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January 13, 1997

BY HAND DELIVERY

Ms. Blanca Bayo, Director
Division of Records and Reporting
Room 110, Easley Building
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399-0850

97006 - TI

Dear Ms. Bayo:

00396-97

Enclosed are an original and twelve copies of InVision Telecom, Inc.'s Application for Approval of Transfer of Public Convenience and Necessity. Also enclosed is an original and four copies of InVision Telecom's Intrastate Tariff.

Please indicate receipt of this document by stamping the enclosed extra copy of this letter.

Thank you for your assistance in this matter.

Sincerely,

Gwen G. Jacobs

Gwen G. Jacobs

GGJ:amb
Enclosures
cc: Ms. Jeanie Ray

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BEFORE THE FLORIDA PUBLIC SERVICE COMMISSION

In re: Application of InVision Telecom, Inc. for Interexchange Service Authority	)))	Docket No. Filed: January 13, 1997

APPLICATION

InVision Telecom, Inc. ("InVision"), pursuant to Florida Statutes section 364.33, Florida Administrative Code Rule Nos. 25-24.471, 25-24.473, and 25-24.480(2), and Commission Form PSC/CMU 31 (11/95), hereby files this Application for Transfer of a Certificate of Public Convenience and Necessity. In support of this application, InVision states:

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

   Billing and collection.

2. **This is an application for:**

   Approval of Transfer (InVision Telecom has a pay telephone certificate).

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

   InVision Telecom, Inc.

4. **Name under which the applicant will do business:**

   InVision Telecom, Inc.

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

   1150 Northmeadow Parkway, Suite 118
   Roswell, GA 30076

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

Not applicable.

7. **Structure of organization (i.e., individual, partnership, corporation, etc.):**

Corporation

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

Not applicable.

9. **If incorporated, please give:**

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

Corporate charter number: F9500003632.

(b) **Name and address of the company's Florida registered agent.**

CT Corporation System
1200 South Pine Island Road
Plantation, FL 33324

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

Not applicable.

(e) **Indicate if any of the officers, directors, or any of the ten (10) 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. If so, please explain.**

No officer, director, or stockholder of the Applicant has been adjudged bankrupt, mentally incompetent, or found guilty of any crime involving moral turpitude, nor are any such actions pending or threatened.

(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.**

No.

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

(a) **The application:**

Jeanie Ray, Manager. Regulatory Affairs
InVision Telecom, Inc.
1150 Northmeadow Parkway, Suite 118
Roswell, GA 30076
(770) 442-7300

(b) **Official Point of Contact for the ongoing operations of the company:**

Same as above.

(c) **Tariff:**

Same as above.

(d) **Complaints/Inquiries from customers:**

Same as above.

11. **List the states in which the applicant:**

(a) **Has operated as an interexchange carrier.**

None.

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

None.

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

None.

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

None.

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

None.

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

None.

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

Billing and collection for inmate-only pay telephone provider.

13. **Do you have a marketing program?**

Not applicable.

14. **Will your marketing program:**

( ) Pay commissions?
( ) Offer sales franchises?
( ) Offer multi-level sales incentives?
( ) Offer other sales incentives?

Not applicable

15. **Explain any of the offers checked in question 14 (to whom, what amount, type of franchise, etc.).**

Not applicable.

16. **Who will receive the bills for your service?**

Other: Bills for InVisions' billing and collecting services will go tot he customer for whom that service is performed. InVision will send bills to end-users on behalf of a provider but that will be for services performed by that service provider.

17. **Please provided 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?**

See answer to question 16. The name and phone number of Applicant and/or the provider of the services billed will appear on the bill.

(b) **Name and address of the firm who will bill for your service.**

Not applicable.

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

A. **Financial capability.**

See Attachment 1.
Invision Telecom, Inc. is a wholly owned subsidiary of Communications Central Inc.

B. **Managerial capability.**

C. **Technical capability.**

Applicant's managerial and technical capability are described in Attachment 2.

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).**

Enclosed.

20. The applicant will provide the following interexchange carrier services:

Billing and collection.

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

Not applicable.

** 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:

Barry Selvidge — 1/10/97

Signature — Date

Barry E. Selvidge

Vice President-Regulatory Affairs and General Counsel

InVision Telecom, Inc. — (770) 442-7300

Title — Telephone No.

ATTACHMENTS:

A - CERTIFICATE TRANSFER STATEMENT
B - CUSTOMER DEPOSITS AND ADVANCE PAYMENTS
C - INTRASTATE NETWORK
D - FLORIDA TELEPHONE EXCHANGES AND EAS ROUTES
E - GLOSSARY
1 - FINANCIAL CAPABILITY
2 - TECHNICAL AND MANAGERIAL CAPABILITY

WHEREFORE, InVision Telecom, Inc. respectfully requests that the Florida Public Service Commission approve this application for transfer of certificate to another certificated company.

Respectfully submitted,

MESSER, CAPARELLO, METZ, MAIDA & SELF, P.A.
215 South Monroe Street, Suite 701
Post Office Box 1876
Tallahassee, Florida 32302-1876
(904) 222-0720

Gwen G. Jacobs

NORMAN H. HORTON, JR.
GWEN G. JACOBS

Attorneys for InVision Telecom, Inc.

**** APPENDIX A ****

CERTIFICATE TRANSFER STATEMENT

I, **(TYPE NAME)** Barry E. Selvidge,

(TITLE) Vice President-Regulatory Affairs and General Counsel, of **(NAME OF COMPANY)** Central Payphone Services, Inc., and current holder of certificate number 3123, have reviewed this application and join in the petitioner's request for a transfer of the above-mention certificate.

UTILITY OFFICIAL: [signature] 1/10/97

Signature — Date

Barry E. Selvidge
Vice President - Regulatory Affairs and General Counsel
InVision Telecom, Inc. — (770) 442-7300

Title — Telephone No.

FORM PSC/CMU 31 (11/95)
Required by Commission Rule Nos. 25-24.471, 25-24.473, and 25-24.480(2).

**** 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):

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

( ) **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: ______________________ Signature   1/10/97 Date

Barry E. Selvidge

Vice President - Regulatory Affairs and General Counsel
~~InVision Telecom, Inc.~~
Title

~~(770) 442-7300~~
Telephone No.

*Note: The applicant will not be collecting deposits from its customers but may collect deposits on behalf of its customers. The applicant intends to provide billing and collecting services for service providers.

FORM PSC/CMU 31 (11/95)
Required by Commission Rule Nos. 25-24.471, 25-24.473, and 25-24.480(2).

** APPENDIX C **

INTRASTATE NETWORK

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

    1) None　　　　2)

    3)　　　　4)

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

    1) None　　　　2)

    3)　　　　4)

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

	POP-to-POP	TYPE	OWNERSHIP
1)			
2)	None		

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).

    None

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).

None

6. **CURRENT FLORIDA INTRASTATE SERVICES:** Applicant has ( ) or has not ( ) 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?

   Pay telephone services beginning 10/17/95 pursuant to Certificate 4311.

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

UTILITY OFFICIAL: Barry E. Selvidge 1/10/97

Signature Date

Barry E. Selvidge
Vice President - Regulatory Affairs and General Counsel
InVision Telecom, Inc. (770) 442-7300

Title Telephone No.

** 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.

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

** APPENDIX E **

** GLOSSARY **

ACCESS CODE: The term denotes a uniform four or seven digit code assigned to an individual IXC. The five digit code has the form 10XXX and the seven digit code has the form 950-XXXX.

BYPASS: Transmission facilities that go direct from the local exchange end user to an IXC point of presence, thus bypassing the local exchange company.

CARRIERS CARRIER: An IXC that provides telecommunications service, mainly bulk transmission service, to other IXC only.

CENTRAL OFFICE: A local operating unit by means of which connections are established between subscribers' lines and trunk or toll lines to other central offices within the same exchange or other exchanges. Each three (3) digit central office code (NXX) used shall be considered a separate central office unit.

CENTRAL OFFICE CODE: The term denotes the first three digits (NXX) of the seven (7) digit telephone number assigned to a customer's telephone exchange service.

COMMISSION: The Florida Public Service Commission.

COMPANY, TELEPHONE COMPANY, UTILITY: These terms may be used interchangeably herein and shall mean any person, firm, partnership or corporation engaged in the business of furnishing communication service to the public under the jurisdiction of the Commission.

DEDICATED FACILITY: The term denotes a transmission circuit which is permanently for the exclusive use of a customer or a pair of customers.

END USER: The term denotes any individual, partnership, association, corporation, governmental agency or any other entity which (A) obtains a common line, uses a pay telephone or obtains interstate service arrangements in the operating territory of the company or (B) subscribes to interstate services provided by an IXC or uses the services of the IXC when the IXC provides interstate service for its own use.

EQUAL ACCESS EXCHANGE AREAS: EAEA means a geographic area, configured based on 1987 planned toll center/access tandem areas, in which local exchange companies are responsible for providing equal access to both carriers and customers of carriers in the most economically efficient manner.

EXCHANGE: The entire telephone plant and facilities used in providing telephone service to subscribers located in an exchange area. An exchange may include more than one central office unit.

EXCHANGE (SERVICE) AREA: The territory, including the base rate suburban and rural areas served by an exchange, within which local telephone service is furnished at the exchange rates applicable within that area.

EXTENDED AREA SERVICE: A type of telephone service furnished under tariff provision whereby subscribers of a given exchange or area may complete calls to, and receive messages from, one or more other contiguous exchanges without toll charges, or complete calls to one or more other exchanges without toll message charges.

FACILITIES BASED: An IXC that has its own transmission and/or switching equipment or other elements of equipment and does not rely on others to provide this service.

FOREIGN EXCHANGE SERVICES: A classification of exchange service furnished under tariff provisions whereby a subscriber may be provided telephone service from an exchange other than the one from which he would normally be served.

FEATURE GROUPS: General categories of unbundled tariffs to stipulate related services.

Feature Group A: Line side connections presently serving specialized common carriers.

Feature Group B: Trunk side connections without equal digit or code dialing.

Feature Group C: Trunk side connections presently serving AT&T-C.

Feature Group D: Equal trunk access with subscription.

INTEREXCHANGE COMPANY: means any telephone company, as defined in Section 364.02(4), F.S. (excluding Payphone Providers), which provides telecommunication service between exchange areas as those areas are described in the approved tariffs of individual local exchange companies.

INTER-OFFICE CALL: A telephone call originating in one central office unit or entity but terminating in another central office unit or entity both of which are in the same designated exchange area.

INTRA-OFFICE CALL: A telephone call originating and terminating within the same central office unit or entity.

INTRASTATE COMMUNICATIONS: The term denotes any communications in Florida subject to oversight by the Florida Public Service Commission as provided by the laws of the State.

INTRA-STATE TOLL MESSAGE: Those toll messages which originate and terminate within the same state.

LOCAL ACCESS AND TRANSPORT AREA: LATA means the geographic area established for the administration of communications service. It encompasses designated exchanges, which are grouped to serve common social, economic and other purposes.

LOCAL EXCHANGE COMPANY (LEC): Means any telephone company, as defined in Section 364.02(4), F.S., which, in addition to any other telephonic communication service, provides telecommunication service within exchange areas as those areas are described in the approved tariffs of the telephone company.

OPTIONAL CALLING PLAN: An optional service furnished under tariff provisions which recognizes a need of some subscribers for extended area calling without imposing the cost on the entire body of subscribers.

900 SERVICE: A service similar to 800 service, except this service is charged back to the customer based on first minute plus additional minute usage.

PIN NUMBER: A group of numbers used by a company to identify their customers.

PAY TELEPHONE SERVICE COMPANY: Means any telephone company, other than a Local Exchange Company, which provides pay telephone service as defined in Section 364.335(4), F.S.

POINT OF PRESENCE (POP): Bell-coined term which designates the actual (physical) location of an IXC's facility. Replaces some applications of the term "demarcation point."

PRIMARY SERVICE: Individual line service or party line service.

RESELLER: An IXC that does not have certain facilities but purchases telecommunications service from an IXC and then resells that service to others.

STATION: A telephone instrument consisting of a transmitter, receiver, and associated apparatus so connected as to permit sending and/or receiving telephone messages.

SUBSCRIBER, CUSTOMER: These terms may be used interchangeably herein and shall mean any person, firm, partnership, corporation, municipality, cooperative organization, or governmental agency supplied with communication service by a telephone company.

SUBSCRIBER LINE: The circuit or channel used to connect the subscriber station with the central office equipment.

SWITCHING CENTER: Location at which telephone traffic, either local or toll, is switched or connected from one circuit or line to another. A local switching center may be comprised of several central office units.

TRUNK: A communication channel between central office units or entities, or private branch exchanges.

ATTACHMENT 1

FINANCIAL CAPABILITY

ANNUAL REPORT 1996

COMMUNICATIONS CENTRAL INC

BUSINESS DESCRIPTION

Communications Central Inc. (CCI) is a publicly held telecommunications company headquartered in Atlanta, Georgia. CCI owns and operates a network of over 26,000 payphones and inmate phones located in 41 states and the District of Columbia. Substantially all of CCI's payphones and inmate phones are electronically linked to the Company's centralized, proprietary management information systems that permit CCI to monitor phone usage patterns and address potential service and maintenance needs before they cause significant downtime or loss of revenues.

Founded in 1986, CCI has grown rapidly to revenues of $105.3 million for the fiscal year ended June 30, 1996. The Company intends to build on its existing network of payphones and inmate phones through its internal sales and marketing efforts and may make acquisitions if appropriate opportunities arise.

CCI completed its initial public offering in December 1993. The Company's Common Stock is traded on the Nasdaq National Market System under the ticker symbol "CCIX."

FINANCIAL HIGHLIGHTS

In thousands, except per share data

	Fiscal Year Ended June 30			
	1996	**1995**	**1994**	**1993**
REVENUE:				
Coin calls	$ 35,509	$ 33,426	$ 22,296	$ 17,429
Non-coin calls	66,645	47,951	23,572	12,238
Other	3,186	145	256	211
Total revenue	$ 105,340	$ 81,422	$ 46,124	$ 29,878
NET INCOME (LOSS)(2)	$ (17,946)	$ 3,172	$ 2,779	$ 1,084
NET INCOME (LOSS) PER SHARE (2)	$ (2.96)	$ 0.52	$ 0.57	$ 0.30
EBITDA (1)	$ 14,401	$ 17,623	$ 10,728	$ 6,135
TOTAL ASSETS (2)	$ 109,728	$ 122,967	$ 63,643	$ 30,157
LONG-TERM DEBT less current portion	$ 70,197	$ 70,197	$ 18,557	$ 13,500
SHAREHOLDERS' EQUITY (2)	$ 26,537	$ 44,275	$ 40,037	$ (3,017)

(1) EBITDA represents earnings before interest, taxes, depreciation and amortization and is a commonly used measure of performance in the telecommunications industry. EBITDA should not be construed as an alternative to operating income or cash provided by operating activities.

(2) An impairment loss of $14,184 was recognized during the third fiscal quarter 1996 in accordance with the early adoption of The Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of."

TO OUR SHAREHOLDERS

During fiscal year 1996, Communications Central Inc. (CCI or the Company) focused its energies on establishing a stable operating environment in both our payphone division and our inmate phone subsidiary, InVision Telecom, Inc. Decisions were made with a view toward positioning our business for future growth. At the same time, we implemented controls to establish greater accountability throughout the Company. We have worked diligently to establish credibility with our customers, our employees, our shareholders, and the financial community. Also, we invested a great deal of effort during the year working with the Federal Communications Commission (FCC) for approval of the Telecommunications Act of 1996, the far-reaching regulatory reform which we believe should level the playing field for our industry and allow us to more effectively compete in the future.

We have worked diligently to establish credibility with our customers, our employees, our shareholders, and the financial community.

COMPANY FOCUSES ON REFINING OPERATIONS, IMPROVING PROFITABILITY

As we evolve from an entrepreneurial company to a more mature and efficient enterprise, fiscal 1996 saw us restructure our management team and establish priorities for our core businesses. We created an internal sales and account management organization for our payphone business. The benefit was immediately evident when this group identified approximately 1,100 non-productive payphones for removal from our network, yielding substantial profit gains. The sales team has targeted the health care, retail, and property management industry segments for growth to complement our historically strong presence in the convenience store and petroleum industries.

By leveraging the buying power of our 15 million minutes per month of telephone network traffic, we were able to reduce our telephone bills by more than $1 million per quarter. Negotiating with Local Exchange Companies (LECs) in specific states for reduced access line charges also contributed to these savings. We hope to extend these access line savings into other states during the 1997 fiscal year.

After a careful examination of the Company's priorities, CCI elected to discontinue operating its telecommunications switch during fiscal 1996. This portion of our business has operated at a loss since its inception, and we were able to sell our switch assets and recover a portion of our investment. We also wrote off in excess of $19 million, the largest portion of which was attributed to implementing the provisions of FAS 121, enabling us to eliminate a number of under-performing or impaired assets. Our balance sheet now represents a more accurate view of the working assets of our business. Finally, we chose to expense items that were previously capitalized, thus adopting more conservative accounting practices for the Company.

During fiscal 1996, CCI acknowledged the impact of and began to proactively address the issue of bad debt which plagues the inmate payphone industry. We have implemented a direct billing program for our higher revenue accounts to reduce our bad debt risk.

With the assistance of Perot Systems Corporation, we have redesigned our management information systems so that accurate information for decision making is readily available. Our joint efforts have delivered improvements ranging from real-time payphone performance data to margin analysis for prospective sales proposals. Additionally, Perot has installed systems and controls in our field service area to a level that will allow us to reassume responsibility for a portion of the service role in the near future. We will continue to use Perot for our MIS functions.

EARNINGS PRESSURE FROM DIAL-AROUND SERVICES CONTINUES

As we worked to create a more solid base for the Company, we still had to contend with the realities of market competition. We closed the year with over 26,000 payphones and inmate phones in our network and maintained our position as the second largest independent payphone provider and the largest independent inmate phone provider in the United States. Earnings for the year declined compared to last year, largely because of the previously mentioned one-time charges, but also as a result of the continued impact of "dial around" services, such as prepaid calling cards and the "800" access numbers widely advertised by the major long distance carriers. These products and services reduce operator service provider (OSP) calls, resulting in a decrease in OSP revenue. We believe regulatory reform as it currently stands is likely to provide future relief in this area.

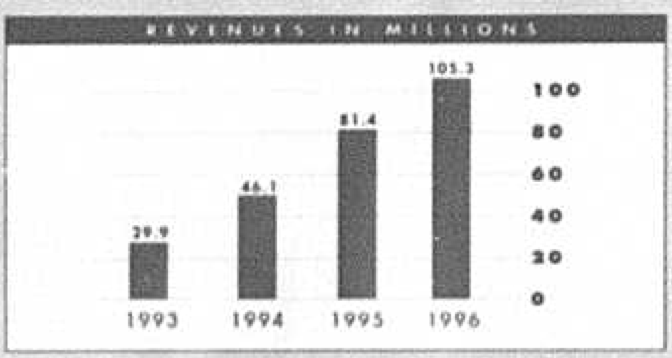
FINANCIAL HIGHLIGHTS

In thousands, except per share data

				Fiscal Year Ended June 30				
	1996		**1995**		**1994**		**1993**	
REVENUE:								
Coin calls	$	35,509	$	33,426	$	22,296	$	17,429
Non-coin calls		66,645		47,951		23,572		12,238
Other		3,186		145		256		211
Total revenue	$	105,340	$	81,422	$	46,124	$	29,878
NET INCOME (LOSS)(2)	$	(17,946)	$	3,172	$	2,779	$	1,084
NET INCOME (LOSS) PER SHARE (2)	$	(2.96)	$	0.52	$	0.57	$	0.30
EBITDA (1)	$	14,401	$	17,623	$	10,728	$	6,135
TOTAL ASSETS (2)	$	109,728	$	122,967	$	63,643	$	30,157
LONG-TERM DEBT less current portion	$	70,197	$	70,197	$	18,557	$	13,500
SHAREHOLDERS' EQUITY (2)	$	26,537	$	44,275	$	40,037	$	(3,017)

(1) *EBITDA represents earnings before interest, taxes, depreciation and amortization and is a commonly used measure of performance in the telecommunications industry. EBITDA should not be construed as an alternative to operating income or cash provided by operating activities.*

(2) *An impairment loss of $14,184 was recognized during the third fiscal quarter 1996 in accordance with the early adoption of The Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of."*



TELECOMMUNICATIONS REFORM DELIVERS BENEFITS TO PAYPHONE INDUSTRY

The passage of the Telecommunications Act of 1996 brought sweeping changes to the telecommunications industry. At its highest level, the Act will change the face of telecommunications by allowing long distance companies to compete in the local market and local companies to compete in the long distance market. The Act and the FCC's subsequent implementation of the legislation also delivered industry-specific benefits for payphone service providers. Among the numerous issues addressed, the three major areas of importance for CCI are:

- Fair compensation for "each and every call" from our payphones. Compensation has been ordered for most non-coin calls, including access code and subscriber 800, at a rate of 35 cents per call, with an interim schedule for payment during the first year of $45.85 per payphone per month.

- Deregulation of the local coin rate, effective November 1997, if not mandated sooner by state proceedings. While states have limited rights to find certain "market failures" at specific locations and continue regulation, we are hopeful to achieve a 35 cent coin call rate for most of our payphones.

- Removal of payphone subsidies and discrimination by LECs. This includes a nonstructural separation of LEC payphone divisions from LEC operating companies.

Though legal battles are expected over various provisions in the FCC rules, we believe the legislation, on an overall basis, is favorable to payphone owners.

