Visiology, Inc.

Todd H. Lowe (205) 330-1701
Barbara L. Lowe (205) 330-1702
Bobbi Ferguson (205) 330-1703
FAX (205) 330-1705
WEB www.visiology.com
E-Mail toddlowe@visiology.com
toddlowe@worldnet.att.net

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RECORDS AND REPORTING

June 13, 2000

Ms. Blanca Bayo
Director of Records and Reporting
Florida Public Service Commission
2540 Shumard Oak Blvd.
Tallahassee, Florida 32399

000713 - TP

Re: Petition of Southwestern Bell Communications Services, Inc. For A Waiver of The Florida Public Service Commission's Rule Requiring An Interexchange Company to File a Bond Coverings Its Current Deposits and Advance Payments For More Than One Month's Service

Dear Ms. Bayo:

Pursuant to Section 120.542 of the Florida Statutes and Section 25-24.490(2) of the Rules of the Florida Public Service Commission, Southwestern Bell Communications Services, Inc. d/b/a Southwestern Bell Long Distance d/b/a Nevada Bell Long Distance d/b/a Pacific Bell Long Distance d/b/a SBC Long Distance ("SBCS, Inc." or "Petitioner") petitions the Florida Public Service Commission ("Commission") for a waiver of the portion of Section 25-24.490(2) of the Rules of the Florida Public Service Commission which requires an interexchange company to maintain on file with the Commission a bond covering its current balance of deposits and advance payments (for more than one month's service).

In support of this petition, the Petitioner provides the following information:

1. The name, principal address, and telephone number of the Petitioner are Southwestern Bell Communications Services, Inc. d/b/a Southwestern Bell Long Distance d/b/a Nevada Bell Long Distance d/b/a Pacific Bell Long Distance d/b/a SBC Long Distance, 5850 W. Las Positas Blvd., Pleasanton, California 94588, (925) 468-5906.

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2. The name, title, address, and telephone number of the person to whom correspondence or communications in regard to this petition are to be addressed are Barbara Lowe, Vice President, Visiology, Inc., 16061 Carmel Bay Drive, Northport, Alabama 35475, (205) 330-1702, (205) 330-1705 Fax.

3. The Petitioner is a wholly-owned subsidiary of SBC Communications, Inc. ("SBC"), a holding company of one of the Bell operating companies, which is located at 175 E. Houston, P. O. Box 2933, San Antonio, Texas 78299-2933. SBC's telephone number is (210) 821-4015. SBC has a corporate debt rating of AA- according to Standard & Poor's and Aa3 according to Moody's. Enclosed is a copy of SBC's SEC FORM 10K dated March 10, 2000.

4. The Petitioner believes that the purpose of the rule was to protect Florida consumers and businesses from poorly financed interexchange companies that might collect deposits and subsequently go out of business unable to return the collected deposits. Because of the financial strength of SBC, the Petitioner submits that customer deposits would not be at risk.

5. Pursuant to discussion with staff, we've enclosed a copy of the tariff pages of the Petitioner's switched services tariff, Florida Tariff No. 2, that are being revised to include the rules and regulations for collecting deposits. Enclosed are 2nd Revised Sheet 2, 1st Revised Sheet 6, and 1st Revised Sheet 68. The purpose of the tariff revisions is to add language regarding deposits, change the title of the issuing officer, and make one miscellaneous text change. The tariff pages have an issue date of June 13, 2000 and a requested effective date of June 23, 2000.

6. The Petitioner also plans to file its initial data services tariff, Florida Tariff No. 3. This tariff will also include tariff language to cover the rules and regulations for collecting deposits.

7. The Petitioner plans to begin its marketing effort for business services in the middle of July. In the interim until the Petitioner receives an order from the Commission granting or denying this petition, the Petitioner may collect deposits from business accounts. If the Commission denies this petition, the Petitioner will file the appropriate bond to cover the deposits collected and will maintain a bond covering its current balance of deposits.

Therefore, the Petitioner requests that the Commission issue an order granting a waiver of Section 25-24.490(2) of the Rules of the Florida Public Service Commission.

For Commission use, we've enclosed an original and three (3) copies of this petition. So that our records will be complete, please date stamp the extra copy of this petition and return in the envelope provided.

Thank you for your assistance in this matter.

Yours truly,

Barbara L. Lowe

Barbara L. Lowe
Consultant To Southwestern Bell Communications Services, Inc.

Enclosures

CHECK SHEET

Sheets 1 through 188 of this Tariff are effective as of the date shown at the bottom of the sheet. Original and revised sheets as named below comprise all changes from the original Tariff. T

SHEET	REVISION
1	Original Sheet
2	2nd Revised Sheet *
3	1st Revised Sheet
4	Original Sheet
5	Original Sheet
6	2nd Revised Sheet *
7	Original Sheet
8	Original Sheet
9	Original Sheet
10	Original Sheet
11	Original Sheet
12	Original Sheet
13	Original Sheet
14	Original Sheet
15	Original Sheet

* New or revised current Tariff filing.

CHECK SHEET (continued)

SHEET	REVISION
68	1st Revised Sheet *
69	Original Sheet
70	Original Sheet
71	Original Sheet
72	Original Sheet
73	Original Sheet
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75	Original Sheet
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83	Original Sheet
84	Original Sheet

* New or revised current Tariff filing.

SECTION 2 - RULES AND REGULATIONS

2.8 Customer Deposits / Advance Payments

2.8.1 Customer Deposits

The Company will collect deposits pursuant to Section 25-4.109 of the Rules of T
the Florida Public Service Commission. T

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STREET 1: 175 E HOUSTON
STREET 2: ROOM 9-4
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FORM 10-K

UNITED STATES
SECURITIES AND EXCHANGE COMMISSION
Washington, D.C. 20549

(Mark One)

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

For fiscal year ended December 31, 1999

OR

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

For the transition period from ________ to ________

Commission File Number: 1-8610

SBC COMMUNICATIONS INC.

Incorporated under the laws of the State of Delaware
I.R.S. Employer Identification Number 43-1301883

175 E. Houston, San Antonio, Texas 78205-2233
Telephone Number 210-821-4105

Securities registered pursuant to Section 12(b) of the Act: (See attached Schedule A)

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

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

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

Based on composite closing sales price of $43.375 per share on March 6, 2000, the aggregate market value of all voting and non-voting stock held by non-affiliates was $147,398,900,000.

As of March 6, 2000, 3,399,389,663 shares of Common Stock were outstanding.

DOCUMENTS INCORPORATED BY REFERENCE

(1) Portions of SBC Communications Inc.'s Annual Report to Shareowners for the fiscal year ended December 31, 1999 (Parts I and II).

(2) Portions of SBC Communications Inc.'s Notice of 2000 Annual Meeting and Proxy Statement dated March 10, 2000 (Parts III and IV).

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SCHEDULE A

Securities Registered Pursuant To Section 12(b) Of The Act:

Title of each class	Name of each exchange on which registered
Common Shares (Par Value $1.00 Per Share)	New York, Chicago and Pacific Stock Exchanges
7.75% Exchangeable Notes, Due March 15, 2001	New York Stock Exchange

7.56% Pacific Telesis Group Corporation-obligated mandatorily redeemable preferred securities of subsidiary trusts	New York Stock Exchange
8.50% Pacific Telesis Group Corporation-obligated mandatorily redeemable preferred securities of subsidiary trusts	New York Stock Exchange
6.875% Fifty Year Southwestern Bell Telephone Company Debentures, Due March 31, 2048	New York Stock Exchange
6.875% Forty Year Southwestern Bell Telephone Company Debentures, Due February 1, 2011	American Stock Exchange

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PART I

ITEM 1. BUSINESS

GENERAL

SBC Communications Inc. (SBC) is a holding company incorporated under the laws of the State of Delaware in 1983 and has its principal executive offices at 175 E. Houston, San Antonio, Texas 78205-2233 (telephone number 210-821-4105). SBC maintains an Internet site at http://www.sbc.com.

History

SBC was formed as one of several regional holding companies (RHCs) created to hold AT&T Corp.'s (AT&T) local telephone companies. On January 1, 1984, SBC was spun-off from AT&T pursuant to an anti-trust consent decree, becoming an independent publicly traded telecommunications services provider. At formation, SBC primarily operated in 5 southwestern states. SBC subsidiaries merged with Ameritech Corporation (Ameritech) in 1999, Southern New England Telecommunications Corporation (SNET) in 1998 and Pacific Telesis Group (PAC) in 1997, thereby expanding SBC's wireline operations into a total of 13 states. Since SBC was formed, it has implemented plans to develop and expand into innovative new service and product offerings and to deliver those offerings, along with many other new services, to new national and global markets. Its strategy to enter new markets has been through mergers and acquisitions of complementary businesses, strategic partnerships, and the development of its global communications network. The services and products of SBC are marketed under several established brands including Ameritech, CellularOne, Nevada Bell, Pacific Bell, SBC Telecom, SNET, and Southwestern Bell.

Scope

SBC ranks among the largest providers of telecommunications services in the United States and the world. Through its subsidiaries, SBC provides a comprehensive offering of communications services and products in the United States and has investments in 23 other countries around the world. SBC offers its services and products to businesses and consumers, as well as other providers of telecommunications services.

The services and products that SBC offers vary by market, and include: local exchange services, wireless communications, long distance services, Internet services, cable and wireless television services, security monitoring, telecommunications equipment, messaging, paging, and directory advertising and publishing. SBC groups its operating subsidiaries as follows:

o wireline subsidiaries provide primarily land and wire based services,
o wireless subsidiaries provide primarily radio wave based services,
o information and entertainment subsidiaries provide services primarily related to directory advertising and publishing, cable television, and security monitoring services, and
o international subsidiaries hold investments in foreign entities outside of the United States.

SBC's principal wireline subsidiaries provide telecommunications services in California, Texas, Illinois, Michigan, Ohio, Missouri, Connecticut, Indiana, Wisconsin, Oklahoma, Kansas, Arkansas, and Nevada (13-state area). Certain wireline local exchange services offered in the 13-state area are provided through regulated subsidiaries which operate within authorized regions (in-region) subject to regulation by each state in which they operate and by the Federal Communications Commission (FCC). Additional information relating to Regulation is contained under the heading "Government Regulation" below and in the 1999 SBC Annual Report to Shareowners under the heading "Operating Environment and Trends of the Business", and is incorporated herein by reference pursuant to General Instruction G(2).

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National-Local

In 1999, SBC began to implement a "National-Local" strategy in conjunction with its acquisition of Ameritech. Under the "National-Local" strategy, SBC will seek to become a competitive local exchange carrier (CLEC) and offer local exchange services in 30 new markets across the country in combination with other major national and international operations. SBC expects to introduce service in nine new markets in 2000, and another 21 during the following two years. This "National-Local" strategy is part of SBC's overall strategy to expand from a regional company to a company that provides communications services and products nationally and globally.

Business Combinations

Ameritech Corporation

On October 8, 1999, SBC and Ameritech completed the merger of an SBC subsidiary with Ameritech, in a transaction in which each share of Ameritech common stock was exchanged for 1.316 shares of SBC common stock (equivalent to approximately 1,446 million shares). Ameritech became a wholly-owned subsidiary of SBC effective with the merger, and the transaction has been accounted for as a pooling of interests and a tax-free reorganization.

The FCC approved the merger in October 1999, subject to certain conditions, including accelerated entry into new markets, so that SBC will offer wireline services in 30 new markets within 30 months after the merger closing date. In addition, SBC established a separate subsidiary to provide advanced services such as Digital Subscriber Line (DSL) and agreed not to charge residential customers minimum monthly long distance fees for at least three years after entering the long distance business in that market. SBC will also offer a low-income Lifeline universal service plan to low-income residential customers in each state in its 13-state area. The FCC conditions require specific performance and reporting provisions and contain enforcement provisions.

As a condition of the merger, Ameritech sold on October 8, 1999, 20 Midwestern cellular properties including the competing cellular licenses in Chicago, Illinois and St. Louis, Missouri.

Additional information on the Ameritech merger is contained in the 1999 SBC Annual Report to Shareowners, and is incorporated herein by reference pursuant to General Instruction G(2).

Southern New England Telecommunications Corporation

In October 1998, SBC and SNET completed the merger of an SBC subsidiary with SNET, in a transaction in which each share of SNET common stock was exchanged for 1.7568 shares of SBC common stock (equivalent to approximately 120 million shares). SNET became a wholly-owned subsidiary of SBC effective with the merger and the transaction has been accounted for as a pooling of interests and a tax-free reorganization. Additional information on this matter is contained in Note 2 of the 1999 SBC Annual Report to Shareowners, and is incorporated herein by reference pursuant to General Instruction G(2).

Pacific Telesis Group

In April 1997, SBC and PAC completed the merger of an SBC subsidiary with PAC, in a transaction in which each outstanding share of PAC common stock was exchanged for 1.4629 shares of SBC common stock (equivalent to approximately 626 million shares). With the merger, PAC became a wholly-owned subsidiary of SBC. The transaction has been accounted for as a pooling of interests and a tax-free reorganization. Additional information on this matter is contained in Note 2 of the 1999 SBC Annual Report to Shareowners, and is incorporated herein by reference pursuant to General Instruction G(2).

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Post-merger initiatives

Several strategic decisions resulted from the Ameritech, SNET, and PAC merger integration processes. The decisions resulted from extensive reviews of operations throughout each of the merged companies and included significant integration of operations and consolidation of some administrative and support functions. SBC recognized charges during 1999, 1998 and 1997 in connection with the Ameritech, SNET and PAC merger initiatives. Charges arising out of the mergers relating to relocation, retraining and other effects of consolidating certain operations are being recognized in the periods those charges are incurred.

Additional information on this matter is contained in Note 2 of the 1999 SBC Annual Report to Shareowners, and is incorporated herein by reference pursuant to General Instruction G(2).

Reorganization

SBC is centralizing several key functions that will support the wireline operations including network planning, strategic marketing and procurement. It is also consolidating a number of corporate-wide support activities, including research and development, information technology, financial transaction processing and real estate management. These initiatives continue to result in the creation of some jobs and the elimination and realignment of others, with many of the affected employees changing job responsibilities, and in some cases assuming positions in other locations.

Additional information on these matters is contained in Note 2 of the 1999 SBC Annual Report to Shareowners, and is incorporated herein by reference pursuant to General Instruction G(2).

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BUSINESS OPERATIONS

Operating Segments

As a result of the merger with Ameritech and to better reflect the broadened scope of its operations, SBC adjusted its segment reporting structure. SBC now has four reportable segments that reflect the current management of its business: Wireline, Wireless, Information and Entertainment, and International. The Information and Entertainment segment expands on what was previously the Directory segment, and includes all directory operations and Ameritech's electronic security and cable television operations. All international investment operations have been removed from the Other segment and are shown separately in the International segment. The miscellaneous items that formerly were included in the Other segment are immaterial and have been moved to Corporate, Adjustments, and Eliminations. SBC evaluates performance based on income before income taxes adjusted for normalized (i.e. one-time) items.

Financial information about reportable segments is included in Note 7 of the 1999 SBC Annual Report to Shareowners, and are incorporated herein by reference pursuant to General Instruction G(2).

Wireline

Wireline is SBC's largest operating segment, providing approximately 77 percent of SBC's normalized operating revenues in 1999. The Wireline segment provides landline telecommunications services, including local, network access and long distance services, messaging, Internet services and sells customer premises and private branch exchange (PBX) equipment, and markets satellite television services. The Wireline segment provides its services to residential and business customers through SBC's wireline telecommunications subsidiaries. The wireline telecommunications subsidiaries provide services to approximately 37.2 million residential and 22.7 million business access lines in the 13-state area. During 1999 total access lines grew by 3.1 percent, of which 33 percent of the increase was due to growth in California, 19 percent in Texas and 9 percent in Illinois. Access lines in California, Texas and Illinois account for approximately 60 percent of SBC's access lines.

Services and Products

Local exchange services - Local exchange services include traditional dial tone primarily used to make or receive voice, fax, or analog modem calls from a residence or business. The local exchange process transports the caller's signal from the caller's telephone over an SBC transport facility and through an SBC central office switching facility to another local telephone service location or a long distance carrier selected by the caller. SBC also offers this service on a wholesale basis to CLECs. At December 31, 1999, SBC provided wholesale services to approximately 1.6 million access lines. Other local services include certain extended area service, directory assistance, and operator services.

Vertical services include custom calling services provided by SBC's central office facilities, such as Caller ID, Call Waiting, voice mail and other enhanced services. These features allow the telephone users to manage their local services with enhanced features such as displaying the number and/or name of callers, signaling to the telephone user that additional calls are incoming, and to send and receive voice messages.

Data services - Revenues from data services may be classified in local, network access or long distance revenues and include high-speed data communication services used for transporting digital traffic from one computer system to another. Data services include digital products categorized into three basic categories:

o Switched Transport services such as Integrated Services Digital Network (ISDN), Frame Relay, and DSL;

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o Dedicated Transport services such as Digital Services and Synchronous Optical Network (SONET); and

o Application and Data Communications services which include Internet access and network integration.

ISDN transmits voice, video, and data over a single line in support of a wide range of applications, including Internet access. Frame Relay is a fast packet switching technology. Packet switching allows data to travel in individual packets, or pieces, of information. DSL is a new digital modem technology that converts existing twisted-pair telephone lines into access paths for multimedia and high-speed data communications to the Internet or private networks. DSL allows customers to simultaneously make a phone call and access information via the Internet or an office local area network. Digital Services are high-speed dedicated digital circuits offered with various speeds of transport. SONET provides access to SBC's backbone network at very high speeds. Network integration services include installation of business data systems, local area networking, and other data networking solutions.

Network access services - Network access services connect a customer's telephone or other equipment to the transmission facilities of other carriers that provide long distance and other communications services.

Wireline long distance - Wireline long distance services primarily result from the transport of intraLATA (Local Access Transport Area) telecommunications traffic that is outside of a local calling area. SBC has been restricted from providing interLATA long distance services within most of the in-region areas due to historical regulatory restrictions. SBC provides wireline interLATA long distance to its in-region customers in Connecticut, but is prohibited from originating interLATA long distance calls from SBC's other in-region states. Long distance services also include other services such as Wide Area Telecommunications Service (WATS or 800 services) and other special services. In addition, since 1996, SBC has offered wireline interLATA long distance services to customers in selected areas outside the wireline subsidiaries' authorized regions (out-region).

Customer premises equipment (CPE) - CPE and other equipment sales range from single-line and cordless telephones to sophisticated digital PBX systems, all of which can be offered with the wireline subsidiaries' central office based services and products. PBX is a private telephone switching system, usually located on a customer's premises, which provides intra-premise telephone services as well as access to the public switched network.

Cable Television - SBC also operates a cable television system under the SNET brand in Connecticut that is currently included in the Wireline segment. SNET began offering cable television service in the first quarter of 1997. As of December 31, 1999, SNET provided cable television services to approximately 31,000 households in Connecticut.

Internet Services - SBC offers a range of Internet services and products for residences and businesses, varying by market, from basic dial-up access to high-bandwidth connections. Internet services offered include basic dial-up access service, dedicated access, web hosting, e-mail, and high-speed access services.

Broadband Initiative

In October 1999, as the first post-Ameritech merger initiative, SBC announced plans to offer broadband services to approximately 80 percent of SBC's United States wireline customers over the next three years (Project Pronto). SBC will invest an estimated $6 billion in fiber, electronics and other technology for this broadband initiative. The build-out will include moving many customers from

the existing copper network to a new fiber network. Over the deployment period, marketing costs will be incurred depending on the rate of customer sign-ups and installations. An ongoing assessment of the carrying value and economic useful life of the existing network facilities will continue. Additional information on this matter is contained in Note 5 of the 1999 SBC Annual Report to Shareowners, and are incorporated herein by reference pursuant to General Instruction G(2).
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Prodigy Agreement

In November 1999, SBC and Prodigy Communications Corporation (Prodigy) announced an agreement to form a partnership that will join their consumer and small business Internet operations. Under the terms of the agreement, which is expected to close in the second quarter of 2000, SBC will make Prodigy its exclusive retail consumer and small business Internet access service for customers in SBC's service area. Prodigy will assume management of approximately 650,000 SBC subscribers of dial-up, ISDN and basic DSL Internet access services, increasing Prodigy's total managed subscriber base to more than 2 million. Subject to specific exceptions, SBC will exclusively market Prodigy service through its extensive marketing channels with a commitment to deliver a minimum of 1.2 million new customers over the next three years to the Prodigy member base. The agreement provides SBC with a 43 percent ownership stake in the partnership and a similar voting interest in Prodigy. Under certain circumstances, this may translate into a direct ownership interest in Prodigy. Required approvals for the transaction have been received from certain Federal regulatory agencies that had jurisdiction to consider the transaction. The agreement is subject to approval at a meeting of the shareholders of Prodigy, which is anticipated in early 2000.

Sterling Commerce

In February 2000, SBC entered a definitive agreement to acquire Sterling Commerce, Inc. (Sterling), a provider of electronic business integration solutions, in an all cash tender offer valued at approximately $3.9 billion in which Sterling would merge with an SBC subsidiary. Sterling specializes in creating, powering and managing secure "e-Marketplace communities" where multiple buyers and sellers can conduct real-time transactions, exchange goods and services, facilitate business-to-business opportunities, and share information faster and at lower costs. The transaction is expected to be completed by the end of the second quarter of 2000.

DIRECTV Agreement

In July 1999, SBC entered into a strategic marketing and distribution agreement with DIRECTV, Inc. that will make high-quality digital satellite television service available to certain SBC wireline residential customers. SBC, through DIRECTV, Inc., will offer customers a digital video entertainment service.

Williams Communications

In October 1999, SBC acquired approximately 4 percent of Williams Communications Group, Inc. (Williams Communications), a subsidiary of Williams Cos., Inc. for an investment of approximately $439 million. Williams Communications provides a national network of fiber optic cable for telecommunications traffic transport. SBC and Williams Communications have entered into various service agreements for utilization of their modern, high-speed telecommunications network.

Wireless

The Wireless segment provides domestic wireless telecommunications services, including local, long distance and roaming services. Wireless services and products offered also include certain enhanced services, paging services and wireless equipment. The Wireless operating segment provided approximately 14 percent of SBC's operating revenues in 1999. Services and products are provided to consumer and business customers through SBC's domestic wireless subsidiaries. As of December 31, 1999, SBC provides wireless services to approximately 11.2 million customers domestically.
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SBC offers wireless services in many markets across the nation using both traditional cellular and new personal communication services (PCS) networks. SBC's network facility-based wireless service areas cover approximately 117 million persons and its markets include 23 of the largest 35 metropolitan areas across the nation.

Services and Products

Wireless local services involve the transport of wireless local area traffic between wireless telephones or equipment and other telephones or equipment. Wireless long distance services provide subscribers the ability to call destinations outside of the subscriber's home area. Roaming services allow subscribers to use their wireless telephone equipment whenever they travel outside of their home area. SBC has numerous roaming agreements with other wireless carriers allowing SBC subscribers to use their wireless telephone equipment throughout the United States and Canada where SBC does not operate networks or hold wireless licenses.

Wireless subscribers' home service areas vary from market to market and from provider to provider, but generally are based upon metropolitan area boundaries and travel patterns, licenses, and available network facilities. Home service areas for wireless services may not equate to wireline local service areas, which are established by different government regulation. SBC also provides wireless services to non-SBC wireless telephone users roaming on SBC's wireless networks. With the increased popularity and rapid growth of wireless services and the number of providers, including PCS, across the nation, SBC has experienced increased utilization of its wireless networks from non-SBC wireless customers and corresponding growth in wireless roaming revenues.

Since certain regulatory restrictions were removed in 1996, SBC began offering wireless long distance services to its traditional cellular customers. At December 31, 1999, SBC had been selected as the long distance carrier by approximately 86 percent of its traditional cellular customers. SBC provides long distance services to all of its PCS wireless customers.

SBC offers digital wireless service, including enhanced features, in most of the metropolitan areas where it is licensed to provide wireless service. SBC first began providing commercial digital service in Chicago in July 1993. Digital service improves sound quality, provides a greater degree of privacy on individual calls, increases call-handling capacity of the networks, allows additional service offerings, extends wireless telephone battery lives, and increases security against cloning.

SBC currently provides local and nationwide paging services to approximately 1.5 million customers, most in the Midwest. SBC paging offers features such as fax notification, voice mail, and numeric and alpha paging.

Comcast Acquisition

In July 1999, SBC completed the acquisition of Comcast Cellular Corporation (Comcast), the wireless subsidiary of Comcast Corporation. Comcast offers analog and digital wireless services to subscribers in Pennsylvania, Delaware, New Jersey and Illinois. With the acquisition, SBC added approximately 862,000 subscribers.

Puerto Rico Acquisition

During 1999, SBC and Telefonos de Mexico, S.A. de C.V. (Telmex) completed the acquisition of Cellular Communications of Puerto Rico (Cellular Communications) adding approximately 375,000 subscribers in Puerto Rico and the United States Virgin Islands. SBC owns a 50 percent equity stake in Cellular Communications. Cellular Communications offers wireless services under the Cellular One brand name. The company also offers paging and long distance service in Puerto Rico and is planning to offer wireline phone service in San Juan as a CLEC.
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Radiofone Acquisition

In March 2000, SBC completed the acquisition of Radiofone, Inc. (Radiofone). Radiofone serves more than 200,000 wireless customers in Louisiana and Michigan, and approximately 300,000 paging customers in 11 states.

Licenses

The FCC authorizes the licensing of multiple wireless carriers in each geographic market. SBC's domestic cellular, paging and PCS services are provided under various licenses granted by the FCC in each geographic market SBC serves. Cellular and paging licenses are issued for a standard duration of ten years. PCS licenses are issued for five years. Licenses are renewed upon demonstration of compliance with the FCC's regulations and continued service to the public.

Information and Entertainment

The Information and Entertainment segment includes advertising, yellow and white pages directories, electronic publishing, security monitoring services and cable television services, excluding cable television services by SNET. The Information and Entertainment operating segment provided approximately 10 percent of SBC's operating revenues in 1999.

Directory and Electronic Advertising Services

SBC's principal advertising, directory, yellow and white pages subsidiaries operate primarily in the 13-state region. SBC, through its Information and Entertainment subsidiaries publishes more than 122 million books representing approximately 882 directories.

The Southwestern Bell and Ameritech branded directories are printed by R.R. Donnelley & Sons. Pacific Bell and SNET branded directories are printed by Quebecor World (USA) Inc.

In addition to traditional printed directories, SBC Interactive offers SMARTpages on the Internet, located at http://www.smartpages.com providing customers with national business listings, searchable by individual company name and by topic category. The Ameritech Internet Yellow Pages, located at http://www.yellowpages.net provides coverage of over 10 million United States businesses and includes theme-oriented specialty guides.

Security Monitoring Services

SecurityLink offers a full array of electronic security products and services for homes and businesses, including monitored burglar and fire alarm systems, personal emergency response service, closed circuit television and electronic access control.

Cable Television Services

SBC offers enhanced cable television services in the Chicago, Cleveland, Columbus and Detroit metropolitan areas. As of December 31, 1999, SBC provides cable services to approximately 281,000 customers in approximately 100 Midwestern communities. SBC has scaled back its expansion plans for new cable franchises and is evaluating how the cable TV business fits strategically with the rest of the business.
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Cable Television Licenses

SBC's cable television systems are subject to Federal, state and local regulation, including regulation by the FCC and local franchising authorities, concerning rates, service and programming access. SBC has entered into approximately 115 cable television franchise agreements with local government authorities. Generally, these franchise agreements are in effect for a period of 15 years, and are transferable with regulatory approval.

International

The International segment includes all of SBC's international investments. SBC has direct or indirect interests in businesses located in 23 countries outside the United States, and as of December 31, 1999, has investments of approximately $10.3 billion in international affiliates. SBC's international investments are key to its global strategy. Businesses include local and long distance telephone services, wireless communications, voice messaging, data services, video services, Internet access, telecommunications equipment, and directory publishing.

Europe

Through its various subsidiaries, SBC is the largest non-European telecommunications investor in Europe and is positioned to access this large telecommunications market.

SBC holds a 41.6 percent stake in Tele Danmark A/S (Tele Danmark), Denmark's primary full-service communications operator. Tele Danmark serves approximately 3.5 million access lines, 1.1 million cellular customers and 825,000 cable television customers. Tele Danmark has a 16.5 percent investment in Belgacom S.A. (Belgacom) as well as investments in wireless services in Poland, the Ukraine, Lithuania, Austria, Germany and Norway. It has investments in competitive communications providers in Sweden, Germany, Switzerland, and the Czech Republic. Tele Danmark also has investments in local telephone operations in Hungary and an international digital transmission link through Russia, and Korea and Japan. In addition, since 1998, Belgacom and Tele Danmark, through a joint venture, have offered cellular service throughout the Netherlands.

In Belgium, SBC holds a 17.5 percent stake in Belgacom, the country's primary full-service telecommunications operator and effectively controls 24.4 percent of Belgacom when combined with its stake in Tele Danmark. With approximately 5.1 million access lines and more than 1.9 million cellular customers, Belgacom provides local, long distance, cellular and other communications services and offers directories and security services. Belgacom also has telecommunications investments in France, the Netherlands, and Russia.

SBC holds a 15 percent equity interest in Cegetel S.A. (Cegetel), a holding company, through a joint venture with France's Vivendi, a French diversified public company. Cegetel owns 80 percent of Societe Francaise de Radiotelephone, a nationwide cellular company with over 6.4 million customers.

In Germany, SBC, through its investment in Tele Danmark, indirectly owns 41.6 percent of Talkline Group, a cellular service provider and reseller. SBC also owns Wer Liefert Was (WLW), a leading German-based publisher of business-to-business directories for Germany, Austria, Switzerland, Belgium, Luxembourg, the Netherlands, Croatia, Slovenia, Slovakia, and the Czech Republic.

In Hungary, through a joint venture with Deutsche Telekom (DT), SBC and DT each hold a 29.8 percent stake in MATAV, the country's primary full-service telecommunications operator. MATAV provides local, long distance and international telephone service and is the controlling shareowner in certain cellular ventures. MATAV has approximately 2.9 million access lines in a country of 10.5 million people and serves over 867,000 cellular subscribers.
<PAGE>

In Norway, SBC has a direct 19.6 percent stake and effectively controls 27.9 percent in NetCom GSM (NetCom), through SBC's investment in Tele Danmark. NetCom is one of the country's leading wireless telecommunications providers. With approximately 720,000 customers, NetCom has a mobile infrastructure network covering over 4.4 million persons.

SBC owns a 40 percent interest in diAx A.G (diAx), a consortium formed with Switzerland's 6 largest electric utilities and other businesses, which offers long distance, Internet and wireless services. Long distance services were launched in May 1998 and wireless services in December 1998, and at year end 1999, diAx provided long distance services to 559,000 access lines (via equal access) and 413,000 wireless subscribers.

Asia

Data traffic between Asia and North America is growing rapidly, driven in large part by the increased popularity of the Internet. SBC has a 5.7 percent investment in a consortium with China Telecom and twelve other telecommunications companies that have laid high-speed undersea cable between mainland China and the United States. SBC also has an approximate 5 percent equity stake in a project to lay an undersea cable between Japan and the United States. These cable networks are expected to meet trans-Pacific data and voice traffic needs well into the future. The China cable project was made ready for service in January 2000. The Japan cable project is scheduled to be completed in 2000.

SBC owns a 19.4 percent stake in TransAsia Telecommunications Inc. (TransAsia), a consortium formed to provide cellular services in Taiwan's southern region, headquartered in Kaohsiung. TransAsia serves over 478,000 cellular customers.

North America

Beyond its large United States presence, SBC is well positioned throughout North America. The company has a 20 percent stake in Bell Canada, Canada's premier telecommunications provider. Bell Canada offers a full range of services to more than 11.2 million residential and business customers, including local, long distance and wireless communications, Internet access, high-speed data services and directories.

SBC also owns nearly a 9 percent equity share in Mexico's largest national telecommunications provider of wireline and wireless services, Telmex, which operates some 10.5 million access lines and serves more than 4.1 million wireless customers. Through this relationship, SBC has worked with Telmex to develop an advanced network, and has helped Telmex achieve its goal of enhanced telephone service throughout Mexico.

South America

In January 2000, SBC and Telmex acquired a stake in Brazilian wireless provider ATL - Algar Telecom Leste S.A. (ATL), which serves customers in Brazil's Rio de Janeiro and Espirito Santo states. As part of the transaction, Williams Communications will reduce its stake to a 50 percent economic interest in ATL. SBC and Telmex will have the opportunity to subsequently increase their investment to a 50 percent stake in ATL, but cannot do so until 2004; until then, Algar retains an investment in ATL as well as voting and board control of ATL in accordance with Brazilian regulations.

In June 1999, SBC sold its remaining investment interests in Chile.
<PAGE>

Africa/Middle East

In 1997, SBC made a significant investment on the African continent when it acquired an 18 percent ownership stake in Telkom, S.A. Limited (Telkom), South Africa's state-owned local exchange, long distance, and cellular company. Currently, Telkom serves 5.2 million access lines in South Africa, and also is developing a second national wireless network, serving more than 2.1 million wireless customers through Telkom's wireless subsidiary, Vodacom.

In Israel, SBC owns a 50 percent equity stake in the AUREC Group, a cable television and publishing company. SBC also owns a 21.5 percent stake in Amdocs Limited (Amdocs), a major supplier of billing and customer service software used by telecommunications companies worldwide, and a 22 percent stake in a consortium offering long distance service in Israel.

Financial information about foreign and domestic operations are included in Note 7 of the 1999 SBC Annual Report to Shareowners, and are incorporated herein by reference pursuant to General Instruction G(2).

MAJOR CLASSES OF SERVICE

The following table sets forth the percentage of consolidated total operating revenues by any class of service that accounted for 10 percent or more of SBC's consolidated total operating revenues in any of the last three fiscal years.

	Percentage of Consolidated Total Operating Revenues		
	1999	1998	1997
Landline local service	38%	37%	37%
Wireless subscriber	12%	11%	11%
Network access	20%	21%	22%

Landline local service and network access revenues are included in the Wireline segment's results of operations and each also exceeds 10 percent of Wireline's total operating revenues. Wireless subscriber revenues are included in the Wireless segment's results of operations and also exceeds 10 percent of Wireless' total operating revenues.

GOVERNMENT REGULATION

In the in-region states, certain wireline subsidiaries are subject to regulation by state commissions which have the power to regulate, in varying degrees, intrastate rates and services, including local, long distance and network access services. Certain wireline subsidiaries are also subject to the jurisdiction of the FCC with respect to interstate and international rates and services, including interstate access charges. Access charges are designed to compensate the wireline subsidiaries for the use of their facilities for the origination or termination of long distance and access services by other carriers. Cable television operations are also subject to certain FCC and state or local jurisdiction with respect to service requirements.

Additional information relating to Federal and state regulation of the wireline subsidiaries is contained in the 1999 SBC Annual Report to Shareowners under the heading "Regulatory Environment" beginning on page 12, and is incorporated herein by reference pursuant to General Instruction G(2).
<PAGE>

IMPORTANCE, DURATION AND EFFECT OF LICENSES

Certain SBC subsidiaries own or have licenses to various patents, copyrights, trademarks and other intellectual property necessary to conduct business. SBC also licenses other companies to use this intellectual property. SBC does not believe that the expiration of any of its intellectual property rights, or the nonrenewal of those rights, would have a material adverse affect on its results.

MAJOR CUSTOMER

No customer accounted for more than 10 percent of SBC's consolidated revenues in 1999, 1998 or 1997.

COMPETITION

Wireline and Wireless

Information relating to wireline and wireless competition is contained in the 1999 SBC Annual Report to Shareowners under the heading "Competition" beginning on page 16, and is incorporated herein by reference pursuant to General Instruction G(2).

Information and Entertainment

Information relating to directory and electronic advertising and publishing, and cable television competition is contained in the 1999 SBC Annual Report to Shareowners under the heading "Competition" beginning on page 16, and is incorporated herein by reference pursuant to General Instruction G(2).

International

Information relating to international competition is contained in the 1999 SBC Annual Report to Shareowners under the heading "Competition" beginning on page 16, and is incorporated herein by reference pursuant to General Instruction G(2).

Customer Premises Equipment, Wireless Equipment and Other Equipment Sales

SBC faces significant competition from numerous companies in marketing its telecommunications equipment.

RESEARCH AND DEVELOPMENT

The majority of the research and development activities are related to the Wireline and Wireless segments of SBC. Applied research is conducted at SBC Technology Resources, Inc. (TRI), a subsidiary of SBC. TRI provides research, technology planning and evaluation services to SBC and its subsidiaries.

Certain company-sponsored basic and applied research was also conducted at Telcordia Technologies (Telcordia), formerly Bell Communications Research, Inc. (Bellcore). SBC had owned a three-seventh interest in Bellcore, with the remainder being owned by other RHCs. In November 1997, the RHCs sold Bellcore to a third party but continue to have a research agreement with Telcordia. The RHCs have retained the activities of Telcordia that coordinate the Federal Government's telecommunications requirements for national security and emergency preparedness.
<PAGE>

EMPLOYEES

As of December 31, 1999, SBC employed 204,530 persons. Approximately two-thirds of the employees are represented by the Communications Workers of America (CWA) and the International Brotherhood of Electrical Workers (IBEW). Collective bargaining agreements between the CWA or the IBEW and SBC's subsidiaries are in effect with varying dates of expiration in the years 2001 and 2002. Among other items, the agreements specify an average 11 percent increase in wages over the life of the contracts.

RECENT DEVELOPMENTS

In-Region Long Distance

On December 16, 1999, the Texas Public Utility Commission voted unanimously to endorse SBC's application to enter the Texas interLATA long distance market. SBC must also receive FCC approval and has filed its long distance application to provide interLATA long distance with the FCC on January 10, 2000. The FCC has 90 days after filing to act on the application.

CAUTIONARY LANGUAGE CONCERNING FORWARD-LOOKING STATEMENTS

Information set forth in this form contains forward-looking statements that are subject to risks and uncertainties. SBC claims the protection of the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995.

The following factors could cause SBC's future results to differ materially from those expressed in the forward-looking statements:

- Adverse economic changes in the markets served by SBC, or countries in which SBC has significant investments.
- Changes in available technology.
- The final outcome of FCC rulemakings and judicial review, if any, of such rulemakings, including issues relating to jurisdiction.
- The final outcome of state regulatory proceedings in SBC's 13-state area, and judicial review, if any, of such proceedings, including proceedings relating to interconnection terms, access charges, universal service, unbundled network elements and resale rates, and reciprocal compensation.
- Enactment of additional state, Federal and/or foreign regulatory laws and regulations pertaining to SBC's subsidiaries and foreign investments.
- The timing of entry and the extent of competition in the local and intraLATA toll markets in SBC's 13-state area and SBC's entry into the in-region long distance market.
- The impact of the Ameritech transaction, including performance with respect to regulatory requirements and merger integration efforts.
- The timing and cost of deployment of SBC's broadband initiative also known as Project Pronto, its effect on the carrying value of the existing wireline network and the level of consumer demand for offered services.

Readers are cautioned that other factors discussed in this report, although not enumerated here, also could materially impact SBC's future earnings.

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ITEM 2. PROPERTIES

The properties of SBC do not lend themselves to description by character and location of principal units. At December 31, 1999, 92 percent of the property, plant and equipment of SBC was owned by the Wireline subsidiaries. Outside plant facilities, including telephone poles, cabling, wiring and conduits represented 41 percent of the Wireline subsidiaries' investment in telephone plant; central office equipment represented 40 percent; land and buildings represented 9 percent; other equipment, comprised principally of furniture and office equipment, vehicles and other work equipment, represented 8 percent; and other miscellaneous property represented 2 percent.

ITEM 3. LEGAL PROCEEDINGS

SBC is a party to various legal and regulatory proceedings arising in the ordinary course of business. While there can be no assurance as to the ultimate outcome of any pending proceedings, as of the date of this report, SBC does not believe that any pending legal proceedings to which SBC or its subsidiaries are subject are required to be disclosed as material legal proceedings pursuant to this item.

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

No matter was submitted to a vote of shareowners in the fourth quarter of the fiscal year covered by this report.

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EXECUTIVE OFFICERS OF THE REGISTRANT

Name	Age	Position	Held Since
Edward E. Whitacre Jr.	58	Chairman and Chief Executive Officer	1/1990
Royce S. Caldwell	61	Vice Chairman and President - SBC Operations	11/1999
James W. Callaway	53	Group President - SBC Services	11/1999
Cassandra C. Carr	55	Senior Executive Vice President - External Affairs	10/1998
James D. Ellis	56	Senior Executive Vice President and General Counsel	3/1989
Charles E. Foster	63	Group President - SBC	7/1995
Karen E. Jennings	49	Senior Executive Vice President - Human Resources	10/1998
James S. Kahan	52	Senior Executive Vice President - Corporate Development	7/1993
Donald E. Kiernan	59	Senior Executive Vice President, Chief Financial Officer and Treasurer	7/1993
Edward A. Mueller	52	President - SBC International Operations	11/1999
Stanley T. Sigman	52	Group President - SBC National Operations	11/1999

<FN>
All of the above executive officers have held high-level managerial positions with SBC or its subsidiaries for more than the past five years, except for Ms. Jennings, who has held high-level managerial positions since 1995. Prior to that, Ms. Jennings held responsible managerial positions with SBC. Executive officers are not appointed to a fixed term of office.
</FN>
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PART II

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

The number of shareowners of record as of December 31, 1999 and 1998 were 1,038,807 and 1,005,621. During the fourth quarter of 1999, the Company sold shares of common stock to non-employee directors pursuant to the Company's Non-Employee Director Stock and Deferral Plan. Under the plan, a director may make an annual election to receive all or part of his annual retainer or fees in the form of SBC shares or deferred stock units (DSUs) that are convertible into SBC shares. During this period, an aggregate of 3,270 SBC shares and DSUs were purchased by non-employee directors at prices ranging from $47.50 to $52.00, in each case the fair market value of the shares on the date of purchase. The issuance of shares and DSUs were exempt from registration pursuant to Section 4(2) of the Securities Act of 1933. Other information required by this Item is included in the 1999 SBC Annual Report to Shareowners under the headings "Quarterly Financial Information" on page 40, "Selected Financial and Operating Data" on page 4, and "Stock Trading Information" on the back cover, which are incorporated herein by reference pursuant to General Instruction G(2).

ITEM 6. SELECTED FINANCIAL AND OPERATING DATA

Information required by this Item is included in the 1999 SBC Annual Report to Shareowners under the heading "Selected Financial and Operating Data" on page 4 which is incorporated herein by reference pursuant to General Instruction G(2).

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

Information required by this Item is included in the 1999 SBC Annual Report to Shareowners on page 5 through page 20, which is incorporated herein by reference pursuant to General Instruction G(2).

ITEM 7A. QUANTITATIVE AND QUALITATIVE DISCLOSURES ABOUT MARKET RISK

Information required by this Item is included in the 1999 SBC Annual Report to Shareowners under the heading "Market Risk" on page 19 through page 20, which is incorporated herein by reference pursuant to General Instruction G(2).

ITEM 8. FINANCIAL STATEMENTS AND SUPPLEMENTARY DATA

Information required by this Item is included in the 1999 SBC Annual Report to Shareowners on page 21 through page 40, which is incorporated herein by reference pursuant to General Instruction G(2).

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

No changes in or disagreements with accountants have occurred on any accounting or financial disclosure matters during the period covered by this report.

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PART III

ITEM 10. DIRECTORS AND EXECUTIVE OFFICERS OF THE REGISTRANT

Information regarding executive officers required by Item 401 of Regulation S-K is furnished in a separate disclosure at the end of Part I of this report since the registrant did not furnish such information in its definitive proxy statement prepared in accordance with Schedule 14A. Other information required by this Item 10 is included in the registrant's definitive proxy statement, dated March 10, 2000, under the heading "Board of Directors" beginning on page 4 and "Section 16(a) Beneficial Ownership Reporting Compliance" beginning on page 32 which is incorporated herein by reference pursuant to General Instruction G(3).

ITEM 11. EXECUTIVE COMPENSATION

Information required by this Item is included in the registrant's definitive proxy statement, dated March 10, 2000, under the headings "Compensation of Directors" from page 14 through page 15, and "Compensation Committee Interlocks and Insider Participation", "Executive Compensation", "Pension Plans", and "Contracts with Management" from page 20 through page 31, which are incorporated herein by reference pursuant to General Instruction G(3).

ITEM 12. SECURITY OWNERSHIP OF CERTAIN BENEFICIAL OWNERS AND MANAGEMENT

Information required by this Item is included in the registrant's definitive proxy statement, dated March 10, 2000, under the heading "Common Stock Ownership of Directors and Officers" on page 16, which is incorporated herein by reference pursuant to General Instruction G(3).

ITEM 13. CERTAIN RELATIONSHIPS AND RELATED TRANSACTIONS

Information required by this Item is included in the registrant's definitive proxy statement, dated March 10, 2000, under the heading "Compensation of Directors" from page 14 through page 15 and "Contracts with Management" from page 30 through 31, which are incorporated herein by reference pursuant to General Instruction G(3).

<PAGE>

PART IV

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

(a) Documents filed as a part of the report:

	Page
(1) Report of Independent Auditors......................................	*
Financial Statements covered by Report of Independent Auditors:	
Consolidated Statements of Income..................................	*
Consolidated Balance Sheets...	*
Consolidated Statements of Cash Flows..............................	*
Consolidated Statements of Shareowners' Equity.....................	*
Notes to Consolidated Financial Statements.........................	*

*Incorporated herein by reference to the appropriate portions of the registrant's annual report to shareowners for the fiscal year ended December 31, 1999. (See Part II.)

	Page
(2) Financial Statement Schedules:	
II - Valuation and Qualifying Accounts.............................	25

Financial statement schedules other than those listed above have been omitted because the required information is contained in the financial statements and notes thereto, or because such schedules are not required or applicable.

