

LEXINGTON REALTY TRUST  
Form DEFA14A  
April 05, 2012

SCHEDULE 14A INFORMATION

Proxy Statement Pursuant to Section 14(a) of  
the Securities Exchange Act of 1934

Filed by the Registrant

Filed by a Party other than the Registrant

Check the appropriate box:

Preliminary Proxy Statement

Definitive Proxy Statement

Definitive Additional Materials

Soliciting Material Pursuant to § 240.14a-12

Confidential, for Use of the Commission Only (as  
permitted by Rule 14a-6(e)(2))

LEXINGTON REALTY TRUST

(Name of Registrant as Specified In Its Organizational Documents)

(Name of Person(s) Filing Proxy Statement if other than the Registrant)

Payment of Filing Fee (Check the appropriate box):

No fee required.

Fee computed on table below per Exchange Act Rules 14a-6(i)(1) and 0-11.

1) Title of each class of securities to which transaction applies:

2) Aggregate number of securities to which transaction applies:

3) Per unit price or other underlying value of transaction computed pursuant to Exchange Act Rule 0-11:

4) Proposed maximum aggregate value of transaction:

5) Total fee paid:

Fee paid previously with preliminary  
materials.

Check box if any part of the fee is offset as provided by Exchange Act Rule 0-11(a)(2) and identify the filing for  
which the offsetting fee was paid previously. Identify the previous filing by registration statement number, or the  
Form or Schedule and the date of its filing.

1) Amount Previously Paid:

2) Form, Schedule or Registration Statement No.:

3) Filing Party:

4) Date Filed:

Lexington Realty Trust

Important Notice Regarding the Availability of Proxy Materials for the Shareholder Meeting to Be Held on Tuesday, May 15, 2012

The Proxy Statement, Annual Report and other proxy materials are available at:

<http://www.proxyvoting.com/lxp>

This communication presents only an overview of the more complete proxy materials that are available to you on the Internet.

We encourage you to access and review all of the important information contained in the proxy materials before voting.

If you want to receive a paper or e-mail copy of these documents, you must request one. There is no charge to you for requesting a copy. Please make your request for a copy as instructed below on or before May 1, 2012 to facilitate timely delivery.

Lexington Realty Trust

**TO REQUEST PAPER COPIES OF PROXY MATERIALS:**  
(please reference your 11-digit control number when requesting materials)

By opting out to receive printed materials, your preference for future proxy mailings will be kept on our file.

Telephone: 1-888-313-0164  
(outside of the U.S. and Canada call 201-680-6688)

Email: [shrrelations@bnymellon.com](mailto:shrrelations@bnymellon.com)  
(you must reference your 11-digit control number in your email)

Internet: <http://www.proxyvoting.com/lxp>

**TO VOTE YOUR SHARES SEE INSTRUCTIONS ON REVERSE SIDE**

This is not a proxy card. You cannot use this notice to vote your shares.

To the Shareholders of Lexington Realty Trust:

The 2012 Annual Meeting of Shareholders of Lexington Realty Trust, a Maryland real estate investment trust, which we refer to as Lexington, will be held at the New York offices of Paul Hastings LLP, 75 East 55th Street, New York, New York 10022 on Tuesday, May 15, 2012, at 10:00 a.m. (Eastern time), for the following purposes:

- (1) to elect seven trustees to serve until the 2013 Annual Meeting of Shareholders or their earlier removal or resignation and until their respective successors, if any, are elected and qualify;
- (2) to consider and vote upon an advisory resolution to approve the compensation of the named executive officers, as disclosed in the proxy statement;
- (3) to consider and vote upon the ratification of the appointment of KPMG LLP as our independent registered public accounting firm for the fiscal year ending December 31, 2012; and
- (4) to transact such other business as may properly come before the 2012 Annual Meeting of Shareholders or any adjournment or postponement thereof.

**THE BOARD OF TRUSTEES RECOMMENDS A VOTE "FOR" EACH NOMINEE,**

AND "FOR" PROPOSALS 2 AND 3.

The Board of Trustees has fixed the close of business on March 16, 2012 as the record date, which we refer to as the Record Date, for the determination of shareholders entitled to receive notice of and to vote at the 2012 Annual Meeting of Shareholders or any adjournment or postponement thereof.

This notice also constitutes Notice of the 2012 Annual Meeting of Shareholders. This is not a ballot. You cannot use this notice to vote your shares.

CONTROL NUMBER

à

YOU MUST REFERENCE YOUR 11-DIGIT CONTROL NUMBER  
WHEN  
YOU REQUEST A PAPER COPY OF THE PROXY MATERIALS OR à  
TO  
VOTE YOUR PROXY ELECTRONICALLY.

---

Shareholders of record as of the Record Date are encouraged and cordially invited to attend the 2012 Annual Meeting of Shareholders, where you may vote in person.

Meeting Location:  
Paul Hastings LLP  
75 East 55th Street  
New York, NY 10022

You can find directions to the 2012 Annual Meeting of Shareholders at:  
[http://www.paulhastings.com/offices\\_newyork\\_directions.aspx](http://www.paulhastings.com/offices_newyork_directions.aspx)

The following Proxy Materials are available for you to review online:  
• Lexington's 2012 Definitive Proxy Statement (including all attachments thereto);  
• Lexington's 2011 Annual Report to Shareholders (which is not deemed to be part of the official proxy soliciting materials); and  
• any amendments to the foregoing materials that are required to be furnished to shareholders.

To request a paper copy of the Proxy Materials:  
(you must reference your 11-digit control number located on the reverse side of this form)  
Telephone: 1-888-313-0164 (outside of the U.S and Canada call 201-680-6688)  
Email: [shrrelations@bnymellon.com](mailto:shrrelations@bnymellon.com) (you must reference your 11-digit control number in your email)  
Internet: <http://www.proxyvoting.com/lxp>

The Proxy Materials for Lexington Realty Trust are available to review at:

<http://www.proxyvoting.com/lxp>

Have this notice available when you request a PAPER copy of the Proxy Materials,  
when you want to view your proxy materials online,  
**OR WHEN YOU WANT TO AUTHORIZE YOUR PROXY ELECTRONICALLY.**

**YOU CANNOT VOTE BY RETURNING THIS NOTICE**

#### HOW TO VOTE

We encourage you to review the proxy materials online before voting.  
You will need to reference the 11-digit control number located on the reverse side.

#### BY MAIL

If you request paper proxy materials, complete, sign and date your proxy card and mail it in the postage-paid envelope.

#### IN PERSON

Vote at the 2012 Annual Meeting of Shareholders.

#### VIA INTERNET

Use the Internet to authorize a proxy to vote your shares. On the landing page of the above website in the box labeled "To Vote Your Shares by Internet" click on "Vote Now" to access the electronic proxy card and vote your shares. Have this notice in hand when you access the website.

#### BY TELEPHONE

Call toll free 1-866-540-5760 and follow the instructions. Have this notice in hand when you call.

ems. Clearstream Luxembourg and Euroclear will hold interests on behalf of their participants through customers' securities accounts in Clearstream Luxembourg's and Euroclear's names on the books of their respective depositaries, which in turn will hold these interests in customers' securities accounts in the names of their respective U.S. depositaries on the books of DTC. Citibank, N.A. will act as the U.S. depositary for Clearstream Luxembourg, and JPMorgan Chase Bank will act as the U.S. depositary for Euroclear. Except under circumstances described below, our notes will not be issuable in definitive form. The laws of some states require that certain purchasers of securities take physical delivery of their securities in definitive form. These limits and laws may impair the ability to transfer beneficial interests in the global notes. So long as the depositary or its nominee is the registered owner of the global notes, the depositary or its nominee will be considered the sole owner or holder of our notes represented by the global notes S-12 for all purposes under the indenture. Except as provided below, owners of beneficial interests in the global notes will not be entitled to have notes represented by the global notes registered in their names, will not receive or be entitled to receive physical delivery of notes in definitive form and will not be considered the owners or holders thereof under the indenture. Principal and interest payments on notes registered in the name of the depositary or its nominee will be made to the depositary or its nominee, as the case may be, as the registered owner of the global notes. None of us, the trustee, any paying agent or registrar for our notes will have any responsibility or liability for any aspect of the records relating to or payments made on account of beneficial interests in the global notes or for maintaining, supervising or reviewing any records relating to these beneficial interests. We expect that the depositary for our notes or its nominee, upon receipt of any payment of principal or interest, will credit the participants' accounts with payments in amounts proportionate to their respective beneficial interests in the principal amount of the global notes as shown on the records of the depositary or its nominee. We also expect that payments by participants to owners of beneficial interest in the global notes held through these participants will be governed by standing instructions and customary practices, as is now the case with securities held for the accounts of customers in bearer form or registered in "street name," and will be the responsibility of these participants. If the depositary is at any time unwilling or unable to continue as depositary and a successor depositary is not appointed by us within 90 days, we will issue notes in definitive form in exchange for the global notes. We will also issue notes in definitive form in exchange for the global notes if an event of default has occurred with regard to the notes represented by the global notes and has not been cured or waived. In addition, we may at any time and in our sole discretion determine not to have our notes represented by the global notes and, in that event, will issue our notes in definitive form in exchange for the global notes. In any such instance, an owner of a beneficial interest in the global notes will be entitled to physical delivery in definitive form of notes represented by the global notes equal in principal amount to such beneficial interest and to have such notes registered in its name. Notes so issued in definitive form will be issued as registered notes in denominations of \$1,000 and integral multiples thereof, unless otherwise specified by us. Our definitive notes can be transferred by presentation for registration to the registrar at its New York or Luxembourg offices and must be duly endorsed by the holder or his attorney duly authorized in writing, or accompanied by a written instrument or instruments of transfer in form satisfactory to us or the trustee duly executed by the holder or his attorney duly authorized in writing. We may require payment of a sum sufficient to cover any tax or other governmental charge that may be imposed in connection with any exchange or registration of transfer of definitive notes.

THE CLEARING SYSTEMS DTC. The depositary has advised us as follows: the depositary is a limited-purpose trust company organized under the New York Banking Law, a "banking organization" within the meaning of the New York Banking Law, a member of the Federal Reserve System, a "clearing corporation" within the meaning of the New York Uniform Commercial Code, and a "clearing agency" registered pursuant to the provisions of Section 17A of the Exchange Act. The depositary holds securities deposited with it by its participants and facilitates the settlement of transactions among its participants in such securities through electronic computerized book-entry changes in accounts of the participants, thereby eliminating the need for physical movement of securities certificates. The depositary's participants include securities brokers and dealers (including the underwriters), banks, trust companies, clearing corporations and certain other organizations, some of whom (and/or their representatives) own the depositary. Access to the depositary's book-entry system is also available to others, such as banks, brokers, dealers and

trust companies that clear through or maintain a custodial relationship with a participant, either directly or indirectly. According to the depository, the foregoing information with respect to the depository has been provided to the financial community for informational purposes only and is not intended to serve as a representation, warranty or contract modification of any kind. Clearstream Luxembourg. Clearstream Luxembourg advises that it is incorporated under the laws of Luxembourg as a professional depository. S-13 Clearstream Luxembourg holds securities for its participating organizations and facilitates the clearance and settlement of securities transactions between Clearstream Luxembourg participants through electronic book-entry changes in accounts of Clearstream Luxembourg participants, thereby eliminating the need for physical movement of certificates. Clearstream Luxembourg provides to Clearstream Luxembourg participants, among other things, services for safekeeping, administration, clearance and settlement of internationally traded securities and securities lending and borrowing. Clearstream Luxembourg interfaces with domestic markets in several countries. As a professional depository, Clearstream Luxembourg is subject to regulation by the Luxembourg Monetary Institute. Clearstream Luxembourg participants are recognized financial institutions around the world, including underwriters, securities brokers and dealers, banks, trust companies, clearing corporations and certain other organizations and may include the underwriters. Indirect access to Clearstream Luxembourg is also available to others, such as banks, brokers, dealers and trust companies that clear through or maintain a custodial relationship with a Clearstream Luxembourg participant either directly or indirectly. Distributions with respect to the notes held beneficially through Clearstream Luxembourg will be credited to cash accounts of Clearstream Luxembourg participants in accordance with its rules and procedures, to the extent received by the U.S. depository for Clearstream Luxembourg. Euroclear. Euroclear has advised that it was created in 1968 to hold securities for its participants and to clear and settle transactions between Euroclear participants through simultaneous electronic book-entry delivery against payment, eliminating the need for physical movement of certificates and eliminating any risk from lack of simultaneous transfers of securities and cash. Euroclear provides various other services, including securities lending and borrowing and interfaces with domestic markets in several countries. The Euroclear System is owned by Euroclear Clearance System Public Limited Company (ECSplc) and operated through a license agreement by Euroclear Bank S.A./N.V., a bank incorporated under the laws of the Kingdom of Belgium as the "Euroclear operator". The Euroclear operator holds securities and book-entry interests in securities for participating organizations and facilitates the clearance and settlement of securities transactions between Euroclear participants, and between Euroclear participants and participants of certain other securities intermediaries through electronic book-entry changes in accounts of such participants or other securities intermediaries. The Euroclear operator provides Euroclear participants, among other things, with safekeeping, administration, clearance and settlement, securities lending and borrowing, and related services. Non-participants of Euroclear may hold and transfer book-entry interests in the securities through accounts with a direct participant of Euroclear or any other securities intermediary that holds a book-entry interest in the securities through one or more securities intermediaries standing between such other securities intermediary and the Euroclear operator. The Euroclear operator is regulated and examined by the Belgian Banking and Finance Commission and the National Bank of Belgium. Securities clearance accounts and cash accounts with the Euroclear operator are governed by the "Terms and Conditions Governing Use of Euroclear" and the related operating procedures of the Euroclear System, and applicable Belgian law, which are collectively referred to as the "terms and conditions". The terms and conditions govern transfers of notes and cash within Euroclear, withdrawals of notes and cash from Euroclear, and receipts of payments with respect to notes in Euroclear. All notes in Euroclear are held on a fungible basis without attribution of specific certificates to specific securities clearance accounts. The Euroclear operator acts under the terms and conditions only on behalf of Euroclear participants, and has no record of or relationship with persons holding through Euroclear participants. Distributions with respect to each series of notes held beneficially through Euroclear will be credited to the cash accounts of Euroclear participants in accordance with the terms and conditions, to the extent received by the U.S. depository for Euroclear. S-14 GLOBAL CLEARANCE AND SETTLEMENT PROCEDURES Initial settlement for the notes will be made in same-day U.S. dollar funds. Secondary market trading between DTC participants will occur in the ordinary way in accordance with DTC rules. Secondary market trading between Clearstream Luxembourg participants and/or Euroclear participants will occur in the ordinary way in accordance with the applicable rules and operating procedures of Clearstream Luxembourg and Euroclear and will be settled using the procedures applicable to conventional eurobonds. Cross-market transfers between persons holding directly or indirectly through DTC participants, on the one hand, and directly or indirectly through Clearstream Luxembourg or Euroclear participants, on the other hand, will be effected in DTC in accordance