It is important to note that the FCC has not yet ruled on the issue of rate caps, although we expect this matter to be dealt with during the next calendar year. As more and more long distance carriers increase their rates, and as a greater number of interstate operator-assisted calls are handled via "dial around" services, the impact of any potential rate cap ruling on our revenues should be diminished.

CCI POSITIONED TO MAXIMIZE FUTURE GROWTH OPPORTUNITIES

The next few years will be a time of great change in the payphone and inmate phone businesses. Enacted telecommunications reform will impact profitability, and industry consolidation should result in tremendous operating efficiencies. We believe CCI is now prepared to participate in our industry's growth with a strategy that balances internal sales efforts and the acquisition of complementary entities. For the 1997 fiscal year, we will maintain the emphasis on our core businesses and continue to identify and resolve issues that impede the delivery of quality payphone and inmate phone services. We believe the ultimate winner in our industry will be the firm that is most efficient and delivers the highest quality, sustainable level of customer service.

In closing, we thank you, our shareholders, for your support as we have worked to strengthen the Company this past year. We are committed to returning CCI to a path of profitable growth in the years ahead.

Sincerely,

Rodger L. Johnson

Rodger L. Johnson
President and Chief Executive Officer

EXECUTIVE OFFICERS AND DIRECTORS OF COMMUNICATIONS CENTRAL INC.

DIRECTORS

Robert C. Fisher, Jr.
Chief Operating Officer of
Corporate Supply Network, Inc.

Paul R. Griffiths
Director of J. Rothschild
Capital Management Limited

Rodger L. Johnson
President and Chief Executive
Officer of CCI

Richard W. Oliver
Professor of Management at
the Owen Graduate School of
Management, Vanderbilt University

Peter A. Schober
Founding General Partner of MVP Ventures Group

Ronald C. Warrington
Principal, Energy and Environmental Economics, Inc.

EXECUTIVE OFFICERS

Rodger L. Johnson
President and Chief Executive Officer

Robert E. Bowling
Vice President, Operations and
General Manager, InVision Telecom, Inc.

C. Douglas McKeever
Vice President, Finance

Anthony J. Palermo
Vice President, Sales and Marketing

Barry E. Selvidge
General Counsel, Secretary and
Vice President, Regulatory Affairs

SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

AMENDED AND RESTATED FORM 10-K*

FOR ANNUAL AND TRANSITION REPORTS
PURSUANT TO SECTIONS 13 OR 15(d) OF THE
SECURITIES EXCHANGE ACT OF 1934

(Mark One)

[X] ANNUAL REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [FEE REQUIRED]
For the fiscal year ended June 30, 1996.

OR

☐ TRANSITION REPORT PURSUANT TO SECTION 13 OR 15(d) OF THE SECURITIES EXCHANGE ACT OF 1934 [NO FEE REQUIRED]
For the transition period from ________ to ________

Commission File Number: **0-22730**

Communications Central Inc.
(Exact name of registrant as specified in its charter)

Georgia	**58-1804173**
(State or other jurisdiction of incorporation or organization)	(I.R.S. Employer Identification No.)
1150 Northmeadow Parkway, Suite 118, Roswell, Georgia	**30076**
(Address of principal executive offices)	(Zip Code)

Registrant's telephone number, including area code: **(770) 442-7300**

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

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

Common Stock, $.01 par value

(Title of Class)

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

Indicate by check mark if disclosure of delinquent filers pursuant to Item 405 of Regulation S-K is not contained herein, and will not be contained, to the best of the 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. ☐

Aggregate market value of the voting stock held by non-affiliates of the Registrant as of September 19, 1996: $43,517,121.25.

Number of shares of Common Stock outstanding as of September 19, 1996: 6,054,556.

DOCUMENTS INCORPORATED BY REFERENCE

None, except as otherwise indicated in the list of exhibits set forth in Item 14 hereof.

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* Restated to include information added by Amendment No. 1 on Form 10-K/A filed with the Securities and Exchange Commission on October 25, 1996.

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PART I

Safe Harbor Statement Under the Private Securities Litigation Reform Act of 1995:

Certain of the statements contained in the body of this Report are forward-looking statements (rather than historical facts) that are subject to risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. In the preparation of this Report, where such forward-looking statements appear, the Company has sought to accompany such statements with meaningful cautionary statements identifying important factors that could cause actual results to differ materially from those described in the forward-looking statements. An additional statement summarizing the principal risks and uncertainties inherent in the Company's business is included herein under the caption "Management's Discussion and Analysis of Financial Condition and Results of Operations - Safe Harbor Statement." Readers of this Report are encouraged to read these cautionary statements carefully.

See the Glossary included as Appendix A hereto for the definitions of certain terms used in this Report.

Item 1. Business

Background

Communications Central Inc. ("CCI" or the "Company") owns and operates a network of over 26,000 coin-operated payphones and inmate phones located in 41 states and the District of Columbia and believes it is the second largest independent operator of payphones and the largest independent provider of inmate phones in the country. The Company's payphones are located where there is significant demand for payphone services, such as convenience stores, service stations, grocery stores, hospitals, shopping centers and truck stops. The payphones generate significant revenue from both coin calls and "non-coin" calls, such as collect calls, third-party calls and credit card or calling card calls. The Company's inmate phones are installed in approximately 560 correctional institutions, most of which are operated at the county and local government level. All inmate phone revenue is generated from non-coin calls. Substantially all of CCI's payphones and inmate phones are electronically linked to the Company's centralized, proprietary management information systems that permit the Company to monitor phone usage patterns and address potential service and maintenance needs before they cause significant downtime or come to the attention of the site operator or correctional institution.

The Company was founded in June 1986 and grew rapidly, primarily through acquisitions, to revenues of $29.9 million for the fiscal year ended June 30, 1993. In December 1993, the Company successfully completed its initial public offering of 2.5

million shares of Common Stock and raised over $23 million in additional capital. Since the initial public offering, the Company has used such capital and bank borrowings to acquire the businesses and operations of 15 companies that added more than 7,700 payphones and over 4,300 inmate phones to the Company's operations. This Report covers the Company's fiscal year ended June 30, 1996 ("fiscal 1996").

In July 1995, the Company entered into a long-term outsourcing agreement (the "Services Agreement") with Perot Systems Field Services Corporation ("Perot"), a subsidiary of Perot Systems Corporation. The Services Agreement provides that Perot will operate the Company's management information systems and manage the field services and sales fulfillment functions of the Company's payphone operations for a period of ten years in exchange for a monthly fee equal to the greater of a specified percentage of CCI's revenues attributable to the Company's payphone operations or a flat per phone charge, as well as certain cash incentives for increasing operating performance measurements or overall revenues on a per phone basis. The Services Agreement assumes, for purposes of calculating the aggregate monthly fee, that the Company will maintain a minimum number of payphones. The Services Agreement does not include the Company's inmate phone operations, which remain the responsibility of CCI.

Changes in regulation are ongoing for the Company with the recent passage of the Telecommunications Act of 1996 ("Telecom Act"). On September 20, 1996, the Federal Communications Commission ("FCC") issued its Report and Order implementing the payphone-specific provisions of the Telecom Act. Among its directives, the FCC prescribed dial around compensation for all access code and 800 subscriber calls from payphones at a flat rate of $45.85 per payphone per month for the first year, with a per-call compensation system to be implemented by October 1, 1997, under which compensation will be paid at a rate of $.35 per call. The FCC also ordered the deregulation of local coin rates within one year subject to certain guidelines. These and other regulatory changes should significantly impact the Company's operations for the foreseeable future. See "Regulation."

Industry

Public Payphones

In June 1984, AT&T Corporation ("AT&T") was required to divest itself of the seven Regional Bell Operating Companies ("RBOCs"). That development, combined with the ruling of the FCC that parties other than local exchange carriers ("LECs") could own payphones connected to the interstate telephone network, marked the beginning of the independent payphone industry. At that time, the FCC also authorized state regulation of local and intrastate calls. Since June 1984, almost all states have authorized the installation and use of independent payphones.

Prior to the AT&T divestiture, the RBOCs could refuse to provide payphone service to a business operator or, if service was installed, would typically only pay minimal commissions for the right to place a payphone on the business premises. Following the AT&T divestiture and the FCC's authorization of payphone competition, independent payphone operators began to pay property owners competitive commissions on coin calls made from the payphones in order to obtain the contractual right to install the equipment on their premises. Initially, coin revenue was the only source of revenue from these payphones because independent operators were unable to participate in revenues from non-coin calls. However, the operator service provider ("OSP") industry emerged and enabled independent payphone providers to compete more effectively with the regulated telephone companies by paying commissions to payphone owners for non-coin calls. For the first time, independent payphone operators were able to participate in a portion of non-coin call revenue from their payphones. With this incremental source of revenue from non-coin calls, independent payphone operators were able to compete more vigorously with RBOCs for site location agreements by paying higher commissions to business operators. Today, the OSP industry is principally dominated by long distance carriers such as AT&T, MCI Communications Corp. ("MCI") and Sprint Corporation ("Sprint").

To date, RBOCs have been somewhat constrained in their ability to pay higher commissions because, as a regulatory matter, they are not currently permitted to derive revenues from interstate calls and non-coin calls made between LATAs. However, a recent FCC order grants the RBOCs the right to choose the long distance carrier for interLATA long distance calls in conjunction with the location owner, which will enable them to derive revenues from these calls in the future. See "Regulation."

Inmate Phones

The inmate phone market emerged as a growth area in the early 1990's. Large long distance carriers were initially reluctant to enter this market because it presented difficult technological and administrative issues. For example, due to security concerns, an inmate telephone system must be able to perform many special functions, such as allowing specific types of calls, specialized branding, blocking of certain calls, and other limitations as deemed appropriate by the inmate administration. Several smaller independent companies began installing coinless payphones and "smart phones" that enabled inmates to make collect calls without live operator assistance and provided the special protections demanded by prison administrations. Over time, the inmate phone market has become increasingly competitive and commissions paid to facility owners have increased as long distance carriers, additional independent payphone providers and LECs have entered the market. The FCC has recently required LECs to remove their inmate equipment from regulated accounts. Moreover, the LECs are required to remove their inmate payphone operations from their regulated rate base pursuant to the Telecom Act. Management believes that these developments should enable the Company to compete more equitably for inmate services, although the regulation's implementation is ongoing and the actual impact remains to be seen. See "Regulation."

Many inmate phone providers focus on large correctional institutions that are primarily run by federal and state governments. The commissions paid to these facilities are often significant because the contracts provide a large volume of revenue from one source. Conversely, CCI has focused on institutions operated at the county and local government level. Relationships with these facilities are more time consuming to develop, but enable the Company to distinguish itself as an inmate service provider. Though these institutions typically demand a lower commission percentage than large federal and state entities, commission levels paid to county and local inmate facilities are rising as this market becomes increasingly competitive.

Payphone and Inmate Phone Operations

As of the end of fiscal 1996 CCI owned and operated over 26,000 payphones and inmate phones. The following table sets forth the number of phones installed in each state as of June 30, 1996:

State	Payphones	Inmate Phones	Total
Alabama	1,447	21	1,468
Arizona	----	60	60
Arkansas	270	30	300
California	----	358	358
Colorado	380	8	388
Delaware	16	----	16
District of Columbia	83	----	83
Florida	4,374	212	4,586
Georgia	2,431	169	2,600
Idaho	----	53	53
Illinois	1,048	891	1,939
Indiana	177	372	549
Iowa	12	----	12
Kentucky	115	513	628
Louisiana	696	141	837
Maine	----	12	12
Maryland	190	115	305
Massachusetts	----	300	300
Michigan	243	147	390
Minnesota	284	61	345
Mississippi	790	----	790
Missouri	113	7	120
Montana	----	116	116
Nebraska	----	15	15
Nevada	----	104	104
New Jersey	8	----	8
New Mexico	----	63	63
New York	----	20	20
North Carolina	946	176	1,122
North Dakota	6	----	6
Ohio	364	378	742
Oregon	----	23	23
Pennsylvania	440	34	474
South Carolina	432	36	468
Tennessee	2,073	483	2,556
Texas	2,005	177	2,182
Utah	----	2	2
Virginia	1,545	350	1,895
Washington	----	16	16
West Virginia	108	126	234
Wisconsin	125	34	159
Wyoming	11	22	33
TOTALS	20,732	5,645	26,377

CCI's payphones generate revenue from both coin and non-coin calls. Coin calls include the traditional local calls at 10 cents, 25 cents or 35 cents (depending upon state regulations) and the "1+" long distance calls which are marketed at a rate of four-minute increments for $1.00 at many of the Company's payphones. Non-coin calls include calling card, credit card, collect and third-party billed calls made from CCI's phones. Non-coin calls generate revenue from intrastate and interstate calls placed through arrangements with various long distance or "interexchange carriers" ("IXCs") selected by CCI. The Company considers a variety of factors when selecting a specific long distance carrier for use at its payphones. These factors include the financial and other contractual arrangements between CCI and the long distance carrier, the financial stability of the carrier, the quality of service, the location of the payphone, the types of calls made from the location, the profitability of each type of call under each calling alternative, the requirements of the property owners, and applicable regulatory restrictions.

The Company also generates revenues from IXCs through the receipt of "dial around compensation." Dial around compensation is revenue derived for the use of the Company's payphones in two methods. The first method is when an "access code" is dialed by an end user for the purpose of placing a call using an alternative billing method, such as a calling card. For example, a caller may dial "102880" or "1-800-CALL-ATT" to obtain entrance into the AT&T network to place a call that will be handled and billed by AT&T, thus "dialing around" the Company's presubscribed carrier. Previously, the Company was paid dial around compensation for access code calls (using 10XXX, 950 or 800 carrier access numbers) at a rate of $6.00 per phone per month. During 1995, the Company experienced a change in compensation payments from AT&T and Sprint who received authority from the FCC to begin paying at a rate of 25 cents per call in lieu of their share of the $6.00 flat rate in the areas where access calls could be tracked. More recently, the FCC determined that dial around compensation also includes a second method of payphone use when end users place "subscriber calls" to a toll-free number for purposes other than to access a carrier's network. The FCC also recognized that existing regulations do not prohibit an IXC from blocking subscriber 800 numbers from payphones if the IXC wants to avoid paying per-call compensation on these calls. Examples of these calls are 1-800-FLOWERS and toll-free 800 or 888 numbers to an end user's business office. The FCC has recently increased the compensation level and revised the method for calculating dial around compensation for both types of dial around calls. See "Regulation." Dial around compensation is not paid on inmate calls since inmate phone providers are not required under applicable laws to allow access to all long distance carriers.

CCI's inmate phones generate non-coin revenue only. Local and long distance services are offered to inmates on an automated collect-only basis, which deters fraud. Calls originating from inmate facilities are handled by the Company through the use of automated call processing technology which permits collect-only calling. This processing equipment enables the Company to meet the specific requirements of individual correctional facility administrators, including limiting the length of calls and the hours of availability. At the request of correctional authorities, the Company's equipment may also provide the ability for facility administrators to monitor calls in accordance with applicable federal and state laws. Blocking specific telephone numbers may also be accomplished when the institution determines that calls to such numbers may jeopardize the integrity and security of the facility or the safety of the public. Blocking numbers is also utilized to reduce the exposure to bad debts by prohibiting calls to numbers where the credit limits have been reached or exceeded. Currently, the Company utilizes the services of the LECs in the billing and collection process, as essentially all of the calls made from the Company's inmate phones are billed through large clearinghouses that in turn send the information to the LECs for billing and collection. Due to the Company's dependence on the LECs for billing and collection, it currently can take the Company up to 24 months to determine whether an account is collectible. This long collection process makes it particularly difficult for the Company to estimate the amount of bad debt attributable to the Company's inmate phone revenue. The Company has witnessed an increase in the amount of bad debt for its inmate phone revenue over the past year to approximately 15%. To address the issue of bad debt, the Company has begun implementing a program for direct billing that will enable it to bill the called number directly and set parameters for blocking calls based on collection results. This direct billing program is a new program for the Company and in certain states, regulatory approval may be required. Although the Company believes that the direct billing program will reduce the amount of bad debt attributable to its inmate phones, no assurance can be given as to the success of the direct billing program

Pursuant to the Services Agreement, Perot manages all field service aspects of the Company's payphone operations and, in that regard, assumes primary responsibility for the field technicians and related support personnel who install, collect, maintain and repair CCI's payphones in exchange for a monthly fee. Each field technician is assigned a service route typically consisting of 100 to 200 payphones depending upon the locations of the payphones and the length of the route. The routes are designed so that payphone visits and routine service, such as cleaning, touch-up painting, keypad repair and coin box replacement, occur regularly. Field technicians are also dispatched as soon as practicable after problems are detected. Management believes that outsourcing the Company's management information systems for its payphones to Perot allows the Company to focus on growing its business by building a larger base of quality installed phones.

Marketing and Sales

The Company maintains separate sales forces for its payphone and inmate phone operations. On the payphone side of the Company's business, CCI's operations are further divided into sales for independent and key accounts and corporate accounts. Corporate accounts provide payphone growth and call volume, while independent and key accounts provide better gross margins, are less susceptible to turnover when the contract expires and have longer contractual terms.

Independent and Key Payphone Accounts

At June 30, 1996, approximately 59% of the Company's payphone base was represented by independent and key accounts. Independent accounts are defined by the Company as those businesses with fewer than five payphones. Key accounts are those with 5 to 49 payphones. The Company selects locations for its payphones where it believes there is a demonstrated high demand for payphone service and where the phones may be easily serviced. The Company generally does not install a payphone unless it estimates that the location will generate minimum levels of coin and non-coin revenue per month. For the majority of payphone locations, the Company bases its estimates on the historical revenue from each site. When available, CCI obtains the historical data of existing locations from the business operator. When historical data is unavailable for a prospective location, CCI examines store hours, other payphones in the area, traffic patterns, data from payphones in comparable locations and other factors to determine whether to install a payphone at a particular site.

The Company negotiates site location agreements at desirable locations by offering commissions to business operators typically based upon percentages of revenue. Site location agreements for independent accounts usually have five-year to ten-year terms. Under the Company's current form of site location agreement, CCI can generally terminate a site location agreement if it determines that a payphone is not profitable.

CCI markets its payphones to independent accounts on a commission basis through a network of independent marketing representatives who represent the Company under the supervision of the Vice President, Sales and Marketing and CCI's field sales and operating managers.

Corporate Payphone Accounts

At June 30, 1996, corporate payphone accounts represented approximately 41% of CCI's payphone base. The Company's marketing efforts to corporate accounts are directed to large, multi-location entities, such as restaurant chains, grocery stores, property management companies, hospitals, convenience store operators, franchisers, shopping mall developers, department store chains and oil service companies. CCI's marketing campaign to corporate accounts emphasizes the Company's ability to offer complete coverage of all of the customer's payphone needs, including standardized reporting, broad geographical coverage and extensive service. Contracts with corporate account customers are negotiated on an account-by-account basis and typically have three-year to seven-year contract terms. To date, regulatory limitations have prevented RBOCs from being able to provide this breadth of service to corporate account customers who, by definition, tend to have operations that cross RBOCs operating territories. However, a recent FCC ruling has lifted certain of these limitations and may allow RBOCs to provide such service. See "Regulation." Among major oil companies, CCI's corporate accounts include Conoco Inc., Crown Central Petroleum Corporation and Racetrac Petroleum, Inc. In the convenience store industry, CCI's corporate accounts include, among others, Flash Foods, Inc. and E-Z Serve Corp. At June 30, 1996, the Company's largest corporate account customer represented approximately 4% of its payphone base (exclusive of inmate phones) and the 11 largest corporate accounts represented approximately 22% of its payphone base.

Inmate Phone Accounts

The Company's inmate phone marketing and sales efforts are directed by the General Manager of the Company's inmate division. An inmate phone sales force consisting of 10 CCI employees, supervised by sales and marketing directors for the northern and southern regions, markets the Company's inmate phone services to sheriffs, jail administrators and county commissioners in 36 states. Approximately 87% of the Company's inmate phone contracts are with institutions in Illinois, California, Virginia, Kentucky, Indiana, Ohio, Tennessee, Massachusetts, Texas, North Carolina, Florida, Georgia, Louisiana and Maryland. While recognizing all market segments, the sales and marketing efforts of the inmate division are concentrated on county and local correctional institutions where generally greater margins are produced and competition is less intense than in the state and federal markets. To enhance service on the inmate side of the Company's business, CCI employs 18 field technicians who only service the Company's inmate phone base.

Technology

Historically, when a call is initiated at most payphones owned by a LEC, the call is processed through a remote central office maintained by the LEC which communicates with the caller, if necessary, and controls the payphone by external means. By contrast, the Company's payphones are "smart" terminals and process the functions associated with a call using a microprocessor located within the payphone.

In addition to the microprocessor, the Company's payphones contain non-volatile, electrically erasable, programmable read-only memory chips ("EEProm") permitting CCI to "download" rates and option selections from the corporate office in Atlanta, using software provided and periodically updated by the Company's principal vendors of payphones. The information stored on the chip includes the local, intrastate and interstate coin rates that can be charged through CCI's payphones. The payphone is also programmed for other available options, such as free calls for emergency numbers, special charges for certain calls and speed dial numbers. All programmable features of CCI's payphones may be altered on a secure basis from a remote location by means of a personal computer. Specifically, each of CCI's payphones may be monitored daily from computers at the corporate office to determine the amount of money in the cash box, the number and types of calls made and the service condition of the payphone, with such information being communicated on demand from the payphone to the corporate office.