(3) Exhibits:

Exhibits identified in parentheses below, on file with the Securities and Exchange Commission (SEC), are incorporated herein by reference as exhibits hereto. Unless otherwise indicated, all exhibits so incorporated are from File No. 1-8610.

Exhibit
Number

3-a Restated Certificate of Incorporation, filed with the Secretary of State of Delaware on April 28, 1998. (Exhibit 3-a to Form 10-Q dated March 31, 1998.)

3-b Certificate of Designation, filed with the Secretary of State of Delaware on March 31, 1997.(Exhibit 3-b to Form 10-K for 1997.)

3-c Bylaws dated June 26, 1998. (Exhibit 3-c to Form 10-K for 1998.)

4-a Pursuant to Regulation S-K, Item 601(b)(4)(iii)(A), no instrument which defines the rights of holders of long-term debt of the registrant or any of its consolidated subsidiaries is filed herewith. Pursuant to this regulation, the registrant hereby agrees to furnish a copy of any such instrument to the SEC upon request.

4-b Support Agreement dated November 10, 1986, between SBC and SBC

Communications Capital Corporation. (Exhibit 4-b to Registration Statement No. 33-11669.)

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4-c Resolutions guaranteeing certain obligations of Pacific Telesis Group. (Exhibit 4-g to Form 10-K for 1997.)

4-d Guaranty of certain obligations of Pacific Bell Telephone Company and Southwestern Bell Telephone Company.

4-e Guaranty of certain obligations of Ameritech Capital Funding Corporation, Illinois Bell Telephone Company, Indiana Bell Telephone Company, Inc., Michigan Bell Telephone Company, The Ohio Bell Telephone Company, Pacific Bell Telephone Company, Southern New England Telecommunications Corporation, The Southern New England Telephone Company, Southwestern Bell Telephone Company, Wisconsin Bell, Inc.

10-a Short Term Incentive Plan. (Exhibit 10-a to Form 10-K for 1997.)

10-b Senior Management Long Term Incentive Plan. (Exhibit 10-b to Form 10-K for 1992.)

10-c Supplemental Life Insurance Plan. (Exhibit 10-c to Form 10-K for 1997.)

10-d Supplemental Retirement Income Plan. (Exhibit 10-d to Form 10-K for 1997.)

10-e Senior Management Deferred Compensation Plan (effective for Units of Participation Having a Unit Start Date Prior to January 1, 1988), revised July 30, 1993. (Exhibit 10.5 to Registration Statement No. 33-54795.)

10-f Senior Management Deferred Compensation Plan of 1988 (effective for Units of Participation Having a Unit Start Date of January 1, 1988 or later), revised July 30, 1993. (Exhibit 10.6 to Registration Statement No. 33-54795.)

10-g Senior Management Long Term Disability Plan. (Exhibit 10-f to Form 10-K for 1986.)

10-h Salary and Incentive Award Deferral Plan.

10-i Financial Counseling Program. (Exhibit 10-i to Form 10-K for 1997.)

10-j Supplemental Health Plan. (Exhibit 10-j to Form 10-K for 1997.)

10-k Retirement Plan for Non-Employee Directors. (Exhibit 10-k to Form 10-K for 1997.)

10-l Form of Indemnity Agreement, effective July 1, 1986, between SBC and its directors and officers. (Appendix 1 to Definitive Proxy Statement dated March 18, 1987.)

10-m Forms of Change of Control Severance Agreements for officers of SBC and certain officers of SBC's subsidiaries (Exhibit 10-p to Form 10-K for 1988.)

10-n Forms of Change of Control Severance Agreements for officers of SBC and certain officers of SBC's subsidiaries (Approved November 21, 1997). (Exhibit 10-n to Form 10-K for 1997.)

10-o Stock Savings Plan.

10-p 1992 Stock Option Plan.

10-q Officer Retirement Savings Plan. (Exhibit 10-q to Form 10-K for 1997.)

10-r 1996 Stock and Incentive Plan.

10-s Non-Employee Director Stock and Deferral Plan. (Exhibit 10-s to Form 10-K for 1997.)

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10-t Pacific Telesis Group Deferred Compensation Plan for Nonemployee Directors. (Exhibit 10gg to Form 10-K for 1996 of Pacific Telesis Group (Reg. 1-8609).)

10-t(i)Resolutions amending the Plan, effective November 21, 1997. (Exhibit 10-v(i) to Form 10-K for 1997.)

10-u Pacific Telesis Group Outside Directors' Deferred Stock Unit Plan. (Exhibit 10oo to Form 10-K for 1995 of Pacific Telesis Group (Reg. 1-8609).)

10-v Pacific Telesis Group 1996 Directors' Deferred Compensation Plan. (Exhibit 10qq to Form 10-K for 1996 of Pacific Telesis Group (Reg. 1-8609).)

10-v(i)Resolutions amending the Plan, effective November 21, 1997. (Exhibit 10-v(i) to Form 10-K for 1997.)

10-w Pacific Telesis Group 1994 Stock Incentive Plan. (Attachment A to Pacific Telesis Group's 1994 Proxy Statement filed March 11, 1994, and amended March 14 and March 25, 1994.)

10-w(i)Resolutions amending the Plan, effective January 1, 1995. (Attachment A to Pacific Telesis Group's 1995 Proxy Statement, filed March 13, 1995.)

10-x Pacific Telesis Group Nonemployee Director Stock Option Plan. (Exhibit A to Pacific Telesis Group's 1990 Proxy Statement filed February 26, 1990.)

10-x(i)Resolutions amending the Plan, effective April 1, 1994. (Exhibit 10xx(i) to Form 10-K for 1994 of Pacific Telesis Group (Reg. 1-8609).)

10-y Agreement Regarding Change in Control, dated as of January 19, 1994, between Ameritech and Richard C. Notebaert, together with a schedule identifying another agreement in the same form (Exhibit 10mm to Form 10-K for 1993, File No. 1-8612).

12 Computation of Ratios of Earnings to Fixed Charges.

13 Portions of SBC's Annual Report to shareowners for the fiscal year ended December 31, 1999. Only the information incorporated by reference into this Form 10-K is included in the exhibit.

21 Subsidiaries of SBC.

23-a Consent of Ernst & Young LLP.

23-b Consent of Arthur Andersen LLP.

24 Powers of Attorney.

27-a Financial Data Schedule - December 31, 1999.

27-b Restated Financial Data Schedule - September 30, 1999.

27-c Restated Financial Data Schedule - June 30, 1999.

27-d Restated Financial Data Schedule - March 31, 1999.

27-e Restated Financial Data Schedule - December 31, 1998.

27-f Restated Financial Data Schedule - September 30, 1998.

27-g Restated Financial Data Schedule - June 30, 1998.
<PAGE>

27-h Restated Financial Data Schedule - March 31, 1998.

27-i Restated Financial Data Schedule - December 31, 1997.

99-a Report of Independent Accountants Arthur Andersen LLP.

99-b Annual Report on Form 11-K for the SBC Savings Plan for the year 1999 to be filed under Form 10-K/A.

99-c Annual Report on Form 11-K for the SBC Savings and Security Plan for the year 1999 to be filed under Form 10-K/A.

99-d Annual report on Form 11-K for the Ameritech Savings Plan for Salaried Employees for the year 1999 to be filed under Form 10-K/A.

99-e Annual report on Form 11-K for the Ameritech Savings and Security Plan for Non-Salaried Employees for the year 1999 to be filed under Form 10-K/A.

SBC will furnish to shareowners upon request, and without charge, a copy of the annual report to shareowners and the proxy statement, portions of which are incorporated by reference in the Form 10-K. SBC will furnish any other exhibit at cost.

(b) Reports on Form 8-K:

On October 12, 1999, SBC filed a Form 8-K, reporting on Item 2. Acquisition or Disposition of Assets. In the report, SBC announced the close of the merger with Ameritech Corporation on October 8, 1999.

On October 19, 1999, SBC filed a Form 8-K, reporting on Item 5. Other Events and Item 7. Financial Statements and Exhibits. In the report, SBC disclosed a press release announcing the launch of a $6 billion broadband initiative.

On October 29, 1999, SBC filed a Form 8-K, reporting on Item 5. Other Events and Item 7. Financial Statements and Exhibits. In the report, SBC disclosed a press release announcing third quarter earnings and containing unaudited pro forma combined financial statements reflecting the merger of a subsidiary of SBC and Ameritech Corporation.

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<TABLE>
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SBC COMMUNICATIONS INC. Schedule II - Sheet 1
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
Allowance for Uncollectibles
Dollars in Millions

COL. A	COL. B	COL. C		COL. D	COL. E
		Additions			
		(1)	(2)		
Description	Balance at Beginning of Period	Charged to Costs and Expenses-Note (a)	Charged to Other Accounts -Note (b)	Deductions -Note (c)	Balance at End of Period
<S>	<C>	<C>	<C>	<C>	<C>
Year 1999..............................	$ 810	1,136	596	1,443	$ 1,099
Year 1998..............................	$ 737	896	603	1,426	$ 810
Year 1997..............................	$ 659	938	809	1,669	$ 737

<FN>
(a) Excludes direct charges and credits to expense on the statements of income and reinvested earnings related to interexchange carrier receivables.

(b) Includes amounts previously written off which were credited directly to this account when recovered and amounts related to long-distance carrier receivables which are being billed by SBC.

(c) Amounts written off as uncollectible.
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SBC COMMUNICATIONS INC. Schedule II - Sheet 2
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
Accumulated Amortization of Intangibles
Dollars in Millions

COL. A	COL. B	COL. C		COL. D	COL. E
		Additions			
		(1)	(2)		
Description	Balance at Beginning of Period	Charged to Expense	Charged to Other Accounts	Deductions	Balance at End of Period
<S>	<C>	<C>	<C>	<C>	<C>
Year 1999..............................	$ 1,111	378	8	172	$ 1,325
Year 1998..............................	$ 1,485	275	3	652(a)	$ 1,111
Year 1997..............................	$ 971	504	62	52	$ 1,485

<FN>
(a) Primarily related to the disposition of SBC Media Ventures, Inc. and an impairment of an investment in wireless video.
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SBC COMMUNICATIONS INC. Schedule II - Sheet 3
SCHEDULE II - VALUATION AND QUALIFYING ACCOUNTS
Reserve for Restructuring
Dollars in Millions

COL. A	COL. B	COL. C		COL. D	COL. E
		Additions			

Description	Balance at Beginning of Period	(1) Charged to Costs and Expenses	(2) Charged to Other Accounts	Deductions -Note (a)	Balance at End of Period
<S>	<C>	<C>	<C>	<C>	<C>
Year 1999	$ 123	5	-	114	$ 14
Year 1998	$ 86	104	-	67	$ 123
Year 1997	$ 226	-	-	140	$ 86

<FN>
(a) Includes $99 in 1999 and $30 in 1998 that was reversed to other operating expenses for amounts no longer required.
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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, on the 10th day of March, 2000.

SBC COMMUNICATIONS INC.

By /s/ Donald E. Kiernan

(Donald E. Kiernan
Senior Executive Vice President,
Chief Financial Officer and Treasurer)

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 date indicated.

Principal Executive Officer:
Edward E. Whitacre, Jr.*
Chairman and
Chief Executive Officer

Principal Financial and
Accounting Officer:
Donald E. Kiernan
Senior Executive Vice President, Chief
Financial Officer and Treasurer

/s/ Donald E. Kiernan

(Donald E. Kiernan, as attorney-in-fact
and on his own behalf as Principal
Financial Officer and Principal
Accounting Officer)

March 10, 2000

Directors:

Edward E. Whitacre, Jr.*	Charles F. Knight*
Clarence C. Barksdale*	Lynn M. Martin*
James E. Barnes*	John B. McCoy*
August A. Busch III*	Mary S. Metz*
Royce S. Caldwell*	Toni Rembe*
Ruben R. Cardenas*	S. Donley Ritchey*
William P. Clark*	Joyce M. Roche'*
Martin K. Eby, Jr.*	Richard M. Rosenberg*
Herman E. Gallegos*	Carlos Slim Helu'*

Jess T. Hay*	Laura D'Andrea Tyson*
James A. Henderson*	Patricia P. Upton*
Bobby R. Inman*	

* by power of attorney

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EXHIBIT INDEX

Exhibits identified in parentheses below, on file with the Securities and Exchange Commission (SEC), are incorporated herein by reference as exhibits hereto. Unless otherwise indicated, all exhibits so incorporated are from File No. 1-8610.

Exhibit
Number

3-a Restated Certificate of Incorporation, filed with the Secretary of State of Delaware on April 28, 1998. (Exhibit 3-a to Form 10-Q dated March 31, 1998.)

3-b Certificate of Designation, filed with the Secretary of State of Delaware on March 31, 1997.(Exhibit 3-b to Form 10-K for 1997.)

3-c Bylaws dated June 26, 1998. (Exhibit 3-c to Form 10-K for 1998.)

4-a Pursuant to Regulation S-K, Item 601(b)(4)(iii)(A), no instrument which defines the rights of holders of long-term debt of the registrant or any of its consolidated subsidiaries is filed herewith. Pursuant to this regulation, the registrant hereby agrees to furnish a copy of any such instrument to the SEC upon request.

4-b Support Agreement dated November 10, 1986, between SBC and SBC Communications Capital Corporation. (Exhibit 4-b to Registration Statement No. 33-11669.)

4-c Resolutions guaranteeing certain obligations of Pacific Telesis Group. (Exhibit 4-g to Form 10-K for 1997.)

4-d Guaranty of certain obligations of Pacific Bell Telephone Company and Southwestern Bell Telephone Company.

4-e Guaranty of certain obligations of Ameritech Capital Funding Corporation, Illinois Bell Telephone Company, Indiana Bell Telephone Company, Inc., Michigan Bell Telephone Company, The Ohio Bell Telephone Company, Pacific Bell Telephone Company, Southern New England Telecommunications Corporation, The Southern New England Telephone Company, Southwestern Bell Telephone Company, Wisconsin Bell, Inc.

10-a Short Term Incentive Plan. (Exhibit 10-a to Form 10-K for 1997.)

10-b Senior Management Long Term Incentive Plan. (Exhibit 10-b to Form 10-K for 1992.)

10-c Supplemental Life Insurance Plan. (Exhibit 10-c to Form 10-K for 1997.)

10-d Supplemental Retirement Income Plan. (Exhibit 10-d to Form 10-K for 1997.)

10-e Senior Management Deferred Compensation Plan (effective for Units of Participation Having a Unit Start Date Prior to January 1, 1988), revised July 30, 1993. (Exhibit 10.5 to Registration Statement No. 33-54795.)

10-f Senior Management Deferred Compensation Plan of 1988 (effective for Units of Participation Having a Unit Start Date of January 1, 1988 or later), revised July 30, 1993. (Exhibit 10.6 to Registration Statement No. 33-54795.)

10-g Senior Management Long Term Disability Plan. (Exhibit 10-f to Form 10-K for 1986.)

10-h Salary and Incentive Award Deferral Plan.

10-i Financial Counseling Program. (Exhibit 10-i to Form 10-K for 1997.)

10-j Supplemental Health Plan. (Exhibit 10-j to Form 10-K for 1997.)

10-k Retirement Plan for Non-Employee Directors. (Exhibit 10-k to Form 10-K for 1997.)

10-l Form of Indemnity Agreement, effective July 1, 1986, between SBC and its directors and officers. (Appendix 1 to Definitive Proxy Statement dated March 18, 1987.)

10-m Forms of Change of Control Severance Agreements for officers of SBC and certain officers of SBC's subsidiaries (Exhibit 10-p to Form 10-K for 1988.)

10-n Forms of Change of Control Severance Agreements for officers of SBC and certain officers of SBC's subsidiaries (Approved November 21, 1997). (Exhibit 10-n to Form 10-K for 1997.)

10-o Stock Savings Plan.

10-p 1992 Stock Option Plan.

10-q Officer Retirement Savings Plan. (Exhibit 10-q to Form 10-K for 1997.)

10-r 1996 Stock and Incentive Plan.

10-s Non-Employee Director Stock and Deferral Plan. (Exhibit 10-s to Form 10-K for 1997.)

10-t Pacific Telesis Group Deferred Compensation Plan for Nonemployee Directors. (Exhibit 10gg to Form 10-K for 1996 of Pacific Telesis Group (Reg. 1-8609).)

10-t(i)Resolutions amending the Plan, effective November 21, 1997. (Exhibit 10-v(i) to Form 10-K for 1997.)

10-u Pacific Telesis Group Outside Directors' Deferred Stock Unit Plan. (Exhibit 10oo to Form 10-K for 1995 of Pacific Telesis Group (Reg. 1-8609).)

10-v Pacific Telesis Group 1996 Directors' Deferred Compensation Plan. (Exhibit 10qq to Form 10-K for 1996 of Pacific Telesis Group (Reg. 1-8609).)

10-v(i)Resolutions amending the Plan, effective November 21, 1997. (Exhibit 10-v(i) to Form 10-K for 1997.)

10-w Pacific Telesis Group 1994 Stock Incentive Plan. (Attachment A to Pacific Telesis Group's 1994 Proxy Statement filed March 11, 1994, and amended March 14 and March 25, 1994.)

10-w(i)Resolutions amending the Plan, effective January 1, 1995. (Attachment A to Pacific Telesis Group's 1995 Proxy Statement, filed March 13, 1995.)

10-x Pacific Telesis Group Nonemployee Director Stock Option Plan. (Exhibit A to Pacific Telesis Group's 1990 Proxy Statement filed February 26, 1990.)

10-x(i)Resolutions amending the Plan, effective April 1, 1994. (Exhibit 10xx(i) to Form 10-K for 1994 of Pacific Telesis Group (Reg. 1-8609).)

10-y Agreement Regarding Change in Control, dated as of January 19, 1994, between Ameritech and Richard C. Notebaert, together with a schedule identifying another agreement in the same form (Exhibit 10mm to Form 10-K for 1993, File No. 1-8612).

12 Computation of Ratios of Earnings to Fixed Charges.

13 Portions of SBC's Annual Report to shareowners for the fiscal year ended December 31, 1999. Only the information incorporated by reference into this Form 10-K is included in the exhibit.

21 Subsidiaries of SBC.

23-a Consent of Ernst & Young LLP.

23-b Consent of Arthur Andersen LLP.

24 Powers of Attorney.

27-a Financial Data Schedule - December 31, 1999.

27-b Restated Financial Data Schedule - September 30, 1999.

27-c Restated Financial Data Schedule - June 30, 1999.

27-d Restated Financial Data Schedule - March 31, 1999.

27-e Restated Financial Data Schedule - December 31, 1998.

27-f Restated Financial Data Schedule - September 30, 1998.

27-g Restated Financial Data Schedule - June 30, 1998.

27-h Restated Financial Data Schedule - March 31, 1998.

27-i Restated Financial Data Schedule - December 31, 1997.

99-a Report of Independent Accountants Arthur Andersen LLP.

99-b Annual Report on Form 11-K for the SBC Savings Plan for the year 1999 to be filed under Form 10-K/A.

99-c Annual Report on Form 11-K for the SBC Savings and Security Plan for the year 1999 to be filed under Form 10-K/A.

99-d Annual report on Form 11-K for the Ameritech Savings Plan for Salaried Employees for the year 1999 to be filed under Form 10-K/A.

99-e Annual report on Form 11-K for the Ameritech Savings and Security Plan for Non-Salaried Employees for the year 1999 to be filed under Form 10-K/A.

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EXHIBIT 4-d

GUARANTEE UNDERTAKING
OF
SBC COMMUNICATIONS, INC.

I, the Assistant Treasurer of SBC Communications Inc. (the "Corporation"), pursuant to the authority granted to me in the Schedule of Authorizations of the Corporation, dated as of December 19, 1997, hereby undertake on behalf of the Corporation for the benefit of the respective holders of the Debt Securities (as defined below), as follows:

(1) The Corporation hereby unconditionally and irrevocably guarantees the

punctual and full payment of all amounts payable by each of Pacific Bell ("PacBell") and Southwestern Bell Telephone Company ("SWBell") under each of the outstanding Debt Securities as and when the same shall become due and payable (whether at stated maturity, by declaration of acceleration, call for redemption, repayment at the option of the holder or otherwise, in accordance with the terms of each Debt Security and of each indenture under which such security was issued) (the "Guarantee").

(2) The Guarantee with respect to each outstanding Debt Security will continuously remain in effect until the entire principal of (and premium, if any) and interest, if any, on such Debt Security shall have been paid in full.

(3) The Guarantee will constitute the direct, absolute and unconditional, unsubordinated and unsecured obligation of the Corporation ranking pari passu with all of its unsecured and unsubordinated obligations.

(4) The holders of each Debt Security are entitled to enforce their rights under the indenture relating to such security directly against the Corporation, without first instituting a proceeding against the issuer of such security or any other person or entity, upon any event of default in payment of principal, or premium, if any, or interest, if any, on such security (whether at stated maturity, by declaration of acceleration, call for redemption, repayment at the option of the holder or otherwise).

(5) This Guarantee undertaking is enforceable to the fullest extent permitted by law.

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(6) For the purposes of this Guarantee undertaking, the term "Debt Securities" shall mean the following: (a) Pacbell's Ten Year 7 1/4% Notes due July 1, 2002, Twelve Year 6 1/4% Notes due March 1, 2005, Thirty Year 6 7/8% Debentures due August 15,2023, Thirty-Three Year 7 1/8% Debentures due March 15, 2026, Forty Year 7 1/2% Debentures due February 1, 2033, Forty-One Year 6 5/8% Debentures due October 15, 2034, Thirty-Six Year 6% Debentures due November 1, 2002 and the Thirty-Five Year 6 1/2% Debentures due July 1, 2003; and (b) SWBell's Seven Year 6 1/8% Notes due March 1, 2000, Eight Year 6 3/8% Notes due April 1, 2001, Twelve Year 6 5/8% Notes due April 1, 2005, Forty Year 6 7/8% Debentures due February 1, 2011, Twenty-two Year 7% Debentures due July 1, 2015, Thirty Year 7 5/8% Debentures due March 1, 2023, Thirty-Two Year 7 1/4% Debentures due July 15, 2025, its Fifty Year 6 7/8% Debentures due March 31, 2048, Thirty-Six Year 5 7/8% Debentures due June 1, 2003, Forty Year 5 3/8% Debentures due June 1, 2006 and it Forty Year 6 3/4% Debentures due June 1, 2008.

(7) The Guarantee is effective on the date hereof.

IN WITNESS WHEREOF, I have executed this Guarantee undertaking.

Dated: November 8, 1999

/s/ Roger Wohlert

Name: Roger Wohlert
Title: Assistant Treasurer

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EXHIBIT 4-e

GUARANTEE UNDERTAKING
OF
THE ASSISTANT TREASURER
OF
SBC COMMUNICATIONS, INC.

I, the Assistant Treasurer of SBC Communications Inc. (the "Corporation"), pursuant to the authority granted to me in the Schedule of Authorizations of the Corporation, dated as of November 19, 1999, hereby undertake on behalf of the Corporation for the benefit of the respective holders of the Subject Debt Securities (as defined below), as follows:

(1) The Corporation hereby unconditionally and irrevocably guarantees, as long as all of the outstanding shares of stock of a Subsidiary, as defined below, are owned, directly or indirectly, by the Corporation the punctual and full payment of all amounts payable by such Subsidiary Southwestern Bell Telephone Company, Pacific Bell Telephone Company, The Southern New England Telephone Company, Southern New England Telecommunications Corporation, Ameritech Capital Funding Corporation, The Ohio Bell Telephone Company, Wisconsin Bell, Inc., Michigan Bell Telephone Company, Indiana Bell Telephone Company Inc., and Illinois Bell Telephone Company (each, a "Subsidiary"), under each of the outstanding Debt Securities as and when the same shall become due and payable (whether at stated maturity, by declaration of acceleration, call for redemption, repayment at the option of the holder or otherwise, in accordance with the terms of each Debt Security and of each indenture under which such security was issued) (the "Guarantee"). In the event the Corporation sells, transfers or otherwise disposes of any percentage of its stock ownership of a Subsidiary, and, as a result of such sale, transfer or other disposition, such Subsidiary is no longer a wholly-owned subsidiary of the Corporation, then this Guarantee shall expire immediately and the Corporation shall be released immediately from any and all of its obligations hereunder.

(2) Subject to the provision of Section (1) hereof, the Guarantee with respect to each outstanding Debt Security will continuously remain in effect until the entire principal of (and premium, if any) and interest, if any, on such Debt Security shall have been paid in full.

(3) The Guarantee will constitute the direct, absolute and unconditional, unsubordinated and unsecured obligation of the Corporation ranking pari passu with all of its unsecured and unsubordinated obligations.

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(4) The holders of each Debt Security are entitled to enforce their rights under the indenture relating to such security directly against the Corporation, without first instituting a proceeding against the issuer of such security or any other person or entity, upon any event of default in payment of principal, or premium, if any, or interest, if any, on such security (whether at stated maturity, by declaration of acceleration, call for redemption, repayment at the option of the holder or otherwise).

(5) This Guarantee undertaking is enforceable to the fullest extent permitted by law.

(6) For the purposes of this Guarantee undertaking, the term "Debt Securities" shall mean the following:

See enclosed Exhibit A

(7) The Guarantee is effective on the date hereof.

IN WITNESS WHEREOF, I have executed this Guarantee undertaking.

Dated: January 5, 2000

/s/ Roger Wohlert

Name: Roger Wohlert
Title: Assistant Treasurer

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EXHIBIT 10-h

SBC Communications Inc.

SALARY AND
INCENTIVE AWARD DEFERRAL PLAN

Effective: January 1, 1984
Revisions Effective: November 19, 1999

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SALARY AND
INCENTIVE AWARD DEFERRAL PLAN

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SBC SALARY AND
INCENTIVE AWARD DEFERRAL PLAN

1. Purpose. The purpose of the Salary and Incentive Award Deferral Plan (the "Plan") is to provide Eligible Employees with a means for deferring the receipt of income.

2. Definitions. For purposes of this Plan, the following words and phrases shall have the meanings indicated, unless the context clearly indicates otherwise:

Base Salary. "Base Salary" or "Salary" shall mean the Eligible Employee's annual base salary, excluding commissions, lump-sum merit payments in lieu of salary, and TEAM Awards, and before reduction due to any contribution pursuant to this Plan or reduction pursuant to any other deferral plan of SBC.

Chairman. "Chairman" shall mean the Chairman of the Board of SBC Communications Inc.

Committee. "Committee" shall mean the Human Resources Committee of the Board of SBC Communications Inc.

Eligible Employee. "Eligible Employee" shall mean an Officer or a non-Officer employee of any SBC company who is designated by the Chairman as eligible to participate in the Plan.

Officer. "Officer" shall mean an individual who is designated by the Chairman as eligible to participate in the Plan who is an elected officer of SBC or of any SBC subsidiary (direct or indirect).

SBC. "SBC" shall mean SBC Communications Inc.

SBC Shares. "SBC Shares" shall mean shares of SBC common stock.

3. Eligibility. Each Eligible Employee shall be eligible to participate in the Salary and Incentive Award Deferral Plan (the "Plan").

4. Participation.

(a) Prior to the beginning of any calendar year, an Eligible Employee may elect to participate in the Plan by directing that up to 50% of his or her Base Salary and/or all or part of his or her short-term and/or long-term awards under the Short Term Incentive Plan and/or under the Senior Management Long Term Incentive Plan and/or its successor plan, the 1996 Stock and Incentive Plan, which would otherwise be paid currently to the employee in such calendar year, shall be credited to a deferred account subject to the terms of the Plan. In no event, however, shall the part of Salary or of any award credited to the Plan during any calendar year be less than $1,000 (which in the case of an award shall be based on valuation at the time the award would otherwise be paid). Any Base Salary deferral hereunder is conditioned upon a 30% Base Salary deferral election in the Stock Savings Plan.

(b) Such an election to participate in the Plan shall be in the form of a document executed by the employee and filed with SBC. An election related to Salary or awards otherwise payable currently in any calendar year shall become irrevocable on the last day prior to the beginning of such calendar year. A new election to participate in the Plan shall be made annually.

5. Deferred Accounts.

(a) Deferred amounts related to Salary or awards which would otherwise have been distributed to the Eligible Employee in cash shall be credited to the employee's account and shall bear interest at the applicable Declared Rate on the balance from month-to-month in such account. The interest will be credited monthly to the account at one-twelfth of the annual Declared Rate for that calendar year compounded quarterly. The Declared Rate for each calendar year will be determined by the Senior Vice President-Human Resources, with the concurrence of the Senior Vice President, Treasurer and Chief Financial Officer, and will be announced on or before January 1 of the applicable calendar year. However, in no event will the Declared Rate for any calendar year be less than the Moody's Corporate Bond Yield Average-Monthly Average Corporates as published by Moody's Investor's Service, Inc. (or any successor thereto for the month of September before the calendar year in question, or, if such yield is no longer published, a substantially similar average selected by the Senior Vice President-Human Resources).

In addition, if the employee's account under the Bell System Senior Management Incentive Award Deferral Plan ("Predecessor Plan") was transferred to an account under this Plan as of January 1, 1984, the effective date of this Plan, then the employee's account under this Plan shall be credited as of such date with the amount credited to the employee's account under the Predecessor Plan as of December 31, 1983, and such amount shall bear interest in accordance with the terms of this Plan.

(b) Deferred amounts related to awards which would otherwise have been distributed in SBC shares shall be credited to the employee's account as deferred SBC Shares. The employee's account shall also be credited on each dividend payment date for SBC Shares with an amount equivalent to the dividend payable on the number of SBC Shares equal to the number of deferred SBC Shares in the employee's account on the record date for such dividend. Such amount shall then be converted to a number of additional deferred SBC shares determined by dividing such amount by the price of SBC Shares, as determined in the following sentence. The price of SBC Shares related to any dividend payment date shall be the closing price on the New York Stock Exchange ("NYSE") for SBC Shares on the dividend payment date, or the trading day immediately preceding such dividend payment date if the NYSE is closed on the dividend payment date.

(c) In the event of any SBC common stock dividend or split occurring after January 1, 1987, employees' accounts will automatically be credited with additional SBC Shares necessary to reflect such stock dividend or split. In the event of any other change in outstanding SBC common stock by reason of any recapitalization, merger, consolidation, combination or exchange of shares or other similar corporate change, the Board of Directors shall make such adjustments, if any, that it deems appropriate in the number of deferred SBC Shares then credited to employees' accounts. Any and all such adjustments shall be conclusive and binding upon all parties concerned.

6. Distribution.

(a) At the time an Eligible Employee makes an election to participate in the Plan, the employee shall also make an election with respect to the distribution (during the employee's lifetime or in the event of the employee's death) of the amounts to be credited to the employee's deferred account during the upcoming calendar year. Such an election related to awards otherwise payable currently in any calendar year shall become irrevocable on the last day prior to the beginning of such calendar year. Amounts credited as cash plus accumulated interest shall be distributed in cash; amounts credited as deferred SBC Shares shall be distributed in the form of an equal number of SBC

Shares; provided, however, any fractional shares shall be credited as federal tax withholding.

(b) An employee may elect to receive the amounts credited to the employee's account with respect to Salary or with respect to each award to be paid in the upcoming calendar year in one payment or in some other number of approximately equal annual installments (not exceeding 15). The first installment (or the single payment if the employee has so elected) shall be paid within 60 days following the date specified in such election.

(c) Notwithstanding an election pursuant to Paragraph (b) of this Section 6, all amounts then credited to the employee's accounts shall be paid immediately in a single payment if an employee is discharged for cause by his or her employing company, or if an employee otherwise ceases to be employed by his or her employing company and engages in competition with SBC or any direct or indirect subsidiary thereof or with any business with which a subsidiary of SBC or an affiliated company has a substantial interest (collectively referred to herein as an "Employer Business"), or becomes employed by a governmental agency having jurisdiction over the activities of SBC or any of its subsidiaries. For purposes hereof, engaging in competition with any Employer business shall mean engaging by the employee in any business or activity in the same geographical market where the same or substantially similar business or activity is being carried on as an Employer business. Such term shall not include owning a nonsubstantial publicly traded interest as a shareholder in a business that competes with an Employer business. However, engaging in competition with an Employer business shall include representing or providing consulting services to, or being an employee of, any person or entity that is engaged in competition with any Employer business or that takes a position adverse to any Employer business. Further, engaging in competition with an Employer business would result if the employee either engages directly in competitive activity or in any capacity in any location becomes employed by, associated with, or renders service to any company, or parent or affiliate thereof, or any subsidiary of any of them, if any of them is engaged in competition with an Employer business, regardless of the position or duties the employee takes and regardless of whether or not the employing company, or the company that the employee becomes associated with or renders service to, is itself engaged in direct competition with an Employer business.

(d) An employee may designate pursuant to the SBC Rules for Employee Beneficiary Designations as may hereafter be amended from time to time ("Rules") that, in the event the employee should die before full payment of all amounts credited to the employee's accounts, the balance of all deferred amounts shall be distributed in one payment or in some other number of approximately equal annual installments (not exceeding 5) to the beneficiary or beneficiaries designated in writing by the employee. If no designation has been made or if all designated beneficiaries predecease the employee or die prior to complete distribution of all of the employee's amounts hereunder, then the balance of such amounts be shall be distributed according to the Rules. The first installment (or single payment if the employee has so elected) shall be paid within 60 days following the month of death.

(e) Installments subsequent to the first installment to the employee, or to a beneficiary, shall be paid on the date established in 6(b) or 6(d) in each succeeding calendar year until the entire amount credited to the employee's deferred account shall have been paid. Deferred amounts held pending distribution shall continue to be credited with interest or additional deferred SBC Shares, as applicable, determined in accordance with Section 5(a) or 5(b).

(f) The obligation to make distribution of deferred amounts credited to an employee's account during any calendar year, plus the additional amounts credited on such deferred amounts pursuant to Section 5(a) or 5(b), shall be borne by SBC or the applicable employing company which otherwise would have paid the related award currently. However, the obligation to make distributions with respect to deferred amounts which are related to amounts credited to an employee's account as of the effective date of the Plan pursuant to Section 5(a), and with respect to which no SBC company would otherwise have paid the related award currently, shall be borne by the company which employed the employee on the effective date of the Plan.

(g) For the purpose of this Section 6, an election described in Paragraph (a) or a beneficiary designation described in Paragraph (d) made under the comparable provisions of the Predecessor Plan shall be considered as an election or beneficiary designation, respectively, made under this Section 6.

(h) Notwithstanding the previous provisions of this Section 6, at any time during the calendar year prior to the calendar year during which an award deferred under the provisions of the Plan is scheduled for distribution, a participant my change his or her previous election(s) applicable to such award to further defer the commencement of distribution of such award to a subsequent calendar year, and in such case to also change the number of installments applicable to the distribution of the award. Amounts with respect to which the participant's election(s) are modified in accordance with the provisions of this Section 6(h) shall continue to be subject to all provisions of this Plan including further distribution modifications in accordance with the provisions of this Section 6(h).

7. Amendment and Termination. This Plan may be modified or terminated at any time in accordance with the provision of SBC's Schedule of Authorizations, but such changes or termination shall not adversely affect the rights of any Eligible Employee, without his or her consent, to any benefit under the Plan to which such employee may have previously become entitled prior to the effective date of such change or termination.

8. Miscellaneous.

(a) Unsecured General Creditor. The amounts deferred hereunder shall be held in the general funds of SBC. SBC shall not be required to reserve, or otherwise set aside, funds for the payment of such amounts.

(b) Non-Assignability. The rights of an employee to any deferred amounts plus the additional amounts credited pursuant to Section 5(a), 5(b) and 5(c) shall not be subject to assignment by the employee.

(c) Administration. The Committee shall be the sole administrator of the Plan and will administer the Plan, interpret, construe and apply its provisions in accordance with its terms. The Committee shall further establish, adopt or revise such rules and regulations as it may deem necessary or advisable for the administration of the Plan. All decisions of the Committee shall be binding unless the Board of Directors should determine otherwise.

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EXHIBIT 10-o

SBC Communications Inc.

STOCK SAVINGS PLAN

Plan Effective: January 1, 1991
As amended through January 1, 2000

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STOCK SAVINGS PLAN

Section 1 - Statement of Purpose

The purpose of the Stock Savings Plan ("Plan") is to increase employee stock ownership and to provide retirement and short-term savings distributions to a select group of management employees consisting of Eligible Employees of SBC Communications Inc. (the "Company") and its Subsidiaries ("Participating Companies").

Section 2 - Definitions

For the purposes of this Plan, the following words and phrases shall have the meanings indicated, unless the context clearly indicates otherwise:

After-Tax Account. "After-Tax Account" means the account maintained on an after-tax basis on the books of account of the Company for each Participant for each Savings Unit to which After-Tax Amounts are credited. After-Tax Accounts are available only for Savings Units commenced prior to January 1, 1995.

After-Tax Amount. "After-Tax Amount" means contributions made on an After-Tax basis with respect to a Savings Unit commenced prior to January 1, 1995 under this Plan.

Agreement. "Agreement" means the written agreement entitled "Stock Savings Plan Enrollment Form" and/or, effective on or after January 1, 1995, the written agreement entitled "Short Term Contribution Form" that shall be entered into by the Company and a Participant to carry out the Plan with respect to such Participant. The Company may adopt any form for such use or modify any such form.

Base Compensation. "Base Compensation" is comprised of the following types of the Employee's compensation, before reduction due to any contribution pursuant to this Plan or reduction pursuant to any deferral plan of

Employer, including but not limited to a plan that includes a qualified cash or deferred arrangement under Section 401(k) of the Internal Revenue Code ("Code"), all as determined by the Company:

(a) annual base salary;
(b) commissions; and
(c)the annual award identified as a "Team Award" by the Company, including any individual award identified by the Company as an "Individual Discretionary Award" made in connection therewith (the "IDA"), or any comparable awards, if any, identified by the Company to be used in lieu of the Team Award and the IDA.

Notwithstanding the foregoing, Base Compensation does not include:

(a) zone allowances or any other geographical differential and (b) payments made for unused vacation or other paid days off that were not used.

Beneficiary. "Beneficiary" means the person or persons designated as
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such in accordance with Section 8 of this Plan.

Chairman. "Chairman" means the Chairman of the Board of SBC

Communications Inc.

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Company Match Rate Expressed as a Percent. "Company Match Rate Expressed as a Percent" means eighty percent (80%), or such higher percentage as may be determined by the HRC, in its sole discretion, at any time, or such lower percentage as may be determined by the HRC, in its sole discretion, and announced to affected Eligible Employees prior to the Unit Start Date with respect to a Savings Unit.

Disability. "Disability" means inability to work due to being
----
physically disabled.

Eligible Employee. "Eligible Employee" means an Employee of Employer who (a) is in active service on a regular, full-time salaried basis (excluding term or contract Employees), (b) is, as determined by the Company, a member of Employer's "select group of management or highly compensated employees" within the meaning of the Employment Retirement Income Security Act of 1974, as amended, and regulations thereunder ("ERISA"), (c) (i) holds a 3rd level or higher management position, all as determined by the Company, and satisfies any employment status required by the HRC or the Chairman, or (ii) has an employment status which has been approved by the Chairman to be eligible to participate in this Plan, and (d) continuously maintains the employment status upon which eligibility to participate in this Plan was based; provided, however, the HRC or the Chairman may, from time to time, include or exclude any Employee or group of Employees from being deemed an "Eligible Employee" under this Plan.

In addition, any Employee that holds options to acquire shares of AirTouch Communications, Inc., or ordinary shares or American Depository Shares of Vodafone AirTouch plc (or any similar rights), under the Pacific Telesis Group Stock Option and Stock Appreciation Rights Plan or any other stock option plan of Employer as of December 15 of a particular year shall not be eligible to participate in this Plan for the following calendar year, and any previously executed Agreement shall be voided. Any employee of Ameritech Corporation, or any corporation, partnership, venture or other entity in which Ameritech Corporation holds at least a 50% interest, shall not be an Eligible Employee until otherwise provided by the HRC or the Chairman.

Employee. "Employee" means any person employed by Employer on a regular full-time salaried basis, excluding Employees hired for a fixed maximum term and excluding Employees who are neither citizens nor permanent residents of the United States, all as determined by the Company.

Employer. "Employer" means SBC Communications Inc. or any of its Subsidiaries.

Fair Market Value or FMV. "Fair Market Value" or "FMV" means the closing price on the New York Stock Exchange ("NYSE") for the Stock on the relevant date, or if such date was not a trading day, the next preceding trading date, all as determined by the Company. A trading day is any day that the Stock is traded on the NYSE. In lieu of the foregoing, the HRC may select any other index or measurement to determine the FMV of the Stock under the Plan.

HRC. "HRC" means the Human Resources Committee of the Board of Directors of SBC.

Options. "Options" shall mean the options to purchase Stock which shall be issued to a Participant pursuant to Section 9.

Participant. "Participant" means an Employee or former Employee participating in the Plan.

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Plan Year. "Plan Year" means the calendar year.

Pre-Tax Account. "Pre-Tax Account" means the account maintained on a pre-tax basis on the books of account of the Company for each Participant for each Savings Unit to which Pre-Tax Amounts are credited.

Pre-Tax Amount. "Pre-Tax Amount" means the contributions made by a Participant on a pre-tax basis with respect to a Savings Unit under this Plan.

Retirement. "Retirement" means the termination of a Participant's employment with Employer, for reasons other than death, on or after the earlier of the following dates: (1) the date Participant is eligible to retire with an immediate pension pursuant to the SBC Supplemental Retirement Income Plan ("SRIP"); or (2) the date the Participant has attained one of the following combinations of age and service at termination of employment on or after April 1, 1997, except as otherwise indicated below:

Net Credited Service	Age
10 years or more	65 or older
20 years or more	55 or older
25 years or more	50 or older
30 years or more	Any age

With respect to a Participant who is granted an EMP Service Pension under and pursuant to the provisions of the SBC Pension Benefit Plan - Nonbargained Program upon termination of Employment, the term "Retirement" shall include such Participant's termination of employment.

Retirement Alternative. "Retirement Alternative" means, with respect to any Savings Unit, the distributions described in Section 6 that the Plan provides based upon a selection of such alternative.

Retirement Distribution. "Retirement Distribution" means the distribution described in Section 6.1.

Rotational Work Assignment Company. "RWAC" shall mean any entity with which SBC Communications Inc. or any of its Subsidiaries may have an agreement to provide an employee for a rotational work assignment.

Savings Unit. "Savings Unit" means the Participant's Pre-Tax Amount and/or After-Tax Amount, and associated Company matching contributions, which provide stated distributions pursuant to Section 6 or Section 7 of this Plan in accordance with the Participant's Agreement for such Savings Unit.

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Shares. "Shares" means an accounting entry representing a number of
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equivalent shares of Stock

Short Term Incentive Award. An award paid under the Short Term Incentive Plan or an award under a similar plan intended by the Committee to be in lieu of an award under such Short Term Incentive Plan, including (a) the Key Executive Officer Short Term Award paid under the 1996 Stock and Incentive Plan and (b) payments made in 1998 under the Pacific Telesis Group Short Term Incentive Plan ("PTGSTIP") to persons identified as "Officer level employees" by the HRC for purposes of this Plan.

Specified Date. "Specified Date" means, with respect to any Savings Unit for which the Participant elects the Specified Date Alternative, the fixed date specified in the Agreement on which the Specified Date Distribution will commence.

Specified Date Alternative. "Specified Date Alternative" means, with respect to any Savings Unit, the distributions described in Section 7 that the Plan provides based upon a selection of such alternative.

Specified Date Distribution. "Specified Date Distribution" means the
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distribution described in Section 7.1.

Stock. "Stock" means the common stock of SBC Communications Inc.

Subsidiary. A "Subsidiary" of the Company is any corporation, partnership, venture or other entity in which the Company has at least a 50% ownership interest. The HRC may at its sole discretion designate any other corporation, partnership, venture or other entity a Subsidiary for the purpose of participating in this Plan.

Team Award. The annual award identified as a "Team Award" by the Company (or any comparable award identified by the Company as a replacement therefor), excluding any individual award made in connection therewith. Payments under the PTGSTIP made during 1998 to persons who are not identified as "Officer level employees" by the HRC for purposes of this Plan shall be deemed Team Awards under this Plan.

Unit Period. "Unit Period" means the calendar year with respect to which the Participant elects to participate in the Plan on a pre-tax basis and/or an after-tax basis. The Unit Period for a Savings Unit will commence on the Unit Start Date and end upon the earliest to occur of the following: (i) the last day of the calendar year which includes the Unit Start Date, (ii) when the Participant terminates employment or ceases to be an Eligible Employee, or (iii) upon termination of the Savings Unit.

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Unit Start Date. "Unit Start Date" means the date for commencement of a given Savings Unit. The Unit Start Date will be January 1, and for a Savings Unit comprised of all or a portion of a Participant's Short Term Incentive Award, the Unit Start Date shall be the day the Award would otherwise have been paid.

Section 3 - Administration of the Plan

The HRC shall be the sole administrator of the Plan and will administer the Plan, interpret, construe and apply its provisions in accordance with its terms. The HRC shall further establish, adopt or revise such rules and regulations as it may deem necessary or advisable for the administration of the Plan. All decisions of the HRC shall be final and binding.

Section 4 - Participation

4.1 Election to Commence a Savings Unit. Any Eligible Employee may elect to commence a Savings Unit on a pre-tax basis by filing a completed Agreement with the Company prior to the Unit Start Date. Pursuant to said Agreement, the Eligible Employee shall elect the percentage of Base Compensation that shall comprise Participant's Pre-Tax Amount. Such percentage shall remain in effect for the duration of the Unit Period even if Base Compensation should change. Such Agreement shall continue to be regarded as, and shall apply as, the Eligible Employee's election to commence each successive Savings Unit until the Company is advised in writing in accordance with the aforesaid time requirements by the Eligible Employee to the contrary. In the Agreement, the Participant shall also elect either the Retirement Alternative or the Specified Date Alternative and the timing of distribution of Stock.

The Participant's percentage of Base Compensation applicable to a Savings Unit shall be a whole percentage and must be at least six percent (6%) and not more than thirty percent (30%).

