company Common Stock during a specified number of trading days before and after the distribution date asssociated with the Spin-off. As such, the Company cannot currently determine the Replacement Options outstanding. The number of Replacement Options outstanding will be determined by multiplying the number of Sprint options outstanding by an adjustment factor, the numerator of which is the pre-Spin-off value of Sprint Common Stock and the denominator of which is the post-Spin-off value of the Company's Common Stock, truncated to a whole number of shares. The per share exercise price of Replacement Options will be determined by subtracting from the post-Spin-off market value of the Company's Common Stock the product of (a) the excess of the pre-Spin-off market value of Sprint's Common Stock over the unadjusted exercise price of the Sprint options and (b) the ratio of the unadjusted number of shares of Sprint Common Stock that could have been purchased by exercise of the Sprint options over the number of shares of Company Common Stock that can be purchased post-Spin-off as adjusted according to the preceding sentence.

The Company has established the 1996 Equity Incentive Plan which allows for the granting of stock options to employees at a price not less than the fair market value of Company Common Stock at the date of grant. The Company has authorized shares of its Common Stock for issuance under this plan.

Employees Stock Purchase Plan

Under the 1994 offering of the Sprint Employees Stock Purchase Plan, Company employees held elections to purchase 58,303 shares of Sprint's Common Stock as of December 31, 1995. The purchase price under the offering cannot exceed $32.35 per share, such price representing 85% of the average market price, on the offering date, or fall below $12.00 per share. The 1994 offering terminates on June 30, 1996.

In connection with the Spin-off, elections made by employees of the Company to purchase shares of Sprint Common Stock were replaced by elections to purchase shares of Company Common Stock under the same terms and conditions of the currently established Replacement Employees Stock Purchase Plan ("RESPP") (subject to a voluntary election to participate in the RESPP). Aggregate fair market value of stock underlying the elections was maintained by adjusting the per share purchase price of elections as well as the number of shares under election. The formula to determine the total number of shares under elections and the per share purchase price is dependent

7. Stock Based Plans (continued)

on the respective market value of Sprint and Company Common Stock during a specified number of trading days before and after the distribution date associated with the Spin-off. As such, the Company cannot currently determine the number of shares under election that are outstanding after the Spin-off date. The per share purchase price of shares under election will be determined by multiplying the per share purchase price of Sprint Common Stock by an adjustment factor, the numerator of which is the post-Spin-off value of the Company's Common Stock and the denominator of which is the pre-Spin-off value of Sprint Common Stock. The number of shares under election will be determined by multiplying the number of Sprint shares under election by the reciprocal of the adjustment factor.

8. Income Taxes

The components of the income tax expense (benefit) were as follows (in thousands):

	or the Year Ended December 31,		
	1995	1994	1993
Current income tax expense (benefit)			
Federal	$(14,485)	$(17,755)	$(16,399)
State	3,623	2,806	1,867
Deferred income tax expense			
Federal	27,158	20,331	6,462
State	9,109	315	958
Total income tax expense (benefit)	$ 25,405	$ 5,697	$ (7,112)

A reconciliation from the statutory income tax rate (35 percent) to the effective income tax rate (income tax expense divided by income before income taxes) was as follows (in thousands):

	For The Year Ended December 31,		
	1995	1994	1993
Income tax expense (benefit) at the statutory rate	$ 8,299	$(4,921)	$ (19,953)
Effect of			
State income tax expense, net of federal income tax effect	8,276	2,029	1,836
Amortization of intangibles	8,736	8,796	8,849
Federal income tax rate increase	—	—	1,335
Other, net	94	(207)	821
Income tax expense (benefit)	$25,405	$ 5,697	$ (7,112)
Effective income tax rate	107%	(41)%	12%

The income tax expense allocated to other items for the year ended December 31, 1993 was as follows (in thousands):

Cumulative effects of changes in accounting principles	
Postretirement benefits	$ 724
Postemployment benefits	$ 135

8. Income Taxes (continued)

Deferred income taxes are provided for the temporary differences between the carrying amounts of the Company's assets and liabilities for financial statement purposes and their tax bases. The sources of the differences that gave rise to the deferred income tax assets and liabilities as of December 31, 1995 and 1994, along with the income tax effect of each, were as follows (in thousands):

	1995 Deferred Income Tax		1994 Deferred Income Tax	
	Assets	Liabilities	Assets	Liabilities
Property, plant and equipment	$ —	$107,415	$ —	$71,835
Postretirement and other benefits	3,428	—	2,941	—
Accrued liabilities	7,310	—	1,516	—
Intangibles	—	7,850	—	8,025
State operating loss carryforwards	14,469	—	16,744	—
Other, net	—	949	143	—
Less: Valuation allowance	(8,161)	—	(4,385)	—
Total	$17,046	$116,214	$16,959	$79,860

During 1995, the valuation allowance related to deferred income tax assets increased $3,776,000, due partially to obtaining more complete information and additional analysis performed by management in 1995. The valuation allowance related to deferred income tax assets increased by $1,534,000 in 1994.

As of December 31, 1995, the Company has available tax benefits associated with state operating loss carryforwards which expire in varying amounts annually from 1996 through 2010.

9. Commitments and Contingencies

Litigation, Claims and Assessments

Various suits arising in the ordinary course of business are pending against the Company. Management cannot predict the ultimate outcome of these actions but believes any asserted or pending litigation or claims will not result in a material effect on the Company's consolidated financial statements.

Operating Leases

Minimum rental commitments as of December 31, 1995 for all non-cancelable operating leases, consisting principally of leases for office space, real estate and tower space, were as follows (in thousands):

1996	$ 12,296
1997	11,176
1998	10,395
1999	9,202
2000	8,961
Thereafter	55,454
Total	$ 107,484

Rental expense aggregated $17,605,000, $12,344,000 and $7,573,000 in 1995, 1994 and 1993, respectively. The amount of rental commitments applicable to subleases, contingent rentals and executory costs is not significant.

Capital Expenditures

Property, plant, and equipment capital expenditures for 1996 are expected to total $280,000,000.

10. Related Party Transactions

Management believes that the consolidated financial statements of the Company, presented herein, reasonably reflect the historical relationships with Sprint and its affiliates and reflect all of the Company's costs of doing business. Management believes that there would not have been any material difference from the amounts presented in the historical financial statements had the Company operated on a stand-alone basis. However, the historical financial statements are not necessarily indicative of future financial condition, results of operations or cash flows.

The Company reimburses Sprint for certain data processing services, other data-related costs and certain management and administrative support services which are incurred for the Company's benefit. Total charges aggregated $22,754,000, $16,287,000 and $16,686,000 in 1995, 1994 and 1993, respectively. The terms of the arrangements determining such charges by Sprint are reasonable, although there can be no assurance that these terms are comparable to those which would be obtained from unaffiliated third parties or on a stand-alone basis. Sprint will provide administrative support services for a period of time after the Spin-off to assure an orderly transition.