with DTC rules on behalf of the relevant international clearing system by its U.S. depository. However, cross-market transactions will require delivery of instructions to the relevant international clearing system by the counterparty in that system in accordance with its rules and procedures and within its established deadlines (European time). The relevant international clearing system will, if a transaction meets its settlement requirements, deliver instructions to its U.S. depository to take action to effect final settlement on its behalf by delivering or receiving securities in DTC. Clearstream Luxembourg participants and Euroclear participants may not deliver instructions directly to the respective U.S. depository. Because of time-zone differences, credits of notes received in Clearstream Luxembourg or Euroclear as a result of a transaction with a DTC participant will be made during subsequent securities settlement processing and dated the business day following the DTC settlement date. These credits or any transactions in the notes settled during the processing will be reported to the relevant Clearstream Luxembourg or Euroclear participants on that business day. Cash received in Clearstream Luxembourg or Euroclear as a result of sales of notes by or through a Clearstream Luxembourg participant or a Euroclear participant to a DTC participant will be received with value on the DTC settlement date but will be available in the relevant Clearstream Luxembourg or Euroclear cash account only as of the business day following settlement in DTC. Although it is expected that DTC, Clearstream Luxembourg and Euroclear will follow the foregoing procedures in order to facilitate transfers of notes among participants of DTC, Clearstream Luxembourg and Euroclear, they are under no obligation to perform or continue such procedures and such procedures may be changed or discontinued at any time.

**PAYMENT OF ADDITIONAL AMOUNTS** We will, subject to the exceptions and limitations set forth below, pay as additional interest on our notes such additional amounts as are necessary so that the net payment by us or a paying agent of the principal of and interest on our notes to a person that is a United States alien holder (as defined under the heading "United States Tax Considerations -- United States Alien Holders" below), after deduction for any present or future tax, assessment or governmental charge of the United States or a political subdivision or taxing authority thereof or therein, imposed by withholding with respect to the payment, will not be less than the amount that would have been payable in respect of our notes had no withholding or deduction been required. Our obligation to pay additional amounts shall not apply: (1) to any tax, assessment or governmental charge that is imposed or withheld solely because the beneficial owner, or a fiduciary, settlor, beneficiary or member of the beneficial owner if the beneficial owner is an estate, trust or partnership, or a person holding a power over an estate or trust administered by a fiduciary holder: (a) is or was present or engaged in trade or business in the United States or has or had a permanent establishment in the United States; (b) is or was a citizen or resident or is or was treated as a resident of the United States; (c) is or was a foreign or domestic personal holding company, a passive foreign investment company or a controlled foreign corporation with respect to the United States or is or was a corporation that has accumulated earnings to avoid United States federal income tax; or S-15 (d) is or was a "10-percent shareholder" of SBC; (2) to any holder that is not the sole beneficial owner of our notes, or a portion thereof, or that is a fiduciary or partnership, but only to the extent that the beneficial owner, a beneficiary or settlor with respect to the fiduciary, or a member of the partnership would not have been entitled to the payment of an additional amount had such beneficial owner, beneficiary, settlor or member received directly its beneficial or distributive share of the payment; (3) to any tax, assessment or governmental charge that is imposed or withheld solely because the beneficial owner or any other person failed to comply with certification, identification or information reporting requirements concerning the nationality, residence, identity or connection with the United States of the holder or beneficial owner of our notes, if compliance is required by statute, by regulation of the United States Treasury Department or by an applicable income tax treaty to which the United States is a party as a precondition to exemption from such tax, assessment or other governmental charge; (4) to any tax, assessment or governmental charge that is imposed other than by deduction or withholding by SBC or a paying agent from the payment; (5) to any tax, assessment or governmental charge that is imposed or withheld solely because of a change in law, regulation, or administrative or judicial interpretation that becomes effective after the day on which the payment becomes due or is duly provided for, whichever occurs later; (6) to an estate, inheritance, gift, sales, excise, transfer, wealth or personal property tax or any similar tax, assessment or governmental charge; (7) to any tax, assessment or other governmental charge any paying agent (which term may include us) must withhold from any payment of principal of or interest on any note, if such payment can be made without such withholding by any other paying agent; or (8) in the case of any combination of the above items. Our notes are subject in all cases to any tax, fiscal or other law or regulation or administrative or judicial interpretation applicable. Except as specifically provided under this heading "-- Payment of Additional Amounts" and under the heading "-- Redemption Upon a Tax Event," we do not have to make any

payment with respect to any tax, assessment or governmental charge imposed by any government or a political subdivision or taxing authority. In particular, we will not pay additional amounts on any note - where withholding or deduction is imposed on a payment to an individual and is required to be made pursuant to any European Union Directive on the taxation of savings implementing the conclusions of the ECOFIN Council meeting of November 26 and 27, 2000 or any law implementing or complying with, or introduced in order to conform to, that Directive, or - presented for payment by or on behalf of a beneficial owner who would have been able to avoid the withholding or deduction by presenting the relevant global note to another paying agent in a Member State of the EU. The European Union is currently considering a proposal for a new directive regarding the taxation of savings income. Subject to a number of important conditions being met, it is proposed that Member States will be required to provide to the tax authorities of another Member State details of payments of interest or other similar income paid by a person within its jurisdiction to an individual resident in that other Member State, subject to the right of certain Member States to opt instead for a withholding system for a transitional period in relation to these payments and subject to the proposals not being required to be applied to the global note.

**REDEMPTION UPON A TAX EVENT** If (a) we become or will become obligated to pay additional amounts as described herein under the heading "-- Payment of Additional Amounts" as a result of any change in, or amendment to, the laws (or any regulations or rulings promulgated S-16 thereunder) of the United States (or any political subdivision or taxing authority thereof or therein), or any change in, or amendments to, any official position regarding the application or interpretation of such laws, regulations or rulings, which change or amendment is announced or becomes effective on or after the date of this prospectus supplement, or (b) a taxing authority of the United States takes an action on or after the date of this prospectus supplement, whether or not with respect to us or any of our affiliates, that results in a substantial probability that we will or may be required to pay such additional amounts, then we may, at our option, redeem, as a whole, but not in part, our notes on any interest payment date on not less than 30 nor more than 60 calendar days' prior notice, at a redemption price equal to 100% of their principal amount, together with interest accrued thereon to the date fixed for redemption. However, we may determine, in our business judgment, that the obligation to pay these additional amounts cannot be avoided by the use of reasonable measures available to us, not including substitution of the obligor under our notes. No redemption pursuant to (b) above may be made unless we shall have received an opinion of independent counsel to the effect that an act taken by a taxing authority of the United States results in a substantial probability that we will or may be required to pay the additional amounts described herein under the heading "-- Payment of Additional Amounts" and we shall have delivered to the trustee a certificate, signed by a duly authorized officer stating, that based on such opinion we are entitled to redeem our notes pursuant to their terms.

**FURTHER ISSUES** We may from time to time, without notice to or the consent of the holders of the notes, create and issue further notes ranking equally and ratably with the notes in all respects, or in all respects except for the payment of interest accruing prior to the issue date or except for the first payment of interest following the issue date of those further notes. Any further notes will be consolidated and form a single series with the notes and will have the same terms as to status, redemption or otherwise as the notes. Any further notes shall be issued pursuant to a resolution of our board of directors, a supplement to the indenture, or under an officers' certificate pursuant to the indenture.

**NOTICES** Notices to holders of our notes will be published in authorized newspapers in The City of New York, in London, and, so long as our notes are listed on the Luxembourg Stock Exchange, in Luxembourg. As long as our notes are listed on the Luxembourg Stock Exchange, these notices will only be valid if the notice is published in a daily leading newspaper with general circulation in Luxembourg. It is expected that publication will be made in The City of New York in The Wall Street Journal, in London in the Financial Times and in Luxembourg in the Luxemburger Wort. We will be deemed to have given this notice on the date of each publication or, if published more than once, on the date of the first publication.

**PRESCRIPTION PERIOD** Any money that we deposit with the trustee or any paying agent for the payment of principal or any interest on any global note of any series that remains unclaimed for two years after the date upon which the principal and interest are due and payable, will be repaid to us upon our request unless otherwise required by mandatory provisions of any applicable unclaimed property law. After that time, unless otherwise required by mandatory provisions of any unclaimed property law, the holder of the global note will be able to seek any payment to which that holder may be entitled to collect only from us.

**AMENDMENTS** We can make changes to the indenture and the notes under certain circumstances. Some types of changes require the approval of each holder of our notes, others require approval by a majority vote, and some changes do not require any approval at all. For more information on when we need your approval, you should read "Description of Debt Securities We May Offer -- Modification and



Waiver of Your Contractual Rights" in the accompanying prospectus. **DEFAULT AND ACCELERATION OF MATURITY** You will have special rights if an event of default occurs and is not cured. For instance, if we fail to make any interest payment on a note when it is due, and we do not cure this default within 90 days, this will constitute an event of default. For more information on events of default under our indenture and remedies if an event of default S-17 occurs, you should read "Description of Debt Securities We May Offer -- Default and Related Matters" in the accompanying prospectus. **COVENANTS** In our indenture, we covenant to pay the principal of and interest on the notes when due and in the manner provided herein. We are not subject to any negative covenants under our indenture. **GOVERNING LAW** The notes are governed by and interpreted in accordance with the laws of the State of New York. **UNITED STATES TAX CONSIDERATIONS** This section describes the material United States federal income tax consequences of owning the notes we are offering. It applies to you only if you acquire notes in the offering at the offering price and you hold your notes as capital assets for tax purposes. This section does not apply to you if you are a member of a class of holders subject to special rules, such as: - a dealer in securities or currencies, - a trader in securities that elects to use a mark-to-market method of accounting for your securities holdings, - a bank, - a life insurance company, - a tax-exempt organization, - a person that owns notes that are a hedge or that are hedged against interest rate risks, - a person that owns notes as part of a straddle or conversion transaction for tax purposes, or - a person whose functional currency for tax purposes is not the U.S. dollar. This section is based on the Internal Revenue Code of 1986, as amended, its legislative history, existing and proposed regulations under the Internal Revenue Code, published rulings and court decisions, all as currently in effect. These laws are subject to change, possibly on a retroactive basis. If you purchase notes at other than the offering price, the amortizable bond premium or market discount rules may also apply to you. You should consult your tax advisor regarding this possibility. Please consult your tax advisor concerning the consequences of owning these notes, in your particular circumstances, under the Internal Revenue Code and the laws of any other taxing jurisdiction. **UNITED STATES HOLDERS** This subsection describes the tax consequences to a United States holder. You are a United States holder if you are a beneficial owner of a note and you are: - a citizen or resident of the United States, - a domestic corporation, - an estate whose income is subject to United States federal income tax regardless of its source, or - a trust if a United States court can exercise primary supervision over the trust's administration and one or more United States persons are authorized to control all substantial decisions of the trust. If you are not a United States holder, this subsection does not apply to you and you should refer to "-- United States Alien Holders" below. **Payments of Interest.** You will be taxed on interest on your note as ordinary income at the time you receive the interest or when it accrues, depending on your method of accounting for tax purposes. **Purchase, Sale and Retirement of the Notes.** Your tax basis in your note generally will be its cost. You will generally recognize capital gain or loss on the sale or retirement of your note equal to the difference between the amount you realize on the sale or retirement, excluding any amounts attributable to accrued but unpaid interest, and your tax basis in your note. Capital gain of a noncorporate United States holder is generally taxed at a maximum rate of 20% where the property is held more than one year and 18% where the property is held more than five years. **S-18 UNITED STATES ALIEN HOLDERS** This subsection describes the tax consequences to a United States alien holder. You are a United States alien holder if you are a beneficial owner of a note and you are, for United States federal income tax purposes: - a nonresident alien individual, - a foreign corporation, - a foreign partnership, or - an estate or trust that in either case is not subject to United States federal income tax on a net income basis on income or gain from a note. If you are a United States holder, this section does not apply to you. Under United States federal income and estate tax law, and subject to the discussion of backup withholding below, if you are a United States alien holder of a note: - we and other U.S. payors generally will not be required to deduct United States withholding tax from payments of principal, premium, if any, and interest, to you if, in the case of payments of interest: 1. you do not actually or constructively own 10% or more of the total combined voting power of all classes of our stock entitled to vote, 2. you are not a controlled foreign corporation that is related to us through stock ownership, and 3. the U.S. payor does not have actual knowledge or reason to know that you are a United States person and: a. you have furnished to the U.S. payor an Internal Revenue Service Form W-8BEN or an acceptable substitute form upon which you certify, under penalties of perjury, that you are a non-United States person, b. in the case of payments made outside the United States to you at an offshore account (generally, an account maintained by you at a bank or other financial institution at any location outside the United States), you have furnished to the U.S. payor documentation that establishes your identity and your status as a non-United States person, c. the U.S. payor has received a withholding certificate (furnished on an appropriate Internal Revenue Service Form W-8 or an acceptable