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A Participant shall be permitted to contribute all or a portion of his Short Term Incentive Award as follows. A Participant's election to contribute all or a portion of his Short Term Incentive Award which may be paid to a Participant by an Employer, shall be filed with the Company (on a form to be provided by the Company for such purpose) prior to the beginning of the calendar year during which such Award is earned (for Savings Units with Unit Start Date of January 1, 1998, or later, and for PTGSTIP payments that constitute Short Term Incentive Awards, the election must be filed prior to the beginning of the calendar year during which such Award is paid), or such earlier time as may be established by the Chairman. The contribution shall be deemed to have taken place on the day the Award would otherwise have been paid. In the Agreement relating to the Award, the Participant shall also elect either the Retirement Alternative or the Specified Date Alternative and the timing of distribution of Stock. This election is independent of the election for distribution of contributions associated with deferrals of Base Compensation. Such contribution of all or a portion of Participant's Short Term Incentive Award shall comprise a separate Savings Unit. Notwithstanding the foregoing, Short Term Incentive Awards or any portion thereof contributed to the Plan prior to January 1, 1995, shall be credited into a 1994 or prior Savings Unit(s) as specified by the Participant.

4.2 Termination of Election. A Participant's election to participate in the Plan for the duration of the Unit Period is irrevocable upon the filing of his Agreement with the Company; provided, however, such election may be terminated with respect to Base Compensation not yet paid by mutual agreement in writing between the Participant and the Company. Such termination if approved shall be effective beginning the first day of the month following the execution of such mutual agreement.

Section 5 - Pre-Tax Contributions/After-Tax Contributions/Company Match

5.1 After-Tax and/or Pre-Tax Account(s). The Company shall establish and maintain a separate After-Tax Account (for contributions pursuant to Savings Units commenced prior to January 1, 1995 only) and/or Pre-Tax Account for each Participant for each Savings Unit. On the first business day of each month, the Company shall credit each Participant's Pre-Tax Account with the number of Shares found by dividing the Participant's Pre-Tax Amount for the previous month by the FMV on the last day of such previous month. Annual base salary shall be deemed contributed when earned; all other amounts shall be deemed contributed when paid.

Shares credited to Participant's Pre-Tax Account and/or After-Tax Account are 100% vested at all times.

Such Pre-Tax Account and/or After-Tax Account, as applicable, shall be reduced by the number of Shares corresponding to the number of shares of Stock distributed by the Company to the Participant or the Participant's Beneficiary with respect to such Savings Unit pursuant to this Plan.

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5.2 Company Matching Account. The Company shall also establish and maintain a separate Matching Account for each Participant. The Matching Account will hold the Company's matching contribution to the Plan. Immediately following the computation of the Shares to be added to each Participant's Pre-Tax Account each month, the Company shall credit each Participant's Matching Account with the number of Shares found by taking the Company Match Rate Expressed as a Percent times the Participant's Pre-Tax Amount for the previous month, and dividing the resulting figure by the FMV of the Stock on the last day of such previous month; provided, however, if the Participant is concurrently participating in this Plan and (a) the match eligible (basic) portion of the SBC Savings Plan or (b) the match eligible portion of any other qualified plan of Employer, the matching contribution shall be credited, pursuant to this Plan, with respect to no more than six percent (6%) of the Participant's monthly Base Compensation less the basic (match eligible) election percentage in such plan; and provided further, however, Company matching contributions shall be paid, pursuant to this Plan and all plans of Employer combined, with respect to no more than six percent (6%) of Participant's monthly Base Compensation. Company Match shall only be paid on Base Compensation.

5.3 Dividends. Additional Shares shall be credited to each Participant's Pre-Tax Account, After-Tax Account, and Matching Account, respectively, for dividends on Stock, on the basis of the number of Shares credited to each such Account on the record date for such dividend.

The number of additional Shares to be credited to each Account for any dividend payment date shall be determined by dividing the total dividends which would have otherwise been payable on the number of Shares recorded in each Account, by the FMV on the last day of the month containing the dividend record date. The additional Shares shall be credited to each Account, as appropriate, on the last day of the month containing the dividend record date.

5.4 Vesting of Matching Account. A Participant's interest in his Matching Account shall vest at such time as Participant shall have five (5) years of service as reflected on the records of Employer; provided, however, the Matching Account of any Participant who was employed by Employer on December 31, 1988 shall be 100% vested at all times. Shares in the Matching Account relating to a Savings Unit shall not be available for distribution to the Participant until vested and: (i) for ten (10) years after the Unit Period for such Savings Unit has ended and until the Participant is at least fifty-five (55) years of age, or (ii) until Participant's Retirement or other termination of employment (including death). Upon termination of employment, all unvested Shares shall be forfeited.

5.5 Statement of Accounts. Each Participant will receive annual statements in such form as the Company deems desirable setting forth the balance of Shares standing to the credit of each of the Participant's Pre-Tax, After-Tax and Matching Accounts.

Section 6 - Retirement Alternative

Section 6 shall apply to the portions of all Savings Units for which the Retirement Alternative is elected. (Section 7 shall have no application to such portions of such Savings Units.) The distributions specified in this Section 6 shall be provided under the Retirement Alternative.

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6.1 Retirement Distribution. Upon Retirement or, effective for Savings Units commenced on or after January 1, 1995, the calendar year following Retirement if so elected by the Participant, with respect to a Savings Unit, the Company shall distribute to the Participant each year for up to fifteen (15) years, the number of years to be selected by Participant in his Agreement, beginning on the first day of the month next following the date of Retirement or during February of the year following Retirement if the calendar year following Retirement is elected for commencing distribution of Savings Units commenced on or after January 1, 1995, and annually on such date thereafter, from Participant's Pre-Tax Account, After-Tax Account, and Matching Account, shares of Stock corresponding to the number of Shares in each such Account on such date divided by the number of distributions to be made immediately prior to each such distribution. During the payout period, each such Account shall be credited with dividends in accordance with Section 5.3.

The Participant shall elect the number of years of distribution of a Retirement Distribution no later than the end of the calendar year immediately preceding the first distribution. If a Participant's Agreement fails to show an election as to the number of years of distribution of a Retirement Distribution, and an election is not made no later than the end of the calendar year immediately preceding the first distribution, such Participant will receive distribution in two annual installments beginning on the first of the month next following the date of Retirement or during February of the year following Retirement, whichever commencement date was previously elected by the Participant.

In the event that a final determination shall be made by the Internal Revenue Service or any court of competent jurisdiction that, by reason of Retirement, a Participant has recognized gross income for Federal income tax purposes in excess of the Retirement Distribution installment actually distributed by the Company to which such gross income is attributable, the Company shall make a lump sum distribution to the Participant of shares of Stock corresponding to the remaining Shares of his Pre-Tax, After-Tax and Matching Accounts for any affected Savings Units. If a distribution is made to a Participant pursuant to this paragraph for any Savings Unit, no other distributions shall thereafter be made under this Plan with respect to such Savings Unit.

Notwithstanding any election made by the Participant, the Company will distribute the Participant's Retirement Distribution in the form of a lump sum distribution if the FMV of his Pre-Tax plus After-Tax plus Matching Accounts for a Savings Unit is less than $10,000 when distribution of the Retirement Distribution for such Savings Unit would otherwise commence.

6.2 Termination Distribution.

6.2(a) Termination of Employment Before Retirement. Upon any termination of employment of the Participant for reasons other than death or Disability or Retirement, the Company shall distribute to the Participant, with respect to a Savings Unit, in a lump sum, shares of Stock corresponding to the vested portion of the Shares standing credited to his Pre-Tax, After-Tax and Matching Accounts for such Savings Unit determined as of the date of such termination of service ("Termination Distribution").

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6.2(b) Termination of a Savings Unit. A Participant shall terminate a Savings Unit if he terminates his election to participate in the Plan with respect to a Savings Unit pursuant to Section 4.2. Notwithstanding any other provision of the Plan, upon such discontinuance, the Participant shall immediately cease to be eligible for any distribution other than his Termination Distribution with respect to that Savings Unit (which shall be distributed upon his severance of employment) except as provided under Section 11.1. The Participant shall continue to be credited with dividends on the Shares standing credited to his Pre-Tax, After-Tax and Matching Accounts as provided under Section 5.3 and to vest in Shares as provided under Section 5.4 while he remains in employment with the Employer until payment of his Termination Distribution. However, no further Participant pre-tax or after-tax or Company contributions to this Plan shall be made pursuant to Sections 5.1 or 5.2 with respect to a Savings Unit after a Participant terminates such Savings Unit.

6.2(c) Loss of Eligibility. In the event that the Participant ceases to be an Eligible Employee by reason of a change to an employment status which is not eligible to participate in this Plan, the Participant shall nevertheless continue participation in this Plan while he remains in employment with Employer; however, no further Participant pre-tax contributions or after-tax contributions, or Company matching contributions shall be made to this Plan pursuant to Sections 5.1 or 5.2 subsequent to the date of such loss of eligibility.

6.3 Disability. In the event that a Participant suffers a Disability, pre-tax contributions and/or after-tax contributions and Company matching contributions that otherwise would have been credited to Participant's Pre-Tax Account, After-Tax and Matching Accounts, as applicable, in accordance with Sections 5.1 and 5.2 will continue to be credited to such Accounts out of his disability payments (as used in this Plan, disability payments and disability benefits shall refer to only to Employer payments) at the same time and in the same amounts as they would have been credited if the Participant had not suffered a Disability for as long as he is eligible to receive monthly disability benefits equal to 100 percent of his monthly base salary at the time of his Disability. At such time as the Participant is not eligible to receive monthly disability benefits equal to 100 percent of his monthly Base Compensation at the time of his Disability, Participant pre-tax contributions and/or after-tax contributions and Company matching contributions that otherwise would have been credited to the Accounts of the Participant in accordance with Section 5.1 and 5.2 shall cease.

If the Participant recovers from his Disability and returns within sixty (60) days thereafter to employment with Employer in an employment status which would make him eligible to participate in this Plan and prior to the end of the original Unit Period, the Participant shall continue or resume making pre-tax contributions and/or after-tax contributions, as the case may be, in accordance with Section 5.1 and the Company shall continue or resume making matching contributions, as the case may be, in accordance with Section 5.2 until the end of the original Unit Period.

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If the Participant recovers from his Disability, the Participant shall be treated as terminating service with Employer on the date of his recovery, unless within sixty (60) days thereafter he returns to employment with Employer in an employment status which makes him eligible to participate in this Plan.

If a Participant's Disability terminates by reason of his death, the rights of his Beneficiary shall be determined pursuant to Section 6.4 as if the Participant had not been disabled but rather had been in service on the date of his death and died on such date. If a Participant's Disability terminates by reason of attainment of age 65, the Participant shall upon the attainment of age 65 be entitled to a Retirement Distribution determined pursuant to Section 6.1. If a Participant's Disability terminates by reason of Retirement, the Participant shall be treated as having a Retirement on the date elected by the Participant and shall be entitled to a Retirement Distribution determined pursuant to Section 6.1.

6.4 Survivor Distribution.

6.4(a) If a Participant dies while in service with Employer (or while suffering from a Disability) prior to eligibility for Retirement with respect to a Savings Unit, upon the Participant's death the Company will distribute to the Participant's Beneficiary with respect to such Savings Unit, shares of Stock corresponding to all of the Shares in Participant's Pre-Tax, After-Tax and Matching Accounts. Distribution shall occur in the month following the date of death.

6.4(b) If a Participant dies while in service after eligibility for Retirement with respect to a Savings Unit, but prior to commencement of distribution of a Retirement Distribution with respect to such Savings

Unit, the Company will distribute to the Participant's Beneficiary the Stock that such Participant's Beneficiary would have received with respect to such Savings Unit had the Participant retired and commenced to receive a Retirement Distribution on the day prior to such Participant's death. Such distributions shall be made in accordance with the number of installments which the Participant had elected for distribution of his Retirement Distribution.

6.4(c) If a Participant dies after Retirement but before commencement of distribution of a Retirement Distribution with respect to a Savings Unit, the Company will distribute to the Participant's Beneficiary the installments that Participant would have received with respect to such Savings Unit had the Participant survived. Payments will commence effective with the Participant's death. Such distributions shall be made in accordance with the method of distribution which the Participant had elected for distribution of his Retirement Distribution.

6.4(d) If a Participant dies after the commencement of payment of a Retirement Distribution with respect to a Savings Unit, the Company will distribute to the Participant's Beneficiary the remaining installments that would have been distributed to the Participant had the Participant survived.

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Section 7 - Specified Date Alternative

Section 7 shall apply to the portions of all Savings Units for which the Specified Date Alternative is elected. (Section 6 shall have no application to such portions of such Savings Units.) The distributions specified in this Section 7 shall be provided under the Specified Date Alternative.

7.1 Specified Date Distribution. If a Participant elects the Specified Date Alternative with respect to a Savings Unit, the Company shall distribute to the Participant each year for up to four (4) years, the number of years to be selected by Participant in his Agreement, beginning on the first day of the month selected in his Agreement for commencement of distributions, and annually on such date thereafter, from Participant's Pre-Tax Account, After-Tax Account, and Matching Account (to the extent available for distribution), shares of Stock corresponding to the number of Shares in each such Account on such date divided by the number of distributions to be made immediately prior to each such distribution. During the payout period, each such Account shall be credited with dividends in accordance with Section 5.3. Shares of Stock corresponding to Shares in the Matching Account which are not immediately available for distribution shall be distributed to the Participant in a lump sum distribution as soon as practicable after such Shares become available for distribution. While such Shares remain in the Matching Account, such Account shall be credited with dividends on such Shares in accordance with Section 5.3.

A Participant may elect, as the Specified Date for a Savings Unit, the first day of any month after the January following the calendar year during which the Savings Unit commences. If the Participant elects an annual distribution, the Savings Unit shall be paid out in February following the end of the Unit Period or as soon thereafter as is practicable.

Notwithstanding any election made by the Participant, the Company will distribute the Participant's Specified Date Distribution in the form of a lump sum distribution if the FMV of his Pre-Tax plus After-Tax plus Matching Accounts for a Savings Unit is less than $10,000 when distribution of a Specified Date Distribution for such Savings Unit would otherwise commence.

7.2 Termination Distribution.

7.2(a) Termination of Employment Prior to Specified Date. Upon any termination of employment of the Participant for reasons other than death or Disability or Retirement before the Specified Date selected for a Savings Unit, the Company shall distribute to the Participant, with respect to such Savings Unit, in a lump sum, shares of Stock corresponding to the vested portion of the Shares standing credited to his Pre-Tax, After-Tax and Matching Accounts for such Savings Unit determined as of the date of such termination of service ("Termination Distribution").

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7.2(b) Termination of a Savings Unit. The provisions of Section 6.2(b) shall apply with respect to the termination of any Savings Unit for which the Specified Date Alternative is selected.

7.2(c) Loss of Eligibility. The provisions of Section 6.2(c) shall apply with respect to the loss of eligibility under any Savings Unit for which the Specified Date Alternative is selected.

7.3 Disability. In the event that a Participant suffers a Disability, the provisions of Section 6.3 shall apply except that the provisions of the following paragraphs shall govern.

If a Participant's Disability terminates by reason of his death prior to the Specified Date, the rights of his Beneficiary shall be determined pursuant to Section 7.4 as if the Participant had not been disabled but rather had been in service on the date of his death and died on such date.

If a Participant suffering from a Disability attains the Specified Date for a Savings Unit, the Participant shall be entitled to the Specified Date Distribution determined pursuant to Section 7.1.

7.4 Survivor Distribution.

7.4(a) If a Participant dies prior to the commencement of distribution of the Specified Date Distribution with respect to a Savings Unit, upon the Participant's death the Company will distribute to the Participant's Beneficiary with respect to such Savings Unit, shares of Stock corresponding to all of the Shares in Participant's Pre-Tax, After-Tax and Matching Accounts. Distribution shall occur in the month following the date of death.

7.4(b) If a Participant dies after the commencement of payment of an Specified Date Distribution with respect to a Savings Unit, the Company will distribute to the Participant's Beneficiary the remaining installments of any such distribution that would have been distributed to the Participant had the Participant survived.

Section 8 - Beneficiary Designation

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Each Participant shall have the right, at any time, to designate pursuant to the SBC Rules for Employee Beneficiary Designations as may hereafter be amended from time to time ("Rules"), which Rules shall apply hereunder and are incorporated herein by this Reference, any person or persons as his Beneficiary or Beneficiaries (both primary as well as contingent) to whom distributions of Stock under this Plan shall be made in the event of his death prior to complete distribution to Participant of the distributions due him under the Plan. Each Beneficiary designation shall become effective only when filed in writing with the Company during the Participant's lifetime on a form prescribed by the Company with written acknowledgment of receipt.

The filing of a new Beneficiary designation form will cancel all Beneficiary designations previously filed. The spouse of a married Participant domiciled in a community property jurisdiction shall join in any designation of Beneficiary or Beneficiaries other than the spouse.

If a Participant fails to designate a Beneficiary as provided above, or if all designated Beneficiaries predecease the Participant or die prior to complete distribution of the Participant's distributions, then the Company shall direct the distribution of such distributions according to the Rules.

Section 9 - Options

9.1 Grants. The HRC shall determine at its discretion whether the Options issued pursuant to this Plan shall be non-qualified stock Options or incentive stock Options within the meaning of Section 422 of the Code. Any Options issued hereunder shall be non-qualified Options unless the HRC specifies prior to the Unit Start Date that they shall be incentive stock Options. Notwithstanding any other provision of the Plan, any incentive stock Options issued under this Plan shall be issued and exercised in accordance with Section 422 of the Code. The Options may be issued in definitive form or recorded on the books and records of the Company for the account of the Participant, at the discretion of the Company. If the Company elects not to issue the Options in definitive form, they shall be deemed issued, and the Participants shall have all rights incident thereto as if they were issued on the dates provided herein, without further action on the part of the Company or the Participant. In addition to the terms herein, all Options shall be subject to such additional provisions and limitations as provided in any Administrative Procedures adopted by the HRC prior to the issuance of such Options. The number of Options issued to a Participant shall be reflected on the Participant's annual statement of account.

9.2 Term of Options. The Options may only be exercised: (a) after the earlier of (i) the expiration of one year from date of issue or (ii) the Participant's termination of employment (only for Options issued on or after August 1, 1998), and (b) no later than the tenth anniversary of their issue, and shall be subject to earlier termination as provided herein.

9.3 Exercise Price. The price per share of Stock purchasable under an Option shall be the Fair Market Value of the Stock on the date of issuance of the Options.

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9.4 Issuance of Options. February 1 and August 1 of each year shall each be an Option issuance date, unless Stock is not traded on the NYSE on such day in which event the immediate following day in which Stock is so traded shall be the Option issuance date. On each Option issuance date, each Participant shall receive two Options, or such higher number as may be determined by the HRC, in its sole discretion, at any time, or such lower number as may be determined by the HRC, in its sole discretion, and announced to Participants prior to the Unit Start Date with respect to a Savings Unit, for each Share credited to the Participant's Pre-Tax Account during the preceding six month periods. The number of Options to be received shall be determined by multiplying the number of Shares by the number of Options to be received for each Share and rounding up to the next whole number; provided, however, that no more than 200,000 Options shall be issued to any individual during the calendar year. No Share may be counted more than once for the issuance of Options and Options shall only be issued for Shares credited to a Savings Unit with respect to its Unit Period.

In addition to the foregoing, the HRC may, at any time and in any manner, limit the number of Options which may be acquired as a result of the Short Term Incentive Award being contributed to the Plan. Further, except as otherwise provided by the HRC, in determining the number of Options to be issued to a Participant with respect to a Participant's contribution of a Short Term Incentive Award to the Plan and subsequent crediting of Shares, Options may be issued only with respect to an amount which does not exceed the target amount of such award (or such other portion of the award as may be determined by the HRC).

Accordingly, the following rules shall apply:

Options To Be Issued With Respect To A Short Term Incentive Award

Contributed To The Plan.

A Participant shall be permitted to contribute his Short Term Incentive Award, although paid after Retirement, into the Stock Savings Plan; and, subject to application of the rule in the following sub paragraph, Options may be issued thereon and on the dividends that would accumulate thereon applicable to the calendar year when the Short Term Award was placed into the Plan.

Participants Who Retire, Terminate Employment Or Terminate A Savings Unit.

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Options are calculated on August 1 and February 1, in each case for the preceding six month periods based on the Shares posted to the Participant's accounts. The August 1 options are for January through June contributions plus 1st quarter and 2nd quarter dividend equivalents. The February 1 options are for July through December contributions plus the 3rd quarter and 4th quarter dividend equivalents. If a Participant retires, terminates employment or terminates a Savings Unit during an ongoing savings period, since the Unit Period ends upon Retirement, termination, etc., a dividend equivalent shall be treated as being paid with respect to a Unit Period (i.e., for purposes of receiving Options on such dividend equivalent) only if the Participant is employed on any day of the last month of the quarter preceding payment of the dividend, e.g., one must be employed at least one day in December in order to receive Options on the fourth quarter dividend equivalent paid the following February 1. A retiree shall thus receive Options on dividends issued with respect to his/her last quarter if he or she worked at any time during the last month of such quarter. The same shall apply if a Savings Unit is terminated. However, if a Participant terminates employment other than as a result of Retirement or for any reason other than death or Disability, no further options shall be issued to the Participant on or after the last day of employment.

9.5 Exercise and Payment of Options. Options shall be exercised by providing notice to the designated agent selected by the Company (if no such agent has been designated, then to the Company), in the manner and form determined by the Company, which notice shall be irrevocable, setting forth the exact number of shares of Stock with respect to which the Option is being exercised and including with such notice payment of the Exercise Price. When Options have been transferred, the Company or its designated agent may require appropriate documentation that the person or persons exercising the Option, if other than the Participant, has the right to exercise the Option. No Option may be exercised with respect to a fraction of a share of Stock.

The Exercise Price shall be paid in full at the time of exercise. No Stock shall be issued or transferred until full payment has been received therefor.

Payment may be made:

(a) in cash, or

(b) unless otherwise provided by the Committee at any time, and subject to such additional terms and conditions and/or modifications as the Committee or the Company may impose from time to time, and further subject to suspension or termination of this provision by the Committee or the Company at any time, by:

(i) delivery of Stock owned by the Participant in partial (if in partial payment, then together with cash) or full payment; provided, however, as a condition to paying any part of the Exercise Price in Stock, at the time of exercise of the Option, the Participant must establish to the satisfaction of the Company that the Stock tendered to the Company must have been held by the Participant for a minimum of six (6) months preceding the tender; or

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(ii) if the Company has designated a stockbroker to act as the Company's agent to process Option exercises, issuance of an exercise notice to such stockbroker together with instructions irrevocably instructing the stockbroker: (A) to immediately sell (which shall include an exercise notice that becomes effective upon execution of a limit order) a sufficient portion of the Stock to pay the Exercise Price of the Options being exercised and the required tax withholding, and (B) to deliver on the settlement date the portion of the proceeds of the sale equal to the Exercise Price and tax withholding to the Company. In the event the stockbroker sells any Stock on behalf of a Participant, the stockbroker shall be acting solely as the agent of the Participant, and the Company disclaims any responsibility for the actions of the stockbroker in making any such sales. No Stock shall be issued until the settlement date and until the proceeds (equal to the Exercise Price and tax withholding) are paid to the Company.

If payment is made by the delivery of Stock, the value of the Stock delivered shall be equal to the Fair Market Value of the Stock on the day preceding the date of exercise of the Option.

Restricted Stock may not be used to pay the Option exercise price.

9.6 Restrictions on Exercise and Transfer. During the optionee's lifetime (for purposes of Paragraphs 9.6 through 9.9, "optionee" shall only refer to the original recipient of an Option), the optionee's Options shall be exercisable only by the optionee or by the optionee's guardian or legal representative. After the death of the optionee, except as otherwise provided by the Company's Rules for Employee Beneficiary Designations, an Option shall only be exercised by the holder thereof (including, but not limited to, an executor or administrator of a decedent's estate) or his or her guardian or legal representative.

No Option shall be transferable except: (a) upon the death of the optionee in accordance with the Company's Rules for Employee Beneficiary Designations; and (b) in the case of any holder after the optionee's death, only by will or by the laws of descent and distribution.

9.7 Termination by Death. If an optionee's employment with Employer terminates by reason of death, the Option may thereafter be exercised, to the extent then exercisable, for a period of three (3) years from the date of such death or until the expiration of the stated term of such Option, whichever period is shorter.

9.8 Termination by Disability. If an optionee's employment with Employer terminates by reason of Disability, any Option held by such optionee may thereafter be exercised, to the extent it was exercisable at the time of such termination (or on such accelerated basis as the HRC shall determine at the time of grant), for a period of three (3) years from the date of such termination of employment or the expiration of the stated term of such Option, whichever period is shorter.

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9.9 Retirement or Other Termination of Employment. Except as otherwise provided in this paragraph, if an optionee's employment with Employer terminates as a result of Retirement or for any reason other than death or Disability, the Option may be exercised until the earlier of three months (one year for options granted on or after August 1, 1998) from the date of termination or three years (five years for options granted on or after August 1, 1998) from the date of Retirement, as applicable, or the expiration of the term of such Option; provided, however, that a transfer to a RWAC shall not be considered a termination of employment to the extent the term of employment at a RWAC is equal to or less than five years.

Section 10 - Discontinuation, Termination, Amendment

10.1 Company's Right to Discontinue Offering Savings Units. The HRC or the Chairman may at any time discontinue offerings of additional Savings Units with respect to any or all future Plan Years. Any such discontinuance shall have no effect upon the pre-tax contributions or after-tax contributions or the terms or provisions of this Plan as applicable to any then previously existing Savings Units.

10.2 Company's Right to Terminate Plan. No Savings Unit may be commenced after December 31, 2004. The HRC may terminate the Plan at any earlier time. Termination of the Plan shall mean that (1) there shall be no further offerings of additional Savings Units with respect to any future Plan Year; (2) pre-tax contributions and after-tax contributions shall prospectively cease with respect to all Savings Units for the then Plan Year and thereafter; and (3) all then currently existing Savings Units shall be treated as follows:

The Participant's Matching Accounts shall be 100% vested. The Participant shall receive or continue to receive all distributions under this Plan at such time as provided in and pursuant to the terms and conditions of his Agreement(s) and as described in this Plan; provided, however, any distributions under a Savings Unit that is not completed due to a termination of the Plan under this Section 10.2 shall be based upon only the actual pre-tax contributions plus after-tax contributions plus Company contributions made with respect to such Savings Unit prior to such termination, and dividends on same thereafter.

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10.3 Amendment. The HRC may at any time amend the Plan in whole or in part including, but not limited to, changing the formulas for determining the amount of Company contributions under Section 5 or the number of Options to be issued under Section 9; provided, however, that no amendment, including an amendment to this Section 10, shall be effective, without the written consent of a Participant, to alter, to the detriment of such Participant, the distributions described in this Plan as applicable to a Savings Unit of the Participant or to decrease the number of Shares standing credited to such Participant's Pre-Tax, After-Tax and Matching Accounts under the Plan. For purposes of this Section 10.3, an alteration to the detriment of a Participant shall mean a reduction in the period of time over which stock is distributable under a Participant's Agreement, or any reduction in the number of Options, increase in Exercise Price or decrease in the term of an Option. Written notice of any amendment shall be given to each Participant.

Notwithstanding anything to the contrary contained in this section of the Plan, the HRC may modify this Plan with respect to any person subject to the provisions of Section 16 of the Securities Exchange Act of 1934 as amended ("Exchange Act") to place additional restrictions on the exercise of any Option or the transfer of any Stock not yet issued under the Plan.

Section 11 - Miscellaneous.

11.1 Additional Benefit. The reduction of any benefit payable under the SBC Pension Benefit Plan (or comparable plan identified by the Company as a replacement therefore), which results from participation in this Plan, will be restored as an additional benefit ("make-up piece") under this Plan. The Participant shall elect prior to commencement of payment of the make-up piece whether to receive such benefit in cash in a lump sum (consisting of the present value equivalent of the pension retirement benefit (life annuity) make-up piece) or such benefit in an annuity form of payment. Notwithstanding the proceeding provisions of this Section 11.1, if all or a portion of the make-up piece is paid pursuant to SRIP or another non-qualified plan, then such amount shall not be payable pursuant to this Plan.

11.2 Small Distribution. Notwithstanding any election made by the Participant, the Company will distribute any shares of Stock corresponding to Shares in the form of a lump sum distribution if the Shares in Participant's Pre-Tax Account plus After-Tax Account plus Matching Account have a FMV of less than $10,000 when such distribution would otherwise commence.

11.3 Emergency Distribution. In the event that the HRC, upon written petition of the Participant, determines in its sole discretion, that the Participant has suffered an unforeseeable financial emergency, the Company shall distribute to the Participant, as soon as practicable following such determination, Stock corresponding to the number of Shares ordered by the HRC from his Pre-Tax, After-Tax and Matching Accounts for one or more Savings Units as necessary to meet the emergency (the "Emergency Distribution"). For purposes of this Plan, an unforeseeable financial emergency is an unexpected need for cash arising from an illness, casualty loss, sudden financial reversal, or other such unforeseeable occurrence. Cash needs arising from foreseeable events such as the purchase of a house or education expenses for children shall not be considered to be the result of an unforeseeable financial emergency. Upon receipt of an Emergency Benefit, a Participant shall not be permitted to commence a new Savings Unit until the next enrollment after one whole year has elapsed.

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11.4 Commencement of Payments. Except as otherwise provided in this Plan, commencement of a distribution under this Plan shall begin sixty (60) days following the event which entitles a Participant (or a Beneficiary) to such distribution, or at such earlier date as may be determined by the HRC.

11.5 Tax Withholding. Upon distribution of Stock, including but not limited to, shares of Stock issued upon the exercise of an Option, the Company shall withhold sufficient shares of Stock having a Fair Market Value on the date the taxes are determined necessary to satisfy the minimum amount of Federal, state, and local taxes required by law to be withheld as a result of such distribution.

Any fractional share of Stock payable to a Participant shall be withheld as additional Federal withholding, or, at the option of the Company, paid in cash to the Participant.

Unless otherwise determined by the Committee, when the method of payment for the Exercise Price is from the sale by a stockbroker pursuant to Section 9.5(b)(ii), hereof, of the Stock acquired through the Option exercise, then the tax withholding shall be satisfied out of the proceeds. For administrative purposes in determining the amount of taxes due, the sale price of such Stock shall be deemed to be the Fair Market Value of the Stock.

11.6 Reserved

11.7 Transfer to a RWAC. If a Participant transfers to a RWAC, all of the Participant's Savings Units shall be frozen upon transfer, unless otherwise determined by the Company. No further Participant pre-tax contributions, after-tax contributions or Company contributions shall be made subsequent to the transfer. During the period of employment at a RWAC (for a period not to exceed five (5) years), the Participant shall continue to be credited with dividends on his Pre-Tax, After-Tax and Matching Accounts, as applicable, as provided under Section 5.3 and to vest in such amounts as provided under Section 5.4, and all distributions shall continue to be payable to the Participant and his Beneficiaries in accordance with Section 6 and/or Section 7 hereof, as applicable. If the Participant has not resumed employment with Employer in an employment status which makes him eligible to participate in this Plan within five (5) years from the date of transfer, a Termination Distribution based on the amounts credited to the Participant's Pre-Tax, After-Tax and Matching Accounts, as applicable, shall be paid upon termination of employment with a RWAC or the expiration of such five (5) year period, whichever is earlier.

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11.8 Leave of Absence. If a Participant absents himself from employment on a formally granted leave of absence (i.e., the absence is with formal permission in order to prevent a break in the continuity of the Employee's term of employment, which permission is granted in conformity with the rules of the Employer which employs the individual, as adopted from time to time), all of the Participant's Savings Units shall automatically be frozen upon such leave of absence, unless otherwise determined by the HRC. No Participant pre-tax contributions or after-tax contributions or Company contributions shall be made during the leave of absence. However, during the leave of absence, the Participant shall continue to be credited with dividends on his Pre-Tax, After-Tax and Matching Accounts, as applicable, as provided under Section 5.3 and to vest in such amounts as provided under Section 5.4, and all distributions shall continue to be payable to the Participant and his Beneficiaries in accordance with Section 6 and/or Section 7 hereof, as applicable. If the Participant returns to employment with Employer in an employment status which makes him eligible to participate in this Plan before completion of or immediately upon the expiration of the leave of absence, Participant pre-tax contributions and Company matching contributions will resume until the end of the original Unit Period. If the Participant has not resumed employment with Employer in an employment status which makes him eligible to participate in this Plan before completion of or immediately upon the expiration of the leave of absence, a Termination Distribution based on the amounts credited to the Participant's Pre-Tax, After-Tax and Matching Accounts shall be paid to the Participant.

This Section 11.8 shall not apply with respect to any period during which a Participant is suffering from a Disability, and such period of Disability shall not be included under this Section 11.8 as a portion of a period of leave of absence.

11.9 Ineligible Participant. Notwithstanding any other provisions of this Plan to the contrary, if any Participant is determined not to be a "management or highly compensated employee" within the meaning of ERISA, such Participant will not be eligible to participate in this Plan and shall receive an immediate lump sum distribution of shares of Stock corresponding to the vested portion of the Shares standing credited to his Pre-Tax plus After-Tax plus Matching Accounts. Upon such payment no other distribution shall thereafter be payable under this Plan either to the Participant or any Beneficiary of the Participant, except as provided under Section 11.1.

11.10 Unsecured General Creditor. Participants and their Beneficiaries, heirs, successors, and assigns shall have no legal or equitable rights, interest, or claims in any property or assets of Employer. No assets of Employer shall be held under any trust for the benefit of Participants, their Beneficiaries, heirs, successors, or assigns, or held in any way as collateral security for the fulfilling of the obligations of Employer under this Plan. Any and all of the Employer's assets shall be, and remain, the general, unpledged, unrestricted assets of Employer. The only obligation of Employer under the Plan shall be merely that of an unfunded and unsecured promise of the Company to distribute shares of Stock corresponding to Shares, and Options, under the Plan in the future.

11.11 Offset. If a Participant becomes entitled to a distribution of Stock under the Plan, the Company may offset against the amount of Stock otherwise distributable, any claims to reimbursement for intentional wrongdoing by the Participant against the Employer or an affiliate as well as any overpayment made under this Plan. Such determination shall be made by the Company.

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11.12 Non-Assignability. Neither a Participant nor any other person shall have any right to commute, sell, assign, transfer, pledge, anticipate, mortgage, or otherwise encumber, transfer, hypothecate or convey in advance of actual receipt, shares of Stock corresponding to Shares under the Plan, if any, or any part thereof, which are, and all rights to which are, expressly declared to be unassignable and non-transferable. No part of the Stock distributable shall, prior to actual distribution, be subject to seizure or sequestration for the payment of any debts, judgments, alimony or separate maintenance owed by a Participant or any other person, nor be transferable by operation of law in the event of a Participant's or any other person's bankruptcy or insolvency.

11.13 Employment Not Guaranteed. Nothing contained in this Plan nor any action taken hereunder shall be construed as a contract of employment or as giving any Employee any right to be retained in the employ of Employer or to serve as a director.

11.14 Gender, Singular and Plural. All pronouns and any variations there of shall be deemed to refer to the masculine or feminine, as the identity of the person or persons may require. As the context may require, the singular may be read as the plural and the plural as the singular.

11.15 Captions. The captions of the articles, sections, and paragraphs of this Plan are for convenience only and shall not control nor affect the meaning or construction of any of its provisions.

11.16 Applicable Law. This Plan shall be governed and construed in accordance with the laws of the State of Texas, to the extent not preempted by ERISA. Any action seeking to enforce an Employee's or Beneficiary's rights under this Plan, including but not limited to the terms of any Agreement or Option issued hereunder, may only be brought in Bexar County, Texas.

11.17 Validity. In the event any provision of this Plan is held invalid, void, or unenforceable, the same shall not affect, in any respect whatsoever, the validity of any other provision of this Plan.

11.18 Notice. Any notice or filing required or permitted to be given to the Company under the Plan shall be sufficient if in writing and hand delivered, or sent by registered or certified mail, to the principal office of the Company, directed to the attention of the Vice President-Human Resources of the Company. Such notice shall be deemed given on the date of delivery or, if delivery is made by mail, on the date shown on the postmark on the receipt for registration or certification.

11.19 Successors and Assigns. This Plan shall be binding upon the Company and its successors and assigns.

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11.20 Limitations and Adjustments. The number of shares of Stock which may be distributed pursuant to the Plan, exclusive of Section 9, is 6,500,000. The number of stock Options and shares of Stock which may be issued pursuant to Section 9 of the Plan is 10,500,000 each. Of the foregoing stock options, the number of incentive stock Options which may be issued pursuant to the Plan is 10,500,000.

In the event of a merger, reorganization, consolidation, recapitalization, separation, liquidation, stock dividend, stock split, share combination, or other change in the corporate structure of the Company affecting the shares of Stock, such adjustment shall be made in the number and class of shares of Stock which may be delivered under the Plan, and in the number and class of and/or price of shares of Stock subject to outstanding Options granted under the Plan, as may be determined to be appropriate and equitable by the Committee, in its sole discretion, to prevent dilution or enlargement of rights.

11.21 Distribution Alternative. Effective November 17, 1995, notwithstanding the provisions of Section 6 and of Section 7, at any time during the calendar year prior to the calendar year during which a distribution(s) pursuant to a Savings Unit is scheduled to commence, a Participant may change his or her previous election(s) applicable to such Savings Unit to further defer the commencement of the distribution(s) pursuant to such Savings Unit to a subsequent calendar year, and in such case to also change the number of installments applicable to the distribution of the Savings Unit as follows: (a) the new election(s) applicable to such Savings Unit must conform with either Section 6, if the Retirement Alternative is the new selection for such Savings Unit, or Section 7, if the Specified Date Alternative is the new selection for such Savings Unit; (b) either the Retirement Alternative or the Specified Date Alternative may be selected for the new election(s) for a Savings Unit irrespective of the Alternative originally selected for such Savings Unit;

(c) the commencement date for payments pursuant to such Savings Unit may be delayed to any point in time in a subsequent calendar year - the commencement date for payments may not be advanced to an earlier point in time; and (d) any number of installments may be selected pursuant to the new election(s) for a Savings Unit irrespective of the number of installments originally selected for such Savings Unit. Provided, however, in the event a Participant is involuntarily terminated from employment (which shall be deemed to include termination by reason of death), and such termination is for a reason other than for cause (i.e., willful and gross misconduct on the part of the Participant that is materially and demonstrably detrimental to the Company or any subsidiary thereof), and such termination is a Retirement (or in the case of Participant's death, Participant was Retirement eligible), then Participant (or Participant's Beneficiary(ies)) may make the change(s) to Participant's previous election(s) pursuant to this Section 11.21 at the time of Participant's termination of employment. Amounts with respect to which the Participant's election(s) are modified in accordance with the provisions of this Section 11.21 shall continue to be subject to all provisions of this Plan including further distribution modifications in accordance with the provisions of the Section 11.21.

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Section 12 - Participation in Other Plan(s)

12.1 Participation in Predecessor Plans. Effective November 21, 1997, the plans of the Stock Savings Program shall be merged into the Stock Savings Plan. All Savings Units under the Stock Based Savings Plan or the Management Stock Savings Plan shall be transferred to this Plan as of that date and shall be governed by the terms of this Plan.

12.2 Pacific Telesis Group 1996 Executive Deferred Compensation Plan or the Pacific Telesis Group Non-Qualified Savings Plan. If an Eligible Employee elects to participate in this Plan with respect to contributions during 1998, the Employee may not defer, under the Pacific Telesis Group 1996 Executive Deferred Compensation Plan or the Pacific Telesis Group Non-Qualified Savings Plan, any compensation otherwise payable in 1998, and such election under this Plan shall operate as a termination of participation in such Pacific Telesis Group plans to the extent it relates to any deferrals of compensation otherwise payable in 1998.

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EXHIBIT 10-p

SBC Communications Inc.

1992 STOCK OPTION PLAN

Plan Effective: January 1, 1996
As amended through: November 19, 1999

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1992 Stock Option Plan

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SBC 1992 STOCK OPTION PLAN

ARTICLE 1. PURPOSE, DEFINITIONS AND EFFECTIVE DATE

1.1 Purpose. The purpose of the SBC 1992 Stock Option Plan ("Plan") is to promote the success and enhance the value of SBC Communications Inc. (the "Company") by linking the personal interests of the Employees of the Company and its Subsidiaries to the interests of the Company's shareowners, and by providing Employees with an additional incentive for outstanding performance. To achieve this purpose, Options to purchase common stock of the Company may be granted to Employees of the Company and its Subsidiaries pursuant to the Plan.

1.2 Additional Definitions. In addition to definitions set forth elsewhere in the Plan, for purposes of the Plan:

(a) "Cause" shall mean willful and gross misconduct on the part of a Participant that is materially and demonstrably detrimental to the Company or any Subsidiary as determined by the Committee in its sole discretion.

(b) "Employee" shall mean any management employee of the Company or of one of its Subsidiaries in the third (3rd) level of management or above. Directors who are not otherwise employed by the Company or any of its Subsidiaries shall not be considered Employees under the Plan.

(c) "Exchange Act" shall mean the Securities Exchange Act of 1934, as amended, or any successor Act thereto.

(d) "Fair Market Value" shall mean the closing price on the New York Stock Exchange ("NYSE") for Shares on the relevant date, or if such date was not a trading day, the next preceding trading date, all as determined by the Company. A trading day is any day that the Shares are traded on the NYSE. In lieu of the foregoing, the Committee may select any other index or measurement to determine the Fair Market Value of Shares under the Plan.

(e) "Option" shall mean the right to purchase one or more shares of the common stock of SBC Communications Inc. on the terms and conditions contained in this Plan, the rules of the Committee, and the terms of the Option.

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(f) "Retirement" shall mean the termination of a Participant's employment with the Company or one of its Subsidiaries, for reasons other than death, disability (as that term is used in the SBC Senior Management Long Term Disability Plan) or for Cause, on or after the earlier of the following dates: (1) the date Participant is eligible to retire with an immediate pension pursuant to the SBC Supplemental Retirement Income Plan; or (2) the date the Participant has attained one of the following combinations of age and service at termination of employment on or after April 1, 1997, except as otherwise indicated below:

Net Credited Service	Age
10 years or more	65 or older
20 years or more	55 or older
25 years or more	50 or older
30 years or more	Any age

With respect to a Participant who is granted an EMP Service Pension under and pursuant to the provisions of the SBC Pension Benefit Plan - Nonbargained Program upon termination of Employment, the term "Retirement" shall include such Participant's termination of employment.

(g) "Rotational Work Assignment Company" or "RWAC" shall mean Bell Communications Research, Inc., formerly the Central Services Organization, Inc., and/or any other entity with which SBC Communications Inc. or any of its subsidiaries may enter into an agreement to provide an employee for a rotational work assignment.

(h) "Shares" or "Stock" or "Shares of Stock" shall mean the common stock of SBC Communications Inc.

(i) "Subsidiary" shall mean any corporation in which the Company owns directly, or indirectly through subsidiaries, more than fifty percent (50%) of the total combined voting power of all classes of Stock, or any other entity (including, but not limited to, partnerships and joint ventures) in which the Company owns more than fifty percent (50%) of the combined equity thereof.

1.3 Effective Date. The Plan shall be effective on the date it is approved
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by the Company's shareowners.

ARTICLE 2. ADMINISTRATION

2.1 The Committee. The Plan shall be administered by a Committee or
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Committees (the "Committee") appointed by the Board of Directors.

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2.2 Authority of the Committee. The Committee shall have full power, except as limited by law or by the Articles of Incorporation or Bylaws of the Company, and subject to the provisions of this Plan, to select the recipients of Options ("Participants"); determine the sizes of grants of Options under the Plan; determine the exercise price, duration, vesting requirements, and period of exercisability of each Option; determine the terms and conditions of such Option grants in a manner consistent with the Plan; construe and interpret the Plan and any agreement or instrument entered into under the Plan; establish, amend, or waive rules and regulations for the Plan's administration; and, subject to the provisions of Article 5 - Amendment, Modification, and Termination, herein, amend the terms and conditions of any outstanding Option to the extent such terms and conditions are within the discretion of the Committee as provided in the Plan. Further, the Committee shall make all other determinations which may be necessary or advisable for the administration of the Plan.

All determinations and decisions made by the Committee pursuant to the provisions of the Plan, and all related orders and resolutions of the Board shall be final, conclusive, and binding on all persons, including the Company, its shareowners, Employees, Participants, and their estates and beneficiaries.

ARTICLE 3. SHARES SUBJECT TO THE PLAN

3.1 Number of Shares. Subject to adjustment as provided in Section 3.3 Adjustments in Authorized Shares, herein, the total number of Shares of Stock for which Options may be granted under the Plan may not exceed 9,000,000 Shares. These Shares may be either authorized but unissued or reacquired Shares.

3.2 Lapsed Options. If any Option granted under the Plan is canceled, terminates, expires, or lapses for any reason, any Shares subject to such Option again shall be available for the grant of an Option under the Plan.

3.3 Adjustments in Authorized Shares. In the event of a merger, reorganization, consolidation, recapitalization, separation, liquidation, stock dividend, stock split, share combination, or other change in the corporate structure of the Company affecting the Shares, such adjustment shall be made in the number and class of Shares which may be delivered under the plan, and in the number and class of and/or price of Shares subject to outstanding Options granted under the Plan, as may be determined to be appropriate and equitable by the Committee, in its sole discretion, to prevent dilution or enlargement of rights; and provided that the number of Shares subject to any Option shall always be a whole number.

ARTICLE 4. STOCK OPTIONS

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4.1 Grant of Options. Subject to the terms and provisions of the Plan, Options may be granted to such Employees, at such times and on such terms and conditions, as shall be determined by the Committee; provided, however, no Options may be granted after the 10th anniversary of the effective date of the Plan. The Committee shall have discretion in determining the number of Options and the number of Shares subject to each Option granted to each Participant. Without limiting the generality of the foregoing, the Committee shall have the authority to establish guidelines setting forth anticipated grant levels which correspond to various salary grades or the equivalent thereof.