Charges for long distance telecommunications and operator services provided by interexchange carriers to cellular customers are based on terms and conditions negotiated with Sprint. The Company is not required to offer its customers options on the selection of long distance carriers. As a result, the Company resells Sprint long distance service is offered on an exclusive basis, unless Sprint does not provide such service in the Company's operating service area. A new agreement with a three-year term was entered into in early 1996 between the Company and Sprint for long distance service on an exclusive basis (except where Sprint is unable to provide such service) which replaced the existing long distance service agreement on terms that are believed to be comparable to those which could be obtained from unaffiliated third parties. The Company believes that the terms and conditions of the current contract governing long distance and operator services are reasonable and based on fair market value, although there can be no assurance that these terms are comparable to those which could be obtained from unaffiliated third parties.

The Company receives local telephone, interconnection and toll services from subsidiaries of Sprint pursuant to agreements between the subsidiaries and the Company. During 1995, 1994 and 1993, related payments amounted to $43,601,000, $27,766,000 and $19,164,000, respectively. Payables to affiliates totaled $2,705,000 and $2,444,000 at December 31, 1995 and 1994, respectively.

Prior to the Spin-off, the Company borrowed from Sprint to the extent cash requirements were not met through cash flows from operations and capital contributions from minority partners. The Company entered into cash advance and borrowing transactions with Sprint and certain affiliates as described in Note 5.

The Company advances funds to unconsolidated entities to which it provides management services for use in these entities' current operations and construction activity. In turn, these entities advance excess cash to the Company for cash management and investment. Minority investments receivable totaled $3,659,000 and $906,000 at December 31, 1995 and 1994, respectively. Minority investments payable totaled $925,000 and $117,000 at December 31, 1995 and 1994, respectively.

Tax Sharing Agreement

In connection with the Spin-off, Sprint and the Company entered into a Tax Sharing and Indemnification Agreement (the "Tax Sharing Agreement") that allocates the responsibility for taxes between Sprint and the Company. The Tax Sharing Agreement provides that the Company will indemnify Sprint for any tax liability relating to the Company for all periods. The Company will continue to join in filing consolidated federal income tax returns with Sprint up to the time of the Spin-off. The Tax Sharing Agreement generally provides that the Company's share of the tax liability reflected on such consolidated federal income tax returns, as originally filed and amended, is equal to the amount of tax which the Company would have incurred on its separate taxable income computed as if it filed a separate tax return. It also provides that if the Company incurs a net operating loss in any year in which it joins with Sprint in filing a consolidated federal income tax return, as originally filed and

10. Related Party Transactions (continued)

amended, Sprint will pay an amount equal to the reduction in its tax liability attributable to such loss. Similar provisions apply in the case of state tax returns filed on a consolidated basis.

In addition, the Tax Sharing Agreement generally provides that Sprint agrees to indemnify the Company against liability for any taxes relating to Sprint or its affiliates, other than the Company, for periods up to and including the Spin-off date or for periods after that date if imposed on the Company by any taxing authority.

Tax Assurance Agreement

In connection with the Spin-off, Sprint and the Company entered into an agreement (the "Tax Assurance Agreement") pursuant to which certain limitations designed to preserve the tax-free status of the Spin-off will be imposed on the Company for a period of two years after the commencement of the Spin-off. Such limitations may prohibit the Company from exchanging, contributing or otherwise transferring or disposing of cellular properties. In addition, such limitations may limit the amount of equity securities the Company could issue following the Spin-off, including the issuance of Common Stock by the Company. If the Company were to breach its obligations under the Tax Assurance Agreement and as a direct result the Spin-off is not treated as a tax-free distribution under the Code, the Company would be required to indemnify Sprint pursuant to the Tax Sharing Agreement for any taxes assessed in respect to the Spin-off.

Distribution Agreement

In contemplation of the Spin-off, the Company and Sprint have entered into a Distribution Agreement that provides for complete separation of all properties after the Spin-off as well as transition agreements that disengage the affairs of the Company and Sprint in an orderly manner.

11. Additional Financial Information

Concentrations of Credit Risk

To the extent the Company's customers become delinquent, collection activities commence. No single customer is large enough to pose a significant financial risk to the Company. The Company maintains an allowance for losses based on the expected collectibility of accounts receivable. Credit losses have been within management's expectations.

12. Divestiture of Cellular Property

In August 1994, the Company sold all of the assets associated with the cellular communications system in Sioux City, Iowa, to a wholly owned subsidiary of McCaw Cellular Communications, Inc. The purchase price received was approximately $9,920,000, and a loss of $4,352,000 was realized on this divestiture. The effect of this divestiture on the operating results of the Company was not significant.

13. Subsequent Events

Acquisitions

On January 31, 1996, the Company purchased additional partnership interests in Centel Cellular Company of Ft. Walton Beach Limited Partnership and Centel Cellular Company of Tallahassee Limited Partnership. Also on January 31, 1996, the Company purchased a 100% interest in the cellular license and network of the North Carolina RSA No. 14 Cellular General Partnership. On February 23, 1996, the Company purchased a 100% interest in Ohio RSA No.1 Cellular General Partnership. In addition, on February 29, 1996, the Company purchased a 50% interest in South Carolina RSA No. 4 Cellular General Partnership, a 50% interest in South Carolina RSA No. 5 Cellular General Partnership and a 50% interest in South Carolina RSA No. 6 Cellular General Partnership. The aggregate purchase price of these acquisitions was approximately $110,000,000.

14. Contingencies of Unconsolidated Entities

The GTE Mobilnet of South Texas Limited Partnership, (the "South Texas partnership"), an equity investee of the Company, filed suit in 1994 against a former agent and its principals alleging that the former agent continued to hold itself out as an agent of the South Texas partnership after its contract expired. The former agent and its principals subsequently filed a counterclaim against the South Texas partnership, claiming the South Texas partnership falsely represented to them that all agent agreements were identical and that all agents were paid the same amount. The complaint against the South Texas partnership alleges fraud, breach of covenant of good faith and fair dealing, tortuous interference with plaintiffs' business relations, violation of the Texas Deceptive Trade Practices Act, and defamation. The plaintiff is seeking unspecified damages.

On July 7, 1995 a suit which purports to be a class action was filed on behalf of the cellular users of GTE Mobilnet Inc. nationwide. The complaint alleges that GTE Mobilnet Inc.'s termination fee (including the fee charged by the South Texas partnership) in its customer contracts represents an invalid penalty. The plaintiffs are seeking unspecified damages.

On April 12, 1995 a suit which purports to be a class action was filed alleging that the defendants (including the South Texas partnership) violated the Telephone Consumer Protection Act ("TCPA") and invaded the plaintiff's privacy by sending unauthorized facsimiles to the plaintiffs. The complaint seeks $500 in damages for each alleged violation of the TCPA, plus treble damages, or in the alternative, punitive damages. In addition, the plaintiffs seek interest, cost and attorney's fees. The defendants filed a motion to dismiss for want of subject matter jurisdiction and for failure to state a proper claim. At a recent hearing, the court ruled that the TCPA applied only to interstate faxing, and not to intrastate faxing, such as those allegedly associated with the South Texas partnership. The action is stayed pending the parties appeal.