substitute form) from a person claiming to be: i. a withholding foreign partnership (generally a foreign partnership that has entered into an agreement with the Internal Revenue Service to assume primary withholding responsibility with respect to distributions and guaranteed payments it makes to its partners), ii. a qualified intermediary (generally a non-United States financial institution or clearing organization or a non-United States branch or office of a United States financial institution or clearing organization that is a party to a withholding agreement with the Internal Revenue Service), or iii. a U.S. branch of a non-United States bank or of a non-United States insurance company, and the withholding foreign partnership, qualified intermediary or U.S. branch has received documentation upon which it may rely to treat the payment as made to a non-United States person in accordance with U.S. Treasury regulations (or, in the case of a qualified intermediary, in accordance with its agreement with the Internal Revenue Service), d. the U.S. payor receives a statement from a securities clearing organization, bank or other financial institution that holds customers' securities in the ordinary course of its trade or business, i. certifying to the U.S. payor under penalties of perjury that an Internal Revenue Service Form W-8BEN or an acceptable substitute form has been received from you by it or by a similar financial institution between it and you, and ii. to which is attached a copy of the Internal Revenue Service S-19 Form W-8BEN or acceptable substitute form, or e. the U.S. payor otherwise possesses documentation upon which it may rely to treat the payment as made to a non-United States person in accordance with U.S. Treasury regulations; and - no deduction for any United States federal withholding tax will be made from any gain that you realize on the sale or exchange of your note. Further, a note held by an individual who at death is not a citizen or resident of the United States will not be includible in the individual's gross estate for United States federal estate tax purposes if: - the decedent did not actually or constructively own 10% or more of the total combined voting power of all classes of our stock entitled to vote at the time of death and - the income on the note would not have been effectively connected with a United States trade or business of the decedent at the same time. **BACKUP WITHHOLDING AND INFORMATION REPORTING UNITED STATES HOLDERS** In general, if you are a noncorporate United States holder, we and other payors are required to report to the Internal Revenue Service all payments of principal, any premium and interest on your note. In addition, we and other payors are required to report to the Internal Revenue Service any payment of proceeds of the sale of your note before maturity within the United States. Additionally, backup withholding will apply to any payments if you fail to provide an accurate taxpayer identification number, or you are notified by the Internal Revenue Service that you have failed to report all interest and dividends required to be shown on your federal income tax returns. **UNITED STATES ALIEN HOLDERS** In general, payments of principal, premium or interest made by us and other payors to you will not be subject to backup withholding and information reporting, provided that the certification requirements described above under "-- United States Alien Holders" are satisfied or you otherwise establish an exemption. However, we and other payors are required to report payments of interest on your notes on Internal Revenue Service Form 1042-S even if the payments are not otherwise subject to information reporting requirements. In addition, payment of the proceeds from the sale of notes effected at a United States office of a broker will not be subject to backup withholding and information reporting on such a sale provided that: - the broker does not have actual knowledge or reason to know that you are a United States person and you have furnished to the broker: 1. an appropriate Internal Revenue Service Form W-8 or an acceptable substitute form upon which you certify, under penalties of perjury, that you are a non-United States person, or 2. other documentation upon which it may rely to treat the payment as made to a non-United States person in accordance with U.S. Treasury regulations; or - you otherwise establish an exemption. If you fail to establish an exemption and the broker does not possess adequate documentation of your status as a non-United States person, the payments may be subject to information reporting and backup withholding. However, backup withholding will not apply with respect to payments made to an offshore account maintained by you unless the payor has actual knowledge that you are a United States person. In general, payment of the proceeds from the sale of notes effected at a foreign office of a broker will not be subject to information reporting or backup withholding. However, a sale effected at a foreign office of a broker will be subject to information reporting and backup withholding if: - the proceeds are transferred to an account maintained by you in the United States, - the payment of proceeds or the confirmation of the sale is mailed to you at a United States address, or - the sale has some other specified connection with the United States as provided in U.S. Treasury regulations, unless the broker does not have actual knowledge or reason to know that you are a United States person S-20 and the documentation requirements described above (relating to a sale of notes effected at a United States office of a broker) are met or you otherwise establish an exemption. In addition, payment of the proceeds from the sale of notes effected at a foreign office of a broker will be subject to information

reporting if the broker is: - a United States person, - a controlled foreign corporation for United States tax purposes, - a foreign person 50% or more of whose gross income is effectively connected with the conduct of a United States trade or business for a specified three-year period, or - a foreign partnership, if at any time during its tax year: 1. one or more of its partners are "U.S. persons", as defined in U.S. Treasury regulations, who in the aggregate hold more than 50% of the income or capital interest in the partnership, or 2. such foreign partnership is engaged in the conduct of a United States trade or business, unless the broker does not have actual knowledge or reason to know that you are a United States person and the documentation requirements described above (relating to a sale of notes effected at a United States office of a broker) are met or you otherwise establish an exemption. Backup withholding will apply if the sale is subject to information reporting and the broker has actual knowledge that you are a United States person.

S-21 UNDERWRITING Subject to the terms and conditions stated in the underwriting agreement, dated the date hereof, each underwriter named below has severally agreed to purchase, and we have agreed to sell to that underwriter, the principal amount of notes set forth opposite the name of the underwriter. PRINCIPAL AMOUNT UNDERWRITER OF NOTES -----

Deutsche Bank Securities Inc. ....	\$ 266,668,000
J.P. Morgan Securities Inc. ....	266,668,000
Salomon Smith Barney Inc. ...	266,668,000
ABN AMRO Incorporated.....	44,444,000
Banc of America Securities LLC.....	44,444,000
Banc One Capital Markets, Inc. ....	44,444,000
Wachovia Securities, Inc. ...	44,444,000
Blaylock & Partners, L.P. ...	11,110,000
Guzman & Company.....	11,110,000
----- Total.....	\$1,000,000,000

===== The underwriting agreement provides that the obligations of the several underwriters to purchase the notes included in this offering are subject to certain conditions. The underwriters are obligated to purchase all the notes if they purchase any of the notes. SBC has been advised by the underwriters, for whom Deutsche Bank Securities Inc., J.P. Morgan Securities Inc. and Salomon Smith Barney Inc. are acting as representatives, that they propose to offer some of the notes directly to the public at the public offering price set forth on the cover page of this prospectus supplement and to dealers at the public offering price less a concession not in excess of 0.30% of the principal amount of the notes. The underwriters may allow, and the dealers may reallow, a discount to certain other dealers not in excess of 0.25% of the principal amount of the notes. After the initial offering of the notes to the public, the public offering price and the concessions may be changed by the representatives. The underwriting discount to be paid to the underwriters by us in connection with the offering (expressed as a percentage of the principal amount of the notes) is 0.45%. In addition to the underwriting discount, we estimate we will incur expenses of approximately \$100,000 in connection with the offering of the notes. Purchasers of our notes may be required to pay stamp taxes and other charges in accordance with the laws and practices of the country of purchase in addition to the issue price set forth on the cover page hereof. Our notes are a new issue of securities with no established trading market. We have been advised by the underwriters that they intend to make a market in our notes, but they are not obligated to do so and may discontinue such market making at any time without notice. No assurance can be given as to the liquidity of the trading market for our notes. In connection with the offering, Deutsche Bank Securities Inc., J.P. Morgan Securities Inc. and Salomon Smith Barney Inc., on behalf of the underwriters, may purchase and sell notes in the open market. These transactions may include over-allotment, syndicate covering transactions and stabilizing transactions. Over-allotment involves syndicate sales of notes in excess of the principal amount of notes to be purchased by the underwriters in the offering, which creates a syndicate short position. Syndicate covering transactions involve purchases of the notes in the open market after the distribution has been completed in order to cover syndicate short positions. Stabilizing transactions consist of certain bids or purchases of notes made for the purpose of preventing or retarding a decline in the market price of the notes while the offering is in progress. Any of these activities may cause the price of the notes to be higher than the price that otherwise would exist in the open market in the absence of such transactions. These transactions may be effected in the over-the-counter market or otherwise and, if commenced, may be discontinued at any time. We have agreed to indemnify the underwriters against certain liabilities, including liabilities under the Securities Act, or to contribute to payments the underwriters may be required to make in respect of any of those liabilities. In the ordinary course of their respective businesses, the underwriters and their respective affiliates have engaged, and may in the future engage, in commercial banking, general financing and/or S-22 investment banking transactions with us and certain of our affiliates. Certain of the underwriters are dealers under our commercial paper program and may receive proceeds from this offering. OFFERING RESTRICTIONS GENERAL Our notes are offered for sale in the United States and in jurisdictions outside the United States, subject to applicable law. Each of the underwriters has agreed that it will not offer, sell or deliver any of our notes, directly or indirectly, or distribute this prospectus supplement or the

accompanying prospectus or any other offering material relating to our notes, in or from any jurisdiction except under circumstances that will to the best knowledge and belief of such underwriter result in compliance with the applicable laws and regulations thereof and which will not impose any obligations on us except as set forth in the underwriting agreement.

**UNITED KINGDOM** Each underwriter has represented and agreed that it and each of its affiliates: (1) has not offered or sold and, prior to the expiry of the period of six months from the settlement date, will not offer or sell any notes to any persons in the United Kingdom except to persons whose ordinary activities involve them in acquiring, holding, managing or disposing of investments (as principal or agent) for the purposes of their businesses or otherwise in circumstances which have not resulted and will not result in an offer to the public in the United Kingdom within the meaning of the Public Offers of Securities Regulations 1995; (2) has only communicated or caused to be communicated and will only communicate or cause to be communicated any invitation or inducement to engage in investment activity (within the meaning of Section 21 of the Financial Services and Markets Act 2000, known as FSMA) received by it in connection with the issue or sale of any notes in circumstances in which Section 21(1) of the FSMA does not apply to the Issuer; and (3) has complied and will comply with all applicable provisions of the FSMA with respect to anything done by it in relation to the notes in, from or otherwise involving the United Kingdom.

**JAPAN** The notes have not been and will not be registered under the Securities and Exchange Law of Japan and each of the underwriters and each of its affiliates has represented and agreed that it has not offered or sold, and it will not offer or sell, directly or indirectly, any of the notes in or to residents of Japan or to any persons for reoffering or resale, directly or indirectly in Japan or to any resident of Japan, except pursuant to any exemption from the registration requirement of the Securities and Exchange Law available thereunder and in compliance with the other relevant laws and regulations of Japan.

**HONG KONG** Each underwriter has represented and agreed that (a) it has not offered or sold and will not offer or sell in Hong Kong, by means of any document, any notes, other than to persons whose ordinary business it is to buy or sell shares or debentures, whether as principal or agent, or in circumstances which do not constitute an offer to the public within the meaning of the Companies Ordinance of Hong Kong, and (b) unless it is a person permitted to do so under the securities laws of Hong Kong, it has not issued or had in its possession for the purpose of issue, and will not issue or have in its possession for the purpose of issue, in Hong Kong, any advertisement, invitation, or document relating to the notes, other than with respect to notes which are or are intended to be disposed of to persons outside Hong Kong or to be disposed of in Hong Kong only to persons whose business involves the acquisition, disposal or holding of securities whether as principal or agent.