Operations are monitored by a series of computerized communications between the payphones, operating centers and databases located at the Company's headquarters. The Company utilizes two different non-proprietary, third-party software systems in its payphones, Payphone Network Manager ("PNM") and Xpressnet, to detect operating problems, remotely update rates and determine the amount of coin collected. During its monthly processing procedures, the system calculates the commissions payable to the various property owners and prints the appropriate checks. The system produces an analysis of each site, including profitability and service calls, and acts as an additional internal check on coin collection.

Inmate telephone service is also provided with microprocessor-based technology. The actual telephone instruments are "dumb" coinless phones that are connected to a "smart" controller. Each instrument has the programmable options of a payphone, as well as additional controls programmed into the inmate systems that determine who can originate calls, the numbers that can be dialed, when the calls can be placed and the maximum duration of the calls. Inmate calls are typically processed as collect calls paid for by the recipient of the call. The inmate phone technology utilized by the Company automatically forwards inmate calls directly to a validation service, which may block the call if the call is to an unauthorized number or if the recipient is not current on his or her local telephone bill. All of the Company's inmate systems are monitored daily from the Company's inmate control center in Louisville, Kentucky to ensure operability of the phones.

The telecommunications industry has been characterized by steady technological change, frequent new service introductions and evolving industry standards. The Company believes that its future success will depend on its ability to anticipate such changes and offer responsive services on a timely basis that meet these evolving industry standards.

Suppliers

The Company's principal suppliers provide phones, housings, local line access and long distance services. In addition, pursuant to the Services Agreement, Perot provides outsourcing services related to certain aspects of the Company's payphone operations.

CCI generally purchases its payphone equipment from domestic manufacturers. CCI's payphones and electronic boards are obtained primarily from Protel, Inc. and Elcotel, Inc. To ensure customer acceptance, the housings and the phones appear identical to those used by the LECs. Most of the Company's inmate phone equipment is provided by Omniphone. Management believes there are an adequate number of vendors of payphones, inmate phones, housings and related parts and software services to supply the industry. CCI has identified alternative sources if supply is interrupted from any of its primary vendors, although transitioning from the Company's existing primary vendors to new vendors on short notice, if necessary, could be difficult and could involve unforeseen additional expenses. Management is not aware that any of the Company's primary vendors of phone equipment and related parts and services are currently experiencing financial difficulties.

The Company currently purchases local line access from various major LECs including BellSouth, Southwestern Bell, US West, and GTE. Long distance service is provided to CCI by AT&T, MCI, and Sprint. Operator services are provided by U.S. Long Distance Corp., Opticom Inc., Teltrust, and AT&T as well as certain LECs in the territories in which they operate. CCI believes that it has access to several providers of long distance service and operator services at competitive rates and expects to have such access in the foreseeable future. In addition, new sources of local line access are emerging as competition is authorized for local service. However, the continuing availability of these new sources cannot be assured.

Competition

Competition in the payphone side of the Company's business consists of (i) competition with RBOCs, LECs and other independent payphone operators for profitable payphone locations and (ii) competition with long distance carriers such as AT&T, MCI and Sprint (the primary providers of dial around services) for non-coin revenue. Competition in the inmate side of the Company's business consists primarily of competition with other inmate phone service providers, including LECs and IXCs, for the right to provide service to correctional facilities.

Management believes the principal competitive factors in the payphone business in terms of obtaining payphone locations are (i) the commission payments to a property owner, (ii) the ability to serve accounts with locations in multiple states and territories, (iii) the quality of service and the availability of specialized services provided to a property owner and payphone users, and (iv) responsiveness to customer service needs. CCI believes it is competitive in each of these areas. Independent providers such as CCI have historically maintained an advantage over RBOCs in that they can offer business operators commissions on coin and non-coin, local and long distance calls. To date, RBOCs have been prohibited from obtaining revenues or commissions on interLATA calls. However, a recent FCC ruling will allow RBOCs to choose the interLATA carrier at their payphones, in conjunction with the location owner, and participate in the revenue streams from this traffic in the future. See "Regulation." In addition, while long distance carriers can currently pay commissions to property owners for long distance calls, they usually do not install payphone equipment at a property owner's location and, therefore, cannot obtain revenues from coin calls, the majority of which are local calls.

The competition for non-coin revenue by the major IXCs has had a major adverse effect upon the revenue and profitability of the Company's payphone division. AT&T, Sprint and MCI have undertaken substantial marketing efforts in establishing their dial around platforms. The 1-800 CALL AT&T and 1-800 COLLECT (MCI) access code dialing patterns have caused a dramatic reduction in the number of non-coin calls that the Company generates through its payphones. The financial impact is apparent. OSP revenue has been reduced from approximately $120.00 per phone per month in fiscal 1993 to approximately $67.00 per phone per month at the end of fiscal 1996. In 1992, the FCC first recognized the impact of dial around calling on independent payphones by enacting a flat rate of $6.00 per payphone per month to be paid by the IXCs, based on their pro-rata share of the long distance market. On September 20, 1996, the FCC released an order establishing a new flat rate of $45.85 per phone per month to be paid by certain IXCs to independent payphone providers. The flat rate will be in effect until October 1, 1997, when all IXCs are required to transition to a per call payment system at a rate of 35 cents per call for one year. Beginning October 1, 1998, per call compensation is to be based on the local rate charged at the individual payphone or at a rate agreed to between the payphone provider and the carriers. Management believes that the FCC's revised dial around compensation plan will provide more equitable compensation for the calls that originate at its payphones. See "Regulation."

The Company believes that the principal competitive factors in the inmate phone market include (i) the commissions payable to the relevant jurisdiction, (ii) the quality of service and responsiveness to customer service needs, (iii) the quality of the technology inherent in the provider's system and (iv) the pricing structure for inmate calling. The inmate phone market has also become increasingly competitive over the past several years as additional independent payphone operators and LECs have begun providing these services. Recently, the FCC determined that equipment used in LEC inmate operations must be removed from regulated accounts. Moreover, the LECs are required to remove their inmate payphone operations from their regulated rate base pursuant to the Telecom Act. Management believes that these developments should enable the Company to compete more equitably for inmate services, although the regulation has not been fully implemented and the actual impact remains to be seen. See "Regulation." In addition, certain national long distance carriers, such as MCI, are also active providers of inmate phone services. This additional competition has had the effect of increasing the level of commission rates.

Both the payphone and inmate phone markets are highly competitive. Certain of the Company's competitors have greater financial and other resources than CCI. In addition, implementation of various aspects of the Telecom Act, particularly the payphone-specific provisions, could have material positive and negative effects on the Company's payphone business and results of operations. See "Regulation."

Regulation

The Company's operations are significantly influenced by federal and state regulation of payphone and inmate phone services, as well as the regulation of related telecommunications services. Traditionally, regulation of these services has been governed by state regulatory bodies or the FCC, based on the intrastate or interstate nature of the service. However, in early 1996, the Telecom Act was enacted. The Telecom Act substantially restructured the telecommunications industry and included specific provisions regarding changes in the regulation of payphone and inmate phone service to be implemented and administered by the FCC on both an interstate and intrastate basis. For example, under the Telecom Act, the FCC has the power to preempt state regulations that are inconsistent with the FCC's legislative mandates.

The FCC is statutorily required to complete the adoption of new rules implementing the payphone-specific provisions of the Telecom Act by November 8, 1996. The FCC's broadened authority under the Telecom Act appears to expand its participation in payphone and inmate phone issues, yet there can be no assurance of these changes until regulations are finalized and implemented pursuant to the Telecom Act. On September 20, 1996, the FCC released its Report and Order which adopted regulations to implement Section 276 of the Telecom Act as described below. While the Report and Order confirms the FCC's more active role with federal issues, the Company cannot effectively anticipate how strongly the FCC will exert its authority relative to state issues until such implementation actually occurs. In the interim, the Company continues to be governed by both federal and state regulatory requirements as applicable.

State Regulation

State public service commissions ("PSCs") have traditionally maintained primary responsibility for regulating the rates, terms and conditions for intrastate independent payphone services. The 49 states that currently permit independent payphone providers to supply local and long distance payphone service, and the District of Columbia, have adopted a variety of state-specific regulations that govern rates charged for coin and non-coin calls as well as a broad range of technical and operational requirements. In addition, PSC-approved tariffs establish charges for the purchase of access lines from the LECs and the rates paid by the Company for local and intrastate usage that may be resold to the end user through the payphone. As a result of the implementation of the Telecom Act, all states will be required to allow payphone competition in the near future.

Operator services rates for non-coin local and intrastate toll calls placed from payphones are also typically capped by the state PSCs. Most states that permit competition for intrastate operator services regulate operational aspects of the provision of those services in a manner similar or identical to regulations adopted by the FCC pursuant to the Telephone Operator Consumer Services Improvement Act of 1990 ("TOCSIA").

The Company's inmate operations are also governed by state-specific requirements. Similar to payphone and/or operator services, the PSCs often regulate the rates charged for intrastate calls placed from confinement facilities. The operational characteristics of inmate communications systems must also comply with the PSCs' rules.

Certain state PSCs are reviewing the charges that independent payphone providers are required to pay for local access lines and associated services from the LECs. State PSCs are also authorizing competition in local service. As local competition emerges, more options should become available to the Company to obtain local access service at competitive rates. No assurance can be given, however, that such options will actually become available.

Federal Regulation

Although the FCC historically has been less active than the state PSCs in regulating the provision of independent payphone service, the passage of the payphone-specific provisions of the Telecom Act signals a potential significant change in the FCC's role in the regulation of payphones and inmate phones. Specifically, Section 276 of the Act requires the FCC to implement rules by November 8, 1996 which accomplish the following:

(1) Establish a per call compensation system to ensure payphone providers are fairly compensated for every intrastate and interstate call made from their payphones (excluding 911 and Telecommunications Relay Services ("TRS") calls for hearing-impaired individuals);
(2) Cease traditional interstate and intrastate subsidies for LEC payphones from LEC regulated rate base operations;
(3) Establish nonstructural safeguards to eliminate discrimination between RBOC and independent payphone providers;
(4) Consider the RBOCs' right to select and contract with interLATA carriers for their own payphones, subject to: a) the FCC's finding that such presubscription rights are in the public interest; and b) maintaining existing contracts between location owners and interLATA carriers until their expiration;
(5) Authorize all payphone providers to choose the intraLATA carrier of choice subject to requirements of, and contractual rights negotiated with, location owners;
(6) Determine whether "public interest" payphones should be maintained and under what conditions; and
(7) Preempt any state regulations which are inconsistent with the FCC's rules adopted under Section 276.

On September 20, 1996 the FCC released its Report and Order adopting regulations to implement the above section of the Telecom Act. First, the FCC prescribed new interim dial around compensation for independent payphone providers for both "access code" and "subscriber 800" dial around calls, on a flat rate basis, at a rate of $45.85 per payphone per month to be paid by certain long distance carriers. The $45.85 per month is based on an estimated industry-wide average of 131 calls per month at $.35 per call. This interim flat-rate compensation will be effective until October 1, 1997, and replaces all other dial around compensation currently existing at the federal or state level. The new compensation will be effective 30 days following publication of the Report and Order in the Federal Register, which is anticipated to be late October or early November, 1996, and will remain effective until October 1, 1997. Beginning on that date, all payphones (including LEC and independent provider payphones) will transition to a per-call compensation system, with the rate initially set at $.35 per call. The FCC determined that after October 1, 1998, the per call rate for dial around will be the same as the local rate charged at the payphone or at a rate negotiated between the payphone provider and the IXC. The FCC also recognized that existing regulations do not prohibit an IXC from blocking subscriber 800 numbers from payphones if the IXC wants to avoid paying per call compensation on these calls. Dial around compensation is not paid on inmate calls since inmate phone providers are not required under TOCSIA to allow access to all long distance carriers or other toll-free numbers.

Second, the FCC decided that local coin rates should generally be deregulated no later than October 1, 1997. Thus, the Company should be able to set an appropriate market-based rate for its local coin calls from its payphones at that time. State PSCs remain free to order deregulation of local coin rates at an earlier date and are also permitted to obtain an exemption from deregulation by demonstrating market failures within their state that would not allow the development of market-based rates for local coin calls. The FCC's Order is unclear regarding the specific showing states must make to obtain an exemption.

Third, by October 1, 1997, state PSCs must take any additional action necessary to ensure that payphone competition is promoted. These actions include modification or elimination of existing payphone regulations that impose market entry or exit barriers.

Fourth, the FCC required LEC payphone operations to be removed from the regulated rate base no later than April 15, 1997. A key effect of this process is that the LECs' regulated ratepayers are "repaid" by the deregulated payphone business for the value of the payphones on which the LECs are no longer entitled to earn a rate of return. The FCC determined that this repayment must be based on the "net book value" of the LEC payphone equipment, which is the original cost of the physical equipment, minus accumulated depreciation. Further, the FCC required all RBOCs to file "Comparably Efficient Interconnection" ("CEI") plans within 90 days of the date of the Order to describe their methods of compliance with nondiscrimination and accounting requirements, as well as other safeguards against subsidies and discrimination in favor of their own payphone operations. The LECs must also make access lines provided to their own payphones available to independent payphone providers on an equal basis.

Fifth, the FCC's order authorizes RBOCs to select the interLATA carrier that will serve their payphones, with the selection to be made in conjunction with location providers. This right is to be effective upon FCC approval of the individual RBOC's "CEI" plans as described above. Existing contracts between location providers and payphone providers or long distance carriers which were in effect as of February 8, 1996 are grandfathered and will remain in force.

Sixth, the FCC mandated that all payphone providers be allowed to select their intraLATA carrier of choice, and that such selection authority preempts state regulation that may require independent providers to route intraLATA calls to the LEC. However, the FCC did not preempt state regulations that, for public safety reasons, require routing of "0-" calls to the LEC, provided that the state does not direct that the LEC carry such calls when the call is determined to be a non-emergency call.

Seventh, the FCC determined that state PSCs should administer programs for maintaining "public interest payphones" within certain guidelines. "Public interest payphones" are defined as "a payphone which (1) fulfills a public policy objective in health, safety, or public welfare, (2) is not provided for a location provider with an existing contract for the provision of a payphone, and (3) would not otherwise exist as a result of the operation of the competitive marketplace." Each PSC is required to complete a review of whether such payphones are adequately provided in its state by September 20, 1998.

The above summary of pertinent provisions of the FCC's Report and Order is not intended to be exhaustive, but illustrative in nature to describe particular elements that the Company believes will have a material impact upon its operations. In addition, the specific provisions of the FCC's Order are subject to reconsideration by the agency. As such, any element of the decision is subject to revision until the reconsideration process is completed no later than November 8, 1996, as prescribed by Congress.

The Company believes that the FCC's implementation of this legislation will address certain fundamental inequities in the payphone and inmate phone markets and lead to a more equitable competitive environment for all providers. However, there can be no assurance that the FCC's actions, as they are implemented and effected in the business environment, will actually result in overall positive results. Moreover, such improvement in the competitive environment may be offset by the potential for increased competitive pressures by RBOC and LEC payphone divisions, which may also benefit from the deregulation mandated by the Telecom Act. Specifically, the RBOCs' ability to participate in choosing an interLATA carrier, the appropriate valuation of RBOC asset transfers from the regulated rate base to a nonstructural subsidiary, and the effectiveness of actual safeguards against cross-subsidization and discrimination are crucial issues which will affect the Company's ability to effectively compete in the future.

While the provisions of the Telecom Act and the rules implementing those provisions are anticipated to most significantly affect the Company's operations, other pending FCC matters may also have a substantial impact.

In addition to the Telecom Act's prohibition against cross-subsidization, a separate FCC ruling required the LECs to remove all equipment used in inmate phone operations from the regulated rate base, effective September 2, 1996. Management believes that this development should enable the Company to compete more equitably with the LECs for inmate services, although the regulation's implementation is ongoing and the actual impact remains to be seen.

The FCC has also issued a Second Notice of Proposed Rulemaking regarding "Billed Party Preference" ("BPP") and associated call rating issues. Currently, 0+ and 0- interstate calls from payphones are sent to the long distance carrier selected by the independent payphone provider. Under BPP, these calls would be sent instead to the long distance carrier chosen by the party paying for the call. The billed party would bypass the Company's selected long distance carrier network entirely and, without the ability to capture and control the call, the Company would not be in a position to offer location owners commissions on operator services revenues. Previously, the FCC tentatively concluded that a nationwide system of BPP for interstate operator-assisted calls is in the public interest, but requested further comments specifically addressing the costs versus the benefits of BPP. The Second Notice proposes "rate benchmarks" and/or caller notification, such as oral rate disclosures, as potential alternatives to BPP implementation. Comments have been filed and are currently under consideration by the FCC.

If implemented, BPP could have an adverse impact on the Company's business. The Company believes that implementation of BPP is not likely to be achieved, since it would involve significant expense and technical changes as evidenced by the record in the FCC proceeding. However, rate benchmarks or caller notification of charges could be implemented by the FCC for interstate operator assisted calls. Such a ruling could impact the financial performance of the Company, depending on the specific level of the benchmark or the particular notification requirements. There is no mandated schedule for a decision in this docket. Therefore, without further FCC action, the Company is unable to reasonably assess any potential impact that BPP, rate benchmarks or notifications, if implemented, might have on its pavphone and inmate phone operations.

Actions by agencies on both the state and federal level have had, and are expected to continue to have, both positive and negative effects on the Company. Although management is not presently aware of any action contemplated by any state or federal agency which would have a material adverse effect on the Company (other than those discussed above), there is no guarantee that such an action will not be taken.

Employees

At June 30, 1996, CCI had 98 full-time employees, including 26 executive and administrative personnel, 32 sales and customer service personnel and 40 field and operations personnel, of which 18 employees are dedicated to providing installations, maintenance and repair services to the Company's inmate phones. None of the Company's employees are represented by a union. Certain of the Company's management information systems, field services and sales fulfillment functions are handled on an outsourced basis by Perot and its employees. See "Business-Background."

Item 2. Properties.

The Company leases approximately 17,500 square feet in Roswell, Georgia, which houses its executive offices, payphone operations, accounting, data processing and warehouse space. The term of the lease extends through September 30, 1997 at an annual rent of approximately $122,000. In addition, the Company leases approximately 9,900 square feet in Louisville, Kentucky, at which its inmate phone operations are based. The term of this lease extends through April 30, 1999 at an annual rent of approximately $104,000. The Company leases additional office and warehouse space in other locations in its operating areas. The Company believes that its facilities are adequate to meet its needs for the foreseeable future.

Item 3. Legal Proceedings.

From time to time, the Company is a party to routine litigation incidental to its business. As of the date of this Report, the Company was not engaged in any legal proceedings that are expected, individually or in the aggregate, to have a material adverse effect on the Company.

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

None.

Appendix A

Glossary

Access charges -- The charges paid to the LECs for the use of the local network.

Bad Debt -- charges incurred by the consumer and billed in good faith by the Company that are not paid due to the unwillingness or the inability of the consumer to pay such charges.

Business Operators -- Owners of pay telephones, owners of premises on which pay telephones are located and multi-telephone facilities such as hotels and hospitals with which an OSP contracts to process and transmit operator assisted long distance telephone calls. Also known as subscribers.

FCC -- Federal Communications Commission.

IXC--Interexchange Carrier -- A company that provides long distance services between exchanges.

LATA-Local Access and Transport Area -- Geographical area defined in the AT&T divestiture decree between which the Bell System Operating Companies are precluded from providing service.

LEC-Local Exchange Carrier -- A company (including a Bell System Operating Company) providing local telephone services and intraLATA long distance service.

OSP--Operator Service Provider -- A company providing operator assisted calls.

Operator assisted -- "0-" and "0+" telephone service.

PSC--Public Service Commission -- A state regulatory body empowered to establish and enforce rules and regulations pertinent to public utility companies and others.

RBOC--Regional Bell Operating Company -- Any of seven regional Bell holding companies that the AT&T divestiture decree established to serve as parent companies for the Bell System Operating Companies.

Tariff -- The schedule of rates and regulations set by communications companies and filed with the appropriate federal and state regulatory agencies; the published official list of charges, terms and conditions governing provision of a specific communications service or facility, which functions in lieu of a contract between the Business Operator or user and the supplier or carrier.

0 - telephone call -- A long distance telephone call made by dialing 0 and using a live operator to receive the billing information and complete the call.

0 + telephone call -- A long distance telephone call made by dialing 0 plus the telephone number, and using an operator, either live or automated, to collect billing information and to complete the call.

1 + telephone call -- A long distance telephone call made by dialing 1 plus the area code and telephone number which is billed directly to the owner of the telephone from which the originating call is made.

PART II

Item 5. Market for Registrant's Common Stock and Related Stockholder Matters.

The Common Stock of the Company is traded on the NASDAQ National Market under the symbol "CCIX." The Company has never declared or paid any cash dividends on its capital stock. The Company anticipates that all of its earnings will be retained for the development and expansion of the Company's business and does not anticipate paying any cash dividends in the foreseeable future. The Company's credit facility contains certain restrictive covenants which, among other things, require the Company to maintain certain financial ratios and prohibit the payment of dividends. The chart below sets forth the high and low stock prices for each quarter for the two most recent fiscal years.