On November 14, 1995 a suit was filed against the South Texas partnership by the widow and children of a cellular phone subscriber who died of brain cancer. The plaintiffs allege that the deceased was a cellular subscriber of the South Texas partnership and that the electromagnetic radiation produced by the South Texas partnership's cellular system caused the deceased's cancer. The suit also names several other cellular carriers and phone manufacturers and seeks unspecified damages.

On January 25, 1996, a suit was filed against the South Texas partnership by a former employee of GTE Mobilnet, who alleges amoung other claims, certain employment discrimination charges. The plaintiff seeks unspecified damages.

The ultimate outcome of these five matters cannot presently be determined. Accordingly, no provision for any liability that might result from these matters has been made in the financial statements of the South Texas partnership and the accompanying financial statements.

14. Contingencies of Unconsolidated Entities (continued)

On July 26, 1995, a partnership which is a general partner in the New York SMSA Limited Partnership (the "New York partnership"), an equity investee of the Company, was named as a defendant in a class action lawsuit brought by a subscriber, Mr. Daniel J. Mandell. The plaintiffs have alleged that the partnership's cellular operations are engaged in fraudulent, misleading, and deceptive practices by concealing the practice of rounding up airtime usage to bill in full minute increments. The plaintiffs seek an accounting of monies received as a result of the above conduct by the defendant, compensatory damages, punitive damages, treble damages pursuant to the New Jersey Consumer Fraud Act, and injunctive relief. Although the defendant has informed the New York partnership that it believes that it has meritorious defenses to the claims asserted against it, and intends to defend itself vigorously, the ultimate outcome of this matter cannot be determined at the present time. The New York partnership may be allocated a portion of the damages that may result upon adjudication of this matter if the plaintiffs prevail in their action. If an adverse judgement is entered, the potential effect on the financial condition and the results of operations of the general partner, the New York partnership and the Company cannot be ascertained at this time but may be material.

A general partner in the New York partnership was named as a defendant in a class action lawsuit brought on behalf of New York retail customers. The plaintiffs have alleged that the general partner has overcharged customers who experienced an involuntary disconnection ("dropped calls") of their mobile service calls during the period June 1985 through September 1994. Further, the plaintiffs allege that the amount of credit given for a dropped call, the general partner's policy of requiring customers to specifically request such credits, and the absence of sufficient notice advising customers to actively request such credits constitutes a breach of contract and deceptive practice. Discovery is ongoing at this time. The New York partnership is not a defendant in this matter having been dismissed from the case in the early stages of the litigation. The New York partnership has been informed that the defendant intends to defend itself vigorously but that the ultimate outcome of the matter cannot be determined. The New York partnership may be allocated a portion of the damages that may result upon adjudication of this matter if the plaintiffs prevail in their action. If an adverse judgment is entered, the potential effect on the financial condition and the results of operations of the general partner, the Partnership and the Company may be material matter if the plaintiffs prevail in their action. If an adverse judgment is entered, the potential effect on the financial condition and the results of operations of the general partner and the New York partnership may be material.

On August 31, 1995 an unfair labor practice charge was filed with region 2 of the National Labor Relations Board (NLRB) by the Communication Workers of America, AFL-CIO (CWA), against NYNEX Corporation, a partner in Cellco, which is a general partner in the New York partnership, and Cellco Partnership. The charge alleges that since July 1, 1995 NYNEX Corporation and Cellco have refused to recognize the CWA as the exclusive representative of employees in the operations department in the New York metropolitan area, repudiated the existing bargaining agreement, and constructively discharges certain employees who would not accept unlawful conditions of employment. The CWA is arguing that BANM is either a successor employer or an alter ego of the former cellular companies, and must honor prior collective bargaining agreements with the CWA. Cellco filled its statement of position with the NLRB in March, 1996. NYNEX was not required to file a statement of position. Although both NYNEX and Cellco have informed the New York partnership that they believe that they have meritorious defenses to the claims asserted against them, and intend to defend themselves vigorously, the ultimate outcome of this matter cannot be determined at the present time. The Partnership may be allocated a portion of the damages that may result upon adjudication of this matter if the CWA prevails in its action. If an adverse judgment is entered, the potential effect on the financial condition and results of operation of the general partner and the New York partnership cannot be ascertained at this time, but may be material.

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

(a) Financial Statements, Financial Statement Schedules, and Exhibits:

1. Financial Statements:

360° Communications Company and Subsidiaries

—Report of Independent Auditors

—Consolidated Balance Sheets as of December 31, 1995 and 1994

—Consolidated Statements of Operations for the years ended December 31, 1995, 1994 and 1993

—Consolidated Statements of Shareholder's Equity for the years ended December 31, 1995, 1994 and 1993

—Consolidated Statements of Cash Flows for the years ended December 31, 1995, 1994 and 1993

—Notes to Consolidated Financial Statements

2. Financial Statement Schedules:

The following schedule, for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission and is thereby required, is filed herewith:

Schedule II 360° Communications Company and Subsidiaries
—Consolidated Valuation and Qualifying Accounts
for the years ended December 31, 1995, 1994 and 1993

The following financial statements, for which provision is made in Regulation S-X of the Securities and Exchange Commission and are thereby required, are filed herewith:

Kansas City SMSA Limited Partnership
New York SMSA Limited Partnership
GTE Mobilnet of South Texas Limited Partnership
Orlando SMSA Limited Partnership

—Report of Independent Accountants on Compilation of Combined Financial Statements

—Reports of Independent Auditors

—Combined Balance Sheets as of December 31, 1995 and 1994

—Combined Statements of Income for the years ended December 31, 1995, 1994 and 1993

—Combined Statements of Changes in Partners' Capital for the years ended December 31, 1995, 1994 and 1993

—Notes to Combined Financial Statements

3. Exhibits:

Exhibits are listed in the Exhibit Index.

(b) Reports on Form 8-K:

The registrant did not file any reports on Form 8-K during the quarter ended December 31, 1995.

360° COMMUNICATIONS COMPANY AND SUBSIDIARIES

SCHEDULE II-CONSOLIDATED VALUATION AND QUALIFYING ACCOUNTS

Years Ended December 31, 1995, 1994 and 1993
(Thousands of Dollars)

	Balance beginning of year	Additions: Charged to income	Additions: Charged to other accounts	Other deductions	Balance end of year
1995					
Allowances for uncollectiblies	$2,043	$16,475	$ 10	$(16,158)(1)	$2,370
Valuation allowance—deferred income tax assets	$4,385	$ 3,776	$—	$ —	$8,161
1994					
Allowances for uncollectiblies	$1,637	$12,460	$323	$(12,377)(1)	$2,043
Valuation allowance—deferred income tax assets	$2,851	$ 1,534	$—	$ —	$4,385
1993					
Allowances for uncollectiblies	$1,381	$ 7,732	$117	$ (7,593)(1)	$1,637
Valuation allowance—deferred income tax assets	$2,618	$ 233	$—	$ —	$2,851

(1) Accounts written off, net of recoveries.