**SINGAPORE** Each underwriter represents and agrees that it has not offered or sold and will not offer or sell any of the notes, nor will it circulate or distribute this prospectus supplement and accompanying prospectus or any other offering document or material in connection with the offer of notes, whether directly or indirectly, to the public or any member of the S-23 public in Singapore other than (i) to an institutional investor or other person specified in Section 106C of the Companies Act, Chapter 50 of Singapore (the "Singapore Companies Act"), (ii) to a sophisticated investor in accordance with the conditions, specified in Section 106D of the Singapore Companies Act, or (iii) otherwise pursuant to, and in accordance with the conditions of, any other applicable provisions of the Singapore Companies Act.

**THE NETHERLANDS** The notes may not be offered, transferred, sold or delivered, directly or indirectly, as part of their initial distribution or at any time thereafter, in The Netherlands other than to banks, pension funds, insurance companies, securities firms, investment institutions, central government, large international and supranational organizations and other entities (including, among others, treasuries and finance companies of large enterprises) which trade or invest in securities in the conduct of their business or profession.

**LEGAL OPINIONS** James D. Ellis, Senior Executive Vice President and General Counsel of SBC, is passing upon the validity of our notes for us. Sullivan & Cromwell, New York, New York, is passing upon the validity of our notes for the underwriters. Sullivan & Cromwell from time to time performs legal services for us.

**EXPERTS** The consolidated financial statements (including schedules incorporated by reference) of SBC Communications Inc. at December 31, 2001 and 2000, and for each of the two years in the period ended December 31, 2001, which are incorporated by reference in this prospectus supplement and accompanying prospectus, have been audited by Ernst & Young LLP, independent auditors, as set forth in their reports thereon appearing and incorporated by reference elsewhere herein. The financial statements referred to above are included in reliance upon such reports given on the authority of such firms as experts in accounting and auditing.

**WHERE YOU CAN FIND MORE INFORMATION -- DOCUMENTS INCORPORATED BY REFERENCE** The SEC allows us to incorporate by reference the information we file with them, which means that we can disclose important information to you by referring you to those documents. We incorporate by reference our

annual report on Form 10-K for the year ended December 31, 2001, our quarterly reports on Form 10-Q for the quarters ended March 31, 2002 and June 30, 2002 and our current reports on Form 8-K dated June 24, June 28, July 1, August 1 and August 12, 2002. You may request a copy of this filing, at no cost, by writing or telephoning us at our principal executive offices at the following address: SBC's Specialist-External Reporting SBC Communications Inc. 175 E. Houston Street San Antonio, Texas 78205-2233 Documents incorporated by reference will also be made available free of charge at the main office of the Luxembourg paying agent: Kredietbank S.A. Luxembourg 43, Boulevard Royal L-2955 Luxembourg GENERAL INFORMATION Luxembourg Paying Agent. We have appointed Kredietbank S.A. Luxembourg as the Luxembourg Paying Agent. We will maintain a paying and transfer agent in Luxembourg as long as our notes are listed on the Luxembourg Stock Exchange. For as long as our notes are listed on the Luxembourg Stock Exchange, we will publish any changes as to the identity or location of the Luxembourg Paying Agent in a leading daily newspaper in Luxembourg, which is expected to be the Luxemburger Wort. LISTING Application has been made to list the notes on the Luxembourg Stock Exchange. In connection with the listing application, our certificate of incorporation and by-laws and a legal notice relating to the issuance of the notes have been deposited prior to listing with Greffier en Chef du Tribunal d'Arrondissement de et a Luxembourg, where S-24 copies thereof may be obtained upon request. Copies of the above documents together with this prospectus supplement, the accompanying prospectus, the indenture, the underwriting agreement and our annual report on Form 10-K for the year ended December 31, 2001, our quarterly reports on Form 10-Q for the quarters ended March 31, 2002 and June 30, 2002 as well as all future annual reports, quarterly reports and financial current reports on Form 8-K, so long as any of the notes are outstanding and listed on the Luxembourg Stock Exchange, will be made available at the main office of Kredietbank S.A. Luxembourg 43, Boulevard Royal, L-2955, Luxembourg. We are required to file our annual report on Form 10-K for the year ended December 31, 2002, which includes our audited financial statements for the year ended December 31, 2002, within 90 days after the end of our fiscal year. Kredietbank S.A. Luxembourg will act as intermediary between the Luxembourg Stock Exchange and us and the holders of the notes as long as the notes are in global form. AUTHORIZATION The notes will be issued pursuant to authority granted by our board of directors on April 28, 2000, as that authority may be supplemented from time to time. MATERIAL CHANGE There has been no material adverse change in the financial position or operations of SBC and its subsidiaries on a consolidated basis since December 31, 2001, except as disclosed herein or in the documents incorporated by reference. LITIGATION Save as disclosed in this prospectus supplement and the accompanying prospectus, including the documents incorporated by reference therein, we are not involved in any litigation, arbitration or administrative proceedings that are material in the context of the issue of the notes, nor, so far as we are aware, are any such litigation, arbitration or administrative proceedings involving us pending or threatened. CLEARING SYSTEMS The notes have been accepted for clearance through DTC, Euroclear and Clearstream (Common Code: 015343052; ISIN: US78387GAK94; and CUSIP: 78387GAK9). S-25 PRINCIPAL OFFICE OF SBC COMMUNICATIONS INC. 175 E. Houston San Antonio, Texas 78205-2233 TRUSTEE AND REGISTRAR The Bank of New York 101 Barclay Street New York, New York 10286 LUXEMBOURG PAYING AGENT/TRANSFER AGENT/LISTING AGENT Kredietbank S.A. Luxembourg 43, Boulevard Royal L-2955 Luxembourg LEGAL ADVISERS TO THE UNDERWRITERS As to United States Law: Sullivan & Cromwell 125 Broad Street New York, New York 10004 AUDITORS TO SBC COMMUNICATIONS INC. Ernst & Young LLP Frost Bank Towers Suite 1900 100 West Houston Street San Antonio, Texas 78205-1457 PROSPECTUS U.S. \$7,500,000,000 SBC COMMUNICATIONS INC. DEBT SECURITIES, PREFERRED STOCK, [SBC LOGO] DEPOSITARY SHARES, COMMON STOCK ----- By this prospectus, we may offer from time to time up to U.S. \$7,500,000,000 of debt securities, shares of preferred stock, depositary shares representing fractions of shares of preferred stock, or shares of common stock. ----- When we offer securities, we will provide you with a prospectus supplement describing the terms of the specific issue of securities, including the offering price of the securities. You should read this prospectus and the accompanying prospectus supplement carefully before you invest. Our common stock is listed on the New York Stock Exchange, the Chicago Stock Exchange and the Pacific Stock Exchange under the symbol "SBC". Any common stock offered will be listed, subject to notice of issuance, on these exchanges. NEITHER THE SECURITIES AND EXCHANGE COMMISSION NOR ANY STATE SECURITIES COMMISSION HAS APPROVED OR DISAPPROVED OF THESE SECURITIES OR DETERMINED IF THIS PROSPECTUS IS TRUTHFUL OR COMPLETE. ANY REPRESENTATION TO THE CONTRARY IS A CRIMINAL OFFENSE. ----- THE DATE OF THIS PROSPECTUS IS MAY 25, 2000. TABLE OF

CONTENTS PAGE ---- Description of SBC Communications Inc. .... 1 Ratio of Earnings to Fixed Charges..... 1 Use of Proceeds..... 1 Summary Description of the Securities We May Issue..... 1 Description of Debt Securities We May Offer..... 2 Description of Preferred Stock..... 11 Description of Series A Preferred Stock..... 12 Description of Depositary Shares..... 12 Description of Common Stock..... 15 Plan of Distribution..... 17 Legal Opinions..... 18 Experts..... 18 Documents Incorporated by Reference..... 18 Where You Can Find More Information..... 19

**i DESCRIPTION OF SBC COMMUNICATIONS INC. SBC**

Communications Inc. is a holding company incorporated under the laws of the State of Delaware in 1983. Through our subsidiaries, we provide wireline and wireless telecommunications services and equipment, directory advertising and electronic commerce services and software, among other products and services. Our principal executive offices are located at 175 E. Houston Street, San Antonio, Texas 78205-2233. Our telephone number is 210-821-4105. We maintain an Internet site at the following location (which is not an active link): <http://www.sbc.com>.

**RATIO OF EARNINGS TO FIXED CHARGES** The following table sets forth the ratio of earnings to fixed charges of SBC for the periods indicated. At March 31, 2000, no preferred stock was outstanding. **THREE MONTHS ENDED MARCH 31, YEAR ENDED DECEMBER 31, -----**

	1999	2000	1995	1996	1997	1998	1999
-----	7.17	6.68	5.80	5.67	4.10	6.79	6.52

For the purpose of calculating this ratio, earnings consist of income before income taxes, extraordinary loss, cumulative effect of changes in accounting principles and fixed charges. Fixed charges include interest on indebtedness and one-third of rental expense (the portion of rentals representative of the interest factor). **USE OF PROCEEDS** Unless otherwise specified in the prospectus supplement, we will use the proceeds from the sale of the securities for the following corporate purposes: - to provide funds to repay our long- and short-term debt, if any, - to provide the funds we need to diversify our activities, - to provide funds for our subsidiaries, and - to provide funds for our general corporate purposes. **SUMMARY DESCRIPTION OF THE SECURITIES WE MAY ISSUE** We may use this prospectus to offer up to U.S. \$7,500,000,000 (or the equivalent) of: - Senior debt securities. These debt securities may be convertible or exchangeable into preferred stock, depositary shares, common stock or equity securities of a third party issuer. They will be unsecured and will rank equally with all of our other unsubordinated and unsecured debt. - Preferred stock, par value \$1.00 per share. The preferred stock may be convertible or exchangeable into other preferred stock, including depositary shares, common stock or equity securities of a third party issuer. We can offer different series of preferred stock with different dividend, liquidation, redemption and voting rights. - Depositary shares. We have the option of issuing depositary shares that would represent a fraction of a share of preferred stock. - Common stock, par value \$1.00 per share. In the case of securities that are exchangeable for securities of a third party issuer, the applicable prospectus supplement will give you more information about this issuer, the terms of its securities and the document in which they are described. Our securities include securities denominated in U.S. dollars, but we can choose to issue securities in any other currency, including the Euro. A prospectus supplement will describe the specific types, amounts, prices and detailed terms of any of these securities.

**-1- DESCRIPTION OF DEBT SECURITIES WE MAY OFFER** As required by U.S. federal law for all bonds and notes of companies that are publicly offered, our debt securities will be governed by a document called the indenture. The indenture is a contract between us and The Bank of New York, which acts as trustee for you. The trustee has two main roles: - First, the trustee can enforce your rights against us if we default. There are some limitations on the extent to which the trustee acts on your behalf, described later under "-- Remedies if an Event of Default Occurs". - Second, the trustee performs administrative duties for us, such as sending you interest payments, transferring your securities to new buyers and sending you notices. We may issue as many distinct series of securities under the indenture as we wish. This section summarizes terms of the securities that are common to all series. Most of the financial terms and other specific terms of your series are described in the prospectus supplement attached to the front of this prospectus. Those terms may vary from the terms described here. The prospectus supplement may also describe special federal income tax consequences of the debt securities. **THIS SECTION IS ONLY A SUMMARY** This section and your prospectus supplement summarize all the material terms of the indenture and your debt securities. They do not, however, describe every aspect of the indenture and your debt securities. The indenture and its associated documents, including your debt securities, contain the full text of the matters described in this section and your prospectus supplement. The indenture and the debt securities are governed by New York law. A copy of the indenture has been filed with the SEC as part of our registration statement. See "-- Where You Can Find

More Information" below for information on how to obtain a copy. Section references in the description that follows relate to the indenture.

**LEGAL OWNERSHIP OF DEBT SECURITIES** We can issue debt securities in registered or bearer form or both, or in the form of one or more global securities. We refer to those who have debt securities registered in their own names on the books that we or the trustee maintain for this purpose, or who hold bearer certificates representing bearer debt securities, as the "holders" of those debt securities. These persons are the legal holders of the debt securities. We refer to those who, indirectly through others, own beneficial interests in debt securities that are not registered in their own names, as "indirect holders" of those debt securities. As we discuss below, indirect holders are not legal holders, and investors in debt securities issued in book-entry form or in street name will be indirect holders.