4.2 Form of Issuance. Options may be issued in the form of a certificate or may be recorded on the books and records of the Company for the account of the Participant. If an Option is not issued in the form of a certificate, then the Option shall be deemed granted upon issuance of a notice of the grant addressed to the recipient. The terms and conditions of an Option shall be set forth in the certificate, in the notice of the issuance of the grant, or in such other documents as the Committee shall determine. The Committee may require a Participant to enter into a written agreement containing terms and conditions relating to the Option and its exercise.

4.3 Option Price. The Option Price for each grant of an Option shall be determined by the Committee; provided, however, that the minimum Option Price shall be one hundred percent (100%) of the Fair Market Value of a Share on the date the Option is granted.

4.4 Duration of Options. Each Option shall expire at such time as the Committee shall determine at the time of grant; provided, however, that no Option shall be exercisable later than the tenth (10th) anniversary date of its grant.

4.5 Vesting of Options. Options shall vest at such times and under such terms and conditions as determined by the Committee. The Committee shall have the authority to accelerate the vesting of any Option; provided, however, that the Senior Executive Vice President - Human Resources, or his successor, or such other person designated by the Committee, shall have the authority to accelerate the vesting of Options for any Participant who is in the fifth level of management or below and who is not a Director or an officer (as that term is defined in Section 16 of the Exchange Act).

4.6. Exercise of Options. Options granted under the Plan shall be exercisable at such times and be subject to such restrictions and conditions as the Committee shall in each instance approve, which need not be the same for each grant or for each Participant. However, in no event may any Option granted under this Plan become exercisable prior to the first anniversary of the date of its grant, except as provided in Section 4.11 Change in Control.

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Options shall be exercised by providing notice to the designated agent selected by the Company (if no such agent has been designated, then to the Company), in the manner and form determined by the Company, which notice shall be irrevocable, setting forth the exact number of Shares with respect to which the Option is being exercised and including with such notice payment of the Option Price. When Options have been transferred, the Company or its designated agent may require appropriate documentation that the person or persons exercising the Option, if other than the Participant, has the right to exercise the Option. No Option may be exercised with respect to a fraction of a Share.

4.7 Payment. The Option Price shall be paid in full at the time of exercise. No Shares shall be issued or transferred until full payment has been received therefor.

Payment may be made:

(a) in cash, or

(b) unless otherwise provided by the Committee at any time, and subject to such additional terms and conditions and/or modifications as the Committee or the Company may impose from time to time, and further subject to suspension or termination of this provision by the Committee or the Company at any time, by:

(i) delivery of Shares of Stock owned by the Participant in partial (if in partial payment, then together with cash) or full payment; provided, however, as a condition to paying any part of the Option Price in Stock, at the time of exercise of the Option, the Participant must establish to the satisfaction of the Company that the Stock tendered to the Company must have been held by the Participant for a minimum of six (6) months preceding the tender; or

(ii)if the Company has designated a stockbroker to act as the Company's agent to process Option exercises, issuance of an exercise notice to such stockbroker together with instructions irrevocably instructing the stockbroker: (A) to immediately sell (which shall include an exercise notice that becomes effective upon execution of a limit order) a sufficient portion of the Shares to pay the Option Price of the Options being exercised and the required tax withholding, and (B) to deliver on the settlement date the portion of the proceeds of the sale equal to the Option Price and tax withholding to the Company. In the event the stockbroker sells any Shares on behalf of a Participant, the stockbroker shall be acting solely as the agent of the Participant, and the Company disclaims any responsibility for the actions of the stockbroker in making any such sales. No Stock shall be issued until the settlement date and until the proceeds (equal to the Option Price and tax withholding) are paid to the Company.

If payment is made by the delivery of Shares of Stock, the value of the Shares delivered shall be equal to the Fair Market Value of the Shares on the day preceding the date of exercise of the Option.

Restricted Stock may not be used to pay the Option Price.

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4.8 Termination of Employment.

(a) Termination by Reason of Death or Disability. In the event the employment of a Participant is terminated by reason of death or disability (as that term is used in the SBC Senior Management Long Term Disability Plan), any outstanding Options granted to the Participant shall vest as of the date of termination of employment and may be exercised, if at all, no more than one (1) year following termination of employment, unless the Options, by their terms, expire earlier.

(b) Termination by Retirement. In the event the employment of a Participant is terminated by reason of Retirement, any outstanding Options granted to the Participant which are vested as of the date of termination of employment may be exercised, if at all, no more than three (3) years following termination of employment, unless the Options, by their terms, expire earlier.

(c) Termination of Employment for Other Reasons. If the employment of a Participant shall terminate for any reason other than the reasons set forth in (a) or (b), above, and other than for Cause, all outstanding Options granted to the Participant which are vested as of the date of termination of employment may be exercised by the Participant within the period beginning on the effective date of termination of employment and ending three (3) months after such date, unless the Options, by their terms, expire earlier.

(d) Termination for Cause. If the employment of a Participant shall terminate for Cause, all outstanding Options held by the Participant shall immediately terminate and be forfeited to the Company, and no additional exercise period shall be allowed.

(e) Options not Vested at Termination. Any outstanding Options not vested as of the effective date of termination of employment shall expire immediately and shall be forfeited to the Company.

4.9 Transfers. For purposes of the Plan, transfer of employment of a Participant between the Company and any one of its Subsidiaries (or between Subsidiaries) or between the Company or a Subsidiary and a RWAC, to the extent the term of employment at a RWAC is equal to or less than five years shall not be deemed a termination of employment.

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4.10 Restrictions on Exercise and Transfer of Options. During the Participant's lifetime, the Participant's Options shall be exercisable only by the Participant or by the Participant's guardian or legal representative. After the death of the Participant, except as otherwise provided by the Company's Rules for Employee Beneficiary Designations, an Option shall only be exercised by the holder thereof (including, but not limited to, an executor or administrator of a decedent's estate) or his or her guardian or legal representative.

No Option shall be transferable except: (a) in the case of the Participant, only upon the Participant's death and in accordance with the Company's Rules for Employee Beneficiary Designations; and (b) in the case of any holder after the Participant's death, only by will or by the laws of descent and distribution.

4.11 Change in Control. Upon the occurrence of a Change in Control, all Options held by Participants hereunder shall immediately become vested and exercisable, notwithstanding the provisions of Section 4.6 Exercise of Options to the contrary. A "Change in Control" shall be deemed to have occurred if (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation owned directly or indirectly by the shareowners of the Company in substantially the same proportions as their ownership of stock of the Company, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing twenty percent (20%) or more of the total voting power represented by the Company's then outstanding voting securities, or (ii) during any period of two (2) consecutive years, individuals who at the beginning of such period constitute the Board of Directors of the Company and any new Director whose election by the Board of Directors or nomination for election by the Company's shareowners was approved by a vote of at least two-thirds (2/3) of the Directors then still in office who either were Directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, or (iii) the shareowners of the Company approve a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least eighty percent (80%) of the total voting power represented by the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or the shareowners of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all the Company's assets.

ARTICLE 5. AMENDMENT, MODIFICATION, AND TERMINATION

5.1 Amendment, Modification, and Termination. The Board or the Committee may at any time and from time to time, terminate, amend, or modify the Plan. However, no such amendment, modification, or termination of the Plan may be made without the approval of the shareowners of the Company, if such approval is required by the Internal Revenue Code, by the insider trading rules of Section 16 of the Exchange Act, by any national securities exchange or system on which the Shares are then listed or reported, or by a regulatory body having jurisdiction with respect hereto.

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5.2 Awards Previously Granted. No termination, amendment, or modification of the Plan shall in any material manner adversely affect any Option previously granted under the Plan, without the written consent of the Participant holding such Option.

ARTICLE 6. WITHHOLDING

6.1 Tax Withholding. Upon exercise of an Option, the Company shall withhold sufficient Shares having a Fair Market Value on the date the taxes are determined in an amount necessary to satisfy the minimum amount of Federal, state, and local taxes required by law to be withheld as a result of such exercise.

Any fractional share of Stock payable to a Participant shall be withheld as additional Federal withholding, or, at the option of the Company, paid in cash to the participant.

Unless otherwise determined by the Committee, when the method of payment for the Option Price is from the sale by a stockbroker pursuant to Section 4.7(b)(ii), hereof, of the Stock acquired through the Option exercise, then the tax withholding shall be satisfied out of the proceeds. For administrative purposes in determining the amount of taxes due, the sale price of such Stock shall be deemed to be the Fair Market Value of the Stock.

ARTICLE 7. MISCELLANEOUS

7.1 Employment. Nothing in the Plan shall interfere with or limit in any way the right of the Company or any Subsidiary thereof to terminate any Participant's employment at any time, nor confer upon any Participant any right to continue in the employment of the Company or any Subsidiary thereof.

7.2 Participation. No Employee shall have the right to be selected to receive an Option under the Plan, or, having been so selected, to be selected to receive a future Option.

7.3 Successors. All obligations of the Company under the Plan shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

7.4 Governing Law. The Plan, and any and all agreements hereunder, shall be construed in accordance with and governed by the laws of the State of Missouri.

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EXHIBIT 10-r

SBC Communications Inc.

1996 STOCK AND INCENTIVE PLAN

Plan Effective: January 1, 1996
As amended through: November 19, 1999

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SBC Communications Inc.
1996 Stock and Incentive Plan

Article 1 Establishment and Purpose.

1.1 Establishment of the Plan. SBC Communications Inc., a Delaware corporation (the "Company" or "SBC"), hereby establishes an incentive compensation plan (the "Plan"), as set forth in this document.

1.2 Purpose of the Plan. The purpose of the Plan is to promote the success and enhance the value of the Company by linking the personal interests of Participants to those of the Company's shareowners, and by providing Participants with an incentive for outstanding performance.

The Plan is further intended to attract and retain the services of Participants upon whose judgment, interest, and special efforts the successful operation of SBC and its subsidiaries is dependent.

1.3 Effective Date of the Plan. The Plan shall become effective on January 1, 1996; however, grants may be made before that time subject to becoming effective on or after that date. During the first year this Plan is effective, Awards shall be issued only to the extent the potential payout of Shares shall not exceed 10% of the Shares approved for issuance under this Plan.

Article 2 Definitions.

Whenever used in the Plan, the following terms shall have the meanings set forth below and, when the meaning is intended, the initial letter of the word is capitalized:

(a) "Award" means, individually or collectively, a grant under this Plan of Nonqualified Stock Options, Incentive Stock Options, Restricted Stock, Performance Units, or Performance Shares.

(b) "Award Agreement" means an agreement which may be entered into by each Participant and the Company, setting forth the terms and provisions applicable to Awards granted to Participants under this Plan.

(c) "Board" or "Board of Directors" means the SBC Board of Directors.

(d) "Cause" shall mean willful and gross misconduct on the part of an Employee that is materially and demonstrably detrimental to the Company or any Subsidiary as determined by the Committee in its sole discretion.

(e) "Change in Control" shall be deemed to have occurred if (i) any "person" (as such term is used in Sections 13(d) and 14(d) of the Exchange Act), other than a trustee or other fiduciary holding securities under an employee benefit plan of the Company or a corporation owned directly or indirectly by the shareowners of the Company in substantially the same proportions as their ownership of stock of the Company, is or becomes the "beneficial owner" (as defined in Rule 13d-3 under said Act), directly or indirectly, of securities of the Company representing twenty percent (20%) or more of the total voting power represented by the Company's then outstanding voting securities, or (ii) during any period of two (2) consecutive years, individuals who at the beginning of such period constitute the Board of Directors of the Company and any new Director whose election by the Board of Directors or nomination for election by the Company's shareowners was approved by a vote of at least two-thirds (2/3) of the Directors then still in office who either were Directors at the beginning of the period or whose election or nomination for election was previously so approved, cease for any reason to constitute a majority thereof, or (iii) the shareowners of the Company approve a merger or consolidation of the Company with any other corporation, other than a merger or consolidation which would result in the voting securities of the Company outstanding immediately prior thereto continuing to represent (either by remaining outstanding or by being converted into voting securities of the surviving entity) at least eighty percent (80%) of the total voting power represented by the voting securities of the Company or such surviving entity outstanding immediately after such merger or consolidation, or the shareowners of the Company approve a plan of complete liquidation of the Company or an agreement for the sale or disposition by the Company of all or substantially all the Company's assets.

(f) "Code" means the Internal Revenue Code of 1986, as amended from time to time.

(g) "Committee" means the committee or committees, as specified in Article 3, appointed by the Board to administer the Plan with respect to grants of Awards.

(h) "Director" means any individual who is a member of the SBC Board of Directors.

(i) "Disability" shall mean the Participant's inability to perform the Participant's normal Employment functions due to any medically determinable physical or mental disability, which can last or has lasted 12 months or is expected to result in death.

(j) "Employee" means any management employee of the Company or of one of the Company's Subsidiaries. "Employment" means the employment of an Employee by the Company or one of its Subsidiaries. Directors who are not otherwise employed by the Company shall not be considered Employees under this Plan.

(k) "Exchange Act" means the Securities Exchange Act of 1934, as amended from time to time, or any successor Act thereto.

(l) "Exercise Price" means the price at which a Share may be purchased by a Participant pursuant to an Option, as determined by the Committee.

(m) "Fair Market Value" shall mean the closing price on the New York Stock Exchange ("NYSE") for Shares on the relevant date, or if such date was not a trading day, the next preceding trading date, all as determined by the Company. A trading day is any day that the Shares are traded on the NYSE. In lieu of the foregoing, the Committee may select any other index or measurement to determine the Fair Market Value of Shares under the Plan.

(n) "Incentive Stock Option" or "ISO" means an option to purchase Shares from SBC, granted under this Plan, which is designated as an Incentive Stock Option and is intended to meet the requirements of Section 422 of the Code.

(o) "Insider" shall mean an Employee who is, on the relevant date, an officer, director, or ten percent (10%) beneficial owner of the Company, as those terms are defined under Section 16 of the Exchange Act.

(p) "Key Executive Officer Short Term Award" means a Performance Unit expressed in dollars.

(q) "Nonqualified Stock Option" or "NQSO" means the option to purchase Shares from SBC, granted under this Plan, which is not intended to be an Incentive Stock Option.

(r) "Option" or "Stock Option" shall mean an Incentive Stock Option or a Nonqualified Stock Option, and shall include a Restoration Option.

(s) "Participant" means a person who holds an outstanding Award granted under the Plan.

(t) "Performance Unit" and "Performance Share" shall each mean an Award granted to an Employee pursuant to Article 8 herein.

(u) "Plan" means this 1996 Stock and Incentive Plan. The Plan may also be referred to as the "SBC 1996 Stock and Incentive Plan" or as the "SBC Communications Inc. 1996 Stock and Incentive Plan."

(v) "Restricted Stock" means an Award of Stock granted to an Employee pursuant to Article 7 herein.

(w) "Restriction Period" means the period during which Shares of Restricted Stock are subject to restrictions or conditions under Article 7.

(x) "Retirement" or to "Retire" shall mean the termination of a Participant's employment with the Company or one of its Subsidiaries, for any reason other than death, Disability or for Cause, on or after the earlier of the following dates, or as otherwise provided by the Committee: (1) the date the Participant would be eligible to retire with an immediate pension under the rules of the SBC Supplemental Retirement Income Plan, whether or not actually a participant in such plan; or (2) the date the Participant has attained one of the following combinations of age and service at termination of employment on or after April 1, 1997, except as otherwise indicated below:

Net Credited Service	Age
10 Years of more	65 or older
20 years or more	55 or older
25 years or more	50 or older
30 years or more	Any age

With respect to a Participant who is granted an EMP Service Pension under and pursuant to the provisions of the SBC Pension Benefit Plan - Nonbargained Program upon termination of employment, the terms "Retirement" or to "Retire" shall include such Participant's termination of employment.

(y) "Rotational Work Assignment Company ("RWAC") shall mean any entity with which SBC Communications Inc. or any of its Subsidiaries may enter into an agreement to provide an employee for a rotational work assignment.

(z) "Shares" or "Stock" means the shares of common stock of the Company.

(aa)"Subsidiary" shall mean any corporation in which the Company owns directly, or indirectly through subsidiaries, more than fifty percent (50%) of the total combined voting power of all classes of Stock, or any other entity (including, but not limited to, partnerships and joint ventures) in which the Company owns more than fifty percent (50%) of the combined equity thereof.

(bb)"Window Period" means the period beginning on the third business day following the date of public release of the Company's quarterly sales and earnings information, and ending on the twelfth business day following such date.

Article 3 Administration.

3.1 The Committee. Administration of the Plan shall be bifurcated as follows:

(a) With respect to Insiders, the Plan and all Awards hereunder shall be administered only by the Human Resources Committee of the Board or such other Committee as may be appointed by the Board for this purpose (the "Disinterested Committee"), where each Director on such Disinterested Committee is a "Disinterested Person" (or any successor designation for determining who may administer plans, transactions or awards exempt under Section 16(b) of the Exchange Act), as that term is used in Rule 16b-3 under the Exchange Act, as that rule may be modified from time to time.

(b) The Disinterested Committee and such other Committee as the Board may create, if any, specifically to administer the Plan with respect to non-Insiders (the "Non-Insider Committee") shall each have full authority to administer the Plan and all Awards hereunder with respect to all persons who are not Insiders, except as otherwise provided herein or by the Board. Either Committee may be replaced by the Board at any time.

3.2 Authority of the Committee. The Committee shall have full power except as limited by law and subject to the provisions herein, to select the recipients of Awards, to determine the size and types of Awards; to determine the terms and conditions of such Awards in a manner consistent with the Plan; to construe and interpret the Plan and any agreement or instrument entered into under the Plan; to establish, amend, or waive rules and regulations for the Plan's administration; and (subject to the provisions of Article 13 herein) to amend the terms and conditions of any outstanding Award to the extent such terms and conditions are within the discretion of the Committee as provided in the Plan. Further, the Committee shall make all other determinations which may be necessary or advisable for the administration of the Plan.

No Award other than Restoration Options may be made under the Plan after December 31, 2010.

All determinations and decisions made by the Committee pursuant to the provisions of the Plan and all related orders or resolutions of the Board shall be final, conclusive, and binding on all persons, including the Company, its stockholders, Employees, Participants, and their estates and beneficiaries.

Subject to the terms of this Plan, the Committee is authorized, and shall not be limited in its discretion, to use any of the Performance Criteria specified herein in its determination of Awards under this Plan.

Article 4 Shares Subject to the Plan.

4.1 Number of Shares. Subject to adjustment as provided in Section 4.3 herein, the number of Shares available for grant under the Plan shall not exceed 30 million Shares of Stock. No more than 10% of the Shares approved for issuance under this Plan may be Shares of Restricted Stock. No more than 40% of the Shares approved for issuance under this Plan may be issued to Participants as a result of Performance Share or Restricted Stock Awards. The Shares granted under this Plan may be either authorized but unissued or reacquired Shares. The Disinterested Committee shall have full discretion to determine the manner in which Shares available for grant are counted in this Plan.

Without limiting the discretion of the Committee under this section, unless otherwise provided by the Committee, the following rules will apply for purposes of the determination of the number of Shares available for grant under the Plan or compliance with the foregoing limits:

(a) The grant of a Stock Option or a Restricted Stock Award shall reduce the Shares available for grant under the Plan by the number of Shares subject to such Award. However, to the extent the Participant uses previously owned Shares to pay the Exercise Price or any taxes, or Shares are withheld to pay taxes, these Shares shall be available for regrant under the Plan.

(b) With respect to Performance Shares, the number of Performance Shares granted under the Plan shall be deducted from the number of Shares available for grant under the Plan. The number of Performance Shares which cannot be, or are not, converted into Shares and distributed (including deferrals) to the Participant (after any applicable tax withholding) following the end of the Performance Period shall increase the number of Shares available for regrant under the Plan by an equal amount.

(c) With respect to Performance Units representing a fixed dollar amount that may only be settled in cash, the Performance Units Award shall not affect the number of Shares available under the Plan.

4.2 Lapsed Awards. If any Award granted under this Plan is canceled, terminates, expires, or lapses for any reason, Shares subject to such Award shall be again available for the grant of an Award under the Plan.

4.3 Adjustments in Authorized Plan Shares. In the event of any merger, reorganization, consolidation, recapitalization, separation, liquidation, Stock dividend, split-up, Share combination, or other change in the corporate structure of the Company affecting the Shares, an adjustment shall be made in the number and class of Shares which may be delivered under the Plan (including individual limits), and in the number and class of and/or price of Shares subject to outstanding Awards granted under the Plan, and/or the number of outstanding Options, Shares of Restricted Stock, and Performance Shares constituting outstanding Awards, as may be determined to be appropriate and equitable by the Committee, in its sole discretion, to prevent dilution or enlargement of rights.

Article 5 Eligibility and Participation.

5.1 Eligibility. All management Employees are eligible to participate in this Plan.

5.2 Actual Participation. Subject to the provisions of the Plan, the Committee may, from time to time, select from all eligible Employees, those to whom Awards shall be granted and shall determine the nature and amount of each Award. No Employee is entitled to receive an Award unless selected by the Committee.

Article 6 Stock Options.

6.1 Grant of Options. Subject to the terms and provisions of the Plan, Options may be granted to Employees at any time and from time to time, and under such terms and conditions, as shall be determined by the Committee. The Committee shall have discretion in determining the number of Shares subject to Options granted to each Employee; provided, however, that the maximum number of Shares subject to Options which may be granted to any single Employee during any calendar year shall not exceed 2% of the Shares approved for issuance under this Plan. The Committee may grant ISOs, NQSOs, or a combination thereof; provided, however, that no ISO may be issued after January 1, 2006. The Committee may authorize the automatic grant of additional Options ("Restoration Options") when a Participant exercises already outstanding Options, or options granted under a prior option plan of the Company, on such terms and conditions as it shall determine. Unless otherwise provided by the Committee, the number of Restoration Options granted to a Participant with respect to the exercise of an option (including an Option under this Plan) shall not exceed the number of Shares delivered by the Participant in payment of the Exercise Price of such option, and/or in payment of any tax withholding resulting from such exercise, and any Shares which are withheld to satisfy withholding tax liability arising out of such exercise. A Restoration Option shall have an Exercise Price of not less than 100% of the per Share Fair Market Value on the date of grant of such Restoration Option, and shall be subject to all the terms and conditions of the original grant, including the expiration date, and such other terms and conditions as the Committee in its sole discretion shall determine.

6.2 Form of Issuance. Each Option grant may be issued in the form of an Award Agreement and/or may be recorded on the books and records of the Company for the account of the Participant. If an Option is not issued in the form of an Award Agreement, then the Option shall be deemed granted as determined by the Committee. The terms and conditions of an Option shall be set forth in the Award Agreement, in the notice of the issuance of the grant, or in such other documents as the Committee shall determine. Such terms and conditions shall include the Exercise Price, the duration of the Option, the number of Shares to which an Option pertains (unless otherwise provided by the Committee, each Option may be exercised to purchase one Share), and such other provisions as the Committee shall determine, including, but not limited to whether the Option is intended to be an ISO or a NQSO.

6.3 Exercise Price. Unless a greater Exercise Price is determined by the Committee, the Exercise Price for each Option Awarded under this Plan shall be equal to one hundred percent (100%) of the Fair Market Value of a Share on the date the Option is granted.

6.4 Duration of Options. Each Option shall expire at such time as the Committee shall determine at the time of grant (which duration may be extended by the Committee); provided, however, that no Option shall be exercisable later than the tenth (10th) anniversary date of its grant.

6.5 Vesting of Options. Options shall vest at such times and under such terms and conditions as determined by the Committee; provided, however, unless a later vesting period is provided by the Committee at or before the grant of an Option, one-third of the Options will vest on each of the first three anniversaries of the grant; if one Option remains after equally dividing the grant by three, it will vest on the first anniversary of the grant, if two Options remain, then one will vest on each of the first two anniversaries. The Committee shall have the right to accelerate the vesting of any Option; however, the Chairman of the Board or the Senior Vice President-Human Resources, or their respective successors, or such other persons designated by the Committee, shall have the authority to accelerate the vesting of Options for any Participant who is not an Insider.

6.6 Exercise of Options. Options granted under the Plan shall be exercisable at such times and be subject to such restrictions and conditions as the Committee shall in each instance approve, which need not be the same for each grant or for each Participant.

Options shall be exercised by providing notice to the designated agent selected by the Company (if no such agent has been designated, then to the Company), in the manner and form determined by the Company, which notice shall be irrevocable, setting forth the exact number of Shares with respect to which the Option is being exercised and including with such notice payment of the Exercise Price. When Options have been transferred, the Company or its designated agent may require appropriate documentation that the person or persons exercising the Option, if other than the Participant, has the right to exercise the Option. No Option may be exercised with respect to a fraction of a Share.

6.7 Payment. The Exercise Price shall be paid in full at the time of exercise. No Shares shall be issued or transferred until full payment has been received therefor.

Payment may be made:

(a) in cash, or

(b) unless otherwise provided by the Committee at any time, and subject to such additional terms and conditions and/or modifications as the Committee or the Company may impose from time to time, and further subject to suspension or termination of this provision by the Committee or Company at any time, by:

(i) delivery of Shares of Stock owned by the Participant in partial (if in partial payment, then together with cash) or full payment; provided, however, as a condition to paying any part of the Exercise Price in Stock, at the time of exercise of the Option, the Participant must establish to the satisfaction of the Company that the Stock tendered to the Company must have been held by the Participant for a minimum of six (6) months preceding the tender; or

(ii) if the Company has designated a stockbroker to act as the Company's agent to process Option exercises, issuance of an exercise notice together with instructions to such stockbroker irrevocably instructing the stockbroker: (A) to immediately sell (which shall include an exercise notice that becomes effective upon execution of a limit order) a sufficient portion of the Shares to pay the Exercise Price of the Options being exercised and the required tax withholding, and (B) to deliver on the settlement date the portion of the proceeds of the sale equal to the Exercise Price and tax withholding to the Company. In the event the stockbroker sells any Shares on behalf of a Participant, the stockbroker shall be acting solely as the agent of the Participant, and the Company disclaims any responsibility for the actions of the stockbroker in making any such sales. No Stock shall be issued until the settlement date and until the proceeds (equal to the Option Price and tax withholding) are paid to the Company.

If payment is made by the delivery of Shares of Stock, the value of the Shares delivered shall be equal to the Fair Market Value of the Shares on the day preceding the date of exercise of the Option. Restricted Stock may not be used to pay the Option Price.

6.8 Termination of Employment.

Unless otherwise provided by the Committee, the following limitations on exercise of Options shall apply upon termination of Employment:

(a) Termination by Death or Disability. In the event the Employment of a Participant shall terminate by reason of death or Disability, all outstanding Options granted to that Participant shall immediately vest as of the date of termination of Employment and may be exercised, if at all, no more than three (3) years from the date of the termination of Employment, unless the Options, by their terms, expire earlier. However, in the event the Participant was eligible to Retire at the time of termination of Employment, notwithstanding the foregoing, the Options may be exercised, if at all, no more than five (5) years from the date of the termination of Employment, unless the Options, by their terms, expire earlier.

(b) Termination for Cause. If the Employment of a Participant shall be terminated by the Company for Cause, all outstanding Options held by the Participant shall immediately be forfeited to the Company and no additional exercise period shall be allowed, regardless of the vested status of the Options.

(c) Retirement or Other Termination of Employment. If the Employment of a Participant shall terminate for any reason other than the reasons set forth in (a) or (b), above, all outstanding Options which are vested as of the effective date of termination of Employment may be exercised, if at all, no more than five (5) years from the date of termination of Employment if the Participant is eligible to Retire, or one (1) year from the date of the termination of Employment if the Participant is not eligible to Retire, as the case may be, unless in either case the Options, by their terms, expire earlier. In the event of the death of the Participant after termination of Employment, this paragraph (c) shall still apply and not paragraph (a), above.

(d) Options not Vested at Termination. Except as provided in paragraph (a), above, all Options held by the Participant which are not vested on or before the effective date of termination of Employment shall immediately be forfeited to the Company (and shall once again become available for grant under the Plan).

(e) Notwithstanding the foregoing, the Committee may, in its sole discretion, establish different terms and conditions pertaining to the effect of termination of Employment, but no such modification shall shorten the terms of Options issued prior to such modification.

6.9 Employee Transfers. For purposes of the Plan, transfer of employment of a Participant between the Company and any one of its Subsidiaries (or between Subsidiaries) or between the Company or a Subsidiary and a RWAC, to the extent the period of employment at a RWAC is equal to or less than five (5) years, shall not be deemed a termination of Employment. Provided, however, for purposes of this Article 6, termination of employment with a RWAC without a concurrent transfer to the Company or any of its Subsidiaries shall be deemed a termination of Employment as that term is used herein. Similarly, termination of an entity's status as a Subsidiary or as a RWAC shall be deemed a termination of Employment of any Participants employed by such Subsidiary or RWAC.

6.10 Restrictions on Exercise and Transfer of Options. Unless otherwise provided by the Committee:

(a) During the Participant's lifetime, the Participant's Options shall be exercisable only by the Participant or by the Participant's guardian or legal representative. After the death of the Participant, except as otherwise provided by SBC's Rules for Employee Beneficiary Designations, an Option shall only be exercised by the holder thereof (including, but not limited to, an executor or administrator of a decedent's estate) or his or her guardian or legal representative.

(b) No Option shall be transferable except: (i) in the case of the Participant, only upon the Participant's death and in accordance with the SBC Rules for Employee Beneficiary Designations; and (ii) in the case of any holder after the Participant's death, only by will or by the laws of descent and distribution.

6.11 Competition. Notwithstanding anything in this Article 6 to the contrary, prior to a Change in Control, in the event the Committee determines, in its sole discretion, that a Participant is engaging in competitive activity with the Company, any Subsidiary, or any business in which any of the foregoing have a substantial interest (the "SBC Businesses"), the Committee may cancel any Option granted to such Participant, whether or not vested, in whole or in part. Such cancellation shall be effective as of the date specified by the Committee. Competitive activity shall mean any business or activity in the same geographical market where a substantially similar business activity is being carried on by an SBC Business, including, but not limited to, representing or providing consulting services to any person or entity that is engaged in competition with an SBC Business or that takes a position adverse to an SBC Business. However, competitive activity shall not include, among other things, owning a nonsubstantial interest as a shareholder in a competing business.

The determination of whether a Participant has engaged in competitive activity with the Company shall be determined by the Committee in good faith and in its sole discretion.

Article 7 Restricted Stock.

7.1 Grant of Restricted Stock. Subject to the terms and provisions of the Plan, the Committee, at any time and from time to time, may grant Shares of Restricted Stock to eligible Employees in such amounts and upon such terms and conditions as the Committee shall determine. In addition to any other terms and conditions imposed by the Committee, vesting of Restricted Stock may be conditioned upon the attainment of Performance Goals based on Performance Criteria in the same manner as provided in Section 8.4, herein, with respect to Performance Shares. No Employee may receive, in any calendar year, in the form of Restricted Stock more than one-third of 1% of the Shares approved for issuance under this Plan.

7.2 Restricted Stock Agreement. The Committee may require, as a condition to an Award, that a recipient of a Restricted Stock Award enter into a Restricted Stock Award Agreement, setting forth the terms and conditions of the Award. In lieu of a Restricted Stock Award Agreement, the Committee may provide the terms and conditions of an Award in a notice to the Participant of the Award, on the Stock certificate representing the Restricted Stock, in the resolution approving the Award, or in such other manner as it deems appropriate.

7.3 Transferability. Except as otherwise provided in this Article 7, the Shares of Restricted Stock granted herein may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated until the end of the applicable Restriction Period established by the Committee, which shall not be less than a period of three years.

7.4 Other Restrictions. The Committee shall impose such other conditions and/or restrictions on any Shares of Restricted Stock granted pursuant to the Plan as it may deem advisable including, without limitation, a requirement that Participants pay a stipulated purchase price for each Share of Restricted Stock and/or restrictions under applicable Federal or state securities laws; and may legend the certificates representing Restricted Stock to give appropriate notice of such restrictions.

The Company shall also have the right to retain the certificates representing Shares of Restricted Stock in the Company's possession until such time as all conditions and/or restrictions applicable to such Shares have been satisfied.

7.5 Removal of Restrictions. Except as otherwise provided in this Article 7, Shares of Restricted Stock covered by each Restricted Stock grant made under the Plan shall become freely transferable by the Participant after the last day of the Restriction Period and completion of all conditions to vesting, if any. However, unless otherwise provided by the Committee, the Committee, in its sole discretion, shall have the right to immediately waive all or part of the restrictions and conditions with regard to all or part of the Shares held by any Participant at any time.

7.6 Voting Rights, Dividends and Other Distributions. During the Restriction Period, Participants holding Shares of Restricted Stock granted hereunder may exercise full voting rights and shall receive all regular cash dividends paid with respect to such Shares. Except as provided in the following sentence, in the sole discretion of the Committee, other cash dividends and other distributions paid to Participants with respect to Shares of Restricted Stock may be subject to the same restrictions and conditions as the Shares of Restricted Stock with respect to which they were paid. If any such dividends or distributions are paid in Shares, the Shares shall be subject to the same restrictions and conditions as the Shares of Restricted Stock with respect to which they were paid.

7.7 Termination of Employment Due to Death or Disability. In the event the Employment of a Participant shall terminate by reason of death or Disability, all Restriction Periods and all restrictions imposed on outstanding Shares of Restricted Stock held by the Participant shall immediately lapse and the Restricted Stock shall immediately become fully vested as of the date of termination of Employment.

7.8 Termination of Employment for Other Reasons. If the Employment of a Participant shall terminate for any reason other than those specifically set forth in Section 7.7 herein, all Shares of Restricted Stock held by the Participant which are not vested as of the effective date of termination of Employment immediately shall be forfeited and returned to the Company.

7.9 Employee Transfers. For purposes of the Plan, transfer of employment of a Participant between the Company and any one of its Subsidiaries (or between Subsidiaries) or between the Company or a Subsidiary and a RWAC, to the extent the period of employment at a RWAC is equal to or less than five (5) years, shall not be deemed a termination of Employment. Provided, however, for purposes of this Article, termination of employment with a RWAC without a concurrent transfer to the Company or any of its Subsidiaries shall be deemed a termination of Employment as that term is used herein. Similarly, termination of an entity's status as a Subsidiary or as a RWAC shall be deemed a termination of Employment of any Participants employed by such Subsidiary or RWAC.

7.10 Other Grants. Subject to the terms and provisions of the Plan, the Committee, at any time and from time to time, may make grants of cash or other property to eligible Employees in such amounts and upon such terms and conditions as the Committee shall determine. If the grant is in the form of stock or shares in a company other than SBC: (a) the award shall be subject to tax withholding in accordance with Article 14, hereof, in the same manner as Stock, and (b) for purposes of deferrals under Article 10, hereof, the award shall be treated as Shares except that any dividends or dividend equivalents thereon shall be paid out unless otherwise provided by the Committee, which may, among other things, provide that the dividends or dividend equivalents be deferred in the same manner as a cash award.

Article 8 Performance Units and Performance Shares.

8.1 Grants of Performance Units and Performance Shares. Subject to the terms of the Plan, Performance Shares and Performance Units may be granted to eligible Employees at any time and from time to time, as determined by the Committee. The Committee shall have complete discretion in determining the number of Performance Units and/or Performance Shares Awarded to each Participant.

8.2 Value of Performance Shares and Units.

(a) A Performance Share is equivalent in value to a Share of Stock. In any calendar year, no individual may be Awarded Performance Shares having a potential payout of Shares of Stock exceeding two-thirds of 1% of the Shares approved for issuance under this Plan.

(b) A Performance Unit shall be equal in value to a fixed dollar amount determined by the Committee. In any calendar year, no individual may be Awarded Performance Units having a potential payout equivalent exceeding the Fair Market Value of two-thirds of 1% of the Shares approved for issuance under this Plan. The number of Shares equivalent to the potential payout of a Performance Unit shall be determined by dividing the maximum cash payout of the Award by the Fair Market Value per Share on the effective date of the grant. In the event the Committee denominates a Performance Unit Award in dollars instead of Performance Units, the Award may be referred to as a Key Executive Officer Short Term Award. In all other respects, the Key Executive Officer Short Term Award will be treated in the same manner as Performance Units under this Plan.

8.3 Performance Period. The Performance Period for Performance Shares and Performance Units is the period over which the Performance Goals are measured. The Performance Period is set by the Committee for each Award; however, in no event shall an Award have a Performance Period of less than one year.

8.4 Performance Goals. For each Award of Performance Shares or Performance Units, the Committee shall establish performance objectives ("Performance Goals") for the Company, its Subsidiaries, and/or divisions of any of foregoing, based on the Performance Criteria and other factors set forth in (a) through (d), below. Performance Goals shall include payout tables, formulas or other standards to be used in determining the extent to which the Performance Goals are met, and, if met, the number of Performance Shares and/or Performance Units which would be converted into Stock and/or cash (or the rate of such conversion) and distributed to Participants in accordance with Section 8.6. All Performance Shares and Performance Units which may not be converted under the Performance Goals or which are reduced by the Committee under Section 8.6 or which may not be converted for any other reason after the end of the Performance Period shall be canceled at the time they would otherwise be distributable. When the Committee desires an Award to qualify under Section 162(m) of the Code, as amended, the Committee shall establish the Performance Goals for the respective Performance Shares and Performance Units prior to or within 90 days of the beginning of the service relating to such Performance Goal, and not later than after 25% of such period of service has elapsed. For all other Awards, the Performance Goals must be established before the end of the respective Performance Period.

(a) The Performance Criteria which the Committee is authorized to use, in its sole discretion, are any of the following criteria or any combination thereof:

(1) Financial performance of the Company (on a consolidated basis), of one or more of its Subsidiaries, and/or a division of any of the foregoing. Such financial performance may be based on net income and/or Value Added (after-tax cash operating profit less depreciation and less a capital charge).

(2) Service performance of the Company (on a consolidated basis), of one or more of its Subsidiaries, and/or of a division of any of the foregoing. Such service performance may be based upon measured customer perceptions of service quality.

(3) The Company's Stock price; return on shareholders' equity; total shareholder return (Stock price appreciation plus dividends, assuming the reinvestment of dividends); and/or earnings per share.

(4) With respect to the Company (on a consolidated basis), to one or more of its Subsidiaries, and/or to a division of any of the foregoing: sales; costs; market share of a product or service; return on net assets; return on assets; return on capital; profit margin; and/or operating revenues, expenses or earnings.

(b) If the performance of more than one Subsidiary is being measured to determine the attainment of performance goals, then a weighted average of the Subsidiaries' results shall be used, as determined by the Committee, including, but not limited to, basing such weighting upon the revenues, assets or net income for each Subsidiary for any year prior to the Performance Period or by using budgets to weight such Subsidiaries.

(c) Except to the extent otherwise provided by the Committee in full or in part, if any of the following events occur during a Performance Period and would directly affect the determination of whether or the extent to which Performance Goals are met, they shall be disregarded in any such computation: changes in accounting principles; extraordinary items; changes in tax laws affecting net income and/or Value Added; natural disasters, including floods, hurricanes, and earthquakes; and intentionally inflicted damage to property which directly or indirectly damages the property of the Company or its Subsidiaries. No such adjustment shall be made to the extent such adjustment would cause the Performance Shares or Performance Units to fail to satisfy the performance based exemption of Section 162(m) of the Code.

8.5 Dividend Equivalents on Performance Shares. Unless reduced or eliminated by the Committee, a cash payment in an amount equal to the dividend payable on one Share will be made to each Participant for each Performance Share which on the record date for the dividend had been awarded to the Participant and not converted, distributed (or deferred) or canceled.

8.6 Form and Timing of Payment of Performance Units and Performance Shares. As soon as practicable after the applicable Performance Period has ended and all other conditions (other than Committee actions) to conversion and distribution of a Performance Share and/or Performance Unit Award have been satisfied (or, if applicable, at such other time determined by the Committee at or before the establishment of the Performance Goals for such Performance Period), the Committee shall determine whether and the extent to which the Performance Goals were met for the applicable Performance Units and Performance Shares. If Performance Goals have been met, then the number of Performance Units and Performance Shares to be converted into Stock and/or cash and distributed to the Participants shall be determined in accordance with the Performance Goals for such Awards, subject to any limits imposed by the Committee. Unless the Participant has elected to defer all or part of his Performance Units or Performance Shares as provided in Article 10, herein, payment of Performance Units and Performance Shares shall be made in a single lump sum, as soon as reasonably administratively possible following the determination of the number of Shares or amount of cash to which the Participant is entitled. Performance Units will be distributed to Participants in the form of cash. Performance Shares will be distributed to Participants in the form of 50% Stock and 50% Cash, or at the Participant's election, 100% Stock or 100% Cash. In the event the Participant is no longer an Employee at the time of the distribution, then the distribution shall be 100% in cash, provided the Participant may elect to take 50% or 100% in Stock. At any time prior to the distribution of the Performance Shares and/or Performance Units (or if distribution has been deferred, then prior to the time the Awards would have been distributed), unless otherwise provided by the Committee, the Committee shall have the authority to reduce or eliminate the number of Performance Units or Performance Shares to be converted and distributed or to mandate the form in which the Award shall be paid (i.e., in cash, in Stock or both, in any proportions determined by the Committee).

Unless otherwise provided by the Committee, any election to take a greater amount of cash or Stock with respect to Performance Shares must be made in the calendar year prior to the calendar year in which the Performance Shares are distributed (or if distribution has been deferred, then in the year prior to the year the Performance Shares would have been distributed absent such deferral). In addition, if required in order to exempt the transaction from the provisions of Section 16(b) of the Exchange Act, any election by an Insider to take a greater amount in cash must be made during a Window Period and shall be subject to Committee approval.

For the purpose of converting Performance Shares into cash and distributing the same to the holders thereof (or for determining the amount of cash to be deferred), the value of a Performance Share shall be the average of the Fair Market Values of Shares for the period of five (5) trading days ending on the valuation date. The valuation date shall be the first business day of the second month in the year of distribution (or the year it would have been distributed were it not deferred), except that in the case of distributions due to death or Disability, the valuation date shall be the first business day of the month in which the Committee determines the distribution. Performance Shares to be distributed in the form of Stock will be converted at the rate of one (1) Share of Stock per Performance Share.

8.7 Termination of Employment Due to Death, Disability, or Retirement. If the Employment of a Participant shall terminate by reason of death or Disability, the Participant shall receive a lump sum payout of all outstanding Performance Units and Performance Shares calculated as if all unfinished Performance Periods had ended with 100% of the Performance Goals achieved, payable in the year following the date of termination of Employment. In the event of Retirement, the full Performance Units and Performance Shares shall be converted and distributed based on and subject to the achievement of the Performance Goals and in accordance with all other terms of the Award and this Plan.

8.8 Termination of Employment for Other Reasons. If the Employment of a Participant shall terminate for other than a reason set forth in Section 8.7 (and other than for Cause), the number of Performance Units and Performance Shares to be converted and distributed shall be converted and distributed based upon the achievement of the Performance Goals and in accordance with all other terms of the Award and the Plan; however, the Participant may receive no more than a prorated payout of all Performance Units and Performance Shares, based on the portions of the respective Performance Periods that have been completed.

8.9 Termination of Employment for Cause. In the event that a Participant's Employment shall be terminated by the Company for Cause, all Performance Units and Performance Shares shall be forfeited by the Participant to the Company.

8.10 Nontransferability. Performance Units and Performance Shares may not be sold, transferred, pledged, assigned, or otherwise alienated or hypothecated, other than in accordance with the SBC Rules for Employee Beneficiary Designations.

Article 9 Beneficiary Designation.

In the event of the death of a Participant, distributions or Awards under this Plan, other than Restricted Stock, shall pass in accordance with the SBC Rules for Employee Beneficiary Designations.

Article 10 Deferrals.

10.1 Deferrals. Unless otherwise provided by the Committee, a Participant may defer all or part of the Stock or cash to be received upon conversion and distribution of Performance Units or Performance Shares. In the event of the termination of Employment of a Participant prior to becoming eligible for Retirement, no deferrals under this Article shall be permitted and any previously deferred Performance Shares or Performance Units, and earnings thereon, shall be distributed as soon as administratively possible.

10.2 Deferral of Performance Unit and Performance Share Distributions. Prior to the calendar year in which Performance Units or Performance Shares are to be distributed (or if deferred, prior to the calendar year the Awards would have been distributed), Participants may elect to defer the receipt of a Performance Unit or Performance Share distribution upon such terms as the Committee deems appropriate. Unless otherwise provided by the Committee, Participants may elect to defer receipt of all or part of a Performance Unit or Performance Share for distribution in a lump sum in February of any calendar year following the year in which the Awards would otherwise be distributed, or to be distributed in up to 15 annual installments (each installment shall be equal to the total Shares or cash in the Award divided by the number of remaining installments), payable each calendar year in the month determined by the Participant, beginning as soon as administratively possible after Retirement or in a later month in the calendar year of Retirement, or in the calendar year immediately thereafter.

(a) Deferred amounts which would otherwise have been distributed in cash shall be credited to the Participant's account and shall bear interest from the date the Awards would otherwise have been paid. The interest will be credited quarterly to the account at the declared rate determined by the Company from time to time, which shall not be less than one-fourth of the annual Moody's Corporate Bond Yield Average-Monthly Average Corporates, as published by Moody's Investor Service, Inc., (or successor thereto) for the month of September before the calendar year in question.

(b) Deferred amounts which would otherwise have been distributed in Shares by the Company shall be credited to the Participant's account as deferred Shares. The Participant's account shall also be credited on each dividend payment date for Shares with an amount equivalent to the dividend payable on the number of Shares equal to the number of deferred Shares in the Participant's account on the record date for such dividend. Such amount shall then be converted to a number of additional deferred Shares determined by dividing such amount by the price of Shares, as determined in the following sentence. The price of Shares related to any dividend payment date shall be the average of the Fair Market Values of Shares for the period of five (5) trading days ending on such dividend payment date, or the period of five (5) trading days immediately preceding such dividend payment date if the New York Stock Exchange is closed on the dividend payment date.