SIGNATURES

Pursuant to the requirements of Section 13 or 15(d) of the Securities Exchange Act of 1934, the registrant has duly caused this report to be signed on its behalf by the undersigned, thereunto duly authorized.

360° COMMUNICATIONS COMPANY

By: /S/ DENNIS E. FOSTER
Dennis E. Foster
President and Chief Executive Officer

Date: March 31, 1996

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

Signature	Title	Date
/S/ DENNIS E. FOSTER Dennis E. Foster	President and Chief Executive Officer and Director (Principal Executive Officer)	March 31, 1996
/S/ MICHAEL J. SMALL Michael J. Small	Executive Vice President and Chief Financial Officer (Principal Financial Officer)	March 31, 1996
/S/ GARY L. BURGE Gary L. Burge	Senior Vice President - Finance (Principal Accounting Officer)	March 31, 1996
/S/ FRANK E. REED Frank E. Reed	Chairman of the Board of Directors	March 31, 1996
/S/ ROBERT E. R. HUNTLEY Robert E. R. Huntley	Director	March 31, 1996
/S/ CHARLES H. PRICE, II Charles H. Price, II	Director	March 31, 1996

EXHIBIT INDEX

Exhibit Number	Description of Exhibits
2	Distribution Agreement dated as of March 7, 1996 by and among Sprint Corporation, 360° Communications Company (formerly, Sprint Cellular Company) and Centel Corporation.
3.1	Amended and Restated Certificate of Incorporation of 360° Communications Company, as amended as of March 4, 1996.
3.2	Amended and Restated Bylaws of 360° Communications Company.
3.3	Certificate of Designation of First Series Junior Participating Preferred Stock of 360° Communications Company. (Filed as Exhibit 3.3 to Amendment No. 4 to Registration Statement No. 33-99756 and incorporated herein by reference.)
4.1	360° Communications Company's 7 1/8% Senior Note Due 2003 and 7 1/2% Senior Note Due 2006.
4.2	Indenture dated as of March 7, 1996 between 360° Communications Company and Citibank, N.A., as Trustee.
4.3	Form of 360° Communications Company Common Stock, $0.01 par value, certificate.
10.1	Tax Sharing Agreement dated as of March 7, 1996 among Sprint Corporation and 360° Communications Company.
10.2	Tax Assurance Agreement dated as of March 7, 1996 by and between Sprint Corporation and 360° Communications Company.
10.3	Rights Agreement dated as of March 5, 1996 between 360° Communications Company and Chemical Bank.
10.4*	360° Communications Company Replacement Stock Option Plan.
10.5*	360° Communications Company 1996 Equity Incentive Plan.
10.6*	360° Communications Company Director Equity and Deferred Compensation Plan.
10.7*	Form of Indemnification Agreement between 360° Communications Company and its directors and officers.
10.9	Credit Agreement dated as of March 6, 1996 among 360° Communications Company, the initial lenders named therein, Citibank, N.A., as Administrative Agent, Chemical Bank, as Syndication Agent, Toronto Dominion (Texas), Inc., as Documentation Agent, and Bank of America Illinois, as Co-Syndication Agent.

12	Statement regarding computation of Ratio of Earnings to Fixed Charges.
21	Subsidiaries of 360° Communications Company.
23.1	Consent of Ernst & Young LLP.
23.2	Consent of Ernst & Young LLP, regarding the Kansas City SMSA Limited Partnership.
23.3	Consent of Arthur Andersen LLP, regarding GTE Mobilnet of South Texas Limited Partnership.
23.4	Consent of Coopers & Lybrand L.L.P., regarding New York SMSA Limited Partnership.
23.5	Consent of Coopers & Lyorand L.L.P., rega ding Orlando SMSA Limited Partnership.
99.1	360° Communications Company and Subsidiaries — Summary Consolidated Financial and Operating Data.
99.2	360° Communications Company and Subsidiaries — Selected Proportionate Operating Results.

*Management contract or compensatory plan or arrangement.

EXHIBIT 99.1

360° COMMUNICATIONS COMPANY AND SUBSIDIARIES

SUMMARY CONSOLIDATED FINANCIAL AND OPERATING DATA

(Thousands of Dollars, except per customer data)
(Unaudited)

	For the Year Ended December 31,		
	1995	1994	1993
OPERATING REVENUES			
Cellular Service Revenues	$ 789,459	$ 569,793	$ 372,674
Equipment Sales	44,956	56,682	37,806
Total Operating Revenues	834,415	626,475	410,480
OPERATING EXPENSES			
Cost of Service	68,223	51,071	37,912
Cost of Equipment Sales	93,561	76,913	42,635
Other Operations Expenses	40,591	30,905	20,767
Selling, General, Administrative and Other Expenses	371,921	289,573	214,355
Depreciation and Amortization	114,731	92,435	75,009
Total Operating Expenses	689,027	540,897	390,678
OPERATING INCOME	145,388	85,578	19,802
Interest Expense	(127,240)	(98,437)	(85,409)
Minority Interests in Net Income of Consolidated Entities	(34,269)	(22,110)	(9,697)
Equity in Net Income of Unconsolidated Entities	40,016	26,390	19,646
Other Expenses, net	(185)	(5,481)	(1,351)
Income (Loss) Before Income Taxes and Cumulative Effects of Changes in Accounting Principles	23,710	(14,060)	(57,009)
Income Tax Expense (Benefit)	25,405	5,697	(7,112)
Loss Before Cumulative Effects of Changes in Accounting Principles	(1,695)	(19,757)	(49,897)
Cumulative Effects of Changes in Accounting Principles, net	—	—	(1,587)
Net Loss	$ (1,695)	$ (19,757)	$ (51,484)
OTHER OPERATING DATA:			
EBITDA (1)	$ 260,119	$ 178,013	$ 94,811
EBITDA Margin (2)	31.17%	28.42%	23.10%
Capital Expenditures (3)	$ 323,651	$ 264,333	$ 165,684
Controlled POPs (4)	19,670,534	19,670,534	19,472,324
Controlled Customers (5)	1,501,757	1,039,989	652,456
Gross Customer Additions	734,612	563,193	369,842
Average Customers (6)	1,240,970	810,753	490,424
Churn	1.81%	1.80%	1.86%
Penetration	7.60%	5.30%	3.40%
Service Revenue per Average Customer per Month	$ 53.01	$ 58.57	$ 63.33
Cost to Acquire a New Customer (7)	$ 241	$ 246	$ 277

Notes to Summary Consolidated Financial and Operating Data:

(1) EBITDA is defined as operating income plus depreciation and amortization.
(2) EBITDA Margin represents EBITDA divided by Total Operating Revenues.
(3) Capital Expenditures exclude acquisitions.
(4) Controlled POPs refers to the POPs in the Company's controlled markets at the end of the respective periods. The Controlled POPs information is based on Strategic Mapping, Inc. data.
(5) Controlled Customers refers to all the customers in the Company's controlled markets at the end of respective periods.
(6) Average Customers represents a 13-month rolling average at December 31, 1995, 1994 and 1993.
(7) Cost to Acquire a New Customer represents sales, marketing and advertising costs divided by gross customer additions.