Quarter Ended	High	Low
September 30, 1994	15 1/4	11
December 31, 1994	19 1/4	14 1/4
March 31, 1995	18 3/4	14 1/4
June 30, 1995	18	7
September 30, 1995	9 1/2	6 1/2
December 31, 1995	7	4 1/4
March 31, 1996	7 1/2	4 1/2
June 30, 1996	8 1/2	6 5/8

The closing sales price for the Company's Common Stock on September 20, 1996 was $6.25 per share. As of September 19, 1996, the Company had 87 shareholders of record not including approximately 4,200,000 shares held by 78 shareholders in "street name."

Item 6. Selected Financial Data.

The following selected financial data are derived from the consolidated financial statements of the Company. The data should be read in conjunction with the consolidated financial statements, related notes and other financial information included herein.

	1996	1995	1994	1993	1992
		Fiscal Year ended June 30, (In thousands, except per share amounts)			
Revenue:					
Coin calls	$ 35,509	$ 33,326	$ 22,296	$ 17,429	$ 7,718
Non-coin calls	66,645	47,951	23,572	12,238	4,059
Other	3,186	145	256	211	284
	105,340	81,422 1/	46,124	29,878	12,061
Costs and expenses:					
Line access charges	35,924	27,411	15,790	9,734	3,635
Commissions	22,299	15,112	7,001	4,957	1,835
Service and collection	19,362	12,002	6,908	5,640	3,778
Selling, general and administrative	4,779	4,634	3,929	3,000	2,140
Bad debt expense	8,575	4,640	1,768	412	136
Depreciation and amortization	11,742	9,795	5,209	3,649	1,710
Impairment loss	14,184	--	--	--	--
Total costs and expenses	116,865	73,594	40,605	27,392	13,234
Operating income (loss)	(11,525)	7,828	5,519	2,486	(1,627)
Interest expense	6,343	3,528	1,013	1,362	454
Income (loss) before income tax expense and extraordinary item	(17,868)	4,300	4,506	1,124	(1,627)
Income tax expense	78	1,128	938	40	--
Income (loss) before extraordinary item	(17,946)	3,172	3,568	1,084	(1,173)
Extraordinary charge from early retirement of debt	--	--	(789)	--	--
Net income (loss)	$ (17,946)	$ 3,172	$ 2,779	$ 1,084	$ (1,627)
Historical net income (loss) per share	$ (2.96)	$ 0.52	$ 0.28	$ (1.41)	$ (3.28)
Weighted average shares outstanding					
Supplemental net income per share 2/	$ (2.96)	$ 0.52	$ 0.57	$ 0.30	--
Operating Data:					
EBITDA 3/	$ 14,401	$ 17,623	$ 10,728	$ 6,135	$537
Balance Sheet Data:					
Total assets	$109,728	$122,967	$ 63,643	$ 30,157	$ 29,302
Current portion of notes payable and long -term debt	3,088	1,271	671	2,608	3,867
Notes payable and long-term debt, less current portion	70,197	70,197	18,557	13,500	14,900
Total shareholders' equity (deficit)	26,537	44,275	40,037	(3,017)	(1,621)

1/ Revenues are shown after giving effect to a $817,000 charge for sales and use taxes and federal excise taxes assessed for prior periods. See "Management's Discussion and Analysis of Financial Condition - Tax Matters."

2/ Supplemental net income per share reflects securities converted into or exercised for Common Stock upon consummation of the initial public offering as if such conversion or exercise had occurred at the beginning of fiscal 1993, the period immediately preceding the Company's initial public offering.

3/ EBITDA represents earnings before interest, taxes, depreciation and amortization and is a commonly used measure of performance in the telecommunications industry. EBITDA is not determined in accordance with Generally Accepted Accounting Principles ("GAAP") nor, as a result, is it included as a line item in the Company's consolidated financial statements. EBITDA should not be construed as an alternative to operating income or cash provided by operating activities.

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

Results of Operations

The Company derives substantially all of its revenue from calls placed from its payphone and inmate phone network. Coin revenue is derived from calls made by depositing coins in the telephone. Non-coin revenue is derived from calls that are placed using either a calling card or credit card or as a collect call where the called party will be charged for the call. The call may also be billed to a third party. The Company currently realizes revenue from long distance carriers pursuant to federal and state regulation as compensation for dial around calls made from its payphones. The FCC has recently released a decision increasing the amount of dial around compensation payable to the Company. See "Regulation."

The Company's operating expenses include line access charges, commissions, field service and collection expenses and selling, general and administrative expenses. Line access charges include interconnection and local measured usage charges paid to LECs, long distance transmission charges, billing, collection and validation costs and operator services charges. Commissions are fees paid regularly to business operators based on a percentage of revenue generated by the Company's payphones and have generally increased over prior years as competition among payphone operators for attractive payphone locations has increased. Field service and collection expenses include the costs of collecting and processing coins, maintaining and repairing the telephones and technical support for polling, software maintenance and diagnostics performed on the Company's payphones. Service and collection functions for the Company's payphone operations have been outsourced to Perot pursuant to the Services Agreement.

Since completing its initial public offering in December 1993, the Company embarked on an acquisition program, acquiring the businesses and operations of 15 companies that added over 7,700 payphones and more than 4,300 inmate phones to CCI's operations. In fiscal 1996, the Company temporarily discontinued its acquisition program, focusing instead on consolidating its operations and enhancing the profitability of its existing payphone and inmate phone bases. Subject to the availability of capital to make acquisitions, the regulatory environment in which CCI operates and other constraints, management hopes that the Company will be able to resume its acquisition activity in fiscal 1997, although no assurance to that effect can be given. The reduction in acquisition activity in fiscal 1996 is expected to reduce the Company's year-to-year growth in terms of its weighted average number of installed payphones and inmate phones, which is, in turn, expected to reduce revenue growth in fiscal 1997. This reduction in revenue growth, however, may be partially offset by changes in the Company's regulatory environment, including those that will produce increases in the Company's dial around compensation. See "Regulation."

The Company entered into the Services Agreement with Perot in July 1995. The Services Agreement provides that Perot will operate the Company's management information systems and manage the field services and sales fulfillment functions of the Company's payphone operations for a period of 10 years in exchange for a monthly fee equal to the greater of a specified percentage of CCI's revenues attributable to the Company's payphone operations or a flat per phone charge, as well as certain cash incentives for increasing operating performance measurements or overall revenues on a per phone basis. The Services Agreement assumes, for purposes of calculating the monthly fee, that the Company will maintain a minimum number of payphones. The Services Agreement does not include the Company's inmate phone operations, which remain the responsibility of CCI.

Changes in regulation are ongoing for the Company with the recent passage of the Telecom Act. On September 20, 1996, the FCC issued a Report and Order implementing the payphone-specific provisions of the Telecom Act. Among its directives, the FCC has prescribed dial around compensation for all access code and 800 subscriber calls from payphones at a flat rate of $45.85 per payphone per month for the first year, with a per call compensation system to be implemented by October 1, 1997 under which compensation will be paid at a rate of $.35 per call. The FCC also ordered the deregulation of local coin rates within one year, subject to certain guidelines. These and other regulatory changes will significantly impact the Company's operations for the foreseeable future. See "Regulation."

Fiscal 1996 Compared to Fiscal 1995

Total revenues for fiscal 1996 increased to $105.3 million from $81.4 million for fiscal 1995, an increase of 29.4% The increase in total revenues resulted primarily from the increased number of weighted average phones added to the Company's phone network during fiscal 1996 from acquisitions completed prior to fiscal 1996. The increase in total revenues reflects increases of 6.5% in revenues derived from coin calls and 39.1% in revenues from non-coin calls. Non-coin revenue was proportionately higher in fiscal 1996 due to the increase in the weighted average number of the Company's inmate phones, which generate non-coin revenue only. However, management believes that non-coin revenue from the Company's payphones continued to be adversely affected in fiscal 1996 by increases in dial around calls influenced by national advertising promotions of long distance operator service providers.

In fiscal 1996, the Company installed 2,423 new payphones (unrelated to acquisitions) down from 3,996 in fiscal 1995. Net of removals, incremental net growth from internal sales declined by 1,174 payphones in fiscal 1996 compared to an increase of 797 payphones in fiscal 1995. Additionally, 11 net new inmate lines were installed that were attributable to the Company's sales and marketing efforts during fiscal 1996 compared to 748 in fiscal 1995. An aggressive program of removing unprofitable payphones and inmate lines decreased the weighted average number of installed payphones to 21,319 in fiscal 1996 from 23,230 in fiscal 1995, a decrease of 8.23%. Management does not anticipate that the Company's weighted average number of installed payphones and inmate phones will substantially increase in fiscal 1997.

Line access charges increased to $35.9 million in fiscal 1996 from $27.4 million in fiscal 1995 due to the increased number of average phones in the Company's inmate division. These charges increased to 34.1% of total revenues in fiscal 1996 as compared to 33.3% in fiscal 1995.

Commissions paid to customers increased to $22.3 million in fiscal 1996 compared to $15.1 million in fiscal 1995. These amounts represented 21.3% of total revenues in fiscal 1996 compared to 18.6% in fiscal 1995. The dollar increase was primarily due to the increased number of average phones in the Company's inmate division. The percentage increase (as well as a portion of the dollar increase) was attributable to higher commission rates paid on revenues derived primarily from the Company's inmate phones, which comprised a larger portion of the Company's total phone base in fiscal 1996 as compared to fiscal 1995.

Service and collection expenses increased to $19.3 million or 18.3% of total revenues from $12.0 million or 14.7% of total revenues in fiscal 1995. The dollar increase was due to the increased number of average phones in the Company's inmate division.

Selling, general and administrative expenses increased to $4.7 million in fiscal 1996 compared to $4.6 million in fiscal 1995, a decrease as a percentage of total revenues to 4.5% from 5.7%. The perce tage decrease primarily reflects a decrease in the internal marketing efforts in first half of fiscal 1996.

Bad debt expense in fiscal 1996 increased to $8.6 million or 8.1% of total revenues from $4.6 million or 5.7% of total revenues in fiscal 1995. The increase was primarily due to the increase in the revenues attributable to inmate phones verses payphones. The bad debt associated with the Company's payphones has historically averaged between 6% and 8% of the affected revenue. The Company's inmate phones, whose entire revenue is generated by non-coin calls, is subject to bad debt which has historically averaged between 12% and 15%.

Depreciation and amortization expenses increased to $11.7 million in fiscal 1996 from $9.8 million in fiscal 1995. This increase was primarily due to an additional depreciation expense of $2.8 million associated with the addition of phones and related property and equipment pursuant to acquisitions made in prior fiscal years. Also contributing to the increase was additional amortization expenses of $1.8 million related to the amortization of goodwill and other intangible costs associated with these acquisitions.

In the third quarter of fiscal 1996, the Company recognized an impairment loss of $14.2 million in accordance with Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of." Cash flows generation by payphones and inmate lines on an acquisition by acquisition basis was determined based on the Company's best estimates of future income and expenses including the impact of a continued reduction in operator service provider revenue as a result of "dial around." Where the sum of future undiscounted cash flows of these long-lived assets were less than their recorded book values, an impairment was recognized. Approximately $12.4 million of the impairment recognized was for related operating equipment and approximately $1.8 million was for related intangible assets.

The preceding factors combined to produce an operating loss of $11.5 million or 10.9% of total revenues in fiscal 1996, compared to operating income of $7.8 million or 9.6% in fiscal 1995. Earnings before interest, taxes, depreciation and amortization ("EBITDA") declined 18.2% to $14.4 million in fiscal 1996 compared to $17.6 million in fiscal 1995. EBITDA is not determined in accordance with Generally Accepted Accounting Principles ("GAAP") nor, as a result, is it included as a line item in the Company's consolidated financial statements. EBITDA is not presented as an alternative to GAAP operating income or cash flows from operations as shown on the Company's statements of cash flows. However, it is a commonly accepted measure of performance in the telecommunications industry.

Interest expense increased to $6.3 million in fiscal 1996 compared to $3.5 million in fiscal 1995 primarily due to increases in the level of debt associated with the acquisitions discussed above, as well as increases in the interest rate on floating rate debt.

As a result of the foregoing, the Company reported a net loss of $17.9 million or $2.96 per share on 6.1 million shares outstanding in fiscal 1996, compared to net income of $3.2 million or $.52 per share on 6.1 million shares outstanding in fiscal 1995.

Fiscal 1995 Compared to Fiscal 1994

Total revenues for fiscal 1995 increased to $81.4 million from $46.1 million for fiscal 1994, an increase of 76.5% The increase in total revenues resulted primarily from the increased number of payphones added to the Company's payphone network during fiscal 1995 from completed acquisitions. The increase in total revenues reflect increases of 49.5% in revenues derived from coin calls and 103.5% in revenues from non-coin calls. In addition, non-coin revenue was higher in fiscal 1995 due to the increase in the number of the Company's inmate phones, which generate non-coin revenue only. Management believes that non-coin revenue from the Company's payphones was adversely affected in fiscal 1995 by increases in dial around calls influenced by national advertising promotions of long distance operator service providers.

Internal sales and marketing programs also contributed to the increase in revenues compared to fiscal 1994. In fiscal 1995, the Company installed 3,996 new payphones (unrelated to acquisitions) up from 2,500 in fiscal 1994. Net of removals, incremental net growth from internal sales in fiscal 1995 was 797 payphones compared to 1,192 payphones in fiscal 1994. In addition, 748 net new inmate lines were installed that were attributable to the Company's sales and marketing efforts during fiscal 1995 compared to 89 in fiscal 1994. Acquisitions and internal growth increased the weighted average number of installed payphones to 23,230 in fiscal 1995 from 13,217 in fiscal 1994, an increase of 75.7%.

Line access charges increased to $27.4 million in fiscal 1995 from $15.8 million in fiscal 1994 due to the increased number of payphones comprising the Company's network. These charges decreased to 33.3% of total revenues in fiscal 1995 as compared to 34.2% in fiscal 1994.

Commissions paid to customers increased to $15.1 million in fiscal 1995 compared to $7.0 million in fiscal 1994. These amounts represented 18.6% of total revenues in fiscal 1995 compared to 15.2% in fiscal 1994. The dollar increase was primarily due to the increased number of phones on the Company's network; the percentage increase (as well as a portion of the dollar increase) was attributable to higher commission rates incurred on revenues derived primarily from the Company's inmate phone lines.

Service and collection expenses increased to $12.0 million or 14.7% of total revenues from $6.9 million or 15.0% of total revenues in fiscal 1994. The dollar increase was due to the increased number of phones on the Company's network.

Selling, general and administrative expense increased to $4.6 million in fiscal 1995 compared to $3.9 million in fiscal 1994, but decreased as a percentage of total revenues from 8.5% to 5.7%. The percentage decrease reflects the operating efficiencies associated with economies of scale attributable to a larger revenue base.

Depreciation and amortization expense increased to $9.8 million in fiscal 1995 from $5.2 million in fiscal 1994. The increase was due primarily to additional depreciation expense of $2.8 million associated with the acquisition of the phones and related property and equipment previously discussed. Also contributing to the increase was additional amortization expense of $1.8 million related to the amortization of goodwill and other intangible costs associated with these acquisitions.

Operating income was $7.8 million or 9.6% of total revenues in fiscal 1995, compared to $5.5 million or 12.0% in fiscal 1994. EBITDA grew 64.3% to $17.6 million in fiscal 1995 compared to $10.7 million in fiscal 1994. EBITDA is not determined in accordance with Generally Accepted Accounting Principles ("GAAP"), nor, as a result, is it included as a line item in the Company's consolidated financial statements.

Interest expense increased to $3.5 million in fiscal 1995 compared to $1.0 million in fiscal 1994 primarily due to increases in the level of debt associated with the acquisitions discussed above, as well as increases in the interest rate on floating rate debt.

Income tax expense increased to $1.1 million or an effective rate of 26.2% in fiscal 1995 compared to $938,000, or an effective rate of 14.0% in fiscal 1994, largely due to the higher level of income, not all of which could be offset by net operating loss carryforwards.

As a result of the foregoing, the Company reported net income of $3.2 million or $.52 per share on 6.1 million shares outstanding in fiscal 1995, compared to $3.6 million or $.73 per share on 4.9 million shares outstanding in fiscal 1994.

Liquidity and Capital Resources

During fiscal 1996, the Company financed its operations from operating cash flow and proceeds from its principal Credit Agreement (the "Credit Agreement"). Amounts outstanding under the aforementioned facility were $73.2 million at June 30, 1996, compared to $70.2 million at June 30, 1995. Net cash provided by operating activities for fiscal 1996 was approximately $9.4 million compared to $5.8 million for fiscal 1995.

The Company's working capital was approximately $1.4 million with a current ratio of 1.1 to 1 at June 30, 1996. This compares to a working capital balance of $3.8 million and a current ratio of 1.5 at June 30, 1995. The change in the Company's working capital is primarily a result of a current maturity of $3 million on the Credit Agreement. The Company's principal commitments as of June 30, 1996 consisted of a commitment under the Services Agreement to purchase $400,000 of software enhancements from Perot, and a commitment to repay $3 million in bank debt prior to June 30, 1997. The Company believes that its current cash balances and cash flow from operations will be sufficient to meet its working capital and capital expenditure requirements for fiscal 1997. The Company further believes that it will be able to raise the capital necessary to meet the terms of its Credit Agreement, including a $12 million dollar payment due on July 1, 1997.

However, should the Company be unable to access the capital markets by July 1, 1997, it would not be in compliance with the terms of the Credit Agreement. The Company would then seek a waiver from the lender to allow it additional time to raise the additional equity that is needed.

In August 1996, the Company entered into an amended and restated Credit Agreement (the "1996 Credit Agreement"). On October 8, 1996, an amendment was entered into amending the terms of the 1996 Credit Agreement. The 1996 Credit Agreement, as amended, now requires the Company to repay $12 million of its indebtedness thereunder on or before July 1, 1997, and to repay the remaining $63 million of its indebtedness in increments of $500,000 per month beginning on January 1, 1997 through the end of the term, which is June 30, 1999. Borrowings under the 1996 Credit Agreement, as amended, bear interest at either a LIBOR-based or prime rate at the Company's option. In conjunction with the 1996 Credit Agreement, as amended, the Company granted the lender warrants to purchase up to 225,000 common shares at a nominal price, of which, warrants to purchase 50,000 common shares shall be canceled if the Company is successful in reducing its outstanding balance on the 1996 Credit Agreement, as amended, to $47 million by November 30, 1996.

In order to meet its obligations under the 1996 Credit Agreement, the Company is actively seeking to raise an additional $20 - $30 million in equity capital. Management believes that the Company's ability to raise such additional equity capital will significantly depend upon the implementation by the FCC of the rules pursuant to the Telecom Act, which could significantly impact the Company's prospective results of operations and financial condition. The FCC's Report and Order was released on September 20, 1996. See "Regulation." If the implementation of the FCC's new payphone rules are delayed or if the net impact of the rules on the prospective results of operations and financial condition of the Company is adverse, the ability of the Company to raise additional equity capital and meet its payment obligations under the 1996 Credit Agreement may be hampered.

Tax Matters

In the third quarter of fiscal 1995, the Company established a reserve of approximately $817,000, and charged that amount against coin revenue, to provide for potential amounts due to certain states and the federal government for sales and use taxes and federal excise taxes assessed for prior periods. Prior to that time, the Company had paid such sales and use taxes on coin revenue to its vendors of local telephone service and believed that it was not required to pay such taxes directly because such vendors had already assessed the Company for and paid taxes on the service. The Company became aware of the requirement to pay such sales and use taxes directly when the Department of Revenue of the State of Texas notified the Company of taxes due in November 1994. Thereafter, the Company conducted an investigation of its tax accrual policies in each state in which it conducts business to determine that it was properly reserving for all applicable taxes under the applicable law of each state. The Company has changed its state sales and use tax accrual and payment practices such that, in the opinion of management, it will not be necessary for the Company to establish similar sales and use tax reserves in future periods.

The portion of the $817,000 reserve relating to federal excise taxes was accrued in connection with the 3% federal excise tax on all toll calls, which the Company previously paid to its long distance telephone service vendors. Since establishing the reserve, the Company has determined that it overpaid such federal excise taxes through payments to its long distance telephone service vendors by approximately $400,000. The Company reached a settlement agreement with the Internal Revenue Service ("IRS") that netted overpayments against all amounts assessed for prior periods. The Company is currently accruing and paying excise taxes on a quarterly basis and management does not believe that additional reserves for federal excise taxes will be necessary in future periods.

Inflation

Although the Company cannot determine the precise effects of inflation, it does not believe inflation has had a material effect on its revenues or results from operations during any of the periods reported.

"Safe Harbor Statement"

The following "Safe Harbor Statement" is made pursuant to the Private Securities Litigation Reform Act of 1995. Certain of the statements contained in the body of this Report are forward-looking statements (rather than historical facts) that are subject to risks and uncertainties that could cause actual results to differ materially from those described in the forward-looking statements. With respect to such forward-looking statements, the Company seeks the protections afforded by the Private Securities Litigation Reform Act of 1995. The list set forth below is intended to identify certain of the principal factors that could cause actual results to differ materially from those described in the forward-looking statements included elsewhere herein. These factors are not intended to represent a complete list of all risks and uncertainties inherent in the Company's business, and should be read in conjunction with the more detailed cautionary statements included elsewhere herein.

Liquidity: In order to meet its obligations under the 1996 Credit Agreement, as amended, the Company is actively seeking to raise an additional $20-$30 million in equity capital. Management believes that the Company's ability to raise such additional equity capital will significantly depend upon the implementation by the FCC of the rules pursuant to the Telecom Act, which could significantly impact the Company's prospective results of operations and financial condition. The FCC's Report and Order was released on September 20, 1996. See "Regulation." Any reconsideration of the Order must be completed no later than November 8, 1996. If the implementation of the FCC's new payphone rules are delayed or if the net impact of the rules on the prospective results of operations and financial condition of the Company is adverse, the ability of the Company to raise additional equity capital and meet its payment obligations under the 1996 Credit Agreement, as amended, may be hampered.