(c) At any time during the calendar year prior to the calendar year during which an Award deferred under the provisions of this Article 10 is scheduled for distribution, a Participant may further defer the commencement of the distribution of such Award to a subsequent calendar year and upon such further deferral, change the number of installments applicable to the distribution of the Award. Amounts that are further deferred pursuant to this Article 10 shall continue to be subject to all provisions of this Plan including further distribution modifications as provided herein.

Article 11. Employee Matters.

11.1 Employment Not Guaranteed. Nothing in the Plan shall interfere with or limit in any way the right of the Company or any Subsidiary to terminate any Participant's Employment at any time, nor confer upon any Participant any right to continue in the employ of the Company or one of its Subsidiaries.

11.2 Participation. No Employee shall have the right to be selected to receive an Award under this Plan, or, having been so selected, to be selected to receive a future Award.

11.3 Claims and Appeals. Any claim under the Plan by a Participant or anyone claiming through a Participant shall be presented to the Committee. Any person whose claim under the Plan has been denied may, within sixty (60) days after receipt of notice of denial, submit to the Committee, a written request for review of the decision denying the claim. The Committee shall determine conclusively for all parties all questions arising in the administration of the Plan.

Article 12 Change in Control.

Upon the occurrence of a Change in Control:

(a) Any and all Options granted hereunder immediately shall become vested and exercisable;

(b) Any Restriction Periods and all restrictions imposed on Restricted Shares shall lapse and they shall immediately become fully vested;

(c) The 100% Performance Goal for all Performance Units and Performance Shares relating to incomplete Performance Periods shall be deemed to have been fully achieved and shall be converted and distributed in accordance with all other terms of the Award and this Plan; provided, however, notwithstanding anything to the contrary in this Plan, no outstanding Performance Unit or Performance Share may be reduced.

Article 13. Amendment, Modification, and Termination.

13.1 Amendment, Modification, and Termination. The Board may at any time suspend or terminate the Plan in whole or in part; the Disinterested Committee may at any time and from time to time, alter or amend the Plan in whole or in part.

13.2 Awards Previously Granted. No termination, amendment, or modification of the Plan shall adversely affect in any material way any Award previously granted under the Plan, without the written consent of the Participant holding such Award.

Article 14 Withholding.

14.1 Tax Withholding. The Company shall deduct or withhold an amount sufficient to satisfy Federal, state, and local taxes (including the Participant's employment tax obligations) required by law to be withheld with respect to any taxable event arising or as a result of this Plan ("Withholding Taxes").

14.2 Share Withholding. With respect to withholding required upon the exercise of Options, upon the lapse of restrictions on Restricted Stock, upon the distribution of Performance Shares in the form of Stock, or upon any other taxable event hereunder involving the transfer of Stock to a Participant, the Company shall withhold Stock having a Fair Market Value on the date the tax is to be determined in an amount equal to the Withholding Taxes on such Stock.

Any fractional Share of Stock payable to a Participant shall be withheld as additional Federal withholding, or, at the option of the Company, paid in cash to the Participant.

Unless otherwise determined by the Committee, when the method of payment for the Exercise Price is from the sale by a stockbroker pursuant to Section 6.7(b)(ii), herein, of the Stock acquired through the Option exercise, then the tax withholding shall be satisfied out of the proceeds. For administrative purposes in determining the amount of taxes due, the sale price of such Stock shall be deemed to be the Fair Market Value of the Stock.

Prior to the end of any Performance Period a Participant may elect to have a greater amount of Stock withheld from the distribution of Performance Shares to pay withholding taxes; provided, however, the Committee may prohibit or limit any individual election or all such elections at any time. In addition, if required in order to exempt the transaction from the provisions of Section 16(b) of the Exchange Act, any such election by an Insider must be made during a Window Period and shall be subject to Committee approval.

Article 15 Successors.

All obligations of the Company under the Plan, with respect to Awards granted hereunder, shall be binding on any successor to the Company, whether the existence of such successor is the result of a direct or indirect purchase, merger, consolidation, or otherwise, of all or substantially all of the business and/or assets of the Company.

Article 16 Legal Construction.

16.1 Gender and Number. Except where otherwise indicated by the context, any masculine term used herein also shall include the feminine; the plural shall include the singular and the singular shall include the plural.

16.2 Severability. In the event any provision of the Plan shall be held illegal or invalid for any reason, the illegality or invalidity shall not affect the remaining parts of the Plan, and the Plan shall be construed and enforced as if the illegal or invalid provision had not been included.

16.3 Requirements of Law. The granting of Awards and the issuance of Shares under the Plan shall be subject to all applicable laws, rules, and regulations, and to such approvals by any governmental agencies or national securities exchanges as may be required.

16.4 Securities Law Compliance. With respect to Insiders, transactions under this Plan are intended to comply with all applicable conditions or Rule 16b-3 or its successors under the Exchange Act. To the extent any provision of the plan or action by the Committee fails to comply with a condition of Rule 16b-3 or its successors, it shall not apply to the Insiders or transactions thereby.

16.5 Governing Law. To the extent not preempted by Federal law, the Plan, and all agreements hereunder, shall be construed in accordance with and governed by the laws of the State of Texas.

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EXHIBIT 12

SBC COMMUNICATIONS INC.
COMPUTATION OF RATIOS OF EARNINGS TO FIXED CHARGES
Dollars in Millions

	YEAR ENDED DECEMBER 31,				
	1999	1998	1997	1996	1995
<S>	<C>	<C>	<C>	<C>	<C>
Income Before Income Taxes, Extraordinary Items and Cumulative Effect of Accounting Changes*	$ 10,382	$ 11,859	$ 6,356	$ 8,789	$ 8,139
Add: Interest Expense	1,430	1,605	1,550	1,418	1,513
Dividends on Preferred Securities	118	114	98	68	6
1/3 Rental Expense	236	228	202	188	152
Adjusted Earnings	$ 12,166	$ 13,806	$ 8,206	$ 10,463	$ 9,810
Total Interest Charges	$ 1,511	$ 1,691	$ 1,700	$ 1,589	$ 1,533
Dividends on Preferred Securities	118	114	98	68	6
1/3 Rental Expense	236	228	202	188	152
Adjusted Fixed Charges	$ 1,865	$ 2,033	$ 2,000	$ 1,845	$ 1,691
Ratio of Earnings to Fixed Charges	6.52	6.79	4.10	5.67	5.80

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* Undistributed earnings on investments accounted for under the equity method have been excluded.
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Selected Financial and Operating Data
Dollars in millions except per share amounts

At December 31 or for the year ended:	1999	1998	1997	1996	1995
<S>	<C>	<C>	<C>	<C>	<C>
Financial Data 1					
Operating revenues	$ 49,489	$ 46,207	$ 43,106	$ 40,510	$ 37,134
Operating expenses	$ 37,891	$ 34,984	$ 35,504	$ 30,461	$ 27,976
Operating income	$ 11,598	$ 11,223	$ 7,602	$ 10,049	$ 9,158
Interest expense	$ 1,430	$ 1,605	$ 1,550	$ 1,418	$ 1,513
Equity in net income of affiliates	$ 912	$ 613	$ 437	$ 470	$ 216
Income taxes	$ 4,280	$ 4,380	$ 2,451	$ 3,368	$ 2,858
Income before extraordinary items and cumulative effect of accounting change	$ 6,573	$ 7,735	$ 4,087	$ 5,705	$ 5,362
Net income (loss) 2	$ 8,159	$ 7,690	$ 4,087	$ 5,795	$ (1,347)
Earnings per common share:					
Income before extraordinary items and cumulative effect of accounting change	$ 1.93	$ 2.27	$ 1.21	$ 1.67	$ 1.57
Net income (loss) 2	$ 2.39	$ 2.26	$ 1.21	$ 1.70	$ (0.39)
Earnings per common share-assuming dilution:					
Income before extraordinary items and cumulative effect of accounting change	$ 1.90	$ 2.24	$ 1.20	$ 1.66	$ 1.56
Net income (loss) 2	$ 2.36	$ 2.23	$ 1.20	$ 1.69	$ (0.39)
Total assets	$ 83,215	$ 74,966	$ 69,917	$ 65,765	$ 62,197
Long-term debt	$ 17,475	$ 17,170	$ 17,787	$ 16,536	$ 16,105
Construction and capital expenditures	$ 10,304	$ 8,882	$ 8,856	$ 8,304	$ 6,891
Free cash flow 3	$ 6,274	$ 4,099	$ 2,723	$ 2,964	$ 3,946
Dividends declared per common share 4	$ 0.975	$ 0.935	$ 0.895	$ 0.860	$ 0.825
Book value per common share	$ 7.87	$ 6.69	$ 5.26	$ 4.94	$ 4.26
Ratio of earnings to fixed charges	6.52	6.79	4.10	5.67	5.80
Debt ratio	42.9%	47.3%	54.9%	55.6%	59.8%
Weighted average common shares outstanding (000,000)	3,409	3,406	3,391	3,409	3,412
Weighted average common shares outstanding with dilution (000,000)	3,458	3,450	3,420	3,429	3,430
End of period common shares outstanding (000,000)	3,395	3,406	3,398	3,389	3,418
Operating Data					
Network access lines in service (000)	60,682	58,845	56,616	53,891	51,532
Access minutes of use (000,000)	264,010	247,597	228,300	208,230	184,384
Wireless customers (000) 5	11,151	8,686	7,556	6,018	4,814
Number of employees	204,530	200,380	202,440	185,400	182,610

</TABLE>

[FN]

1 Certain one-time adjustments are included in the results for each year presented. See Results of Operations for a summary of the 1999, 1998 and 1997 one-time adjustments and the impact of these items on income before extraordinary items and cumulative effect of accounting change and net income. In 1996, results include the incremental operating impacts attributable to the operations of the overlapping Ameritech Corporation (Ameritech) wireless properties sold in 1999. Excluding these items, SBC Communications Inc. (SBC) reported an adjusted income before cumulative effect of accounting changes of $5,643, or $1.65 diluted earnings per share, and an adjusted net income of $5,733, or $1.67 diluted earnings per share. The 1995 results include (i) work force restructuring credit, (ii) gain on exchange of cellular interests and (iii) incremental operating impacts attributable to the operations of the overlapping Ameritech wireless properties sold in 1999. Excluding these items, SBC reported an adjusted income before extraordinary loss of $5,216, or $1.52 diluted earnings per share, and an adjusted net loss of $1,493, or $0.43 diluted loss per share.

2 Amounts include the following extraordinary items and cumulative effect of accounting change: 1999, gain on sale of overlapping cellular properties and change in directory accounting at Ameritech; 1998, early retirement of debt and change in directory accounting at Southern New England Telecommunications Corporation (SNET); 1996, change in directory accounting at Pacific Telesis Group (PAC); and 1995, discontinuance of regulatory accounting.

3 Free cash flow is net cash provided by operating activities less construction and capital expenditures.

4 Dividends declared by SBC's Board of Directors; these amounts do not include dividends declared and paid by Ameritech, SNET and PAC prior to their respective mergers.

5 All periods exclude customers from the overlapping Ameritech wireless properties sold in 1999.

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Management's Discussion and Analysis of Financial Condition and Results of Operations Dollars in millions except per share amounts

SBC Communications Inc. (SBC) is a holding company whose subsidiaries and affiliates operate in the communications services industry. SBC's subsidiaries and affiliates provide wireline and wireless telecommunications services and equipment, directory advertising, electronic security services and cable television services both domestically and worldwide.

The consolidated financial results reflect mergers of SBC subsidiaries with Ameritech Corporation (Ameritech) in 1999, Southern New England Telecommunications Corporation (SNET) in 1998 and Pacific Telesis Group (PAC) in 1997 as pooling of interests (see Note 2 of Notes to Consolidated Financial Statements).

This discussion should be read in conjunction with the consolidated financial statements and the accompanying notes.

Results of Operations

Summary

Financial results, including percentage changes from the prior year, are summarized as follows:

<TABLE>

				Percent Change	
	1999	1998	1997	1999 vs. 1998	1998 vs. 1997
<S>	<C>	<C>	<C>	<C>	<C>
Operating revenues	$ 49,489	$ 46,207	$ 43,106	7.1%	7.2%
Operating expenses	37,891	34,984	35,504	8.3	(1.5)
Income before extraordinary items and cumulative effect of accounting change	6,573	7,735	4,087	(15.0)	89.3

Extraordinary items	1,379	(60)	-	-	-
Cumulative effect of accounting change	207	15	-	-	-
Net income	8,159	7,690	4,087	6.1	88.2

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</TABLE>

In 1999 and 1998, SBC reflected a cumulative effect of accounting change related to accounting for directory revenues and expenses (see Note 1 of Notes to Consolidated Financial Statements). In 1999, SBC recognized an extraordinary gain from the sale of overlapping cellular properties sold in October (see Note 15 of Notes to Consolidated Financial Statements). In 1998, SBC incurred an extraordinary loss related to the early retirement of debt.

Reported results for 1999, 1998 and 1997 also include one-time items that SBC normalizes for management purposes. Normalized results in 1999 include the following adjustments:

o After-tax charges totaling $1.5 billion including, among other items, recognition of impairment of long-lived assets, adjustments to the estimate of allowance for doubtful accounts at Ameritech, estimation of deferred taxes on international investments, wireless conversion costs and other merger integration costs as discussed in Note 2 of Notes to Consolidated Financial Statements.
o Elimination of income of $119 from the incremental impacts of overlapping wireless properties sold in October 1999.
o After-tax pension settlement gains of $368 recorded in the fourth quarter associated with lump sum pension payments that exceeded the projected service and interest costs.
o After-tax gains of $77 recognized from the sale of property by an international equity affiliate.
o Reduction of a portion of a first quarter 1998 after-tax charge of $27 to cover the cost of consolidating security monitoring centers and company-owned cellular retail stores.

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Management's Discussion and Analysis of Financial Condition and Results of Operations, continued
Dollars in millions except per share amounts

Normalized results in 1998 include the following adjustments:

o After-tax gain of $1,012 from the sale of Telecom Corporation of New Zealand Limited (TCNZ) shares.
o After-tax charges related to strategic initiatives totaling $268 resulting from the merger integration process with SNET.
o After-tax gains of $219 from the sale of certain non-core businesses, principally the required disposition of SBC's investment in Mobile Telephone Networks (MTN), a cellular company in South Africa.
o Elimination of income of $123 from the incremental impacts of overlapping wireless properties sold in October 1999.
o After-tax charge of $64 to cover the cost of consolidating security monitoring centers and company-owned wireless retail stores.
o After-tax gain of $102 from the sale of certain telephone and directory assets.

Normalized results in 1997 include the following adjustments:

o After-tax charges of $1.6 billion related to strategic initiatives resulting from the merger integration process with PAC.
o After-tax charge of $87 for SBC's share of the costs of a work force restructuring at Belgacom SA (Belgacom).
o After-tax charges of $304 for ongoing merger integration costs (see Note 2 of Notes to Consolidated Financial Statements).
o After-tax first quarter settlement gains of $90 at PAC associated with lump sum pension payments that exceeded the projected service and interest costs for 1996 retirements.
o After-tax gain of $58 from the sale of SBC's interests in Bell Communications Research, Inc. (Bellcore).
o Elimination of income of $88 from the incremental impacts of overlapping wireless properties sold in October 1999.

Excluding these items, 1999 income before extraordinary gain and cumulative effect of accounting change would have been $7,439, or 12.5% higher than 1998 earnings of $6,611. The corresponding diluted per share amounts would be $2.15 in 1999, or 12.0% higher than $1.92 in 1998. In 1998, income before extraordinary loss and cumulative effect of accounting change would have been 13.3% higher than 1997 earnings of $5,836. The corresponding diluted per share amounts would have been 12.3% higher than $1.71 in 1997.

Excluding these items, the 1999 and 1998 increases in income before extraordinary items and cumulative effect of accounting change were due primarily to broad-based growth in demand across SBC's operations. Results for 1999 include operations related to the third quarter acquisitions of Comcast Cellular Corporation (Comcast) and Cellular Communications of Puerto Rico, Inc. (Cellular Communications). In addition, SBC's international investments experienced growth due to the acquisitions of Bell Canada in June 1999 and Tele Danmark A/S (Tele Danmark) in January 1998, as well as growth in 1999 and 1998 from SBC's investment in Telefonos de Mexico, S.A. de C.V. (Telmex).

Segment Results

As a result of the Ameritech merger and to better reflect the broadened scope of its operations, SBC adjusted its segment reporting structure in 1999. SBC now has four reportable segments that reflect the current management of its business: wireline, wireless, information and entertainment, and international. The wireline segment provides landline telecommunications services, including local, network access and long distance services, messaging and Internet services and sells customer premise and private business exchange equipment. The wireless segment provides wireless telecommunications services, including local and long distance services, and sells wireless equipment. The information and entertainment segment expands on what was previously the directory segment, and includes all directory operations from advertising, yellow pages, white pages and electronic publishing and Ameritech's electronic security and cable television operations. All international investment operations have been removed from the other segment and are shown separately in the international segment. The miscellaneous items that formerly were included in the other segment are immaterial and have been reclassified to corporate, adjustments and eliminations (see Note 7 of Notes to Consolidated Financial Statements).

The normalized segment results include the 1999 effects of conforming accounting methodologies between SBC and Ameritech. Among other items, non-cash adjustments were made to conform accounting for pension and postretirement benefits between the companies and to immediately expense certain items routinely deferred and amortized by Ameritech, including sales commissions and leased customer security and paging equipment. The pension and postretirement adjustments include the effects of conforming the adoption date for postretirement accounting, methods of recognizing actuarial gains and synchronization of estimates related to the current year's benefit plans. The conforming accounting changes for 1999 and prior were recorded as a cumulative effect of accounting change at the segments. This cumulative effect of accounting change was retroactively restated to the appropriate year in SBC's consolidated results. Segment results for periods after 1999 also will include these conforming entries and be comparable to 1999 results.

Normalized income before income taxes, extraordinary items and cumulative effect of accounting change for each segment for 1999, 1998 and 1997 are as follows:
<TABLE>

				Percent Change	
				1999 vs.	1998 vs.
	1999	1998	1997	1998	1997
<S>	<C>	<C>	<C>	<C>	<C>
Wireline	$ 8,052	$ 7,318	$ 6,558	10.0%	11.6%
Wireless	918	564	372	62.8	51.6
Information and entertainment	1,641	1,590	1,350	3.2	17.8
International	706	453	512	55.8	(11.5)
Corporate, adjustments & eliminations	364	435	375	-	-
Normalized Income Before Income Taxes, Extraordinary Items and Cumulative Effect of Accounting Change	$ 11,681	$ 10,360	$ 9,167	12.8%	13.0%

</TABLE>

Changes in income before income taxes in the wireline, wireless and information and entertainment segments primarily reflect increases in operating income discussed below. Changes in income before income taxes for the international segment result primarily from the changes in equity in net income of affiliates and other income (expense) - net discussed below; changes in this line also impacted the wireline segment.

The normalizing items impacting the wireline segment include the 1999 one-time adjustments to the estimate of allowance for doubtful accounts, strategic initiatives resulting from the merger integration process and other items offset by 1999 pension settlement gains. One-time adjustments in 1998 include charges for merger integration costs related to the SNET merger, gain from the sale of certain telephone and directory assets and the first quarter consolidation of certain Ameritech operations. The 1997 one-time adjustments include costs for strategic initiatives related to the merger integration process with PAC, pension settlement gains and gains from the sale of SBC's interests in Bellcore.

The wireless segment's normalizing items include 1999 adjustments to convert Ameritech's wireless customers to SBC's network platform and merger integration costs offset by recognition of pension settlement gains, the 1999, 1998 and 1997 incremental impacts of the overlapping cellular properties, the 1998 charge to cover the costs of consolidating company-owned cellular retail stores and the 1999 reduction of this charge. In addition, one-time items affecting the wireless segment in 1997 include PAC merger integration costs. The information and entertainment segment includes one-time charges in 1999, including recognition of impairment of long-lived assets, adjustments to the estimate of allowance for doubtful accounts and other merger integration costs offset by the recognition of pension settlement gains, the 1998 charge to cover the costs of consolidating security monitoring centers and the 1999 reduction of this charge. In addition, 1997 one-time items included PAC merger integration costs.

The international segment's normalizing items include the 1999 gains related to sales by an international equity affiliate, 1998 gains on sales of certain non-core businesses, principally the required disposition of SBC's MTN investment, and the sale of TCNZ shares. Also, 1997 included a one-time item for SBC's share of the costs of a work force restructuring at Belgacom.

The following table provides a summary by segment of the net increase (decrease) of the normalizing items on income before income taxes, extraordinary items and cumulative effect of accounting change for 1999, 1998 and 1997:

	1999	1998	1997
Wireline	$ 73	$ 178	$ 1,966
Wireless	6	(99)	(60)
Information and entertainment	523	(23)	75
International	129	(1,811)	86
Corporate, adjustments & eliminations	97	-	562
Total Normalizing Impacts	$ 828	$ (1,755)	$ 2,629

Operating Income Components of normalized operating income by segment for 1999, 1998 and 1997 are as follows:
<TABLE>

				Percent Change	
	1999	1998	1997	1999 vs. 1998	1998 vs. 1997
<S>	<C>	<C>	<C>	<C>	<C>
Wireline	$ 9,125	$ 8,588	$ 7,702	6.3%	11.5%
Wireless	1,280	931	647	37.5	43.9
Information and entertainment	1,684	1,624	1,384	3.7	17.3
International	(8)	(78)	(43)	(89.7)	81.4
Corporate, adjustments & eliminations	442	422	458	-	-
Total Normalized Operating Income	$ 12,523	$ 11,487	$ 10,148	9.0%	13.2%

</TABLE>

Components of segment operating revenues and expenses and discussion of the segment results for 1999, 1998 and 1997 follow.

Operating Revenues SBC's normalized operating revenues increased $3,637, or 8.0%, in 1999 and $2,890, or 6.8%, in 1998. Components of operating revenues by segment for 1999, 1998 and 1997 are as follows:
<TABLE>

				Percent Change	
	1999	1998	1997	1999 vs. 1998	1998 vs. 1997
<S>	<C>	<C>	<C>	<C>	<C>
Wireline	$ 37,576	$ 35,419	$ 33,656	6.1%	5.2%
Wireless	6,764	5,629	5,023	20.2	12.1
Information and entertainment	4,777	4,345	3,819	9.9	13.8
International	147	149	122	(1.3)	22.1
Corporate, adjustments & eliminations	(304)	(219)	(187)	-	-
Total Normalized Operating Revenues	$ 48,960	$ 45,323	$ 42,433	8.0%	6.8%

</TABLE>

Wireline

Wireline normalized operating revenues increased $2,157, or 6.1%, in 1999 and $1,763, or 5.2%, in 1998. Components of wireline operating revenues for 1999, 1998 and 1997 are as follows:
<TABLE>

				Percent Change	
	1999	1998	1997	1999 vs. 1998	1998 vs. 1997
<S>	<C>	<C>	<C>	<C>	<C>
Local service	$ 19,126	$ 17,239	$ 15,864	10.9%	8.7%
Network access:					
Interstate	7,544	6,960	6,939	8.4	0.3
Intrastate	2,645	2,717	2,762	(2.6)	(1.6)
Long distance service	3,471	3,679	3,616	(5.7)	1.7
Other	4,790	4,824	4,475	(0.7)	7.8
Total Wireline Revenues	$ 37,576	$ 35,419	$ 33,656	6.1%	5.2%

</TABLE>

Local service revenues increased $1,887, or 10.9%, in 1999 and $1,375, or 8.7%, in 1998 due primarily to increases in demand, which totaled approximately $1,245 in 1999 and $1,270 in 1998, including increases in access lines, vertical services and data-related services revenues. In addition, revenues from two network integration companies acquired by SBC in the fourth quarter of 1998 and the second quarter of 1999 contributed approximately $578 to the increase in 1999 and $25 in 1998. The number of access lines increased by 3.1% in 1999 and by 3.9% in 1998. Approximately 39% of access line growth in 1999 and 35% in 1998 was due to sales of additional access lines to existing residential customers. In 1999 and 1998, approximately 33% and 31% of the access line growth was in California, 19% and 23% was in Texas and 9% and 12% was in Illinois. Access lines in California, Texas and Illinois account for approximately 60% of SBC's access lines in both 1999 and 1998. Vertical services revenues, which include custom calling services, such as Caller ID, Call Waiting, voice mail and other enhanced services, increased by approximately 14% and totaled more than $3.3 billion in 1999 and increased by approximately 20% and totaled more than $2.9 billion in 1998.

Local service revenues also increased as a result of regulatory actions that decreased one or more other types of operating revenues. In 1999, the introduction of extended area service plans, the introduction of the California High Cost Fund (CHCF) and the September 1999 Texas Universal Service Fund (TUSF) rate rebalancing collectively increased local service revenues by approximately $185 and decreased long distance revenues by approximately $112 and intrastate network access revenues by approximately

$87, with a net decrease on wireline operating revenues of approximately $14. In 1998, the introduction of extended area service plans and the CHCF increased local service revenues by approximately $73 and decreased long distance revenues by approximately $43 and intrastate network access revenues by approximately $24, with a net increase on wireline operating revenues of approximately $6. The state public utility commissions (PUCs) have stated that the CHCF and the TUSF are intended to directly subsidize the provision of service to high-cost areas and allow Pacific Bell Telephone Company (PacBell) and Southwestern Bell Telephone Company (SWBell) to set competitive rates for other services. The increases in local service revenues were partially offset by decreases due to rate reductions under various PUC price cap orders of approximately $194 in 1999 and $53 in 1998.

Network access Interstate network access revenues increased $584, or 8.4%, in 1999 and $21, or 0.3%, in 1998. Included in the results is a decrease of approximately $66 due to a conforming item related to costs routinely deferred by Ameritech (see discussion under Segment Results above for further information on the effect of these conforming items). Excluding this conforming item, interstate network access revenues increased $650, or 9.3%, in 1999 and $21, or 0.3%, in 1998 due largely to increases in special access, demand for access services by interexchange carriers and growth in revenues from end-user charges attributable to an increasing access line base, which collectively resulted in an increase of approximately $795 in 1999 and $521 in 1998. In addition, customer number portability cost recovery, net of a Federal Communications Commission (FCC) retroactive rate decrease in the second quarter of 1999, contributed approximately $183 in 1999. Partially offsetting these increases were the effects of rate reductions of approximately $296 in 1999 and $336 in 1998 related to the FCC's productivity factor adjustment and access reform. Additional decreases in 1998 totaling approximately $114 resulted from an increase in universal service fund net payments implemented in the first quarter of 1998 that exceeded the 1997 net payments of long-term support. The net federal universal fund payments and receipts will be exogenous factors in future federal price cap filings.

Intrastate network access revenues decreased $72, or 2.6%, in 1999 and $45, or 1.6%, in 1998. These decreases were due largely to state regulatory rate reductions, including reduction of cellular interconnection rates and the intrastate rate reduction by the Texas legislature as discussed under Regulatory Environment, of approximately $144 in 1999 and $105 in 1998 and the effects of the TUSF and CHCF described in local service above totaling approximately $87 in 1999 and $24 in 1998. These decreases were partially offset by increases in demand, including usage by alternative intraLATA, toll carriers of approximately $200 in 1999 and $179 in 1998.

Long distance service revenues decreased $208, or 5.7%, in 1999 and increased $63, or 1.7%, in 1998. Long distance service revenues decreased in 1999 and 1998 by approximately $202 and $36 due to price competition from alternative intraLATA toll carriers and the effects of implementing dialing parity. Decreases also resulted from the effects of regulatory shifts of approximately $112 in 1999 and approximately $43 in 1998 discussed in local service above related to the TUSF, CHCF and introduction of extended area service plans and rate reductions in Kansas and California of approximately $24 in 1999. These decreases were partially offset by approximately $128 in 1999 and $133 in 1998 due to increased demand at Ameritech's long distance unit, certified to provide long distance service outside SBC's region, increased demand and toll messages for SNET All Distance and increased demand at PacBell in 1998.

Other operating revenues decreased $34, or 0.7%, in 1999 and increased $349, or 7.8%, in 1998. Other operating revenues increased due to sales from nonregulated products and services, including customer premise equipment and network integration sales totaling approximately $91 in 1999 and $263 in 1998 and revenues from other wireline business initiatives, primarily Internet services totaling approximately $59 in 1999 and $83 in 1998. These increases were offset in 1999 and partially offset in 1998 by a decline in the public telephone business totaling approximately $133 in 1999 and $36 in 1998. In addition, 1999 results include a decrease for the shift of certain directory revenues to the information and entertainment segment in the first quarter of 1999 totaling approximately $30.

Wireless

Wireless normalized operating revenues increased $1,135, or 20.2%, in 1999 and $606, or 12.1%, in 1998. Components of wireless operating revenues for 1999, 1998 and 1997 are as follows:
<TABLE>

<S>	1999 <C>	1998 <C>	1997 <C>	Percent Change 1999 vs. 1998 <C>	Percent Change 1998 vs. 1997 <C>
Subscriber	$ 5,307	$ 4,538	$ 4,121	16.9%	10.1%
Other	1,457	1,091	902	33.5	21.0
Total Wireless Revenues	$ 6,764	$ 5,629	$ 5,023	20.2%	12.1%

</TABLE>

Subscriber revenues consist of local service, incollect roaming (revenues from SBC wireless customers roaming outside their home area) and wireless long distance. Wireless subscriber revenues increased $769, or 16.9%, in 1999 and $417, or 10.1%, in 1998 due primarily to growth in the number of

customers of 28.4% in 1999 and 15.0% in 1998. The growth in customers includes approximately 1,237,000 customers of Comcast and Cellular Communications acquired in 1999. California Personal Communications Services (PCS) operations also contributed to the customer growth. These increases were partially offset by declines in average revenue per customer. SBC had domestic wireless customers totaling 11,151,000 and 8,686,000 at December 31, 1999 and 1998.

Other wireless revenues relate primarily to outcollect roaming (revenues from non-SBC wireless customers roaming on SBC's wireless network) and equipment sales and increased $366, or 33.5%, in 1999 and $189, or 21.0%, in 1998. The increases were primarily attributable to growth in outcollect roaming revenues, as well as equipment sales in the California PCS operations.

Information and Entertainment

Information and entertainment normalized operating revenues increased $432, or 9.9%, in 1999 and $526, or 13.8%, in 1998. Information and entertainment operating revenues for 1999, 1998 and 1997 are as follows:
<TABLE>

<S>	1999 <C>	1998 <C>	1997 <C>	Percent Change 1999 vs. 1998 <C>	Percent Change 1998 vs. 1997 <C>
Total Information and Entertainment Revenues	$ 4,777	$ 4,345	$ 3,819	9.9%	13.8%

</TABLE>

Information and entertainment operating revenues increased in 1999 and 1998 primarily from increased demand for directory advertising services. The 1999 increase also includes approximately $107 related to the change in directory accounting at Ameritech and approximately $57 for changes in the directory publishing schedule. In addition, 1999 directory revenues increased due to the shift of certain directory revenues from the wireline segment totaling approximately $30. Cable revenues increased approximately $51 in 1999 due primarily to customer growth. Growth in the number of customers, including through acquisitions, increased security revenues approximately $179 in 1998. In addition, 1998 directory revenues increased approximately $150 due to revision of a partnership agreement covering the publication of directories.

Operating Expenses SBC's normalized operating expenses, which include operations and support and depreciation and amortization expenses, increased $2,601, or 7.7%, in 1999 and $1,551, or 4.8%, in 1998. Components of operating expenses by segment for 1999, 1998 and 1997 are as follows:
<TABLE>

				Percent Change	
	1999	1998	1997	1999 vs. 1998	1998 vs. 1997
<S>	<C>	<C>	<C>	<C>	<C>
Wireline	$ 28,451	$ 26,831	$ 25,954	6.0%	3.4%
Wireless	5,484	4,698	4,376	16.7	7.4
Information and entertainment	3,093	2,721	2,435	13.7	11.7
International	155	227	165	(31.7)	37.6
Corporate, adjustments & eliminations	(746)	(641)	(645)	-	-
Total Normalized Operating Expenses	$ 36,437	$ 33,836	$ 32,285	7.7%	4.8%

</TABLE>

Operations and support SBC's normalized operations and support expenses increased $1,979, or 7.5%, in 1999 and $1,112, or 4.4%, in 1998. Components of operations and support expenses by segment for 1999, 1998 and 1997 are as follows:
<TABLE>

				Percent Change	
	1999	1998	1997	1999 vs. 1998	1998 vs. 1997
<S>	<C>	<C>	<C>	<C>	<C>
Wireline	$ 21,625	$ 20,391	$ 19,796	6.1%	3.0%
Wireless	4,557	3,991	3,769	14.2	5.9
Information and entertainment	2,899	2,520	2,286	15.0	10.2
International	138	209	147	(34.0)	42.2
Corporate, adjustments & eliminations	(920)	(791)	(790)	-	-
Total Normalized Operations and Support	$ 28,299	$ 26,320	$ 25,208	7.5%	4.4%

</TABLE>

Wireline operations and support expenses increased $1,234, or 6.1%, in 1999 and $595, or 3.0%, in 1998. The 1999 results include $91 related to the treatment of conforming accounting methodologies between SBC and Ameritech. The conforming items include non-cash adjustments made to conform accounting for pension and postretirement benefits between the companies and to immediately expense certain items routinely deferred and amortized by Ameritech, including sales commissions (see discussion under Segment Results above for further information of the effect of these conforming items). The increase includes costs of approximately $460 in 1999 and $21 in 1998 associated with business initiatives and other products, primarily Digital Subscriber Lines (DSL), Internet and voice mail. Additionally, operations and support expenses increased approximately $341 in 1999 and $214 in 1998 as a result of increased wages and salaries, materials and operating taxes, and by approximately $575 in 1999 primarily as a result of the acquisition of two network integration companies in 1998 and 1999. Operations and support expenses also increased by approximately $83 in 1999 related to costs associated with software right-to-use fees including digital network deployment initiatives and by approximately $288 in 1999 and $297 in 1998 as a result of costs associated with reciprocal compensation for the termination of Internet traffic.

Operations and support expense increases were partially offset by approximately $278 in 1999 and $317 in 1998 due to lower contract labor costs, employee benefits and costs associated with customer number portability. These reductions primarily resulted from the realization of merger initiative benefits. The 1998 decrease was partially offset by costs of approximately $262 related to progress in the PAC and SNET merger implementation process including centralizing support functions and other merger initiatives. Also partially offsetting the increases in operations and support was the change in accounting for software costs (see Note 16 of Notes to Consolidated Financial Statements) which required approximately $345 of software costs to be capitalized rather than expensed in 1999. The 1997 results include the recognition of 1997 pension settlement gains relating to 1997 retirees since the merger with PAC totaling approximately $136.

Wireless operations and support expenses increased $566, or 14.2%, in 1999 and $222, or 5.9%, in 1998 due primarily to growth in the number of customers, including the acquisitions of Comcast and Cellular Communications discussed in subscriber revenues above. The 1999 results also were impacted by increased incollect roaming expenses and software costs capitalized rather than expensed in 1999.

Information and entertainment operations and support expenses increased $379, or 15.0%, in 1999 and $234, or 10.2%, in 1998. The 1999 results include $116 of conforming charges related to sales commissions and leased customer equipment that SecurityLink from Ameritech, Inc. (SecurityLink) previously deferred and amortized (see discussion of conforming items under Segment Results above). The change in directory accounting at Ameritech discussed in information and entertainment operating revenues above caused expenses to increase by approximately $103. Electronic security and cable television expenses increased in 1999 and 1998 due primarily to growth-related employee increases, while directory employee-related expenses declined partially offsetting the costs of increased demand and changes in the schedule of published directories.

Depreciation and amortization SBC's normalized depreciation and amortization expense increased $622, or 8.3%, in 1999 and $439, or 6.2%, for 1998. Components of normalized depreciation and amortization expense by segment for 1999, 1998 and 1997 are as follows:

<TABLE>

				Percent Change	
	1999	1998	1997	1999 vs. 1998	1998 vs. 1997
<S>	<C>	<C>	<C>	<C>	<C>
Wireline	$ 6,826	$ 6,440	$ 6,158	6.0%	4.6%
Wireless	927	707	607	31.1	16.5
Information and entertainment	194	201	149	(3.5)	34.9
International	17	18	18	(5.6)	-
Corporate, adjustments & eliminations	174	150	145	-	-
Total Depreciation and Amortization	$ 8,138	$ 7,516	$ 7,077	8.3%	6.2%

</TABLE>

Depreciation and amortization expense is primarily in the wireline and wireless segments. In 1999, overall higher plant levels increased depreciation expense by $326 in the wireline segment and $67 in the wireless segment. Depreciation and amortization expenses also increased by $142 due to the third quarter acquisitions of Comcast and Cellular Communications. A new software accounting standard (see Note 16 of Notes to Consolidated Financial Statements) also contributed $52 to the increase in 1999. Overall higher plant levels in 1998 increased depreciation expense by $329 in the wireline segment and $88 in the wireless segment. Amortization expense at SecurityLink increased $38 in 1998 due to acquisitions. The increase in 1998 was partially offset by reduced depreciation of $42 on certain wireline analog switching equipment written off in 1997.

A full year of operations from the wireless acquisitions, along with additional capital expenditures as a part of the rapid deployment of advanced data services, is expected to increase depreciation and amortization expense by approximately $250 in 2000.

Interest expense on a consolidated basis for 1999 decreased by $175, or 10.9%, in 1999 and increased by $55, or 3.5%, in 1998. The 1999 decrease was due primarily to reductions in interest expense resulting from lower average debt levels due to debt retirements in 1998 and early 1999. The 1998 increase was due primarily to higher average debt levels early in 1998 and lower capitalized interest in the wireless segment in 1998 than in 1997.

Equity in net income of affiliates increased $299 in 1999 and $176 in 1998. The 1999 increase includes $131 of gains related to the sale of property by SBC's Israeli equity affiliate and reflects increased equity in net income of $108 from investments in Telmex and Tele Danmark. The new investment in Bell Canada along with increased earnings at MATAV contributed $71 to the increase. These increases were partially offset by $83 of reduced earnings from the sale of SBC's investment in TCNZ and lower earnings from Telkom SA Limited (Telkom) and Belgacom. Investments in domestic wireless partnerships contributed $17 to the increase.

The 1998 increase includes $132 from inclusion of the first year of earnings from Tele Danmark and earnings growth at Belgacom, offset by reduced earnings from TCNZ, which was sold in April 1998. Also contributing to the increase was $92 from Telmex, Telkom, domestic wireless partnerships and MATAV. These increases were partially offset by increased losses of $53 from wireless start up costs in Switzerland and long distance start up costs in Switzerland, France and Israel.

SBC's earnings from foreign affiliates will continue to be sensitive to exchange rate changes in the value of the respective local currencies. SBC's foreign investments are recorded under United States' generally accepted accounting principles, which include adjustments for the purchase method of accounting and exclude certain adjustments required for local reporting in specific countries, such as inflation adjustments. Equity earnings in 2000 will reflect a full year of operations from SBC's investment in Bell Canada (see Note 15 of Notes to Consolidated Financial Statements for discussion of the Bell Canada investment).

Other income (expense) - net in 1999, 1998 and 1997 includes amounts that SBC management normalized for evaluating results. Normalizing adjustments for the incremental impacts of overlapping wireless properties sold in October 1999 were $24 in 1999, $31 in 1998 and $21 in 1997. Amounts for 1998 include gains of $2,071 related to various sales of investments and assets, primarily the sale of TCNZ and the required disposition of MTN. Amounts for 1997 also reflect gains of $96 from the sale of SBC's interests in Bellcore and $26 in charges related to strategic initiatives, primarily writeoffs of nonoperating plant. Excluding these items, other income (expense) - net was expense of $205 in 1999, $156 in 1998 and $0 in 1997.

Results for 1999 include a gain from the sale of a portion of Amdocs Limited (Amdocs), an SBC equity investee, of approximately $92 and gains of approximately $63 representing dividends and market adjustments on Amdocs shares used for contributions to the SBC Foundation and deferred compensation. Results for 1999 also include a gain of approximately $59 recognized from the sale of SBC's investment in Chile and a gain of approximately $81 recognized from the sales of certain discontinued plant and other investments. These gains were offset by increased expenses related to higher appreciation in the market value of Telmex L shares underlying certain SBC debt redeemable in either cash or Telmex L shares than in the comparable periods of 1998, net of gains recognized from the sale of certain Telmex L shares, of approximately $296 and approximately $76 in dividends paid on preferred securities issued by Ameritech subsidiaries, losses on forward exchange contracts and other nonoperating items. In addition, higher wireless minority interest and lower interest income resulted in approximately $160 net expense.

During 1998, SBC recognized expenses of approximately $237 related to an impairment of an international investment and investments in certain wireless technologies, primarily wireless video, and approximately $154 related to the combination of dividends paid on preferred securities owned by Ameritech subsidiaries, losses on forward exchange contracts and debt redemption costs. Partially offsetting these expenses was other income related to a special dividend of approximately $158 received from Amdocs and gains of approximately $127 recognized on the sale and the charitable contribution of SBC's available-for-sale investment in Telewest Communications plc.

Results for 1997 include gains of approximately $95 recognized from the sale of all or portions of certain international investments and royalty payments associated with software developed by Amdocs and other investment gains totaling approximately $82. Partially offsetting these gains was the net activity related to market movement on Telmex L shares of approximately $47 and the combination of dividends paid on preferred securities owned by Ameritech subsidiaries and losses on forward exchange contracts totaling approximately $34. In addition, higher minority interest and lower interest income resulted in approximately $96 net expense.

Income taxes for 1999, 1998 and 1997 reflect the tax effect of certain one-time charges related to strategic initiatives resulting from SBC's comprehensive review of operations after completion of the Ameritech, SNET and PAC mergers, gains related to the sale of various assets and businesses and other items, and pension settlement gains (see further discussion of these items under Segment Results). The net effective tax rate on these items differed as a result of nondeductible items included in the charges and valuation adjustments to certain deferred tax assets. Excluding these items, income taxes for 1999, 1998 and 1997 would have been $4,242, $3,749 and $3,331. Income taxes for 1999, 1998 and 1997 were higher due primarily to higher income before income taxes.

Extraordinary items In 1999, SBC recorded an extraordinary gain of $1,379, net of taxes of $960, related to the sale of overlapping wireless properties in October (see Note 15 of Notes to Consolidated Financial Statements). In 1998, SBC recorded an extraordinary loss of $60 related to the repurchase of $684 of long-term debt.

Cumulative effect of accounting change As discussed in Note 1 of Notes to Consolidated Financial Statements, Ameritech's directory publishing subsidiary, effective January 1, 1999, and SNET effective January 1, 1998, changed their methods of recognizing directory publishing revenues and related expenses (see Note 1 of Notes to Consolidated Financial Statements). The cumulative after-tax effect of applying the new method to prior years was recognized as of January 1, 1999 and 1998 as a one-time, non-cash gain applicable to continuing operations of $207, or $0.06 per share and $15, or $0.01 per share, net of deferred taxes of $125 and $11.

Operating Environment and Trends of the Business

Regulatory Environment

Overview

The telecommunications industry is in a period of dynamic transition from a tightly regulated industry overseen by multiple regulatory bodies to a market-driven industry monitored by state and federal agencies. SBC's wireline telecommunications subsidiaries remain subject to regulation by state regulatory commissions for intrastate services and by the FCC for interstate services.

Consolidation of companies is occurring within the marketplace for local telephone service and across other communications services, such as long distance, wireless, electronic security, cable television, Internet and other data transmission. Companies operating in some of these markets also are expanding into others, such as the provision of local service by long distance companies, and companies in previously unrelated industries, such as entertainment, are expanding into communications and communications companies are expanding into these unrelated industries. Additionally, new technologies also are affecting the way people view and use communications services.

The telecommunications industry also is changing internationally, as government-owned telephone monopolies are being privatized in many countries and competitive entrants are authorized. United States-controlled companies have acquired or formed investments, joint ventures or strategic relationships with these newly privatized companies or their new competitors involving any or all of the range of telecommunications services. Foreign-controlled companies have also acquired or formed such relationships with United States companies.

SBC is aggressively representing its interests before federal and state regulatory bodies, courts, Congress and state legislatures. SBC will continue to evaluate the competitive nature of its business and develop appropriate competitive, legislative and regulatory strategies.

Trends

National-Local

In 1999, SBC began to implement a "National-Local" strategy in conjunction with its acquisition of Ameritech. Under the "National-Local" strategy SBC will seek to become a competitive local exchange carrier (CLEC) and offer local exchange services in 30 new markets across the country in combination with other major national and international operations. SBC expects to introduce service in nine new markets in 2000, and is required by the FCC to enter the remaining 21 markets by midyear 2002 (see Ameritech Merger discussion below). This "National-Local" strategy is part of SBC's overall strategy to expand from a regional company to a company that provides communications services and products nationally and globally.

Broadband Initiative

In October 1999, as the first post-Ameritech merger initiative, SBC announced plans to offer broadband services to approximately 80% of SBC's United States wireline customers over the next three years (Project Pronto). SBC will invest an estimated $6 billion in fiber, electronics and other technology for this broadband initiative. The build-out will include moving many customers from the existing copper network to a new fiber network. Over the deployment period, marketing costs will be incurred depending on the rate of customer sign-ups and installations. An ongoing assessment of the carrying value and economic useful life of the existing network facilities will continue (see Note 5 of Notes to Consolidated Financial Statements).

Wireline

Federal Regulation

Through affiliates, SBC offers landline interLATA long distance services to customers in selected areas outside its wireline subsidiaries' operating areas. Further, through a subsidiary, SBC offers interLATA long distance services to customers in Connecticut. Under the Telecommunications Act of 1996 (Telecom Act), before being permitted to offer landline interLATA long distance service in any state within the 12-state region encompassed by the regulated operating areas of SWBell, PacBell, Ameritech and Nevada Bell (these areas with the addition of SNET are referred to as SBC's 13-state area), SBC must apply for and obtain state-specific approval from the FCC. The FCC's approval, which involves consultation with the United States Department of Justice and the appropriate state commission, requires favorable determinations that SBC's wireline subsidiaries have entered into interconnection agreement(s) that satisfy a 14-point "competitive checklist" with predominantly facilities-based carrier(s) that serve residential and business customers or, alternatively, the subsidiaries have a statement of terms and conditions effective in that state under which they offer the "competitive checklist" items. The FCC also must make favorable public interest and structural separation determinations in connection with each application. See "State Regulation" for status of the state applications.