360° COMMUNICATIONS COMPANY AND SUBSIDIARIES

SELECTED PROPORTIONATE OPERATING RESULTS

The following table sets forth supplemental financial data reflecting the proportionate consolidation of entities in which the Company holds interests significant to its operations. This presentation differs from the consolidation methodology used to prepare the Company's principal financial statements in accordance with Generally Accepted Accounting Principles ("GAAP") (see Note 1 of "360° Communications Company and Subsidiaries Notes to Consolidated Financial Statements") and does not reflect operating results in accordance with GAAP. The proportionate operating data reflects the Company's ownership percentage of entities consolidated for financial reporting purposes and the Company's ownership percentage of certain of its significant unconsolidated entities which are accounted for under the equity method for financial reporting purposes. Because significant assets of the Company are not consolidated, the Company believes the following proportionate operating results facilitate the understanding and assessment of the overall extent of its investments. However, the operating data presented below are not indicative of the cash flow available to the Company with respect to its interests in unconsolidated entities. Such interests are subject to partnership agreements and other restrictions limiting the Company's ability to effect distributions of cash and other assets of the entity in which the Company holds a noncontrolling interest. The following table is not required by GAAP, and is not intended to replace and should not be viewed as being of greater significance than, or in isolation from, the consolidated financial statements prepared in accordance with GAAP.

	For the Year Ended and as of December 31, (1)		
	1995	1994	1993
	(Thousands of Dollars)		
Operating Results:			
Operating Revenues			
Cellular Service Revenues	$ 786,139	$ 574,043	$ 378,167
Equipment Sales	44,705	51,723	33,553
Total Operating Revenues	830,844	625,766	411,720
Operating Expenses			
Cost of Equipment Sales	91,086	71,896	38,374
Operating, Selling, General, Administrative and Other Expenses	470,682	368,775	264,514
Depreciation and Amortization	118,286	97,880	79,229
Total Operating Expenses	680,054	538,551	382,117
Operating Income	$ 150,790	$ 87,215	$ 29,603
Other Operating Data:			
EBITDA (2)	$ 269,076	$ 185,095	$ 108,832
EBITDA Margin (3)	32.39%	29.58%	26.43%
Capital Expenditures (4)	$ 306,205	$ 251,453	$ 156,496
Selected Net POPs (Unaudited) (5)	20,004,245	20,004,245	19,777,026
Proportionate Customers (Unaudited) (6)	1,502,902	1,008,745	642,630
Average Proportionate Customers (Unaudited) (7)	1,255,823	825,688	520,411
Churn (Unaudited)	1.8%	1.7%	1.8%
Penetration (Unaudited)	7.5%	5.0%	3.2%
Service Revenue per Average Customer per Month (Unaudited)	$ 52.17	$ 57.94	$ 60.56

Notes to Selected Proportionate Operating Results

(1) The proportionate operating results include the Company's ownership percentage of entities consolidated for financial reporting purposes as well as the Company's ownership percentage of certain unconsolidated equity investments which are significant to the Company, consisting of the Company's investments in cellular partnerships serving markets such as Chicago, IL; Houston, TX; Kansas City, MO; New York, NY; Omaha, NE; Orlando, FL; and Richmond, VA. Cellular partnerships excluded from the proportionate data, in total, represented approximately 4.4% of the Company's proportionate operating income in 1995 and 4.2% of the Company's Net POPs at December 31, 1995.

(2) EBITDA is defined as operating income plus depreciation and amortization and is not the same as cash flow from operating activities as presented in the Company's consolidated statements of cash flows. Proportionate EBITDA represents the Company's ownership interest in the respective entities multiplied by the entities' EBITDA and, therefore, does not represent cash available to the Company.

(3) EBITDA Margin represents EBITDA divided by Total Operating Revenues.

(4) Capital Expenditures exclude acquisitions.

(5) Selected Net POPs are the estimated market population multiplied by the Company's ownership interest in each presented market and excludes certain markets as described above.

(6) Proportionate customers reflect total customers in each presented market in which the Company owns an interest multiplied by the Company's ownership interest.

(7) Average Proportionate Customers represents a simple average of beginning of period plus end of period proportionate customers divided by 2.

APPENDIX F

360° Long Distance, Inc.
(A wholly owned subsidiary of 360° Communications Co)

Director	Address	Telephone No.
Kevin C Gallagher	360° Long Distance, Inc 8725 Higgins Road Chicago, IL 60631	(312)399-2348

Corporate Officers	Title
Dennis E Foster	President & Chief Executive Officer
Kevin L Beebe	Executive Vice President-Operations
Michael J Small	Executive Vice President & Chief Financial Officer
Susan L Amato	Senior Vice President-Engineering & Network Operations
Gary L Burge	Senior Vice President-Finance & Assistant Secretary
Kevin C Gallagher	Senior Vice President-General Counsel & Secretary
Leste W Buczek	Vice President-General Manager

All officers listed above located at
360° Long Distance, Inc
8725 Higgins Road
Chicago, IL 60631
(312)399-2348

TITLE SHEET

FLORIDA TELECOMMUNICATIONS TARIFF

This tariff contains the descriptions, regulations, and rates applicable to the furnishing of long distance telecommunications services provided by 360° Long Distance, Inc., with principal offices at 8725 West Higgins Road, Chicago, IL 60631 This tariff applies to services furnished within the State of Florida This tariff is on file with Florida Public Service Commission and copies may be inspected, during normal business hours, at the Company's principal place of business.

CHECK SHEET

Sheets 1 through of this Tariff are effective as of the date shown at the bottom of the respective sheet(s). Original and revised sheets as named below comprise all changes from the Original Tariff

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

* New or Revised Pages

CHECK SHEET(Cont'd)

SHEET	REVISION
21	Original Sheet
22	Original Sheet
23	Original Sheet
24	Original Sheet
25	Original Sheet
26	Original Sheet

* New or Revised Pages

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By Kevin C Gallagher
Senior Vice President-General Counsel
360° Long Distance, Inc.
8725 West Higgins Road
Chicago, IL 60631

SYMBOLS

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

D - Delete or Discontinue

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

M - Moved To Or From Another Tariff Location

N - New

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

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

By: Kevin C. Gallagher
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TARIFF FORMAT SHEETS

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

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

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

2
2.1
2.1.1
2.1.1.A
2.1.1.A.1
2.1.1.A.1.(a)
2.1.1.A.1.(a).1
2.1.1.A.1.(a).1.(i)
2.1.1.A.1.(a).1.(i).(1)

D Check Sheet - When a filing is made with the Commission, an updated Check Sheet accompanies the filing. The Check Sheet lists the sheets contained in the Tariff, with a cross reference to the current revision number. When new sheets are added, the Check Sheet is changed to reflect the revision.

