

SECURITIES AND EXCHANGE COMMISSION

FORM 24F-2NT

Registration of securities by certain investment companies. Declaration of election Rule 24f-2 notice.

Filing Date: **1996-02-08** | Period of Report: **1995-12-31**
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FILER

FLAG INVESTORS TELEPHONE INCOME FUND INC

CIK: **731129** | IRS No.: **521319644** | Fiscal Year End: **1231**
Type: **24F-2NT** | Act: **33** | File No.: **002-87336** | Film No.: **96513096**

Business Address
123 E BALTIMORE ST
BALTIMORE MD 21202
4107271700

Annual Notice of Securities Sold Pursuant to Rule 24F-2

U.S. SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

FORM 24F-2
Annual Notice of Securities Sold
Pursuant to Rule 24f-2

Read instructions at end of Form before preparing Form.
Please print or type.

1. Name and address of issuer:

Flag Investors Telephone Income Fund, Inc.
135 East Baltimore Street
Baltimore, Maryland 21202

2. Name of each series or class of funds for which this notice is filed:

Class A
Class B
Class D*

*Class D shares are no longer offered, though shares remain outstanding.

3. Investment Company Act File Number: 811-3883

Securities Act File Number: 2-87336

4. Last day of fiscal year for which this notice is filed:

December 31, 1995

5. Check box if this notice is being filed more than 180 days after the close of the issuer's fiscal year for purposes of reporting securities sold after the close of the fiscal year but before termination of the issuer's 24f-2 declaration:

N/A

6. Date of termination of issuer's declaration under rule 24f-2(a)(1), if applicable (see Instruction A.6):

N/A

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7. Number and amount of securities of the same class or series which had been registered under the Securities Act of 1933 other than pursuant to rule 24f-2 in a prior fiscal year, but which remained unsold at the beginning of the fiscal year:

None

8. Number and amount of securities registered during the fiscal year other than pursuant to rule 24f-2:

None

9. Number and aggregate sale price of securities sold during the fiscal year:

2,634,796 shares at \$36,005,550

10. Number and aggregate sale price of securities sold during the fiscal year in reliance upon registration pursuant to rule 24f-2:

2,634,796 shares at \$36,005,550

11. Number and aggregate sale price of securities issued during the fiscal year in connection with dividend reinvestment plans, if applicable (see Instruction B.7):

2,891,282 shares at \$40,313,196

12. Calculation of registration fee:

(i) Aggregate sale price of securities sold during the fiscal year in reliance on rule 24f-2 (from Item 10):
\$36,005,550

(ii) Aggregate price of shares issued in connection with dividend reinvestment plans (from Item 11, if applicable):
+40,313,196

(iii) Aggregate price of shares redeemed or repurchased during the fiscal year (if applicable):
-76,318,746*

* Pursuant to the instructions for this form, item 12 (iii) represents only a portion of the Fund's total redemptions during the fiscal year ended 12/31/95 which were \$106,718,217. The difference will be registered on the Fund's annual post-effective amendment pursuant to Rule 24e-2.

(iv) Aggregate price of shares redeemed or repurchased and previously applied as a reduction to filing fees pursuant to rule 24e-2 (if applicable):
+0

(v) Net aggregate price of securities sold and issued during the fiscal year in reliance on rule 24f-2 {line (i), plus line (ii), less line (iii), plus line (iv)} (if applicable):
0

(vi) Multiplier prescribed by Section 6(b) of the Securities Act of 1933 or other applicable law or regulation (see Instruction C.6):
x 1/2,900

(vii) Fee due {line (i) or line (v) multiplied by line (vi)}:

0

Instruction: Issuers should complete lines (ii), (iii), (iv), and (v) only if the form is being filed within 60 days

<CAPTION>

CLASS	SHARES SOLD	AGGREGATE SALES PRICE	DRP SHARES	DRP VALUE	SHARES REDEEMED	AGGREGATE REDEMPTION PRICE
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Flag A	2,145,785	\$29,305,314	2,674,624	\$37,305,866	7,132,553	\$ 97,427,131
Flag B	489,011	6,700,236	32,826	458,760	15,929	229,177
Flag D	---	\$ 0	183,832	2,548,570	655,092	9,061,909
	2,634,796	\$36,005,550	2,891,282	\$40,313,196	7,803,574	\$106,718,217

Computation of Fee: (\$36,005,550 + 40,313,196 - \$106,718,217) Divided 2,900 = \$0

</TABLE>

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{LETTERHEAD OF MORGAN, LEWIS & BOCKIUS LLP }

February 8, 1996

VIA EDGAR

Flag Investors Telephone Income Fund, Inc.
135 Baltimore Street
Baltimore, Maryland 21202

Re: Rule 24f-2 Notice for
Flag Investors Telephone Income Fund, Inc.
(File No. 2-87336)

Gentlemen:

Flag Investors Telephone Income Fund, Inc. (the "Fund") is a corporation organized under the laws of the State of Maryland with its principal place of business in Baltimore, Maryland. The Fund is an open-end non-diversified management investment company registered with the Securities and Exchange Commission (the "Commission") under the Investment Company Act of 1940 (the "1940 Act"). This opinion relates to shares of common stock, par value \$.001 per share, sold by the Fund in reliance upon Rule 24f-2 during its fiscal year ended December 31, 1995, the registration of which is made definite by the filing of the attached Notice.

We have reviewed all proceedings taken by the Fund in connection with the offer and sale of the shares of common stock, par value \$.001 per share, which have been offered under Prospectuses included as part of the Fund's Registration Statement on Form N-1A, as amended to the date hereof, which has been filed with the Commission under the Securities Act of 1933 and the 1940 Act (collectively, the "Registration Statement").

We are of the opinion that such shares of common stock, when sold and issued in return for the payment described in the Fund's Registration Statement, were legally issued, fully paid and non-

assessable by the Fund.

Very truly yours,

/s/ Morgan, Lewis & Bockius LLP

cc: Mr. Joseph A. Finelli