**BOOK-ENTRY HOLDERS** We may issue debt securities in book-entry form only, as we will specify in the applicable prospectus supplement. This means debt securities may be represented by one or more global securities registered in the name of a financial institution that holds them as depository on behalf of other financial institutions that participate in the depository's book-entry system. These participating institutions, in turn, hold beneficial interests in the debt securities on behalf of themselves or their customers. For registered debt securities, only the person in whose name a debt security is registered is recognized under the indenture as the holder of that debt security. Debt securities issued in global form will be issued in the form of a global security registered in the name of the depository or its participants. Consequently, for debt securities issued in global form, we will recognize only the depository as the holder of the debt securities and we will make all payments on the debt securities to the depository. The depository passes along the payments it receives to its participants, which in turn pass the payments along to their customers who are the beneficial owners. The depository and its participants do so under agreements they have made with one another or with their customers; they are not obligated to do so under the terms of the debt securities. As a result, investors in a book-entry security will not own debt securities directly. Instead, they will own beneficial interests in a global security, through a bank, broker or other financial institution that participates in the depository's book-entry system or holds an interest through a participant. As long as the debt securities are issued in global form, investors will be indirect holders, and not holders, of the debt securities.

**-2- STREET NAME HOLDERS** In the future we may terminate a global security or issue debt securities initially in non-global form. In these cases, investors may choose to hold their debt securities in their own names or in "street name". Debt securities held by an investor in street name would be registered in the name of a bank, broker or other financial institution that the investor chooses, and the investor would hold only a beneficial interest in those debt securities through an account he or she maintains at that institution. For debt securities held in street name, we will recognize only the intermediary banks, brokers and other financial institutions in whose names the debt securities are registered as the holders of those debt securities and we will make all payments on those debt securities to them. These institutions pass along the payments they receive to their customers who are the beneficial owners, but only because they agree to do so in their customer agreements or because they are legally required to do so. Investors who hold debt securities in street name will be indirect holders, not holders, of those debt securities.

**LEGAL HOLDERS** Our obligations, as well as the obligations of the trustee and those of any third parties employed by us or the trustee, run only to the legal holders of the debt securities. We do not have obligations to investors who hold beneficial interests in global securities, in street name or by any other indirect means. This will be the case whether an investor chooses to be an indirect holder of a debt security or has no choice because we are issuing the debt securities only in global form. For example, once we make a payment or give a notice to the holder, we have no further responsibility for the payment or notice even if that holder is required, under agreements with depository participants or customers or by law, to pass it along to the indirect holders but does not do so. Similarly, if we want to obtain the approval of the holders for any purpose -- e.g., to amend the applicable indenture or to relieve us of the consequences of a default or of our obligation to comply with a particular provision of the applicable indenture -- we would seek approval only from the holders, and not the indirect holders, of the debt securities. Whether and how the holders contact the indirect holders is up to the holders. When we refer to you, we mean those who invest in the debt securities being offered by this prospectus, whether they are the holders or only indirect holders of those debt securities. When we refer to your debt securities, we mean the debt securities in which you hold a direct or indirect interest.

**SPECIAL CONSIDERATIONS FOR HOLDERS OF BEARER DEBT SECURITIES** We will offer debt securities in bearer form only outside of the United States to non-U.S. persons. You generally are a non-U.S. person if you are not: - a citizen or resident of the United States; - a corporation or partnership, including an entity treated as a corporation or partnership for United States federal income tax purposes, created or organized in or under the laws of the United States, any state of the United States or the

District of Columbia; - an estate the income of which is subject to United States federal income taxation regardless of its source; or - a trust if a court within the United States is able to exercise primary supervision of the administration of the trust and one or more United States persons have the authority to control all substantial decisions of the trust. In addition, we may offer bearer securities to offices of some U.S. financial institutions who have offices located outside the United States. We will describe any special restrictions on the offer, sale and delivery of bearer debt securities and any special federal income tax considerations applicable to bearer debt securities in the prospectus supplement.

**SPECIAL CONSIDERATIONS FOR INDIRECT HOLDERS** If you hold debt securities through a bank, broker or other financial institution, either in book-entry form or in street name, you should check with your own institution to find out: - how it handles securities payments and notices; - whether it imposes fees or charges; - how it would handle a request for the holders' consent, if ever required; -3- - whether and how you can instruct it to send you debt securities registered in your own name so you can be a holder, if that is permitted in the future; - how it would exercise rights under the debt securities if there were a default or other event triggering the need for holders to act to protect their interests; and - if the debt securities are in book-entry form, how the depository's rules and procedures will affect these matters.

**WHAT IS A GLOBAL SECURITY?** A global security is a security held by a depository, which represents one or any other number of individual debt securities. Generally, all debt securities represented by the same global securities will have the same terms. Each debt security issued in book-entry form will be represented by a global security that we deposit with and register in the name of a financial institution or its nominee that we select. The financial institution that we select for this purpose is called the depository. Unless we specify otherwise in the applicable prospectus supplement, The Depository Trust Company, New York, New York, known as DTC, will be the depository for all debt securities issued in book-entry form. A global security may not be transferred to or registered in the name of anyone other than the depository, its nominee or a successor depository, unless special termination situations arise. We describe those situations below under "-- Special Situations When a Global Security Will Be Terminated". As a result of these arrangements, the depository, or its nominee, will be the sole registered owner and holder of all debt securities represented by a global security, and investors will be permitted to own only beneficial interests in a global security. Beneficial interests must be held by means of an account with a broker, bank or other financial institution that in turn has an account with the depository or with another institution that does. Thus, an investor whose security is represented by a global security will not be a holder of the debt security, but only an indirect holder of a beneficial interest in the global security. If the prospectus supplement for a particular debt security indicates that the debt security will be issued in global form only, then the debt security will be represented by a global security at all times unless and until the global security is terminated. We describe the situations in which this can occur below under "-- Special Situations When a Global Security Will Be Terminated". If termination occurs, we may issue the debt securities through another book-entry clearing system or decide that the debt securities may no longer be held through any book-entry clearing system.

**SPECIAL CONSIDERATIONS FOR GLOBAL SECURITIES** As an indirect holder, an investor's rights relating to a global security will be governed by the account rules of the investor's financial institution and of the depository, as well as general laws relating to securities transfers. We do not recognize this type of investor as a holder of debt securities and instead deal only with the depository that holds the global security. If debt securities are issued only in the form of a global security, an investor should be aware of the following: - An investor cannot cause the debt securities to be registered in his or her name, and cannot obtain non-global certificates for his or her interest in the debt securities, except in the special situations we describe below; - An investor will be an indirect holder and must look to his or her own bank or broker for payments on the debt securities and protection of his or her legal rights relating to the debt securities, as we describe under "-- Legal Ownership of Debt Securities" above; - An investor may not be able to sell interests in the debt securities to some insurance companies and to other institutions that are required by law to own their securities in non-book-entry form; - An investor may not be able to pledge his or her interest in a global security in circumstances where certificates representing the debt securities must be delivered to the lender or other beneficiary of the pledge in order for the pledge to be effective; - The depository's policies, which may change from time to time, will govern payments, transfers, exchanges and other matters relating to an investor's interest in a global security. We and the trustee have no responsibility for any aspect of the depository's actions or for its records of ownership -4- interests in a global security. We and the trustee also do not supervise the depository in any way; - The depository may (and we understand that DTC will) require that those who purchase and sell interests in a global security within its book-entry system use immediately available funds and your broker or bank may require you to do so as well; and - Financial institutions that



participate in the depository's book-entry system, and through which an investor holds its interest in a global security, may also have their own policies affecting payments, notices and other matters relating to the debt securities. There may be more than one financial intermediary in the chain of ownership for an investor. We do not monitor and are not responsible for the actions of any of those intermediaries. **SPECIAL SITUATIONS WHEN A GLOBAL SECURITY WILL BE TERMINATED** In a few special situations described below, the global security will terminate and interests in it will be exchanged for physical certificates representing those interests. After that exchange, the choice of whether to hold securities directly or in street name will be up to the investor. Investors must consult their own bank or brokers to find out how to have their interests in securities transferred to their own name, so that they will be direct holders. We have described the rights of holders and street name investors above under "-- Legal Ownership of Debt Securities". The global security will terminate when the following special situations occur: - if the depository notifies us that it is unwilling, unable or no longer qualified to continue as depository for that global security and we do not appoint another institution to act as depository within 90 days; - if we notify the trustee that we wish to terminate that global security; or - if an event of default has occurred with regard to debt securities represented by that global security and has not been cured or waived. We discuss defaults later under "-- Default and Related Matters". The prospectus supplement may also list additional situations for terminating a global security that would apply only to the particular series of securities covered by the prospectus supplement. When a global security terminates, the depository -- and not we or the trustee -- is responsible for deciding the names of the institutions that will be the initial direct holders. (Sections 2.08(f) and (g)) **IN THE REMAINDER OF THIS SECTION "YOU" MEANS DIRECT HOLDERS AND NOT "STREET NAME" OR OTHER INDIRECT HOLDERS OF SECURITIES. INDIRECT HOLDERS SHOULD READ THE PREVIOUS SUBSECTION ENTITLED "LEGAL OWNERSHIP OF DEBT SECURITIES".** **OVERVIEW OF REMAINDER OF THIS SECTION** The remainder of this section summarizes: - **ADDITIONAL MECHANICS** relevant to the securities under normal circumstances, such as how you transfer ownership and where we make payments; - **Your rights under several SPECIAL SITUATIONS**, such as if we merge with another company, or if we want to change a term of the securities; and - **YOUR RIGHTS IF WE DEFAULT** or experience other financial difficulties. **ADDITIONAL MECHANICS FORM, EXCHANGE AND TRANSFER** The securities will be issued: - in fully registered or in unregistered (bearer) form; and - in denominations that are even multiples of \$1,000. (Section 2.02(a)(8)) You may have your securities broken into more securities of smaller denominations or combined into fewer securities of larger denominations, as long as the total principal amount is not changed. This is called an "exchange". (Section 2.08(a)) If you are holding bearer securities and it is permitted by the terms of your series of debt securities, you may exchange bearer debt securities for an equal amount of registered or bearer debt securities of the same series and date of maturity. No bearer debt securities will be exchanged for registered securities if in doing so we would suffer adverse consequences under any U.S. law applicable to the -5- exchange. Registered debt securities may not be exchanged for bearer debt securities. You may exchange or transfer your securities at the office of the registrar. The registrar acts as our agent for registering securities in the names of holders and for transferring and exchanging securities, as well as maintaining the list of registered holders. We have appointed The Bank of New York to perform the role of registrar. We may change this appointment to another entity or perform it ourselves. In order to exchange bearer securities, you have to deliver them to the paying agent, together with all unmatured coupons for interest and all matured coupons in default. (Section 2.08(b)) We can designate additional registrars or paying agents, acceptable to the trustee, and they would be named in the prospectus supplement. We may cancel the designation of any particular registrar or paying agent. We may also approve a change in the office through which any registrar or paying agent acts. We must maintain a registrar and paying agent office in the Borough of Manhattan in The City of New York. If at any time we do not maintain a registrar or paying agent, the trustee will act as such. (Section 2.04) There is no charge for exchanges and transfers. You will not be required to pay a service charge to transfer or exchange securities, but you may be required to pay for any tax or other governmental charge associated with the exchange or transfer. The transfer or exchange will only be made if the registrar is satisfied with your proof of ownership. (Section 2.08) At certain times, you may not be able to transfer or exchange your securities. If we redeem any series of securities, or any part of any series, then we may prevent you from transferring or exchanging these securities. We may do this during the period beginning 15 days before the day we mail the notice of redemption and ending on the day of that mailing, in order to freeze the list of holders so we can prepare the mailing. We may also refuse to register transfers or exchanges of securities selected for redemption, except that we will continue to permit transfers and exchanges of the unredeemed portion of any security being partially redeemed. (Section 2.08(d)) **REPLACING**