SECTION 1 - TECHNICAL TERMS AND DEFINITIONS

Access Code - A sequence of numbers that, when dialed, connect the caller to the provider of services associated with that sequence.

Authorization Code - A numerical code, one or more of which may be assigned to a Customer, to enable the Company to identify the origin of the service used so that the Company may rate and bill the call. All Authorization Codes shall be the sole property of the Company and no Customer shall have any property or other right or interest in the use of ar / particular Authorization Code. Automatic numbering Identification ("ANI") may be used as or in connection with the Authorization Code.

Billed Party - The person or entity responsible for payment for use of the Company's services. For a Direct Dialed Call, the person or entity responsible for payment is the Customer responsible for payment for local telephone service at the telephone used to originate the call. In the case of a credit card call, the person or entity responsible for payment is the person to whom it is issued and the holder of the credit card used. In the case of a third party call, the person or entity responsible for payment is the person responsible for payment for local telephone service at the telephone number that agrees to accept charges for the call. In the case of a Room Charge Call, the entity responsible for payment is the Aggregator controlling the telephone used to originate the call. In the case of Operator Assisted Calls not involving credit cards, third party calls or Room Charge Calls, the person or entity responsible for payment is the Customer responsible for payment for local telephone service at the telephone used to originate the call.

Central Office - A Local Exchange Carrier switching system where Local Exchange Carrier customer station loops are terminated for purposes of interconnection to each other and to trunks.

Channel - A path for electrical transmission between two or more points, the path having a band width designed to carry voice grade transmission.

Common Carrier - A company or entity providing telecommunications services to the public.

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SECTION 1 - TECHNICAL TERMS AND DEFINITIONS (Cont'd)

Credit Card Call - A Direct Dialed or Operator Assisted Call for which charges are billed not to the originating telephone number, but to a credit card, such as Visa or MasterCard, or to a LEC or interexchange carrier calling card.

Company - 360° Long Distance, Inc., a wholly owned subsidiary of 360° Communications Co.

Customer - The person, partnership, association, joint stock company, trust, corporation, governmental entity or other entity, that is responsible for payment of charges and for compliance with this tariff.

Exchange - A unit established by the Local Exchange Carrier for the administration of communications service in a specified area which usually embraces a city, town or village and its environments. It consists of one or more Central Offices together with the associated facilities used in furnishing communications service within that area.

Direct Dialed Call - A telephone call which is automatically completed and billed to the telephone number from which the call originated without the automatic or live assistance of an operator. This includes calls forwarded by call forwarding equipment.

FCC - Federal Communications Commission.

FPSC - Florida Public Service Commission.

Local Exchange Carrier (LEC) - A telephone company which provides local telephone service to Customers within a defined exchange.

Long Distance Message Telecommunications Service ("LDMTS") - The furnishing of direct dialed and operator assisted switched services to the Customer for the completion of long distance voice and dial-up low speed data transmissions over voice grade channels from the Company's Points of Presence to points as specified herein.

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SECTION 1 - TECHNICAL TERMS AND DEFINITIONS (Cont'd)

Other Common Carrier - A common carrier, other than the Company, providing domestic or international communications service to the public

Personal Identification Numbers (PINS) - Code numbers used in connection with designated telephone numbers which allow calls to be categorized for various applications

Points of Presence (POP) - The sites where the Company provides a network interface with facilities provided by Other Common Carriers, Local Exchange Carriers or Customers for access to the Company's network

Premises - A building or buildings on contiguous property (except railroad rights-of-way, etc.) not separated by a public street or highway

Services - Telecommunication services provided to a Customer or Authorized User by the Company

Telecommunications - The transmission of voice communications or, subject to the transmission capabilities of the Service, the transmission of data, facsimile, signaling, metering or any other form of intelligence

Travel Card - A billing mechanism which enables a subscriber or customer to access the services of the carrier while away from home or office

Underlying Carrier - This refers to any interexchange carrier that provides long distance Services resold by the Company pursuant to this Tariff

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SECTION 2 - REGULATIONS

2.1 General Regulations

2.1.1 Service Description

Intrastate Long Distance Message Telecommunications Service is offered to residential and business Customers of the Company to provide direct dialed calls placed between points of the United States. The Company provides switched long distance network services for voice grade and low speed dial-up data transmission services. The Company does not undertake to transmit messages but furnishes the use of its services to its Customers for communications. All services are provided subject to the terms and conditions set forth in this tariff.

2.1.2 Interconnection with Other Common Carriers

The Company reserves the right to interconnect its services with those of any Other Common Carrier, Local Exchange Carrier, or alternate access provider of its election, and to utilize such services concurrently with its own services for the provision of services offered herein.

2.1.3 Availability of Services

2.1.3.A Services are furnished subject to the availability of the Service components required. The Company will: (1) determine which of those components shall be used, and (2) make modifications to those components at its option.

2.1.3.B Services are available twenty-four hours per day, seven days per week.

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2.1 General Regulations (Cont'd)

2.1.4 Use of Services

2.1.4.A The Company's Services may be used for any lawful purpose consistent with the transmission and switching parameters of the telecommunications facilities utilized in the provision of the Services. All such usage shall be subject to the provisions of this tariff and the applicable rules, regulations and policies of the FPSC. Customers and Authorized Users are prohibited from using, and by their acceptance or use of Service, agree not to use the Services furnished by the Company for any unlawful purpose or for any purpose prohibited under the provisions of any regulatory order.

2.1.4.B The use of the Company's Services to make calls which might reasonably be expected to frighten, abuse, torment or harass another, or in such a way as to unreasonably interfere with use by others, is prohibited.

2.1.4.C The use of the Company's Services without payment for Service, and all attempts to avoid payment for Service by, for example, fraudulent means or devices, schemes, false or invalid numbers or false calling or credit cards, are prohibited.

2.1.5 Undertaking of the Company

The Company undertakes to provide Intrastate Long Distance Message Telecommunications Service in accordance with the terms and conditions set forth in this tariff.

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2.1 General Regulations (Cont'd)

2.1.6 Liability of the Company

2.1.6.A Except as stated in this section 2.1.6, the Company shall have no liability for damages of any kind arising out of or related to events, acts, rights or privileges contemplated in this tariff.