Ameritech Merger On October 8, 1999, SBC and Ameritech completed the merger of an SBC subsidiary with Ameritech (see Note 2 of Notes to Consolidated Financial Statements for a discussion of the merger with Ameritech).

The FCC issued an order approving the transaction, subject to certain conditions, including fostering out-of-region competition, promoting advanced services, opening local markets to competition and improving residential services. These FCC conditions require specific performance and reporting provisions and contain enforcement provisions that could potentially trigger more than $2 billion in payments, as described below, if certain goals are not met. The following is a brief summary of the major conditions:

Out-of-Region Competition - Within 30 months from the merger closing, SBC must enter 30 new markets as a facilities-based competitive provider of local services to business and residential customers. Failure to achieve entrance into 30 markets within the 30-month time frame could result in a fine of $40 for each market missed.

Promoting Advanced Services - SBC established separate subsidiaries to provide advanced services, such as DSL. These subsidiaries are required to use the same processes for the ordering and provisioning of SBC wireline services as competitors, pay an equivalent price for facilities and services and locate at least 10% of their advanced service facilities in low-income areas. In addition, SBC will provide data CLECs the economic equivalent of line sharing by providing them a second line at a 50% discount for the purposes of providing advanced services.

Opening Local Markets to Competition - SBC will file performance measurement data reflecting 20 different categories for each state in its 13-state area with the FCC and relevant state commissions on a monthly basis. These performance measurements address functions that may have a particularly direct effect on SBC's local competitors and their customers such as SBC's response to competitors' requests for information and interconnection. If these performance goals are not met, payments of up to $1.1 billion over three years could be triggered.

SBC will develop and deploy, with CLEC input, uniform electronic operational support systems (OSS) throughout its 13-state area that support the pre-ordering, ordering, provisioning, maintenance, repair and billing of resold local services and unbundled network elements. The OSS will include uniform application-to-application interfaces and graphical user interfaces. Payments of up to $20 could be triggered if deployment targets are not met. SBC will restructure OSS charges to eliminate any flat rate upfront charge for the right to use SBC's standard interfaces for accessing OSS. In addition, SBC will provide free training and OSS expert teams for CLECs with annual revenues under $300.

Improving Residential Service - SBC will not charge residential customers minimum monthly long distance fees for at least three years after entering the long distance business in that market. In addition, SBC will offer a low-income Lifeline universal service plan to low-income residential customers in each state in its 13-state area.

The effects of these conditions on results of operations is still being evaluated. However, SBC expects to incur approximately $500 in additional expenses, exclusive of potential penalty payments, in 2000 to comply with these conditions.

Unbundled Network Elements In August 1996, the FCC issued rules by which competitors could connect with local exchange companies' (LECs) networks, including those of SBC's subsidiaries. Among other items, the rules addressed unbundling of network elements, pricing for interconnection and unbundled elements and resale of retail telecommunications services. The FCC rules were appealed by numerous parties, including SBC. In January 1999, the United States Supreme Court (Supreme Court) ruled that the Telecom Act gives the FCC the authority to set guidelines for states to follow in setting prices under the Telecom Act, reinstated the FCC rules allowing those seeking to interconnect to "pick and choose" specific provisions from previous interconnection agreements and upheld FCC rules forbidding incumbent LECs from separating already combined network elements. The Supreme Court also ordered the FCC to review its unbundling rules that required major local telephone carriers, such as SBC's subsidiaries, to lease to competitors, at a discount, parts of their phone networks, including the telephone lines that run to customers' homes, switching equipment that routes calls and directory and operator assistance.

In November 1999, the FCC adopted an order providing that the major local telephone carriers must continue leasing certain parts of their phone network to competitors at a discount. This order provides revised rules that expand the definitions of certain unbundled network elements. The FCC did rule that directory and operator assistance no longer has to be leased at a discount. The order also limits discounted access to switches serving customers with four or more lines under certain conditions. In addition, the FCC declined to expand its regulation to include mandatory leasing of high speed Internet and data equipment. Although the effect of this order on SBC's results of operations and financial position cannot be determined at this time, it is expected to be unfavorable.

Reciprocal Compensation is billed to SBC's wireline subsidiaries by CLECs for the termination of certain local exchange traffic to CLEC customers. SBC believes that under the Telecom Act the state commissions have authority to order reciprocal compensation only for intrastate local traffic, while the FCC has authority over interstate and interexchange traffic. SBC believes most Internet traffic is interexchange and interstate. Several state commissions have taken the position that a connection to the Internet is intrastate or local traffic and ordered SBC to pay reciprocal compensation to certain CLECs pursuant to existing contracts. In February 1999, the FCC declared that Internet traffic is not intrastate or local traffic, but instead is primarily interstate, subject to interstate jurisdiction. However, the FCC found that existing federal law does not address to what extent, if any, compensation should be paid to CLECs that deliver Internet traffic to Internet service providers and initiated a proceeding to establish such rules. Pending the completion of that proceeding, the FCC held that state commissions, interpreting existing contracts and consistent with federal law, might nevertheless order payment of reciprocal compensation for Internet traffic in certain circumstances. The FCC's February 1999 decision was appealed by MCI WorldCom, Inc. (MCI), US West, Inc. (US West) and GTE Corporation (GTE). In its appeal, MCI disputed that a connection to the Internet is part of interstate communication. US West and GTE appealed the FCC's conclusion that states may require reciprocal compensation for such traffic pending completion of FCC rulemaking. These appeals are pending in the United States Court of Appeals for the District of Columbia Circuit.

In June 1999, the United States Court of Appeals for the Seventh Circuit (7th Circuit) issued an opinion affirming an order of the Illinois Commerce Commission (ICC) directing Ameritech to pay reciprocal compensation on Internet traffic under existing interconnection agreements. The 7th Circuit only reviewed whether the ICC's determination that the parties intended that calls to Internet Service Providers would be subject to reciprocal compensation violated federal law. The 7th Circuit declined to review any contract issues and concluded that the ICC's determination did not violate federal law as it was expressly permitted under the February 1999 FCC ruling regarding reciprocal compensation. SBC has sought a rehearing of the 7th Circuit Court decision.

Other appeals of reciprocal compensation decisions currently are pending before the United States Circuit Courts of Appeals for the Fifth and Tenth Circuits, the United States Circuit Court of Appeals for the Sixth Circuit (6th Circuit) and United States District Courts in Indiana, Ohio and California. In August 1999, the Michigan District Court affirmed an order of the Michigan Public Service Commission (MPSC) directing Ameritech to pay reciprocal compensation under existing interconnection agreements. Relying upon the FCC's declaratory ruling, the Michigan District Court concluded that the FCC had left the issue of reciprocal compensation to be determined by state commissions and therefore deferred to the MPSC's decision. SBC has appealed that decision to the 6th Circuit. In July 1999, the United States District Court in Wisconsin dismissed SBC's appeal without deciding the merits of the case. SBC appealed that dismissal to the 7th Circuit.

SBC records expense for amounts sought by certain CLECs for the termination of Internet traffic to Internet service providers.

Digital Subscriber Line is a high-speed data service principally used for Internet access. In June 1998, SBC filed a petition with the FCC requesting relief for DSL from pricing, unbundling and resale regulatory restrictions. The FCC denied the petition and declared that incumbents, such as the SBC's wireline subsidiaries, must offer such services for resale at a discount and must offer unbundled access to the equipment used in DSL provisioning to the extent possible. SBC filed a petition with the FCC for reconsideration of this order.

In November 1999, the FCC issued an order requiring the regional holding companies (RHCs), such as SBC, to share phone lines with data CLECs. Using a technology called line sharing, the RHCs split the frequency of a telephone line so the Internet service is carried on a portion of it. This ruling is not expected to have a material effect on SBC's financial position or results of operations.

Federal Access Rates In May 1999, the United States Court of Appeals for the District of Columbia Circuit (Court of Appeals) ruled that the FCC failed to adequately explain certain changes to part of the price cap formula used to calculate the access rates local carriers, such as SBC's subsidiaries, charge long distance carriers. In a subsequent order, the Court of Appeals stayed this decision until April 1, 2000. In November 1999, the FCC issued a further notice of proposed rulemaking (FNPR) and SBC and numerous other local exchange and interexchange carriers have proposed a solution to the issues in this docket that would temporarily maintain the current price cap formula and reduce it markedly after traffic sensitive rates are reduced. The effect of any future final decision on SBC's results of operations and financial position cannot be determined at this time.

Pricing Flexibility In August 1999, the FCC adopted an order and an FNPR on interstate access charge reform issues. Under the order, Phase I flexibility will permit a LEC, such as one of SBC's subsidiaries, to offer volume and term discounts under contract for certain access services after the LEC has demonstrated that competitors have made substantial investments in facilities in the LEC's market areas. Phase II flexibility will permit a LEC to have special access and dedicated transport services removed from price caps entirely after the LEC demonstrates that a greater level of competitive investment exists. Although the effect of this order and FNPR on SBC's results of operations and financial position cannot be determined at this time, it is expected to be favorable.

Acquisitions of Security Services Assets In 1998, the FCC issued a Memorandum Opinion and Order to Show Cause relating to four asset acquisitions by SecurityLink in 1996 and 1997. The FCC found that Ameritech had gained "financial control" over the entities from which SecurityLink acquired the security services assets, in violation of the 1996 Act, and required that, within 30 days after issuance of the Order, Ameritech show cause why the FCC should not require SecurityLink to divest the assets acquired in this transaction. Previously, the FCC had ruled that the 1996 transaction was permissible under the Telecom Act, and the District of Columbia Circuit Court (D.C. Circuit Court) had vacated and remanded this decision to the FCC. Ameritech filed a response with the FCC, contending that divestiture would not be an appropriate remedy. The FCC's decision on these Orders to Show Cause is pending.

The effects of the FCC decisions on the above topics are dependent on many factors including, but not limited to, the ultimate resolution of the pending appeals; the number and nature of competitors requesting interconnection, unbundling or resale; and the results of the state regulatory commissions' review and handling of related matters within their jurisdictions. Accordingly, SBC is not able to assess the impact of the FCC orders and proposed rulemaking at this time.

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State Regulation

The following provides an overview of state regulation in the 13 states in which SBC's wireline subsidiaries operated at December 31, 1999:

<TABLE>

State	Alternative Regulation 1	Dialing Parity 2	Number of Signed Wireline Interconnection Agreements 3	Long Distance Application Status
<S>	<C>	<C>	<C>	<C>
Arkansas	Yes	Yes	66	Decision expected in 2000 4
California	Yes, through 12/2001	Yes	140	Decision expected in 2000 4
Connecticut	Yes, through 3/2001	Yes	18	Long distance service provided 5
Illinois	Yes	Yes	48	Filing planned in 2000 6
Indiana	Yes, interim	Yes	45	Filing planned in 2000 6
Kansas	Yes	Yes	60	Decision expected in 2000 4
Michigan	Yes	Yes	27	Filing planned in 2000 6
Missouri	Yes	Yes	74	Decision expected in 2000 4
Nevada	Yes	Yes	31	Filing planned in 2000 6
Ohio	Yes	Yes	51	Filing planned in 2000 6
Oklahoma	Pending	Yes	74	Decision expected in 2000 4
Texas	Yes	Yes	204	State approval received in 1999; FCC decision expected in 2000
Wisconsin	Yes	Yes	35	Filing planned in 2000 6

</TABLE>

Notes:

1 Alternative regulation is other than rate of return regulation.

2 In a January 1999 decision, the Supreme Court ruled that the FCC had the authority to issue rules implementing intrastate and intraLATA dialing parity. Dialing parity allows customers to subscribe to an intraLATA toll carrier just as they do for long distance services.

3 Interconnection agreements are signed with CLECs for the purpose of allowing the CLECs to exchange local calls with the incumbent telephone company and, at the CLEC's option, to resell services and obtain unbundled network elements.

4 Awaiting determination by state commissions on SBC's compliance with the 14-point competitive checklist. FCC approval is required subsequent to state determination.

5 Restricted from providing interLATA long distance service originating in any

of the other 12 states in its 13-state area.
6 Will require approval by the state commission and the FCC.

The following presents highlights of certain regulatory developments:

Texas Long Distance Application In December 1999, the Texas Public Utility Commission (TPUC) unanimously approved SWBell's interLATA long distance application and formally declared that the local phone market in Texas is open to competition, noting that SWBell has met the 14-point checklist requirements of the Telecom Act. SWBell's long distance application was filed with the FCC in January 2000 and the FCC has 90 days from that time to rule on the application.

Texas Legislation In May 1999, the Texas legislature adopted Senate Bill 560, as amended. The bill, which became law on September 1, 1999, extends incentive regulation indefinitely, provides more pricing flexibility on certain products offered by SWBell, such as Caller ID, operator service and directory assistance, and allows SWBell to package some services in ways attractive to customers. The bill also required SWBell to reduce the intrastate switched access rate it charges to long distance carriers by 1 cent on September 1, 1999 and by 2 additional cents on the earlier of either SWBell's entry into the long distance market or July 1, 2000. The 2-cent reduction in intrastate access rates, assuming a July 1, 2000 effective date, is expected to result in a reduction of intrastate network access revenues of approximately $72 for 2000.

California Property Tax Investigation In 1992, PacBell entered into a settlement with tax authorities and others, which fixed a specific methodology for valuing utility property for tax purposes for a period of eight years. As a result, the California Public Utilities Commission (CPUC) opened an investigation to determine if any property tax savings that may result from the settlement agreement should be returned by PacBell to its customers. In January 2000, the CPUC ruled the property tax changes resulting from the settlement are not subject to refund. This ruling is not expected to have a material effect on SBC's financial position or results of operations.

California Ruling In December 1999, a CPUC administrative judge ruled that PacBell must pay $44 in penalties and contact customers for potential refunds for alleged overly aggressive and deceptive marketing practices related to packages of enhanced services such as Caller ID and call forwarding. SBC believes the findings in this decision are unwarranted and appealed the ruling to the CPUC in January 2000.

Competition

Wireline

Competition continues to increase for telecommunications and information services. Recent changes in legislation and regulation have increased the opportunities for alternative communications service providers. Technological advances have expanded the types and uses of services and products available. As a result, SBC faces increasing competition as well as new opportunities in significant portions of its business.

Recent state legislative and regulatory developments allow increased competition for local exchange services. Companies wishing to provide competitive local service have filed numerous applications with each of the state commissions throughout SBC's 13-state area and the commission of each state has been approving these applications since late 1995. Under the Telecom Act, companies seeking to interconnect to SBC's wireline subsidiaries' networks and exchange local calls must enter into interconnection agreements with SBC. These agreements are then subject to approval by the appropriate state commission. SBC has reached approximately 873 wireline interconnection agreements with competitive local service providers, and most have been approved by the relevant state commission. AT&T Corp. (AT&T), MCI and other competitors are reselling SBC local exchange services, and as of December 31, 1999, there were approximately 1.6 million SBC access lines supporting services of resale competitors throughout SBC's 13-state area, primarily in Texas, California and Illinois. Many competitors have placed facilities in service and have begun advertising campaigns and offering services. SBC also was granted facilities-based and resale operating authority in certain territories served by other LECs and expects to begin offering local exchange service to these areas in late 2000.

In California, the CPUC authorized facilities-based local services competition effective January 1996 and resale competition effective March 1996. While the CPUC has established local competition rules and interim prices, several issues still remain to be resolved, including final rates for resale. PacBell has incurred substantial costs implementing local competition and number portability. In November 1998, the CPUC issued a decision authorizing PacBell to recover local competition implementation costs and a proceeding is pending to determine the amount of those costs that are recoverable. In June 1999, the CPUC issued a ruling recategorizing certain PacBell services, including the maintenance of inside wiring, calling card, collect and person to person calls and the provisioning of directory assistance to interexchange carriers, as competitive products thereby allowing greater pricing flexibility. In its ruling, the CPUC approved an increase in the maximum price for both inside wire repair services and interexchange directory assistance.

In Texas, the TPUC set rates in December 1997 that SWBell may charge for access and interconnection to its telephone network. The TPUC decision set pricing for dozens of network components and completed a consolidated arbitration between SWBell and six of its wholesale customers, including AT&T and MCI.

In Illinois, the ICC approved Advantage Illinois in 1994, providing a framework for regulating Ameritech by capping prices for noncompetitive services. In this order, the ICC approved a price cap on the monthly line charge for residential customers and residential calling rates within local calling areas for an initial five year period that ended in October 1999. Per the order, an application for review was submitted in March 1998. This review is pending. The price cap on residential rates will remain in effect until the review is completed or the price cap is overridden by legislation.

In Missouri, the Missouri Public Service Commission (MSC) issued orders on a consolidated arbitration hearing with AT&T and MCI and in a separate arbitration on selected items with Metropolitan Fiber Systems (which is now owned by MCI). Among other terms, the orders established discount rates for resale of SWBell services and prices for unbundled network elements. SWBell appealed the interconnection agreement resulting from the first AT&T/MCI arbitration proceeding in November 1997. A second arbitration process to address other interconnection issues with AT&T has concluded, and the MSC ordered that a conforming interconnection agreement be filed. SWBell appealed this second order in April 1998. In a consolidated decision issued in August 1999, affecting both appeals, a federal district court in Missouri affirmed most portions of the MSC's orders, finding, among other things, that the MSC's pricing decisions were not unlawful and remanding decisions on certain fiber and unbundling issues back to the MSC. In September 1999, SWBell appealed this decision to the United States Court of Appeals for the Eighth Circuit.

In Oklahoma, the Oklahoma Corporation Commission (OCC) approved a rule in October 1999 creating alternative regulation for companies who opt into the alternative regulation rule, including SWBell. Under the rule, which was approved as an emergency rule and signed by the governor of Oklahoma, SWBell, in order to opt into alternative regulation, was required to file an application with the OCC for approval of its transition plan. The plan was approved by the OCC in December 1999. When SWBell opts into the alternative regulation rule, SWBell will be regulated under price cap regulation instead of rate of return regulation. Under the emergency rule, SWBell plans to implement one element of the transition plan, network infrastructure deployment, including DSL and switch replacement. The cost of full deployment is currently estimated at $200 in total capital expenditures over the next three years. Other items under SWBell's transition plan will be implemented only if the Oklahoma legislature adopts the alternative regulation rule and the rule becomes law. These other items include promotional discounts on unbundled network elements provided to competitors, pricing flexibility and ratepayer benefits. The ratepayer benefits include SWBell's obligation to pay $30 into an education information technology fund as well as waiver of the Oklahoma universal access fund surcharge for five years. SWBell's current fund surcharge is approximately $2 annually and SWBell will pay the current assessment into the fund even though it has waived collection of this amount from customers. The OCC alternative regulation rule has been submitted to the Oklahoma legislature for approval in the session that begins in February 2000. If the rule is not approved into law, SWBell will not be obligated to complete the infrastructure deployment and, at that time, will determine if implementation will continue.

In Indiana, the Indiana Court of Appeals (Indiana Court) issued a decision in October 1999 reversing a portion of the 1997 Indiana Utility Regulatory Commission (IURC) Opportunity Indiana (OI) order, which had directed Ameritech to reduce rates for basic residential and business services and remanded the rate issue to the IURC. In addition, the Indiana Court affirmed the IURC's order requiring Ameritech to comply with the infrastructure investment commitments made in OI. Ameritech has sought rehearing of this portion of the Indiana Court's decision. Ameritech will continue to operate under the other provisions of the OI order and will continue charging basic local rates at current levels.

SBC's wireline subsidiaries expect increased competitive pressure in 2000 and beyond from multiple providers in various markets, including facilities-based CLECs, interexchange carriers and resellers. At this time, management is unable to assess the effect of competition on the industry as a whole, or financially on SBC, but expects both losses of market share in local service and gains resulting from new business initiatives, vertical services and new service areas. Competition also continues to intensify in SBC's intraLATA long distance markets. For example, it is estimated that providers other than PacBell now serve more than half of the business intraLATA long distance customers in PacBell's service areas. In addition, intraLATA toll dialing parity, implemented throughout SBC's 13-state area, will continue to increase competition in intraLATA long distance markets.

Wireless

SBC's wireless subsidiaries currently provide analog and digital wireless products and services to approximately 11.2 million customers across the nation, making SBC one of the three largest wireless providers in the United States. SBC offers service in 23 of the 35 largest United States' metropolitan areas.

Companies that were granted licenses in areas where SBC also provides wireless service include subsidiaries and affiliates of AT&T, Sprint Corporation and other RHCs. Significant competition from PCS providers exists in SBC's major markets. Competition has been based upon both price and service packaging, such as unlimited calling plans, and has contributed to SBC's decline in average subscriber revenue per wireless customer.

Under the Telecom Act of 1996, SBC may offer interLATA long distance over its wireless network both inside and outside the regulated operating areas. SBC has entered the wireless long distance markets, and offers wireless long distance service in all of its wireless service areas.

SBC also has state-approved interconnection agreements to receive reciprocal compensation from interexchange carriers and other local service providers accessing its wireless networks in all states where it provides wireless services.

Information and Entertainment

SBC's directory subsidiaries face competition from over 100 publishers of printed directories in their operating areas. Direct and indirect competition also exists from other advertising media, including newspapers, radio, television and direct mail providers, as well as from directories offered over the Internet.

SBC's cable subsidiary offers cable television service in more than 80 communities in the Midwest and faces competition from other cable television providers in those areas.

SBC's SecurityLink competes with other companies across North America as a provider of security systems.

International

Telmex was granted a concession in 1990, which expired in August 1996, as the sole provider of long distance services in Mexico. Several large competitors have received licenses to compete with Telmex and have begun operations. As of December 31, 1999, Telmex had approximately 84% of the long distance market in Mexico. Telmex's share of international long distance traffic is expected to decline significantly when the proportional return mechanism, which guarantees Telmex the same percentage of incoming traffic as outgoing traffic, expires. Mexican regulators postponed the elimination of the proportional return mechanism, which had been scheduled for year-end 1999. The mechanism may expire in 2000, but regulators have not yet provided a definitive time frame for the expiration. Aggressive local competition is expected in 2000, primarily in the business segment.

SBC has an investment in the Hungarian telecommunications company, MATAV. MATAV provides domestic and international long distance telephone service throughout Hungary and local telephone service in certain designated areas of Hungary. MATAV has a concession agreement that provides for exclusivity until December 2001. There are discussions taking place with the Hungarian government to shorten the exclusivity period; this would require MATAV's approval. Once the exclusivity period expires, MATAV will experience aggressive competition, especially in the domestic and international long distance markets.

Other Business Matters

New Accounting Standards In June 1998, the Financial Accounting Standards Board issued Statement No. 133, "Accounting for Derivative Instruments and Hedging Activities" (FAS 133), which will require all derivatives to be recorded on the balance sheet at fair value, and will require changes in the fair value of the derivatives to be recorded in net income or comprehensive income. FAS 133 must be adopted for years beginning after June 15, 2000, with earlier adoption permitted. SBC currently is evaluating the impact of the change in accounting required by FAS 133, but is not able to quantify the effect at this time (see Note 16 of Notes to Consolidated Financial Statements for a discussion of the new accounting standard on software costs).

Acquisitions During 1999, SBC and Telmex each acquired a 50% interest in Cellular Communications. The total transaction was valued at $827, including assumption of approximately $370 in debt.

In November 1999, SBC announced it has agreed to acquire Radiofone, Inc. (Radiofone) for approximately 8 million shares of SBC common stock. The transaction is expected to be completed in the second quarter of 2000, pending regulatory approvals. Radiofone serves more than 200,000 wireless customers in Louisiana and Michigan and approximately 300,000 paging customers in 11 states.

In January 2000, SBC and Telmex acquired a stake in Brazilian wireless provider ATL - Algar Telecom Leste S.A. (ATL), which serves customers in the Brazilian states of Rio de Janeiro and Espirito Santo. As part of the transaction, Williams Communications Group Inc. will reduce its stake to a 50% economic interest in ATL. SBC and Telmex will have the opportunity to subsequently increase their investment to a 50% stake in ATL, but cannot do so until 2004. Until then, Algar Telecom retains an investment in ATL, as well as voting and board control of ATL, in accordance with Brazilian regulations.

See Note 15 of Notes to Consolidated Financial Statements for a discussion of the Comcast and Bell Canada acquisitions.

SBC's Year 2000 Project SBC performed a four-step methodology to address the Year 2000 issue consisting of inventory and assessment, hardware and software fixes, testing and deployment. All phases of the Year 2000 project were completed by December 31, 1999. SBC's network and operating systems successfully passed through the Year 2000 date change. Employees monitored the network and supporting systems and experienced no Year 2000-related problems. SBC spent approximately $475 on the entire project, with approximately $227 spent in 1999.

Liquidity and Capital Resources

SBC had $495 of cash and cash equivalents available at December 31, 1999. Commercial paper borrowings as of December 31, 1999 totaled $2,623 out of $6 billion authorized. SBC has entered into agreements with several banks for committed lines of credit totaling $2,880, all of which may be used to support commercial paper borrowings (see Note 8 of Notes to Consolidated Financial Statements). SBC had no borrowings outstanding under these lines of credit as of December 31, 1999.

Cash From Operating Activities During 1999, as in 1998 and 1997, SBC's primary source of funds continued to be cash generated from operations, as shown in the Consolidated Statements of Cash Flows. Net cash provided by operating activities exceeded SBC's construction and capital expenditures during 1999, 1998 and 1997; this excess is referred to as free cash flow, a supplemental measure of liquidity. SBC generated free cash flow of $6,274, $4,099 and $2,723 in 1999, 1998 and 1997.

In addition, SBC will incur additional expenses totaling approximately $2 billion in 2000 related to the FCC merger conditions, the merger initiatives, including Project Pronto and obtaining approval to begin offering long distance.

Cash From Investing Activities To provide high-quality communications services to its customers, SBC, particularly its wireline and wireless operations, must make significant investments in property, plant and equipment. The amount of capital investment is influenced by demand for services and products, continued growth and regulatory commitments.

SBC's capital expenditures totaled $10,304, $8,882 and $8,856 for 1999, 1998 and

1997. Capital expenditures in the wireline segment increased by 17.2% in 1999 compared with 1998 due primarily to DSL, digital and broadband network upgrades, capitalized software accounting rule changes and regulatory commitments. The wireline segment's capital expenditures were relatively unchanged in 1998. The wireless segment's capital expenditures were relatively unchanged in 1999 and decreased in 1998 due primarily to completion of the 1997 initial build-out of the PCS network and conversion of SBC's largest cellular markets to digital during 1997.

See Note 15 of Notes to Consolidated Financial Statements for a discussion of the acquisitions and dispositions.

In 2000, management expects total capital spending to be between $13 billion and $14 billion. Capital expenditures in 2000 will be used to continue the evolution of the wireline subsidiaries' networks, including amounts estimated for Project Pronto, SBC's broadband initiative, and continued build-out of SBC's wireless markets.

Cash From Financing Activities Dividends declared by the Board of Directors of SBC were $0.975 per share in 1999, $0.935 per share in 1998, and $0.895 per share in 1997. These per share amounts do not include dividends declared and paid by Ameritech, SNET and PAC prior to their respective mergers. The total dividends paid by SBC, Ameritech, SNET or PAC were $3,312 in 1999, $3,177 in 1998 and $3,015 in 1997. SBC's dividend policy considers both the expectations and requirements of shareowners, internal requirements and long-term growth opportunities.

In December 1999, SBC called approximately $31 of debt that was scheduled to mature in December 2004. During 1999, subsequent to the completion of the acquisitions of Comcast and Cellular Communications, SBC retired $1,415 of Comcast's and Cellular Communications' long-term debt with no effect on net income. In May 1999, SBC issued $750 of 6.25% unsecured Eurodollar notes, due May 2009, with proceeds used to fund its investment in Bell Canada.

During 1998, SBC redeemed $2,789 of long-term debt, including mortgage bonds. Also in 1998, SBC issued $2,150 of notes and debentures. In February 1998, SBC also issued $750 of 5.88% unsecured Eurodollar notes, due February 2003, with proceeds used primarily to fund its investment in Tele Danmark.

Total debt increased during 1997 due primarily to the issuance of medium-term notes and debentures and debt redeemable either in cash or Telmex L shares.

In April 1998, an SBC subsidiary issued, through private placement, 3,250 shares of stated rate auction preferred stock (STRAPS) in four separate series. Net proceeds from these issuances totaled $322.

In June 1997 and December 1999, one of SBC's wholly owned subsidiaries issued $250 and $100 of preferred stock in private placements. In January 2000, SBC's Board of Directors authorized the repurchase of up to 100 million shares of SBC's common stock.

SBC expects to fund ongoing capital expenditures, the repurchase of stock and merger initiative expenses with cash provided by operations and incremental borrowings.

Other SBC's total capital consists of debt (long-term debt and debt maturing within one year), Trust Originated Preferred Securities and shareowners' equity. Total capital increased $3,453 in 1999 and $3,292 in 1998. The increase in 1999 was due to 1999 earnings, partially offset by lower debt levels. The increase in 1998 was primarily due to 1998 earnings, partially offset by lower debt levels.

SBC's debt ratio was 42.9%, 47.3% and 54.9% at December 31, 1999, 1998 and 1997. The debt ratio is affected by the same factors that affect total capital.

Market Risk

SBC is exposed to market risks primarily from changes in interest rates, foreign currency exchange rates, and certain equity stock prices. In managing exposure to these fluctuations, SBC may engage in various hedging transactions that have been authorized according to documented policies and procedures. SBC does not use derivatives for trading purposes, to generate income or to engage in speculative activity. SBC's capital costs are directly linked to financial and business risks. SBC seeks to manage the potential negative effects from market volatility and market risk. The majority of SBC's financial instruments are medium- and long-term fixed rate notes and debentures. Fluctuations in market interest rates can lead to significant fluctuations in the fair value of these notes and debentures. It is the policy of SBC to manage its debt structure and foreign exchange exposure in order to manage capital costs, control financial risks and maintain financial flexibility over the long term. Where appropriate, SBC will take actions to limit the negative effect of interest and foreign exchange rates, liquidity and counterparty risks on shareowner value.

Quantitative Information About Market Risk

Foreign Exchange Risk Sensitivity Analysis

December 31, 1999	U.S. Dollar Value of Net Foreign Exchange Contracts	Net Underlying Foreign Currency Transaction Exposures
Total Exposure - Japanese Yen	$ 142	$ 142

Note: There is no net exposed long/short currency position and no foreign exchange loss from a 10% depreciation of the U.S. dollar.

The preceding table describes the effects of a change in the value of the Japanese yen given a hypothetical 10% depreciation of the U.S. dollar. Since the identified exposure is fully covered with forward contracts, changes in the value of the U.S. dollar which affect the value of the underlying foreign currency commitment are fully offset by changes in the value of the foreign currency contract. If the underlying currency transaction exposure changed, the resulting mismatch would expose the company to currency risk of the foreign exchange contract. For this reason, all contracts are related to firm commitments and matched by maturity and currency.

Interest Rate Sensitivity The principal amount by expected maturity, average interest rate and fair value of SBC's liabilities that are exposed to interest rate risk are described in Notes 8 and 9 of Notes to Consolidated Financial Statements. Following are SBC's interest rate derivatives subject to interest rate risk:
<TABLE>

	Maturity							
	2000	2001	2002	2003	2004	After 2004	Total	Fair Value 12/31/99
Interest Rate Derivatives								
Interest Rate Swaps:								
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Receive Fixed/Pay Variable								
Notional Amount	-	-	$130	$315	$200	$150	$795	$(20)
Variable Rate Payable 1	6.3%	6.9%	7.0%	7.1%	7.1%	7.2%		
Weighted Average Fixed Rate Receivable	6.1%	6.1%	6.1%	6.1%	6.0%	6.0%		
Receive Variable/Pay Fixed								
Notional Amount	$10	$120	$5	-	-	$250	$385	$6
Fixed Rate Payable	6.5%	6.5%	6.5%	6.5%	6.5%	6.5%		
Weighted Average Variable Rate Receivable 2	6.4%	7.0%	7.1%	7.1%	7.2%	7.3%		
Lease Obligations:								
Variable Rate Leases 3	-	$42	-	-	$81	-	$123	$123
Average Interest Rate 3	6.7%	7.1%	7.2%	7.3%	7.3%	-		

<FN>

1 Interest payable based on Three Month London Interbank Offer Rate (LIBOR) plus or minus a spread.
2 Interest receivable based on Three Month Commercial Paper Index published by

Federal Reserve.
3 Average interest rate based on current and implied forward rates for One Month LIBOR plus 30 basis points. The lease obligations require interest payments only until maturity.
</FN>
</TABLE>

In 1999, a $50 interest rate swap contract, linked to the variable rate debt, matured and interest rate swap contracts of $13 linked to variable rate lease obligations were exited with minimal effect on net income.

There has been no material change in the updated market risks since December 31, 1998.

Qualitative Information About Market Risk

Foreign Exchange Risk From time to time SBC makes investments in businesses in foreign countries, is paid dividends, receives proceeds from sales or borrows funds in foreign currency. Before making an investment, or in anticipation of a foreign currency receipt, SBC often will enter into forward foreign exchange contracts. The contracts are used to provide currency at a fixed rate. SBC's policy is to measure the risk of adverse currency fluctuations by calculating the potential dollar losses resulting from changes in exchange rates that have a reasonable probability of occurring. SBC covers the exposure that results from changes that exceed acceptable amounts. SBC does not speculate in foreign exchange markets.

Equity Risk SBC has equity price risk exposure from certain outstanding employee stock options linked to Vodafone AirTouch ADRs which are not significant (see Note 13 of Notes to Consolidated Financial Statements).

Interest Rate Risk SBC issues debt in fixed and floating rate instruments. Interest rate swaps are used for the purpose of controlling interest expense by managing the mix of fixed and floating rate debt. SBC does not seek to make a profit from changes in interest rates. SBC manages interest rate sensitivity by measuring potential increases in interest expense that would result from a probable change in interest rates. When the potential increase in interest expense exceeds an acceptable amount, SBC reduces risk through the issuance of fixed rate instruments and purchasing derivatives.

Cautionary Language Concerning Forward-Looking Statements

Information set forth in this report contains forward-looking statements that are subject to risks and uncertainties. SBC claims the protection of the safe harbor for forward-looking statements provided by the Private Securities Litigation Reform Act of 1995.

The following factors could cause SBC's future results to differ materially from those expressed in the forward-looking statements:

o Adverse economic changes in the markets served by SBC, or countries in which SBC has significant investments.
o Changes in available technology.
o The final outcome of FCC rulemakings and judicial review, if any, of such rulemakings, including issues relating to jurisdiction.
o The final outcome of state regulatory proceedings in SBC's 13-state area, and judicial review, if any, of such proceedings, including proceedings relating to interconnection terms, access charges, universal service, unbundled network elements and resale rates, and reciprocal compensation.
o Enactment of additional state, Federal and/or foreign regulatory laws and regulations pertaining to SBC's subsidiaries and foreign investments.
o The timing of entry and the extent of competition in the local and intraLATA toll markets in SBC's 13-state area and SBC's entry into the in-region long distance market.
o The impact of the Ameritech transaction, including performance with respect to regulatory requirements and merger integration efforts.
o The timing and cost of deployment of SBC's broadband initiative also known as Project Pronto, its effect on the carrying value of the existing wireline network and the level of consumer demand for offered services.

Readers are cautioned that other factors discussed in this report, although not enumerated here, also could materially impact SBC's future earnings.

<PAGE>

<TABLE>
<CAPTION>
SBC Communications Inc.
Consolidated Statements of Income
Dollars in millions except per share amounts

	1999	1998	1997
<S>	<C>	<C>	<C>
Operating Revenues			
Landline local service	$ 19,003	$ 17,196	$ 15,961
Wireless subscriber	5,851	5,265	4,852
Network access	10,094	9,575	9,491
Long distance service	3,456	3,673	3,616
Directory advertising	4,266	3,929	3,615
Other	6,819	6,569	5,571
Total operating revenues	49,489	46,207	43,106
Operating Expenses			
Operations and support	29,338	27,143	27,727
Depreciation and amortization	8,553	7,841	7,777
Total operating expenses	37,891	34,984	35,504
Operating Income	11,598	11,223	7,602
Other Income (Expense)			
Interest expense	(1,430)	(1,605)	(1,550)
Equity in net income of affiliates	912	613	437
Other income (expense) - net	(227)	1,884	49
Total other income (expense)	(745)	892	(1,064)
Income Before Income Taxes, Extraordinary Items and Cumulative Effect of Accounting Change	10,853	12,115	6,538
Income taxes	4,280	4,380	2,451
Income Before Extraordinary Items and Cumulative Effect of Accounting Change	6,573	7,735	4,087
Extraordinary items, net of tax	1,379	(60)	-
Cumulative effect of accounting change, net of tax	207	15	-
Net Income	$ 8,159	$ 7,690	$ 4,087
Earnings Per Common Share:			
Income Before Extraordinary Items and Cumulative Effect of Accounting Change	$ 1.93	$ 2.27	$ 1.21
Net Income	$ 2.39	$ 2.26	$ 1.21
Earnings Per Common Share-Assuming Dilution:			
Income Before Extraordinary Items and Cumulative Effect of Accounting Change	$ 1.90	$ 2.24	$ 1.20
Net Income	$ 2.36	$ 2.23	$ 1.20

<FN>
The accompanying notes are an integral part of the consolidated financial statements.
</FN>
</TABLE>

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<TABLE>
<CAPTION>
SBC Communications Inc.
Consolidated Balance Sheets
Dollars in millions except per share amounts

	December 31, 1999	December 31, 1998
<S>	<C>	<C>
Assets		
Current Assets		
Cash and cash equivalents	$ 495	$ 599
Accounts receivable - net of allowances for uncollectibles of $1,099 and $810	9,378	9,783
Prepaid expenses	651	843
Deferred income taxes	767	685
Other current assets	639	787
Total current assets	11,930	12,697
Property, Plant and Equipment - Net	46,571	44,194
Intangible Assets - Net of Accumulated Amortization of $1,325 and $1,111	6,796	5,161
Investments in Equity Affiliates	10,648	7,412
Other Assets	7,270	5,502
Total Assets	$ 83,215	$ 74,966
Liabilities and Shareowners' Equity		
Current Liabilities		
Debt maturing within one year	$ 3,374	$ 4,178
Accounts payable and accrued liabilities	15,103	13,253
Dividends payable	836	809
Total current liabilities	19,313	18,240
Long-Term Debt	17,475	17,170
Deferred Credits and Other Noncurrent Liabilities		
Deferred income taxes	4,821	2,846
Postemployment benefit obligation	9,612	9,193
Unamortized investment tax credits	389	474
Other noncurrent liabilities	3,879	3,269
Total deferred credits and other noncurrent liabilities	18,701	15,782
Corporation-Obligated Mandatorily Redeemable Preferred Securities Of Subsidiary Trusts#	1,000	1,000
Shareowners' Equity		
Preferred shares ($1 par value, 10,000,000 authorized: none issued)	-	-
Common shares ($1 par value, 7,000,000,000 authorized: issued 3,433,124,836 at December 31, 1999 and 3,433,762,063 at December 31, 1998)	3,433	3,434
Capital in excess of par value	12,453	12,439
Retained earnings	13,798	8,948
Guaranteed obligations of employee stock ownership plans (ESOP)	(106)	(261)
Deferred compensation - leveraged ESOP (LESOP)	(73)	(82)
Treasury shares (37,752,621 at December 31, 1999 and 28,217,018 at December 31, 1998, at cost)	(1,717)	(882)
Accumulated other comprehensive income	(1,062)	(822)
Total shareowners' equity	26,726	22,774
Total Liabilities and Shareowners' Equity	$ 83,215	$ 74,966

<FN>

#The trusts contain assets of $1,030 in principal amount of the Subordinated Debentures of Pacific Telesis Group.

The accompanying notes are an integral part of the consolidated financial statements.

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</TABLE>

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<TABLE>
<CAPTION>
SBC Communications Inc.
Consolidated Statements of Cash Flows
Dollars in millions, increase (decrease) in cash and cash equivalents

<S>	1999 <C>	1998 <C>	1997 <C>
Operating Activities			
Net income	$ 8,159	$ 7,690	$ 4,087
Adjustments to reconcile net income to net cash provided by operating activities:			
Depreciation and amortization	8,553	7,841	7,777
Undistributed earnings from investments in equity affiliates	(471)	(256)	(172)
Provision for uncollectible accounts	1,136	896	938
Amortization of investment tax credits	(85)	(96)	(115)
Deferred income tax expense	1,061	840	553
Gain on sale of Telecom Corporation of New Zealand shares	-	(1,543)	-
Extraordinary items, net of tax	(1,379)	60	-
Cumulative effect of accounting change, net of tax	(207)	(15)	-
Changes in operating assets and liabilities:			
Accounts receivable	(731)	(2,257)	(1,281)
Other current assets	335	310	(661)
Accounts payable and accrued liabilities	2,054	1,175	1,994
Other - net	(1,847)	(1,664)	(1,541)
Total adjustments	8,419	5,291	7,492
Net Cash Provided by Operating Activities	16,578	12,981	11,579
Investing Activities			
Construction and capital expenditures	(10,304)	(8,882)	(8,856)
Investments in affiliates	51	(77)	(29)
Purchase of short-term investments	(26)	(42)	(916)
Proceeds from short-term investments	31	355	1,029
Dispositions	4,867	2,727	1,000
Acquisitions	(5,198)	(3,261)	(2,190)
Other	2	11	13
Net Cash Used in Investing Activities	(10,577)	(9,169)	(9,949)
Financing Activities			
Net change in short-term borrowings with original maturities of three months or less	(787)	(589)	(761)
Issuance of other short-term borrowings	-	2	1,079
Repayment of other short-term borrowings	-	(8)	(805)
Issuance of long-term debt	738	2,890	2,246
Repayment of long-term debt	(2,301)	(2,860)	(999)
Early extinguishment of debt and related call premiums	(31)	(765)	(6)
Purchase of fractional shares	-	-	(15)
Issuance of common shares	313	464	308
Issuance of preferred shares	103	322	250
Purchase of treasury shares	(1,169)	(498)	(87)
Issuance of treasury shares	318	308	293
Dividends paid	(3,287)	(3,131)	(2,966)
Other	(2)	3	13
Net Cash Used in Financing Activities	(6,105)	(3,862)	(1,450)
Net increase (decrease) in cash and cash equivalents	(104)	(50)	180
Cash and cash equivalents beginning of year	599	649	469
Cash and Cash Equivalents End of Year	$ 495	$ 599	$ 649

<FN>
The accompanying notes are an integral part of the consolidated financial statements.
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</TABLE>

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<TABLE>
<CAPTION>
SBC Communications Inc.
Consolidated Statements of Shareowners' Equity
Dollars and shares in millions except per share amounts

	1999		1998		1997	
	Shares	Amount	Shares	Amount	Shares	Amount
<S>	<C>	<C>	<C>	<C>	<C>	<C>
Common Stock						
Balance at beginning of year	3,434	$ 3,434	3,428	$ 3,428	3,430	$ 3,430
Purchase of shares	(8)	(8)	(13)	(13)	(25)	(25)
Issuance of shares	7	7	19	19	23	23
Balance at end of year	3,433	$ 3,433	3,434	$ 3,434	3,428	$ 3,428
Capital in Excess of Par Value						
Balance at beginning of year		$ 12,439		$ 12,375		$ 12,468
Purchase of shares		(398)		(487)		(576)
Issuance of shares		215		370		406
Other		197		181		77
Balance at end of year		$ 12,453		$ 12,439		$ 12,375
Retained Earnings						
Balance at beginning of year		$ 8,948		$ 4,429		$ 3,338
Net income ($2.39, $2.26 and $1.21 per share)		8,159		7,690		4,087
Dividends to shareowners ($0.975, $0.935 and $0.895 per share)		(3,312)		(3,177)		(3,015)
Other		3		6		19
Balance at end of year		$ 13,798		$ 8,948		$ 4,429
Guaranteed Obligations of ESOP						
Balance at beginning of year		$ (261)		$ (409)		$ (535)
Reduction of debt associated with ESOP		155		148		126
Balance at end of year		$ (106)		$ (261)		$ (409)
Deferred Compensation - LESOP						
Balance at beginning of year		$ (82)		$ (119)		$ (161)
Cost of LESOP trust shares allocated to employees		9		37		42
Balance at end of year		$ (73)		$ (82)		$ (119)
Treasury Shares						
Balance at beginning of year	(28)	$ (882)	(30)	$ (730)	(41)	$ (985)
Purchase of shares	(23)	(1,169)	(12)	(498)	(3)	(87)
Issuance of shares	13	334	14	346	14	335
Other	-	-	-	-	-	7
Balance at end of year	(38)	$ (1,717)	(28)	$ (882)	(30)	$ (730)
Accumulated Other Comprehensive Income, net of tax						
Balance at beginning of year		$ (822)		$ (1,111)		$ (821)
Foreign currency translation adjustment, net of taxes of $290, $37 and $(38)		(336)		224		(287)
Reclassification adjustment to net income for cumulative translation adjustment on securities sold		-		56		-
Unrealized gains (losses) on available-for-sale securities		113		69		(3)
Less reclassification adjustment for gains included in net income		(17)		(60)		-
Other comprehensive income (loss)		(240)		289		(290)
Balance at end of year		$ (1,062)		$ (822)		$ (1,111)
Total Comprehensive Income						

Net income	$ 8,159	$ 7,690	$ 4,087
Other comprehensive income (loss) per above	(240)	289	(290)
Total Comprehensive Income	$ 7,919	$ 7,979	$ 3,797

<FN>
The accompanying notes are an integral part of the consolidated financial statements.
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Notes to Consolidated Financial Statements
Dollars in millions except per share amounts

Note 1. Summary of Significant Accounting Policies

Basis of Presentation - The consolidated financial statements include the accounts of SBC Communications Inc. and its majority-owned subsidiaries (SBC). The statements reflect mergers of SBC's subsidiaries with Pacific Telesis Group (PAC), Southern New England Telecommunications Corporation (SNET) and Ameritech Corporation (Ameritech) as poolings of interests (see Note 2). SBC's subsidiaries and affiliates operate in the communications services industry, providing wireline and wireless telecommunications services and equipment, directory advertising, electronic security services and cable television services both domestically and worldwide.