**YOUR LOST OR DESTROYED CERTIFICATES** If you bring a mutilated certificate or coupon to the trustee, we will issue a new certificate or coupon to you in exchange for the mutilated one. Please note that the trustee may have additional requirements that you must meet in order to do this. (Section 2.09) If you claim that a certificate or coupon has been lost, completely destroyed, or wrongfully taken from you, then the trustee will give you a replacement certificate or coupon if you meet the trustee's requirements. Also, we may require you to provide reasonable security or indemnity to protect us from any loss we may incur from replacing your certificates or coupons. We may also charge you for our expenses in replacing your security. (Section 2.09) **PAYMENT AND PAYING AGENTS** We will pay interest to you if you are a direct holder listed in the registrar's records at the close of business on a particular day in advance of each due date for interest, even if you no longer own the security on the interest due date. That particular day, usually about two weeks in advance of the interest due date, is called the "record date" and is stated in the prospectus supplement. (Section 2.05) Holders buying and selling securities must work out between them how to compensate for the fact that we will pay all the interest for an interest period to the one who is the registered holder on the record date. The most common manner is to adjust the sales price of the securities to prorate interest fairly between buyer and seller. This prorated interest amount is called "accrued interest." We will pay interest, principal and any other money due on the securities at the corporate trust office of the trustee in New York City. That office is currently located at The Bank of New York, 101 Barclay Street, Floor 21 West, New York, New York 10286. You must make arrangements to have your payments picked up at or wired from that office. We may also choose to pay interest by mailing checks. (Section 2.05) **"STREET NAME" AND OTHER INDIRECT HOLDERS SHOULD CONSULT THEIR BANKS OR BROKERS FOR INFORMATION ON HOW THEY WILL RECEIVE PAYMENTS.** We may also arrange for additional payment offices, and may cancel or change these offices, including our use of the trustee's corporate trust office. These offices are called "paying agents". We -6- may also choose to act as our own paying agent. We must notify you if we change the paying agents for any particular series of securities. (Section 2.04) **PAYMENT OF BEARER SECURITIES** We will only pay interest on bearer debt securities when you present and surrender the coupons for the interest installments evidenced by the bearer securities as they mature. You have to present your coupons at a paying agency of SBC located outside of the United States. We will maintain a non-U.S. paying agent for two years after the principal of a series of bearer debt securities has become due. We will continue to maintain the paying agent after that period, if it is necessary to comply with U.S. tax law or regulations. We will provide the paying agent with the necessary funds for payment upon reasonable notice. We generally will not make any payments in the United States. However, if payment outside of the United States is illegal or precluded by exchange controls or similar restrictions in a foreign country, we may instruct the trustee to make payments at a paying agent located in the United States. (Section 2.05(c)) You can prove your ownership of a bearer security by presenting the actual security, or a certificate or affidavit executed by the person holding the bearer security or executed by a depository with whom the bearer securities were deposited, if the trustee is satisfied with the certificate or affidavit. (Section 2.07(b)) **NOTICES** We and the trustee will send notices regarding the securities only to direct holders, using their addresses as listed in the trustee's records. (Section 10.02) Regardless of who acts as paying agent, all money we forward to a paying agent that remains unclaimed will, at our request, be repaid to us at the end of two years after the amount was due to the direct holder. After that two-year period, you may look only to us for payment and not to the trustee, any other paying agent or anyone else. (Section 8.03) **SPECIAL SITUATIONS MERGERS AND SIMILAR TRANSACTIONS** We are generally permitted to consolidate or merge with another company. We are also permitted to sell substantially all of our assets to another company, or to buy substantially all of the assets of another company. However, we may not take any of these actions unless all the following conditions are met: - Where we merge out of existence or sell our assets, the other company may not be organized under the laws of a foreign country. It must be a corporation organized under the laws of a State or the District of Columbia or under federal law. - The company we merge into or sell to must agree to be legally responsible for our debt securities. - The merger, sale of assets or other transaction must not cause a default on the securities, and we must not already be in default, unless the merger or other transaction would cure the default. For purposes of this no-default test, a default would include an event of default that has occurred and not been cured, as described below under "-- Events of Default -- What Is an Event of Default?". A default for this purpose would also include any event that would be an event of default if the requirements for giving us default notice or our default having to exist for a specific period of time were disregarded. (Section 5.01) **MODIFICATION AND WAIVER OF YOUR CONTRACTUAL RIGHTS** Under certain circumstances, we can make changes to the indenture and the securities. Some types of changes require the approval

of each security holder affected, some require approval by a majority vote, and some changes do not require any approval at all. (Sections 9.01 -- 9.06) **Changes Requiring Your Approval.** First, there are changes that cannot be made to your securities without your specific approval. Following is a list of those types of changes: - reduce the percentage of holders of securities who must consent to a waiver or amendment of the indenture; - reduce the rate of interest on any security or change the time for payment of interest; - reduce the principal due on any security or change the fixed maturity of any security; - waive a default in the payment of principal or interest on any security; - change the currency of payment on a security; -7- - in the case of convertible or exchangeable securities, make changes to your conversion or exchange rights that would be adverse to your interests; - change the right of holders to waive an existing default by majority vote; - reduce the amount of principal or interest payable to you following a default or change your conversion or exchange rights, or impair your right to sue for payment; and - make any change to this list of changes that require your specific approval. (Section 9.02(a)) **Changes Requiring a Majority Vote.** The second type of change to the indenture and the securities is the kind that requires a vote in favor by security holders owning a majority of the principal amount of the particular series affected. Most changes fall into this category, except for clarifying changes and certain other changes that would not adversely affect holders of the securities. The same vote would be required for us to obtain a waiver of a past default. However, we cannot obtain a waiver of a payment default or any other aspect of the indenture or the securities listed in the first category described previously under "Changes Requiring Your Approval" unless we obtain your individual consent to the waiver. (Section 9.02(a)) **Changes Not Requiring Your Approval.** The third type of change does not require any vote by holders of securities. This type is limited to clarifications of ambiguous contract terms and other changes that would not adversely affect holders of the securities. (Section 9.01) **Further Details Concerning Voting.** When taking a vote, we will use the following rules to decide how much principal amount to attribute to a security: - For original issue discount securities, we will use the principal amount that would be due and payable on the voting date if the maturity of the securities were accelerated to that date because of a default. - For securities denominated in one or more foreign currencies or currency units, we will use the U.S. dollar equivalent determined on the date of original issuance of these securities. Securities will not be considered outstanding, and therefore not eligible to vote, if we have deposited or set aside in trust for you money for their payment or redemption. A security does not cease to be outstanding because we or an affiliate of us is holding the security. (Section 2.10) **We will generally be entitled to set any day as a record date for the purpose of determining the holders of outstanding securities that are entitled to vote or take other action under the indenture. However, the indenture does not oblige us to fix any record date at all. If we set a record date for a vote or other action to be taken by holders of a particular series, that vote or action may be taken only by persons who are holders of outstanding securities of that series on the record date and must be taken within 90 days following the record date. (Section 9.02(b)) "STREET NAME" AND OTHER INDIRECT HOLDERS SHOULD CONSULT THEIR BANKS OR BROKERS FOR INFORMATION ON HOW APPROVAL MAY BE GRANTED OR DENIED IF WE SEEK TO CHANGE THE INDENTURE OR THE SECURITIES OR REQUEST A WAIVER. DISCHARGE OF OUR OBLIGATIONS** We can fully discharge ourselves from any payment or other obligations on the securities of any series if we make a deposit for you with the trustee. The deposit must be held in trust for your benefit and the benefit of all other direct holders of the securities and must be a combination of money and U.S. government or U.S. government agency notes or bonds that will generate enough cash to make interest, principal and any other payments on the securities on their various due dates. However, we cannot discharge ourselves from the obligations under any convertible or exchangeable securities, unless we provide for it in the terms of these securities and the prospectus supplement. If we accomplish full discharge, as described above, you will have to rely solely on the trust deposit for repayment of the securities. You could not look to us for repayment in the unlikely event of any shortfall. Conversely, the trust deposit would most likely be protected from claims of our lenders and other creditors if we ever become bankrupt or insolvent. We will indemnify the trustee and you against any tax, fee or other charge imposed on the U.S. government obligations we deposited with the -8- trustee or against the principal and interest received on these obligations. (Sections 8.01 -- 8.04) **REDEMPTION WE MAY CHOOSE TO REDEEM YOUR SECURITIES** We may be able to pay off your securities before their normal maturity. If we have this right with respect to your specific securities, the right will be mentioned in the prospectus supplement. It will also specify when we can exercise this right and how much we will have to pay in order to redeem your securities. If we choose to redeem your securities, we will mail written notice to you not less than 30 days prior to redemption, and not more than 60 days prior to redemption. Also, you may be prevented from exchanging or transferring your securities when they are subject to

redemption, as described under "-- Form, Exchange and Transfer" above. (Article 3) LIENS ON ASSETS The indenture does not restrict us from pledging or otherwise encumbering any of our assets and those of our subsidiaries.

**DEFAULT AND RELATED MATTERS RANKING COMPARED TO OTHER CREDITORS** The securities are not secured by any of our property or assets. Accordingly, your ownership of securities means you are one of our unsecured creditors. The securities are not subordinated to any of our other debt obligations and therefore they rank equally with all our other unsecured and unsubordinated indebtedness. However, the trustee has a right to receive payment for its administrative services prior to any payment to security holders after a default.

**EVENTS OF DEFAULT** You will have special rights if an event of default occurs and is not cured, as described later in this subsection. **What Is an Event of Default?** The term "event of default" with respect to any series of securities means any of the following: - We fail to make any interest payment on a security when it is due, and we do not cure this default within 90 days. - We fail to make any payment of principal when it is due at the maturity of any security or upon redemption. - We fail to comply with any of our other agreements regarding a particular series of securities or with a supplemental indenture, and after we have been notified of the default by the trustee or holders of 25% in principal amount of the series, we do not cure the default within 90 days. - We file for bankruptcy, or other events in bankruptcy, insolvency or reorganization occur. - Any other event of default described in the prospectus supplement occurs.

**REMEDIES IF AN EVENT OF DEFAULT OCCURS** You will have the following remedies if an event of default occurs: **Acceleration.** If an event of default has occurred and has not been cured or waived, then the trustee or the holders of 25% in principal amount of the securities of the affected series may declare the entire principal amount of and any accrued interest on all the securities of that series to be due and immediately payable. An acceleration of maturity may be cancelled by the holders of at least a majority in principal amount of the securities of the affected series, if all events of default have been cured or waived. (Section 6.02) **Special Duties of Trustee.** If an event of default occurs, the trustee will have some special duties. In that situation, the trustee will be obligated to use those of its rights and powers under the indenture, and to use the same degree of care and skill in doing so, that a prudent person would use in that situation in conducting his or her own affairs. (Section 7.01) **Majority Holders May Direct the Trustee to Take Actions to Protect Their Interests.** The trustee is not required to take any action under the indenture at the request of any holders unless the holders offer the trustee reasonable protection from expenses and liability. This is called an "indemnity". If the trustee is provided with an indemnity reasonably satisfactory to it, the holders of a majority in principal amount of the relevant series of debt securities may direct the time, method and place of conducting any lawsuit or other formal legal action seeking any remedy available to the trustee. These majority holders may also direct the trustee in -9- performing any other action under the indenture. (Section 6.05) **Individual Actions You May Take if the Trustee Fails to Act.** Before you bypass the trustee and bring your own lawsuit or other formal legal action or take other steps to enforce your rights or protect your interests relating to the securities, the following must occur: - You must give the trustee written notice that an event of default has occurred and remains uncured. - The holders of 25% in principal amount of all outstanding securities of the relevant series must make a written request that the trustee take action because of the default, and must offer reasonable indemnity to the trustee against the cost and other liabilities of taking that action. - The trustee must not have taken action for 60 days after receipt of the above notice and offer of indemnity. - During the 60-day period, the holders of a majority in principal amount of the securities of that series do not give the trustee a direction inconsistent with the request. (Section 6.06) However, you are entitled at any time to bring an individual lawsuit for the payment of the money due on your security on or after its due date. (Section 6.07) **WAIVER OF DEFAULT** The holders of a majority in principal amount of the relevant series of debt securities may waive a default for all the relevant series of debt securities. If this happens, the default will be treated as if it has not occurred. No one can waive a payment default on your debt security, however, without your individual approval. (Section 6.04) **WE WILL GIVE THE TRUSTEE INFORMATION ABOUT DEFAULTS ANNUALLY** Every year we will give to the trustee a written statement of one of our officers certifying that to the best of his or her knowledge we are in compliance with the indenture and the debt securities, or else specifying any default. (Section 4.03) The trustee may withhold from you notice of any uncured default, except for payment defaults, if it determines that withholding notice is in your interest. (Section 7.05) **"STREET NAME" AND OTHER INDIRECT HOLDERS SHOULD CONSULT THEIR BANKS OR BROKERS FOR INFORMATION ON HOW TO GIVE NOTICE OR DIRECTION TO OR MAKE A REQUEST OF THE TRUSTEE AND HOW TO MAKE OR CANCEL A DECLARATION OF ACCELERATION.** **ORIGINAL ISSUE DISCOUNT SECURITIES** The debt securities may be issued as original issue discount securities, which will be

offered and sold at a substantial discount from their principal amount. Only a discounted amount will be due and payable when the trustee declares the acceleration of the maturity of these debt securities after an event of default has occurred and continues, as described under "-- Remedies if an Event of Default Occurs" above.

**CONVERSION OF CONVERTIBLE DEBT SECURITIES** Your debt securities may be convertible into our preferred stock, including depositary shares representing preferred stock, or common stock, or they may be exchangeable for equity securities of another issuer if the prospectus supplement so provides. If your debt securities are convertible or exchangeable, the prospectus supplement will include provisions as to whether conversion or exchange is mandatory, at your option or at our option. The prospectus supplement would also include provisions regarding the adjustment of the number of shares of common stock or other securities you will receive upon conversion or exchange. In addition, the prospectus supplement will contain the conversion price or exchange price and mechanisms for adjusting this price. In the case of exchangeable debt securities, the prospectus supplement will set forth information about the issuer for whose securities you would exchange your debt, or where that information can be found.