2.1.6.B The liability of the Company, if any, for damages resulting in whole or in part from or arising in connection with the furnishing of Service under this tariff (including but not limited to mistakes, omissions, interruptions, delays, errors or other defects in transmission, or failures or defects in facilities furnished by the Company) or arising out of any failure to furnish Service, shall in no event exceed an amount of money equivalent to the proportionate charge to the Customer for the period of service during which such mistakes, omissions, interruptions, delays or errors or defects in transmission occur and continue. However, any such mistakes, omissions, interruptions, delays, errors, or defects in transmission or service which are caused by or contributed to by the negligence or willful act or omission of the Customer, or which arise from the use of Customer-provided facilities or equipment, shall not result in the imposition of liability whatsoever upon the Company.

2.1.6.C The Company is not liable for any act, omission or negligence of any Local Exchange Carrier or other provider whose facilities are used concurrently in furnishing any portion of the services received by Customer, or for the unavailability of or any delays in the furnishing of any services or facilities which are provided by any Local Exchange Carrier. Should the Company employ the service of any Other Common Carrier in furnishing the services provided to Customer, the Company's liability shall be limited according to the provisions of Section 2.1.6B above.

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2.1 General Regulations (Cont'd)

2.1.6 Liability of the Company (Cont'd)

2.1.6.D The Company shall not be liable for any failure of performance hereunder due to causes beyond its control, including but not limited to fire, flood, or other catastrophes, Acts of God, atmospheric conditions or other phenomena of nature, such as radiation, any law, regulation, directive, order or request of the United States Government, or any other government including state and local governments having any jurisdiction over the Company or the services provided hereunder, national emergencies, civil disorder, insurrections, riots, wars, strikes, lockouts, work stoppages, or other labor problems or regulations established or actions taken by any court or government agency having jurisdiction over the Company.

2.1.6.E The Company shall not be liable for any act or omission of any other entity furnishing to the Customer facilities or equipment used with the service furnished hereunder, nor shall the Company be liable for any damages or losses due in whole or in part to the fault or negligence of the Customer or due in whole or in part to the failure of Customer-provided equipment or facilities.

2.1.6.F The Company shall be indemnified and held harmless by the Customer and Authorized User from and against all loss, liability, damage, and expense, including reasonable attorney's fees, due to a claims for libel, slander, or infringement of copyright or trademark in connection with any material transmitted by any person using the Company's Services and any other claim resulting from any act or omission of the Customer or Authorized User relating to the use of the Company's facilities.

2 1 General Regulations (Cont'd)

2 1 6 Liability of the Company (Cont'd)

2 1 6 G Under no circumstances whatsoever shall the Company or its officers, directors, agents, or employees be liable for indirect, incidental, special or consequential damages

2 1 7 Assignment

Customer shall not assign or transfer the use of the Company's Services except with the prior written consent of the Company in each and every instance Consent to such assignment or transfer will not be unreasonably withheld

2 1 8 Responsibilities of the Customer

2 1 8 A The Customer is responsible for placing any necessary orders, for complying with tariff regulations, and for ensuring that Authorized Users comply with tariff regulations The Customer is also responsible for the payment of charges for calls originated at the Customer's premises which are not collect, third party, or credit card calls

2 1 8 B The Customer must pay for the loss through theft of any of the Company's LDMTS services

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2 1 General Regulations (Cont'd)

2 1 9 Cancellation or Interruption of Services

2 1 9 A Upon 10 days' written notice and without incurring liability, the Company may discontinue Services to a Customer or to a particular Customer location, or may withhold the provision of ordered or contracted Services under the following conditions

(a) For nonpayment of any sum due to Company for more than thirty days after issuance of the bill of the amount due,

(b) For violation of any of the provisions of this tariff,

(c) For violation of any law, rule, regulation, or policy of any governing authority having jurisdiction over the Company's Services or

(d) By reason of any order or decision of a court having competent jurisdiction, public service commission or federal regulatory body or other governing authority prohibiting the Company from furnishing its Services

2 1 9 B Without incurring liability, the Company may interrupt the provision of Services at any time in order to perform tests and inspections to assure compliance with tariff regulations and the proper installation and operation of the Customer's and/or the Company's equipment and facilities, and may continue such interruption until any items of noncompliance or improper equipment operation so identified are rectified

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2.1 General Regulations (Cont'd.)

2.1.9 Cancellation or Interruption of Services (Cont'd.)

2.1.9.C Service may be discontinued by the Company, without notice to the Customer, by blocking traffic to certain points, or by blocking calls using certain Customer Authorization Codes, when the Company deems it necessary to take action to prevent unlawful use of its Service. The Company may restore service as soon as it can be provided without undue risk.

2.1.9.D If for any reason, Service is interrupted, the Customer will be charged only for the Service that was actually used.

2.2 Payment and Credit Regulations

2.2.1 Billing and Collection of Charges

Charges are due when billed, and are billed and collected by the Company or its authorized agent, or the connecting company from whose service point the messages were sent paid or at whose service point the messages were received collect.

2.2.2 Payment for Service

The Customer is responsible for payment of all charges for Services, including charges for Services originated or charges accepted at the Customer's Service point.

2.2 Payment and Credit Regulations (Cont'd.)

2.2.2. Payment for Services (Cont'd.)

2.2.2.A Charges for third party calls which are charged to a domestic telephone number will be included on the Billed Party's local exchange telephone company bill pursuant to billing and collection agreements established by the Company or its intermediary with the applicable telephone company.

2.2.2.B Charges for credit card calls will be included on the Billed Party's regular monthly statement from the card issuing company or will be included on the Billed Party's local exchange telephone company bill.

2.2.2.C Any applicable federal, state and local use, excise, sales or privilege taxes or similar liabilities chargeable to or against the Company as a result of the provision of the Company's services, hereunder to Customer, shall be charged to and payable by Customer in addition to the rates indicated in this tariff. Each such charge shall be listed as separate line items and are not included in the quoted rates.

2.2.2.D The Customer shall remit payment of all charges in the return envelope supplied with the bill or to any agency authorized by the Company to receive such payment.

2.2.2.E If the bill is not paid within thirty (30) calendar days following the mailing of the bill, the account will be considered delinquent.

2.2.2.F A delinquent account may subject the Customer's Service to temporary disconnection. The Company is responsible for notifying the Customer at least ten (10) days before Service is disconnected.

2.2.2.G Failure to receive a bill will not exempt a Customer from prompt payment of any sum or sums due the Company.

2.2 Payment and Credit Regulations (Cont'd)

2.2.2 Payment for Services (Cont'd.)

2.2.2.H In the event the Company must employ the services of attorneys for collection of charges due under this tariff or under any contract for special services, Customer shall be liable for all costs of collection, including reasonable attorney's fees.

2.2.3 Deposits

The Company does not collect deposits but reserves the right to change this practice subject to the approval of the FPSC.

2.2.4 Billing Entity Conditions

When billing functions on behalf of the Company are performed by local exchange telephone companies, credit card companies or others, the payment conditions and regulations of such companies apply, including any applicable interest and/or late payment charges. In the case of any disputed charges which cannot be resolved by the billing company, the Billed Party may contact the Company directly. If there is still a disagreement about the disputed amount after investigation and review by the Company or other service provider, the Billed Party may file an appropriate complaint with the FPSC.