All significant intercompany transactions are eliminated in the consolidation process. Investments in partnerships, joint ventures and less than majority-owned subsidiaries are principally accounted for under the equity method. Earnings from certain foreign investments accounted for using the equity method are included for periods ended within three months of SBC's year end.

The preparation of financial statements in conformity with United States' 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. Certain amounts in prior period financial statements have been reclassified to conform to the current year's presentation.

Income Taxes - Deferred income taxes are provided for temporary differences between the carrying amounts of assets and liabilities for financial reporting purposes and the amounts used for tax purposes.

Investment tax credits earned prior to their repeal by the Tax Reform Act of 1986 are amortized as reductions in income tax expense over the lives of the assets which gave rise to the credits.

Cash Equivalents - Cash and cash equivalents include all highly liquid investments with original maturities of three months or less and the carrying amounts approximate fair value.

Deferred Charges - Directory advertising costs are deferred until the directory is published and advertising revenues related to these costs are recognized.

Revenue Recognition/Cumulative Effect of Accounting Change - SBC recognizes revenues as earned. Certain revenues derived from local telephone and wireless services are billed monthly in advance and are recognized the following month when services are provided. Revenues derived from other telecommunications services, principally network access, long distance and wireless airtime usage, are recognized monthly as services are provided.

Ameritech's directory publishing subsidiary, prior to January 1, 1999, and SNET prior to January 1, 1998, recognized revenues and expenses related to publishing directories using the "amortization" method, under which revenues and expenses were recognized over the lives of the directories, generally one year. Effective January 1, 1999, for Ameritech and January 1, 1998, for SNET the accounting was changed to the "issue basis" method of accounting, which recognizes the revenues and expenses at the time the related directory is published. The change in methodology was made because the issue basis method is generally followed in the publishing industry, including by SBC's other directory subsidiaries and better reflects the operating activity of the business. The cumulative after-tax effect of applying the changes in method to prior years was recognized as of January 1, 1999 and 1998 as one-time, non-cash gains of $207, or $0.06 per share and $15, or $0.01 per share, net of deferred taxes of $125 and $11. Had the current method been applied during prior periods, income before extraordinary items and cumulative effect of accounting change would not have been materially affected.

<PAGE>

Notes to Consolidated Financial Statements, continued
Dollars in millions except per share amounts

Property, Plant and Equipment - Property, plant and equipment is stated at cost. The cost of additions and substantial improvements to property, plant and equipment is capitalized. The cost of maintenance and repairs of property, plant and equipment is charged to operating expenses. Property, plant and equipment is depreciated using straight-line methods over their estimated economic lives, generally ranging from 3 to 50 years. Certain subsidiaries follow composite group depreciation methodology; accordingly, when a portion of their depreciable property, plant and equipment is retired in the ordinary course of business, the gross book value is charged to accumulated depreciation; no gain or loss is recognized on the disposition of this plant.

Intangible Assets - Intangible assets consist primarily of wireless cellular and Personal Communications Services (PCS) licenses, customer lists and the excess of consideration paid over net assets acquired in business combinations. These assets are being amortized using the straight-line method, over periods generally ranging from 5 to 40 years. At December 31, 1999 and 1998, amounts included in net intangible assets for licenses were $3,713 and $2,660. Management periodically reviews the carrying value and lives of all intangible assets based on expected future cash flows.

Advertising Costs - Costs for advertising products and services or corporate image are expensed as incurred.

Foreign Currency Translation - Local currencies generally are considered the functional currency for SBC's share of foreign investments, except in countries considered highly inflationary. SBC translates its share of foreign assets and liabilities at current exchange rates. Revenues and expenses are translated using average rates for the year. The resulting foreign currency translation adjustments are recorded as a separate component of accumulated other comprehensive income. Other transaction gains and losses resulting from exchange rate changes on transactions denominated in a currency other than the local currency are included in earnings as incurred.

Derivative Financial Instruments - SBC does not invest in derivatives for trading purposes. From time to time, as part of its risk management strategy, SBC uses derivative financial instruments, including interest rate swaps, to hedge exposures to interest rate risk on debt obligations, and foreign currency forward exchange contracts to hedge exposures to changes in foreign currency rates for transactions related to its foreign investments. Derivative contracts are entered into for hedging of firm commitments only. SBC currently does not recognize the fair values of these derivative financial investments or their changes in fair value in its financial statements. Interest rate swap settlements are recognized as adjustments to interest expense in the consolidated statements of income when paid or received. Foreign currency forward exchange contracts are set up to coincide with firm commitments. Gains and losses are deferred until the underlying transaction being hedged occurs, and then are recognized as part of that transaction (see Note 9).

Note 2. Completion of Mergers

In October 1999, SBC and Ameritech completed the merger of an SBC subsidiary with Ameritech in a transaction in which each share of Ameritech common stock was exchanged for 1.316 shares of SBC common stock (equivalent to approximately 1,446 million shares). Ameritech became a wholly owned subsidiary of SBC effective with the merger and the transaction has been accounted for as a pooling of interests and a tax-free reorganization.

Financial statements for prior periods have been restated to include the accounts of Ameritech. Transaction costs related to the merger were $77 ($48 net of tax). Of this total $25 ($16 net of tax) is included in expenses in 1999 and $52 ($32 net of tax) in 1998.

Operating revenues, income before extraordinary items and cumulative effect of accounting change and net income of the separate companies on a pre-merger basis for the last three periods are presented below:

<TABLE>

	Nine Months Ended September 30, 1999	Year Ended December 31, 1998	Year Ended December 31, 1997
<S>	<C>	<C>	<C>
Operating revenues:			
SBC	$ 22,477	$ 28,777	$ 26,681
Ameritech	13,912	17,154	15,998
Adjustments	203	276	427
Combined	$ 36,592	$ 46,207	$ 43,106
Income before extraordinary items and cumulative effect of accounting change:			
SBC	$ 3,569	$ 4,068	$ 1,674
Ameritech	1,438	3,606	2,296
Adjustments	(161)	61	117
Combined	$ 4,846	$ 7,735	$ 4,087
Net income:			
SBC	$ 3,569	$ 4,023	$ 1,674
Ameritech	1,645	3,606	2,296
Adjustments	(161)	61	117
Combined	$ 5,053	$ 7,690	$ 4,087

</TABLE>

Combined results include the effect of retroactively conforming accounting methodologies between SBC and Ameritech. Among other items, non-cash adjustments were made to conform accounting for pension and postretirement benefits between the companies and to immediately expense certain items routinely deferred and amortized by Ameritech, including sales commissions and leased customer security and paging equipment. The pension and postretirement adjustments include the effects of conforming the adoption date for postretirement accounting, methods of recognizing actuarial gains and conforming the estimate methods used related to the current year's benefit plans.

In October 1998, SBC and SNET completed the merger of an SBC subsidiary with SNET in a transaction in which each share of SNET common stock was exchanged for 1.7568 shares of SBC common stock (equivalent to approximately 120 million shares). SNET became a wholly owned subsidiary of SBC effective with the merger, and the transaction was accounted for as a pooling of interests and a tax-free reorganization.

In April 1997, SBC and PAC completed the merger of an SBC subsidiary with PAC in a transaction in which each outstanding share of PAC common stock was exchanged for 1.4629 shares of SBC common stock (equivalent to approximately 626 million shares). With the merger, PAC became a wholly owned subsidiary of SBC. The transaction was accounted for as a pooling of interests and a tax-free reorganization.

Post-Merger Initiatives

Upon completion of each merger, SBC performed an evaluation and review of operations throughout the merged company. These reviews included the formation of teams that performed comprehensive evaluations of companywide operations (review teams). Based on these merger integration reviews, certain strategic decisions were made and significant integration of operations and consolidation of some administrative and support functions occurred resulting in one-time charges. The following table summarizes the charges incurred for each merger related to these reviews and decisions:

<TABLE>

Pre-tax charges	Ameritech	SNET	PAC
<S>	<C>	<C>	<C>
Reorganization	$ 582	$ 82	$ 839
Impairments/asset valuation	690	321	965
Wireless conversion	220	-	-
Regulatory and legal	164	-	165
Merger approval costs	31	-	281
Other items and estimates of other obligations	79	-	-
Pacific and Southwestern video curtailment/purchase commitments	-	-	698
Total one-time charges	$ 1,766	$ 403	$ 2,948
After-tax charges	**Ameritech**	**SNET**	**PAC**
Reorganization	$ 379	$ 50	$ 517
Impairments/asset valuation	472	199	667
Wireless conversion	143	-	-
Regulatory and legal	102	-	101
Merger approval costs	19	-	176
Other items and estimates of other obligations	342	-	-
Pacific and Southwestern video curtailment/purchase commitments	-	-	438
Total one-time charges	$ 1,457	$ 249	$ 1,899

</TABLE>

One-time charges incurred in the third and fourth quarter of 1999 totaled $1,766 ($1,457 net of tax). These charges included costs related to various regulatory and legal issues, merger approval costs and other related costs of $274 ($174 net of tax). In addition, these charges included costs related to strategic decisions reached by the review teams of $1,492 ($1,283 net of tax) in 1999. Charges in the fourth quarter of 1998 for the SNET merger and the second quarter of 1997 for the PAC merger of $403 ($249 net of tax) and $2 billion ($1.3 billion net of tax) also related to the strategic decisions reached by the review teams. At December 31, 1999, 1998 and 1997, remaining accruals for anticipated cash expenditures related to the PAC and SNET decisions were approximately $52, $323 and $432. Anticipated cash expenditures related to the decisions for the Ameritech merger totaled $703 at December 31, 1999.

Reorganization - SBC is centralizing several key functions that will support the wireline operations including network planning, strategic marketing and procurement. It also is consolidating a number of corporatewide support activities, including research and development, information technology, financial transaction processing and real estate management. These initiatives continue to result in the creation of some jobs and the elimination and realignment of others, with many of the affected employees changing job responsibilities and in some cases assuming positions in other locations.

SBC recognized net charges of approximately $582 ($379 net of tax) during the fourth quarter of 1999, $82 ($50 net of tax) during the fourth quarter of 1998 and $839 ($517 net of tax) during 1997 in connection with these initiatives. The charges were comprised mainly of postemployment benefits, primarily related to severance, and costs associated with closing duplicate operations, primarily contract cancellations. Other charges arising out of the mergers related to relocation, retraining and other effects of consolidating certain operations are being recognized in the periods those charges are incurred. The fourth quarter 1999 charge is net of $45 ($29 net of tax) of reversals of accruals made in connection with the SNET and PAC mergers that were related to plans now superseded by the current reorganization plans.

Impairments/Asset Valuation - As a result of SBC's merger integration plans, strategic review of domestic operations and organizational alignments, SBC reviewed the carrying values of the long-lived assets in the third and fourth quarter of 1999, the fourth quarter of 1998 and the second quarter of 1997. The reviews were conducted companywide, although the 1998 review focused primarily on SNET and the 1999 review focused primarily on Ameritech. These reviews included estimating remaining useful lives and cash flows and identifying assets to be abandoned. Where this review indicated impairment, fair market values, including, in some cases, discounted cash flows as an estimate of fair value, related to those assets were analyzed to determine the amount of the impairment. As a result of these reviews, SBC wrote off certain assets and recognized impairments to the value of other assets with a combined charge of $690 ($472 net of tax) in the third and fourth quarter of 1999, $321 ($199 net of tax) in the fourth quarter of 1998 and $965 ($667 net of tax) in the second quarter of 1997.

The 1999 adjustments include an impairment of $300 ($224 net of tax) related to Ameritech's security business. This impairment adjustment, taken as a reduction in goodwill of $300, reflects a reduction of the investment to fair market value based upon the value of comparable businesses. In connection with this adjustment, SBC shortened the estimated life of the remaining goodwill on the security business from 40 to 15 years. As a result of these adjustments, SBC estimates amortization expense will increase by $10 to $15 annually for the remaining life of the goodwill. Also in 1999, SBC performed a review of the allowance for doubtful accounts at the Ameritech subsidiaries and recognized a charge of $212 ($135 after tax). This charge resulted from adjusting Ameritech's estimation methods to the method utilized by SBC. Other 1999 adjustments consist primarily of valuation adjustments on certain analog switching equipment at Ameritech and certain cost investments.

The 1998 impairments and writeoffs primarily related to recognition of an impairment of the assets supporting SNET's video and telephony operations, and also included charges for required changes in wireless equipment, inventory and sites. The 1997 impairments and writeoffs related primarily to the wireless digital television operations in southern California, certain analog switching equipment in California, certain rural and other telecommunications equipment in Nevada, selected wireless equipment, duplicate or obsolete equipment, cable within commercial buildings in California, certain nonoperating plant and other assets.

Wireless Conversion - In December 1999, Ameritech notified its wireless customers that the current wireless network platform (Code Division Multiple Access or CDMA) would be converted to the network platform utilized by SBC (Time Division Multiple Access or TDMA). As part of the conversion, SBC sold the CDMA network assets and is leasing it back over the conversion period. A charge of $220 ($143 net of tax) was recognized in the fourth quarter to recognize the loss on the sale and leaseback and to replace the customers' CDMA handsets.

Other Items and Estimates of Other Obligations - SBC performed reviews of Ameritech's and PAC's accounting operations and applied consistent accounting techniques between the merging companies. As a result, SBC recognized charges in 1999 and 1997 related to the impact of several regulatory and legal rulings of $164 ($102 net of tax) and $165 ($101 net of tax). Also in 1997, SBC recognized a charge of $281 ($176 net of tax) for PAC merger approval costs. In 1999 SBC incurred a charge of $31 ($19 net of tax) for Ameritech merger approval costs. In 1999 charges for deferred taxes on Ameritech's international investments of $289, net charges related to the routine deferral of certain costs and revenues by Ameritech of $62 ($40 after tax) and other miscellaneous items of $17 ($13 net of tax) were recognized.

Pacific and Southwestern Video Curtailment/Purchase Commitments - SBC also announced in 1997 that it was scaling back its limited direct investment in video services in the areas also served by Pacific Bell Telephone Company (PacBell) and Southwestern Bell Telephone Company (SWBell). As a result of this curtailment, SBC halted construction on the Advanced Communications Network (ACN) in California. As part of an agreement with the ACN vendor, SBC paid the liabilities of the ACN trust that owned and financed ACN construction, incurred costs to shut down all construction previously conducted under the trust and received certain consideration from the vendor. In the second quarter of 1997, SBC recognized net expense of $553 ($346 net of tax) associated with these activities. During the third quarter of 1997, SBC recorded the corresponding short-term debt of $610 previously incurred by the ACN trust on its balance sheet.

Additionally, SBC curtailed certain other video-related activities including discontinuing its broadband network video trials in Richardson, Texas, and San Jose, California, substantially scaling back its involvement in the Tele-TV joint venture and withdrawing its operations in territory served by SWBell from the Americast venture. During 1999, SBC negotiated a settlement with its Americast partners related to the withdrawal. The settlement did not have a material impact on SBC's financial condition or results of operations. The collective impact of these decisions and actions by SBC resulted in a charge of $145 ($92 net of tax) in the second quarter of 1997.

Note 3. Subsidiary Financial Information

SBC has not provided separate financial statements and other disclosures for PAC as management has determined that such information is not material to the holders of the Trust Originated Preferred Securities (TOPrS) (see Note 9), which have been guaranteed by SBC. See Note 7 for a discussion of conforming items on the segments and subsidiaries. This information is provided as a supplement only. The following table presents summarized financial information for PAC at December 31, or for the year then ended:

<TABLE>

PAC	1999	1998	1997
<S>	<C>	<C>	<C>
Balance Sheets			
Current assets	$ 3,022	$ 3,037	$ 2,835
Noncurrent assets	15,334	15,428	14,150
Current liabilities	4,944	5,278	4,513
Noncurrent liabilities	10,284	10,482	10,413
Income Statements			
Operating revenues	$ 11,747	$ 11,305	$ 10,101
Operating income (loss)	2,866	2,612	(166)
Income (loss) before extraordinary loss and cumulative effect of accounting changes	1,521	1,240	(546)
Net income (loss)	1,303	1,180	(224)

</TABLE>

SBC has not provided separate financial statements and other disclosures for SWBell or PacBell as management has determined that such information is not material to the holders of certain SWBell and PacBell outstanding debt securities, which have been guaranteed by SBC. See Note 7 for a discussion of conforming items on the segments and subsidiaries. This information is provided as a supplement only. The following tables present summarized financial information for SWBell and PacBell:

<TABLE>

SWBell	1999	1998	1997
<S>	<C>	<C>	<C>
Balance Sheets			
Current assets	$ 2,453	$ 2,538	$ 2,452
Noncurrent assets	13,978	13,241	12,562
Current liabilities	5,127	4,679	3,686
Noncurrent liabilities	8,403	7,838	8,310
Income Statements			
Operating revenues	$ 11,173	$ 10,752	$ 10,116
Operating income	2,815	2,794	2,192
Income before cumulative effect of accounting change	1,540	1,527	1,187
Net income	1,267	1,527	1,187

PacBell	1999	1998	1997
Balance Sheets			
Current assets	$ 2,318	$ 2,431	$ 2,337
Noncurrent assets	13,620	12,662	12,002
Current liabilities	4,539	4,445	3,599
Noncurrent liabilities	8,680	7,388	7,953

Income Statements			
Operating revenues	$ 9,718	$ 9,406	$ 8,726
Operating income	2,259	2,299	483
Income before extraordinary loss and cumulative effect of accounting changes	1,161	1,137	-
Net income	151	1,077	345

</TABLE>

Note 4. Earnings Per Share

A reconciliation of the numerators and denominators of basic earnings per share and diluted earnings per share for income before extraordinary items and cumulative effect of accounting change for the years ended December 31, 1999, 1998 and 1997 are shown in the table below:
<TABLE>

Year Ended December 31,	1999	1998	1997
<S>	<C>	<C>	<C>
Numerators			
Numerator for basic earnings per share:			
Income before extraordinary items and cumulative effect of accounting change	$ 6,573	$ 7,735	$ 4,087
Dilutive potential common shares:			
Other stock-based compensation	4	4	3
Numerator for diluted earnings per share	$ 6,577	$ 7,739	$ 4,090
Denominators			
Denominator for basic earnings per share:			
Weighted average number of common shares outstanding (000,000)	3,409	3,406	3,391
Dilutive potential common shares (000,000):			
Stock options	42	38	25
Other stock-based compensation	7	6	4
Denominator for diluted earnings per share	3,458	3,450	3,420
Basic earnings per share			
Income before extraordinary items and cumulative effect of accounting change	$ 1.93	$ 2.27	$ 1.21
Extraordinary items	0.40	(0.02)	-
Cumulative effect of accounting change	0.06	0.01	-
Net income	$ 2.39	$ 2.26	$ 1.21
Diluted earnings per share			
Income before extraordinary items and cumulative effect of accounting change	$ 1.90	$ 2.24	$ 1.20
Extraordinary items	0.40	(0.02)	-
Cumulative effect of accounting change	0.06	0.01	-
Net income	$ 2.36	$ 2.23	$ 1.20

</TABLE>

Note 5. Property, Plant and Equipment

Property, plant and equipment is summarized as follows at December 31:
<TABLE>

	1999	1998
<S>	<C>	<C>
Land	$ 589	$ 590
Buildings	10,284	10,269
Central office equipment	43,335	40,874
Cable, wiring and conduit	48,785	46,499
Other equipment	11,241	9,626
Under construction	2,098	1,920

	116,332	109,778
Accumulated depreciation and amortization	69,761	65,584
Property, plant and equipment-net	$ 46,571	$ 44,194

</TABLE>

SBC's depreciation expense as a percentage of average depreciable plant was 7.4%, 7.2% and 7.4% for 1999, 1998 and 1997.

Certain facilities and equipment used in operations are leased under operating or capital leases. Rental expenses under operating leases for 1999, 1998 and 1997 were $707, $683 and $606. At December 31, 1999, the future minimum rental payments under noncancelable operating leases for the years 2000 through 2004 were $366, $304, $220, $160 and $165 and $623 thereafter. Capital leases are not significant.

In October 1999, as the first post-Ameritech merger initiative, SBC launched an initiative to provide advanced broadband services to many of its United States wireline customers (Project Pronto) over the next three years. Since the launch of Project Pronto, SBC has incurred $20 ($13 net of tax) related to network placement costs. The launch of Project Pronto and the Federal Communications Commission's recent rulings on data services and unbundled network element pricing led SBC to review and evaluate the carrying value of its network plant in its traditional wireline operations in the fourth quarter of 1999 and determine that an impairment did not exist. Project Pronto will result in the migration of certain customers to new network services. As this migration occurs, SBC will monitor, review and assess both the carrying value and economic useful lives of the currently existing network facilities. This assessment may result in an impairment of the future carrying value of the existing facilities or the shortening of some of its economic lives. Should that occur, material charges to future operations in the wireline segment may be required.

Note 6. Equity Investments

Investments in equity affiliates are accounted for under the equity method and include the June 1999 purchase of a 20% interest of Bell Canada, the largest supplier of telecommunications services in Canada, and the 1998 acquisition of a 41.6% equity interest of Tele Danmark A/S (Tele Danmark), the national communications provider in Denmark (see Note 15). SBC currently is able to elect six of twelve members of the Tele Danmark Board of Directors, including the Chairman, who would cast any tie-breaking vote.

Investments in equity affiliates also includes SBC's investment in Telefonos de Mexico, S.A. de C.V. (Telmex), Mexico's national telecommunications company. SBC is a member of a consortium that holds all of the AA shares of Telmex stock, representing voting control of the company. Another member of the consortium, Carso Global Telecom, S.A. de C.V., has the right to appoint a majority of the directors of Telmex. SBC also owns L shares which have limited voting rights. Throughout 1999, 1998 and 1997, SBC sold portions of its L shares mainly in response to open market share repurchases by Telmex, so that its total equity investment remained below 10% of Telmex's total equity capitalization. At December 31, 1999 and 1998 SBC held an approximate 8.9% and 9.8% equity interest in Telmex.

Other major equity investments held by SBC include a 17.5% interest in Belgacom S.A. (Belgacom), the national communications provider in Belgium, an 18% interest in Telkom SA Limited (Telkom), the state-owned telecommunications company of South Africa, a 29.8% interest in MATAV, the national communications provider in Hungary, a 15% interest in Cegetel, a joint venture providing a broad range of telecommunications offerings in France and minority ownership of several domestic wireless properties.

The following table is a reconciliation of SBC's investments in equity affiliates:

<TABLE>

<S>	1999 <C>	1998 <C>	1997 <C>
Beginning of year	$ 7,412	$ 4,453	$ 4,226
Additional investments	3,702	3,159	1,076
Equity in net income	912	613	437

Dividends received	(445)	(344)	(254)
Currency translation adjustment	(707)	169	(476)
Reclassifications and other adjustments	(226)	(638)	(556)
End of year	$ 10,648	$ 7,412	$ 4,453

</TABLE>

The currency translation adjustment for 1999 primarily reflects the effect of exchange rate fluctuations on SBC's investment in Tele Danmark and Belgacom. Other adjustments for 1999 reflect the sale of Telmex L shares and the sale of SBC's investment in Chile.

The currency translation adjustment for 1998 primarily reflects the effect of exchange rate fluctuations on SBC's investment in Tele Danmark partially offset by exchange rate fluctuations on SBC's investment in Telkom. Other adjustments for 1998 reflect the sale of Telecom Corporation of New Zealand Limited (TCNZ) shares, a write-down of an international investment and the sale of Telmex L shares.

Currency translation adjustments for 1997 primarily reflect the effect of the exchange rate fluctuations on SBC's investments in Telkom, Belgacom and MATAV. Other adjustments for 1997 reflect the sale of Telmex L, TCNZ and MATAV shares, and the change to the cost method of accounting for SBC's 1995 investment in Mobile Telephone Networks (MTN), which was sold during the third quarter of 1998 (see Note 15).

Undistributed earnings from equity affiliates were $1,788 and $1,317 at December 31, 1999 and 1998.

The following table presents summarized financial information of significant investments accounted for using the equity method taking into account all adjustments necessary to conform to United States' generally accepted accounting principles, but excluding SBC's purchase adjustments including goodwill, at December 31, or for the year then ended:

<TABLE>

<S>	1999 <C>	1998 <C>	1997 <C>
Income Statements			
Operating revenues	$ 32,776	$ 24,232	$ 21,293
Operating income	8,941	6,383	5,254
Net income	4,892	3,515	2,327
Balance Sheets			
Current assets	$ 13,961	$ 9,793	
Noncurrent assets	40,616	29,675	
Current liabilities	13,395	12,323	
Noncurrent liabilities	23,376	13,500	

</TABLE>

At December 31, 1999, SBC had goodwill, net of accumulated amortization, of approximately $5.9 billion related to investments in equity affiliates. Based on the December 31, 1999 quoted market price, the aggregate market value of SBC's investment in Tele Danmark was approximately $6.8 billion and MATAV was approximately $2.2 billion. SBC's investment in Telmex consists of both publicly traded and nonpublicly traded securities and therefore does not have a quoted market price. SBC's weighted average share of operating revenues shown above was 19% in 1999 and 1998 and 17% in 1997.

Note 7. Segment Information

SBC's segments are strategic business units that offer different products and services and are managed accordingly. SBC evaluates performance based on income before income taxes adjusted for normalizing (i.e. one-time) items. Transactions between segments are reported at fair value and the accounting policies of the segments are the same as those described in Note 1.

As a result of the merger with Ameritech and to better reflect the broadened scope of its operations, SBC adjusted its segment reporting structure in 1999. SBC now has four reportable segments that reflect the current management of its business: wireline, wireless, information and entertainment, and international. The wireline segment provides landline telecommunications services, including local, network access and long distance services, messaging and Internet services and sells customer premise and private business exchange equipment. The wireless segment provides wireless telecommunications services, including local and long distance services, and sells wireless equipment. The information and entertainment segment expands on what was previously the directory segment, and includes all directory operations of the combined company including advertising, yellow pages, white pages and electronic publishing and Ameritech's electronic security and cable television operations. All international investment operations have been removed from the other segment and are shown separately in the international segment. The miscellaneous items that formerly were included in the other segment are immaterial and have been moved to corporate, adjustments and eliminations.

Normalized results in 1999 include the following adjustments:

- After-tax charges totaling $1.5 billion including, among other items, recognition of impairment of long-lived assets, adjustments to the estimate of allowance for doubtful accounts, estimation of deferred taxes on international investments, wireless conversion costs and other items as discussed in Note 2.
- Elimination of income of $119 from the incremental impacts of overlapping wireless properties sold in October 1999.
- After-tax pension settlement gains of $368 associated with lump sum pension payments that exceeded the projected service and interest costs.
- After-tax gains of $77 recognized from the sale of property by an international equity affiliate.
- An after-tax reduction of $27 of a portion of a first quarter 1998 charge to cover the cost of consolidating security monitoring centers and company-owned wireless retail stores.

For 1998, normalizing items included the following items:

- After-tax gain of $1,012 for the sale of TCNZ shares.
- After-tax charges of $268 related to strategic initiatives resulting from the merger integration process with SNET.
- After-tax gains of $219 from the sale of certain non-core businesses, principally the required disposition of SBC's investment in MTN, a cellular company in South Africa.
- Elimination of income of $123 from the incremental impacts of overlapping wireless properties sold in October 1999.
- After-tax gain of $102 from the sale of certain telephone and directory assets.
- After-tax charge of $64 to cover the cost of consolidating security monitoring centers and company-owned wireless retail stores.

Normalizing items in 1997 included the following adjustments:

- After-tax charges of $1.6 billion related to strategic initiatives resulting from the merger integration process with PAC.
- After-tax charge of $87 for SBC's share of the costs of a work force restructuring at Belgacom.
- After-tax charges of $304 for ongoing merger integration costs (see Note 2).
- After-tax first quarter settlement gains of $90 at PAC associated with lump sum pension payments that exceeded the projected service and interest costs for 1996 retirements.
- Elimination of income of $88 from the incremental impacts of overlapping wireless properties sold in October 1999.
- After-tax gain of $58 from the sale of SBC's interests in Bell

Communications Research, Inc.

Corporate, adjustments and eliminations include corporate activities, the elimination of intersegment transactions and other adjustments. Included in other adjustments are differences in accounting between subsidiaries and consolidated financial statements for pension and postretirement benefits and the treatment of conforming accounting adjustments arising out of the pooling of interests transactions with Ameritech, SNET and PAC that were required to be treated as cumulative effect of accounting changes by the subsidiaries.

<PAGE>

<TABLE>
<CAPTION>
Segment results, including a reconciliation to SBC consolidated results, for 1999, 1998 and 1997 are as follows:

At December 31, 1999 or for the year ended	Wireline	Wireless	Information and Entertainment	International	Corporate, Adjustments & Eliminations	Normalizing Adjustments	Total
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
Revenues from external customers	$ 37,254	$ 6,759	$ 4,686	$ 137	$ 124	$ 529	$ 49,489
Intersegment revenues	322	5	91	10	(428)	-	-
Depreciation and amortization	6,826	927	194	17	174	415	8,553
Equity in net income of affiliates	(2)	42	-	739	2	131	912
Interest expense	1,188	227	53	312	(362)	12	1,430
Income before income taxes	8,052	918	1,641	706	364	(828)	10,853
Segment assets	53,692	11,593	4,015	12,615	1,300	-	83,215
Investment in equity method investees	31	216	48	10,372	(19)	-	10,648
Expenditures for additions to long-lived assets	8,754	988	232	1	329	-	10,304

At December 31, 1998 or for the year ended	Wireline	Wireless	Information and Entertainment	International	Corporate, Adjustments & Eliminations	Normalizing Adjustments	Total
Revenues from external customers	$ 35,114	$ 5,628	$ 4,263	$ 132	$ 186	$ 884	$ 46,207
Intersegment revenues	305	1	82	17	(405)	-	-
Depreciation and amortization	6,440	707	201	18	150	325	7,841
Equity in net income of affiliates	(6)	25	-	588	6	-	613
Interest expense	1,250	189	42	282	(179)	21	1,605
Income before income taxes	7,318	564	1,590	453	435	1,755	12,115
Segment assets	50,948	9,183	4,193	11,230	(588)	-	74,966
Investment in equity method investees	47	244	34	7,106	(19)	-	7,412
Expenditures for additions to long-lived assets	7,471	978	193	13	227	-	8,882

At December 31, 1997 or for the year ended	Wireline	Wireless	Information and Entertainment	International	Corporate, Adjustments & Eliminations	Normalizing Adjustments	Total
Revenues from external customers	$ 33,282	$ 5,022	$ 3,728	$ 103	$ 298	$ 673	$ 43,106
Intersegment revenues	374	1	91	19	(485)	-	-
Depreciation and amortization	6,158	607	149	18	145	700	7,777
Equity in net income of affiliates	(4)	9	-	528	(9)	(87)	437

Interest expense	1,198	165	54	104	(16)	45	1,550
Income before income taxes	6,558	372	1,350	512	375	(2,629)	6,538
Expenditures for additions to long-lived assets	7,314	1,066	238	2	236	-	8,856

</TABLE>

Geographic Information

SBC's investments outside of the United States are primarily accounted for under the equity method of accounting and do not record in operating revenues and expenses the revenues and expenses of the individual companies in which SBC invests. Specifically, less than 1% of total operating revenues for all years presented are from outside the United States. Long-lived assets outside the United States consist primarily of the book value of these investments:

December 31,	1999	1998
United States	$ 48,924	$ 45,493
Canada	3,770	-
Denmark	3,019	3,401
Mexico	906	836
Belgium	831	892
South Africa	708	694
Hungary	532	534
France	459	557
Other foreign countries	129	199
Total	$ 59,278	$ 52,606

Note 8. Debt

Long-term debt of SBC and its subsidiaries, including interest rates and maturities, is summarized as follows at December 31:

<TABLE>

	1999	1998
<S>	<C>	<C>
Notes and debentures		
4.37%-6.00% 1999-2007 [1]	$ 3,056	$ 3,366
6.03%-7.85% 1999-2048 [2]	13,990	13,568
8.00%-10.50% 1999-2031	577	646
	17,623	17,580
Unamortized discount-net of premium	236	(101)
Total notes and debentures	17,859	17,479
Guaranteed obligations of ESOP [3]		
8.10%-9.40% 2000	88	164
Capitalized leases	258	268
Total long-term debt, including current maturities	18,205	17,911
Current maturities	(730)	(741)
Total long-term debt	$ 17,475	$ 17,170

<FN>

1 Includes $250 of 5.9% debentures maturing in 2038 with a put option by holder in 2005.

2 Includes $125 of 6.35% debentures maturing in 2026 with a put option by holder in 2006.

3 See Note 12.

</FN>

</TABLE>

At December 31, 1999, the aggregate principal amounts of long-term debt and weighted average interest rate scheduled for repayment for the years 2000 through 2004 were $730 (6.4%), $1,466 (6.7%), $1,107 (6.6%), $1,722 (6.0%), $1,154 (6.5%) with $11,790 (6.9%) due thereafter. As of December 31, 1999, SBC was in compliance with all covenants and conditions of instruments governing its debt. Substantially all of SBC's outstanding long-term debt is unsecured.

In January 2000, SBC guaranteed existing publicly issued debt securities issued by Ameritech Capital Funding Corporation, Illinois Bell Telephone Company, Indiana Bell Telephone Company, Inc., Michigan Bell Telephone Company, The Ohio Bell Telephone Company, PacBell, Southern New England Telecommunications Corporation, The Southern New England Telephone Company, SWBell and Wisconsin Bell, Inc. Each guarantee will apply as long as the individual company remains a wholly owned subsidiary of SBC.

Financing Activities - In December 1999, SBC called approximately $31 of debt that was scheduled to mature in December 2004. The net income effect of retiring this debt did not materially impact SBC's financial statements.
During 1999, subsequent to the completion of the acquisitions of Comcast Cellular Corporation (Comcast) and Cellular Communications of Puerto Rico, Inc. (Cellular Communications), SBC retired $1,415 of Comcast's and Cellular Communications' long-term debt with no effect on net income. In May 1999, SBC issued $750 of 6.25% unsecured Eurodollar notes, due May 2009.

In 1998, SBC issued approximately $2,150 in notes and debentures. The notes and debentures bear interest rates ranging from 5.65% to 6.88% and mature between 2001 and 2048. Also, in 1998, SBC issued $750 of 5.88% unsecured Eurodollar notes, due February 2003. SBC used proceeds from these borrowings primarily to fund its investment in Tele Danmark.

Debt maturing within one year consists of the following at December 31:

	1999	1998
Commercial paper	$ 2,623	$ 3,412
Current maturities of long-term debt	730	741
Other short-term debt	21	25
Total	$ 3,374	$ 4,178

The weighted average interest rate on commercial paper debt at December 31, 1999 and 1998 was 5.72% and 5.43%. SBC has entered into agreements with several banks for committed lines of credit totaling $2,880 all of which may be used to support commercial paper borrowings. SBC had no borrowings outstanding under these lines of credit as of December 31, 1999 or 1998.

Note 9. Financial Instruments

The carrying amounts and estimated fair values of SBC's long-term debt, including current maturities, and other financial instruments, are summarized as follows at December 31:

<TABLE>

	1999		1998	
	Carrying Amount	Fair Value	Carrying Amount	Fair Value
<S>	<C>	<C>	<C>	<C>
Notes and debentures	$ 17,859	$ 17,086	$ 17,479	$ 18,656
TOPrS	1,000	924	1,000	1,029
Preferred stock of subsidiaries	820	820	717	717
Guaranteed obligations of ESOP1	88	94	164	169

<FN>
1 See Note 12.
</FN>
</TABLE>

The fair values of SBC's notes and debentures, including ESOP obligations, were estimated based on quoted market prices, where available, or on the net present value method of expected future cash flows using current interest rates. The fair value of the TOPrS was estimated based on quoted market prices. The carrying amounts of preferred stock of subsidiaries and commercial paper debt approximate fair values. SBC's short-term investments and customer deposits are recorded at amortized cost and the carrying amounts approximate fair values.

Preferred Stock Issuances by Subsidiaries - In April 1998, an SBC subsidiary issued through private placement 3,250 shares of stated rate auction preferred stock (STRAPS). Net proceeds from these issuances totaled $322. Dividends accrue on the STRAPS at varying rates, which are adjusted periodically through separate auctions on each series. Dividends are cumulative from the date of issuance. The dividend rates for each series ranged from 4.39% to 5.05% as of December 31, 1999.

In June 1997 and December 1999, one of SBC's wholly owned subsidiaries issued $250 and $100 of preferred stock in private placements. The holders of the preferred stock may require SBC's subsidiary to redeem the shares after May 20, 2004. Holders receive quarterly dividends based on a rolling three-month London Interbank Offer Rate (LIBOR). The dividend rate for the December 31, 1999 payment was 6.28%.

As of December 31, 1999, a wholly owned subsidiary had outstanding $85 of Series A Preferred Stock (7.04%, subject to mandatory redemption in 2001) and $60 of Series B Preferred Stock (variable rate, 4.60% as of December 31, 1999, not subject to mandatory redemption).

The preferred stock of subsidiaries discussed above is included in other noncurrent liabilities on the consolidated balance sheet.

Pacific Telesis Financing I and II (the Trusts) were formed in 1996 for the exclusive purpose of issuing preferred and common securities representing undivided beneficial interests in the Trusts and investing the proceeds from the sales of TOPrS in unsecured subordinated debt securities of PAC. Under certain circumstances, dividends on TOPrS could be deferred for up to a period of five years. As of December 31, 1999, the Trusts held subordinated debt securities of PAC in principal amounts of $516 and $514 with interest rates of 7.56% and 8.50%. The TOPrS are priced at $25 per share, have an original 30-year maturity that may be extended up to 49 years, are callable in 2001 at par and are included on the balance sheet as corporation-obligated mandatorily redeemable preferred securities of subsidiary trusts. The proceeds were used to retire short-term indebtedness, primarily commercial paper. SBC has guaranteed payment of the obligations of the TOPrS.

Derivatives - SBC enters into foreign currency contracts to hedge exposure to adverse exchange risk. SBC also uses interest rate swaps to manage interest rate exposure. Related gains and losses are reflected in net income. The carrying amounts and estimated fair values of SBC's derivative financial instruments are summarized as follows at December 31:

<TABLE>

	1999		1998	
	Carrying/ Notional Amount	Fair Value	Carrying/ Notional Amount	Fair Value
<S>	<C>	<C>	<C>	<C>
Foreign exchange contracts-long	$ -	$ 142	$ -	$ -
Foreign exchange contracts-short	-	-	-	765
Interest rate swaps	1,180	(14)	458	(27)
Equity swaps	-	-	13	26

</TABLE>

Prior to its merger with an SBC subsidiary, PAC issued stock options to its employees during a spinoff of certain wireless properties. Some of these options were still outstanding when PAC merged with an SBC subsidiary in 1997 (see Note 13). SBC had used equity swaps to hedge the equity price risk related to these spunoff operations employee stock options. However, in 1999 SBC evaluated the related risk level and exited all of its related equity swap contracts, receiving cash for the appreciated value of the contracts and recognizing a minimal gain.

Note 10. Income Taxes

Significant components of SBC's deferred tax liabilities and assets are as follows at December 31:

	1999	1998
Depreciation and amortization	$ 6,865	$ 6,104
Equity in foreign affiliates	540	457
Deferred directory expenses	524	383
Other	1,254	216
Deferred tax liabilities	9,183	7,160
Employee benefits	2,418	2,416
Currency translation adjustments	586	333
Allowance for uncollectibles	222	168
Unamortized investment tax credits	147	132
Other	1,850	1,631
Deferred tax assets	5,223	4,680
Deferred tax assets valuation allowance	99	143
Net deferred tax liabilities	$ 4,059	$ 2,623

The decrease in the valuation allowance is the result of an evaluation of the uncertainty associated with the realization of certain deferred tax assets. The valuation allowance is maintained in deferred tax assets for certain unused federal and state loss carryforwards.

The components of income tax expense are as follows:

	1999	1998	1997
Federal:			
Current	$ 2,883	$ 3,151	$ 1,781
Deferred-net	814	671	363
Amortization of investment tax credits	(85)	(96)	(115)
	3,612	3,726	2,029
State and local:			
Current	421	485	232
Deferred-net	247	169	190
	668	654	422
Total	$ 4,280	$ 4,380	$ 2,451

A reconciliation of income tax expense and the amount computed by applying the statutory federal income tax rate (35%) to income before income taxes, extraordinary items and cumulative effect of accounting change is as follows:

<TABLE>

	1999	1998	1997
<S>	<C>	<C>	<C>
Taxes computed at federal statutory rate	$ 3,798	$ 4,240	$ 2,288
Increases (decreases) in income taxes resulting from:			
Amortization of investment tax credits over the life of the plant that gave rise to the credits	(55)	(62)	(75)
State and local income taxes-net of federal income tax benefit	440	424	274
Other-net	97	(222)	(36)
Total	$ 4,280	$ 4,380	$ 2,451

</TABLE>

Note 11. Employee Benefits

Pensions - Substantially all employees of SBC are covered by one of various noncontributory pension and death benefit plans. Management employees participate in either cash balance or defined lump sum pension plans. The pension benefit formula for most nonmanagement employees is based on a flat dollar amount per year according to job classification. Most employees can elect to receive their pension benefits in either lump sum or annuity.

SBC's objective in funding the plans, in combination with the standards of the Employee Retirement Income Security Act of 1974 (as amended), is to accumulate funds sufficient to meet its benefit obligations to employees upon their retirement. Contributions to the plans are made to a trust for the benefit of plan participants. Plan assets consist primarily of stocks, U.S. government and domestic corporate bonds, index funds and real estate.

Effective with the Ameritech merger, SBC performed a midyear valuation for all pension plans. The amounts that follow reflect the impacts and assumptions of the midyear valuation.

The following table presents the change in the pension plan benefit obligation for the years ended December 31:

	1999	1998
Benefit obligation at beginning of the year	$ 27,528	$ 26,235
Service cost - benefits earned during the period	584	548
Interest cost on projected benefit obligation	1,831	1,813
Amendments	460	224
Actuarial (gain)/loss	(1,121)	1,170
Special termination benefits	32	53
Benefits paid	(3,629)	(2,515)
Benefit obligation at end of year	$ 25,685	$ 27,528

The following table presents the change in pension plan assets for the years ended December 31 and the pension plans' funded status at December 31:

	1999	1998
Fair value of plan assets at beginning of the year	$ 41,794	$ 38,703
Actual return on plan assets	8,065	5,593
Benefits paid	(3,901)	(2,502)
Fair value of plan assets at end of year 1	$ 45,958	$ 41,794
Funded status	$ 20,273	$ 14,266
Unrecognized prior service cost	1,898	1,653
Unrecognized net gain	(17,926)	(12,487)
Unamortized transition asset	(1,036)	(1,352)
Prepaid pension cost	$ 3,209	$ 2,080

1 Plan assets include SBC common stock of $34 at December 31, 1999 and $71 at December 31, 1998.

The following table presents amounts recognized in SBC's Consolidated Balance Sheets at December 31:

	1999	1998
Prepaid pension cost	$ 3,539	$ 2,512
Accrued pension liability	(330)	(432)
Net amount recognized	$ 3,209	$ 2,080

Net pension cost is composed of the following:
<TABLE>

	1999	1998	1997
<S>	<C>	<C>	<C>
Service cost - benefits earned during the period	$ 584	$ 548	$ 481
Interest cost on projected benefit obligation	1,831	1,813	1,789
Expected return on plan assets	(2,951)	(2,722)	(2,527)
Amortization of prior service cost	(35)	(57)	(69)
Recognized actuarial gain	(273)	(161)	(157)
Net pension benefit	$ (844)	$ (579)	$ (483)

</TABLE>

Significant weighted-average assumptions used in developing pension information include:
<TABLE>

	1999	1998	1997
<S>	<C>	<C>	<C>
Discount rate for determining projected benefit obligation	7.75%	7.0%	7.2%
Long-term rate of return on plan assets	8.50%	8.5%	8.5%
Composite rate of compensation increase	4.25%	4.2%	4.2%

</TABLE>

The projected benefit obligation is the actuarial present value of all benefits attributed by the pension benefit formula to previously rendered employee service. It is measured based on assumptions concerning future interest rates and employee compensation levels. Should actual experience differ from the actuarial assumptions, the benefit obligation will be affected.

In April 1997, management amended the SBC Pension Benefit Plan to a cash balance pension plan effective June 1, 1997. Under the new plan, participants accrue benefits based on a percentage of pay plus interest. In addition, a transition benefit is phased in over five years. The new plan also requires computation of a grandfathered benefit using the old formula for five years. Participants receive the greater of the cash balance benefit or the grandfathered benefit. The new cash balance plan allows lump sum benefit payments in addition to annuities. This change did not have a significant impact on SBC's net income for 1997.

During 1997, a significant amount of lump sum pension payments resulted in a partial settlement of PAC's pension plans. Therefore, net settlement gains in the amount of $299 were recognized in 1997. Of this amount, $152 was recognized in the first quarter of 1997 and related primarily to managers who terminated employment in 1996. These gains are not included in the net pension cost shown in the table above.

In addition to the net periodic benefit costs reported in the above tables, SBC recognized $566 in net settlement gains in the fourth quarter of 1999. These settlement gains resulted from a significant amount of lump sum pension payments that caused a partial settlement of Ameritech's pension plans. SBC is currently evaluating whether additional lump sum payments will require the recognition of additional settlement gains in 2000.