**WE MAY NOT ADJUST THE EXCHANGE OR CONVERSION PRICE** Unless it is specified in the prospectus supplement, we will not adjust the exchange or conversion price of your debt securities for interest on your securities or for any dividends payable on the new securities you will receive. However, if you convert or exchange your securities between a regular record date for the payment of interest and the next following interest payment date, you must include funds equal to the interest that would be payable on -10- your securities on this following interest payment date. We are not required to issue fractional shares of preferred stock, depositary shares or common stock, but, unless we otherwise specify in the prospectus supplement, we will pay you a cash adjustment calculated on the basis of the following: - for debt securities convertible into preferred stock or depositary shares, the liquidation preference of the series of preferred stock; - for common stock, the market value of the common stock; and - for exchangeable debt securities, the market value of the securities that you will exchange your securities for.

**TAX CONSEQUENCES** You may be deemed to have received a distribution that would be taxed as a dividend under U.S. federal income tax law in a number of circumstances where you receive a distribution that results in an adjustment of the conversion or exchange price of your securities. In other circumstances, if your conversion or exchange price will not be adjusted, that may result in a taxable dividend on the common stock or preferred stock that you will receive upon conversion or on the securities that were exchanged for debt securities.

**REGARDING THE TRUSTEE** We maintain banking relationships in the ordinary course of business with the trustee. The trustee is also the trustee under indentures with others of our subsidiaries.

**DESCRIPTION OF PREFERRED STOCK** The following briefly summarizes the material terms of our preferred stock other than pricing and related terms disclosed in the accompanying prospectus supplement. You should read the particular terms of any series of preferred stock we offer, which will be described in more detail in the prospectus supplement relating to that series. The prospectus supplement will also state whether any of the terms summarized below do not apply to the series of preferred stock being offered. In addition, for each series of preferred stock, we will file a certificate of designations containing the specific terms of the series as an exhibit to the registration statement or we will incorporate it by reference before we issue any preferred stock.

**GENERAL** We are authorized to issue up to 10,000,000 shares of preferred stock, par value \$1.00 per share. Under our restated certificate of incorporation, our board of directors is authorized to issue shares of preferred stock in one or more series. To establish a series of preferred stock the board must set the following terms: - the number of shares to be included in the series; - the designation, powers, preferences and rights of the shares of the series; - the qualifications, limitations or restrictions of the series; and - the variations as between each series. Before we issue any series of preferred stock, our board of directors will adopt resolutions creating and designating the series as a series of preferred stock. Stockholders will not need to approve these resolutions. As of May 1, 2000, no shares of preferred stock were outstanding, but we have designated 8,000,000 shares of preferred stock as Series A Junior Participating Preferred Stock issuable pursuant to a rights agreement, which is described below under "Description of Series A Preferred Stock". However, the rights exercisable under this plan expired on January 27, 1999, and we have not adopted a new rights plan.

**TERMS CONTAINED IN PROSPECTUS SUPPLEMENT** A prospectus supplement will contain the dividend, liquidation, redemption and voting rights of a series of preferred stock. The prospectus supplement will describe the following terms of a series of preferred stock: - the designation and stated value per share of the preferred stock and the number of shares offered; - the amount of liquidation preference per share; - the initial public offering price at which we will issue the preferred stock; -11- - the dividend rate or method of calculation, the payment dates for dividends and the dates from which dividends will start to cumulate; - any redemption or sinking fund provisions; -

any conversion or exchange rights; - whether we have elected to offer depositary shares, as described below under "Description of Depositary Shares"; and - any additional voting, dividend, liquidation, redemption, sinking fund and other rights or restrictions. **NO PREEMPTIVE RIGHTS** The holders of preferred stock will have no preemptive rights to buy any additional shares. The preferred stock will be, when issued, fully paid and nonassessable. Neither the par value nor the liquidation preference can show you the price at which the preferred stock will actually trade on or after the date of issuance. The applicable prospectus supplement will describe some of the U.S. federal income tax consequences of the purchase and ownership of the series of preferred stock. **DESCRIPTION OF SERIES A PREFERRED STOCK** The information set forth below summarizes some of the provisions of our Series A Junior Participating Preferred Stock. This series was never issued, but remains designated as a series, so we must describe it. Upon issuance, each share of Series A Preferred Stock is entitled to quarterly cash dividends. The Series A Preferred Stock is not redeemable. Each share of Series A Preferred Stock has 200 votes on all matters submitted to a vote of our stockholders, voting together as one class with the common stock. The Series A Preferred Stock ranks junior to all other series of our preferred stock as to the payment of dividends and the distribution of assets, unless the terms of any such series provide otherwise. It is entitled to a liquidation preference if we should liquidate, dissolve or wind-up and to a preference in the payment of dividends over stock ranking junior as to dividends or upon liquidation. Up to 8,000,000 shares of Series A Preferred Stock are authorized for issuance. **DESCRIPTION OF DEPOSITARY SHARES** We may offer depositary shares evidenced by depositary receipts. Each depositary receipt represents a fraction of a share of the particular series of preferred stock issued and deposited with a depositary. The fraction of a share of preferred stock which each depositary share represents will be set forth in the prospectus supplement relating to those depositary shares. We will describe the transfer agent for each series of preferred stock in the applicable prospectus supplement. **DESCRIPTION OF DEPOSITARY SHARES** The following briefly summarizes the material provisions of the deposit agreement and of the depositary shares and depositary receipts, other than pricing and related terms disclosed in the accompanying prospectus supplement. You should read the particular terms of any depositary shares and any depositary receipts that we offer. You should also read the deposit agreement relating to the particular series of preferred stock and the more detailed description of the deposit agreement in the prospectus supplement. The prospectus supplement will also state whether any of the generalized provisions summarized below do not apply to the depositary shares or depositary receipts being offered. **GENERAL** We will deposit the shares of any series of preferred stock represented by depositary shares according to the provisions of a deposit agreement between us and a bank or trust company which we will select as our preferred stock depositary. The depositary must have its principal office in the United States and have a combined capital and surplus of at least \$50,000,000. Each owner of a depositary share will be entitled to all the rights and preferences of the underlying preferred stock in proportion to the applicable fraction of a share of preferred stock represented by the depositary share. These rights include dividend, voting, redemption, conversion and liquidation rights. The depositary -12- will send you all reports and communications which we will deliver to the depositary and which we have to furnish to you. The following is a summary of the deposit agreement. For more complete information, you should read the entire agreement and the depositary receipt. Directions on how to obtain copies of these are provided under "-- Where You Can Find More Information" below. **DEPOSITARY RECEIPTS** The depositary shares will be evidenced by depositary receipts issued pursuant to the deposit agreement. Depositary receipts will be distributed to anyone who is buying the fractional shares of preferred stock in accordance with the terms of the applicable prospectus supplement. We will either file the forms of deposit agreement and depositary receipt as exhibits to the registration statement of which this prospectus is a part, or we will incorporate them by reference into that registration statement. While definitive engraved depositary receipts (certificates) are being prepared, we may instruct the depositary to issue temporary depositary receipts, which will entitle you to all the rights of the definitive depositary receipts and be substantially in the same form. The depositary will prepare definitive depositary receipts without unreasonable delay, and we will pay for the exchange of your temporary depositary receipts for definitive depositary receipts. **WITHDRAWAL OF PREFERRED STOCK** You may receive the number of whole shares of your series of preferred stock and any money or other property represented by those depositary receipts after surrendering the depositary receipts at the corporate trust office of the depositary. Partial shares of preferred stock will not be issued. If the depositary shares which you surrender exceed the number of depositary shares that represent the number of whole shares of preferred stock you wish to withdraw, then the depositary will deliver to you at the same time a new depositary receipt evidencing the excess number of depositary shares. Once you have withdrawn your preferred stock, you will not be entitled to re-deposit that preferred

stock under the deposit agreement in order to receive depositary shares. We do not expect that there will be any public trading market for withdrawn shares of preferred stock.

**DIVIDENDS AND OTHER DISTRIBUTIONS** The depositary has agreed to pay to you the cash dividends or other cash distributions it receives on preferred stock, after deducting its fees and expenses. You will receive these distributions in proportion to the number of depositary shares you own. The depositary will distribute only whole U.S. dollars and cents. The depositary will add any fractional cents not distributed to the next sum received for distribution to record holders of depositary shares. In the event of a non-cash distribution, the depositary will distribute property to the record holders of depositary shares entitled to it, unless the depositary determines that it is not feasible to make such a distribution, in which case the depositary may, with our approval, sell the property and distribute the net proceeds from the sale to the holders.

**REDEMPTION OF DEPOSITARY SHARES** If we redeem a series of preferred stock represented by depositary shares, then we will give the necessary proceeds to the depositary. The depositary will then redeem the depositary shares using the funds they received from us for the preferred shares. The depositary will notify the record holders of the depositary shares to be redeemed not less than 30 nor more than 60 days before the date fixed for redemption at the holders' addresses appearing in the depositary's books. The redemption price per depositary share will be equal to the applicable fraction of the redemption price payable per share for the applicable series of the preferred stock. Whenever we redeem shares of preferred stock held by the depositary, the depositary will redeem the depositary shares representing the shares of preferred stock on the same day. If fewer than all the depositary shares of a series are to be redeemed, the depositary shares will be selected by lot or ratably as the depositary will decide. After the date fixed for redemption, the depositary shares called for redemption will no longer be considered outstanding. Therefore, all your rights as holders of the depositary shares will cease, except that you will still be entitled to receive any cash payable upon the redemption and any money or other property to which you were entitled at the time of redemption.

**-13- VOTING THE PREFERRED STOCK** How do you vote? The depositary will notify you of any upcoming vote and arrange to deliver our voting materials to you, if you are a holder of record at that time. The record date for determining if you are a holder of depositary shares is the same as the record date for the preferred stock. The materials you will receive will (1) describe the matters to be voted on and (2) explain how you, on a certain date, may instruct the depositary to vote the shares underlying your depositary receipts as you direct. For instructions to be valid, the depositary must receive them on or before the date specified. The depositary will try, as far as practical, to vote the shares as you instruct. We agree to do anything the depositary asks us to do in order to enable it to vote as you instruct. If you do not instruct the depositary how to vote your shares, the depositary will abstain from voting those shares.

**CONVERSION OR EXCHANGE** What happens when we convert preferred stock into other securities, or exchange it for securities of another company? The depositary will convert or exchange all your depositary shares on the same day that the preferred stock underlying your depositary receipts is converted or exchanged. In order for the depositary to do so, we will need to deposit the other preferred stock, common stock or other securities into which the preferred stock is to be converted or for which it will be exchanged. The exchange or conversion rate per depositary share will be equal to: - the exchange or conversion rate per share of preferred stock, multiplied by the fraction of a share of preferred stock represented by one depositary share, - plus all money and any other property represented by the depositary shares, and - including all amounts paid by us for dividends that have accrued on the preferred stock on the exchange or conversion date and that have not yet been paid. The following are some more terms of conversions and exchanges that you should keep in mind: The depositary shares, as such, cannot be converted or exchanged into other preferred stock, common stock, securities of another issuer or any other securities or property of us. Nevertheless, if so specified in the applicable prospectus supplement, you may be able to surrender the depositary receipts to the depositary with written instructions asking the depositary to instruct us to convert the preferred stock represented by the depositary shares into other shares of preferred stock or common stock of us or to exchange the preferred stock for securities of another issuer. If you have this right, we have agreed that we will cause the conversion or exchange of the preferred stock using the same procedures as we use for the delivery of preferred stock. If you are only converting part of your depositary shares represented by a depositary receipt, new depositary receipts will be issued for any depositary shares that you do not convert or exchange.

**TAXATION** As owner of depositary shares, you will be treated for U.S. federal income tax purposes as if you were an owner of the series of preferred stock represented by the depositary shares. Therefore, you will be required to take into account for U.S. federal income tax purposes income and deductions to which you would be entitled if you were a holder of the underlying series of preferred stock. In addition, - no gain or loss will be recognized for U.S. federal income tax purposes upon the withdrawal of preferred stock in exchange for

depository shares as provided in the deposit agreement, - the tax basis of each share of preferred stock to you as exchanging owner of depository shares will, upon exchange, be the same as the aggregate tax basis of the depository shares exchanged for the preferred stock, and - if you held the depository shares as a capital asset at the time of the exchange for preferred stock, the holding period for shares of the preferred stock will include the period during which you owned the depository shares.