Bad Debt: Currently, the Company utilizes the services of the LECs in the billing and collection process, as essentially all of the calls made from the Company's inmate phones are billed through large clearinghouses that in turn send the information to the LECs for billing and collection. Due to the Company's dependence on the LECs for billing and collection, it currently can take the Company up to 24 months to determine whether an account is collectible. This long collection process makes it particularly difficult for the Company to estimate the amount of bad debt attributable to the Company's inmate phone revenue. The Company has witnessed an increase in the amount of bad debt for its inmate phone revenue over the past year to approximately 15%. To address the issue of bad debt, the Company has begun implementing a program for direct billing that will enable it to bill the called number directly and set parameters for blocking calls based on collection results. This direct billing program is a new program for the Company and in certain states, regulatory approval may be required. Although the Company believes that the direct billing program will reduce the amount of bad debt attributable to its inmate phones, no assurance can be given as to the success of the direct billing program.

Dial Around Compensation: The FCC's implementation of the payphone-specific provisions of the Telecom Act began with the issuance of a Report and Order on September 20, 1996, with one of the most important elements being the assurance of "fair compensation" for virtually all calls from payphones. In this regard, the FCC decision initially mandates dial around compensation for both access code calls and 800 subscriber calls at a flat rate of $45.85 per payphone per month, with a transition to a per-call system at the rate of $.35 per call beginning October 1, 1997. The Order states that on October 1, 1998, this rate will either be adjusted to equal the local coin rate being charged at the particular payphone, or to a higher or lower dial around compensation rate negotiated between the Company and the carriers who are required to pay. The initial flat-rate payment level significantly increases dial around compensation revenues, and the Company believes that a per-call system at a $.35 level will further increase these revenues. However, market forces and factors outside the Company's control could substantially affect the resulting revenue impact. These factors include a change upon reconsideration by the FCC, as well as the FCC's recognition that existing regulations do not prohibit an IXC from blocking subscriber 800 numbers from payphones if the IXC wants to avoid paying per-call compensation on these calls.

Local Coin Rate: In ensuring "fair compensation" for all calls, the FCC further determined that local coin rates from payphones should be generally deregulated within one year, but provided for possible modifications or exemptions from deregulation upon a detailed showing by an individual state. The states may move to deregulation earlier than one year, but a state may also obtain an exemption from deregulation by "demonstrat[ing] to the Commission that there are market failures within the state that would not allow market-based rates." Where deregulation is implemented, management believes the Company is likely to experience increases in its coin revenue per phone. However, given the FCC's failure to specify particular requirements for obtaining an exemption, the Company is unable to adequately predict the responses of individual states or the market and thus, the ultimate revenue impact of local coin rate deregulation.

Other Telecom Act Provisions: There are a significant number of Telecom Act provisions, as implemented by the FCC, that may have substantial impacts upon the Company. See "Regulation." Among the most important are cessation of subsidies upon the removal of LEC payphones from the regulated rate base by April 15, 1997, the RBOCs' development of specific plans detailing their compliance with nondiscrimination and accounting requirements and other safeguards against subsidies and discrimination, and the RBOCs' authority to select interLATA carriers serving their payphones in conjunction with location owners. As a whole, the Telecom Act provisions should significantly change the competitive framework of the public communications industry. The Company believes that the FCC's order will address certain of the fundamental inequities in the payphone and inmate phone markets and lead to a more equitable competitive environment for all providers. However, since implementation has not yet been finalized and will be ongoing for a number of years, there can be no assurance the FCC's actions will actually result in long-term positive results for the Company.

Billed Party Preference Proceeding: The FCC has issued a Second Notice of Proposed rulemaking regarding "Billed Party Preference" ("BPP") and associated call rating issues, including potential "rate benchmarks" and caller notification requirements for 0+ and 0- interstate long distance calls. If BPP is implemented, the billed party would bypass CCI's selected long distance carrier and the Company would fail to receive any commissions from the carrier. See "Regulation." The Company believes that the implementation of BPP is not likely to be achieved, since it would involve significant expense and technological changes as evidenced by the record in the FCC proceeding. However, should the "rate benchmark" or caller notification requirements be implemented by the FCC for such operator-assisted calling, the Company could be negatively impacted, depending upon the specific level of the benchmark or the particular notification requirements. Without further FCC action, for which a timetable is not mandated, the Company is unable to reasonably assess any potential impact that BPP, rate benchmarks or notifications, if implemented, might have on its payphone and inmate phone operations.

Item 8. Financial Statements and Supplementary Data.

The financial statements and supplementary financial information required by this item are filed as part of this Report on pages F-1 through F-27 and page S-1 immediately preceding the signature page to this Report.

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

None.

PART III

Item 10. Directors and Executive Officers of the Registrant.

Directors

The Board of Directors currently consists of Robert C. Fisher, Jr., Paul R. Griffiths, Rodger L. Johnson, Richard W. Oliver, Peter A. Schober and Ronald C. Warrington. The terms of each member of the Company's Board of Directors expire upon the election and qualification of the directors that will be elected at the 1996 Annual Meeting of Shareholders (the "Annual Meeting"). All members of the current Board of Directors have been nominated for election to the Board of Directors at the Annual Meeting, each to serve until the 1997 annual meeting of shareholders and until their successors are duly elected and qualified.

Set forth below is certain information furnished to the Company by each director.

ROBERT C. FISHER, JR.
Age: 37

Robert C. Fisher, Jr. has served as a director of the Company since April 1991. In February 1985, Mr. Fisher joined Massey Burch Investment Group, Inc., a Nashville, Tennessee based venture capital firm, and served as an officer of that firm from July 1987 to July 1995. Since July 1995, Mr. Fisher has served as the Chief Operating Officer of Corporate Supply Network, Inc., a company that operates a network linking office supply dealers and manufacturers. Mr. Fisher also serves on the board of directors of PMT Services, Inc., a publicly-held credit card payment processor.

PAUL R. GRIFFITHS
Age: 43

Paul R. Griffiths has served as a director of the Company since October 1993. He is a director of J. Rothschild Capital Management Limited, having joined that firm in October 1992. J. Rothschild Capital Management Limited is the investment manager of RIT Capital Partners plc, one of the Company's principal shareholders. Prior to serving in that position, Mr. Griffiths was a director of Baring Capital Investors Limited, the advisor to a series of partnerships investing primarily in Western Europe, from December 1989 to March 1992. From May 1983 to December 1989, Mr. Griffiths was an investment executive with 3i Group plc, a British venture capital company.

RODGER L. JOHNSON
Age: 48

Rodger L. Johnson was named as the Company's President and Chief Executive Officer and appointed to the Board of Directors on November 6, 1995. Prior to joining the Company, Mr. Johnson served as the President and Chief Executive Officer of JKC Holdings, Inc., a consulting company providing advice to the information processing industry. In that capacity, Mr. Johnson also served as the Chief Operating Officer of Infomed Systems, Inc., a publicly-held medical software manufacturer. Mr. Johnson will retain his positions and continue to serve both JKC Holdings, Inc. and Infomed Systems, Inc. in a more limited management capacity for the immediately foreseeable future. Before founding JKC Holdings, Inc., Mr. Johnson served for approximately eight years as the President and Chief Operating Officer and as the President and Chief Executive Officer of Brock Control Systems, Inc., a publicly-held sales and marketing software provider.

RICHARD W. OLIVER
Age: 50

Richard W. Oliver has served as a director of the Company since October 1993 and served as the Company's Interim Chief Executive Officer from May 1995 to August 1995. Since January 1992, Mr. Oliver has been a Professor of Management at the Owen Graduate School of Management, Vanderbilt University, Nashville, Tennessee. From May 1976 to January 1992, Mr. Oliver served in a series of marketing capacities with Northern Telecom, including Vice President, Business and Residential Services, Vice President, Corporate Marketing and as a special assistant to the Chairman and Chief Executive Officer. Mr. Oliver serves on the boards of directors of Applied Innovations Inc., Comptronix, Inc. and First Union National Bank of Tennessee.

PETER A. SCHOBER
Age: 37

Peter A. Schober has served as a director of the Company since April 1991 and served as the Company's Interim Chief Executive Officer from September 1995 to November 6, 1995. Mr. Schober is a founding General Partner of MVP Ventures, which was formed in January 1989. MVP Ventures is a venture capital firm with a focus on companies in the information technology field, including the wireless and services sectors. From September 1986 to December 1988, Mr. Schober was an associate with TVM Techno Venture Management, a technology-oriented venture capital firm with offices in Munich, Germany and Boston, Massachusetts.

RONALD C. WARRINGTON
Age: 37

Ronald C. Warrington has served as a director of the Company since October 1993. Since June 1995, Mr. Warrington has been a principal of New Health Ventures, an affiliate of Blue Cross/Blue Shield of Massachusetts that makes investments in technology-based companies in the healthcare industry. From August 1993 to June 1995, Mr. Warrington was a consultant for CSC/Index, a consulting firm with top tier clients in telecommunications and other industries. Previously Mr. Warrington served as President and Chief Operating Officer of United States Public Communications, Inc., whose assets were acquired by the Company in 1992. From 1987 to 1991, Mr. Warrington was President of Warrington Development Corporation, a private investment and development firm. From 1983 to 1987, Mr. Warrington served in various positions for the Chase Manhattan Bank, New York, New York.

Executive Officers

The executive officers of the Company serve at the discretion of the Board of Directors and presently include Mr. Johnson, Robert E. Bowling, C. Douglas McKeever, Anthony J. Palermo and Barry E. Selvidge. Set forth below is certain information furnished by each of Messrs. Bowling, McKeever, Palermo and Selvidge. See "Director Nominee Biographical Information" for information about Mr. Johnson.

ROBERT E. BOWLING
Age: 39

Robert E. Bowling serves as the Company's Vice President, Operations and General Manager InVision. Mr. Bowling has been with the Company since August, 1994 and has been involved in the telecommunications industry since 1975. Prior to joining the Company, Mr. Bowling served as the Vice President of Operations for Americall Systems and also held positions with Contel of Kentucky and Advanced Telecommunications Corporation. Mr. Bowling's experience includes network design, planning and management and switching operations.

C. DOUGLAS McKEEVER
Age: 51

C. Douglas McKeever serves as the Company's Vice President, Finance. Prior to joining the Company, Mr. McKeever's career encompassed various financial positions, including more than 20 years with NationsBank of Georgia, N.A., where he served as the Senior Vice President Commercial Lending and directed the bank's Technology Financing Group. From February 1994 through November 1995, Mr. McKeever served as the Internal Financial Officer of Harry's Farmers Market. Mr. McKeever also served as the Chairman of the Finance Committee and as a Board Member of Scitrek from 1989 through 1991.

ANTHONY J. PALERMO
Age: 42

Anthony J. Palermo serves as the Company's Vice President of Sales and Marketing. Prior to joining the Company, Mr. Palermo served as the Managing Partner of Interactive Advisory Corporation from November 1994 to December 1995. From February 1989 to November 1994, Mr. Palermo served in various capacities at Brock Control Systems, Inc., including Chief Operating Officer, Executive Vice President, Services, and Vice President, Sales and Marketing. From May 1985 to February 1989, Mr. Palermo served as the Vice President, Marketing for Interactive Financial Services, Inc.

BARRY E. SELVIDGE
Age: 38

Barry E. Selvidge served as the Company's General Counsel from August 1991 to December 1993 and has served as Vice President, Regulatory Affairs and General Counsel since December 1993. In July 1995, he was named the Company's Secretary. From January 1989 to August 1991, he was a member of the law firm of Messer, Vickers, Caparello, French, Madsen & Lewis of Tallahassee, Florida, where he practiced administrative and appellate law and represented the American Public Communications Council ("APCC"), the Florida Pay Telephone Association and various other telecommunications clients. The APCC is an organization, of which CCI is a member, that is comprised of companies that manufacture, sell and manage payphone products and services in competition with the LECs. In August 1995, Mr. Selvidge was named Chairman of the Board of Directors of the APCC. Mr. Selvidge also founded, and from 1986 to 1988 served in various executive capacities with, "Payphone Exchange" magazine, which covered the public communications market.

Compliance with Section 16(a) of the Securities Exchange Act of 1934

Section 16(a) of the Securities Exchange Act of 1934 (the "Exchange Act") requires the Company's directors, executive officers and persons who own beneficially more than 10% of the Company's Common Stock file reports of ownership and changes in ownership of such stock with the Securities and Exchange Commission (the "SEC") and the NASDAQ Stock Market. Directors, executive officers and greater than 10% shareholders are required by SEC regulations to furnish the Company with copies of all such forms they file. To the Company's knowledge, based on a review of the copies of such reports furnished to the Company, Messrs. Johnson, McKeever, Palermo, Wages and Bowling filed late Form 3 reports disclosing their initial statement of beneficial ownership covering the grant of stock options and covering the ownership of Common Stock and Mr. Selvidge filed late a Form 4 report covering the repricing of certain stock options. Other than these late reports, to the Company's knowledge, based on a review of the stock ownership records of the Company and other representations, the Company's directors, executive officers and greater than 10% shareholders complied during fiscal 1996 with all applicable Section 16(a) filing requirements. The Company has recently instituted new reporting procedures in an effort to ensure that its directors and executive officers satisfy all applicable Section 16(a) filing requirements.

Item 11. Executive Compensation.

Table I - Summary Compensation Table

The following table sets forth certain information required by the SEC relating to various forms of compensation awarded to, earned by or paid to all individuals serving as the Company's Chief Executive Officer during the fiscal 1996 and the executive officers other than the Chief Executive Officers who earned more than $100,000 during fiscal 1996 and were serving at the end of fiscal 1996. Such executive officers are hereinafter referred to as the Company's "Named Executive Officers."

	Annual Compensation			Long Term Compensation Awards	
Name and Position	Fiscal Year	Salary ($)	Bonus ($)	Securities Underlying Options/SARS (#)	All Other Compensation ($)
Rodger L. Johnson President and Chief Executive Officer	1996	152,000	--	500,000[1]	2,010[2]
Richard W. Oliver [3] Interim Chief Executive Officer	1996	46,970	--	4,972	--
	1995	28,030	25,000	1,693	--
	1994	--		16,197	--
Peter A. Schober [4] Interim Chief Executive Officer	1996	20,000[5]	--	6,810	30,000[5]
	1995	--	--	1,423	--
	1994	--	--	1,423	--
R. Warren Oldham Vice President - Sales	1996	105,5076	--	--	--
	1995	173,266[6]	--	7,000	--
	1994	134,500[5]	12,000	10,000	--

1/ The options granted to Mr. Johnson vest as to 74,999 shares on November 6, 1996 and vest as to 225,001 shares in monthly increments beginning on December 1, 1996 and continuing through November 1, 1999. The option vest as to the remaining 200,000 shares if the price of the Company's Common Stock reaches and maintains certain established target levels or on November 6, 2000 if Mr. Johnson is still employed by the Company. The Option terminates on November 6, 2005 or, if earlier, three months after the termination of Mr. Johnson's employment, except in the case of his disability or death, in which cases the options terminate one year after Mr. Johnson's retirement from the Company or his death, respectively.

2/ Represents payment for a life insurance policy on behalf of Mr. Johnson.

3/ Mr. Oliver served as the Company's Interim Chief Executive Officer at the beginning of fiscal 1996 (through July 28, 1996). Because he served in such capacity during fiscal 1996, he is required to be shown in the table above.

4/ Mr. Schober served as the Company's Interim Chief Executive Officer from July 29, 1996 through November 6, 1996. Because he served in such capacity during fiscal 1996, he is required to be shown in the table above.

5/ Represents compensation for services rendered on behalf of the Company, related to the recruitment of the Company's Chief Executive Officer and Mr. Schober's services as Interim CEO.

6/ Includes sales commissions in the amounts of $43,174, $93,266 and $54,500 earned in fiscal 1996, 1995 and 1994, respectively. Mr. Oldham's employment with the Company ended on April 15, 1996.

Table II - Option Grants in Fiscal 1996

The following table presents information regarding options to purchase shares of the Company's Common Stock granted to the Company's Named Executive Officers during fiscal 1996. The Company has no outstanding stock appreciation rights ("SARs"). In accordance with SEC rules, the table shows the hypothetical "gains" or "option spreads" that would exist for the respective options based on assumed rates of annual compound stock price appreciation of 5% and 10% from the date the options were granted over the full option term.

	Individual Grants				Potential Realizable Value at Assumed Annual Rates of Stock Price Appreciation for the Option Term	
Name	No. of Securities Underlying Options Granted	% of Total Options Granted to Employees During Year	Exercise or Base Price ($/Share)	Expiration Date	5% ($)	10% ($)
Mr. Johnson	500,000 [1]	76%	$6.50	11/06/05	5,293,908	8,429,663
Mr. Oliver	4,972 [2]	[3]	$4.63	7/01/05	37,498	59,709
Mr. Schober	6,810 [2]	[3]	$4.63	7/01/05	51,360	81,782
Mr. Oldham	N/A	N/A	N/A	N/A	N/A	N/A

1/ The options granted to Mr. Johnson vest as to 74,999 shares on November 6, 1996 and vests as to 225,001 shares in monthly increments beginning on December 1, 1996 and continuing through November 1, 1999. The option vests as to the remaining 200,000 shares if the price of the Company's

Common Stock reaches and maintains certain established target levels or on November 6, 2000 if Mr. Johnson is still employed by the Company. The option terminates on November 6, 2005 or, if earlier, three months after the termination of Mr. Johnson's employment, except in the case of his disability or death, in which cases the option terminates one year after Mr. Johnson's retirement from the Company or his death, respectively.

2/ All of these options were fully exercisable on July 1, 1996.

3/ All of the options granted to Mr. Oliver and Mr. Schober were granted to them in their capacity as a director pursuant to elections made by Mr. Oliver and Mr. Schober to receive compensation for services as a director in stock options instead of cash pursuant to the Communications Central Inc. Stock Option Plan for Directors. Because such options were granted for services as a director, they are not shown as a percentage of the options granted as compensation to employees.

Table III - Aggregated Option Exercises in Fiscal 1996 and Year-End Option Values for such Fiscal Year

The following table presents information regarding options exercised for shares of the Company's Common Stock during fiscal 1996 and the value of in the money unexercised options held at June 30, 1996. The Company had no SARs outstanding during fiscal 1996.

Name	Shares Acquired on Exercise (#)	Value Realized ($)	Number of Unexercised Options at Year-End (#)1/		Value of Unexercised In-the-Money Options at Year-End ($)2/	
			Exercisable	Unexercisable	Exercisable	Unexercisable
Mr. Johnson	0	$0.00	0	500,000[3]	$0	$625,000
Mr. Oliver	0	$0.00	22,862	0	$71,329.44	$0
Mr. Schober	0	$0.00	9,656	0	$30,126.72	$0
Mr. Oldham	0	$0.00	0	0	$0	$0

1/ Includes options granted prior to fiscal 1996.

2/ The value of unexercised in-the-money options at June 30, 1996 is calculated as follows: [(Per Share Closing Sale Price on June 30, 1996) - (Per Share Exercise Price)] x Number of Shares Subject to Unexercised Options. The closing sale price reported by the NASDAQ National Market of the Company's Common Stock for June 30, 1996 was $7.75 per share.

3/ The options granted to Mr. Johnson vest as to 74,999 shares on November 6, 1996 and vests as to 225,001 shares in monthly increments beginning on December 1, 1996 and continuing through November 1, 1999. The option vests as to the remaining 200,000 shares if the price of the Company's Common Stock reaches and maintains certain established target levels or on November 6, 2000 if Mr. Johnson is still employed by the Company. The option terminates on November 6, 2005 or, if earlier, three months after the termination of Mr. Johnson's employment, except in the case of his disability or death, in which cases the option terminates one year after Mr. Johnson's retirement from the Company or his death, respectively.

Director Compensation

During fiscal 1996, all directors of the Company except Mr. Johnson were considered non-employee directors and received an annual retainer of $12,000, a fee of $3,000 for each day on which they attended a Board meeting in person and $500 for each committee or telephonic Board meeting participated in. All directors are reimbursed for expenses incurred in connection with attendance at Board and committee meetings. During fiscal 1994, 1995 and 1996, the Company had implemented the Communications Central Inc. Stock Option Plan for Directors (the "Directors Plan") that permitted non-employee directors to elect to receive their annual director compensation in the form of cash or options to purchase shares of Common Stock of the Company at an exercise price equal to 50% of the current fair market value of a share. The Directors Plan was terminated by the Board of Directors effective for fiscal year beginning July 1, 1996.

Employment Agreement

On November 6, 1995, Communications Central of Georgia, Inc. ("CCG"), a wholly-owned subsidiary of the Company entered into an Employment Agreement with Mr. Johnson pursuant to which Mr. Johnson serves as the President and Chief Executive Officer of CCG and the Company. The Employment Agreement provides that Mr. Johnson will serve for a period of two years, with automatic successive one year renewal periods thereafter unless the Employment Agreement is terminated by CCG or Mr. Johnson. Mr. Johnson receives a base salary of $228,000 per year, subject to periodic increases at the discretion of the Compensation Committee of the Board of Directors, and will be eligible to receive an annual bonus equal to a percentage of his base salary. The Employment Agreement may be terminated by CCG at any time for cause or for any reason upon 60 days prior written notice. Mr.