In December 1999, under the provisions of Section 420 of the Internal Revenue Code, SBC transferred $280 in pension assets to a health care benefit account for the reimbursement of retiree health care benefits paid by SBC.

Supplemental Retirement Plans - SBC also provides senior and middle management employees with nonqualified, unfunded supplemental retirement and savings plans. These plans include supplemental defined pension benefits as well as compensation deferral plans, some of which include a corresponding match by SBC based on a percentage of the compensation deferral. Expenses related to these plans were $146, $114 and $97 in 1999, 1998 and 1997. Liabilities of $1,287 and $1,022 related to these plans have been included in other noncurrent liabilities in SBC's Consolidated Balance Sheets at December 31, 1999 and 1998.

Postretirement Benefits - SBC provides certain medical, dental and life insurance benefits to substantially all retired employees under various plans and accrues actuarially determined postretirement benefit costs as active employees earn these benefits. SBC's postretirement benefit cost in 1998 and 1997 for certain plans reflects an estimate of potential future cost sharing by retirees. SBC maintains Voluntary Employee Beneficiary Association trusts to fund postretirement benefits. Assets consist principally of stocks and U.S. government and corporate bonds.

The following table sets forth the change in the benefit obligation for the years ended December 31:

	1999	1998
Benefit obligation at beginning of the year	$ 15,489	$ 12,978
Service cost - benefits earned during the period	260	193
Interest cost on projected benefit obligation	1,050	904
Amendments	(2)	2,008
Actuarial (gain)/loss	(515)	109
Benefits paid	(771)	(703)
Benefit obligation at end of year	$ 15,511	$ 15,489

The following table sets forth the change in plan assets for the years ended December 31 and the plans' funded status at December 31:

	1999	1998
Fair value of plan assets at beginning of the year	$ 6,869	$ 5,583
Actual return on plan assets	1,199	1,114
Employer contribution	93	442
Benefits paid	(290)	(270)
Fair value of plan assets at end of year 1	$ 7,871	$ 6,869
Funded status	$ (7,640)	$ (8,620)
Unrecognized prior service cost	960	1,119
Unrecognized net gain	(2,460)	(1,245)
Accrued postretirement benefit obligation	$ (9,140)	$ (8,746)

1 Plan assets include SBC common stock of $10 at December 31, 1999 and 1998.

Postretirement benefit cost is composed of the following:
<TABLE>

<S>	1999 <C>	1998 <C>	1997 <C>
Service cost-benefits earned during the period	$ 260	$ 193	$ 187
Interest cost on accumulated postretirement benefit obligation (APBO)	1,050	904	876
Expected return on assets	(504)	(419)	(351)
Amortization of prior service cost	157	(260)	(280)
Recognized actuarial gain	(13)	(12)	(27)
Postretirement benefit cost	$ 950	$ 406	$ 405

</TABLE>

The fair value of plan assets restricted to the payment of life insurance benefits was $1,277 and $1,323 at December 31, 1999 and 1998. At December 31, 1999 and 1998, the accrued life insurance benefits included in the APBO benefit obligation were $540 and $322.

The assumed medical cost trend rate in 2000 is 8.0%, decreasing linearly to 5.0% in 2006, prior to adjustment for cost-sharing provisions of the medical and dental plans for active and certain recently retired employees. The assumed dental cost trend rate in 2000 is 5.5%, reducing to 5.0% in 2002. A one percentage-point change in the assumed health care cost trend rate would have the following effects:

	One Percentage-Point Increase	One Percentage-Point Decrease
Effect on total of service and interest cost components	$ 186	$ 148
Effect on postretirement benefit obligation	1,632	1,402

Significant assumptions for the discount rate, long-term rate of return on plan assets and composite rate of compensation increase used in developing the APBO and related postretirement benefit costs were the same as those used in developing the pension information. Due to the Ameritech merger, a midyear valuation also was performed for all postretirement benefit plans.

Note 12. Other Employee Benefits

Employee Stock Ownership Plans - SBC maintains contributory savings plans that cover substantially all employees. Under the savings plans, SBC matches a stated percentage of eligible employee contributions, subject to a specified ceiling.

SBC has six leveraged ESOPs as part of the existing savings plans. Two of the ESOPs were funded with notes issued by the savings plans to various lenders, the proceeds of which were used to purchase shares of SBC's common stock in the open market. These notes are unconditionally guaranteed by SBC and therefore presented as a reduction to shareowners' equity and an increase in long-term debt. They will be repaid with SBC contributions to the savings plans, dividends paid on SBC shares and interest earned on funds held by the ESOPs.

One ESOP purchased PAC treasury shares in exchange for a promissory note from the plan to PAC. Since PAC is the lender, this note is not reflected as a liability and the remaining cost of unallocated trust shares is carried as a reduction of shareowners' equity. Principal and interest on the note are paid from employer contributions and dividends received by the trust. All PAC shares were exchanged for SBC shares effective with the merger April 1, 1997. The provisions of the ESOP were unaffected by this exchange. Another ESOP acquired SNET shares with the proceeds of notes issued by the savings plans, which SNET guaranteed, through a third party. The SNET common stock was acquired through open market purchases in exchange for a promissory note from the plan to SNET. SNET periodically makes cash payments to the ESOP that, together with dividends received on shares held by the ESOP, are used to make interest and principal payments on both loans. All SNET shares were exchanged for SBC shares effective with the merger October 26, 1998. The provisions of the ESOP were unaffected by this exchange.

Two ESOPs were funded with notes issued by the savings plans which Ameritech guaranteed, the proceeds of which were used to purchase, at fair market value, shares of Ameritech common stock held in treasury. As a result of Ameritech's unconditional guarantee, the notes are presented as a reduction to shareowners' equity and an increase in long-term debt. Ameritech periodically made cash payments that, together with dividends received on shares held by the ESOPs, were used to make interest and principal payments on the loan. All Ameritech shares were exchanged for SBC shares effective with the merger on October 8, 1999. The provisions of the ESOP were unaffected by this exchange.

SBC's match of employee contributions to the savings plans is fulfilled with shares of stock allocated from the ESOPs and with purchases of SBC's stock in the open market. Shares held by the ESOPs are released for allocation to the accounts of employees as employer-matching contributions are earned. Benefit cost is based on a combination of the contributions to the savings plans and the cost of shares allocated to participating employees' accounts. Both benefit cost and interest expense on the notes are reduced by dividends on SBC's shares held by the ESOPs and interest earned on the ESOPs' funds.

Information related to the ESOPs and the savings plans is summarized below:
<TABLE>

	1999	1998	1997

<S> <C> <C> <C>

Benefit expense-net of dividends and interest income	$ 90	$ 77	$ 73
Interest expense-net of dividends and interest income	10	25	36
Total expense	$ 100	$ 102	$ 109
Company contributions for ESOPs	$ 104	$ 142	$ 141
Dividends and interest income for debt service	$ 75	$ 100	$ 104

</TABLE>

SBC shares held by the ESOPs are summarized as follows at December 31:
<TABLE>

<S> <C> <C>

	1999	1998
Unallocated	16,030,695	24,501,561
Allocated to participants	101,257,366	95,069,009
Total	117,288,061	119,570,570

</TABLE>

Note 13. Stock-Based Compensation

Under various SBC plans, senior and other management employees and non-employee directors have received stock options, stock appreciation rights (SARs), performance stock units and nonvested stock units. Stock options issued through December 31, 1999 carry exercise prices equal to the market price of the stock at the date of grant and have maximum terms ranging from five to ten years. Beginning in 1994 and ending in 1999, certain Ameritech employees were awarded grants of nonqualified stock options with dividend equivalents. Depending upon the grant, vesting of stock options may occur up to four years from the date of grant. Performance stock units are granted to key employees based upon the common stock price at date of grant and are awarded in the form of common stock and cash at the end of a two- or three-year period, subject to the achievement of certain performance goals. Nonvested stock units are valued at market price of the stock at date of grant and vest over a three- to five-year period. Up to 310 million shares may be issued under these plans.

SBC measures compensation cost for these plans using the intrinsic value-based method of accounting as allowed in Statement of Financial Accounting Standards No. 123, "Accounting for Stock-Based Compensation" (FAS 123). Accordingly, no compensation cost for SBC's stock option plans has been recognized. Had compensation cost for stock option plans been recognized using the fair value-based method of accounting at the date of grant for awards in 1999, 1998 and 1997 as defined by FAS 123, SBC's net income would have been $7,969, $7,537 and $3,962, and basic net income per share would have been $2.34, $2.21 and $1.17. The compensation cost that has been charged against income for SBC's other stock-based compensation plans totaled $36, $83 and $65 for 1999, 1998 and 1997.

For purposes of these pro forma disclosures, the estimated fair value of the options granted is amortized to expense over the options' vesting period. The fair value for these options was estimated at the date of grant, using a Black-Scholes option pricing model with the following weighted-average assumptions used for grants in 1999, 1998 and 1997: risk-free interest rate of 5.31%, 5.69% and 6.47%; dividend yield of 1.65%, 2.38% and 2.98%; expected volatility factor of 15%, 18% and 19%; and expected option life of 4.5, 5.0 and 4.9 years.

As of December 31, 1998, 29,390 shares of nonperformance-based restricted stock issued to Ameritech employees were outstanding under the Ameritech plans. Shareowners' equity reflects deferred compensation for the unvested stock awarded. This amount was reduced and charged against operations (together with any change in market price) as the employees vested in the stock. All restricted stock under Ameritech plans vested as a result of the Ameritech merger with an SBC subsidiary in 1999.

Information related to options and SARs is summarized below:

<TABLE>

	Number	Weighted-Average Exercise Price
<S>	<C>	<C>
Outstanding at January 1, 1997	126,464,343	$20.03
Granted	56,229,919	25.52
Exercised	(27,891,733)	18.49
Forfeited/Expired	(10,567,550)	22.85
Outstanding at December 31, 1997 (60,656,487 exercisable at weighted-average price of $19.36)	144,234,979	22.27
Granted	34,516,726	39.46
Exercised	(25,767,038)	20.61
Forfeited/Expired	(6,747,545)	29.64
Outstanding at December 31, 1998 (73,187,564 exercisable at weighted-average price of $20.85)	146,237,122	26.26
Granted	26,139,492	48.70
Exercised	(19,095,315)	23.13
Forfeited/Expired	(4,118,769)	39.06
Outstanding at December 31, 1999 (116,276,298 exercisable at weighted-average price of $26.91)	149,162,530	$30.24

</TABLE>

Information related to options and SARs outstanding at December 31, 1999:

<TABLE>

Exercise Price Range	$10.90-$17.39	$17.40-$29.99	$30.00-$35.49	$35.50-$59.00
<S>	<C>	<C>	<C>	<C>
Number of options and SARs:				
Outstanding	13,145,846	82,990,276	9,845,528	43,180,880
Exercisable	13,145,846	74,948,465	9,845,528	18,336,459
Weighted-average exercise price:				
Outstanding	$15.07	$23.93	$34.16	$46.10
Exercisable	$15.07	$23.53	$34.16	$45.30
Weighted-average remaining contractual life	3.93 years	6.29 years	8.30 years	8.83 years

</TABLE>

The weighted-average, grant-date fair value of each option granted during 1999, 1998 and 1997 was $9.31, $8.71 and $5.36.

As of December 31, additional shares available under stock options with dividend equivalents were 1,526,514 in 1999, 1,505,625 in 1998 and 1,325,201 in 1997.

Options and SARs held by the continuing employees of PAC at the time of the AirTouch Communications, Inc. (AirTouch) spinoff were supplemented with an equal number of options and SARs for common shares of spunoff operations. The exercise prices for outstanding options and SARs held by continuing employees of PAC were adjusted downward to reflect the value of the supplemental spunoff operations' options and SARs. The balance sheet reflects a related liability equal to the difference between the current market price of spunoff operations stock and the exercise prices of the supplemental options outstanding. The spunoff operations options and SARs have been adjusted for Vodafone's acquisition of AirTouch and for Vodafone's five-for-one stock split in 1999. As of December 31, 1999, 404,825 supplemental spunoff operations options and SARs were outstanding with expiration dates ranging from 2000 to 2003. Outstanding options and SARs that were held by employees of the wireless operations at the spinoff date were replaced by options and SARs for common shares of spunoff operations. The spunoff operations assumed liability for these replacement options and SARs.

Note 14. Shareowners' Equity

From time to time, SBC repurchases shares of common stock for distribution or to offset shares distributed through its employee benefit plans or in certain acquisitions. In 1999, the Board of Directors approved the repurchase of approximately 23 million shares of SBC's common stock, which has been completed.

In January 2000, SBC's Board of Directors authorized the repurchase of up to 100 million shares of SBC's common stock.

Note 15. Acquisitions and Dispositions

Acquisitions - In July 1999, SBC completed the acquisition of Comcast, the wireless subsidiary of Comcast Corporation, in a transaction valued at approximately $1.8 billion, including assumption of $1.4 billion in debt. With the acquisition, SBC added approximately 862,000 wireless subscribers in Pennsylvania, Delaware, New Jersey and Illinois.

In June 1999, SBC acquired 20% of Bell Canada, a subsidiary of BCE Inc. (BCE), a publicly traded Canadian communications company, for approximately $3.4 billion. As part of the investment, SBC has the option to sell its shares to BCE at fair market value plus 25% in 2002 and 2004. BCE has the option to repurchase the shares on the same terms. SBC also has the right to sell its shares at a premium to BCE if a change in control of BCE occurs before June 2004. After June 2004, the sales price would be the higher of fair market value or the implied value in the transaction that gave rise to the change in control at BCE. Similarly, BCE may repurchase the shares at fair market value any time if there is a change in control of SBC. The investment agreement also provides for rights of first refusal and rights of first offer.

In January 1998, SBC purchased a 34% interest in Tele Danmark, the national communications provider in Denmark, from the Kingdom of Denmark for approximately $3.1 billion. As part of the investment agreement, Tele Danmark repurchased and retired all remaining shares owned by the Danish government, effectively increasing SBC's equity ownership to 41.6% of Tele Danmark.

In May 1997, a consortium made up of SBC and Telekom Malaysia Berhad, 60% owned by SBC, completed the purchase of 30% of Telkom. SBC invested approximately $760, approximately $600 of which remained in Telkom.

During 1997, SBC also acquired assets of several companies engaged in electronic security services for approximately $1 billion in cash and stock.

These above acquisitions were accounted for under the purchase method of accounting. The purchase prices in excess of the underlying fair value of identifiable net assets acquired are being amortized over periods not exceeding 40 years. Results of operations of the acquisitions have been included in the consolidated financial statements from their respective dates of acquisition.

The above developments did not have a significant impact on consolidated results of operations for 1999, 1998 or 1997, nor would they, had they occurred on January 1 of the respective periods.

Dispositions - In October 1999, SBC completed the required disposition, as a condition of the Ameritech merger, of 20 Midwestern cellular properties including the competing cellular licenses in several markets including, but not limited to, Chicago, Illinois, and St. Louis, Missouri. SBC recorded an extraordinary gain of $1,379, or $0.40 per share on this sale net of taxes of $960. Results of operations for 1999 up to the date of disposition, 1998 and 1997 include revenues of $705, $891 and $861, net income of $119, $123 and $88 and diluted earnings per share of $0.03, $0.04 and $0.03 related to these cellular properties.

During the third quarter of 1998, SBC sold its interest in MTN to the remaining shareholders of MTN for $337. The sale fulfilled SBC's obligation to divest MTN as a requirement of the acquisition of Telkom. The effect on other income (expense) - net and net income from the sale of MTN was $250 and $162.

In April 1998, SBC sold substantially all of its remaining interest in TCNZ in a global stock offering. Net proceeds received in two installment payments in April 1998 and March 1999 were approximately $2.1 billion resulting in an after-tax gain of approximately $1 billion in 1998.

Pending Transaction - In November 1999, SBC and Prodigy Communications Corporation (Prodigy) announced an agreement to form a partnership that will join their consumer and small business Internet operations. Under the terms of the agreement, which is expected to close in the second quarter of 2000, SBC will make Prodigy its exclusive retail consumer and small business Internet access service for customers in SBC's service area. Prodigy will assume management of approximately 650,000 SBC subscribers of dial-up, ISDN and basic DSL Internet access services, increasing Prodigy's total managed subscriber base to more than 2 million. Subject to specific exceptions, SBC will exclusively market Prodigy service through its extensive marketing channels with a commitment to deliver a minimum of 1.2 million new customers over the next three years to the Prodigy member base. The agreement provides SBC with a 43% ownership stake in the partnership and a similar voting interest in Prodigy. Under certain circumstances, this may translate into a direct ownership interest in Prodigy. Required approvals for the transaction have been received from certain Federal regulatory agencies that had jurisdiction to consider the transaction. The agreement is subject to approval at a meeting of the shareholders of Prodigy, which is anticipated in early 2000.

Note 16. Software Costs

The American Institute of Certified Public Accountants issued a Statement of Position (SOP) that requires capitalization of certain computer software expenditures beginning in 1999. The SOP, which prescribed prospective application, requires the capitalization of certain costs incurred in connection with developing or obtaining internal use software beginning in 1999. Capitalized software costs are being amortized over three years. Prior to the adoption of the SOP, the costs of computer software purchased or developed for internal use were generally expensed as incurred. However, initial operating system software costs were, and continue to be, capitalized.

With comparable levels of software expenditures, the SOP would tend to increase net income when compared with SBC's former method of accounting for software costs. However, the increases would be largest in the year of adoption with diminishing levels of increases compared with current accounting throughout the amortization period. Consequently, given otherwise comparable income levels excluding software, and otherwise comparable software expenditures, the effect of the SOP would be to increase income in the first year and decrease income in each subsequent year until the number of years affected by the SOP equals the amortization period. The effect of adopting the SOP was to increase net income by approximately $274, or $0.08 per share, assuming dilution, for the year ended December 31, 1999.

Note 17. Additional Financial Information
<TABLE>

Balance Sheets	December 31, 1999	December 31, 1998
<S> <C>	<C>	<C>
Accounts payable and accrued liabilities:		
Accounts payable	$ 4,834	$ 4,726
Accrued taxes	3,386	2,611
Advance billing and customer deposits	1,481	1,255
Compensated future absences	711	677
Accrued interest	427	432
Accrued payroll	800	536
Other	3,464	3,016
Total	$ 15,103	$ 13,253

Statements of Income	1999	1998	1997
Advertising expense	$ 812	$ 814	$ 844
Interest expense incurred	$ 1,511	$ 1,691	$ 1,700
Capitalized interest	(81)	(86)	(150)
Total interest expense	$ 1,430	$ 1,605	$ 1,550

Statements of Cash Flows	1999	1998	1997
Cash paid during the year for:			
Interest	$ 1,516	$ 1,713	$ 1,676
Income taxes, net of refunds	2,638	2,676	1,640

</TABLE>

No customer accounted for more than 10% of consolidated revenues in 1999, 1998 or 1997.

Approximately two-thirds of SBC employees are represented by collective bargaining agreements with varying dates of expiration in the years 2001 through 2002.

Note 18. Quarterly Financial Information (Unaudited)

<TABLE>

Calendar Quarter	Total Operating Revenues	Operating Income	Net Income	Diluted Earnings Per Share	Stock Price High	Stock Price Low	Stock Price Close
<S>	<C>	<C>	<C>	<C>	<C>	<C>	<C>
1999							
First	$ 11,802	$ 3,051	$ 1,980	$ 0.57	$ 59.938	$ 46.063	$ 47.188
Second	12,256	3,227	1,938	0.56	58.000	48.000	58.000
Third	12,534	2,462	1,135	0.33	59.875	45.375	51.063
Fourth	12,897	2,858	3,106	0.90	55.500	44.063	48.750
Annual	$ 49,489	$ 11,598	$ 8,159	$ 2.36			
1998							
First	$ 11,038	$ 2,685	$ 1,483	$ 0.43	$ 46.563	$ 35.375	$ 43.375
Second	11,398	3,017	2,750	0.80	44.938	37.125	40.000
Third	11,606	2,994	1,926	0.56	44.875	35.000	44.375
Fourth	12,165	2,527	1,531	0.44	54.875	41.125	53.625
Annual	$ 46,207	$ 11,223	$ 7,690	$ 2.23			

</TABLE>

The first quarter of 1999 includes a cumulative effect of accounting change of $207, or $0.06 per share from a change in accounting for directory operations at Ameritech. The fourth quarter of 1999 includes an extraordinary gain of $1,379, or $0.40 per share on the sale of the overlapping wireless properties. The first quarter of 1998 includes a cumulative effect of accounting change of $15, or $0.01 per share from a change in accounting for directory operations at SNET. The fourth quarter of 1998 includes an extraordinary loss on retirement of debt of $60, or $0.02 per share.

There were also normalizing (i.e. one-time) items which are included in the information above, but are excluded from the information that management uses to evaluate the performance of each segment of the business (see Note 7). The after-tax impact of the 1999 normalizing items was as follows:

- An expense reduction of $27 in the first quarter related to a first quarter 1998 charge to cover the cost of consolidating security monitoring centers and company-owned cellular retail stores.
- Charges of $883 in the third quarter and $574 in the fourth quarter related to strategic initiatives resulting from the merger integration process with Ameritech (see Note 2).
- Gains of $368 in the fourth quarter related to lump sum pension settlement gains for 1999 retirements.
- Gains of $77 in the fourth quarter related to sales by an international equity affiliate.
- Incremental impacts of overlapping wireless properties required to be sold in October 1999 of $39 in the first quarter, $28 in the second

quarter, $47 in the third quarter and $5 in the fourth quarter.

The after-tax impact of the 1998 normalizing items was as follows:

- o Charges of $64 in the first quarter to cover the cost of consolidating security monitoring centers and company-owned cellular retail stores.
- o Gain of $1,012 in the second quarter on the sale of TCNZ shares.
- o Gains of $219 in the third quarter on sales of certain non-core businesses, principally the required disposition of MTN, due to SBC's investment in Telkom.
- o Charges of $268 in the fourth quarter related to strategic initiatives resulting from the merger integration process with SNET.
- o Gain of $102 in the fourth quarter from the sale of certain telephone and directory assets.
- o Incremental impacts of overlapping wireless properties required to be sold in October 1999 of $19 in the first quarter, $30 in the second quarter, $28 in the third quarter and $46 in the fourth quarter.

<PAGE>

Report of Independent Auditors

The Board of Directors and Shareowners
SBC Communications Inc.

We have audited the accompanying consolidated balance sheets of SBC Communications Inc. (the Company) as of December 31, 1999 and 1998, and the related consolidated statements of income, shareowners' equity, and cash flows for each of the three years in the period ended December 31, 1999. These consolidated financial statements are the responsibility of the Company's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the 1998 and 1997 financial statements of Ameritech Corporation, a wholly owned subsidiary, which statements reflect total assets constituting approximately 40% of the Company's related 1998 consolidated financial statement total and which reflect total operating revenues constituting approximately 37% of the Company's related consolidated financial statement totals for the years ended December 31, 1998 and 1997. Those statements were audited by other auditors whose report has been furnished to us. Our opinion, insofar as it relates to the 1998 and 1997 data included for Ameritech Corporation, is based solely on the report of the other auditors.

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

In our opinion, based on our audits and the report of other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of SBC Communications Inc. at December 31, 1999 and 1998, and the consolidated results of its operations and its cash flows for each of the three years in the period ended December 31, 1999, in conformity with accounting principles generally accepted in the United States.

San Antonio, Texas

February 11, 2000

<PAGE>

Report of Management

The consolidated financial statements have been prepared in conformity with United States' generally accepted accounting principles. The integrity and objectivity of the data in these financial statements, including estimates and judgments relating to matters not concluded by year end, are the responsibility of management, as is all other information included in the Annual Report, unless otherwise indicated.

The financial statements of SBC Communications Inc. (SBC) have been audited by Ernst & Young LLP, independent auditors. Management has made available to Ernst & Young LLP all of SBC's financial records and related data, as well as the minutes of shareowners' and directors' meetings. Furthermore, management believes that all representations made to Ernst & Young LLP during its audit were valid and appropriate.

Management has established and maintains a system of internal accounting controls that provides reasonable assurance as to the integrity and reliability of the financial statements, the protection of assets from unauthorized use or disposition and the prevention and detection of fraudulent financial reporting. The concept of reasonable assurance recognizes that the costs of an internal accounting controls system should not exceed, in management's judgment, the benefits to be derived.

Management also seeks to ensure the objectivity and integrity of its financial data by the careful selection of its managers, by organizational arrangements that provide an appropriate division of responsibility and by communication programs aimed at ensuring that its policies, standards and managerial authorities are understood throughout the organization. Management continually monitors the system of internal accounting controls for compliance. SBC maintains an internal auditing program that independently assesses the effectiveness of the internal accounting controls and recommends improvements thereto.

The Audit Committee of the Board of Directors, which consists of 11 directors who are not employees, meets periodically with management, the internal auditors and the independent auditors to review the manner in which they are performing their respective responsibilities and to discuss auditing, internal accounting controls and financial reporting matters. Both the internal auditors and the independent auditors periodically meet alone with the Audit Committee and have access to the Audit Committee at any time.

Edward E. Whitacre Jr.
Chairman of the Board and
Chief Executive Officer

Donald E. Kiernan
Senior Executive Vice President,
Chief Financial Officer and Treasurer

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Stock Trading Information

SBC is listed on the New York, Chicago and Pacific stock exchanges and The Swiss Exchange. SBC is traded on the London Stock Exchange through the SEAQ International Markets facility.

Ticker symbol (NYSE): SBC

Newspaper stock listing: SBC or SBC Comm

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EXHIBIT 21

PRINCIPAL SUBSIDIARIES OF
SBC COMMUNICATIONS INC.

AS OF DECEMBER 31, 1999

Name	State of Incorporation	Conducts Business Under
Ameritech Corporation	Delaware	Same
Pacific Telesis Group	Nevada	Same
SBC International, Inc.	Delaware	Same
Southern New England Telecommunications Corporation	Connecticut	Same
Southwestern Bell Mobile Systems, Inc.	Dually incorporated in Delaware and Virginia	Same
Southwestern Bell Telephone Company	Missouri	Same
Southwestern Bell Yellow Pages, Inc.	Missouri	Same

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Exhibit 23-a

CONSENT OF INDEPENDENT AUDITORS

We consent to the incorporation by reference in this Annual Report (Form 10-K) of SBC Communications Inc. (SBC) of our report dated February 11, 2000, included in the 1999 Annual Report to Shareowners of SBC.

Our audits also include the financial statement schedules of SBC listed in Item 14(a). These schedules are the responsibility of SBC's management. Our responsibility is to express an opinion based on our audits. We did not audit the 1998 and 1997 financial statements of Ameritech Corporation, a wholly owned subsidiary, which statements reflect total assets constituting approximately 40% of the Company's related 1998 consolidated financial statement total and which reflect total operating revenues constituting approximately 37% of the Company's related consolidated financial statement totals for the years ended December 31, 1998 and 1997. Those statements and schedules were audited by other auditors whose report has been furnished to us. In our opinion, based on our audits and the report of other auditors, the financial statement schedules referred to above, when considered in relation to the basic financial statements taken as a whole, present fairly in all material respects the information set forth therein.

We also consent to the incorporation by reference in the Registration Statements (Form S-8) pertaining to the SBC Savings Plan and the SBC Savings and Security Plan and certain other plans (Nos. 333-24295, 333-66105 and 333-88667), the Stock Savings Plan (Nos. 33-37451 and 33-54291), the 1992 Stock Option Plan (No. 33-49855), the 1995 Management Stock Option Plan (Nos. 33-61715 and 333-49343), the 1996 Stock and Incentive Plan (No. 333-30669), and in the Registration Statements (Form S-3) pertaining to the SBC Communications Inc. Direct Stock Purchase and Reinvestment Plan (Nos. 333-08979, 333-44553, and 333-02587 (originally filed on Form S-4), and SBC Communications Capital Corporation and SBC Communications Inc. (Nos. 33-45490 and 33-56909), and in the Registration Statement (Form S-4) pertaining to SBC Communications Inc. (No. 333-45837), and in the related Prospectuses, of our report dated February 11, 2000, with respect to the consolidated financial statements incorporated herein by reference, and our report included in the preceding paragraph with respect to the financial statement schedules included in this Annual Report (Form 10-K) for the year ended December 31, 1999.

ERNST & YOUNG LLP

San Antonio, Texas
March 7, 2000

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Exhibit 23-b

CONSENT OF INDEPENDENT PUBLIC ACCOUNTANTS

As independent public accountants, we hereby consent to the inclusion in this Form 10-K of our report dated January 21, 1999 (Exhibit 99-a), as included in Ameritech Corporation's annual report on Form 10-K for the year ended December 31, 1998. It should be noted that we have not audited any financial statements of the company subsequent to December 31, 1998 or performed any audit procedures subsequent to the date of our report.

Arthur Andersen LLP

Chicago, Illinois
March 7, 2000

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EXHIBIT 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

THAT, WHEREAS, SBC COMMUNICATIONS INC., a Delaware corporation, hereinafter referred to as the "Corporation," proposes to file with the Securities and Exchange Commission, under the provisions of the Securities Exchange Act of 1934, as amended, an annual report on Form 10-K; and

WHEREAS, the undersigned is an officer and a director of the Corporation;

NOW, THEREFORE, the undersigned hereby constitutes and appoints James D. Ellis, Donald E. Kiernan, Liam S. Coonan, Roger W. Wohlert, or any one of them, all of the City of San Antonio and State of Texas, his attorneys for him and in his name, place and stead, and in each of his offices and capacities in the Corporation, to execute and file such annual report, and thereafter to execute and file any amendment or amendments thereto, hereby giving and granting to said attorneys full power and authority to do and perform each and every act and thing whatsoever requisite and necessary to be done in and concerning the premises, as fully to all intents and purposes as the undersigned might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do, or cause to be done, by virtue hereof.

IN WITNESS WHEREOF, the undersigned executed this Power of Attorney the 28th day of January 2000.

/s/ Edward E. Whitacre, Jr.
Edward E. Whitacre, Jr.
Chairman of the Board, Director
and Chief Executive Officer

<PAGE>

EXHIBIT 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

THAT, WHEREAS, SBC COMMUNICATIONS INC., a Delaware corporation, hereinafter referred to as the "Corporation," proposes to file with the Securities and Exchange Commission, under the provisions of the Securities Exchange Act of 1934, as amended, an annual report on Form 10-K; and

WHEREAS, the undersigned is an officer and a director of the Corporation;

NOW, THEREFORE, the undersigned hereby constitutes and appoints Edward E. Whitacre, Jr., James D. Ellis, Donald E. Kiernan, Liam S. Coonan, Roger W. Wohlert, or any one of them, all of the City of San Antonio and State of Texas, his attorneys for him and in his name, place and stead, and in each of his offices and capacities in the Corporation, to execute and file such annual report, and thereafter to execute and file any amendment or amendments thereto, hereby giving and granting to said attorneys full power and authority to do and perform each and every act and thing whatsoever requisite and necessary to be done in and concerning the premises, as fully to all intents and purposes as the undersigned might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do, or cause to be done, by virtue hereof.

IN WITNESS WHEREOF, the undersigned executed this Power of Attorney the 28th day of January 2000.

/s/ Royce S. Caldwell
Royce S. Caldwell
Vice Chairman of the Board, Director
and President-SBC Operations

<PAGE>

EXHIBIT 24

POWER OF ATTORNEY

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THAT, WHEREAS, SBC COMMUNICATIONS INC., a Delaware corporation, hereinafter referred to as the "Corporation," proposes to file with the Securities and Exchange Commission, under the provisions of the Securities Exchange Act of 1934, as amended, an annual report on Form 10-K; and

WHEREAS, the undersigned is an officer of the Corporation;

NOW, THEREFORE, the undersigned hereby constitutes and appoints Edward E. Whitacre, Jr., James D. Ellis, Liam S. Coonan, Roger W. Wohlert, or any one of them, all of the City of San Antonio and State of Texas, his attorneys for him and in his name, place and stead, and in each of his offices and capacities in the Corporation, to execute and file such annual report, and thereafter to execute and file any amendment or amendments thereto, hereby giving and granting to said attorneys full power and authority to do and perform each and every act and thing whatsoever requisite and necessary to be done in and concerning the premises, as fully to all intents and purposes as the undersigned might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do, or cause to be done, by virtue hereof.

IN WITNESS WHEREOF, the undersigned executed this Power of Attorney the 28th day of January 2000.

/s/ D. E. Kiernan
- ----------------
D. E. Kiernan
Senior Executive Vice President,
Chief Financial Officer and Treasurer

<PAGE>

EXHIBIT 24

POWER OF ATTORNEY

KNOW ALL MEN BY THESE PRESENTS:

THAT, WHEREAS, SBC COMMUNICATIONS INC., a Delaware corporation, hereinafter referred to as the "Corporation," proposes to file with the Securities and Exchange Commission, under the provisions of the Securities Exchange Act of 1934, as amended, an annual report on Form 10-K; and

WHEREAS, the undersigned is a director of the Corporation;

NOW, THEREFORE, the undersigned hereby constitutes and appoints Edward E. Whitacre, Jr., James D. Ellis, Donald E. Kiernan, Liam S. Coonan, Roger W. Wohlert, or any one of them, all of the City of San Antonio and State of Texas, the undersigned's attorneys for the undersigned and in the undersigned's name, place and stead, and in the undersigned's office and capacity in the Corporation, to execute and file such annual report, and thereafter to execute and file any amendment or amendments thereto, hereby giving and granting to said attorneys full power and authority to do and perform each and every act and thing whatsoever requisite and necessary to be done in and concerning the premises, as fully to all intents and purposes as the undersigned might or could do if personally present at the doing thereof, hereby ratifying and confirming all that said attorneys may or shall lawfully do, or cause to be done, by virtue hereof.

IN WITNESS WHEREOF, the undersigned executed this Power of Attorney the

28th day of January 2000.

/s/ Clarence C. Barksdale	/s/ James E. Barnes
Clarence C. Barksdale Director	James E. Barnes Director
/s/ August A. Busch III	/s/ Ruben R. Cardenas
August A. Busch III Director	Ruben R. Cardenas Director

<PAGE>

EXHIBIT 24
POWER OF ATTORNEY
PAGE 2

/s/ William P. Clark	/s/ Martin K. Eby, Jr.
William P. Clark Director	Martin K. Eby, Jr. Director
/s/ Herman E. Gallegos	/s/ Jess T. Hay
Herman E. Gallegos Director	Jess T. Hay Director
/s/ James A. Henderson	/s/ Bobby R. Inman
James A. Henderson Director	Bobby R. Inman Director
/s/ Charles F. Knight	/s/ Lynn M. Martin
Charles F. Knight Director	Lynn M. Martin Director
/s/ John B. McCoy	/s/ Mary S. Metz
John B. McCoy Director	Mary S. Metz Director
/s/ Toni Rembe	/s/ S. Donley Ritchey
Toni Rembe Director	S. Donley Ritchey Director
/s/ Joyce M. Roche	/s/ Richard M. Rosenberg
Joyce M. Roche Director	Richard M. Rosenberg Director
/s/ Carlos Slim Helu	/s/ Laura D'Andrea Tyson
Carlos Slim Helu Director	Laura D'Andrea Tyson Director
/s/ Patricia P. Upton	
Patricia P. Upton	

Director

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<F2> NET SALES OF TANGIBLE PRODUCTS IS NOT MORE THAN 10% OF TOTAL OPERATING REVENUES AND THEREFORE HAS NOT BEEN STATED SEPARATELY IN THE FINANCIAL STATEMENTS PURSUANT TO REGUALTION S-X, RULE 5-03(B). THIS AMOUNT IS INCLUDED IN THE "TOTAL REVENUES" TAG.
<F3> COST OF TANGIBLE GOODS SOLD IS INCLUDED IN OPERATIONS AND SUPPORT IN THE FINANCIAL STATEMENTS AND THE "TOTAL COST" TAG, PURSUANT TO REGULATION S-X, RULE 5-03(B).
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<F1> THIS AMOUNT IS IMMATERIAL
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<F3> COST OF TANGIBLE GOODS SOLD IS INCLUDED IN OPERATIONS AND SUPPORT IN THE FINANCIAL STATEMENTS AND THE "TOTAL COST" TAG, PURSUANT TO REGULATION S-X, RULE 5-03(B).
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<F2> NET SALES OF TANGIBLE PRODUCTS IS NOT MORE THAN 10% OF TOTAL OPERATING REVENUES AND THEREFORE HAS NOT BEEN STATED SEPARATELY IN THE FINANCIAL STATEMENTS PURSUANT TO REGUALTION S-X, RULE 5-03(B). THIS AMOUNT IS INCLUDED IN THE "TOTAL REVENUES" TAG.
<F3> COST OF TANGIBLE GOODS SOLD IS INCLUDED IN OPERATIONS AND SUPPORT IN THE FINANCIAL STATEMENTS AND THE "TOTAL COST" TAG, PURSUANT TO REGULATION S-X, RULE 5-03(B).
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<F3> COST OF TANGIBLE GOODS SOLD IS INCLUDED IN OPERATIONS AND SUPPORT IN THE FINANCIAL STATEMENTS AND THE "TOTAL COST" TAG, PURSUANT TO REGULATION S-X, RULE 5-03(B).
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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM SBC COMMUNICATIONS INC.'S DECEMBER 31, 1998 CONSOLIDATED FINANCIAL STATEMENTS AND IS QUALIFIED IN ITS ENITRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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<F1> THIS AMOUNT IS IMMATERIAL
<F2> NET SALES OF TANGIBLE PRODUCTS IS NOT MORE THAN 10% OF TOTAL OPERATING REVENUES AND THEREFORE HAS NOT BEEN STATED SEPARATELY IN THE FINANCIAL STATEMENTS PURSUANT TO REGUALTION S-X, RULE 5-03(B). THIS AMOUNT IS INCLUDED IN THE "TOTAL REVENUES" TAG.
<F3> COST OF TANGIBLE GOODS SOLD IS INCLUDED IN OPERATIONS AND SUPPORT IN THE FINANCIAL STATEMENTS AND THE "TOTAL COST" TAG, PURSUANT TO REGULATION S-X, RULE 5-03(B).
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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM SBC COMMUNICATIONS INC.'S SEPTEMBER 30, 1998 CONSOLIDATED FINANCIAL STATEMENTS AND IS QUALIFIED IN ITS ENITRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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<CURRENT-LIABILITIES> 16,764
<BONDS> 19,371
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<COMMON> 3,440
<OTHER-SE> 18,783
<TOTAL-LIABILITY-AND-EQUITY> 74,905
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<TOTAL-REVENUES> 34,042
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<TOTAL-COSTS> 7,473
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<LOSS-PROVISION> 629
<INTEREST-EXPENSE> 1,223
<INCOME-PRETAX> 9,635
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<F1> THIS AMOUNT IS IMMATERIAL
<F2> NET SALES OF TANGIBLE PRODUCTS IS NOT MORE THAN 10% OF TOTAL OPERATING REVENUES AND THEREFORE HAS NOT BEEN STATED SEPARATELY IN THE FINANCIAL STATEMENTS PURSUANT TO REGUALTION S-X, RULE 5-03(B). THIS AMOUNT IS INCLUDED IN THE "TOTAL REVENUES" TAG.
<F3> COST OF TANGIBLE GOODS SOLD IS INCLUDED IN OPERATIONS AND SUPPORT IN THE FINANCIAL STATEMENTS AND THE "TOTAL COST" TAG, PURSUANT TO REGULATION S-X, RULE 5-03(B).
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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM SBC COMMUNICATIONS INC.'S JUNE 30, 1998 CONSOLIDATED FINANCIAL STATEMENTS AND IS QUALIFIED IN ITS ENITRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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<PERIOD-TYPE> 6-MOS
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<RECEIVABLES> 9,870
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<INVENTORY> 0<F1>
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<DEPRECIATION> 64,066
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<CURRENT-LIABILITIES> 17,134
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<COMMON> 3,437
<OTHER-SE> 17,338
<TOTAL-LIABILITY-AND-EQUITY> 74,177
<SALES> 0<F2>
<TOTAL-REVENUES> 22,436
<CGS> 0<F3>
<TOTAL-COSTS> 4,910
<OTHER-EXPENSES> 3,745
<LOSS-PROVISION> 415
<INTEREST-EXPENSE> 840
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<INCOME-TAX> 2,380
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<EXTRAORDINARY> 0
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<NET-INCOME> 4,233
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<EPS-DILUTED> 1.23
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<F1> THIS AMOUNT IS IMMATERIAL
<F2> NET SALES OF TANGIBLE PRODUCTS IS NOT MORE THAN 10% OF TOTAL OPERATING REVENUES AND THEREFORE HAS NOT BEEN STATED SEPARATELY IN THE FINANCIAL STATEMENTS PURSUANT TO REGUALTION S-X, RULE 5-03(B). THIS AMOUNT IS INCLUDED IN THE "TOTAL REVENUES" TAG.
<F3> COST OF TANGIBLE GOODS SOLD IS INCLUDED IN OPERATIONS AND SUPPORT IN THE FINANCIAL STATEMENTS AND THE "TOTAL COST" TAG, PURSUANT TO REGULATION S-X, RULE 5-03(B).
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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM SBC COMMUNICATIONS INC.'S MARCH 31, 1998 CONSOLIDATED FINANCIAL STATEMENTS AND IS QUALIFIED IN ITS ENITRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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<SECURITIES> 176
<RECEIVABLES> 8,847
<ALLOWANCES> 792
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<CURRENT-ASSETS> 11,362
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<DEPRECIATION> 62,974
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<COMMON> 3,434
<OTHER-SE> 15,288
<TOTAL-LIABILITY-AND-EQUITY> 72,534
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<TOTAL-REVENUES> 11,038
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<TOTAL-COSTS> 2,434
<OTHER-EXPENSES> 1,851
<LOSS-PROVISION> 216
<INTEREST-EXPENSE> 431
<INCOME-PRETAX> 2,323
<INCOME-TAX> 855
<INCOME-CONTINUING> 1,468
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<EXTRAORDINARY> 0
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<F1> THIS AMOUNT IS IMMATERIAL
<F2> NET SALES OF TANGIBLE PRODUCTS IS NOT MORE THAN 10% OF TOTAL OPERATING REVENUES AND THEREFORE HAS NOT BEEN STATED SEPARATELY IN THE FINANCIAL STATEMENTS PURSUANT TO REGUALTION S-X, RULE 5-03(B). THIS AMOUNT IS INCLUDED IN THE "TOTAL REVENUES" TAG.
<F3> COST OF TANGIBLE GOODS SOLD IS INCLUDED IN OPERATIONS AND SUPPORT IN THE FINANCIAL STATEMENTS AND THE "TOTAL COST" TAG, PURSUANT TO REGULATION S-X, RULE 5-03(B).
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THIS SCHEDULE CONTAINS SUMMARY FINANCIAL INFORMATION EXTRACTED FROM SBC COMMUNICATIONS INC.'S DECEMBER 31, 1997 CONSOLIDATED FINANCIAL STATEMENTS AND IS QUALIFIED IN ITS ENITRETY BY REFERENCE TO SUCH FINANCIAL STATEMENTS.

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<PERIOD-TYPE> 12-MOS
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<CASH> 649
<SECURITIES> 320
<RECEIVABLES> 9,159
<ALLOWANCES> 737
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<CURRENT-ASSETS> 12,096
<PP&E> 104,596
<DEPRECIATION> 61,665
<TOTAL-ASSETS> 69,917
<CURRENT-LIABILITIES> 18,268
<BONDS> 17,787
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<COMMON> 3,428
<OTHER-SE> 14,435
<TOTAL-LIABILITY-AND-EQUITY> 69,917
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<TOTAL-REVENUES> 43,106
<CGS> 0<F3>
<TOTAL-COSTS> 10,249
<OTHER-EXPENSES> 7,777
<LOSS-PROVISION> 938
<INTEREST-EXPENSE> 1,550
<INCOME-PRETAX> 6,538
<INCOME-TAX> 2,451
<INCOME-CONTINUING> 4,087
<DISCONTINUED> 0
<EXTRAORDINARY> 0
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<F1> THIS AMOUNT IS IMMATERIAL
<F2> NET SALES OF TANGIBLE PRODUCTS IS NOT MORE THAN 10% OF TOTAL OPERATING REVENUES AND THEREFORE HAS NOT BEEN STATED SEPARATELY IN THE FINANCIAL STATEMENTS PURSUANT TO REGUALTION S-X, RULE 5-03(B). THIS AMOUNT IS INCLUDED IN THE "TOTAL REVENUES" TAG.
<F3> COST OF TANGIBLE GOODS SOLD IS INCLUDED IN OPERATIONS AND SUPPORT IN THE FINANCIAL STATEMENTS AND THE "TOTAL COST" TAG, PURSUANT TO REGULATION S-X, RULE 5-03(B).
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<SEQUENCE>23
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Exhibit 99-a

REPORT OF INDEPENDENT PUBLIC ACCOUNTANTS

Board of Directors, Ameritech Corporation

We have audited the consolidated balance sheet of Ameritech Corporation (a Delaware corporation) and subsidiaries as of December 31, 1998, and the related consolidated statements of income, shareowners' equity and cash flows for each of the two years in the period ended December 31, 1998, as included in Ameritech's annual report on Form 10-K for the year ended December 31, 1998. These financial statements are the responsibility of the company's management. Our responsibility is to express an opinion on these financial statements based on our audits.

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

We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of Ameritech Corporation and subsidiaries as of December 31, 1998, and the results of their operations and their cash flows for each of the two years in the period ended December 31, 1998, in conformity with generally accepted accounting principles.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The financial statement schedule included in Item 14(a)(2) of Ameritech's Form 10-K for the year ended December 31, 1998 is the responsibility of Ameritech's management and is presented for purposes of complying with the Securities and Exchange Commission's rules and is not part of the basic financial statements. This schedule has been subjected to the auditing procedures applied in the audits of the basic financial statements and, in our opinion, fairly states in all material respects the financial data required to be set forth therein in relation to the basic financial statements taken as a whole.

Arthur Andersen LLP
Chicago, Illinois
January 21, 1999

</TEXT>
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