**AMENDMENT AND TERMINATION OF THE DEPOSIT AGREEMENT** How may the deposit agreement be amended? We may agree with the depository to amend the deposit agreement and the form of depository receipt without your consent at any time. However, if the amendment adds or increases fees or charges or prejudices an important right of holders, it will only become effective with the approval of holders of at least a majority of the affected depository shares then outstanding. If an amendment becomes effective, and you continue to hold your depository receipts, you are deemed to agree to the amendment and to be bound by the amended deposit agreement. How may the deposit agreement be terminated? The deposit agreement automatically terminates if: - all outstanding depository shares have been redeemed; - each share of preferred stock has been converted into or exchanged for common stock; or - a final distribution in respect of the preferred stock has been made to the holders of depository shares in connection with our liquidation, dissolution or winding-up. We may also terminate the deposit agreement at any time we wish. If we do so, the depository will give you notice of termination not less than 30 days before the termination date. Once you surrender your depository receipts to the depository, it will send you the number of whole or fractional shares of the series of preferred stock underlying your depository receipts.

**CHARGES OF DEPOSITARY AND THE EXPENSES** We will pay all transfer and other taxes and governmental charges in connection with the existence of the depository arrangements. We will pay charges of the depository for the initial deposit of the preferred stock and any redemption. You will pay other transfer and other taxes and governmental charges and the charges that are expressly provided in the deposit agreement to be for your account.

**LIMITATIONS ON OUR OBLIGATIONS AND LIABILITY TO HOLDERS OF DEPOSITARY RECEIPTS** The deposit agreement expressly limits our obligations and the obligations of the depository to you. It also limits our liability and the liability of the depository. We and the depository: - are only obligated to take the actions specifically set forth in the deposit agreement in good faith; - are not liable if either of us is prevented or delayed by law or circumstances beyond our control from performing our obligations under the deposit agreement; - are not liable if either of us exercises discretion permitted under the deposit agreement; - have no obligation to become involved in a lawsuit or other proceeding related to the depository receipts or the deposit agreement on your behalf or on behalf of any other party, unless you provide us with satisfactory indemnity; - may rely upon any written advice of counsel or accountants and on any documents we believe in good faith to be genuine and to have been signed or presented by the proper party. In the deposit agreement, we and the depository agree to indemnify each other under certain circumstances.

**RESIGNATION AND REMOVAL OF DEPOSITARY** The depository may resign at any time by notifying us of its election to do so. In addition, we may remove the depository at any time. The resignation or removal will take effect when we appoint a successor depository and it accepts the appointment. We must appoint the successor depository within 60 days after delivery of the notice of resignation or removal and the new depository must be a bank or trust company having its principal office in the United States and having a combined capital and surplus of at least \$50,000,000.

**DESCRIPTION OF COMMON STOCK** Our authorized share capital consists of 7,010,000,000 shares, of which 7,000,000,000 are common shares having a par value of \$1 per share and 10,000,000 are preferred shares having a par value of \$1 per share. As of April 28, 2000, 3,401,719,865 shares of common stock were outstanding. The common stock is listed on the NYSE, the Chicago Stock Exchange and the Pacific Stock Exchange under the symbol "SBC". The following briefly summarizes the provisions of our restated certificate of incorporation and our bylaws that are important for you. Both documents are incorporated by reference as exhibits to the registration statement and you can obtain them -15- as described below in "Where you can find more information". You should note that some of the provisions of our restated certificate of incorporation and the bylaws may tend to deter any potential unfriendly tender offers or other efforts to obtain control of us. At the same time, these provisions will tend to assure continuity of management and corporate policies and to induce any persons seeking control or a business combination with us to negotiate on terms acceptable to our then-elected board of directors.

**GENERAL** All outstanding shares of common stock are, and any shares of common stock offered will, when issued, be fully paid and nonassessable. We typically do not issue physical stock certificates. Instead, we record evidence of your stock ownership solely on our corporate records. However, we will issue a physical stock certificate to you if you so request. Holders of common stock do not have any conversion, redemption, preemptive or cumulative voting rights. In



the event of our dissolution, liquidation or winding-up, common stockholders share ratably in any assets remaining after all creditors are paid in full, including holders of our debt securities and after the liquidation preference of holders of preferred stock has been satisfied. The transfer agent for the common stock is First Chicago Trust Company of New York, P.O. Box 2508, Jersey City, New Jersey 07303-2508. **DIVIDENDS** Common stockholders are entitled to participate equally in dividends when dividends are declared by our board of directors out of funds legally available for dividends. **VOTING RIGHTS** Each holder of common stock is entitled to one vote for each share for all matters voted on by common stockholders. Holders of common stock may not cumulate their votes in the election of directors. Directors are elected by a plurality of the votes cast, while all other matters are determined by a majority of the votes cast, unless otherwise required by law or our restated certificate of incorporation. At least 40% of the shares entitled to vote at the meeting must be present in person or by proxy, in order to constitute a quorum. **BOARD OF DIRECTORS** Our bylaws provide that our board of directors shall be divided into three classes each consisting of an equal, or as nearly equal as possible, number of directors. Each class will be elected for a three-year term, and the term of each class will expire in succeeding years. It will, therefore, require elections in three consecutive years to reelect or to replace our entire board of directors. At any meeting of our board of directors, a majority of the total number of the directors constitutes a quorum. **SUPERMAJORITY VOTE FOR BUSINESS COMBINATIONS** Our bylaws also provide that a number of business combinations must be approved by an affirmative vote of the holders of 66% of the then-outstanding shares of our capital stock entitled to vote generally in the election of directors, voting together as a single class. A vote of approval is required for any of the following business combinations to which an interested stockholder beneficially owning more than ten percent of the voting stock or any of its affiliates is a party: - mergers or consolidations; - sales, leases, exchanges, mortgages or other dispositions of property in excess of \$10,000,000 fair market value; - any issuance or transfer of securities of us or one of our subsidiaries having a fair market value of \$10,000,000 or more; - any plan or proposal for liquidation or dissolution; and - reclassifications of securities or recapitalization of SBC. The 66% vote of approval is not required if: - the business combination is approved by a majority of directors not affiliated with any interested stockholder; or - the consideration received for their interest in SBC reflects a fair value for their interest in SBC, -16- which is determined by a formula described in the bylaws; and - certain other requirements are met, including maintenance of dividends during the business combination and the furnishing of information about the business combination to our stockholders. **AMENDMENT OF BYLAWS** Our restated certificate of incorporation requires a two-thirds affirmative vote of the stockholders to amend any bylaw, which provides for: - the maximum number of directors on our board; - a classified board with staggered terms of office; or - approval by the stockholders or by our board of directors of any business combination. **ACTION WITHOUT STOCKHOLDER MEETING** Our restated certificate of incorporation also requires that stockholders representing at least two-thirds of the total number of shares must sign a written consent for any action without a meeting of the stockholders. **PLAN OF DISTRIBUTION** We may sell securities to purchasers, directly through agents, dealers, or underwriters, or through a combination of any of those methods of sale. The distribution of the securities may be made from time to time in one or more transactions at a fixed price or prices, which may be changed, at market prices prevailing at the time of sale, at prices related to these prevailing market prices or at negotiated prices. **THROUGH AGENTS** We and the agents designated by us may solicit offers to purchase securities. Agents that participate in the distribution of securities may be deemed underwriters under the Securities Act of 1933. We will name any agent that will participate in the distribution of the securities, and any commission we will pay to it will be described in the prospectus supplement. Any agent will be acting on a "best efforts" basis for the period of its appointment, unless we indicate differently in the prospectus supplement. **TO DEALERS** The securities may be sold to a dealer as principal. The dealer may then resell the securities to the public at varying prices determined by it at the time of resale. The dealer may be deemed to be an underwriter under the Securities Act of 1933. **TO UNDERWRITERS** The securities may also be sold to one or more underwriters and we will then execute an underwriting agreement with them at the time of sale. The names of the underwriters will be set forth in the prospectus supplement, which will be used by the underwriters to resell the securities. **CONVERTIBLE, REDEEMABLE AND EXCHANGEABLE SECURITIES** If we choose to offer debt securities or preferred stock that is convertible, redeemable or exchangeable into or for third-party securities, we will identify in the applicable prospectus supplement: - the third party, - the third-party securities offered, - all documents filed by the third party pursuant to Section 13(a), 13(c), 14 or 15(d) of the Exchange Act since the end of the third party's last completed fiscal year, to the extent the third party is subject to the periodic reporting requirements of the Exchange Act, and - the document

containing the description of the third-party securities. We may enter into indemnification agreements with underwriters, dealers, agents and other persons participating in the distribution of securities, who will then be entitled to indemnification by us against some civil liabilities. The indemnification covers liabilities under the Securities Act.

**DELAYED DELIVERY ARRANGEMENTS** We may authorize underwriters, dealers or other persons acting as our agents to solicit offers from a number of institutions to purchase securities from us. We will indicate our intention to do this in -17- the prospectus supplement. The contracts for these purchases will provide for payment and delivery on a future date or dates. These institutions include commercial and savings banks, insurance companies, pension funds, investment companies, educational and charitable institutions and others and must be approved by us. The obligations of purchasers under these contracts will be unconditional, except that: - at the time of delivery, the purchase of the securities shall not be prohibited under the laws of the jurisdiction of the purchaser, and - if the securities are also being sold to underwriters, we have to sell the securities not sold for delayed delivery to the underwriters. The underwriters, dealers and other persons will not have any responsibility for the validity or performance of these contracts.

**LEGAL OPINIONS** Unless otherwise indicated in the prospectus supplement, the validity of the securities offered by this prospectus will be passed upon for us by Mr. James D. Ellis, Senior Executive Vice President and General Counsel of SBC, and for any underwriters, dealers or agents by Sullivan & Cromwell, New York, New York. As of May 10, 2000, Mr. Ellis owned less than 1% of the outstanding shares of SBC. Sullivan & Cromwell from time to time performs legal services for SBC.

**EXPERTS** Our audited consolidated financial statements and financial statement schedules included in our annual report on Form 10-K for the year ended December 31, 1999, which are incorporated by reference in this prospectus, have been examined by Ernst & Young LLP, independent auditors. They have been so incorporated in reliance on the report given on the authority of Ernst & Young LLP as experts in auditing and accounting. In addition, we are incorporating by reference the audited and consolidated financial statements and financial statement schedules for the years 1997 and 1998 of Ameritech Corporation, included in Ameritech's annual report on Form 10-K for the year ended December 31, 1998, which have been examined by Arthur Andersen LLP, independent public accountants. They have been so incorporated in reliance on the report given on the authority of Arthur Andersen LLP as experts in auditing and accounting.

**DOCUMENTS INCORPORATED BY REFERENCE** The SEC allows us to "incorporate by reference" the information we file with the SEC. This permits us to disclose important information to you by referring to these filed documents. Any information incorporated by reference is considered part of this prospectus, and any information we file with the SEC after the date of this prospectus will automatically update and supersede this information. We incorporate by reference the following documents filed with the SEC: - Our annual report on Form 10-K for the year ended December 31, 1999. - Our quarterly report on Form 10-Q for the quarter ended March 31, 2000. - Our current reports on Form 8-K filed on January 13, 2000, January 25, 2000, January 28, 2000, February 22, 2000, April 10, 2000 and April 26, 2000. - Any other reports we file with the SEC pursuant to Section 13(a) or 15(d) of the Exchange Act after the date of filing of the registration statement and prior to its effectiveness. - We also incorporate by reference any documents that we filed with or furnished to the SEC pursuant to Sections 13(a), 13(c), 14 or 15(d) of the Exchange Act after the date of this prospectus and before the termination of the offering. If any statement in this prospectus conflicts with any statement in a document which we have incorporated by reference, then you should consider only the statement in the more recent document. If you request them, we will provide you with a free copy of any of the above documents, including exhibits specifically incorporated by reference in those documents. You may make your request by calling us at (210) 351-3049, or by writing to us at the following address: SBC's Specialist-External Reporting SBC Communications Inc. 175 E. Houston Street San Antonio, Texas 78205-2233

**WHERE YOU CAN FIND MORE INFORMATION** As required by the Securities Act of 1933, we filed a registration statement (No. 333-36926) relating to the securities offered by this prospectus with the Securities and Exchange Commission. This prospectus is a part of that registration statement, which includes additional information. We file annual, quarterly and current reports, proxy statements and other information with the SEC. You may read and copy this information at the SEC's public reference rooms in Washington, D.C., New York, New York and Chicago, Illinois. You can also request copies of the documents, upon payment of a duplicating fee, by writing the Public Reference Section of the SEC. Please call the SEC at 1-800-SEC-0330 for further information on the operation of the public reference rooms. These SEC filings are also available to the public from the SEC's web site at <http://www.sec.gov>.

-----  
----- [SBC LOGO] U.S.\$1,000,000,000 SBC

COMMUNICATIONS INC. 5.875% GLOBAL NOTES DUE AUGUST 15, 2012

----- PROSPECTUS SUPPLEMENT

----- DEUTSCHE BANK SECURITIES JPMORGAN SALOMON SMITH  
BARNEY ABN AMRO INCORPORATED BANC OF AMERICA SECURITIES LLC BANC ONE CAPITAL  
MARKETS, INC. WACHOVIA SECURITIES BLAYLOCK & PARTNERS, L.P. GUZMAN & COMPANY August  
14, 2002 -----