Johnson may terminate the Employment Agreement at any time if his health should become seriously impaired or for any reason upon 60 days prior written notice.

In connection with the execution of the Employment Agreement described above, the Company entered into a Stock Option Agreement dated as of November 6, 1995 with Mr. Johnson pursuant to which Mr. Johnson was granted an option to purchase up to 500,000 shares of the Company's Common Stock at an exercise price of $6.50 per share. The option vests as to 74,999 shares on November 6, 1996 and vest as to 225,001 shares in monthly increments beginning on December 1, 1996 and continuing through November 1, 1999. The option vests as to the remaining 200,000 shares if the price of the Company's Common Stock reaches and maintains certain established target levels or on November 6, 2000 if Mr. Johnson is still employed by CCG. The option terminates on November 6, 2005 or, if earlier, three months after the termination of Mr. Johnson's employment, except in the case of his disability or death, in which cases the option terminates one year after Mr. Johnson's retirement from the Company or his death, respectively.

Compensation Committee Interlocks and Insider Participation

During fiscal 1996, the Compensation Committee did not include any member of the Board of Directors who at that time served as an officer or employee of the Company. During fiscal 1996, no executive officer of the Company served as a member of the board of directors of another entity, one of whose executive officers served on the Company's Board of Directors during that year.

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

The following table sets forth information concerning (i) those persons known by management of the Company to own beneficially more than 5% of the Company's outstanding Common Stock, (ii) the directors and director nominees of the Company, (iii) the executive officers named in the Summary Compensation Table included elsewhere herein and (iv) all directors and executive officers of the Company as a group. Except as otherwise indicated in the footnotes below, such information is provided as of September 25, 1996. According to rules adopted by the SEC, a person is the "beneficial owner" of securities if he or she has or shares the power to vote them or to direct their investment or has the right to acquire beneficial ownership of such securities within 60 days through the exercise of an option, warrant or right, the conversion of a security or otherwise. Except as otherwise noted, the indicated owners have sole voting and investment power with respect to shares beneficially owned. An asterisk in the percent of class column indicates beneficial ownership of less than 1% of the outstanding Common Stock.

Name of Beneficial Owner	Amount and Nature of Beneficial Ownership	Percent of Class
RIT Capital Partners plc [1]	981,880	16.2%
Entities affiliated with MVP Ventures Group [2]	432,661	7.2%
Entities affiliated with Massey Burch Capital Corp. [3]	317,977	5.3%
Robert C. Fisher, Jr.[4]	9,748	*
Paul R. Griffiths [5]	0	*
Richard W. Oliver [6]	24,862	*
Peter A. Schober [7]	9,656	*
Ronald C. Warrington [8]	24,398	*
Rodger L. Johnson [9]	74,998	*
R. Warren Oldham	0	*
All current directors, director nominees and current executive officers as a group (10 persons)	176,334	2.9%

1/ The business address of RIT Capital Partners Plc is 27 St. James's Place, London, England SWIA INR.

2/ The business address of MVP Ventures Group ("MVP") and related entities is 45 Milk Street, Boston, Massachusetts 02109. Entities whose shares are included with MVP's shares above include: (i) Chestnut III Ltd. Partnership (54,997 shares held of record); (ii) Chestnut Capital International III (73,177 shares held of record); (iii) Late Stage Fund 1990 Limited Partnership (218,856 shares held of record); (iv) Late Stage Fund 1991 Limited Partnership (84,787 shares held of record); and (v) MVP Investors Limited Partnership (844 shares held of record).

3/ The business address of Massey Burch Capital Corp. ("Massey Burch") and related entities is 310 25th Avenue North, #103, Nashville, Tennessee 37203. Persons and entities whose shares are included with Massey Burch's shares above include: (i) Central Confederate Venture Fund Limited Partnership (17,977 shares beneficially owned); and (ii) The Southern Venture Fund Limited Partnership (300,000 shares beneficially owned). Certain investment management services with respect to the foregoing investment partnerships are also provided by Massey Burch Capital Corp., the principals of which are Donald M. Johnston, William F.

Earthman, III, Benjamin H. Gray, J. Donald McLemore, Jr. and Lucius E. Burch, IV. Accordingly, the foregoing named principals and Massey Burch Capital Corp. may be deemed to be the beneficial owners of shares owned by each of the foregoing investment partnerships.

4/ All of the shares listed for Mr. Fisher represent shares subject to currently exercisable options.

5/ Shares beneficially owned by Mr. Griffiths do not include 981,880 shares beneficially owned by RIT Capital Partners plc. Mr. Griffiths is a director of the investment manager of RIT Capital Partners plc. While Mr. Griffiths may be deemed to be an "affiliate" of RIT Capital Partners plc, he disclaims beneficial ownership of such shares.

6/ Shares beneficially owned by Mr. Oliver include 2,000 shares owned by him directly and 22,862 shares subject to currently exercisable options.

7/ Shares beneficially owned by Mr. Schober include 844 shares beneficially owned by MVP I Investors Limited Partnership, a limited partnership affiliated with MVP, of which Mr. Schober is a principal, and 2,732 shares subject to currently exercisable options. While Mr. Schober may be deemed to be an "affiliate" of MVP, he disclaims beneficial ownership of such shares.

8/ All of the shares listed for Mr. Warrington represent shares subject to currently exercisable options.

9/ All of the shares listed for Mr. Johnson are exercisable within 60 days. Additional shares will vest beginning December 1, 1996. See " Employment Agreement".

Item 13. Certain Relationships and Related Transactions.

See Item 11 "Executive Compensation - Compensation Committee Interlocks and Insider Participation" herein.

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

(a) The following documents are filed as part of this Report:

1. Financial Statements

* Report of Independent Auditors
* Consolidated Balance Sheets as of June 30, 1996 and 1995

- Consolidated Statements of Operations for the Years Ended June 30, 1996, 1995 and 1994
- Consolidated Statements of Shareholders' Equity for the Years Ended June 30, 1996, 1995 and 1994
- Consolidated Statements of Cash Flows for the Years Ended June 30, 1996, 1995 and 1994
- Notes to Consolidated Financial Statements

2. Financial Statement Schedules:

   - Schedule II - Valuation and Qualifying Accounts

   All other schedules for which provision is made in the applicable accounting regulations of the Securities and Exchange Commission are not required under the related instructions or are inapplicable and therefore have been omitted.

3. Exhibits:

Exhibit Number	Description
3.1	Amended and Restated Articles of Incorporation.[1]
3.2	Amended and Restated Bylaws of the Company.[2]
4.1	Shareholders Rights Agreement dated as of July 25, 1995 between the Company and First Union National Bank of North Carolina, as Rights Agent.[2]
10.1	Amended and Restated Credit Agreement dated as of August 15, 1996 by and among the Company, Communications Central of Georgia, Inc., and InVision Telecom, Inc., as borrowers, and First Union National Bank of Georgia ("First Union").
10.1(a)	First Amendment to the Second Amended and Restated Credit Agreement, dated as of October 9, 1996, by and among the Company, Communications Central of Georgia, Inc., and InVision Telecom, Inc., as borrowers, and First Union.
10.2(a)	First Warrant Agreement dated as of August 15, 1996, between the Company and First Union.

10.2(b)	First Amendment to First Warrant Agreement dated as of October 9, 1996, between the Company and First Union.
10.3*	Communications Central Inc. 1991 Incentive Stock Option Plan.[1]
10.4*	Communications Central Inc. 1993 Stock Option Plan.[1]
10.4(a)	Communications Central Inc. 1993 Stock Option Plan Amended and Restated as of October 11, 1995.[9]
10.5*	Communications Central Inc. Stock Option plan for Directors.[8]
10.6	Lease between Northmeadow Associates Joint Venture and the Company dated July 25, 1988 for the business premises located at 1150 Northmeadow Parkway, Suite 118, Roswell, Georgia 30076.[1]
10.6(a)	Second Amendment to Lease between Northmeadow Associates Joint Venture and the Company dated October 1, 1993 for the Company Headquarters.[3]
10.6(b)	Third Amendment to Lease between Northmeadow Associates Joint Venture and the Company dated July 15, 1994 for the Company Headquarters.[3]
10.7	Registration Rights Agreement dated as of August 15, 1996, between the Company and First Union.
10.8	Registration Rights Agreement between the Company and certain other parties dated April 15, 1991 as amended by First Amendment to Registration Rights Agreement dated June 18, 1992, as amended by Second Amendment to Registration Rights Agreement dated November 25, 1992 as amended by Third Amendment to Registration Rights Agreement dated April 16, 1993.[1]

10.8(a)	Fourth Amendment to Registration Rights Agreement dated February 28, 1994.[4]
10.8(b)	Fifth Amendment to Registration Rights Agreement dated July 27, 1994.[3]
10.11	Services Agreement between the Company and Perot Field Services Corporation dated as of July 28, 1995 (portions redacted pursuant to a confidentiality request).[5]
10.12*	Employment Agreement dated November 6, 1995, between Communications Central of Georgia, Inc. and Rodger L. Johnson.[6]
10.13*	Stock Option Agreement dated as of November 6, 1995, between the Company and Rodger L. Johnson.[7]
10.14*	Stock Option Agreement dated as of January 2, 1996, between the Company and Anthony J. Palermo.
10.15*	Stock Option Agreement dated as of January 15, 1996, between the Company and C. Douglas McKeever.
11.1	Computation of Historical Earnings Per Share.
11.2	Computation of Supplemental Earnings Per Share.
21.0	List of Subsidiaries of the Company.
23.1	Consent of Ernst & Young LLP.

* Compensatory plan or arrangement or management contract required to be filed as an exhibit pursuant to Item 14(c) of Form 10-K.

(1) Incorporated herein by reference to the exhibit of the same number in the Company's Registration Statement on Form S-1 (Registration No. 33-57984).

(2) Incorporated herein by reference to exhibit of the same number in the Company's Registration Statement on Form 8-A registering certain "Rights to Purchase Common Stock," as filed on August 7, 1995.

(3) Incorporated herein by reference to exhibit of the same number in the Company's Annual Report on Form 10-K for the year ended June 30, 1994 (File No.0-22730).

(4) Incorporated herein by reference to Exhibit 10(a) of Amendment No. 1 to the Company's Current Report on Form 8-K/A filed April 14, 1994 (File No. 0-22730).

(5) Incorporated herein by reference to Exhibit 99.1 of Amendment No. 1 on Form 8-K/A to the Company's Current Report on Form 8-K, date of earliest event reported July 21, 1995, filed on August 25, 1995 (File No. 0-22730).

(6) Incorporated herein by reference to Exhibit 99.1 on Form 8-K, date of event reported November 6, 1995 (File No. 0-22730).

(7) Incorporated herein by reference to Exhibit 99.2 on Form 8-K, date of event reported November 6, 1995 (File No. 0-22730).

(8) Incorporated herein by reference to Appendix A of the Company's definitive Proxy Statement for its fiscal 1994 Annual Meeting of Shareholders.

(9) Incorporated herein by reference to Appendix B of the Company's definitive Proxy Statement for its fiscal 1995 Annual Meeting of Shareholders.

(b) Forms 8-K:

None.

Annual Report on Form 10-K

Communications Central Inc.

Years ended June 30, 1996 and 1995

Item 8
Financial Statements and Supplementary Data

Report of Independent Auditors

Board of Directors
Communications Central Inc.

We have audited the accompanying consolidated balance sheets of Communications Central Inc. as of June 30, 1996 and 1995, and the related consolidated statements of operations, shareholders' equity, and cash flows for each of the three years in the period ended June 30, 1996. Our audit also included the financial statement schedule in the Index at Item 14(d). These financial statements and schedule are the responsibility of the Company's management. Our responsibility is to express an opinion on these financial statements and schedule based on our audits.

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

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of Communications Central Inc. at June 30, 1996 and 1995, and the consolidated results of its operations and its cash flows for each of the three years in the period ended June 30, 1996, 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 financial statements, in 1996 the Company adopted the Statement of Financial Accounting Standards No. 121, "Accounting For the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of."

Ernst & Young, LLP

Atlanta, Georgia
August 19, 1996, except for Notes 4 and 13,
as to which the date is October 8, 1996

Communications Central Inc.

Consolidated Balance Sheets

	June 30, 1996	June 30, 1995
Assets *(Notes 1 and 2)*		
Current assets:		
Cash	$ 2,266,327	$ 4,041
Accounts, receivable, less allowance for doubtful accounts of $2,140,000 and $2,418,000 at June 30, 1996 and 1995, respectively	10,612,382	10,636,305
Prepaid expenses	707,699	1,043,924
Other current assets	870,815	317,029
Total current assets	14,457,223	12,001,299
Operating equipment:		
Telecommunication equipment	73,262,895	72,782,885
Uninstalled equipment	1,437,637	623,500
	74,700,532	73,406,385
Less accumulated depreciation and amortization	(29,922,368)	(16,358,051)
	44,778,164	57,048,334
Leasehold improvements and office furniture and equipment, net of accumulated depreciation and amortization of approximately $2,162,000 and $1,325,000 at June 30, 1996 and 1995, respectively	1,595,312	1,929,654
Deferred loan costs, net of accumulated amortization of $243,000 and $37,000 at June 30, 1996 and 1995, respectively *(Note 2)*	260,153	82,656
Intangible assets *(Note 1)*:		
Site license contracts, net	7,053,568	7,607,541
Agreements not to compete, net	1,046,450	1,528,347
Goodwill, net	36,555,441	37,881,651
Other assets, net	3,981,292	4,887,261
Total assets	$109,727,603	$122,966,743

	June 30, 1996	June 30, 1995
Liabilities and shareholders' equity		
Current liabilities:		
Current portion of notes payable to shareholders *(Note 3)*	$ 8,333	$ 162,500
Current portion of note payable *(Note 3)*	79,650	1,054,521
Accounts payable	3,324,204	865,112
Accrued expenses	2,878,447	2,162,330
Current portion of long term debt	3,000,000	–
Accrued commissions	2,637,010	2,478,499
Accrued interest	634,295	1,062,141
Accrued compensation	102,351	314,990
Accrued income taxes payable *(Note 8)*	328,984	118,430
Total current liabilities	12,993,274	8,218,523
Notes payable to shareholders, less current portion *(Note 3)*	–	8,333
Note payable, less current portion *(Note 3)*	–	267,333
Long-term debt *(Note 4)*	70,197,389	70,197,389
Commitments and contingencies *(Note 4)*	–	–
Shareholders' equity *(Notes 2 and 7)*:		
Common Stock, $.01 par value:		
Authorized shares - 50,000,000		
Issued and outstanding shares - 6,054,556 and 5,878,056 at June 30,1996 and 1995, respectively	60,545	58,780
Additional paid-in capital	50,067,385	49,860,878
Accumulated deficit	(23,590,990)	(5,644,493)
Total shareholders' equity	26,536,940	44,275,165
Total liabilities and shareholders' equity	$109,727,603	$122,966,743

See accompanying notes.

Communications Central Inc.

Consolidated Statements of Operations

	Year ended June 30, 1996	1995	1994
Revenue:			
Coin calls	$35,509,110	$33,326,399	$22,296,118
Non-coin calls	66,644,945	47,951,407	23,572,252
Other	3,185,516	144,433	255,283
	105,339,571	81,422,239	46,123,653
Costs and expenses:			
Line access charges	35,923,596	27,411,215	15,790,095
Commissions	22,299,044	15,111,992	7,000,668
Service and collection	19,362,209	12,001,623	6,908,602
Selling, general and administrative	4,778,522	4,633,821	3,929,123
Bad debt expense	8,575,422	4,640,610	1,767,704
Depreciation and amortization	11,741,785	9,795,025	5,208,789
Impairment loss	14,183,996	–	–
Total costs and expenses	116,864,574	73,594,286	40,604,981
Operating income (loss)	(11,525,003)	7,827,953	5,518,672
Interest expense	6,343,142	3,527,644	1,012,405
Income (loss) before income tax expense and extraordinary item	(17,868,145)	4,300,309	4,506,267
Income tax expense	78,352	1,127,896	937,800
Income (loss) before extraordinary item	(17,946,497)	3,172,413	3,568,467
Extraordinary item, net of tax benefit of $483,721 in 1994 *(Note 3)*	–	–	789,230
Net income (loss)	$ (17,946,497)	$ 3,172,413	$ 2,779,237
Historical per share data *(Note 1)*:			
Income before (loss) extraordinary item	$ (17,946,497)	$ 3,172,413	$ 3,568,467
Less warrant accretion	–	–	144,402
Less stock dividends	–	–	615,495
Less Redeemable Preferred Stock accretion	–	–	984,589
Income (loss) before extraordinary item attributable to common shares	(17,946,497)	3,172,413	1,823,981
Extraordinary item, net of tax benefit of $483,721 in 1994	–	–	789,230
Net income (loss) attributable to common shares	$ (17,946,497)	$ 3,172,413	$ 1,034,751
Income (loss), before extraordinary item, per common share	$ (2.96)	$ 0.52	$ 0.50
Extraordinary item per common share	–	–	0.22
Net income (loss) per common share	$ (2.96)	$ 0.52	$ 0.28
Weighted average shares outstanding	6,054,556	6,064,447	3,633,420
Supplemental per share data *(Note 1)*:			
Income (loss) before extraordinary item, per common share	$ (2.96)	$ 0.52	$ 0.73
Extraordinary item per common share	–	–	0.16
Net income (loss)per common share	$ (2.96)	$ 0.52	$ 0.57
Weighted average shares outstanding	6,054,556	6,064,447	4,949,938

See accompanying notes.

Communications Central Inc.
Consolidated Statements of Shareholders' Equity

	Preferred Stock			Common Stock				
	Shares	Amount	Additional Paid-In Capital	Shares	Amount	Additional Paid-In Capital	Accumulated Deficit	Total Shareholders' Equity
Balance at June 30, 1993	28,125	281	1,799,719	441,281	4,413	6,159,132	(10,980,648)	(3,017,103)
Issuance of Series E Redeemable Preferred Stock dividend	–	–	–	–	–	–	(615,495)	(615,495)
Accretion of redeemable warrant	–	–	–	–	–	(144,402)	–	(144,402)
Accretion of Redeemable Preferred Stock	–	–	–	–	–	(984,589)	–	(984,589)
Conversion of notes payable to shareholders into Common Stock	–	–	–	99,443	995	839,005	–	840,000
Conversion of Redeemable Preferred Stock into Common Stock	–	–	–	2,193,731	21,937	15,753,082	–	15,775,019
Conversion of Preferred Stock into Common Stock	(28,125)	(281)	(1,799,719)	381,834	3,818	1,796,182	–	–
Termination of redemption feature of redeemable warrants	–	–	–	–	–	1,204,117	–	1,204,117
Issuance of Common Stock upon exercise of warrants	–	–	–	89,161	891	–	–	891
Issuance of Common Stock upon exercise of underwriters' over-allotment option, net of issuance costs of $201,600	–	–	–	240,000	2,400	2,676,000	–	2,678,400
Issuance of Common Stock as partial consideration for asset purchase *(Note 7)* and upon initial public offering, net of issuance costs of $2,418,553	–	–	–	1,978,571	19,786	21,500,941	–	21,520,727
Net income	–	–	–	–	–	–	2,779,237	2,779,237
Balance at June 30, 1994	–	–	–	5,424,021	54,240	48,799,468	(8,816,906)	40,036,802
Issuance of Common Stock in acquisition	–	–	–	46,809	468	549,538	–	550,006
Issuance of Common Stock upon exercise of options	–	–	–	180,335	1,803	301,153	–	302,956
Issuance of Common Stock upon exercise of Warrants	–	–	–	226,891	2,269	(2,281)	–	(12)
Tax benefit from employees' stock option plans	–	–	–	–	–	213,000	–	213,000
Net income	–	–	–	–	–	–	3,172,413	3,172,413
Balance at June 30, 1995	–	–	–	5,878,056	58,780	49,860,878	(5,644,493)	44,275,165
Issuance of Common Stock upon exercise of options	–	–	–	176,500	1,765	206,505	–	208,270
Net income (loss)	–	–	–	–	–	–	(17,946,497)	(17,946,497)
Balance at June 30, 1996	–	$ –	$ –	6,054,556	$60,545	$50,067,383	$(23,590,990)	$26,536,938

See accompanying notes.

Communications Central Inc.

Consolidated Statements of Cash Flows

	Year ended June 30, 1996	1995	1994
Operating activities			
Net income (loss)	$ (17,946,497)	$ 3,172,413	$ 2,779,237
Adjustments to reconcile net income (loss) to net cash provided by operating activities:			
Depreciation and amortization	11,741,785	9,795,025	5,208,789
Loss on extinguishment of debt	–	–	1,272,951
Payment of loan origination costs	(383,625)	(44,124)	(75,414)
Other	–	(16,336)	702
Impairment loss	14,183,996	–	–
Changes in operating assets and liabilities:			
Accounts receivables	23,923	(6,690,852)	(3,030,507)
Prepaid expenses, other current assets and other assets	(1,753,337)	(2,462,796)	(970,970)
Accounts payables	2,459,091	(1,611,327)	1,402,856
Accrued expenses	909,391	1,453,219	(532,247)
Other liabilities	–	2,261,656	512,162
Accrued income taxes payable	210,555	(127,531)	458,961
Net cash provided by operating activities	9,445,282	5,729,347	7,026,520
Investing activities			
Purchases of telecommunication equipment, leasehold improvements and office furniture and equipment	(7,496,323)	(11,402,674)	(6,835,028)
Acquisitions of telecommunication equipment, site licenses, agreements not to compete and goodwill	(462,000)	(41,187,892)	(20,929,955)
Purchases of site licenses	(2,294,360)	(1,957,274)	(744,544)
Proceeds from sale of equipment	285,000	115,526	45,611
Net cash used in investing activities	(9,967,683)	(54,432,314)	(28,463,916)
Financing activities			
Payments on long-term debt	–	–	(22,850,200)
Payments on notes payable	(423,583)	(7,678,146)	(2,947,369)
Proceeds from long-term debt	3,000,000	51,640,463	27,907,126
Proceeds from exercise of stock purchase warrants	–	–	891
Issuance of Common Stock	208,270	302,944	23,059,847
Net cash provided by (used in) financing activities	2,784,687	44,265,261	25,170,295
(Decrease) increase in cash	2,262,286	(4,437,706)	3,732,899
Cash at beginning of year	4,041	4,441,747	708,848
Cash at end of year	$ 2,266,327	$ 4,041	$ 4,441,747
Supplemental disclosure			
Cash paid for interest	$ 6,725,240	$ 2,591,138	$ 997,000
Cash paid for income taxes	–	$ 1,170,900	$ 15,000

See accompanying notes.