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2.2 Payment and Credit Regulations (Cont'd.)

2.2.5 Denial of Access to Service by the Company

The Company expressly retains the right to immediately deny access to its Services without incurring any liability for any of the following reasons:

(a) Nonpayment of any sum due for service provided hereunder, where Customer's charges remain unpaid more than ten (10) days following notice of nonpayment from the Company. Notice shall be deemed to be effective upon mailing of written notice, postage prepaid, to Customer's last know address; or

(b) Customer's acts or omissions which constitute a violation of, or a failure to comply with, any regulation stated in this tariff governing the furnishing of service, but which violation or failure to comply does not constitute a material breach or does not pose any actual or threatened interference to the Company's operations or its furnishing of services. The Company agrees to give Customer ten (10) days notice of such violation or failure to comply prior to denial of service; or

© The implementation of any order of a court of competent jurisdiction, or federal or state regulatory authority of competent jurisdiction, prohibiting the Company from furnishing such service; or

(d) Where Customer has failed or neglected to tender any additional or required security deposit within ten (10) day of demand by the Company.

2 2 Payment and Credit Regulations (Cont'd)

2 2 6 Customer's Liability in the Event of Denial of Access to Service by the Company

In the event Customer's service is disconnected by the Company for any of the reasons stated in Section 2 2 5, Customer shall be liable for all unpaid charges due and owing to the Company associated with the service Customer's deposit and accrued interest shall be applied to all cancellation charges applicable to the service offering received by Customer

2 2 7 Reinstitution of Service

If Customer seeks reinstitution of service following denial of service by the Company, Customer shall pay to the Company prior to the time service is reinstituted (1) all accrued and unpaid charges, and (2) a deposit per Section 2 2 3 in order to reinstate service

2 2 8 Right to Backbill for Improper Use of the Company's Services

Any person or entity which uses, appropriates or secures the use of services from the Company, whether directly or indirectly, in any unlawful manner or through the providing of misleading or false information to the Company and which use, appropriation, or securing of services is inconsistent with the stated uses, intents, and purposes of this tariff or any restrictions, conditions, and limitations stated herein, shall be liable for an amount equal to the accrued and unpaid charges that would have been applicable to the use of the Company's services actually made by Customer

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SECTION 3 - DESCRIPTION OF SERVICES

3.1 Service Description

Intrastate Long Distance Message Telecommunications Service ("LDMTS") is offered to residential and business Customers of the Company to provide direct dialed calls placed between points in the United States. The Company provides switched long distance network services for voice grade and low speed dial-up data transmission services. The Company does not undertake to transmit messages but furnishes the use of its services to its Customers for communications. All services are provided subject to the terms and conditions set out in the tariff.

3.2 Timing of Calls

3.2.1 When Billing Charges Begin and Terminate for Phone Calls

The Customer's long distance usage charge is based on the actual usage of 360° Long Distance, Inc.'s network. Usage begins when the called party picks up the receiver, (i.e. When 2 way communication, often referred to as "conversation time" is possible). When the called party picks up is determined by hardware answer supervision in which the local telephone company sends a signal to the switch or software utilizing audio tone detection. When software answer supervision is employed, up to 60 seconds of ringing is allowed before it is billed as usage of the network. A call is terminated when the calling or called party hangs up.

3.2.2 Billing Increments

Unless otherwise specified in this tariff, the minimum call duration for billing purposes is 1 minute for a connected call. Calls beyond 1 minute are billed in 1 minute increments.

SECTION 3 - DESCRIPTION OF SERVICE (CONT'D.)

3.2 Timing of Calls (Cont'd.)

3.2.3 Per Call Billing Charges

The charge for each call is equal to the Company's applicable rate for the Initial Period of the call, plus the Company's applicable rate for each Additional period of the duration of the call. Billing will be rounded up to the nearest penny for each call

3.2.4 Uncompleted Calls

There shall be no charge for uncompleted calls.

3.3 Billing of Calls

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

3.4 Payment of Calls

3.4.1 Late Payment Charges

Interest charges of 1 1/2% per month may be assessed on all unpaid balances more than 30 days old.

3.4.2 Return Check Charges

A return check charge of $20.00 or 5% of the amount of the check whichever is greater, will be assessed for checks returned for insufficient funds.

SECTION 3 - DESCRIPTION OF SERVICE(CONT'D.)

3.5 Restoration of Service

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

3.6 Minimum Call Completion Rate

A Customer can expect a call completion rate (number of calls completed/number of calls attempted) of not less than 98% during peak use periods.

3.7 Calculation of Distance

Each rate center or POP has a unique set of assigned vertical and horizontal coordinates which are used by the Underlying Carrier for calculating mileage. Calculation of mileage is in accordance with the vertical and horizontal coordinate system.

All measured usage charges are based on the airline distance between rate centers associated with the originating and terminating points of the call.

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

FORMULA:

$$\sqrt{\frac{(V1-V2)^2 + (H1-H2)^2}{10}}$$

SECTION 3 - DESCRIPTION OF SERVICE (CONT'D.)

3.8 Determination of Time of Day

(a) Peak, and Off Peak periods are determined by the local time of the location of the rate center of the calling service point. A rate period (e.g. 6:30AM-6:30PM) begins with the first stated hour (6:30AM) and continues to, but does not include, the second stated hour (6:30PM). Calls originating in one time period and terminating in another will be billed at the rate applicable for each period. See chart in Section 4.2 of the tariff.

(b) The Off Peak rate applies to the holidays listed below unless a lower rate period is in effect:

-New Year's Day	January 1
-Memorial Day	May 27
-Independence Day	July 4
-Labor Day	September 4
-Thanksgiving Day	November 23
-Christmas Day	December 25

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SECTION 4 - RATES

4.1 Direct Dialed LDMTS Rates (Per minute)

Day - $ .20, and Night/Weekend - $ .15

Residential 800 Service	Amount
Per Minute Rate	$ .25
Onetime Installation	$10.00 per line
Change Fee	$10.00 per line

Calling Card Service

Per Call Surcharge Applies to all calls, whether customer dialed/automated customer dialed/operator assisted or customer dialed/ operator must assist.	$ .36
Per Minute Charges	
-Peak, per minute	$ .20
-Off Peak, per minute	$ .15

Special Promotions

The company will, from time to time, offer special promotions to its customers waiving certain charges. These promotions will have specific starting and ending dates and under no circumstances run for longer than 90 days in any 12 month period.

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SECTION 4 - RATES

4.2 Rate Period Chart

Refer to Section 3.8 for Time of Day Determination Criteria

	Mon	Tue	Wed	Thu	Fri	Sat	Sunday
6:30 am to 6:30 pm	PEAK PERIOD						
6:30 pm to 6:30 am	**OFF PEAK PERIOD**						

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