Communications Central Inc.

Notes to Consolidated Financial Statements

June 30, 1996

1. Summary of Significant Accounting Policies

Description of Business

Communications Central Inc. (the "Company") is an independent payphone and inmate phone operator operating in 41 states and the District of Columbia. Revenues from the operation of payphones and inmate phones are recorded based on equipment usage and from routing calls to operator service companies and long distance carriers.

Principles of Consolidation

The consolidated financial statements include the accounts of the Company and its wholly-owned subsidiaries, Communications Central of Georgia, Inc., InVision Telecom Inc. and Central Payphone Services, Inc. Significant intercompany accounts and transactions have been eliminated in consolidation.

Use of Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from those estimates.

Operating Equipment

Operating equipment is stated at cost. Depreciation is computed on the straight-line method over the estimated useful life of the assets. The estimated useful life of all telecommunication equipment is 10 years. The Company capitalizes as part of the cost of the telecommunication equipment the cost of initial installation. Repairs and maintenance are expensed as incurred.

1. Summary of Significant Accounting Policies (continued)

Concentrations of Credit Risk and Major Customers

The Company derives a majority of its operating revenues from commercial customers in the United States and large long distance telecommunications companies. Financial instruments which potentially subject the Company to concentrations of credit risk consist principally of accounts receivable. Accounts receivable are unsecured and the Company is at risk to the extent such amounts become uncollectible. The Company's allowance for doubtful accounts is based upon management's estimates and historical experience. Credit losses relating to operator service company and long distance carrier accounts have consistently been within management's expectations.

Intangible Assets

Intangible assets consist of costs allocated to agreements not to compete, site license contracts relating to installed and acquired equipment, and goodwill, which represents the excess of the purchase price paid for acquired equipment over the fair value of the acquired equipment.

Amortization for agreements not to compete is computed using the straight-line method over the life of the agreements, ranging from 3 to 7 years. Accumulated amortization on agreements not to compete at June 30, 1996 and 1995 was approximately $1,019,000 and $717,000, respectively. In the case of the site licenses acquired in an acquisition, the estimated fair value of the site license is capitalized. Amortization for site license contracts is computed using the straight-line method over the estimated life of the contracts, ranging from 6 to 7 years. Accumulated amortization on site license contracts at June 30, 1996 and 1995 was approximately $2,683,000 and $1,724,000, respectively. Amortization for goodwill is computed using the straight-line method over lives of 15 and 40 years. Accumulated amortization on goodwill at June 30, 1996 and 1995 was approximately $2,298,000 and $911,000, respectively.

1. Summary of Significant Accounting Policies (continued)

Impairment Loss on Long-Lived Assets

An impairment loss of $14.2 million during the third quarter of fiscal 1996 was recognized in accordance with Statement of Financial Accounting Standards No. 121, "Accounting for the Impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of." Cash flows generation by payphones and inmate lines on an acquisition by acquisition basis was determined based on the Company's best estimated of future income and expenses including the impact of a continued reduction in operator service provider revenue as a result of "dial around." Where the sums of future undiscounted cash flows of these long-lived assets were less than their recorded book values, and impairment loss was recognized of approximately $12.4 million for related operating equipment and approximately $1.8 million for related intangible assets.

Income Taxes

The Company uses the liability method to account for income taxes. Under this method, deferred tax assets and liabilities are determined based on differences between financial reporting and tax bases of assets and liabilities and are measured using the enacted tax rates and laws that will be in effect when the differences are expected to reverse.

Net Income (Loss) Per Share

Historical net income (loss) per share is computed using the weighted average number of common and common equivalent shares (when they are dilutive) outstanding during the period. Pursuant to the requirements of the Securities and Exchange Commission, common shares and common equivalent shares issued at prices below the initial public offering price of $12.00 per share during the twelve months immediately preceding the date of the filing of the Company's Registration Statement on Form S-1 relating to the Company's public offering, have been included in the calculation of common shares and common share equivalents, using the treasury stock method, as if they were outstanding for all periods presented prior to the closing of the initial public offering on December 16, 1993. All common share and per share data, except par value per share, have been retroactively adjusted to reflect the 1.7-for-1 stock split of the Company's Common Stock effective October 21, 1993.

1. Summary of Significant Accounting Policies (continued)

Supplemental net income per share is calculated in same manner as pro forma earnings per share included in the Company's Registration Statement for its initial public offering pursuant to requirements of the Securities and Exchange Commission. Supplemental net income (loss) per common share is calculated using the weighted average number of common and common equivalent shares outstanding during the respective periods assuming that certain events, which actually occurred effective with the Company's initial public offering on December 16, 1993, had occurred at the beginning of fiscal 1993, the period immediately preceding the initial public offering. These events include the conversion of Preferred Stock (redeemable and non-redeemable) into Common Stock, the conversion of $840,000 of debt into Common Stock, the issuance of Common Stock in connection with the exercise of warrants and the termination of the redemption feature of the warrants.

New Accounting Pronouncement

In October 1995, the Financial Accounting Standards Board (FASB) issued Statement of Financial Accounting Standards No. 123 (SFAS 123), "Accounting for Stock-Based Compensation." SFAS 123 establishes financial accounting and reporting standards for stock-based employee compensation plans and is effective for fiscal years beginning after December 15, 1995. The Company expects to continue to apply the accounting provisions of Accounting Principles Board Opinion No. 25, "Accounting for Stock Issued to Employees," in determining its net income. However, beginning in fiscal 1997, additional disclosures will be made about the estimated compensation expense under the method established by SFAS 123.

During 1996, the Company adopted the Statement of Financial Accounting Standards No. 121 (SFAS 121), "Accounting for the impairment of Long-Lived Assets and for Long-Lived Assets to be Disposed of." An impairment loss of certain long-lived assets was recognized in accordance with SFAS 121 as noted above.

Reclassifications

Certain changes in the presentation of the June 30, 1995 and 1994 amounts have been made to conform to the June 30, 1996 presentation.

2. Fair Value of Financial Instruments

The carrying amounts reported in the balance sheet for cash and cash equivalents, accounts receivable and accounts payable approximate fair values due to the short maturities of these instruments. The carrying amounts reported in the balance sheet for notes payable and long-term debt approximate fair values. Fair values for notes payable and long-term debt are estimated based on the present value of expected cash flows.

3. Notes Payable

	June 30, 1996	June 30, 1995
Unsecured notes payable to shareholders	$ 8,333	$ 170,833
Note payable	79,650	1,321,854
	87,983	1,492,687
Less current portion	87,983	1,217,021
	$ -	$ 275,666

4. Long-Term Debt

In July 1995, the Company entered into an agreement (the "1995 Loan") with a bank that amended and restated the terms of the previous agreement. The 1995 Loan contains affirmative and negative covenants including provisions for maintaining minimum consolidated net worth, interest coverage ratio, and fixed charge coverages. In addition, it provided that the Company could not declare or pay dividends and it restricted capital expenditures, indebtedness, third party guarantees and asset dispositions. The 1995 Loan permitted borrowings of up to $75,000,000. Interest is payable quarterly based upon a floating rate, as defined in the 1995 Loan. At June 30, 1996, the rates ranged from 8.48% to 8.57%. The Company paid a facility fee of $225,000 in December 1995 pursuant to the 1995 Loan.

In August 1996, the Company entered into an agreement that amended and restated the 1995 Loan (the "1996 Loan"). The agreement permits borrowing of up to $75,000,000. It requires a payment of $12,000,000 on or before July 1, 1997. The agreement is secured by essentially all the assets of the Company including the stock of its operating subsidiaries. The 1996 Loan further requires principal payments of $500,000 per month beginning January 1997 through the Loan's maturity in July 1999. In conjunction with the 1996 Loan, the Company incurred Loan origination costs of approximately $257,000. These costs, which include loan closing fees, legal and professional fees, are being amortized over the life of the 1996 Loan agreement. In addition, the bank received warrant agreements to purchase up to 225,000 common shares at a nominal price, of which warrants to purchase 50,000 common shares can be repurchased should the outstanding amount under the 1996 Loan be less then $47 million on November 30, 1996. The costs associated with these warrants will also be amortized over the life of the 1996 Loan.

The above terms were modified by a letter agreement dated October 8, 1996 reflected in Note 13 - Subsequent Events.

4. Long-Term Debt (continued)

As a result of the letter agreement the aggregate maturities of long-term debt consists of the following:

Year ending June 30,	
1997	$ 3,000,000
1998	18,000,000
1999	52,197,389
	$73,197,389

5. Lease Commitments

The Company leases office space and certain equipment under operating leases. Total rent expense for the years ended June 30, 1996, 1995, and 1994 was approximately $587,000, $899,000, and $597,000, respectively.

Future minimum payments, by year and in the aggregate, under the noncancellable operating leases with initial or remaining terms of one year or more consist of the following at June 30, 1996:

Year ending June 30,	
1997	$1,016,902
1998	824,284
1999	451,553
2000	0
	$2,292,739

6. Preferred Stock

Upon the closing of the Company's initial public offering on December 16, 1993, all outstanding shares of Preferred Stock were converted into shares of Common Stock.

During 1990, the Company issued 28,125 shares of Series A Preferred Stock ("Series A") for $1,800,000. The Series A shares were converted into 381,834 shares of Common Stock upon the closing of the Company's initial public offering on December 16, 1993.

During 1991, the Company authorized 950,566 shares of Series B Redeemable Preferred Stock ("Series B"). On April 15, 1991, the Company issued 805,656 Series B Redeemable shares for $5,567,146 in cash, net of issuance costs of $434,991. Cumulative dividends accruing from April 15, 1991 through April 15, 1993 were paid in the form of a Series B preferred stock dividend. Cumulative dividends accruing from April 15, 1993 through October 1, 1994 were payable in the form of a Series E preferred stock dividend, which was paid through December 16, 1993. The Series B shares were automatically converted on a 1.7-for-1 basis into common shares upon the closing of the Company's initial public offering on December 16, 1993.

In April 1992, the Company issued a stock dividend to the holders of Series B Redeemable Preferred Stock which accrued from April 1991 in accordance with the shareholders' agreement. Based upon the required dividend of $.67 per share per annum and a conversion price of $7.45 per share, the Company issued 72,507 shares of Series B Redeemable Preferred Stock and transferred $621,204 from additional paid-in capital on Common Stock to increase Series B Redeemable Preferred Stock by $621,204.

During 1992, the Company authorized 155,000 shares of Series D Redeemable Preferred Stock ("Series D"). On June 18, 1992, the Company issued 139,254 Series D shares as partial consideration for assets acquired (see Note 8). Cumulative dividends accruing from June 18, 1992 through April 15, 1993 were paid in the form of a Series D preferred stock dividend. Cumulative dividends accruing from April 15, 1993 through October 1, 1994 were payable in the form of a Series E preferred stock dividend, which was paid through December 16, 1993. The Series D shares were automatically converted on a 1.7-for-1 basis into common shares upon the closing of the Company's initial public offering on December 16, 1993.

6. Preferred Stock (continued)

On April 16, 1993, the Company issued 16,052 shares of Series D Redeemable Preferred Stock in conversion of $230,507 of a note payable to a shareholder.

During fiscal 1993, the Company authorized 235,000 shares of Series E Redeemable Preferred Stock ("Series E"). On April 16, 1993, the Company issued 139,276 Series E shares for $1,982,027 in cash, net of issuance costs of $17,976. Cumulative dividends accruing from April 16, 1993 through October 1, 1994 were payable in the form of a Series E Preferred Stock dividend, which was paid through December 16, 1993. The Series E shares were automatically converted 1.7-for-1 into common shares upon the closing of the Company's initial public offering on December 16, 1993.

In April 1993, the Company issued a stock dividend to the holders of Series B Redeemable Preferred Stock which accrued from April 1992 in accordance with the shareholders' agreement. The Company issued 72,507 shares of Series B Redeemable Preferred Stock and transferred $714,382 from current earnings to increase Series B Redeemable Preferred Stock by $714,382.

In April 1993, the Company issued a stock dividend to the holders of Series D Redeemable Preferred Stock which accrued from June 1992 in accordance with the shareholders' agreement. The Company issued 12,912 shares of Series D Redeemable Preferred Stock and transferred $208,400 from current earnings to increase Series D Redeemable Preferred Stock by $208,400.

At June 30, 1993, future redemption payments that would be required if all outstanding Series B, Series D, and Series E Redeemable Preferred Stock were redeemed amounted to approximately $32,000,000 at April 26, 1999. The redeemable preferred stock was recorded at fair value on the date of issuance less issue costs. The excess of the redemption value over the carrying value has been accreted by periodic charges to Common Stock Additional Paid In-Capital over the life of the issue. As noted above, all outstanding shares of Series B, Series D, and Series E Redeemable Preferred Stock were converted into common shares upon the closing of the Company's initial public offering on December 16, 1993, at which time the accretion was discontinued.

6. Preferred Stock (continued)

In October 1993, the Company issued a stock dividend to the holders of the Series B, Series D, and Series E Redeemable Preferred Stock which accrued from April 1993 in accordance with the shareholders' agreement. The Company issued 22,869 shares of Series E Redeemable Preferred Stock and transferred $423,795 from current earnings to increase Series E Redeemable Preferred Stock by $423,795.

In December 1993, the Company issued a stock dividend to the holders of the Series B, Series D, and Series E Redeemable Preferred Stock which accrued from October 1993 in accordance with the shareholders' agreement. The Company issued 9,397 shares of Series E Redeemable Preferred Stock and transferred $191,700 from current earnings to increase Series E Redeemable Preferred Stock by $191,700.

7. Common Stock

During fiscal 1992, the Board of Directors issued 348,500 options to purchase Common Stock at an exercise price of $1.18 per share. These options are exercisable and became fully vested upon consummation of the Company's initial public offering on December 16, 1993. The option holders exercised 172,000 of the vested options during fiscal 1995 and 176,500 of the vested options during fiscal 1996.

On December 16, 1993, the Company issued 1,900,000 shares of its Common Stock upon the closing of its initial public offering for $20,381,447 in cash, net of issuance costs of $2,418,553. Also upon consummation of the initial public offering, the following conversions were effected: (1) $840,000 of outstanding convertible notes payable to shareholders were converted into 99,443 shares of Common Stock (see Note 2); (2) the outstanding warrant to purchase Common Stock was partially exercised and converted into 79,047 shares of Common Stock (see below); (3) 1,290,430 shares of Redeemable Preferred Stock were converted into 2,193,731 shares of Common Stock (see Note 5); and (4) 28,125 shares of Preferred Stock were converted into 381,834 shares of Common Stock (see Note 5).

In January 1994, the Company issued 240,000 shares of its Common Stock upon the exercise of the underwriters' over-allotment option for $2,678,400 in cash, net of issuance costs of $201,600.

7. Common Stock (continued)

On February 28, 1994, the Company issued 78,571 shares of its Common Stock at a per share value of $14.50 as partial consideration for assets purchased from Paytel of America, Inc., as more fully described in Note 8.

On June 27, 1994, the Company issued 46,809 shares at a per share value of $11.75 as partial consideration for assets purchased from InVision, as more fully described in Note 8.

On June 30, 1995, the Company had reserved a total of 597,834 shares of Common Stock for future issuance upon exercise of the stock options.

In fiscal 1991, the Company issued stock purchase warrants to its bank to purchase up to 316,188 shares of Common Stock at an exercise price of $.01 per share, subject to adjustment in certain events. All of the warrants expire on May 1, 2001. The warrant holders had the right to put the warrants to the Company; however, termination of these put rights occurred automatically upon the closing of the Company's initial public offering on December 16, 1993, and the Company therefore transferred $1,204,117 from redeemable warrants to additional paid-in capital on Common Stock. Upon the closing of the Company's initial public offering, the warrant was partially exercised and converted into 79,247 shares of Common Stock (see above). During fiscal 1994, the warrant was further exercised and converted into an additional 10,114 shares of Common Stock. During fiscal 1995, 226,891 warrants were exercised and converted into an additional 226,891 shares of Common Stock. An additional 136 warrants were recovered, but not converted into Common Stock. At June 30, 1995, no warrants to purchase shares of Common Stock remained outstanding.

On October 19, 1993, the Board of Directors approved the establishment of the 1993 Stock Option Plan. The 1993 Stock Option Plan was amended and restated as of October 11, 1995 (the "1993 Plan") To increase the shares for issuance upon exercise of options granted to 850,000 shares. Options are to be granted at an exercise price per share that is not less than the fair market value on the date of the grant. All Options granted under the 1993 Plan must be exercised no later than the tenth anniversary of the date of the grant. During 1996, the Company repriced 65,000 options, with exercise prices which ranged from $11.88 to $15.00, to fair market value on the date of the repricing.

7. Common Stock (continued)

	Year ended June 30		
	1996	1995	1994
Outstanding, Beginning of year	287,584	204,750	–
Granted	660,000	183,500	229,750
Exercised	–	(8,333)	–
Canceled	(212,584)	(92,333)	(25,000)
Outstanding, end of year	735,000	287,584	204,750
Exercisable, end of the year	46,999	46,166	–
Option price per share of outstanding shares	$4.50-$15.00	$11.88-$15.00	$11.88-$12.75
Available for Grant	106,667	4,083	42,950

On October 19, 1993, the Board of Directors established the Stock Option Plan for Directors (the "Directors' Plan"), which provides for the grant of non-qualified stock options to purchase up to 50,000 shares of Common Stock to directors who are not also employees of the Company. Under the Directors' Plan, eligible directors may elect to receive stock options in lieu of annual director compensation. The option exercise price is defined as 50% of the fair market value of a share on the date of grant. During fiscal 1995, 7,997 options have been granted under the Directors' Plan. On the date of the grant of options under the Directors' Plan at less than fair market value, the Company will, to the extent compensation expense has not already been recorded, recognize compensation expense ratably over the vesting period in an amount equal to the difference between the fair market value on the date of grant and the option exercise price.

8. Income Taxes

The components of income tax expense are as follows:

	Year ended June 30		
	1996	1995	1994
Current:			
Federal	$78,352	$1,127,896	$154,581
State	–	–	–
	78,352	1,127,896	154,581
Deferred:			
Federal	–	–	255,498
State	–	–	44,000
	$78,352	$1,127,896	$454,079

At June 30, 1996, the Company had net operating loss carryforwards ("NOLs") of approximately $25.7 million for federal income tax purposes. These NOLs expire in varying amounts beginning in 2002 as follows:

Year ended June 30,	
2002	$ 185,000
2003	944,000
2004	3,475,000
2005	2,052,000
2006	889,000
2007	2,735,000
2008	2,285,000
2009	579,000
2010	806,000
2011	11,751,000
	$25,701,000

Section 382 of the Internal Revenue Code, as amended ("Section 382"), limits the amount of federal taxable income that may be offset by the preexisting NOL's of a corporation following a change in ownership ("Ownership Change') of the corporation. Approximately 12.9 million of the Company's NOL's are currently subject to limitation under Section 382 because the Company experienced an Ownership Change in fiscal 1991 due to the issuance of convertible preferred stock and in fiscal 1994 due to the issuance of Common Stock in the Company's initial public offering. Based upon the Ownership Change that occurred in fiscal 1991 and 1994, the Company

8. Income Taxes (continued)

has estimated the NOL's subject to the Section 382 limitation will not exceed $469,000 per year. The remaining NOL of 12.8 million can offset future taxable income without limitation.

Income tax expense differs from the amount computed by applying the statutory Federal income tax rates for the following reasons:

	Year ended June 30		
	1996	1995	1994
Income tax expense at statutory federal income tax rate applied to income before income taxes	$(6,075,169)	$1,462,105	$1,099,327
Increase (decrease) resulting from:			
State tax expense, less federal tax benefit	(626,339)	192,870	286,456
Change in valuation allowance	6,694,557	(612,903)	(939,914)
Permanent differences	85,303	85,824	8,210
Extraordinary item	–	–	483,721
	$78,352	$1,127,896	$ 937,800

8. Income Taxes (continued)

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

	June 30	
	1996	1995
Deferred tax assets:		
Net operating loss carryforwards	$9,766,394	$5,301,131
Reserves and vacation pay	1,212,897	1,286,716
AMT credit	1,117,135	1,117,135
Book over tax	5,126,872	-
Gross deferred tax assets	17,223,298	7,704,982
Valuation allowance	7,662,639	968,082
Total deferred tax assets	9,560,659	6,736,900
Deferred tax liabilities:		
Tax over book depreciation	8,601,976	5,957,158
Deferred bonus expense	958,683	779,742
Total deferred tax liabilities	9,560,659	6,736,900
Net deferred tax balance	$ -	$ -

9. Acquisitions

During the years ended June 30, 1995 and 1994 the Company acquired certain assets of various independent payphone and inmate phone operators including:

Acquisition Date	Selling Company	Purchase Price	Amount Allocated to Intangibles Acquired
Year ended June 30, 1995:			
July 1994	Pay-Tel of Illinois	$ 4,162,000	$ 778,000
July 1994	InVision Telecommunications, Inc.	4,246,000	3,770,000
August 1994	Pay Phones Plus, Inc.	5,899,000	3,358,000
November 1994	Telso, Inc.	12,590,000	7,303,000
April 1995	Robert Cefail & Associates	18,905,000	13,025,000
Year ended June 30, 1994:			
July 1993	Public Access, Inc.	5,750,000	550,000
February 1994	Pay-Tel of America, Inc.	11,303,000	9,129,000
March 1994	Southnet Communications Corporation	1,650,000	485,000
May 1994	American Paytel, Inc.	3,312,000	582,000
June 1994	Pay Telephone of Pennsylvania, Inc.	1,105,000	586,000

The purchase method of accounting was used to record each of the above acquisitions. Accordingly, the purchase price was allocated to the assets acquired based on estimated fair values at the purchase dates. Operating results for the respective companies have been included in the Company's results of operations from the respective purchase dates. The following represents the unaudited pro forma results of operations for the years ended June 30, 1995, 1994, assuming the above acquisitions has occurred at the beginning of the year preceding the year of acquisition:

	Year ended June 30	
	1995	1994
Net revenues	$104,929,000	$96,546,000
Income before extraordinary item	9,158,000	12,177,000
Net Income	9,158,000	11,388,000
Net income per share	1.51	2.26

10. Employee Savings Plan

Effective January 1, 1993, the company formed a contributory savings plan (the "Plan"), which qualifies under Section 401(k) of the Internal Revenue Code, covering substantially all of its employees. The company matches 50% of employee contributions to a maximum of 6% of employee earnings each Plan year. Company contributions to the Plan were approximately $84,000 and $84,000 for the years ended June 30, 1996 and 1995, respectively.

11. Contingencies

The Company is from time to time subject to claims and suits arising in the ordinary course of its business. In the opinion of management, the ultimate resolution of any such pending matters will not have a material effect on the Company's financial position.

12. Related Parties

During the years ended June 30, 1995 and 1994 the Company paid consulting fees ranging from approximately $25,000 to $40,000 per year to a shareholder which also holds a position on the Board of Directors of the Company.

13. Subsequent Events

On October 8, 1996, the Company's lender agreed to amend the 1996 Credit Agreement to extend the maturity of the $12,000,000 payment due on November 30, 1996 to July 1, 1997, and to adjust the financial covenants accordingly. In consideration, the Company agreed to issue to its lender warrants to purchase 75,000 shares of Common Stock at a nominal price. Its lender now holds warrants to purchase 225,000 common shares at a nominal price with the Company having the option to repurchase warrants for 50,000 shares should the outstanding balance on the 1996 Loan be less than $47.5 million on November 30, 1996. The Company still plans to raise capital during fiscal 1997, but its plans have been delayed due to the length of time for the FCC to issue rules with regard to the Telecommunications Act of 1996.

On September 20, 1996 the FCC adopted Docket Nos. 96-128 and 91-35, "Implementation of the Pay Telephone Reclassification and Compensation Provisions of the Telecommunications Act of 1996". The order adopts regulations designed to provide fair compensation for all payphone providers. The company is in the process of analyzing this complex ruling.

Communications Central Inc.

Annual Report on Form 10-K
Year ended June 30, 1996

Item 14(d)
Financial Statements Schedules

COMMUNICATIONS CENTRAL INC.
Schedule II - Valuation and Qualifying Accounts
Years ended June 30, 1996, 1995 and 1994

Column A	Column B	Column C	Column D	Column E	Column F
	Balances at Beginning of Period	Charged to Costs and Expenses	Charged to Other Accounts – Describe	Other Changes Add (Deduct)	Balance at End of Period
Year ended June 30, 1996:					
Reserves and allowances deducted from asset accounts:					
Allowance for doubtful accounts	$2,418,000	$8,575,000	$ –	$ 8,853,000 (1)	$ 2,140,000
Deferred tax asset valuation allowance	968,000	6,695,000	–	–	7,663,000
Total	$ 3,386,000	$15,270,000	$ –	$ 8,853,000	$ 9,803,000
Year ended June 30, 1995:					
Reserves and allowances deducted from asset accounts:					
Allowance for doubtful accounts	$ 601,000	$4,641,000	$ –	$ 2,824,000 (1)	$ 2,418,000
Deferred tax asset valuation allowance	1,581,000	(613,000)	–	–	968,000
Total	$ 2,182,000	$4,028,000	$ –	$ 2,824,000	$ 3,386,000
Year ended June 30, 1994:					
Reserves and allowances deducted from asset accounts:					
Allowance for doubtful accounts	$ –	$1,768,000	$ –	$ 1,167,000 (1)	$ 601,000
Deferred tax asset valuation allowance	2,521,000	(940,000)	–	–	1,581,000
Total	$ 2,521,000	$ 828,000	$ –	$ 1,167,000	$ 2,182,000

(1) Write-offs of uncollectible amounts.

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.

Communications Central Inc.

Date: September 25, 1996

By: /s/ Rodger L. Johnson
Rodger L. Johnson
Chief Executive Officer

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

Date: September 25, 1996	/s/ Rodger L. Johnson Rodger L. Johnson Chief Executive Officer and Director (principal executive officer)
Date: September 25, 1996	/s/ Jack B. Wages, Jr. Jack B. Wages, Jr. Controller (principal financial and accounting officer)
Date: September 25, 1996	/s/ Robert C. Fisher, Jr. Robert C. Fisher, Jr. Director
Date: September 25, 1996	/s/ Paul. R. Griffiths Paul R. Griffiths Director
Date: September 25, 1996	/s/ Richard W. Oliver Richard W. Oliver Director
Date: September 25, 1996	/s/ Ronald C. Warrington Ronald C. Warrington Director
Date: September 25, 1996	/s/ Peter A. Schober Peter A. Schober Director

SHAREHOLDER INFORMATION

Corporate Headquarters
1150 Northmeadow Parkway
Suite 118
Roswell, GA 30076
770-442-7300
770-442-7319 FAX

Auditors
Ernst & Young, LLP
600 Peachtree Street NE
Suite 2800
Atlanta, GA 30308
404-874-8300

Stock Exchange and Listing Information
The Common Stock of the Company is traded on the Nasdaq National Market under the symbol CCIX.

Shares Outstanding
As of December 4, 1996
6,054,556

Annual Meeting Information
The Annual Shareholders' Meeting of CCI will be held on January 8, 1997, at 2:00 p.m. Eastern Standard Time at the Holiday Inn, 1075 Holcomb Bridge Road, Roswell, GA 30076.

Shareholders of Record
As of December 4, 1996, the Company had 60 shareholders of record and approximately 1,300 beneficial shareholders, based upon broker requests for distribution of annual meeting materials.

Transfer Agent
First Union National Bank of North Carolina
Shareholder Services Group
230 South Tryon Street
11th Floor
Charlotte, NC 28288

Additional Information
Analysts, investors, news media representatives and other persons seeking information about the Company should contact C. Douglas McKeever, Vice President, Finance.

Form 10-K Information
Copies of Communications Central Inc.'s Annual Report on Form 10-K and Amendment No. 1 on Form 10-K/A thereto, as filed with the Securities and Exchange Commission (exclusive of exhibits), will be furnished without charge upon written request to C. Douglas McKeever, Vice President, Finance.

Quarterly Stock Price Data
For the Quarter Ended:

	High	Low
September 30, 1995	9 [illegible]	6 [illegible]
December 31, 1995	7	4 [illegible]
March 31, 1996	7 [illegible]	4 [illegible]
June 30, 1996	8 [illegible]	6 [illegible]

Dividend Policy
The Company has never declared or paid any cash dividends on its capital stock.

C · C · I

COMMUNICATIONS
CENTRAL
INC

1150 Northmeadow Parkway
Suite 118
Roswell, Georgia 30076
770-442-7300
770-442-7319 FAX

ATTACHMENT 2

MANAGERIAL AND TECHNICAL CAPABILITY

COMMUNICATIONS CENTRAL INC.
BIOGRAPHIES OF EXECUTIVE OFFICERS

The officers of Communications Central Inc., who also serve as the officers of its wholly-owned subsidiaries, have years of expertise and a wide range of skills, including business management, telecommunications, finance, accounting, law, sales and engineering.

RODGER L. JOHNSON serves as the Company's President and Chief Executive Officer. Prior to joining CCI in November 1995, Mr. Johnson served as President, Chief Operating Officer and Chief Executive Officer of Brock Control Systems, Inc., a leading provider of integrated software solutions for sales, marketing and customer service. Prior to joining Brock Control, Mr. Johnson served as President of Interactive Financial Services, Inc., a provider of integrated software and data processing solutions for the financial services industry. He also spent 13 years with AT&T, where he was in senior management and participated in that company's "Fast Track" program. Mr. Johnson holds an M.B.A. from Georgia State University and a B.S. from Mississippi State University.

ROBERT E. BOWLING serves as Vice President, Operations and General Manager, InVision. Mr. Bowling has been with the company since July, 1994 and has been involved in the telecommunications industry since 1975. Mr. Bowling has held positions with Contel of Kentucky and Americall Systems of Louisville. His background and experience include network design, planning and management and switching operations. Prior to joining the Company, Mr. Bowling was Vice President of Operations for Americall System of Louisville. Mr. Bowling graduated from the University of Kentucky with a B.S. in Microbiology.

C. DOUGLAS McKEEVER serves as CCI's Vice President, Finance. Prior to joining the company, Mr. McKeever's career encompassed varied financial assignments, including more than 20 years with Nationsbanks of Georgia, N.A., where he served as Senior Vice President Commercial Lending and directed the Bank's Technology Financing Group. McKeever also served as Chairman of the Finance Committee and as a Board Member of Scitrek from 1989 through 1991. Mr. McKeever holds a B.A. in Economics from Davidson College and also attended College of Banking Summer Programs at Dartmouth University.

ANTHONY J. PALERMO serves as CCI's Vice President, Sales and Marketing. Mr. Palermo's experience includes serving as Executive Vice President, Client Services, for Brock Control Systems, and as Corporate Marketing Vice President for Interactive Financial Services. He also served in the Management Development Program for AT&T Long Lines. Mr. Palermo holds an M.B.A. from Memphis State University (Magna Cum Laude) and a B.S. in Management from Rensselaer Polytechnic Institute (Magna Cum Laude).

BARRY E. SELVIDGE has served as the Company's General Counsel since August 1991 and as Vice President, Regulatory Affairs since October, 1993. From January 1989 to August 1991 he was a member of the law firm of Messer, Vickers, Caparello, French, Madsen & Lewis in Tallahassee, Florida, where he practiced administrative and appellate law and represented the American Public Communications Council ("APCC"), the Florida Pay Telephone Association and various other telecommunications clients. He founded, and from 1986 to 1989 served in various executive capacities with "Payphone Exchange" magazine, which covered the public communications market. Mr. Selvidge currently serves as Chairman of the APCC, the national association of independent payphone providers. Mr. Selvidge's undergraduate and law degrees are from the University of Tennessee.

TITLE SHEET

FLORIDA TELECOMMUNICATIONS TARIFF

This tariff contains the descriptions and regulations relating to billing and collection services provided by InVision Telecom, Inc. to certain Carriers providing intrastate telecommunications service within the state of Florida. This tariff identifies the Carriers for whom billing and collection services are being provided and refers to their tariffs, when applicable, for the descriptions, regulations and rates applicable to their services. This tariff is on file with the Florida Public Service Commission and copies may be inspected during normal business hours at the InVision's principal place of business at 1150 Northmeadow Parkway, Suite 118, Roswell, Georgia 30076.

Barry E. Selvidge
InVision Telecom, Inc.
1150 Northmeadow Parkway, Suite 118
Roswell, GA 30076

CHECK SHEET

The sheets listed below, which are inclusive of this tariff, are effective as of the date shown at the bottom of the respective sheet(s). Original and revised sheets as named below comprise all changes from the original tariff and are currently in effect as of the date of the bottom of this page.

SHEET	REVISION
1	Original
2	Original
3	Original
4	Original
5	Original
6	Original
7	Original
8	Original
9	Original
10	Original
11	Original
12	Original
13	Original
14	Original
15	Original

Barry E. Selvidge
InVision Telecom, Inc.
1150 Northmeadow Parkway, Suite 118
Roswell, GA 30076

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SYMBOLS USED TO DENOTE CHANGES

When changes to this tariff are filed, the following symbols denote the following changes:

D Delete or discontinue

M Moved from another tariff location

N New

T Change in text or regulation

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TARIFF FORMAT

Sheet Numbering - Sheet numbers appear in the upper right corner of the sheet. 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 13 and 14 would be 13.1.

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

Paragraph Numbering Sequence - There are seven 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).I

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Check Sheets - When a tariff filing is made with the Commission, an updated check sheet accompanies the tariff filing. The check sheet lists the sheets contained in the tariff, with cross reference to the current revision number. When new sheets are added, the check sheet is changed to reflect the revision. All revisions made in a given filing are designated by an asterisk (*). There will be no other symbols used on this sheet if these are the only changes made to it. (i.e., the format, etc. remains the same, the only change is to the revision levels of certain sheets). The tariff user should refer to the latest check sheet to find out if a particular sheet is the most current on file with the Commission.

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SECTION 1 - TECHNICAL TERMS AND ABBREVIATIONS

As used in this tariff, the following terms have the following meanings:

Billing Agent - The entity which, under an agreement with a Carrier providing intrastate telecommunications service in Florida, provides billing service for the Carrier.

Carrier - A provider of intrastate telecommunications services for whom the Company is acting as Billing Agent. This term includes IXCs and PATS Providers.

Collect Calls - Calls billed not to the originating telephone number, but to the called telephone number upon acceptance of the call for which charges are billed.

Commission - Used throughout this tariff to mean the Florida Public Service Commission.

Company - Used throughout this tariff to mean InVision Telecom, Inc., a Georgia corporation.

Customer - The person, firm, corporation or other entity which obtains services from a Carrier and is responsible for the payment of charges therefor.

IXC - An entity authorized by the Commission to provide interexchange telecommunications services within the state of Florida.

PATS Provider - An entity authorized by the Commission to provide pay telephone service within the state of Florida.

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SECTION 2 - RULES AND REGULATIONS

2.1 Responsibility for Charges - The Customer is responsible for all charges for Collect Calls and for all calls placed using any authorization code, calling card, commercial credit card, or other billing mechanism utilized to place a call through a Carrier.

2.2 Liability of Company

2.2.1 No liability shall attach to the Company for any damages of any nature arising from errors, calls incidentally billed on behalf of a Carrier that did not go over the Carrier's network, or mistakes, omissions, interruptions, or delays of Company, its agents, servants, or employees, in the course of acting as Billing Agent for the Carrier.

2.2.2 No liability shall attach to the Company for any damages of any nature arising from errors, mistakes, omissions, interruptions, or delays of the Carrier, its agents, servants, or employees, in the course of establishing, furnishing, rearranging, moving, terminating, or changing the service or facilities (including the obtaining or furnishing of information in respect thereof or with respect to the Customers or users of the service or facilities).

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2.2.3 The Company shall not be liable for any damages of any nature arising from errors, mistakes, or omissions of Carriers, their agents, servants or employees in the course of providing or billing for services to Customers in accordance with the Carrier's approved tariffed rates, terms, conditions and charges and the rules of the Commission.

2.2.4 The Company is not liable for any act or omission of any other Carrier or Carriers or their agents, servants or employees.

2.2.5 In addition to the limitations set forth above, the Company shall, in no event, be liable for interruption or delays in transmission, or errors or defects in transmission, or failure to transmit.

2.2.6 The Company shall have no liability for interruptions, delays, errors, or defects in transmission, or for any injury whatever, caused by the Customer, the Customer's agents or authorized users, subscriber-provided equipment, or Carriers.

2.2.7 The Company shall not be liable for any damages whatsoever including, but not limited to, special, consequential, incidental or punitive damages, lost profits, revenues, or savings.

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2.3 Liability of the Customer

2.3.1 The Company shall be indemnified and held harmless by the Customer against:

2.3.1.A Claims for libel, slander, infringement of copyright or unauthorized use of any trademark, trade name or service mark arising out of the material, data, information, or other content transmitted over the Carrier's facilities; and,

2.3.1.B Claims for patent infringement arising from combining or connecting the Carrier's facilities with apparatus and systems of the Customer; and,

2.3.1.C All other claims arising out of any act or omission of the Customer in connection with any service or facilities provided by the Carrier.

2.3.2 The Customer shall hold the Company harmless from and against all claims, demands, losses or liabilities, including, but not limited to, fees and expenses of counsel, arising out of any damage to business or property, or injury to, or death of, any person, occasioned by, or in connection with, any act or omission of Carriers, their agents, authorized users, or Customers.

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SECTION 3 - DESCRIPTION OF SERVICES OFFERED

3.1 Description of Service - The Company acts as a Billing Agent for Carriers providing intrastate telecommunications service in Florida. The Company does not offer the services described herein for resale to any other entity. All such services are provided only on a contractual basis directly with individual Carriers.

3.1.1 Services provided by the Carriers for whom the Company acts as Billing Agent are described in each Carrier's approved tariff on file with the Commission, if applicable.

3.1.2 Carriers must have appropriate authorization from the Commission prior to being provided with the services described herein.

3.2 Call Completion Rate - The end-to-end call completion rate of Carriers for whom the Company acts as Billing Agent is described in that Carrier's approved tariff on file with the Commission, if applicable.

3.3 Measurement and Timing of Calls - The method used by Carriers for whom the Company acts as Billing Agent to determine when calls are initiated and terminated is described in that Carrier's approved tariff on file with the Commission, if applicable.

3.4 Calculating Mileage - The method used by Carriers for whom the Company acts as Billing Agent to calculate the mileage used to rate a call is described in that Carrier's approved tariff on file with the Commission, if applicable.

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SECTION 4 - RATES AND CHARGES

4.1 Rates of Service - The Company provides billing services for intrastate calls billed by the following certificated IXCs and/or PATS Providers:

4.1.1 Interexchange Carriers

Certificate or Order No.	Carrier Name

The Company does not provide billing services to any IXCs at this time.

4.1.2 Pay Telephone Service Providers

Certificate or Order No.	Carrier Name
#4311	InVision Telecom, Inc.

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4.2 The rates for services provided by each of the IXCs for whom the Company provides billing services are set forth in that Carrier's approved tariff on file with the Commission. Each of those Carriers is responsible for ensuring that the rates submitted for billing through the Company conform to their tariffed rates and applicable Commission requirements. The Company does not add any surcharges to the tariffed rates billed on behalf of IXCs.

4.3 Each PATS Provider for whom the Company provides billing services is responsible for ensuring that the rates submitted for billing through the Company conform to applicable Commission requirements. The Company does not add any surcharge to the rates billed on behalf of PATS Providers.

4.4 Rates for billing services provided pursuant to this tariff are determined by contractual arrangement between Billing Agent and Carrier. Rates charged to Customers by Carriers for whom Billing Agent provides services are determined by the Carrier.

4.5 Customers with questions about bills rendered directly by the Company may contact InVision Telecom, Inc. at P. O. Box 24087, Louisville, KY 40224 or by calling the toll-free telephone number printed on the bill.

4.6 The Company's bills are due upon receipt. Amounts not paid within 30 days from the due date of the invoice will be considered past due and billed parties may be assessed a late fee on past due amounts at the maximum lawful rate under applicable state law. Bills may be rendered more frequently than monthly.

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4.7 In the event the Company incurs fees or expenses, including attorney's fees, in collecting or attempting to collect, any charges billed, the Customer will be liable to the Company for the payment of all such fees and expenses reasonably incurred.

4.8 Deposits. No advance deposits are required pursuant to this tariff; provided, however, that Billing Agent may bill and collect deposits on behalf of Carriers pursuant to that Carrier's deposit policies described below.

4.8.1 Interexchange Carriers

Carrier -
Policy -

The Company does not provide billing services to any IXCs at this time.

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4.8.2 Pay Telephone Service Providers

Carrier - InVision Telecom, Inc.

Policy - No advance deposits are required; provided, however, that in the event that a billed party wishes to exceed any maximum credit amount that may be predetermined by Carrier, that billed party may do so by first posting a deposit in an amount such that the level of credit sought is equal to 90 percent of the deposit amount. Carrier shall pay simple interest at a rate no less than the rate required for basic telephone service deposits. Past due amounts may be deducted from deposits at final billing. Carrier provides collect only calling to inmates of confinement facilities. Carrier may block inmate calls to certain telephone numbers when the amount charged to such telephone number (a) exceeds the credit limit or 90 percent of the deposit posted, or (b) becomes past due.

4.9 Contested Charges. For consideration of any disputed charge, a Customer must submit in writing to the Company, within thirty (30) days of the date the bill is issued, the call details and bases for any requested adjustment. The Company will promptly investigate and advise the Customer as to its findings and disposition.

4.10 Returned Check Charge. A charge of $10, or applicable state returned check charge, whichever is more, may be applied if a check or draft presented for payment of service is not accepted by the institution on which it is written.

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